UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2024

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission File Number 001-39029

MEDIACO HOLDING INC.
(Exact name of registrant as specified in its charter)

Indiana

(State of incorporation or organization)

84-2427771

(I.R.S. Employer Identification No.)

48 West 25th Street, Third Floor
New York, New York 10010

(Address of principal executive offices)

(212) 229-9797

(Registrant's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Class A common stock, $0.01 par value	MDIA	Nasdaq Capital Market

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	o	Accelerated filer	o
Non-accelerated filer	x	Smaller reporting company	x
		Emerging growth company	x

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards pursuant to Section 13(a) of the Exchange Act. o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes o No x

The number of shares outstanding of each of MediaCo Holding Inc.'s classes of common stock, as of November 7, 2024, was:

41,255,484	Shares of Class A common stock, $.01 Par Value
5,413,197	Shares of Class B common stock, $.01 Par Value
—	Shares of Class C common stock, $.01 Par Value

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MEDIACO HOLDING INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands, except per share amounts)	2024	2023	2024	2023
NET REVENUES	$ 29,859	$ 6,447	$ 62,767	$ 25,862
OPERATING EXPENSES:				
Operating expenses excluding depreciation and amortization expense	32,672	7,175	73,969	25,458
Corporate expenses	2,319	1,095	9,154	3,981
Depreciation and amortization	1,741	130	3,305	437
Loss (gain) on disposal of assets	—	11	5	(28)
Total operating expenses	36,732	8,411	86,433	29,848
OPERATING LOSS	(6,873)	(1,964)	(23,666)	(3,986)
OTHER INCOME (EXPENSE):				
Interest expense, net	(3,274)	(87)	(7,192)	(306)
Change in fair value of warrant shares liability	65,439	—	34,412	—
Other expense	(24)	(18)	(4)	(12)
Total other income (expense)	62,141	(105)	27,216	(318)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	55,268	(2,069)	3,550	(4,304)
PROVISION FOR INCOME TAXES	342	84	608	234
NET INCOME (LOSS) FROM CONTINUING OPERATIONS	54,926	(2,153)	2,942	(4,538)
NET LOSS FROM DISCONTINUED OPERATIONS	—	(163)	—	(306)
CONSOLIDATED NET INCOME (LOSS)	54,926	(2,316)	2,942	(4,844)
Net income attributable to noncontrolling interest	639	—	1,467	—
PREFERRED STOCK DIVIDENDS	—	602	851	1,788
NET INCOME (LOSS) ATTRIBUTABLE TO COMMON SHAREHOLDERS	$ 54,287	$ (2,918)	$ 624	$ (6,632)
Net income (loss) per share attributable to common shareholders - basic:				
Continuing operations	$ 0.73	$ (0.11)	$ 0.01	$ (0.25)
Discontinued operations	$ —	$ (0.01)	$ —	$ (0.01)
Net income (loss) per share attributable to common shareholders - basic:	$ 0.73	$ (0.12)	$ 0.01	$ (0.26)
Net income (loss) per share attributable to common shareholders - diluted:				
Continuing operations	$ 0.66	$ (0.11)	$ 0.01	$ (0.25)
Discontinued operations	$ —	$ (0.01)	$ —	$ (0.01)
Net income (loss) per share attributable to common shareholders - diluted:	$ 0.66	$ (0.12)	$ 0.01	$ (0.26)
Weighted average common shares outstanding:				
Basic	74,271	24,713	54,939	25,032
Diluted	84,177	24,713	55,546	25,032

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

MEDIACO HOLDING INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)	September 30, 2024 (Unaudited)	December 31, 2023
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 7,673	$ 3,817
Restricted cash	—	1,337
Accounts receivable, net of allowance for credit losses of $ 792 and $353, respectively	32,248	6,675
Prepaid expenses	1,941	891
Current programming rights	3,048	—
Other current assets	629	1,188
Total current assets	45,539	13,908
PROPERTY AND EQUIPMENT, NET	19,220	1,380
GOODWILL	14,965	—
OTHER INTANGIBLE ASSETS, NET	190,813	64,593
OTHER ASSETS:		
Operating lease right of use assets	56,273	13,614
Finance lease right of use assets	2,777	—
Noncurrent programming rights	5,674	—
Deposits and other	3,096	1,996
Total other assets	67,820	15,610
Total assets	$ 338,357	$ 95,491
LIABILITIES AND EQUITY		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 31,106	$ 2,625
Current maturities of long-term debt	6,458	6,458
Accrued salaries and commissions	989	539
Deferred revenue	10,791	557
Operating lease liabilities	6,113	1,444
Finance lease liabilities	686	—
Income taxes payable	2,025	29
Other current liabilities	1,517	65
Total current liabilities	59,685	11,717
LONG TERM DEBT, NET OF CURRENT	69,434	—
WARRANT SHARES	36,104	—
SERIES B PREFERRED STOCK	34,242	—
OPERATING LEASE LIABILITIES, NET OF CURRENT	40,615	14,333
FINANCE LEASE LIABILITIES, NET OF CURRENT	2,183	—
DEFERRED INCOME TAXES	3,354	2,775
NONCURRENT PROGRAM RIGHTS PAYABLE	5,071	—
OTHER NONCURRENT LIABILITIES	662	502
Total liabilities	251,350	29,327
COMMITMENTS AND CONTINGENCIES		
SERIES A CUMULATIVE CONVERTIBLE PARTICIPATING PREFERRED STOCK, $ 0.01 PAR VALUE, 10,000,000 SHARES AUTHORIZED; 0 AND 286,031 SHARES ISSUED AND OUTSTANDING AT SEPTEMBER 30, 2024 AND DECEMBER 31, 2023, RESPECTIVELY	—	28,754
EQUITY:		
Class A common stock, $0.01 par value; authorized 170,000,000 shares; issued and outstanding 41,226,547 shares and 20,741,865 shares at September 30, 2024, and December 31, 2023, respectively	413	210
Class B common stock, $0.01 par value; authorized 50,000,000 shares; issued and outstanding 5,413,197 shares at September 30, 2024, and December 31, 2023	54	54
Class C common stock, $0.01 par value; authorized 30,000,000 shares; none issued	—	—

Additional paid-in capital	89,968	60,294
Accumulated deficit	(22,524)	(23,148)
Total equity	67,911	37,410
Noncontrolling interests	19,096	—
Total equity and noncontrolling interests	87,007	37,410
Total liabilities and equity and noncontrolling interests	$ 338,357	$ 95,491

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

MEDIACO HOLDING INC.
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND NONCONTROLLING INTERESTS
(Unaudited)

	Class A common stock		Class B common stock			Accumulated	Noncontrolling	
(in thousands, except share data)	**Shares**	**Amount**	**Shares**	**Amount**	**APIC**	**Deficit**	**Interests**	**Total**
BALANCE, DECEMBER 31, 2023	20,741,865	$ 210	5,413,197	$ 54	$ 60,294	$ (23,148)	$ —	$ 37,410
Net loss	—	—	—	—	—	(3,677)	—	(3,677)
Issuance of class A to employees, officers and directors, net	(151,993)	(4)	—	—	291	—	—	287
Repurchase of class A common shares	(11,304)	—	—	—	(7)	—	—	(7)
Preferred stock dividends	—	—	—	—	—	(723)	—	(723)
BALANCE, MARCH 31, 2024	20,578,568	$ 206	5,413,197	$ 54	$ 60,578	$ (27,548)	$ —	$ 33,290
Net (loss) income	—	—	—	—	—	(49,135)	828	(48,307)
Issuance of class A to employees, officers and directors, net	(34,403)	—	—	—	22	—	—	22
Conversion of preferred series A shares	20,733,869	207	—	—	29,397	—	—	29,604
Noncontrolling interest resulting from Estrella transaction	—	—	—	—	—	—	17,629	17,629
Preferred stock dividends	—	—	—	—	—	(128)	—	(128)
BALANCE, JUNE 30, 2024	41,278,034	$ 413	5,413,197	$ 54	$ 89,997	$ (76,811)	$ 18,457	$ 32,110
Net income (loss)	—	—	—	—	—	54,287	639	54,926
Issuance of class A to employees, officers and directors, net	(51,487)	—	—	—	(29)	—		(29)
BALANCE, SEPTEMBER 30, 2024	41,226,547	$ 413	5,413,197	$ 54	$ 89,968	$ (22,524)	$ 19,096	$ 87,007
BALANCE, DECEMBER 31, 2022	20,443,138	$ 207	5,413,197	$ 54	$ 59,817	$ (13,102)	$ —	$ 46,976
Net loss	—	—	—	—	—	(2,107)	—	(2,107)
Issuance of class A to employees, officers and directors, net	564,548	6	—	—	363	—	—	369
Repurchase of class A common shares	(395,813)	(6)	—	—	(565)	—	—	(571)
Preferred stock dividends	—	—	—	—	—	(590)	—	(590)
BALANCE, MARCH 31, 2023	20,611,873	$ 207	5,413,197	$ 54	$ 59,615	$ (15,799)	$ —	$ 44,077
Net loss	—	—	—	—	—	(421)	—	(421)
Issuance of class A to employees, officers and directors, net	(150,485)	(2)	—	—	266	—	—	264
Repurchase of class A common shares	(56,031)	(1)	—	—	(67)	—	—	(68)
Preferred stock dividends	—	—	—	—	—	(596)	—	(596)
BALANCE, JUNE 30, 2023	20,405,357	$ 204	5,413,197	$ 54	$ 59,814	$ (16,816)	$ —	$ 43,256
Net loss	—	—	—	—	—	(2,316)	—	(2,316)
Issuance of class A to employees, officers and directors, net	752,901	7	—	—	367	—	—	374
Conversion of convertible promissory notes	(132,760)	(1)	—	—	(104)	—	—	(105)
Preferred stock dividends	—	—	—	—	—	(602)	—	(602)
BALANCE, SEPTEMBER 30, 2023	21,025,498	$ 210	5,413,197	$ 54	$ 60,077	$ (19,734)	$ —	$ 40,607

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

MEDIACO HOLDING INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in thousands)	Nine Months Ended September 30, 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Consolidated net income (loss)	$ 2,942	$ (4,844)
Less: Loss from discontinued operations, net of tax	—	306
Adjustments to reconcile net income (loss) to net cash used in operating activities -		
Depreciation and amortization	3,305	437
Amortization of deferred financing costs, including original issue discount	166	—
Amortization of fair value adjustment of Preferred Series B Shares and 2nd Lien Term Loan	824	—
Noncash change in warrant shares	(34,412)	—
Noncash interest expense	2,342	—
Noncash lease expense	1,642	1,679
Allowance for credit losses	114	(23)
Provision for deferred income taxes	579	224
Noncash compensation	627	1,404
Other noncash items	1,743	510
Changes in assets and liabilities		
Accounts receivable	(9,363)	1,550
Prepaid expenses and other current assets	2,189	(1,160)
Other assets	(927)	88
Accounts payable and accrued liabilities	(3,928)	(594)
Deferred revenue	1,025	(179)
Operating lease liabilities	(158)	(533)
Income taxes	(37)	(2,979)
Other liabilities	596	452
Net cash used in continuing operating activities	(30,731)	(3,662)
Net cash provided by discontinued operating activities	—	259
Net cash used in operating activities	(30,731)	(3,403)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(714)	(858)
Purchases of internally-created software	(146)	(223)
Cash paid in acquisitions, net of cash acquired	(6,847)	—
Other investing	100	—
Net cash used in continuing investing activities	(7,607)	(1,081)
Net cash used in discontinued investing activities	—	—
Net cash used in investing activities	(7,607)	(1,081)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	43,800	—
Payments for debt-related costs	(1,868)	—
Repurchases of class A common stock	(7)	(737)
Finance lease principal payments	(159)	—
Settlement of tax withholding obligations	(345)	(402)
Net cash provided by (used in) continuing financing activities	41,421	(1,139)
Net cash used in discontinued financing activities	—	(38)
Net cash provided by (used in) financing activities	41,421	(1,177)
CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	3,083	(5,661)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH:		
Beginning of period	7,071	15,301
End of period	10,154	9,640
Less: Cash, cash equivalents and restricted cash of discontinued operations	—	—
Cash, cash equivalents and restricted cash of continuing operations at end of period	$ 10,154	$ 9,640
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	$ 2,391	$ —
Cash paid for income taxes	$ —	$ 3,021

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

MEDIACO HOLDING INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in Thousands Unless Indicated Otherwise)
(Unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

MediaCo Holding Inc., its subsidiaries, and a variable interest entity ("VIE") (collectively, "MediaCo" or the "Company") is an owned and operated multi-media company formed in Indiana in 2019, focused on television, radio and digital advertising, premium programming and events.

On April 17, 2024, MediaCo Holding Inc. and its wholly-owned subsidiary MediaCo Operations LLC, a Delaware limited liability company ("Purchaser"), entered into an asset purchase agreement (the "Asset Purchase Agreement") with Estrella Broadcasting, Inc., a Delaware corporation ("Estrella"), and SLF LBI Aggregator, LLC, a Delaware limited liability company ("Aggregator") and affiliate of HPS Investment Partners, LLC ("HPS"), pursuant to which Purchaser purchased substantially all of the assets of Estrella and its subsidiaries (other than certain broadcast assets owned by Estrella and its subsidiaries (the "Estrella Broadcast Assets")) (the "Purchased Assets"), and assumed substantially all of the liabilities (the "Assumed Liabilities") of Estrella and its subsidiaries (such transactions, collectively, the "Estrella Acquisition"). MediaCo Operations LLC operates the Purchased Assets under the trade name Estrella MediaCo.

Our assets consist of two radio stations located in New York City, WQHT(FM) and WBLS(FM) (the "Stations"), which serve the New York City demographic market area and primarily target Black, Hispanic, and multi-cultural consumers, and as a result of the Estrella Acquisition, Estrella's network, content, digital, and commercial operations, including network affiliation and program supply agreements with Estrella for its 11 radio stations serving Los Angeles, CA, Houston, TX, and Dallas, TX and nine television stations serving Los Angeles, CA, Houston, TX, Denver, CO, and Miami, FL. Among the Estrella brands that joined MediaCo are the EstrellaTV network, its influential linear and digital video content business, Estrella's expansive digital channels, including its four FAST channels - EstrellaTV, Estrella News, Cine EstrellaTV - and Estrella Games, and the EstrellaTV app. See Note 3 for additional information. We derive our revenues primarily from radio, television and digital advertising sales, but we also generate revenues from events, including sponsorships and ticket sales, licensing, and syndication.

Unless the context otherwise requires, references to "we", "us" and "our" refer to MediaCo, its subsidiaries and the Estrella VIE (as defined below), collectively.

Basis of Presentation and Consolidation

Our condensed consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). All significant intercompany balances and transactions have been eliminated. In the opinion of management, all adjustments necessary for fair presentation (including normal recurring adjustments) have been included.

The Company determined that the Estrella entities holding the Estrella Broadcast Assets (the "Estrella VIE") are a VIE in which the Company holds a controlling financial interest. Pursuant to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") paragraph 810-10-25-38A and paragraph 810-10-25-38B, a reporting entity (in this case, the Company) is deemed to have a controlling financial interest in a VIE if it has both of the following characteristics:

a. The power to direct the activities of the VIE that most significantly impact the VIE's economic performance; and
b. The obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE.

The Company determined that since the major factors in the economic performance of the Estrella VIE are the popularity of the programming provided by the Company to the Estrella VIE and the Company's sale of advertising in that programming, the Company is the primary beneficiary of the VIE, and the remaining assets and liabilities of the Estrella VIE should be consolidated in the Company's consolidated financial statements as of April 17, 2024.

The Company accounts for noncontrolling interest in accordance with ASC 810, which requires companies with noncontrolling interests to disclose such interests as a portion of equity but separate from the Parent's equity. The noncontrolling interests' portion of net income (loss) is presented on the condensed consolidated statement of operations.

Going Concern

The accompanying condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Pursuant to ASC Topic 205-40, *Going Concern*, the Company is required to evaluate whether there is substantial doubt about its ability to continue as a going concern within one year of the date of issuance of these financial statements (November 14, 2024). In conducting this analysis, management considered the Company's current projections of future cash flows, current financial condition, sources of liquidity and debt service obligations due on or before November 14, 2025.

The Company has experienced diminished revenues and profitability, driven in part by weaker sales for our annual Summer Jam concert, and expects these conditions to continue for an undetermined period of time. Management has considered these circumstances in assessing the Company's liquidity over the next year. Liquidity is a measure of an entity's ability to meet potential cash requirements, maintain its assets, fund its operations, and meet the other general cash needs of its business. The Company's liquidity is impacted by general economic, financial, competitive, and other factors beyond its control. The Company's liquidity requirements consist primarily of funds necessary to pay its expenses, principally debt service and operational expenses, such as labor costs, and other related expenditures. The Company generally satisfies its liquidity needs through cash provided by operations. In addition, the Company has taken steps to enhance its ability to fund its operational expenses by reducing various costs and is prepared to take additional steps as necessary.

At September 30, 2024, we had $6.5 million outstanding to Emmis under the Emmis Convertible Promissory Note (as defined in Note 10), all of which is classified as current, and debt service obligations of approximately $7.3 million due under the Emmis Convertible Promissory Note from November 14, 2024 (the date of issuance of these financial statements) through November 14, 2025. In September 2024, the Company entered into the First Amendment of the First Lien Credit Agreement with White Hawk Capital Partners, LP, which provides for $ 7.5 million of additional Delayed Draw Term Loan Commitments in addition to an aggregate $10.0 million in existing Delayed Draw Term Loans, and waives the requirement for mandatory prepayment of any net proceeds received as a result of any equity issuances, up to $7.3 million. Each Delayed Draw Term Loan will mature on the date that is two years after the drawing of such Delayed Draw Term Loan. See Note 3 for additional information.

As a result of this amendment, management anticipates the Company will be able to meet its liquidity needs for the next 12 months with cash and cash equivalents on hand, additional draws on its First Lien Term Loan, and projected cash flows from operations. Therefore, substantial doubt has been alleviated about the Company's ability to continue as a going concern within one year after the date the financial statements are issued.

Summary of Significant Accounting Policies

The Company's significant accounting policies are described in the Company's Annual Report on Form 10-K for the year ended December 31, 2023 ("fiscal year 2023"). As a result of the Estrella Acquisition, certain policies have been added or adjusted to reflect our combined business.

Programming Rights

MediaCo has elected to record programming right assets and liabilities acquired from third parties at the gross amount at inception. These programming rights are amortized, on a straight-line basis, over the license term, beginning in the period in which the license period begins and program becomes available for broadcast in accordance with ASC Topic 920, *Entertainment - Broadcasters.* Program rights expected to be amortized to expense in the following 12-month period are classified as current assets and program rights payable within the following 12-month period are classified as current liabilities. All program rights payable are included in accounts payable and accrued expenses except for $5.1 million which is included in noncurrent program rights payable. Amortization expense for the three and nine months ended September 30, 2024 was $0.9 million and $1.7 million, respectively, which is included in operating expenses excluding depreciation and amortization. These programming rights are primarily related to one agreement which ends in February 2028.

Cash, Cash Equivalents and Restricted Cash

MediaCo considers time deposits, money market fund shares and all highly liquid debt investment instruments with original maturities of three months or less to be cash equivalents. At times, such deposits may be in excess of FDIC insurance limits. Restricted cash at December 31, 2023 consisted of $1.3 million held in escrow related to the Company's disposition of the Fairway business, classified in current assets, as to which the restrictions were released in June 2024. Additionally, restricted cash of $1.9 million as of September 30, 2024 and December 31, 2023 was held as collateral for a letter of credit entered into in connection with the lease in New York City for our radio operations and corporate offices, which expires in October 2039, and restricted cash of $0.5 million as of September 30, 2024 was held for a collateral account related to merchant banking for the Company's purchase card program and for an office lease security deposit, all included in the line item Deposits and Other in the condensed consolidated balance sheets.

Fair Value Measurements

Fair value is the exchange price to sell an asset or transfer a liability (an exit price) in an orderly transaction between market participants at the measurement date. The Company uses market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable, corroborated by market data, or generally unobservable. The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. (see Note 4 for additional information). The Company's Warrant Shares (as defined in Note 3) are classified as a liability for which the fair value is measured on a recurring basis using Level 2 inputs (see Note 6 for additional information). We have no assets or liabilities for which fair value is measured on a recurring basis using Level 3 inputs.

The Company has certain assets that are measured at fair value on a non-recurring basis including those described in Note 4, Intangible Assets, and are adjusted to fair value only when the carrying values are more than the fair values. The categorization of the framework used to price the assets is considered a Level 3 measurement due to the subjective nature of the unobservable inputs used to determine the fair value (see Note 4 for additional information).

The Company's long-term debt is not actively traded and is considered a Level 3 measurement. The Company believes the current carrying value of its long-term debt approximates its fair value as it is variable rate debt.

Allowance for Credit Losses

An allowance for credit losses is recorded based on management's judgment of the collectability of trade receivables. When assessing the collectability of receivables, management considers, among other things, customer type (agency versus non-agency), historical loss experience, existing and expected future economic conditions and aging category. Amounts are written off after all normal collection efforts have been exhausted. The activity in the allowance for credit losses for the three and nine months ended September 30, 2024 and 2023 was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Beginning Balance	$ 679	$ 102	$ 353	$ 122
Additions Related to Estrella Acquisition	87	—	583	—
Change in Provision	35	(3)	114	(23)
Write Offs	(9)	—	(258)	—
Ending Balance	$ 792	$ 99	$ 792	$ 99

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. The Company has considered information available to it as of the date of issuance of these financial statements and is not aware of any specific events or circumstances that would require an update to its estimates or judgments, or a revision to the carrying value of its assets or liabilities. These estimates may change as new events occur and additional information becomes available. Actual results could differ materially from these estimates.

Earnings Per Share

Our basic and diluted net loss per share is computed using the two-class method. The two-class method is an earnings allocation that determines net income per share for each class of common stock and participating securities according to their participation rights in dividends and undistributed earnings or losses. Shares of our Series A Convertible Preferred Stock, $0.01 par value (the "Series A preferred stock" or the "Series A preferred shares") included rights to participate in dividends and distributions to common shareholders on an if-converted basis, and accordingly were considered participating securities until April 2024, when all outstanding shares of Series A preferred stock were converted in accordance with their terms into 20.7 million shares of MediaCo's Class A common stock, par value $ 0.01 per share (the "Class A common stock"). Warrant Shares (as defined in Note 3) have the right to participate in distributions on Class A common stock on an as-exercised basis, and accordingly are considered participating securities. During periods of undistributed losses, however, no effect was given to our participating securities since they are not contractually obligated to share in the losses. We have elected to determine the earnings allocation based on income (loss) from continuing operations. For periods with a loss from continuing operations, all potentially dilutive items were anti-dilutive and thus basic and diluted weighted-average shares are the same. The following is a reconciliation of basic and diluted net loss per share attributable to Class A and Class B common shareholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Numerator:				
Income (loss) from continuing operations	$ 54,926	$ (2,153)	$ 2,942	$ (4,538)
Less: Net loss (income) attributable to noncontrolling interests	(639)	—	(1,467)	—
Less: Preferred stock dividends	—	(602)	(851)	(1,788)
Income (loss) from continuing operations available to common shareholders	54,287	(2,755)	624	(6,326)
Loss from discontinued operations, net of income taxes	—	(163)	—	(306)
Net income (loss) attributable to common shareholders for basic earnings per share	54,287	(2,918)	624	(6,632)
Add: Interest expense related to convertible Emmis promissory note [1]	252	—	—	—
Add: Net (loss) income attributable to noncontrolling interests	$ 639	$ —	$ —	$ —
Net income (loss) attributable to common shareholders for diluted earnings per share	$ 55,178	$ (2,918)	$ 624	$ (6,632)
Denominator:				
Weighted-average shares of common stock outstanding — basic	74,271	24,713	54,939	25,032
Dilutive items:				
Convertible Emmis promissory note	2,305	—	—	—
Option agreement shares	7,052	—	—	—
Restricted stock awards	549	—	607	—
Weighted-average shares of common stock outstanding — diluted	84,177	24,713	55,546	25,032
Earnings per share of common stock attributable to common shareholders:				
Net income (loss) per share attributable to common shareholders - basic:				
Continuing operations	$ 0.73	$ (0.11)	$ 0.01	$ (0.25)
Discontinued operations	—	(0.01)	—	(0.01)
Net income (loss) per share attributable to common shareholders - basic:	$ 0.73	$ (0.12)	$ 0.01	$ (0.26)
Net income (loss) per share attributable to common shareholders - diluted:				
Continuing operations	$ 0.66	$ (0.11)	$ 0.01	$ (0.25)
Discontinued operations	—	(0.01)	—	(0.01)
Net income (loss) per share attributable to common shareholders - diluted:	$ 0.66	$ (0.12)	$ 0.01	$ (0.26)

[1] The dilutive effect of the convertible Emmis promissory note was determined using the if-converted method, in accordance with which the note is assumed to be converted into common stock at the beginning of the reporting period. Interest expense, net of any income tax effects, is added back to the numerator of the calculation.

On August 20, 2021, MediaCo Holding Inc. entered into an At Market Issuance Sales Agreement with B. Riley Securities, Inc. ("B. Riley"), pursuant to which the Company may offer and sell, from time to time through or to B. Riley, as agent or principal, shares of the Company's Class A common stock, having an aggregate offering price of up to $12.5 million. No shares were sold during the nine-month periods ended September 30, 2024 or 2023.

For the nine-month period ended September 30, 2024, we repurchased under a share repurchase plan 11,304 shares of Class A common stock for an immaterial amount.

The following convertible equity shares, convertible promissory note shares, option agreement shares and restricted stock awards were excluded from the calculation of diluted net loss per share because their effect would have been anti-dilutive.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2024	2023	2024	2023
Convertible Emmis promissory note	—	5,432	9,727	4,844
Option agreement shares	—	—	4,272	—
Series A convertible preferred stock	—	24,040	16,350	21,396
Restricted stock awards	—	251	—	336
Total anti-dilutive shares	—	29,723	30,349	26,576

Recent Accounting Pronouncements Not Yet Implemented

In November 2024, the FASB issued ASU 2024-03, Accounting Standards Update ("ASU") 2024-03, *Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* to improve financial reporting by requiring that public business entities disclose additional information about specific expense categories in the notes to financial statements at interim and annual reporting periods. The amendments in this ASU do not change or remove current expense disclosure requirements; however, the amendments affect where such information appears in the notes to financial statements because entities are required to include certain current disclosures in the same tabular format disclosure as the other disaggregation requirements in the amendments. This ASU is effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption is permitted. We are currently assessing the impact this standard will have on our condensed consolidated financial statements.

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which is intended to enhance the transparency and decision usefulness of income tax disclosures by enhancing information about how an entity's operations and related tax risks and its tax planning and operation opportunities affect its tax rate and prospects for future cash flows. This guidance is effective for fiscal years beginning after December 31, 2024, with early adoption permitted. Adoption allows for prospective application, with retrospective application permitted. We are currently assessing the impact this standard will have on our condensed consolidated financial statements, including, but not limited to, our income taxes footnote disclosure.

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* to update reportable segment disclosure requirements, primarily through enhanced disclosures about significant segment expenses and information used to assess segment performance. This update is effective beginning with our 2024 fiscal year annual reporting period, with early adoption permitted. We are currently assessing the impact this standard will have on our condensed consolidated financial statements.

2. DISCONTINUED OPERATIONS

On December 9, 2022, Fairway Outdoor LLC, FMG Kentucky, LLC and FMG Valdosta, LLC (collectively, "Fairway"), all of which were wholly owned direct and indirect subsidiaries of MediaCo, entered into an Asset Purchase Agreement (the "Purchase Agreement"), with The Lamar Company, L.L.C., a Louisiana limited liability company (the "Purchaser"), pursuant to which we sold our Fairway outdoor advertising business to the Purchaser. The transactions contemplated by the Purchase Agreement closed as of the date of the Purchase Agreement. The purchase price was $78.6 million, subject to certain customary adjustments, paid at closing in cash. The sale resulted in a pre-tax gain of $46.9 million in the fourth quarter of 2022.

In accordance with ASC 205-20-S99-3, *Allocation of Interest to Discontinued Operations*, the Company elected to allocate interest expense to discontinued operations where the debt is not directly attributed to the Fairway business. Interest expense was allocated based on a ratio of net assets discontinued to the sum of consolidated net assets plus consolidated debt.

In addition, upon closing we entered into a transition service agreement with the Purchaser to support the operations after the divestiture for immaterial fees. This agreement commenced with the close of the transaction and was terminated at the end of the initial term in February 2023.

The financial results of Fairway are presented as income from discontinued operations on our condensed consolidated statements of operations. The following table presents the financial results of Fairway:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues	$ —	$ —	$ —	$ —
OPERATING EXPENSES				
Operating expenses excluding depreciation and amortization expense	—	267	—	410
Total operating expenses	—	267	—	410
Income (loss) from operations of discontinued operations	—	(267)	—	(410)
Interest and other, net	—	—	—	—
Income (loss) from discontinued operations, before income taxes	—	(267)	—	(410)
Income tax benefit (expense)	—	104	—	104
Income (loss) from discontinued operations, net of income taxes	$ —	$ (163)	$ —	$ (306)

3. BUSINESS COMBINATIONS

The Company accounts for acquisitions in accordance with guidance found in ASC 805, *Business Combinations*. The guidance requires consideration given, including contingent consideration, assets acquired, and liabilities assumed to be valued at their fair values at the acquisition date. The guidance further provides that: (1) acquisition costs will generally be expensed as incurred, (2) restructuring costs associated with a business combination will generally be expensed subsequent to the acquisition date; and (3) changes in deferred tax asset valuation allowances and income tax uncertainties after the acquisition date generally will affect income tax expense. ASC 805 requires that any excess of purchase price over fair value of assets acquired, including identifiable intangibles and liabilities assumed, be recognized as goodwill.

Estrella Acquisition

On April 17, 2024, MediaCo consummated the Estrella Acquisition, pursuant to which it purchased substantially all of the assets of Estrella, other than the Estrella Broadcast Assets, and assumed substantially all of the liabilities of Estrella and its subsidiaries. MediaCo provided the following consideration for the Estrella Acquisition (the “Transaction Consideration”):

a A warrant (the “Warrant”) to purchase up to 28,206,152 shares of MediaCo’s Class A common stock;

b 60,000 shares of a newly designated series of MediaCo’s preferred stock designated as “Series B Preferred Stock” (the “Series B Preferred Stock”),

c A term loan in the principal amount of $ 30.0 million under the Second Lien Credit Agreement (as defined below) (the “Second Lien Term Loan”); and

d An aggregate cash payment in the amount of approximately $ 25.5 million to be used, in part, for the repayment of certain indebtedness of Estrella and payment of certain Estrella transaction expenses, financed through the First Lien Credit Agreement (as defined below).

Option Agreement

On April 17, 2024, in connection with the Estrella Acquisition, MediaCo and Estrella entered into an Option Agreement (the “Option Agreement” and, collectively with the Estrella Acquisition and the transactions contemplated by the Network Affiliation Agreement and the Network Program Supply Agreement described below, the “Estrella Transactions”) with Estrella and certain subsidiaries of Estrella pursuant to which (i) MediaCo was granted the option to purchase 100% of the equity interests of certain subsidiaries of Estrella holding the Estrella Broadcast Assets (the “Option Subsidiaries Equity”) in exchange for 7,051,538 shares of Class A common stock, and (ii) Estrella was granted the right to put the Option Subsidiaries Equity to MediaCo for the same consideration during a period beginning six months after the date of the closing of the Estrella Transactions (the “Closing Date”) and ending after seven years, which will automatically extend for a renewal term of seven years unless both parties mutually agree otherwise.

Voting and Support Agreement

The Asset Purchase Agreement provides that MediaCo will prepare and file with the Securities and Exchange Commission (the “SEC”) a proxy statement to be sent to MediaCo stockholders relating to a special meeting of MediaCo stockholders (the “Stockholders Meeting”) to be held to consider approval of the issuance of shares of Class A Common Stock upon exercise of the Warrant and the issuance of shares of Class A Common Stock pursuant to the Option Agreement (the “Proposal”).

On April 17, 2024, in connection with the Estrella Acquisition, SG Broadcasting LLC ("SG Broadcasting"), the holder of shares of Class A common stock and Class B common stock, par value $0.01 per share ("Class B common stock") representing a majority of the voting power of the shares of MediaCo, entered into a Voting and Support Agreement with MediaCo and Estrella (the "Voting and Support Agreement"), pursuant to which SG Broadcasting agreed to, among other things, and subject to the terms and conditions set forth therein, at any meeting of MediaCo stockholders (including the Stockholders Meeting), or at any adjournment or postponement thereof, vote in favor of the Proposal and against any action or proposal that would reasonably be expected to prevent or materially delay consummation of the Proposal. The Voting Agreement also includes certain customary restrictions on SG Broadcasting's ability to transfer its shares of MediaCo stock. The Voting Agreement will automatically terminate upon the date on which the Proposal is approved.

Warrant

On April 17, 2024, in connection with the Estrella Acquisition, MediaCo issued the Warrant, which provides for the purchase of up to 28,206,152 shares of Class A common stock (the "Warrant Shares"), subject to customary adjustments as set forth in the Warrant, at an exercise price per share of $0.00001. Subject to certain limitations, the Warrant also provides that the Warrant holder has the right to participate in distributions on Class A common stock on an as-exercised basis. The Warrant further provides that in no event shall the aggregate number of Warrant Shares issuable to the Warrant holder upon exercise of the Warrant exceed 19.9% of the aggregate number of shares of common stock of MediaCo outstanding, or the voting power of such outstanding shares of common stock, on the business day immediately preceding the issue date for such Warrant Shares, calculated in accordance with the applicable rules of the Nasdaq Capital Market ("Nasdaq"), unless and until the Proposal has been approved.

The shares of Class A common stock issuable upon the exercise of the Warrant and the shares of Class A common stock issuable upon the exercise of the Option Agreement represent approximately 43% of the outstanding shares of Class A common stock on a fully diluted basis (assuming the full exercise of the Warrant and the Option Agreement).

First Lien Term Loan

In order to finance the Estrella Acquisition, MediaCo entered into a maximum $ 45.0 million first lien term loan credit facility, dated April 17, 2024 (the "First Lien Credit Agreement"), with White Hawk Capital Partners, LP, as term agent thereunder, and the lenders party thereto. Under the terms of the First Lien Credit Agreement, MediaCo received an initial term loan of $35.0 million on April 17, 2024 (the "Initial Loan") and was provided with a subsequent delayed draw facility of up to $10.0 million that may be provided for additional working capital purposes under certain conditions (the "Delayed Draw" and the loans thereunder, the "Delayed Draw Term Loans"; the financing contemplated by the First Lien Term Loan, collectively with the Estrella Transaction and the payment of the Transaction Consideration, the "Transactions"). The Initial Loan and Delayed Draw Term Loans are collectively referred to as the "First Lien Term Loans." The proceeds of the Initial Loan were used to finance the Estrella Acquisition, pay off certain existing Estrella indebtedness in connection therewith and pay related fees and transaction costs. The Initial Loan will mature on April 17, 2029, and each Delayed Draw Term Loan will mature on the date that is two years after the drawing of such Delayed Draw Term Loan. The first of such Delayed Draw Term Loan of $5.0 million was made on May 2, 2024 and the second of such Delayed Draw Term Loans of $ 5.0 million was made on July 17, 2024. First Lien Term Loans will be subject to monthly interest payments at a rate of SOFR + 6.00%. Beginning May 2027, monthly amortization payments are required equal to 0.8333% of the initial principal amount of the First Lien Term Loans. The First Lien Term Loans are subject to a borrowing base in accordance with the terms of the First Lien Credit Agreement.

In September 2024, the Company entered into the First Amendment of the First Lien Credit Agreement with White Hawk Capital Partners, LP, which provides for $7.5 million of additional Delayed Draw Term Loan Commitments for Delayed Draw Term Loans, and waives the requirement for mandatory prepayment of any net proceeds received as a result of any equity issuances, up to $7.3 million. A fee of $ 0.3 million was paid in conjunction with entering into this amendment. No amounts have been drawn as of September 30, 2024.

Second Lien Term Loan

In addition, MediaCo and its direct and indirect subsidiaries entered into a $ 30.0 million second lien term loan credit facility, dated April 17, 2024 (the "Second Lien Credit Agreement"), with HPS as term agent, and the lenders party thereto. Under the terms of the Second Lien Credit Agreement, MediaCo was deemed to receive the Second Lien Term Loan of $30.0 million on April 17, 2024 in connection with the consummation of the Estrella Acquisition. The Second Lien Term Loan will mature on April 17, 2029 and will be subject to monthly interest payments at a rate of SOFR + 6.00%. The Second Lien Term Loan is subject to a borrowing base in accordance with the terms of the Second Lien Credit Agreement.

Series B Preferred Stock

In addition, MediaCo issued 60,000 shares of Series B Preferred Stock with an aggregate initial liquidation value of $ 60.0 million, which Series B Preferred Stock rank senior and in priority of payment to all other equity securities of MediaCo, including with respect to any repayment, redemption, distributions, bankruptcy, insolvency, liquidation, dissolution or winding-up. Pursuant to the Series B Articles of Amendment, the ability of MediaCo to make distributions with respect to, or make a liquidation payment on, any other class of capital stock in the Company designated to be junior to, or on parity with, the Series B Preferred Stock, will be subject to certain restrictions. Issued and outstanding shares of Series B Preferred Stock will accrue dividends, payable in kind, at an annual rate equal to 6.00% of the liquidation value thereof, subject to increase upon the occurrence of certain trigger events set forth in the Series B Articles of Amendment. The Series B Preferred Stock is mandatorily redeemable after seven years, at the Company's option, change of control, liquidation event, or upon the occurrence of certain trigger events set forth in the Series B Articles of Amendment, and is not convertible into any other equity securities of the Company. As such, it is classified as a long term liability on the condensed consolidated balance sheet and accrued dividends are classified in Interest expense, net on the condensed consolidated statements of operations.

Network Affiliation and Supply Agreements

On April 17, 2024, in connection with the Estrella Acquisition, MediaCo entered into a Network Program Supply Agreement (the "Network Program Supply Agreement") with certain subsidiaries of Estrella that operate radio broadcast stations (the "Radio Stations"). Pursuant to the Network Program Supply Agreement, MediaCo has agreed to license certain programs and other material to the Radio Stations for distribution on the Radio Stations' broadcast channels.

On April 17, 2024, in connection with the Estrella Acquisition, MediaCo entered into a Network Affiliation Agreement (the "Network Affiliation Agreement") with certain subsidiaries of Estrella that operate television broadcast stations (the "TV Stations"). Pursuant to the Network Affiliation Agreement, MediaCo has agreed to license certain programs and other material to the TV Stations for distribution on the TV Stations' broadcast channels.

Preliminary Purchase Price Allocation

The valuation of assets acquired and liabilities assumed has not yet been finalized as of September 30, 2024. The purchase price allocation is preliminary and subject to change, including purchase price consideration, property and equipment, intangible assets, income taxes, and goodwill, among other items. The amounts recognized will be finalized as the information necessary to complete the analysis is obtained, but no later than one year after the acquisition date. Finalization of the valuation during the measurement period could result in a change in the amounts recorded for the acquisition date fair value. The preliminary allocation presented below is based upon management's estimate of the fair values using valuation techniques including income, cost, and market approaches. In estimating the fair value of the acquired assets and assumed liabilities, the fair value estimates are based on, but not limited to, expected future revenue and cash flows, expected future growth rates, and estimated discount rates.

The Estrella Acquisition comprises the new Estrella MediaCo Video & Digital and Estrella MediaCo Audio, Digital & Events segments. The following tables summarize the preliminary fair value of cash and noncash consideration transferred, assets acquired, and liabilities assumed as of the acquisition date:

	Preliminary Valuation as of April 17, 2024
Cash Consideration	25,499
Noncash Consideration:	
Warrants(1)	70,515
Series B Preferred Stock(2)	31,975
Second Lien Term Loan(2)	26,534
Total Noncash Consideration	129,024
Total Consideration	154,523

(1) Represents the fair value of warrants to purchase 28,206,152 shares of Class A common stock issued in the Estrella Transactions valued at the closing price on the day prior to close of $2.50.

(2) Represents the fair value of the Series B Preferred Stock and Second Lien Term Loan using a required yield of 15.23% and 14.14%, respectively.

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	Preliminary Valuation and Allocation as of April 17, 2024
Cash and cash equivalents	18,124
Accounts receivable, net of allowance for doubtful accounts of $ 583	16,324
Prepaid expenses	1,838
Current programming rights	3,635
Other current assets	555
Property and equipment, net	17,897
Intangible assets, net	127,838
Right of use assets	47,361
Goodwill	14,965
Noncurrent programming rights	6,607
Deposits and other	689
Assets acquired	255,833
Accounts payable and accrued expenses	32,033
Deferred revenue	9,209
Operating lease liabilities	31,109
Finance lease liabilities	3,029
Other Liabilities	8,301
Liabilities assumed	83,681
Fair value of noncontrolling interests (1)	17,629
Net assets acquired	154,523

(1) Fair value of noncontrolling interests based on 7,051,538 warrants issued in Option Agreement valued at the closing price on the day prior to close of $2.50.

Property and equipment is primarily composed of broadcasting equipment and leasehold improvements. The fair value of property and equipment is based on preliminary assumptions that are subject to change as we complete our valuation procedures. Acquired property and equipment will be depreciated on a straight-line basis over the respective estimated remaining useful lives.

The amount allocated to definite-lived intangible assets represents the estimated fair values of customer relationships of $ 15.6 million and programming rights of $10.2 million and will be amortized over the estimated remaining useful lives of 15 years and four years, respectively.

The amount allocated to indefinite-lived intangible assets represents the estimated fair values of the FCC licenses of $ 112.2 million and goodwill of $15.0 million. Goodwill, which is derived from the expanded client base and our ability to provide broader advertising solutions through a comprehensive portfolio, is recorded based on the amount by which the purchase price exceeds the fair value of the net assets acquired and we expect it will be deductible for tax purposes. Goodwill of $4.5 million and $10.5 million from this transaction is allocated to our Estrella MediaCo Video & Digital and Estrella MediaCo Audio, Digital & Events segments, respectively.

As part of the acquisition, we incurred costs of $ 9.0 million for the nine months ended September 30, 2024, primarily related to transaction bonuses and professional services, which are included in the operating expenses excluding depreciation and amortization and corporate expense line items in the condensed consolidated statement of operations. Additionally, there were $1.8 million of deferred financing costs and $1.1 million of original issue discount related to the issuance of the First Lien Credit Agreement included in the line item long term debt, net of current.

Variable Interest Entity

As discussed in Note 1, the Company determined that the Estrella entities holding the Estrella Broadcast Assets represented a VIE in which the Company holds a controlling financial interest, as MediaCo is the primary beneficiary of the VIE. Estrella VIE's assets can be used only to settle obligations of the Estrella VIE. The carrying amounts of the VIE's consolidated assets and liabilities included in the condensed consolidated balance sheet are as follows:

		September 30, 2024
Cash and cash equivalents	$	4,519
Accounts receivable, net of allowance for doubtful accounts of $ 396		10,308
Prepaid expenses		504
Current programming rights		13
Other current assets		28
Total current assets		15,372
PROPERTY AND EQUIPMENT, NET		8,505
OTHER INTANGIBLE ASSETS, NET		112,210
OTHER ASSETS:		
Operating lease right of use assets		2,789
Deposits and other		578
Total other assets		3,367
Total assets	$	139,454
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$	4,547
Deferred revenue		858
Operating lease liabilities		353
Income taxes payable		2,027
Total current liabilities		7,785
OPERATING LEASE LIABILITIES, NET OF CURRENT		2,460
OTHER NONCURRENT LIABILITIES		3,870
Total liabilities		14,115
Net assets		125,339

The summarized operating results of the VIE are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net revenues	$ 3,447	$ —	$ 6,621	$ —
Operating income	637	—	1,464	—
Net income	639	—	1,467	—

Pro Forma Financial Information

The following table presents the estimated unaudited pro forma combined results of MediaCo and Estrella for the three and nine months ended September 30, 2024 and 2023 as if the acquisition had occurred on January 1, 2023:

	Three Months Ended September 30, (unaudited)		Nine Months Ended September 30, (unaudited)	
	2024	2023	2024	2023
Net revenues	$ 29,859	$ 29,886	$ 84,508	$ 91,978
Income (loss) from continuing operations before income taxes	59,858	(4,438)	(10,132)	(37,090)

The supplemental pro forma financial information has been prepared using the acquisition method of accounting and is based on the historical financial information of MediaCo and Estrella. The supplemental pro forma financial information does not necessarily represent what the combined companies' revenue or results of operations would have been had the Estrella Acquisition been completed on January 1, 2023, nor is it intended to be a projection of future operating results of the combined company. It also does not reflect any operating efficiencies or potential cost savings that might be achieved from synergies of combining MediaCo and Estrella.

The unaudited supplemental pro forma financial information reflects primarily pro forma adjustments related to fair value estimates for intangibles, property and equipment, debt, preferred stock, interest expense and amortization of deferred financing costs for the debt and preferred stock issuances to finance the Estrella Acquisition. The unaudited supplemental pro forma financial information includes transaction charges associated with the Estrella Acquisition. There are no material, nonrecurring pro forma adjustments directly attributable to the Estrella Acquisition included in the reported pro forma revenue and loss from continuing operations before income taxes.

4. INTANGIBLE ASSETS

As of September 30, 2024 and December 31, 2023, intangible assets consisted of the following:

	September 30, 2024	December 31, 2023
Indefinite-lived intangible assets		
FCC licenses	$ 175,476	$ 63,266
Goodwill	14,965	—
Definite-lived intangible assets		
Customer relationships	14,082	—
Software	1,224	1,327
Other	31	—
Total definite-lived intangible assets, net	$ 15,337	$ 1,327
Total noncurrent other intangible assets, net and goodwill	$ 205,778	$ 64,593

Valuation of Indefinite-lived Broadcasting Licenses

In accordance with ASC Topic 350, *Intangibles—Goodwill and Other,* the Company's FCC licenses are considered indefinite-lived intangibles; therefore, they are not subject to amortization, but are tested for impairment at least annually as discussed below.

The carrying amounts of the Company's FCC licenses were $ 175.5 million and $63.3 million as of September 30, 2024 and December 31, 2023, respectively. Pursuant to our accounting policy and the provisions of ASC350-30, which states that separately recorded indefinite-lived intangible assets should be combined into a single unit of accounting for purposes of testing for impairment if they are operated as a single asset, we aggregate FCC licenses for impairment testing if their signals are simulcast and are operating as one revenue producing asset.

The stations perform an annual impairment test of indefinite-lived intangibles as of October 1 of each year. When indicators of impairment are present, we will perform an interim impairment test. There have been no indicators of impairment since we performed our annual impairment assessment as of October 1, 2023 and therefore there has been no need to perform an interim impairment assessment. The FCC licenses consolidated with the Estrella VIE were recorded at fair value as part of the Estrella Acquisition. Future impairment tests may result in additional impairment charges in subsequent periods.

Fair value of our FCC licenses is estimated to be the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. To determine the fair value of our FCC licenses, the Company considers both income and market valuation methods when it performs its impairment tests. Under the income method, the Company projects cash flows that would be generated by its unit of accounting assuming the unit of accounting was commencing operations in its market at the beginning of the valuation period. This cash flow stream is discounted to arrive at a value for the FCC licenses. The Company assumes the competitive situation that exists in its market remains unchanged, with the exception that its unit of accounting commenced operations at the beginning of the valuation period. In doing so, the Company extracts the value of going concern and any other assets acquired, and strictly values the FCC licenses.

Major assumptions involved in this analysis include market revenue, market revenue growth rates, unit of accounting audience share, unit of accounting revenue share and discount rate. Each of these assumptions may change in the future based upon changes in general economic conditions, audience behavior, consummated transactions, and numerous other variables that may be beyond our control. The projections incorporated into our license valuations take into consideration then current economic conditions. Under the market method, the Company uses recent sales of comparable radio or television stations for which the sales value appeared to be concentrated entirely in the value of the license, to arrive at an indication of fair value. When evaluating our radio and television broadcasting licenses for impairment, the testing is performed at the unit of accounting level as determined by ASC Topic 350-30-35. In our case, radio stations in a geographic market cluster are considered a single unit of accounting.

Valuation of Goodwill

As a result of the Estrella Acquisition, the Company recorded $ 15.0 million of goodwill, which accounts for all goodwill on the condensed consolidated balance sheet as of September 30, 2024, and of which $4.5 million is allocated to our Estrella MediaCo Video & Digital segment and $ 10.5 million is allocated to our Estrella MediaCo Audio, Digital & Events segment. ASC Topic 350-20-35 requires the Company to test goodwill for impairment at least annually. Under ASC 350 we have the option to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value as a basis for determining whether it is necessary to perform an annual quantitative goodwill impairment test. We will perform this assessment annually as of October 1, unless indicators of impairment exist at an interim period. There were no indicators of impairment for the current period.

When performing a quantitative assessment for impairment, the Company intends to use a market approach to determine the fair value of each reporting unit by multiplying the cash flows of the reporting unit by an estimated market multiple. We believe this methodology for valuing our reporting units is a common approach and the multiples we intend to use will be based on our peer comparisons, analyst reports, and market transactions. To corroborate the fair values determined using the market approach, we intend to also use an income approach, which is a discounted cash flow method to determine the fair value of each reporting unit. If the carrying value of a reporting unit's goodwill exceeds its fair value, the Company will recognize an impairment charge equal to the difference in the statement of operations.

Definite-lived intangibles

The following table presents the weighted-average useful life at September 30, 2024, and the gross carrying amount and accumulated amortization at September 30, 2024 and December 31, 2023, for our definite-lived intangible assets:

		September 30, 2024			December 31, 2023		
	Weighted Average Remaining Useful Life (in years)	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer relationships	3.7	$ 15,572	$ 1,490	$ 14,082	$ —	$ —	$ —
Software	3.6	1,733	509	1,224	1,583	256	1,327
Other	0.5	56	25	31	—	—	—
Total		$ 17,361	$ 2,024	$ 15,337	$ 1,583	$ 256	$ 1,327

The software was developed internally by our radio operations and represents our updated website and mobile application, which offer increased functionality and opportunities to grow and interact with our audience. This software cost $1.7 million to develop and useful lives of five years and seven years were assigned to the application and website, respectively. The customer relationships, favorable leasehold interests, and a time brokerage agreement were acquired as part of the Estrella Acquisition.

Total amortization expense from definite-lived intangible assets for each of the three and nine months ended September 30, 2024 and 2023 and included in the depreciation and amortization line item in the condensed consolidated statements of operations was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Amortization expense	$ 836	$ 58	$ 1,768	$ 193

The Company estimates amortization expense each of the next five years as follows:

Year ending December 31,	Amortization Expense
2024 (from October 1)	$ 913
2025	3,306
2026	2,721
2027	2,152
2028	1,571
After 2028	4,674
Total	$ 15,337

5. REVENUE

The Company generates revenue from the sale of services including, but not limited to: (i) on-air commercial broadcast time, (ii) non-traditional revenues including event-related revenues and event sponsorship revenues, and (iii) digital advertising. Payments received from advertisers before the performance obligation is satisfied are recorded as deferred revenue. Certain network sales contracts include a guaranteed rating. If the guarantee is not met the Company is obligated to provide additional spots at no charge until the guaranteed rating is met, referred to as a makegood liability. The liability for each contract is calculated by determining the cost per guarantee per the original contract, multiplied by the number of deficiency units. As of September 30, 2024, the makegood liability assumed in the Estrella Acquisition was $9.0 million and is presented in Deferred revenue on the condensed consolidated balance sheets as is expected to be recognized over four years. We do not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. Advertising revenues presented in the condensed consolidated financial statements are reflected on a net basis, after the deduction of advertising agency fees, usually at a rate of 15% of gross revenues.

Spot Advertising

On-air spot broadcast revenue is recognized when or as performance obligations under the terms of a contract with a customer are satisfied. This typically occurs over the period of time that advertisements are provided, or as an event occurs. On-air spot broadcast advertising rates are fixed based on each medium's ability to attract audiences in demographic groups targeted by advertisers and rates can vary based on the time of day and ratings of the programming airing in that day part. Revenues are reported at the amount the Company expects to be entitled to receive under the contract. Payments received from advertisers before the performance obligation is satisfied are recorded as deferred revenue in the condensed consolidated balance sheets.

Digital

Digital revenue relates to revenue generated from the sale of digital marketing services (including video, audio and display advertisements and sponsorships) to advertisers on Company-owned websites and applications as well as through third party publishers or OEM partners either through direct distribution relationships with the partner or through digital advertising exchanges. Digital revenues are generally recognized as the digital advertising is delivered.

Syndication

Syndication revenue relates to revenue generated from the sale of rights to broadcast shows we produce as well as revenues from syndicated shows we broadcast for a fee. Syndication revenues are generally recognized ratably over the term of the contract.

Events and Sponsorships

Events and Sponsorships revenue principally consists of ticket sales and sponsorship of events our stations conduct in their local market. These revenues are recognized when our performance obligations are fulfilled, which generally coincides with the occurrence of the related event.

Other

Other revenue includes trade revenue, network revenue, talent fee revenue and other revenue. The Company provides advertising broadcast time in exchange for certain products and services, including on-air radio and television programming. These trade arrangements generally allow the Company to preempt such bartered broadcast time in favor of advertisers who purchase time for cash consideration. These trade arrangements are valued based upon the Company's estimate of the fair value of the products and services received. Revenue is recognized on trade arrangements when we broadcast the advertisements. Advertisements delivered under trade arrangements are typically aired during the same period in which the products and services are consumed. The Company also sells certain remnant advertising inventory to third-parties for cash, and we refer to this as network revenue. The third-parties aggregate our remnant inventory with other broadcasters' remnant inventory for sale to third parties, generally to large national advertisers. This network revenue is recognized as we broadcast the advertisements. Talent fee revenue are fees earned for appearances by our on-air talent, which is recognized when our performance obligations are fulfilled, which generally coincides with the occurrence of the related appearance. Other revenue is comprised of brand integrations, custom on-air shows, or other amounts earned that do not fit in any other category and are recognized when our performance obligations are fulfilled.

Disaggregation of revenue

Due to the Estrella Acquisition, the Company now reports its results in three reportable segments: Estrella MediaCo Video & Digital ("EM-VD"), Estrella MediaCo Audio, Digital & Events ("EM-ADE"), and NY Audio, Digital & Events ("NY-ADE"). The following table presents the Company's revenues disaggregated by revenue source and segment.

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024	% of Total	2023	% of Total	2024	% of Total	2023	% of Total
Revenue by Source:								
EM-VD	$ 7,391	24.8 %	$ —	— %	$ 13,191	21.0 %	$ —	— %
EM-ADE	7,781	26.1 %	—	— %	14,732	23.5 %	—	— %
NY-ADE	4,465	15.0 %	4,328	67.1 %	13,774	21.9 %	14,009	54.2 %
Spot Advertising	19,637	65.9 %	4,328	67.1 %	41,697	66.4 %	14,009	54.2 %
EM-VD	4,881	16.3 %	—	— %	7,377	11.8 %	—	— %
EM-ADE	367	1.2 %	—	— %	516	0.8 %	—	— %
NY-ADE	532	1.8 %	608	9.4 %	2,158	3.4 %	3,053	11.8 %
Digital	5,780	19.3 %	608	9.4 %	10,051	16.0 %	3,053	11.8 %
EM-VD	166	0.6 %	—	— %	166	0.3 %	—	— %
EM-ADE	47	0.2 %	—	— %	142	0.2 %	—	— %
NY-ADE	593	2.0 %	602	9.3 %	1,784	2.8 %	1,812	7.0 %
Syndication	806	2.8 %	602	9.3 %	2,092	3.3 %	1,812	7.0 %
EM-VD	91	0.3 %	—	— %	154	0.2 %	—	— %
EM-ADE	669	2.2 %	—	— %	1,154	1.8 %	—	— %
NY-ADE	129	0.4 %	293	4.5 %	1,816	2.9 %	4,921	19.0 %
Events and Sponsorships	889	2.9 %	293	4.5 %	3,124	4.9 %	4,921	19.0 %
EM-VD	579	1.9 %	—	— %	1,209	1.9 %	—	— %
EM-ADE	1,322	4.4 %	—	— %	2,114	3.4 %	—	— %
NY-ADE	846	2.8 %	616	9.6 %	2,480	4.1 %	2,067	8.0 %
Other	2,747	9.1 %	616	9.7 %	5,803	9.4 %	2,067	8.0 %
Total net revenues	$ 29,859	100 %	$ 6,447	100 %	$ 62,767	100 %	$ 25,862	100 %

6. LONG-TERM DEBT, WARRANTS, AND SERIES B PREFERRED STOCK

Long-term debt, Warrant shares, and Series B Preferred Stock was comprised of the following at September 30, 2024 and December 31, 2023. The Emmis Convertible Promissory Note (as defined below) was classified as current at September 30, 2024 and December 31, 2023 as the note matures within the next 12 months.

	September 30, 2024	December 31, 2023
Emmis Convertible Promissory Note	$ 6,458	$ 6,458
First Lien Term Loans	45,000	—
Second Lien Term Loan	27,432	—
Less: Current maturities	(6,458)	(6,458)
Less: Unamortized original issue discount and deferred financing costs	(2,998)	—
Total long-term debt, net of current portion	$ 69,434	$ —
Warrant Shares	$ 36,104	$ —
Series B Preferred Stock	$ 34,242	$ —

Emmis Convertible Promissory Note

The Emmis Convertible Promissory Note carries interest at a base rate equal to the interest on any senior credit facility, including any applicable paid in kind rate, or if no senior credit facility is outstanding, of 6.00%, plus an additional 1.00% on any payment of interest in kind and, without regard to whether the Company pays such interest in kind, an additional increase of 1.00% following the second anniversary of the date of issuance and additional increases of 1.00% following each successive anniversary thereafter. The Company has been accruing interest since inception using the rate applicable if the interest will be paid in kind. The Emmis Convertible Promissory Note is convertible, in whole or in part, into MediaCo Class A common stock at the option of Emmis and at a strike price equal to the thirty-day volume weighted average price of the MediaCo Class A common stock on the date of conversion. The Emmis Convertible Promissory Note matures on November 25, 2024. As of September 30, 2024, the principal balance outstanding under the Emmis Convertible Promissory Note was $6.5 million.

First Lien Term Loans

MediaCo and its direct and indirect subsidiaries entered into a maximum $ 45.0 million First Lien Credit Agreement with White Hawk Capital Partners, LP, as term agent thereunder, and the lenders party thereto. Under the terms of the First Lien Credit Agreement, MediaCo received an Initial Loan of $35.0 million on April 17, 2024 and was provided with a subsequent delayed draw facility of up to $ 10.0 million that may be provided for additional working capital purposes under certain conditions. The first of such Delayed Draw Term Loans of $5.0 million was made on May 2, 2024 and the second of such Delayed Draw Term Loans of $5.0 million was made on July 17, 2024. The proceeds of the Initial Loan were used to finance the Estrella Acquisition, pay off certain existing Estrella indebtedness in connection therewith and pay related fees and transaction costs. The Initial Loan will mature on April 17, 2029, and each Delayed Draw Term Loan will mature on the date that is two years after the drawing of such Delayed Draw Term Loan. First Lien Term Loans will be subject to monthly interest payments at a rate of SOFR + 6.00%. Beginning May 2027, monthly amortization payments are required equal to 0.8333% of the initial principal amount of the First Lien Term Loans. The First Lien Term Loans are subject to a borrowing base in accordance with the terms of the First Lien Credit Agreement.

In September 2024, the Company entered into the First Amendment of the First Lien Credit Agreement with White Hawk Capital Partners, LP, which provides for $7.5 million of additional Delayed Draw Term Loan Commitments for Delayed Draw Term Loans, and waives the requirement for mandatory prepayment of any net proceeds received as a result of any equity issuances, up to $7.3 million. A fee of $ 0.3 million was paid in conjunction with entering into this amendment. No amounts have been drawn as of September 30, 2024.

Second Lien Term Loan

MediaCo and its direct and indirect subsidiaries entered into a $ 30.0 million second lien term loan credit facility, dated April 17, 2024, with HPS as term agent, and the lenders party thereto. Under the terms of the Second Lien Credit Agreement, MediaCo was deemed to receive the Second Lien Term Loan of $30.0 million on April 17, 2024 in connection with the consummation of the Estrella Acquisition and was recorded at its fair value at that time of $26.5 million. This amount will be accreted up to the principal balance over the term of the loan. The Second Lien Term Loan will mature on April 17, 2029 and will be subject to monthly interest payments at a rate of SOFR + 6.00%, of which the 6.00% may be paid in-kind (“PIK”) at the Company’s election. During the second quarter of 2024, the Company elected to PIK the 6.00% spread monthly. The Second Lien Term Loans are subject to a borrowing base in accordance with the terms of the Second Lien Credit Agreement.

Series B Preferred Stock

On April 17, 2024, MediaCo issued 60,000 shares of Series B Preferred Stock with an aggregate initial liquidation value of $ 60.0 million, recorded at its fair value at that time of $32.0 million, which will be accreted up to the redemption value balance over the term. The Series B Preferred Stock rank senior and in priority of payment to all other equity securities of MediaCo, including with respect to any repayment, redemption, distributions, bankruptcy, insolvency, liquidation, dissolution or winding-up. Pursuant to the Series B Articles of Amendment, the ability of MediaCo to make distributions with respect to, or make a liquidation payment on, any other class of capital stock in the Company designated to be junior to, or on parity with, the Series B Preferred Stock, will be subject to certain restrictions. Issued and outstanding shares of Series B Preferred Stock will accrue dividends, payable in kind, at an annual rate equal to 6.00% of the liquidation value thereof, subject to increase upon the occurrence of certain trigger events set forth in the Series B Articles of Amendment. The Series B Preferred Stock is not convertible into any other equity securities of the Company. As the Series B Preferred Stock is mandatorily redeemable after seven years and does not contain an equity conversion option, it is classified as a long-term liability.

Warrant Shares

On April 17, 2024, in connection with the Estrella Acquisition, MediaCo issued the Warrant, which provides for the purchase of up to 28,206,152 shares of Class A common stock, subject to customary adjustments as set forth in the Warrant, at an exercise price per share of $0.00001. Subject to certain limitations, the Warrant also provides that the Warrant holder has the right to participate in distributions on Class A common stock on an as-exercised basis. The Warrant further provides that in no event shall the aggregate number of Warrant Shares issuable to the Warrant holder upon exercise of the Warrant exceed 19.9% of the aggregate number of shares of common stock of MediaCo outstanding (the “Share Cap”), or the voting power of such outstanding shares of common stock, on the business day immediately preceding the issue date for such Warrant Shares, calculated in accordance with the applicable rules of the Nasdaq, unless and until shareholder approval. As such, all Warrant Shares are classified as a liability at their fair value based on the closing price of MediaCo Class A common stock unless and until shareholder approval is obtained. Changes in fair value are recorded in change in fair value of warrant shares liability in the condensed consolidated statements of operations. The Warrant terminates six-months from the date shareholder approval is obtained, at which point, to the extent not fully exercised, the Warrant shall be deemed automatically exercised.

Based on amounts outstanding at September 30, 2024, mandatory principal payments of long-term debt and preferred stock for the next five years and thereafter are summarized below:

Year ended December 31,	Emmis Note	First Lien Term Loans	Second Lien Term Loan	Series B Preferred Stock	Total Payments
Remainder of 2024 (from October 1)	$ 6,458	$ —	$ —	$ —	$ 6,458
2025	—	—	—	—	—
2026	—	10,000	—	—	10,000
2027	—	2,333	—	—	2,333
2028	—	3,500	—	—	3,500
After 2028	—	29,167	30,000	60,000	119,167
Total	$ 6,458	$ 45,000	$ 30,000	$ 60,000	$ 141,458

7. REGULATORY, LEGAL AND OTHER MATTERS

From time to time, our stations are parties to various legal proceedings arising in the ordinary course of business. In the opinion of management of the Company, however, there are no legal proceedings pending against the Company that we believe are likely to have a material adverse effect on the Company.

On September 15, 2023, the Company received a notification letter from the Nasdaq Listing Qualifications Department (the “Staff”) notifying the Company that, because the closing bid price for the Company's Class A common stock was below $1.00 for 30 consecutive business days, the Company no longer met the minimum bid price requirement for continued listing on The Nasdaq Capital Market under Nasdaq Marketplace Rule 5550(a)(2), requiring a minimum bid price of $1.00 per share (the “Minimum Bid Price Requirement”).

In accordance with Nasdaq Listing Rule 5810(c)(3)(A)(ii), the Company was given 180 calendar days, or until March 13, 2024, to regain compliance with the Minimum Bid Price Requirement. The Company did not achieve compliance during that period. On March 14, 2024, the Company received a notification letter from the Staff notifying the Company that that it had been granted an additional 180 days, or until September 9, 2024, to regain compliance with the Minimum Bid Price Requirement, based on meeting the continued listing requirement for market value of publicly held shares and all other applicable requirements for initial listing on The Nasdaq Capital Market with the exception of the bid price requirement, and the Company’s written notice of its intention to cure the deficiency during the second compliance period.

On April 17, 2024, the Company received a notification letter from the Staff indicating that the Company has regained compliance with Nasdaq’s Minimum Bid Price Requirement and the matter was thus closed.

On August 20, 2024, the Company received a notification letter from the Staff of the Nasdaq notifying the Company that it was not in compliance with Nasdaq Listing Rule 5250(c)(1) (the “Listing Rule”) as a result of its failure to timely file its Quarterly Report on Form 10-Q for the quarter ended June 30, 2024 (the “Q2 2024 Form 10-Q”), as described more fully in the Company’s Form 12b-25 Notification of Late Filing (the “Form 12b-25”) filed with the SEC on August 14, 2024. The Listing Rule requires Nasdaq-listed companies to timely file all required periodic reports with the SEC.

The Notice indicated that the Company had until October 21, 2024 to submit a plan to regain compliance with the Listing Rule with respect to the delinquent filing, and that any additional Nasdaq Staff exception to allow the Company to regain compliance with the delinquent filing would be limited to a maximum of 180 calendar days from the due date of the Q2 2024 Form 10-Q (as extended pursuant to Rule 12b-25 under the Securities Exchange Act of 1934, as amended), or February 17, 2025.

As described in the Form 12b-25, the filing of the Q2 2024 Form 10-Q was delayed due to delays in finalizing financial statements for the quarter ended June 30, 2024 related to the inclusion in the results for such period of the operations of the business acquired in the Estrella Acquisition, which delay could not be eliminated without unreasonable effort or expense. The Company regained compliance on September 18, 2024 upon filing of the Q2 2024 Form 10-Q.

8. INCOME TAXES

The effective tax rate for the nine months ended September 30, 2024 and 2023 was 17% and 5%, respectively. Our effective tax rate for the nine months ended September 30, 2024 differs from the statutory tax rate primarily due to the recognition of additional valuation allowance.

ASC paragraph 740-10 clarified the accounting for uncertainty in income taxes by prescribing a recognition threshold and measurement attribute of the financial statement recognition and measurement of a tax position taken or expected to be taken within a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. The amount recognized is measured as the largest benefit that reaches greater than 50% likelihood of being realized upon ultimate settlement. In 2023, we recorded approximately $390 thousand of gross tax liability for uncertain tax positions related to federal and state income tax returns filed. Additionally, we recognize accrued interest and penalties related to unrecognized tax benefits as components of our income tax provision. As of September 30, 2024, the amount of interest accrued was approximately $52 thousand, which did not include the federal tax benefit of interest deductions.

9. LEASES

We determine if an arrangement is a lease at inception. We have operating leases for office space and tower space expiring at various dates through December 2047 and finance leases for broadcast tower space expiring in March 2029. Some leases have options to extend and some have options to terminate. Operating leases are included in lease right-of-use assets, current operating lease liabilities, and noncurrent operating lease liabilities in our condensed consolidated balance sheets. Finance leases are included in lease right-of-use assets, current finance lease liabilities, and noncurrent finance lease liabilities in our condensed consolidated balance sheets.

Lease assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As our leases do not provide an implicit rate, we use our incremental borrowing rate based on the information available at commencement date in determining the present value of lease payments. We use the implicit rate if it is readily determinable. Our lease terms may include options to extend or terminate the lease, which we treat as exercised when it is reasonably certain and there is a significant economic incentive to exercise that option.

Operating lease expense for operating lease assets is recognized on a straight-line basis over the lease term. Finance lease expense is composed of the depreciation of the lease asset and accretion of the lease liability and presented as part of Depreciation and amortization expense and Interest expense, respectively, in the condensed consolidated statements of operations. Variable lease payments, which represent lease payments that vary due to changes in facts or circumstances occurring after the commencement date other than the passage of time, are expensed in the period in which the obligation for these payments was incurred. None of our leases contain variable lease payments.

We elected not to apply the recognition requirements of ASC 842, *Leases*, to short-term leases, which are deemed to be leases with a lease term of 12 months or less. Instead, we recognized lease payments in the condensed consolidated statements of operations on a straight-line basis over the lease term and variable payments in the period in which the obligation for these payments was incurred. We elected this policy for all classes of underlying assets. Short-term lease expense recognized in the three and nine months ended September 30, 2024 and 2023 was not material.

On November 18, 2022, the Company entered into a lease agreement in New York City for our radio operations and corporate offices with a lease commencement date of February 1, 2023 and a noncancellable lease term through October 2039. This resulted in a right of use asset of $10.4 million and an operating lease liability of $10.4 million when recorded at lease commencement.

The impact of operating leases to our condensed consolidated financial statements was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Operating lease cost	$ 2,416	$ 915	$ 4,823	$ 2,974
Operating cash flows from operating leases	1,660	334	3,203	2,022
Right-of-use assets obtained in exchange for new operating lease liabilities	—	—	—	10,391

	September 30, 2024	December 31, 2023
Weighted average remaining lease term - operating leases (in years)	12.9	14.0
Weighted average discount rate - operating leases	11.6 %	11.4 %

The impact of finance leases to our condensed consolidated financial statements was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Finance lease cost	$ 235	$ —	$ 434	$ —
Cash flows from finance leases	187	—	311	—

	September 30, 2024	December 31, 2023
Weighted average remaining lease term - finance leases (in years)	4.5	0.0
Weighted average discount rate - finance leases	11.3 %	— %

As of September 30, 2024, the annual minimum lease payments of our operating lease liabilities were as follows:

Year ending December 31,	
2024 (from October 1)	$ 1,671
2025	6,975
2026	7,501
2027	7,071
2028	7,027
After 2028	67,671
Total lease payments	97,916
Less imputed interest	(51,188)
Total recorded operating lease liabilities	$ 46,728

As of September 30, 2024, the annual minimum lease payments of our finance lease liabilities were as follows:

Year ending December 31,	
2024 (from October 1)	$ 187
2025	768
2026	799
2027	831
2028	864
After 2028	218
Total lease payments	3,667
Less imputed interest	(798)
Total recorded finance lease liabilities	$ 2,869

10. RELATED PARTY TRANSACTIONS

Transaction Agreement with Emmis and SG Broadcasting

On June 28, 2019, MediaCo entered into a Contribution and Distribution Agreement with Emmis Communications Corporation ("Emmis") and SG Broadcasting, pursuant to which (i) Emmis contributed the assets of its radio stations WQHT-FM and WBLS-FM, in exchange for $91.5 million in cash, a $5.0 million note and 23.72% of the common stock of MediaCo, (ii) Standard General purchased 76.28% of the common stock of MediaCo, and (iii) the common stock of MediaCo received by Emmis was distributed pro rata in a taxable dividend to Emmis' shareholders on January 17, 2020. The common stock of MediaCo acquired by Standard General is entitled to ten votes per share and the common stock acquired by Emmis and distributed to Emmis' shareholders is entitled to one vote per share.

Convertible Promissory Notes

As a result of the transaction described above, on November 25, 2019, we issued a convertible promissory note to Emmis (such note, the "Emmis Convertible Promissory Note") in the amount of $5.0 million. Through December 31, 2022, there were annual interest amounts paid in kind on the Emmis Convertible Promissory Note such that the principal balances outstanding as of December 31, 2022 was $6.0 million.

For the year ended December 31, 2023, interest of $0.5 million was paid-in-kind and added to the principal balance outstanding. Consequently, the principal amount outstanding as of December 31, 2023 and September 30, 2024 under the Emmis Convertible Promissory Note was $6.5 million.

The Company recognized interest expense of $0.7 million and $0.4 million related to the Emmis Convertible Promissory Note for the nine months ended September 30, 2024 and 2023, respectively.

The terms of the Emmis Convertible Promissory Note are described in Note 6.

Convertible Preferred Stock

On December 13, 2019, in connection with the purchase of our Outdoor Advertising segment, the Company issued to SG Broadcasting 220,000 shares of MediaCo Series A preferred stock. In April 2024, all outstanding shares of Series A preferred stock were converted in accordance with their terms into 20.7 million shares of MediaCo Class A common stock.

Prior to being converted, the MediaCo Series A preferred stock ranked senior in preference to the MediaCo Class A common stock, MediaCo Class B common stock, and the MediaCo Class C common stock. Pursuant to the Articles of Amendment that established the terms of the Series A preferred stock, issued and outstanding shares of MediaCo Series A preferred stock accrued cumulative dividends, payable in kind, at an annual rate equal to the interest rate on any senior debt of the Company (see Note 6), or if no senior debt is outstanding, 6%, plus additional increases of 1% on December 12, 2020 and each anniversary thereof. On December 13, 2022, dividends of $3.4 million were paid in kind. The payment in kind increased the accrued value of the preferred stock and 80,000 additional shares were issued as part of this payment.

Dividends on Series A Convertible Preferred Stock held by SG Broadcasting were $0.9 million and $1.8 million, respectively, for the nine months ended September 30, 2024 and 2023. As of December 31, 2023, unpaid cumulative dividends were $0.2 million and included in the balance of preferred stock in the accompanying condensed consolidated balance sheets.

Consulting Agreements & Other Activity

In October 2023, we entered into agreements with five consultants that are currently employed by affiliates of Standard General. One of the agreements had a term that expired on February 1, 2024 and was billed at an hourly rate of $125 per hour. One of the agreements, billed at a rate of $8,400 per month expired on May 31, 2024. Two of the agreements billed at rates of $6,000 and $12,000 per month were extended through September 30, 2024. One agreement may be terminated at any time by either party and is billed at $18,000 per month, plus expenses. For the nine months ended September 30, 2024, $0.4 million of fees were incurred related to these agreements. These agreements were terminated as of September 30, 2024.

In March 2024, we made payments of $15,000 to the National Association of Investment Companies, of which a member of our board of directors is the President & CEO.

On October 29, 2024, the Company and Standard Media Group LLC ("SMG") entered into an Employee Leasing Agreement, effective as of October 1, 2024 (the "Leasing Agreement"). Under the Leasing Agreement, the Company will obtain the services of several SMG employees to serve various roles for the Company, including with respect to the legal, digital products, broadcast IT, and news operations function. The Leasing Agreement is an at-cost arrangement, with the Company paying only for a percentage of the actual cost of employing each leased employee, with no markup or service fees above the Company's share of the actual fully-loaded cost of each leased employee.

11. SEGMENT INFORMATION

Due to the Estrella Acquisition, the Company now reports its results in three reportable segments: Estrella MediaCo Video & Digital ("EM-VD"), Estrella MediaCo Audio, Digital & Events ("EM-ADE"), and NY Audio, Digital & Events ("NY-ADE").

The results of the EstrellaTV network and all of the Estrella MediaCo television operations, including digital, are included in our EM-VD segment. The Estrella MediaCo radio, digital and events operations are included in our EM-ADE segment. The operations of our two New York radio stations are included in our NY-ADE segment.

These business segments are consistent with the Company's management of these businesses and its financial reporting structure in development after the acquisition.

In addition to the reportable segments above, the Company has a Corporate and Other category that includes expenses not directly attributable to a specific reportable segment. These unallocated expenses primarily consist of broad corporate functions, including executive management, legal, human resources, corporate accounting and finance, and technology.

Revenue and operating income (loss) by reportable segment, and corporate and other, and the reconciliation to consolidated income (loss) from continuing operations before income taxes were as follows for the three and nine months ended September 30, 2024 and 2023:

Three Months Ended September 30, 2024	EM-VD	EM-ADE	NY-ADE	Corporate and other	Consolidated
Net revenues	$ 13,108	$ 10,186	$ 6,565	$ —	$ 29,859
Operating expenses excluding depreciation and amortization expense	16,581	10,010	6,081	—	32,672
Corporate expenses	—	—	—	2,319	2,319
Depreciation and amortization	1,259	348	134	—	1,741
Operating (loss) income	$ (4,732)	$ (172)	$ 350	$ (2,319)	$ (6,873)

Three Months Ended September 30, 2023	EM-VD	EM-ADE	NY-ADE	Corporate and other	Consolidated
Net revenues	$ —	$ —	$ 6,447	$ —	$ 6,447
Operating expenses excluding depreciation and amortization expense	—	—	7,175	—	7,175
Corporate expenses	—	—	—	1,095	1,095
Depreciation and amortization	—	—	130	—	130
Loss (gain) on disposal of assets	—	—	11	—	11
Operating loss	$ —	$ —	$ (869)	$ (1,095)	$ (1,964)

Nine Months Ended September 30, 2024	EM-VD	EM-ADE	NY-ADE	Corporate and other	Consolidated
Net revenues	$ 22,097	$ 18,658	$ 22,012	$ —	$ 62,767
Operating expenses excluding depreciation and amortization expense	32,151	19,408	22,410	—	73,969
Corporate expenses	—	—	—	9,154	9,154
Depreciation and amortization	2,273	627	405	—	3,305
Loss on disposal of assets	—	5	—	—	5
Operating loss	$ (12,327)	$ (1,382)	$ (803)	$ (9,154)	$ (23,666)

Nine Months Ended September 30, 2023	EM-VD	EM-ADE	NY-ADE	Corporate and other	Consolidated
Net revenues	$ —	$ —	$ 25,862	$ —	$ 25,862
Operating expenses excluding depreciation and amortization expense	—	—	25,458	—	25,458
Corporate expenses	—	—	—	3,981	3,981
Depreciation and amortization	—	—	437	—	437
Gain on disposal of assets	—	—	(28)	—	(28)
Operating loss	$ —	$ —	$ (5)	$ (3,981)	$ (3,986)

Assets by reportable segment were as follows:

	September 30, 2024	December 31, 2023
Assets		
EM-VD	$ 79,051	$ —
EM-ADE	161,788	—
NY-ADE	97,518	95,491
Total	$ 338,357	$ 95,491

12. SUBSEQUENT EVENTS

There were no subsequent events other than the employee leasing agreement discussed in Note 10 .

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Note: Certain statements included in this report or in the financial statements contained herein that are not statements of historical fact, including but not limited to those identified with the words "expect," "should," "will" or "look" are intended to be, and are, by this Note, identified as "forward-looking statements," as defined in the Securities Exchange Act of 1934, as amended. Such statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future result, performance or achievement expressed or implied by such forward-looking statement. Such factors include, among others:

- *Potential conflicts of interest with SG Broadcasting and our status as a "controlled company";*
- *Our ability to operate as a standalone public company and to execute on our business strategy;*
- *Our ability to compete with, and integrate into our operations, new media channels, such as digital video, live video streaming, YouTube, and other real-time media delivery;*
- *Our ability to continue to sell advertising time or exchange advertising time for goods or services;*
- *Our ability to use market research, advertising and promotions to attract and retain audiences;*
- *U.S. regulatory requirements for owning and operating media broadcasting channels and our ability to maintain regulatory licenses granted by the FCC;*
- *Pending U.S. regulatory requirements for paying royalties to performing artists;*
- *Industry and economic trends within the U.S. radio and television industry, generally, and in the markets in which we operate, in particular;*
- *Our ability to successfully attract and retain on-air talent;*
- *Our ability to successfully produce and distribute on-air programming;*
- *Our ability to maintain and expand distribution platforms and station affiliations;*
- *Our ability to finance our operations or to obtain financing on terms that are favorable to MediaCo;*
- *Our ability to successfully complete and integrate acquisitions, including the recent transactions with Estrella Broadcasting, Inc. and any future acquisitions;*
- *The accuracy of management's estimates and assumptions on which the Company's financial projections are based; and*
- *Other factors mentioned in documents filed by the Company with the Securities and Exchange Commission.*

For a more detailed discussion of these and other risk factors, see the Risk Factors section of our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on April 1, 2024. MediaCo does not undertake any obligation to publicly update or revise any forward-looking statements because of new information, future events or otherwise.

GENERAL

We own and operate two radio stations located in New York City, which serve the New York City demographic market area and primarily target Black, Hispanic, and multi-cultural consumers, and as a result of the Estrella Acquisition, Estrella's network, content, digital, and commercial operations, including network affiliation and program supply agreements with Estrella for its 11 radio stations serving Los Angeles, CA, Houston, TX, and Dallas, TX and nine television stations serving Los Angeles, CA, Houston, TX, Denver, CO, and Miami, FL. Among the Estrella brands that joined MediaCo are the EstrellaTV network and its influential linear and digital video content business and Estrella's expansive digital channels, including its four FAST channels - EstrellaTV, Estrella News, Cine EstrellaTV, and Estrella Games - and the EstrellaTV app. See Note 3 — Business Combinations in our condensed consolidated financial statements included elsewhere in this report for additional information on the Estrella Acquisition.

We derive our revenues primarily from radio, television and digital advertising sales, but we also generate revenues from events, including sponsorships and ticket sales, licensing, and syndication. Our revenues are mostly affected by the advertising rates our entities charge, as advertising sales are the primary component of our consolidated revenues. These rates are in large part based on our stations' ability to attract audiences in demographic groups targeted by their advertisers. The Nielsen Company generally measures radio station ratings weekly for markets measured by the Portable People Meter™ as well as providing television programming ratings services for the EstrellaTV network and the Estrella VIE local television stations. Because audience ratings in a station's local market are critical to the station's financial success, our strategy is to use market research, advertising and promotion to attract and retain audiences in each station's chosen demographic target group.

Our revenues vary throughout the year. Revenue and operating income are usually lowest in the first calendar quarter, partly because retailers cut back their advertising spending immediately following the holiday shopping season.

In addition to the sale of advertising time for cash, stations typically exchange advertising time for goods or services, which can be used by the station in its business operations. These barter transactions are recorded at the estimated fair value of the product or service received. We generally confine the use of such trade transactions to promotional items or services for which we would otherwise have paid cash. In addition, it is our general policy not to preempt advertising spots paid for in cash with advertising spots paid for in trade.

The following table summarizes the sources of our revenues from continuing operations for the three and nine months ended September 30, 2024 and 2023. The category "Other" includes, among other items, revenues related to network revenues and barter.

	Three Months Ended September 30,				Nine Months Ended September 30,			
(dollars in thousands)	2024	% of Total	2023	% of Total	2024	% of Total	2023	% of Total
Net revenues:								
Spot Advertising	$ 19,637	65.9 %	$ 4,328	67.1 %	$ 41,697	66.4 %	$ 14,009	54.2 %
Digital	5,780	19.3 %	608	9.4 %	10,051	16.0 %	3,053	11.8 %
Syndication	806	2.8 %	602	9.3 %	2,092	3.3 %	1,812	7.0 %
Events and Sponsorships	889	2.9 %	293	4.5 %	3,124	4.9 %	4,921	19.0 %
Other	2,747	9.1 %	616	9.7 %	5,803	9.4 %	2,067	8.0 %
Total net revenues	$ 29,859		$ 6,447		$ 62,767		$ 25,862	

Roughly 20% of our expenses vary in connection with changes in revenue. These variable expenses primarily relate to costs in our sales department, such as salaries, commissions and bad debt. Our costs that do not vary as much in relation to revenue are mostly in our programming and general and administrative departments, such as talent costs, ratings fees, rents, utilities and salaries. Lastly, our costs that are highly discretionary are costs in our marketing and promotions department, which we primarily incur to maintain and/or increase our audience and market share.

KNOWN TRENDS AND UNCERTAINTIES

The U.S. traditional radio and television broadcasting industries are mature industries and their growth rate has stalled. Management believes this is principally the result of two factors: (i) new media, such as various media distributed via the Internet, telecommunication companies and cable interconnects, as well as social networks, have gained advertising share against radio, television and other traditional media and created a proliferation of advertising inventory and (ii) the fragmentation of the radio and television audiences and time spent listening and viewing caused by satellite radio, audio and video streaming services, and podcasts has led some investors and advertisers to conclude that the effectiveness of broadcast advertising has diminished.

Our network and stations have aggressively worked to harness the power of broadband and mobile media distribution in the development of emerging business opportunities by capitalizing on the rapidly growing Free Ad-Supported Streaming TV marketplace ("FAST") through several operated channels, creating highly interactive direct-to-consumer ("D2C") apps and websites with content that engages our audience and harnessing the power of digital video on our D2C platforms, YouTube, and connected TV publishers, vMVPDs and OEMs.

The results of our NY Audio, Digital & Events segment broadcast operations are highly dependent on the results of our stations in the New York market. Some of our competitors that operate larger station clusters in the New York market are able to leverage their market share to extract a greater percentage of available advertising revenue through packaging a variety of advertising inventory at discounted unit rates. Market revenues in New York as measured by Miller Kaplan Arase LLP ("Miller Kaplan"), an independent public accounting firm used by the radio industry to compile revenue information, were up 3.5% for the nine months ended September 30, 2024, as compared to the same period of the prior year. Our gross revenues reported to Miller Kaplan were down 11.3%, as compared to the same period of the prior year. The decreases for our New York Cluster were largely driven by lower spend in the media and financial sectors.

For Estrella MediaCo, as of September 30, 2024, EM-ADE revenue was down 3.3% over the same period in 2023, while MAGNA, a leading global media investment and intelligence company, estimated the market would be up 0.3%. EM-VD revenue was down 7.2%, versus the MAGNA market estimate of up 6.9%.

As part of our business strategy, we continually evaluate potential acquisitions of businesses that we believe hold promise for long-term appreciation in value and leverage our strengths. We also regularly review our portfolio of assets and may opportunistically dispose of or otherwise monetize assets when we believe it is appropriate to do so. As part of the Estrella acquisition integration, in the three months ended September 30, 2024, we developed a plan to close and relocate certain studio and marketing operations. In fulfilling this plan, we incurred involuntary termination costs of $1.4 million in the three and nine months ended September 30, 2024, included in operating expenses excluding depreciation and amortization on our condensed consolidated statements of operations included elsewhere in this report.

MediaCo has been impacted by the rising interest rate environment in the financial markets, driving the interest accrued and paid on the Emmis Convertible Promissory Note to increase as well as providing uncertainty on our First Lien Term Loan and Second Lien Term Loan, which have variable interest rates. Although the Federal Reserve has left its benchmark rate steady since July 2023 and recently has indicated a bias in favor of eventually cutting its benchmark interest rate, it also has indicated that additional rate increases in the future may be necessary to mitigate inflationary pressures, and there can be no assurance that the Federal Reserve will not make upwards adjustments to the federal funds rate in the future.

CRITICAL ACCOUNTING ESTIMATES

We have considered information available to us as of the date of issuance of these financial statements and are not aware of any specific events or circumstances that would require an update to our estimates or judgments, or a revision to the carrying value of our assets or liabilities, except for those fair value estimates related to the Estrella Acquisition (see Note 3 — Business Combinations in our condensed consolidated financial statements included elsewhere in this report for additional information). Our estimates may change as new events occur and additional information becomes available. Our actual results may differ materially from these estimates.

A complete description of our critical accounting estimates is contained in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission on April 1, 2024. As a result of the Estrella Acquisition, we believe the following are new critical accounting estimates.

Acquisitions and Fair Value

We account for the assets acquired and liabilities assumed in an acquisition based on their respective fair values as of the acquisition date. The excess of the fair value of the consideration transferred over the fair value of the acquired net assets, when applicable, is recorded as goodwill.

The judgments made in determining estimated fair values assigned to assets acquired, liabilities assumed, and consideration transferred in a business combination, as well as estimated asset lives, can materially affect our condensed consolidated financial statements. The fair values of intangible assets are determined using information available at the acquisition date based on expectations and assumptions that are deemed reasonable by management. These fair value estimates require significant judgment with respect to market revenue, market growth rates, unit of accounting audience share, unit of accounting revenue share, the selection of appropriate discount rates, and other assumptions and estimates. Such estimates and assumptions are determined based upon our business plans, general economic conditions, audience behavior, and numerous other variables. Depending on the facts and circumstances, we may deem it necessary to engage an independent valuation expert to assist in valuing significant assets and liabilities.

Impairment of Indefinite-lived and Long-lived Assets

We review the carrying value of long-lived assets (both intangible and tangible) for potential impairment on a periodic basis and whenever events or changes in circumstances indicate the carrying value of an asset (or asset group) may not be recoverable. We identify impairment for indefinite-lived intangible assets by comparing the fair value to its carrying value using both a market approach and income approach. The fair value under the market approach is determined by multiplying the cash flows of the reporting unit by an estimated market multiple. The income approach is performed using a discounted cash flow method to determine the fair value of each reporting unit. If the carrying value of a reporting unit's goodwill exceeds its fair value, the Company will recognize an impairment charge equal to the difference in the statement of operations.

We identify impairment for long-lived assets by comparing the projected undiscounted cash flows to be generated by the asset (or asset group) to its carrying value. If an impairment is identified, a loss is recorded that is equal to the excess of the asset's carrying value over its fair value generally utilizing a discounted cash flow analysis, and the cost basis is adjusted.

Goodwill and indefinite-lived intangible assets are reviewed for impairment at least annually and when certain impairment indicators are present. We have historically performed our annual goodwill and indefinite-lived intangible asset impairment assessment as of October 1 each year.

Significant management judgment is required in estimating fair values in our impairment reviews and in the creation of forecasts of future operating results that are used in the discounted cash flow method of valuation. These include, but are not limited to, estimates and assumptions regarding (1) our future cash flows, revenue, and other profitability measures such as EBITDA, (2) the long-term growth rate of our business, and (3) the determination of our weighted-average cost of capital, which is a factor in determining the discount rate. We make these judgments based on our historical experience, relevant market size, and expected industry trends. These assumptions are subject to change in future periods because of, among other things, additional information, financial information based on further historical experience, changes in competition, our investment decisions, and changes in macroeconomic conditions, including rising interest rates and inflation. A change in these assumptions or the use of alternative estimates and assumptions could have a significant impact on the estimated fair value and may expose us to impairment losses.

RESULTS OF OPERATIONS

Three-Month and Nine-Month Periods Ended September 30, 2024 compared to September 30, 2023

The following discussion refers to the Company's continuing operations. Following the Estrella Acquisition, our results of operations include three reportable segments: Estrella MediaCo Video & Digital ("EM-VD"), Estrella MediaCo Audio, Digital & Events ("EM-ADE"), and NY Audio, Digital & Events ("NY-ADE"). The results of EstrellaTV and all of the Estrella MediaCo television operations, including digital, are included in our EM-VD segment. The Estrella MediaCo radio, digital and events operations are included in our EM-ADE segment. The operations of our two New York radio stations are included in our NY-ADE segment. See Note 3 — Business Combinations in our condensed consolidated financial statements included elsewhere in this report for additional information on the Estrella Acquisition.

Net revenues:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
EM-VD	$ 13,108	$ —	$ 13,108	n/a	$ 22,097	$ —	$ 22,097	n/a
EM-ADE	10,186	—	10,186	n/a	18,658	—	18,658	n/a
NY-ADE	6,565	6,447	118	1.8 %	22,012	25,862	(3,850)	(14.9)%
Total	$ 29,859	$ 6,447	$ 23,412	363.1 %	$ 62,767	$ 25,862	$ 36,905	142.7 %

For our EM-VD and EM-ADE segments, net revenues increased for the three and nine months ended September 30, 2024 due to the Estrella Acquisition.

For our NY-ADE segment, net revenues increased for the three months ended September 30, 2024 driven by stronger telecommunications spend, partially offset by weaker broadcast and print media spend.

For our NY-ADE segment, net revenues decreased for the nine months ended September 30, 2024 driven by weaker sales for our annual Summer Jam concert as well as lower spend in the media, retail and beverages categories partially offset by stronger political and telecommunications spend.

We typically monitor the performance of our NY-ADE stations against the aggregate performance of the market in which we operate based on reports for the period prepared by Miller Kaplan. Miller Kaplan reports are generally prepared on a gross revenues basis and exclude revenues from trade and syndication arrangements. Miller Kaplan reported that gross revenues for the New York radio market increased 3.5% for the nine-month period ended September 30, 2024, as compared to the same period of the prior year. Our gross revenues reported to Miller Kaplan were down 11.3% for the nine-month period ended September 30, 2024, as compared to the same period of the prior year.

Operating expenses excluding depreciation and amortization expense:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
EM-VD	$ 16,581	$ —	$ 16,581	n/a	$ 32,151	$ —	$ 32,151	n/a
EM-ADE	10,010	—	10,010	n/a	19,408	—	19,408	n/a
NY-ADE	6,081	7,175	(1,094)	(15.2)%	22,410	25,458	(3,048)	(12.0)%
Total	$ 32,672	$ 7,175	$ 25,497	355.4 %	$ 73,969	$ 25,458	$ 48,511	190.6 %

For our EM-VD and EM-ADE segments, operating expenses excluding depreciation and amortization expense increased for the three and nine months ended September 30, 2024 due to the Estrella Acquisition.

For our NY-ADE segment, operating expenses excluding depreciation and amortization expense decreased for the three months ended September 30, 2024 driven by lower employee costs and professional service fees as compared to the same period of the prior year.

For our NY-ADE segment, operating expenses excluding depreciation and amortization expense decreased for the nine months ended September 30, 2024 driven by lower production costs for our annual Summer Jam concert, lower lease costs as our new office lease commenced in February 2023 and the prior office lease did not terminate until the third quarter of 2023, lower employee costs and lower professional service fees, partially offset by increased information technology costs.

Corporate expenses:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Corporate expenses	$ 2,319	$ 1,095	$ 1,224	111.8 %	$ 9,154	$ 3,981	$ 5,173	129.9 %

Corporate expenses increased for the three months ended September 30, 2024 due to higher professional service fees driven by work related to the debt amendment, the Estrella Acquisition and other corporate matters, partially offset by lower salary and stock based compensation expenses.

Corporate expenses increased for the nine months ended September 30, 2024 due to higher professional service fees driven by the Estrella Acquisition, partially offset by lower salary and stock based compensation expenses.

Depreciation and amortization:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
EM-VD	$ 1,259	$ —	$ 1,259	n/a	$ 2,273	$ —	$ 2,273	n/a
EM-ADE	348	—	348	n/a	627	—	627	n/a
NY-ADE	134	130	4	3.1 %	405	437	(32)	(7.3)%
Total	$ 1,741	$ 130	$ 1,611	1239.2 %	$ 3,305	$ 437	$ 2,868	656.3 %

For our EM-VD and EM-ADE segments, depreciation and amortization expense increased for the three and nine months ended September 30, 2024 due to the Estrella Acquisition.

For our NY-ADE segment, depreciation and amortization expense remained relatively flat for the three and nine months ended September 30, 2024 due to certain assets becoming fully depreciated in the prior year offset by new assets placed into service.

Loss (gain) on disposal of assets:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
EM-ADE	$ —	$ —	$ —	n/a	$ 5	$ —	$ 5	n/a
NY-ADE	—	11	(11)	(100.0)%	—	(28)	28	(100.0)%
Total	$ —	$ 11	$ (11)	(100.0)%	$ 5	$ (28)	$ 33	(117.9)%

For our NY-ADE segment, the gain on disposal of assets for the nine months ended September 30, 2023 related to the sale of vehicles in the first quarter of 2023, while there were minimal disposals for the same period in the current year.

For our NY-ADE segment, the loss on disposal of assets for the three months ended September 30, 2023 related to the disposal of assets related to our previous office location, while there were no disposals for the quarter in the current year.

Operating loss:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
EM-VD	$ (4,732)	$ —	$ (4,732)	n/a	$ (12,327)	$ —	$ (12,327)	n/a
EM-ADE	(172)	—	(172)	n/a	(1,382)	—	(1,382)	n/a
NY-ADE	350	(869)	1,219	(140.3)%	(803)	(5)	(798)	15960.0 %
All other	(2,319)	(1,095)	(1,224)	111.8 %	(9,154)	(3,981)	(5,173)	129.9 %
Total	$ (6,873)	$ (1,964)	$ (4,909)	249.9 %	$ (23,666)	$ (3,986)	$ (19,680)	493.7 %

See *“Net revenues,” “Operating expenses excluding depreciation and amortization,” "Depreciation and amortization," "Loss (gain) on disposal of assets,"* and *“Corporate expenses”* above.

Interest expense, net:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Interest expense, net	$ (3,274)	$ (87)	$ (3,187)	3,663.2 %	$ (7,192)	$ (306)	$ (6,886)	2,250.3 %

Interest expense, net increased for the three and nine months ended September 30, 2024 due to the additional long-term debt related to the Estrella Acquisition.

Change in fair value of warrant shares liabilities:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Change in fair value of warrant shares liabilities	$ 65,439	$ —	$ 65,439	n/a	$ 34,412	$ —	$ 34,412	n/a

Change in fair value of warrant shares liabilities for the three months ended September 30, 2024 was driven by the decrease in MediaCo's share price from $3.60 at the end of the previous quarter to $1.28 as of September 30, 2024.

Change in fair value of warrant shares liabilities for the nine months ended September 30, 2024 was driven by the decrease in MediaCo's share price from $2.50 at the initial recognition of the warrant shares liability to $1.28 as of September 30, 2024.

Provision for income taxes:

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Provision for income taxes	$ 342	$ 84	$ 258	307.1 %	$ 608	$ 234	$ 374	159.8 %

Our provision for income taxes tax was primarily due to changes in deferred tax liabilities.

Consolidated net income (loss):

	Three Months Ended September 30,				Nine Months Ended September 30, 2024			
(dollars in thousands)	2024	2023	$ Change	% Change	2024	2023	$ Change	% Change
Consolidated net income (loss)	$ 54,926	$ (2,316)	$ 57,242	(2471.6)%	$ 2,942	$ (4,844)	$ 7,786	(160.7)%

See *"Net revenues," "Operating expenses excluding depreciation and amortization," "Depreciation and amortization," "Loss (gain) on disposal of assets," "Corporate expenses," "Interest expense,"* and *"Change in fair value of warrant shares liability"* above.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of liquidity are cash provided by operations, availability under our First Lien Credit Agreement, and our At Market Issuance Sales Agreement. Primary uses of capital have been, and are expected to continue to be, capital expenditures, debt service obligations, working capital and acquisitions.

At September 30, 2024, the Company had cash, cash equivalents and restricted ca sh of $10.2 million and negative working capital of $(14.1) million. At December 31, 2023, we had cash, cash equivalents and restricted cash of $7.1 million and net working capital of $2.2 million. The decrease in net working capital was driven by accrued expenses and deferred revenue assumed, partially offset by accounts receivable and the current portion of programming rights acquired in the Estrella Acquisition.

The Company has experienced diminished revenues and profitability, driven in part by weaker Summer Jam sales, and expects these conditions to continue for an undetermined period of time. Management has considered these circumstances in assessing the Company's liquidity over the next year. Liquidity is a measure of an entity's ability to meet potential cash requirements, maintain its assets, fund its operations, and meet the other general cash needs of its business. The Company's liquidity is impacted by general economic, financial, competitive, and other factors beyond its control. The Company's liquidity requirements consist primarily of funds necessary to pay its expenses, principally debt service and operational expenses, such as labor costs, and other related expenditures. The Company generally satisfies its liquidity needs through cash provided by operations. In addition, the Company has taken steps to enhance its ability to fund its operational expenses by reducing various costs and is prepared to take additional steps as necessary.

At September 30, 2024, we had $6.5 million outstanding to Emmis under the Emmis Convertible Promissory Note (as defined in Note 10 — Related Party Transactions in our condensed consolidated financial statements included elsewhere in this report for additional information), all of which is classified as current and has debt service obligations of approximately $7.3 million due under its Emmis Convertible Promissory Note from November 14, 2024 (the date of issuance of these financial statements) through November 14, 2025. In September 2024, the Company entered into the First Amendment of the First Lien Credit Agreement, with White Hawk Capital Partners, LP, which provides for $7.5 million of additional Delayed Draw Term Loan Commitments for Delayed Draw Term Loans, and waives the requirement for mandatory prepayment of any net proceeds received as a result of any equity issuances, up to $7.3 million.

As a result of this amendment, management anticipates the Company will be able to meet its liquidity needs for the next twelve months with cash and cash equivalents on hand, additional draws on its First Lien Term Loan, and projected cash flows from operations. Therefore, substantial doubt has been alleviated about the Company's ability to continue as a going concern within one year after the date the financial statements are issued.

As part of its business strategy, the Company continually evaluates potential acquisitions of businesses that it believes hold promise for long-term appreciation in value and leverage our strengths.

Operating Activities

Cash flows used in continuing operating activities were $30.7 million compared to $3.7 million for the nine months ended September 30, 2024 and 2023, respectively. The increase in the use of cash in continuing operating activities was mainly attributable to lower operating income as well as increased working capital requirements driven by the Estrella Acquisition.

Investing Activities

Cash flows used in continuing investing activities were $7.6 million for the nine months ended September 30, 2024, attributable to cash paid, net of cash received, for the Estrella Acquisition, as well as capital expenditures related to our NY Audio digital platform project and our build out of our new space for radio operations and corporate offices. Cash flows used in continuing investing activities were $1.1 million for the nine months ended September 30, 2023, attributable to capital expenditures related to our NY Audio digital platform project and our build out of our new space for radio operations and corporate offices.

Financing Activities

Cash flows provided by continuing financing activities were $41.4 million for the nine months ended September 30, 2024, attributable to proceeds from the First Lien Term Loan, partially offset by payments of debt issuance costs, finance lease principal payments, and settlement of tax withholding obligations. Cash flows used in continuing financing activities were $1.1 million for the nine months ended September 30, 2023, attributable to repurchases of our Class A common stock and settlement of tax withholding obligations.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As an emerging growth company, we are not required to provide this information.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, the Company evaluated the effectiveness of the design and operation of its "disclosure controls and procedures" ("Disclosure Controls"). This evaluation (the "Controls Evaluation") was performed under the supervision and with the participation of management, including our Interim Chief Executive Officer ("Interim CEO") and Chief Financial Officer ("CFO").

Based upon the Controls Evaluation, our Interim CEO and CFO concluded that as of September 30, 2024, our Disclosure Controls were effective to ensure that information relating to MediaCo Holding Inc. and Subsidiaries that is required to be disclosed by us in the reports that we file or submit is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and is accumulated and communicated to our management, including our principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting.

As of September 30, 2024, management is in the process of evaluating and integrating the internal controls of the acquired Estrella Purchased Assets into our existing operations as part of planned integration activities. Other than the controls enhanced or implemented to integrate the Estrella Purchased Assets, there were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f)) that occurred during the quarter ended September 30, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the opinion of management of the Company there are no legal proceedings pending against the Company that we believe are likely to have a material adverse effect on the Company.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES, USE OF PROCEEDS, AND ISSUER PURCHASES OF EQUITY SECURITIES

The following table provides information relating to the shares we purchased during the quarter ended September 30, 2024:

Period	Total Number of Shares Purchased	Weighted Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
July 1, 2024 – July 31, 2024	—	$ —	—	$ 1,000,029
August 1, 2024 – August 31, 2024	—	$ —	—	$ 1,000,029
September 1, 2024 – September 30, 2024	—	$ —	—	$ 1,000,029
Total	—	$ —	—	

ITEM 5. OTHER INFORMATION

None of the Company's directors and officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during the Company's fiscal quarter ended September 30, 2024.

ITEM 6. EXHIBITS

(a) Exhibits.

The following exhibits are filed or incorporated by reference as a part of this report (unless otherwise indicated, the file number with respect to each filed document is 001-39029):

Exhibit Number	Exhibit Description	Filed Herewith	Incorporated by Reference Form	Period Ending	Exhibit	Filing Date
10.1	First Amendment and Limited Consent to Credit Agreement dated as of September 10, 2024, between MediaCo Holding Inc., as Borrower, the financial institutions party thereto as lenders and WhiteHawk Capital Partners LP as Term Agent.		8-K		10.1	9/16/24
10.2	Limited Consent to Credit Agreement dated as of September 10, 2024, between MediaCo Holding Inc., as Borrower, the financial institutions party thereto as lenders and HPS Investment Partners, LLC, as Term Agent.		8-K		10.2	9/16/24
31.1	Certification of Principal Executive Officer of MediaCo Holding Inc. pursuant to Rule 13a-14(a) under the Exchange Act	X				
31.2	Certification of Principal Financial Officer of MediaCo Holding Inc. pursuant to Rule 13a-14(a) under the Exchange Act	X				
32.1	Certification of Principal Executive Officer of MediaCo Holding Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
32.2	Certification of Principal Financial Officer of MediaCo Holding Inc. pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	X				
101.INS	Inline XBRL Instance Document	X				
101.SCH	Inline XBRL Taxonomy Extension Schema Document	X				
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	X				
101.LAB	Inline XBRL Taxonomy Extension Labels Linkbase Document	X				
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	X				
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	X				
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X				

* Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The Company agrees to furnish supplementally a copy of any omitted attachment to the SEC upon request.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MEDIACO HOLDING INC.

Date: November 14, 2024	By:	/s/ Debra DeFelice
		Debra DeFelice
		Chief Financial Officer and Treasurer

Exhibit 31.1

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Alberto Rodriguez certify that:

1. I have reviewed this quarterly report on Form 10-Q of MediaCo Holding Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2024

/s/ Alberto Rodriguez

Alberto Rodriguez

Interim Chief Executive Officer and President

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Debra DeFelice, certify that:

1. I have reviewed this quarterly report on Form 10-Q of MediaCo Holding Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2024

/s/ Debra DeFelice

Debra DeFelice

Chief Financial Officer and Treasurer

Exhibit 32.1

SECTION 1350 CERTIFICATION

The undersigned hereby certifies, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of MediaCo Holding Inc. (the "Company"), that, to his knowledge:

(1) the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2024

/s/ Alberto Rodriguez

Alberto Rodriguez

Interim Chief Executive Officer and President

(Principal Executive Officer)

Exhibit 32.2

SECTION 1350 CERTIFICATION

The undersigned hereby certifies, in accordance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, in his capacity as an officer of MediaCo Holding Inc. (the “Company”), that, to his knowledge:

(1) the Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2024, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2024

/s/ Debra DeFelice

Debra DeFelice

Chief Financial Officer and Treasurer