

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period ended September 30, 2023

OR

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 1-11588

Saga Communications, Inc.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of incorporation or organization)

73 Kercheval Avenue

Grosse Pointe Farms, Michigan

(Address of principal executive offices)

38-3042953

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

48236

(Zip Code)

(313) 886-7070

(Registrant's telephone number, including area code)

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, par value \$.01 per share	SGA	NASDAQ Global 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 No

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 No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, 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

Accelerated filer

Non-accelerated filer

Smaller Reporting Company

Emerging growth company

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 provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares of the registrant's Class A Common Stock, \$.01 par value, outstanding as of November 6, 2023 was 6,123,529.

INDEX

	Page
<u>PART I. FINANCIAL INFORMATION</u>	3
<u>Item 1. Financial Statements (Unaudited)</u>	3
<u>Condensed consolidated balance sheets —September 30, 2023 and December 31, 2022</u>	3
<u>Condensed consolidated statements of operations — Three and nine months ended September 30, 2023 and 2022</u>	4
<u>Condensed consolidated statements of stockholders' equity – Three and nine months ended September 30, 2023 and 2022</u>	5
<u>Condensed consolidated statements of cash flows —Nine months ended September 30, 2023 and 2022</u>	6
<u>Notes to unaudited condensed consolidated financial statements</u>	7
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	20
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	29
<u>Item 4. Controls and Procedures</u>	29
<u>PART II OTHER INFORMATION</u>	29
<u>Item 1. Legal Proceedings</u>	29
<u>Item 1A. Risk Factors</u>	29
<u>Item 2. Unregistered Sales of Equity Securities, Use of Proceeds, and Issuer Purchases of Equity Securities</u>	29
<u>Item 6. Exhibits</u>	30
<u>Signatures</u>	31
EX-10.1	
EX-10.2	
EX-10.3	
EX-31.1	
EX-31.2	
EX-32	
EX-101 INSTANCE DOCUMENT	
EX-101 SCHEMA DOCUMENT	
EX-101 CALCULATION LINKBASE DOCUMENT	
EX-101 LABELS LINKBASE DOCUMENT	
EX-101 PRESENTATION LINKBASE DOCUMENT	
EX-101 DEFINITION LINKBASE DOCUMENT	

PART I — FINANCIAL INFORMATION**Item 1. Financial Statements****SAGA COMMUNICATIONS, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	September 30, 2023	December 31, 2022
	(Unaudited)	(Note)
	(In thousands)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 31,244	\$ 36,802
Short-term investments	10,455	10,123
Accounts receivable, net	16,340	17,440
Prepaid expenses and other current assets	2,186	2,479
Barter transactions	1,019	1,015
Total current assets	<u>61,244</u>	<u>67,859</u>
Property and equipment	148,629	146,054
Less accumulated depreciation	95,774	92,856
Net property and equipment	<u>52,855</u>	<u>53,198</u>
Other assets:		
Broadcast licenses, net	90,240	90,307
Goodwill	19,236	19,236
Other intangibles, right of use assets, deferred costs and investments, net	10,792	10,153
Total assets	<u>\$ 234,367</u>	<u>\$ 240,753</u>
Liabilities and shareholders' equity		
Current liabilities:		
Accounts payable	\$ 3,248	\$ 2,654
Accrued payroll and payroll taxes	5,481	5,623
Dividend payable	1,531	13,754
Other accrued expenses	6,825	6,359
Barter transactions	1,072	987
Total current liabilities	<u>18,157</u>	<u>29,377</u>
Deferred income taxes	26,427	25,737
Other liabilities	7,848	7,110
Total liabilities	<u>52,432</u>	<u>62,224</u>
Commitments and contingencies		
Shareholders' equity:		
Common Stock	78	78
Additional paid-in capital	72,222	71,664
Retained earnings	146,303	143,896
Treasury stock	(36,668)	(37,109)
Total shareholders' equity	<u>181,935</u>	<u>178,529</u>
Total liabilities and shareholders' equity	<u>\$ 234,367</u>	<u>\$ 240,753</u>

Note: The balance sheet at December 31, 2022 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States for complete financial statements.

See accompanying notes to unaudited condensed consolidated financial statements.

SAGA COMMUNICATIONS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(Unaudited) (In thousands, except per share data)			
Net operating revenue	\$ 29,149	\$ 29,980	\$ 83,628	\$ 84,768
Station operating expenses	22,760	22,295	66,870	64,649
Corporate general and administrative	2,852	6,667	7,940	11,970
Other operating (income) expense, net	45	(37)	125	3
Operating income	3,492	1,055	8,693	8,146
Interest expense	44	32	130	96
Interest income	(391)	(134)	(1,027)	(187)
Other income	—	(34)	(119)	(36)
Income before income tax expense	3,839	1,191	9,709	8,273
Income tax provision				
Current	835	730	2,020	2,390
Deferred	275	565	690	960
	1,110	1,295	2,710	3,350
Net income (loss)	\$ 2,729	\$ (104)	\$ 6,999	\$ 4,923
Earnings (loss) per share:				
Basic	\$ 0.45	\$ (0.01)	\$ 1.15	\$ 0.82
Diluted	\$ 0.45	\$ (0.01)	\$ 1.15	\$ 0.82
Weighted average common shares	6,032	5,961	6,031	5,977
Weighted average common and common equivalent shares	6,032	5,961	6,031	5,977
Dividends declared per share	\$ 0.25	\$ 2.25	\$ 0.75	\$ 2.61

See accompanying notes to unaudited condensed consolidated financial statements.

SAGA COMMUNICATIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
For the three and nine months ended September 30, 2023 and 2022

	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital		Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	(Unaudited)	(In thousands)			
Balance at December 31, 2021	6,835	\$ 68	965	\$ 9	\$ 70,035	\$ 164,246	\$ (37,439)	\$ 196,919	
Net income, three months ended March 31, 2022	—	—	—	—	—	1,204	—	—	1,204
Dividends declared per common share	—	—	—	—	—	(968)	—	—	(968)
Compensation expense related to restricted stock awards	—	—	—	—	339	—	—	—	339
401(k) plan contribution	—	—	—	—	(229)	—	477	—	248
Balance at March 31, 2022	6,835	\$ 68	965	\$ 9	\$ 70,145	\$ 164,482	\$ (36,962)	\$ 197,742	
Net income, three months ended June 30, 2022	—	—	—	—	—	3,823	—	—	3,823
Dividends declared per common share	—	—	—	—	—	(1,210)	—	—	(1,210)
Compensation expense related to restricted stock awards	—	—	—	—	338	—	—	—	338
Balance at June 30, 2022	6,835	\$ 68	965	\$ 9	\$ 70,483	\$ 167,095	\$ (36,962)	\$ 200,693	
Net loss, three months ended September 30, 2022	—	—	—	—	—	(104)	—	—	(104)
Conversion of shares from Class B to Class A	965	9	(965)	(9)	—	—	—	—	—
Dividends declared per common share	—	—	—	—	—	(13,618)	—	—	(13,618)
Compensation expense related to restricted stock awards	—	—	—	—	1,049	—	—	—	1,049
Purchase of shares held in treasury	—	—	—	—	—	—	(7)	—	(7)
Balance at September 30, 2022	7,800	\$ 77	—	\$ —	\$ 71,532	\$ 153,373	\$ (36,969)	\$ 188,013	
	Class A Common Stock		Class B Common Stock		Additional Paid-In Capital		Retained Earnings	Treasury Stock	Total Stockholders' Equity
	Shares	Amount	Shares	Amount	(Unaudited)	(In thousands)			
Balance at December 31, 2022	7,867	\$ 78	—	\$ —	\$ 71,664	\$ 143,896	\$ (37,109)	\$ 178,529	
Net income, three months ended March 31, 2023	—	—	—	—	—	920	—	—	920
Dividends declared per common share	—	—	—	—	—	(1,531)	—	—	(1,531)
Compensation expense related to restricted stock awards	—	—	—	—	245	—	—	—	245
401(k) plan contribution	—	—	—	—	(185)	—	441	—	256
Balance at March 31, 2023	7,867	\$ 78	—	\$ —	\$ 71,724	\$ 143,285	\$ (36,668)	\$ 178,419	
Net income, three months ended June 30, 2023	—	—	—	—	—	3,350	—	—	3,350
Dividends declared per common share	—	—	—	—	—	(1,531)	—	—	(1,531)
Compensation expense related to restricted stock awards	—	—	—	—	248	—	—	—	248
Balance at June 30, 2023	7,867	\$ 78	—	\$ —	\$ 71,972	\$ 145,104	\$ (36,668)	\$ 180,486	
Net loss, three months ended September 30, 2023	—	—	—	—	—	2,729	—	—	2,729
Dividends declared per common share	—	—	—	—	—	(1,530)	—	—	(1,530)
Compensation expense related to restricted stock awards	—	—	—	—	250	—	—	—	250
Balance at September 30, 2023	7,867	\$ 78	—	\$ —	\$ 72,222	\$ 146,303	\$ (36,668)	\$ 181,935	

See accompanying notes to unaudited condensed consolidated financial statements.

SAGA COMMUNICATIONS, INC.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine Months Ended September 30,	
	2023	2022
	(Unaudited)	(In thousands)
Statement of Cash Flows		
Cash flows from operating activities:		
Net income	\$ 6,999	\$ 4,923
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	3,737	3,834
Deferred income tax expense	690	960
Amortization of deferred costs	27	9
Compensation expense related to restricted stock awards	743	1,726
Loss on sale of assets, net	125	3
Other (gain) loss, net	(119)	3
Barter (revenue) expense, net	44	(40)
Deferred and other compensation	(239)	1,422
Changes in assets and liabilities:		
(Increase) decrease in receivables and prepaid expenses	(51)	(23)
Increase (decrease) in accounts payable, accrued expenses, and other liabilities	1,965	1,545
Total adjustments	<u>6,922</u>	<u>9,439</u>
Net cash provided by operating activities	<u>13,921</u>	<u>14,362</u>
Cash flows from investing activities:		
Purchase of short-term investments	(14,441)	(14,000)
Redemption of short-term investments	14,437	4,000
Acquisition of property and equipment (Capital Expenditures)	(3,397)	(4,731)
Acquisition of broadcast properties	-	(57)
Proceeds from sale and disposal of assets	621	66
Other investing activities	117	-
Net cash used in investing activities	<u>(2,663)</u>	<u>(14,722)</u>
Cash flows from financing activities:		
Cash dividends paid	(16,816)	(6,167)
Purchase of treasury shares	-	(7)
Net cash used in financing activities	<u>(16,816)</u>	<u>(6,174)</u>
Net increase (decrease) in cash and cash equivalents	(5,558)	(6,534)
Cash and cash equivalents, beginning of period	36,802	54,760
Cash and cash equivalents, end of period	<u>\$ 31,244</u>	<u>\$ 48,226</u>

See accompanying notes to unaudited condensed consolidated financial statements.

SAGA COMMUNICATIONS, INC.
NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States for annual financial statements.

In our opinion, the accompanying financial statements include all adjustments of a normal, recurring nature considered necessary for a fair presentation of our financial position as of September 30, 2023 and the results of operations for the three and nine months ended September 30, 2023 and 2022. Results of operations for three and nine months ended September 30, 2023 are not necessarily indicative of the results that may be expected for the year ending December 31, 2023.

We own or operate broadcast properties in 27 markets, including 79 FM and 33 AM radio stations and 80 metro signals.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Saga Communications, Inc. annual report on Form 10-K for the year ended December 31, 2022.

We have evaluated events and transactions occurring subsequent to the balance sheet date of September 30, 2023, for items that should potentially be recognized in these financial statements or discussed within the notes to these financial statements.

Earnings Per Share Information

Earnings per share is calculated using the two-class method. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock and participating security. The Company has participating securities related to restricted stock units, granted under the Company's Second Amended and Restated 2005 Incentive Compensation Plan, that earn dividends on an equal basis with common shares. In applying the two-class method, earnings are allocated to both common shares and participating securities.

SAGA COMMUNICATIONS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The following table sets forth the computation of basic and diluted earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(In thousands, except per share data)			
Numerator:				
Net income (loss)	\$ 2,729	\$ (104)	\$ 6,999	\$ 4,923
Less: Income allocated to unvested participating securities	41	(1)	105	37
Net income available to common shareholders	<u>\$ 2,688</u>	<u>\$ (103)</u>	<u>\$ 6,894</u>	<u>\$ 4,886</u>
Denominator:				
Denominator for basic earnings per share — weighted average shares	6,032	5,961	6,031	5,977
Effect of dilutive securities:				
Common stock equivalents	—	—	—	—
Denominator for diluted earnings per share — adjusted weighted-average shares and assumed conversions	<u>6,032</u>	<u>5,961</u>	<u>6,031</u>	<u>5,977</u>
Earnings (loss) per share:				
Basic	\$ 0.45	\$ (0.01)	\$ 1.15	\$ 0.82
Diluted	<u>\$ 0.45</u>	<u>\$ (0.01)</u>	<u>\$ 1.15</u>	<u>\$ 0.82</u>

There were no stock options outstanding that had an antidilutive effect on our earnings per share calculation for the three and nine months ended September 30, 2023 and 2022, respectively. The actual effect of these shares, if any, on the diluted earnings per share calculation will vary significantly depending on the fluctuation in the stock price.

Financial Instruments

We account for marketable securities in accordance with ASC 320, “*Investments – Debt Securities*,” which require that certain debt securities be classified into one of three categories: held-to-maturity, available-for-sale, or trading securities, and depending upon the classification, value the security at amortized cost or fair market value. At September 30, 2023 and December 31, 2022, we have recorded \$10.5 million and \$10.1 million, respectively, of held-to-maturity U.S. Treasury Bills at amortized cost basis that have a fair market value of \$10.5 million and \$10.0 million, respectively. Our held-to-maturity U.S. Treasury Bills all have original maturity dates ranging from October 2023 to February 2024.

Our financial instruments are comprised of cash and cash equivalents, short-term investments, accounts receivable, accounts payable and long-term debt. The carrying value of cash and cash equivalents, accounts receivable and accounts payable approximate fair value due to their short maturities. The carrying value of long-term debt approximates fair value as it carries interest rates that either fluctuate with the euro-dollar rate, prime rate or have been reset at the prevailing market rate at September 30, 2023.

SAGA COMMUNICATIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Allowance for Doubtful Accounts

A provision for doubtful accounts is recorded based on our judgment of collectability of receivables. Amounts are written off when determined to be fully uncollectible. Delinquent accounts are based on contractual terms. We maintain a specific allowance for estimated losses resulting from the inability of certain customers to make required payments. We also consider factors external to the specific customer, including current conditions and forecasts of economic conditions, including the potential impact of uncertain economic conditions. In the event we recover amounts previously written off, we will reduce the specific allowance for credit loss. Our allowance for doubtful accounts was \$497,000 and \$519,000 at September 30, 2023 and December 31, 2022, respectively.

Income Taxes

Our effective tax rate is higher than the federal statutory rate as a result of the inclusion of state taxes in the income tax amount and permanent differences related to the compensation of our former CEO. We have historically calculated the provision for income taxes during interim reporting periods by applying an estimate of the annual effective tax rate for the full fiscal year to "ordinary" income or loss (pretax income or loss excluding unusual or infrequently occurring discrete items) for the reporting period.

Segments

We serve twenty-seven radio markets (reporting units) that aggregate into one operating segment (Radio), which also qualifies as a reportable segment. We operate under one reportable business segment for which segment disclosure is consistent with the management decision-making process that determines the allocation of resources and the measuring of performance. The Chief Operating Decision Maker ("CODM") evaluates the results of the radio operating segment and makes operating and capital investment decisions based at the Company level. Furthermore, technological enhancements and system integration decisions are reached at the Company level and applied to all markets rather than to specific or individual markets to ensure that each market has the same tools and opportunities as every other market. Managers at the market level do not report to the CODM and instead report to other senior management, who are responsible for the operational oversight of radio markets and for communication of results to the CODM. We continually review our operating segment classification to align with operational changes in our business and may make changes as necessary.

Time Brokerage Agreements/Local Marketing Agreements

We have entered into Time Brokerage Agreements ("TBAs") or Local Marketing Agreements ("LMAs") in certain markets. In a typical TBA/LMA, the FCC licensee of a station makes available, for a fee, blocks of air time on its station to another party that supplies programming to be broadcast during that air time and sells their own commercial advertising announcements during the time periods specified. Revenue and expenses related to TBAs/LMAs are included in the accompanying unaudited Condensed Consolidated Statements of Income. Assets and liabilities related to the TBAs/LMAs are included in the accompanying unaudited Condensed Consolidated Balance Sheets.

2. Recent Accounting Pronouncements

Recently Adopted Accounting Pronouncements

Management has considered all recent accounting pronouncements issued. The Company's management believes that these recent pronouncements will not have a material effect on the Company's financial statements.

SAGA COMMUNICATIONS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)****3. Revenue*****Nature of goods and services***

The following is a description of principal activities from which we generate our revenue:

Broadcast Advertising Revenue

Our primary source of revenue is from the sale of advertising for broadcast on our stations. We recognize revenue from the sale of advertising as performance obligations are satisfied upon airing of the advertising; therefore, revenue is recognized at a point in time when each advertising spot is transmitted. Agency commissions are calculated based on a stated percentage applied to gross billing revenue for our advertising inventory placed by an agency and are reported as a reduction of advertising revenue.

Digital Advertising Revenue

We recognize revenue from our digital initiatives across multiple platforms such as targeted digital advertising, online promotions, advertising on our websites and online streams, mobile messaging, email marketing and other e-commerce. Revenue is recorded when each specific performance obligation in the digital advertising campaign takes place, typically within a one-month period.

Other Revenue

Other revenue includes revenue from concerts, promotional events, tower rent and other miscellaneous items. Revenue is generally recognized when the event is completed, as the promotional events are completed or as each performance obligation is satisfied.

Disaggregation of Revenue

Revenues from contracts with customers comprised the following for three and nine months ended September 30, 2023 and 2022:

Types of Revenue	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Broadcast Advertising Revenue, net	\$ 23,946	\$ 25,500	\$ 69,798	\$ 72,523
Digital Advertising Revenue	2,757	2,142	7,140	6,124
Other Revenue	2,446	2,338	6,690	6,121
Net Revenue	\$ 29,149	\$ 29,980	\$ 83,628	\$ 84,768

Contract Liabilities

Payments from our advertisers are generally due within 30 days although certain advertisers are required to pay in advance. When an advertiser pays for the services in advance of the performance obligations these prepayments are recorded as contract liabilities. Typical contract liabilities relate to prepayments for advertising spots not yet run; prepayments from sponsors for events that have not yet been held; and gift cards sold on our websites used to finance a broadcast advertising campaign. Generally all contract liabilities are expected to be recognized within one year and are included in accounts payable in the Company's Condensed Consolidated Financial Statements and are immaterial.

SAGA COMMUNICATIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Transaction Price Allocated to the Remaining Performance Obligations

As the majority of our sales contracts are one year or less, we have utilized the optional exemption under ASC 606-10-50-14 and will not disclose information about the remaining performance obligations for sales contracts which have original expected durations of one year or less.

4. Broadcast Licenses, Goodwill and Other Intangible Assets

We evaluate our FCC licenses for impairment annually or more frequently if events or changes in circumstances indicate that the asset might be impaired. We operate our broadcast licenses in each market as a single asset and determine the fair value by relying on a discounted cash flow approach assuming a start-up scenario in which the only assets held by an investor are broadcast licenses. The fair value calculation contains assumptions incorporating variables that are based on past experiences and judgments about future operating performance using industry normalized information for an average station within a market. These variables include, but are not limited to: (1) the forecasted growth rate of each radio market, including population, household income, retail sales and other expenditures that would influence advertising expenditures; (2) the estimated available advertising revenue within the market and the related market share and profit margin of an average station within a market; (3) estimated capital start-up costs and losses incurred during the early years; (4) risk-adjusted discount rate; (5) the likely media competition within the market area; and (6) terminal values. If the carrying amount of FCC licenses is greater than their estimated fair value in a given market, the carrying amount of FCC licenses in that market is reduced to its estimated fair value.

We also evaluate goodwill for impairment annually, or more frequently if certain circumstances are present. If the carrying amount of goodwill in a reporting unit is greater than the implied value of goodwill determined by completing a hypothetical purchase price allocation using estimated fair value of the reporting unit, the carrying amount of goodwill in that reporting unit is reduced to its implied value.

We evaluate amortizable intangible assets for recoverability when circumstances indicate impairment may have occurred, using an undiscounted cash flow methodology. If the future undiscounted cash flows for the intangible asset are less than net book value, then the net book value is reduced to the estimated fair value. Amortizable intangible assets are included in other intangibles, deferred costs and investments in the consolidated balance sheets.

The Company considered the current and expected future economic and market conditions, and other potential indicators of impairment and determined a triggering event had not occurred which would necessitate any interim impairment tests during the nine months ended September 30, 2023. We will continue to monitor changes in economic and market conditions, and if any event or circumstances indicate a triggering event has occurred, we will perform an interim impairment test of our intangible assets at the appropriate time.

If actual market conditions are less favorable than those estimated by us or if events occur or circumstances change that would reduce the fair value of our broadcast licenses below the carrying value, we may be required to recognize impairment charges in future periods. Such a charge could have a material effect on our consolidated financial statements.

Intangible assets that have finite lives are amortized over their useful lives using the straight-line method. Favorable lease agreements are amortized over the lives of the leases ranging from five to twenty-six years. Other intangibles are amortized over one to fifteen years. Customer relationships are amortized over three years.

SAGA COMMUNICATIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

5. Common Stock and Treasury Stock

Our founder and former Chairman, President and CEO, Edward K. Christian, passed away on August 19, 2022. As of the date of his passing, Mr. Christian, who was also our principal shareholder, held approximately 65% of the combined voting power of the Company's Common Stock based on Class B Common Stock (together with the Class A Common Stock, collectively, the "Common Stock") generally being entitled to ten votes per share. As a result, Mr. Christian was generally able to control the vote on most matters submitted to the vote of stockholders and, therefore, was able to direct our management and policies, except with respect to (i) the election of two Class A directors, (ii) those matters where the shares of our Class B Common Stock are only entitled to one vote per share, and (iii) other matters requiring a class vote under the provisions of our certificate of incorporation, bylaws or applicable law. Mr. Christian's passing resulted in the conversion of his Class B shares into Class A shares that were transferred to an estate planning trust that now owns approximately 16% of the common stock outstanding. As a result, we no longer have any shares of Class B Common Stock issued or outstanding.

Dividends. Shareholders are entitled to receive such dividends as may be declared by our Board of Directors out of funds legally available for such purpose. However, no dividend may be declared or paid in cash or property on any share of any class of Common Stock unless simultaneously the same dividend is declared or paid on each share of the other class of common stock. In the case of any stock dividend, holders of Class A Common Stock are entitled to receive the same percentage dividend (payable in shares of Class A Common Stock) as the holders of Class B Common Stock receive (payable in shares of Class B Common Stock).

Voting Rights. Holders of shares of Common Stock vote as a single class on all matters submitted to a vote of the shareholders, with each share of Class A Common Stock entitled to one vote. Prior to Mr. Christian's passing, each share of Class B Common Stock was entitled to ten votes, except (i) in the election for directors, (ii) with respect to any "going private" transaction between the Company and the principal stockholder, and (iii) as otherwise provided by law.

Prior to Mr. Christian's passing, in the election of directors, the holders of Class A Common Stock, voting as a separate class, were entitled to elect twenty-five percent, or two, of our directors. The holders of the Common Stock, voting as a single class with each share of Class A Common Stock entitled to one vote and each share of Class B Common Stock entitled to ten votes, were entitled to elect the remaining directors. The Board of Directors consisted of eight members at December 31, 2022. Currently, our Board of Directors consists of eight members. Holders of Common Stock are not entitled to cumulative voting in the election of directors.

The holders of the Common Stock vote as a single class with respect to any proposed "going private" transaction with the principal stockholder or an affiliate of the principal stockholder, with each share of each class of Common Stock entitled to one vote per share.

Under Florida law, the affirmative vote of the holders of a majority of the outstanding shares of any class of common stock is required to approve, among other things, a change in the designations, preferences and limitations of the shares of such class of common stock.

Liquidation Rights. Upon our liquidation, dissolution, or winding-up, the holders of Class A Common Stock are entitled to share ratably in accordance with the number of shares held in all assets available for distribution after payment in full of creditors.

SAGA COMMUNICATIONS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The following summarizes information relating to the number of shares of our common stock issued in connection with stock transactions through September 30, 2023:

	Common Stock Issued	
	Class A	Class B
	(Shares in thousands)	
Balance, January 1, 2022	6,835	965
Conversion of shares	965	(965)
Issuance of restricted stock	67	—
Balance, December 31, 2022	7,867	—
Balance, September 30, 2023	7,867	—

We have a Stock Buy-Back Program to allow us to purchase up to \$ 75.8 million of our Class A Common Stock. As of September 30, 2023, we have remaining authorization of \$18.2 million for future repurchases of our Class A Common Stock. On September 14, 2017, the Board of Directors authorized the repurchase of our Class A Common Stock under our trading plan adopted pursuant to Securities and Exchange Commission Rule 10b5-1. The Rule 10b5-1 repurchase plan allows us to repurchase our shares during periods when we would normally not be active in the market due to our internal trading blackout periods. Under the plan, we may repurchase our Class A Common Stock in any combination of open market, block transactions and privately negotiated transactions subject to market conditions, legal requirements including applicable SEC regulations (which include certain price, market, volume and timing constraints), specific repurchase instructions and other corporate considerations. Purchases under the plan are funded by cash on our balance sheet. The plan does not obligate us to acquire any particular amount of Class A Common Stock. Our original purchase authorization was effective until September 1, 2018 and has been extended several times, with the most recent authorization instructions extension being through May 28, 2020. We halted the directions for any additional buybacks under our plan in 2020. We continue to monitor economic conditions to determine if and when it makes sense to make additional buybacks under our plan. During the three and nine months ended September 30, 2023 and 2022, no shares were repurchased under the Stock Buy-Back Program.

6. Leases

We lease certain land, buildings and equipment for use in our operations. We recognize lease expense for these leases on a straight-line basis over the lease term and combine lease and non-lease components for all leases. Right-of-use ("ROU") assets and lease liabilities are recorded on the balance sheet for all leases with an expected term of at least one year. Some leases include one or more options to renew. The exercise of lease renewal options is generally at our discretion. The depreciable lives of ROU assets are limited to the expected lease term. Our lease agreements do not contain any residual value guarantees or material restrictive covenants. As of September 30, 2023, we do not have any non-cancellable operating lease commitments that have not yet commenced.

ROU assets are classified within other intangibles, deferred costs and investments, net on the condensed consolidated balance sheet while current lease liabilities are classified within other accrued expenses and long-term lease liabilities are classified within other liabilities. Leases with an initial term of 12 months or less are not recorded on the balance sheet. ROU assets were \$7.0 million and \$6.5 million at September 30, 2023 and December 31, 2022, respectively. Lease liabilities were \$7.3 million and \$6.8 million at September 30, 2023 and December 31, 2022, respectively. During the nine months ended September 30, 2023, we recorded additional ROU assets under operating leases of \$1,778,000. Payments on lease liabilities during the three and nine months ended September 30, 2023 and 2022 totaled \$470,000, \$1,411,000, \$466,000, and \$1,372,000, respectively.

Lease expense includes cost for leases with terms in excess of one year. For the three and nine months ended September 30, 2023 and 2022, our total lease expense was \$472,000, \$1,389,000, \$450,000 and \$1,343,000, respectively. Short-term lease costs are *de minimis* in nature.

SAGA COMMUNICATIONS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

We have no financing leases and minimum annual rental commitments under non-cancellable operating leases consisted of the following at September 30, 2023 (in thousands):

Years Ending December 31,	
2023 (a)	\$ 414
2024	1,769
2025	1,610
2026	1,388
2027	1,197
Thereafter	2,383
Total lease payments (b)	8,761
Less: Interest (c)	1,475
Present value of lease liabilities (d)	<u><u>\$ 7,286</u></u>

(a) Remaining payments are for the three-months ending December 31, 2023.
(b) Lease payments include options to extend lease terms that are reasonably certain of being exercised. There were no legally binding minimum lease payments for leases signed but not yet commenced at September 30, 2023.
(c) Our leases do not provide a readily determinable implicit rate. Therefore, we must estimate our discount rate for such leases to determine the present value of lease payments at the lease commencement date.
(d) The weighted average remaining lease term and weighted average discount rate used in calculating our lease liabilities were 6.6 years and 5.3%, respectively, at September 30, 2023.

7. Acquisitions and Dispositions

We actively seek and explore opportunities for expansion through the acquisition of additional broadcast properties. The consolidated statements of income include the operating results of the acquired stations from their respective dates of acquisition. All acquisitions were accounted for as purchases and, accordingly, the total purchase consideration was allocated to the acquired assets and assumed liabilities based on their estimated fair values as of the acquisition dates. The excess of the consideration paid over the estimated fair value of net assets acquired have been recorded as goodwill. The Company accounts for acquisitions under the provisions of FASB ASC Topic 805, *Business Combinations*.

Management assigned fair values to the acquired property and equipment through a combination of cost and market approaches based upon each specific asset's replacement cost, with a provision for depreciation, and to the acquired intangibles, primarily an FCC license, based on the Greenfield valuation methodology, a discounted cash flow approach.

2023 Dispositions

On February 28, 2023, we closed on an agreement to sell WPVQ-AM located in our Greenfield, Massachusetts market to Hampden Communications Corp for \$2,000. We recorded a \$43,000 loss on the sale in our other operating (income) expense, net line item on our Condensed Consolidated Statement of Operations.

On March 20, 2023, we submitted a request to the FCC to cancel our FCC license for WHMQ-AM located in our Greenfield, Massachusetts market. We recorded a \$22,000 loss on the disposal in our other operating (income) expense, net line item on our Condensed Consolidated Statement of Operations.

SAGA COMMUNICATIONS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)****2022 Acquisitions**

On July 12, 2021, we entered into an agreement to acquire WIZZ-AM and a translator from P. & M. Radio for \$61,800 of which \$5,000 was paid in 2021 and the remainder was paid on April 6, 2022 when we closed on the transaction. Management attributes the goodwill recognized in the acquisition to the power of the existing brands in the Greenfield, Massachusetts market as well as synergies and growth opportunities expected through the combination with the Company's existing stations. The translators are start-up stations and therefore, have no pro forma revenue and expenses.

Condensed Consolidated Balance Sheet of 2023 and 2022 Acquisitions:

The following unaudited condensed balance sheets represent the estimated fair value assigned to the related assets and liabilities of the 2023 and 2022 acquisitions.

Saga Communications, Inc.**Condensed Consolidated Balance Sheet of 2023 and 2022 Acquisitions**

	Acquisitions in	
	2023	2022
	(In thousands)	
Assets Acquired:		
Property and equipment	\$ —	\$ 5
Other assets:		
Broadcast licenses	—	30
Goodwill	—	27
Total other assets	—	57
Total assets acquired	—	62
Liabilities Assumed:		
Current liabilities	—	—
Total liabilities assumed	—	—
Net assets acquired	\$ —	\$ 62

8. Income taxes

An income tax expense of \$1,110,000 was recorded for the three months ended September 30, 2023 compared to \$1,295,000 for the three months ended September 30, 2022. The effective tax rate was approximately 28.9% for the three months ended September 30, 2023 compared to 108.7% for the three months ended September 30, 2022. An income tax expense of \$2,710,000 was recorded for the nine months ended September 30, 2023 compared to \$3,350,000 for the nine months ended September 30, 2022. The effective tax rate was approximately 27.9% for the nine months ended September 30, 2023 compared to 40.5% for the nine months ended September 30, 2022. Income tax provisions for interim (quarterly) periods are based on estimated annual income tax rates and are adjusted for the effects of significant, infrequent or unusual items (i.e. discrete items) occurring during the interim period. The prior year quarter rate was impacted by \$3.8 million in expenses related to the compensation of our former CEO upon his death, in accordance with his employment agreement, that were permanent differences between our book and taxable income.

SAGA COMMUNICATIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

9. Stock-Based Compensation

2005 Incentive Compensation Plan

On May 13, 2019 our shareholders approved an amendment to the Second Amended and Restated Saga Communications, Inc. 2005 Incentive Compensation Plan (as amended, the “Second Restated 2005 Plan”). This plan was first approved in 2005, and subsequently re-approved in 2010 and 2013. The amendment to the Second Restated 2005 Plan (i) extended the date for making awards to September 6, 2023 and (ii) increased the number of authorized shares under the Plan by 90,000 shares of Class B Common Stock. The Second Restated 2005 Plan allowed for the granting of restricted stock, restricted stock units, incentive stock options, nonqualified stock options, and performance awards to eligible employees and non-employee directors.

The number of shares of Common Stock that was allowed to be issued under the Second Restated 2005 Plan was not to exceed 370,000 shares of Class B Common Stock, or 990,000 shares of Class A Common Stock of which up to 620,000 shares of Class A Common Stock were to be issued pursuant to incentive stock options and 370,000 shares of Class A Common Stock were to be issued upon conversion of Class B Common Stock. Awards denominated in Class A Common Stock were to be granted to any employee or director under the Second Restated 2005 Plan. Upon the passing of Mr. Christian, we no longer have any holders of Class B Common Stock, as those awards denominated in Class B Common Stock were only able to be granted to Mr. Christian. Stock options granted under the Second Restated 2005 Plan were to be for terms not exceeding ten (10) years from the date of grant and could not be exercised at a price which was less than 100% of the fair market value of shares at the date of grant.

2023 Incentive Compensation Plan

On May 8, 2023 our shareholders approved the 2023 Incentive Compensation Plan (the “2023 Plan”). The 2023 Plan replaces the Second Restated 2005 Plan. The Board of Directors does not intend to make any further awards under the Second Restated 2005 Plan. However, each outstanding award under the Second Restated 2005 Plan will remain outstanding under the Second Restated 2005 Plan and will continue to be governed under its terms and any applicable award agreement. The 2023 Plan allows for the granting of restricted stock, restricted stock units, incentive stock options, nonqualified stock options, and performance awards, including cash to eligible employees and non-employee directors of the Company and its subsidiaries. The number of shares of Common Stock that may be issued under the 2023 Plan may not exceed 600,000 shares of Class A Common Stock. The Form of Restricted Stock Option Agreements for Employees and Directors under the 2023 Plan have been filed as exhibits to this Form 10-Q are incorporated by reference.

Stock-Based Compensation

All stock options granted were fully vested and expensed at December 31, 2012; therefore, there was no compensation expense related to stock options for the three and nine months ended September 30, 2023 and 2022, respectively.

There were no stock options granted during 2023 or 2022 and there were no stock options outstanding as of September 30, 2023. All outstanding stock options were exercised in 2017.

SAGA COMMUNICATIONS, INC.**NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)**

The following summarizes the restricted stock transactions for the three and nine months ended September 30, 2023:

	Shares	Weighted Average Grant Date Fair Value
Outstanding at January 1, 2023	91,120	\$ 27.15
Vested	—	—
Forfeited	—	—
Non-vested and outstanding at September 30, 2023	<u>91,120</u>	<u>\$ 27.15</u>

For the three and nine months ended September 30, 2023 and 2022, we had \$ 250,000, \$743,000, \$1,049,000 and \$1,726,000, respectively, of total compensation expense related to restricted stock-based compensation arrangements. This expense is included in corporate general and administrative expenses in our results of operations. The three and nine months ended September 30, 2022 results were impacted by the immediate vesting of Mr. Christian's restricted stock upon his passing per this employment agreement of approximately \$700,000. The associated tax benefit recognized for the three and nine months ended September 30, 2023 and 2022 was \$66,000, \$195,000, \$41,000 and \$115,000, respectively.

10. Long-Term Debt

The Company has no debt outstanding at December 31, 2022 or September 30, 2023.

On December 19, 2022, we entered into a Third Amendment to our Credit Facility, (the "Third Amendment"), which extended the maturity date to December 19, 2027, reduced the lenders to JPMorgan Chase Bank, N.A., and the Huntington National Bank (the "Lenders"), established an interest rate equal to the secured overnight financing rate ("SOFR") as administered by the SOFR Administrator (currently established as the Federal Reserve Bank of New York) as the interest base and increased the basis points.

We have pledged substantially all of our assets (excluding our FCC licenses and certain other assets) in support of the Credit Facility and each of our subsidiaries has guaranteed the Credit Facility and has pledged substantially all of their assets (excluding their FCC licenses and certain other assets) in support of the Credit Facility.

Approximately \$266,000 of debt issuance costs related to the Credit Facility were capitalized and are being amortized over the life of the Credit Facility. These debt issuance costs are included in other assets, net in the consolidated balance sheets. As a result of the Second Amendment, the Company incurred an additional \$120,000 of transaction fees related to the Credit Facility that were capitalized. As a result of the Third Amendment, the Company incurred an additional \$161,000 of transaction fees related to the Credit Facility that were capitalized. The cumulative transaction fees are being amortized over the remaining life of the Credit Facility.

Interest rates under the Credit Facility are payable, at our option, at alternatives equal to SOFR (5.31% at September 30, 2023), plus 1% to 2% or the base rate plus 0% to 1%. The spread over SOFR and the base rate vary from time to time, depending upon our financial leverage. Letters of credit issued under the Credit Facility will be subject to a participation fee (which is equal to the interest rate applicable to Eurocurrency Loans, as defined in the Credit Agreement) payable to each of the Lenders and a fronting fee equal to 0.25% per annum payable to the issuing bank. Under the Third Amendment, we now pay quarterly commitment fees of 0.25% per annum on the unused portion of the Credit Facility. We previously paid quarterly commitment fees of 0.2% to 0.3% per annum on the unused portion of the Revolving Credit Facility.

SAGA COMMUNICATIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Credit Facility contains a number of financial covenants (all of which we were in compliance with at September 30, 2023) which, among other things, require us to maintain specified financial ratios and impose certain limitations on us with respect to investments, additional indebtedness, dividends, distributions, guarantees, liens and encumbrances.

We had approximately \$50 million of unused borrowing capacity under the Revolving Credit Facility at both September 30, 2023 and December 31, 2022.

11. Litigation

From time to time, the Company may be involved in various legal proceedings that are incidental to the Company's business. In management's opinion, the Company is not a party to any current legal proceedings that are material to its financial condition, either individually or in the aggregate.

12. Dividends

On September 27, 2023, the Company's Board of Directors declared a quarterly cash dividend of \$ 0.25 per share on its Class A Common Stock. This dividend, totaling approximately \$1,500,000 was paid on November 3, 2023 to shareholders of record on October 11, 2023 and is recorded in dividends payable in our Condensed Consolidated Balance Sheet at September 30, 2023.

On May 9, 2023, the Company's Board of Directors declared a quarterly cash dividend of \$ 0.25 per share on its Class A Common Stock. This dividend, totaling approximately \$1,500,000 was paid on June 16, 2023 to shareholders of record on May 22, 2023.

On March 1, 2023, the Company's Board of Directors declared a quarterly cash dividend of \$ 0.25 per share on its Class A Common Stock. This dividend, totaling approximately \$1,500,000, was paid on April 7, 2023 to shareholders of record on March 20, 2023.

On December 7, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$ 0.25 per share and a special cash dividend of \$2.00 per share on its Class A Common Stock. This dividend, totaling approximately \$13,800,000, was paid on January 13, 2023 to shareholders of record on December 21, 2022.

On September 20, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$ 0.25 per share and special cash dividend of \$2.00 per share on its Class A Common Stock. This dividend, totaling approximately \$13,600,000, was paid on October 21, 2022 to shareholders of record on October 3, 2022.

On June 6, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$ 0.20 per share on its Classes A and B Common Stock. This dividend, totaling approximately \$1,200,000, was paid to our transfer agent on June 29, 2022. The dividend was paid by our transfer agent on July 1, 2022 to shareholders of record on June 13, 2022.

On March 1, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$ 0.16 per share on its Classes A and B Common Stock. This dividend, totaling approximately \$970,000, was paid on April 8, 2022 to shareholders of record on March 21, 2022.

13. Other Income

During the first quarter of 2022, there was fire damage to a transmission line in our Des Moines, Iowa market. The Company's insurance policy provided coverage for removal and replacement of the transmission line and related equipment. As part of the insurance settlement during the fourth quarter of 2022, the Company received cash proceeds of \$445,000, resulting in a gain of \$445,000 which is recorded in the other (income) expense, net, in the Company's Consolidated Statements of Income in our annual report on Form 10-K for the year ended December 31, 2022.

SAGA COMMUNICATIONS, INC.

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In 2012, Congress mandated that the FCC conduct an incentive auction of broadcast television spectrum as set forth in the Middle Class Tax Relief and Job Creation Act of 2012 ("Spectrum Act"). The Spectrum Act authorized the FCC to conduct incentive auctions in which licensees could voluntarily relinquish their spectrum usage rights in order to permit the assignment by auction of new initial licenses subject to flexible use service rules, in exchange for a portion of the resulting auction proceeds. The Spectrum Act appropriated \$1.75 billion to the TV Broadcaster Relocation Fund ("Reimbursement Fund") for costs reasonably incurred by Full Power and Class A broadcast television licensees reassigned to new channels ("repack"), as well as Multichannel Video Programming Distributors ("MVPDs") that incurred costs related to continuing to carry the signals of reassigned broadcast stations. The 2018 Reimbursement Expansion Act, appropriated \$1 billion in additional funds for the Reimbursement Fund and expanded eligible entities for reimbursement to include FM stations affected by the repack. During 2022, the Company received approximately \$116,000 in reimbursement for our FM stations, which is recorded in the other (income), expense, net, in the Company's Consolidated Statements of Income in our annual report on Form 10-K for the year ended December 31, 2022. During the first quarter of 2023, we received approximately \$115,000 in reimbursement for our FM stations, which is recorded in other (income), expense, net, in the Company's Condensed Consolidated Statement of Operations. We do not anticipate receiving any additional reimbursements related to this.

14. Commitments and Contingencies

As previously disclosed Mr. Christian passed away on August 19, 2022. As a result of his passing the Company was required to make several payments to his estate as outlined in his employment agreement, as described in our annual report on Form 10-K for the year ended December 31, 2022. In accordance with ASC 712-10-25, *Nonretirement Postemployment Benefits*, we accrued all necessary expenses as of September 30, 2022. However, under the agreement, the Company will be responsible to pay the estate's income tax obligation relating to the payout of the life insurance policy. The estimate of the possible loss related to that tax obligation cannot be made at this time due to uncertainties related to the timing of the transfer.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This report contains forward-looking statements that are based on management's beliefs, assumptions, current expectations, estimates and projections about the radio broadcasting industry, the economy, and the Company. Words such as "anticipates," "believes," "can," "could," "endeavors" "expects," "intends," "is likely," "may," "plans," "projects," "seeks," "will," "would," and variations of such words and similar expressions are intended to identify such forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions ("Future Factors") that are difficult to predict with regard to timing, extent, likelihood and degree of occurrence. Therefore, actual results and outcomes may materially differ from what may be expressed or forecasted in such forward-looking statements. We undertake no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events (whether anticipated or unanticipated), or otherwise.

Future Factors include, among others, adverse changes in interest rates and interest rate relationships; our financial leverage and debt service requirements; dependence on key personnel; dependence on key stations; U.S. national and local economic conditions or an economic recession; market volatility; demand for our services; the degree of competition by traditional and non-traditional competitors; our ability to successfully integrate acquired stations; regulatory requirements; governmental and regulatory policy changes; changes in tax laws; the impact of technological advances; risks associated with cyber-attacks on our computer systems and those of our vendors; the outcomes of contingencies; trends in audience behavior; damage to our reputation resulting from adverse publicity, regulatory actions, litigation, operational failures, the failure to meet client or listener expectations and other facts; changes in local real estate values; natural disasters; terrorist attacks; the wars in Ukraine and Middle East, the effects of widespread outbreak of illness or disease, inflation; increased energy costs; and risk factors described in our annual report on Form 10-K for the year ended December 31, 2022 or in this Report. These are representative of the Future Factors that could cause a difference between an ultimate actual outcome and a forward-looking statement.

Introduction

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes thereto of Saga Communications, Inc. and its subsidiaries contained elsewhere herein and the audited financial statements and Management's Discussion and Analysis contained in our annual report on Form 10-K for the year ended December 31, 2022. The following discussion is presented on a consolidated basis.

Critical Accounting Policies and Estimates

Our consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States (GAAP), which require us to make estimates, judgments and assumptions that affect the reported amounts of certain assets, liabilities, revenues, expenses and related disclosures and contingencies. We evaluate estimates used in preparation of our financial statements on a continual basis. There have been no significant changes to our critical accounting policies that are described in Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies" in our annual report on Form 10-K for the year ended December 31, 2022.

We use certain financial measures that are not calculated in accordance with generally accepted accounting principles in the United States of America (GAAP) to assess our financial performance. For example, we evaluate the performance of our markets based on "station operating income" (operating income plus corporate general and administrative expenses, depreciation and amortization, other operating (income) expenses, and impairment of intangible assets). Station operating income is generally recognized by the broadcasting industry as a measure of performance, is used by analysts who report on the performance of the broadcasting industry and serves as an indicator of the market value of a group of stations. In addition, we use it to evaluate individual stations, market-level performance, overall operations and as a primary measure for incentive based compensation of executives and other members of management. Station operating income is not necessarily indicative of amounts that may be available to us for debt service requirements, other commitments, reinvestment or other discretionary uses. Station operating income is not a measure of liquidity or of performance in accordance with GAAP, and should be viewed as a supplement to, and not a substitute for our results of operations presented on a GAAP basis.

Financial Condition and Results of Operations

General

We are a broadcast company primarily engaged in acquiring, developing and operating broadcast properties. We actively seek and explore opportunities for expansion through the acquisition of additional broadcast properties. We review acquisition opportunities on an ongoing basis. For additional information with respect to acquisitions, see "Liquidity and Capital Resources" below. We own or operate broadcast properties in 27 markets, including 79 FM and 33 AM radio stations and 80 metro signals.

We anticipate our corporate general and administrative expense to decrease from 2022 significantly because of approximately \$3.8 million in expenses incurred related to the passing of our former CEO, Edward Christian and payments required as a result of his death. This reduction will be partially offset, however, by an increase in directors' fees of \$312,000 and by investments we have made in additional corporate personnel directly attributable to sales and training initiatives.

Radio Stations

Our radio stations' primary source of revenue is from the sale of advertising for broadcast on our stations. Depending on the format of a particular radio station, there are a predetermined number of advertisements available to be broadcast each hour.

Most advertising contracts are short-term and generally run for a few weeks only. The majority of our revenue is generated from local advertising, which is sold primarily by each radio market's sales staff. For the nine months ended September 30, 2023 and 2022, approximately 90% and 90%, respectively, of our radio stations' gross revenue was from local advertising. To generate national advertising sales, we engage independent advertising sales representative firms that specialize in national sales for each of our broadcast markets.

Our revenue varies throughout the year. Advertising expenditures, our primary source of revenue, generally have been lowest during the winter months, which include the first quarter of each year. Furthermore, we expect political revenue in 2023 to decrease from 2022 levels as a result of fewer elections at the national, state and local levels.

Our net operating revenue, station operating expense and operating income varies from market to market based upon each market's rank or size which is based upon population and the available radio advertising revenue in that particular market.

The broadcasting industry and advertising in general, is influenced by the state of the overall economy, including unemployment rates, inflation, energy prices and consumer interest rates. Our stations primarily broadcast in small to midsize markets. Historically, such markets have been more stable than major metropolitan markets during downturns in advertising spending, but may not experience increases in such spending as significant as those in major metropolitan markets in periods of economic improvement.

Our financial results are dependent on a number of factors, the most significant of which is our ability to generate advertising revenue through rates charged to advertisers. The rates a station is able to charge are, in large part, based on a station's ability to attract audiences in the demographic groups targeted by its advertisers. In a number of our markets, this is measured by periodic reports generated by independent national rating services. In the remainder of our markets it is measured by the results advertisers obtain through the actual running of an advertising schedule. Advertisers measure these results based on increased demand for their goods or services and/or actual revenues generated from such demand. Various factors affect the rate a station can charge, including the general strength of the local and national economies, population growth, ability to provide popular programming, local market competition, target marketing capability of radio compared to other advertising media, and signal strength.

When we acquire and/or begin to operate a station or group of stations we generally increase programming and advertising and promotion expenses to increase our share of our target demographic audience. Our strategy sometimes requires levels of spending commensurate with the revenue levels we plan on achieving in two to five years. During periods of economic downturns, or when the level of advertising spending is flat or down across the industry, this strategy may result in the appearance that our cost of operations is increasing at a faster rate than our growth in revenues, until such time as we achieve our targeted levels of revenue for the acquired station or group of stations.

The number of advertisements that can be broadcast without jeopardizing listening levels (and the resulting ratings) is limited in part by the format of a particular radio station. Our stations strive to maximize revenue by constantly managing the number of commercials available for sale and adjusting prices based upon local market conditions and ratings. While there may be shifts from time to time in the number of advertisements broadcast during a particular time of day, the total number of advertisements broadcast on a particular station generally does not vary significantly from year to year. Any change in our revenue, with the exception of those instances where stations are acquired or sold, is generally the result of inventory sell-out ratios and pricing adjustments, which are made to ensure that the station efficiently utilizes available inventory.

Our radio stations employ a variety of programming formats. We periodically perform market research, including music evaluations, focus groups and strategic vulnerability studies. Because reaching a large and demographically attractive audience is crucial to a station's financial success, we endeavor to develop strong listener loyalty. Our stations also employ audience promotions to further develop and secure a loyal following. We believe that the diversification of formats on our radio stations helps to insulate us from the effects of changes in musical tastes of the public on any particular format.

The primary operating expenses involved in owning and operating radio stations are employee salaries, sales commissions, sales survey and ratings expenses, health insurance expense, programming expenses including music licensing fees, depreciation, and advertising and promotion expenses.

The radio broadcasting industry is subject to rapid technological change, evolving industry standards and the emergence of new media technologies and services. These new technologies and media are gaining advertising share against radio and other traditional media.

We are continuing to expand our digital initiative to provide a seamless experience across multiple platforms. Our goal is to allow our listeners to connect with our brands on demand, wherever, however and whenever they choose. We continue to create and expand opportunities for revenue generation through targeted digital advertising, online community news, entertainment and events and an array of digital services that include online promotions, mobile messaging, and email marketing.

[Table of Contents](#)

During the nine months ended September 30, 2023 and 2022 and the years ended December 31, 2022 and 2021, our Columbus, Ohio; Des Moines, Iowa; Milwaukee, Wisconsin; Norfolk, Virginia; and Portland, Maine markets, when combined, represented approximately 36%, 38%, 38% and 39%, respectively, of our consolidated net operating revenue. An adverse change in any of these radio markets or our relative market position in those markets could have a significant impact on our operating results as a whole.

The following table describes the percentage of our consolidated net operating revenue represented by each of these markets:

	Percentage of Consolidated Net Operating Revenue for the Nine Months Ended September 30,		Percentage of Consolidated Net Operating Revenue for the Years Ended December 31,	
	2023	2022	2022	2021
Market:				
Columbus, Ohio	9 %	10 %	10 %	10 %
Des Moines, Iowa	5 %	5 %	5 %	6 %
Milwaukee, Wisconsin	11 %	12 %	12 %	11 %
Norfolk, Virginia	6 %	6 %	6 %	6 %
Portland, Maine	5 %	5 %	5 %	6 %

During the nine months ended September 30, 2023 and 2022 and the years ended December 31, 2022 and 2021, the radio stations in our five largest markets, when combined, represented approximately 40%, 44%, 44% and 43%, respectively, of our consolidated station operating income. The following table describes the percentage of our consolidated station operating income represented by each of these markets:

	Percentage of Consolidated Station Operating Income (*) for the Nine Months Ended September 30,		Percentage of Consolidated Station Operating Income(*) for the Years Ended December 31,	
	2023	2022	2022	2021
Market:				
Columbus, Ohio	10 %	13 %	13 %	12 %
Des Moines, Iowa	4 %	4 %	4 %	5 %
Milwaukee, Wisconsin	13 %	15 %	14 %	12 %
Norfolk, Virginia	9 %	7 %	7 %	7 %
Portland, Maine	4 %	5 %	6 %	7 %

* Operating income adjusted for corporate general and administrative expenses, depreciation and amortization, other operating (income) expenses, and impairment of intangible assets.

Three Months Ended September 30, 2023 Compared to Three Months Ended September 30, 2022

Results of Operations

The following table summarizes our results of operations for the three months ended September 30, 2023 and 2022.

Consolidated Results of Operations

	Three Months Ended		\$ Increase (Decrease)	% Increase (Decrease)		
	September 30,					
	2023	2022				
(In thousands, except percentages and per share information)						
Net operating revenue	\$ 29,149	\$ 29,980	\$ (831)	(2.8)%		
Station operating expenses	22,760	22,295	465	2.1 %		
Corporate general and administrative	2,852	6,667	(3,815)	(57.2)%		
Other operating (income) expense, net	45	(37)	82	N/M		
Operating income	3,492	1,055	2,437	231.0 %		
Interest expense	44	32	12	37.5 %		
Interest income	(391)	(134)	(257)	N/M		
Other income	—	(34)	34	N/M		
Income before income tax expense	3,839	1,191	2,648	222.3 %		
Income tax provision						
Current	835	730	105	14.4 %		
Deferred	275	565	(290)	(51.3)%		
	1,110	1,295	(185)	(14.3)%		
Net income (loss)	\$ 2,729	\$ (104)	\$ 2,833	(2,724.0)%		
Earnings per share (diluted)	\$ 0.45	\$ (0.01)	\$ 0.46	(4,600.0)%		

N/M = Not Meaningful

For the three months ended September 30, 2023, consolidated net operating revenue was \$29,149,000 compared with \$29,980,000 for the three months ended September 30, 2022, a decrease of \$831,000 or 2.8%. We had decreases in gross local revenue of \$1,052,000 and gross political revenue of \$624,000, partially offset by increases in gross interactive revenue of \$696,000 and gross non-spot revenue of \$156,000, from the third quarter of 2022. The decrease in gross local revenues was attributable to decreases at our Charleston, South Carolina; Clarksville, Tennessee; Columbus, Ohio; Milwaukee, Wisconsin; and Portland, Maine markets. The gross political revenue decreased due to a decrease in the number of national, state and local elections. The increase in gross interactive revenue is primarily due to an increase in our streaming revenue. The most significant increases in gross non-spot revenue occurred in our Asheville, North Carolina; Charleston, South Carolina; Ithaca, New York; Norfolk, Virginia and Yankton, South Dakota markets.

Station operating expense was \$22,760,000 for the three months ended September 30, 2023, compared with \$22,295,000 for the three months ended September 30, 2022, an increase of \$465,000 or 2.1%. The increase in operating expense was primarily a result of increases in compensation-related expense, healthcare costs, sales rating survey expenses, utility expenses, building maintenance and repairs, and programming rights expenses, of \$331,000, \$211,000, \$107,000, \$87,000, \$82,000 and \$71,000, respectively, partially offset by a decrease in commission expenses of \$360,000, from the third quarter of 2022.

[Table of Contents](#)

We had operating income for the three months ended September 30, 2023 of \$3,492,000 compared to \$1,055,000 for the three months ended September 30, 2022, an increase of \$2,437,000. The increase in operating income was the result of a decrease in corporate general and administrative expenses of \$3,815,000 partially offset by a decrease in net operating revenue and increase in station operating expense, noted above, and an increase in other operating (income) expense, net of \$82,000. In the third quarter of 2022, we recorded a gain on sale of fixed assets of \$37,000 compared to a loss on the sale of fixed assets in the third quarter of 2023 of \$45,000 in other operating (income) expense, net. The decrease in corporate general and administrative expenses was primarily due to the \$3.8 million expense recorded in the third quarter of 2022 related to the employment agreement we had with our founder and former CEO, Mr. Christian, that was required upon his death. Additionally, we had a decrease of \$471,000 in compensation-related expense offset by an increase of \$156,000 in travel and seminar related expenses, \$150,000 in other legal and consulting fees, \$104,000 in directors' fees, and \$43,000 in insurance costs.

We generated net income of \$2,729,000 (\$0.45 per share on a fully diluted basis) during the three months ended September 30, 2023, compared to a net loss of \$104,000 (\$0.01 per share on a fully diluted basis) for the three months ended September 30, 2022, an increase of \$2,833,000. The increase in net income is primarily due to the increase in operating income, described above, an increase in interest income of \$257,000 and a decrease in income tax expense of \$185,000 partially offset by an increase in interest expense of \$12,000 and a decrease in other income of \$34,000. The increase in interest income is related to higher rates of return on money market accounts reflected as cash equivalents and from our short-term investment accounts which began in May 2022. The decrease in our income tax expense is due to the permanent difference between book and taxable income related to the compensation paid to our founder and former CEO as described above and in footnote 8 (Income Taxes). The increase in interest expense is due to an increase in interest rates and amortization of bank fees. The decrease in other income is due to minimal other income earned in the third quarter of 2022 versus no other income earned in the third quarter of 2023.

Nine Months Ended September 30, 2023 Compared to Nine Months Ended September 30, 2022

Results of Operations

The following table summarizes our results of operations for the nine months ended September 30, 2023 and 2022.

	Nine Months Ended		\$ Increase (Decrease)	% Increase (Decrease)
	September 30, 2023	2022		
	(In thousands, except percentages and per share information)			
Net operating revenue	\$ 83,628	\$ 84,768	\$ (1,140)	(1.3)%
Station operating expenses	66,870	64,649	2,221	3.4 %
Corporate general and administrative	7,940	11,970	(4,030)	(33.7)%
Other operating (income) expense, net	125	3	122	N/M
Operating income	8,693	8,146	547	6.7 %
Interest expense	130	96	34	35.4 %
Interest income	(1,027)	(187)	(840)	N/M
Other income	(119)	(36)	(83)	N/M
Income before income tax expense	9,709	8,273	1,436	17.4 %
Income tax provision				
Current	2,020	2,390	(370)	(15.5)%
Deferred	690	960	(270)	(28.1)%
	2,710	3,350	(640)	(19.1)%
Net income (loss)	\$ 6,999	\$ 4,923	\$ 2,076	42.2 %
Earnings per share (diluted)	\$ 1.15	\$ 0.82	\$ 0.33	40.2 %

N/M = Not Meaningful

For the nine months ended September 30, 2023, consolidated net operating revenue was \$83,628,000 compared with \$84,768,000 for the nine months ended September 30, 2022, a decrease of \$1,140,000 or 1.3%. We had decreases in gross local revenue of \$2,003,000, gross political revenue of \$1,229,000, and gross barter revenue of \$92,000 and an increase in agency commissions of \$50,000 partially offset by increases in gross interactive revenue of \$1,233,000, gross non-spot revenue of \$582,000 and gross national revenue of \$512,000, from 2022. The decrease in gross local revenues was attributable to decreases at our Charleston, South Carolina; Clarksville, Tennessee; Columbus, Ohio; Des Moines, Iowa; Ithaca, New York; Milwaukee, Wisconsin; Portland, Maine and Springfield, Illinois markets partially offset by increases at our Asheville, North Carolina; Bellingham, Washington; Charlottesville, Virginia and Harrisonburg, Virginia markets. The gross political revenue decreased due to a decrease in the number of national, state and local elections. The decrease in our gross barter revenue is due to minor decreases in the majority of our markets. The increase in agency commissions is due to increases in our national revenue. The increase in gross interactive revenue is primarily due to an increase in our streaming revenue. The most significant increases in gross national revenue occurred in our Charleston, South Carolina; Charlottesville, Virginia; Des Moines, Iowa; Norfolk, Virginia; Ocala, Florida and Springfield, Massachusetts markets. The most significant increases in gross non-spot revenue occurred in our Asheville, North Carolina; Bellingham, Washington; Charleston, South Carolina; Ithaca, New York and Yankton, South Dakota markets.

Station operating expense was \$66,870,000 for the nine months ended September 30, 2023, compared with \$64,649,000 for the nine months ended September 30, 2022, an increase of \$2,221,000 or 3.4%. The increase in operating expense was primarily a result of increases in compensation-related expense, utility expenses, building maintenance and repairs, healthcare costs, sales rating survey expenses, programming rights expense, and music licensing fees, of \$1,219,000, \$274,000, \$273,000, \$213,000, \$194,000, \$184,000, and \$89,000, respectively, partially offset by commission expenses of \$199,000 for the comparable period of 2022.

We had operating income for the nine months ended September 30, 2023 of \$8,693,000 compared to \$8,146,000 for the nine months ended September 30, 2022, an increase of \$547,000. The increase in operating income was the result of a decrease in corporate general and administrative expenses of \$4,030,000 partially offset by a decrease in net operating revenue and increase in station operating expense, noted above, and an increase in other operating (income) expense, net of \$122,000. We recorded a loss on sale of fixed assets of \$125,000 in 2023 compared to a loss on the sale of fixed assets in the 2022 of \$3,000 in other operating (income) expense, net. The decrease in corporate general and administrative expenses was primarily due to the \$3.8 million expense recorded in the third quarter of 2022 related to the employment agreement we had with our founder and former CEO, Mr. Christian, that was required upon his death. Additionally, we had a decrease of \$1,219,000 in compensation-related expense partially offset by an increase of \$345,000 in other consulting fees, \$202,000 in directors' fees, \$145,000 in insurance costs and \$32,000 in travel and seminar related expenses.

We generated net income of \$6,999,000 (\$1.15 per share on a fully diluted basis) during the nine months ended September 30, 2023, compared to \$4,923,000 (\$0.82 per share on a fully diluted basis) for the nine months ended September 30, 2022 ended, an increase of \$2,076,000. The increase in net income is primarily due to the increase in operating income, described above, an increase in interest income of \$840,000, an increase in other income of \$83,000 and a decrease in income tax expense of \$640,000, partially offset by an increase in interest expense of \$34,000. The increase in interest income is related to higher rates of return on money market accounts reflected as cash equivalents and from our short-term investment accounts which began in May 2022. The decrease in our income tax expense is due to the permanent difference between book and taxable income related to the compensation paid to our founder and former CEO as described above and in footnote 8 (Income Taxes). The increase in other income is due to reimbursements from the FCC related to their spectrum auction of \$115,000 described in footnote 13 (Other Income) versus the minimal other income earned in 2022. The increase in interest expense is due to an increase in interest rates and amortization of bank fees.

Liquidity and Capital Resources

Debt Arrangements and Debt Service Requirements

On December 19, 2022, we entered into a Third Amendment to our Credit Facility, (the "Third Amendment"), which extended the maturity date to December 19, 2027, reduced the lenders to JPMorgan Chase Bank, N.A., and the Huntington National Bank (the "Lenders"), established an interest rate equal to the secured overnight financing rate ("SOFR") as administered by the SOFR Administrator (currently established as the Federal Reserve Bank of New York) as the interest base and increased the basis points.

We have pledged substantially all of our assets (excluding our FCC licenses and certain other assets) in support of the Credit Facility and each of our subsidiaries has guaranteed the Credit Facility and has pledged substantially all of their assets (excluding their FCC licenses and certain other assets) in support of the Credit Facility.

Approximately \$266,000 of debt issuance costs related to the Credit Facility were capitalized and are being amortized over the life of the Credit Facility. These debt issuance costs are included in other assets, net in the consolidated balance sheets. As a result of the Second Amendment, the Company incurred an additional \$120,000 of transaction fees related to the Credit Facility that were capitalized. As a result of the Third Amendment, the Company incurred an additional \$161,000 of transaction fees related to the Credit Facility that were capitalized. The cumulative transaction fees are being amortized over the remaining life of the Credit Facility.

Interest rates under the Credit Facility are payable, at our option, at alternatives equal to SOFR (5.31% at September 30, 2023), plus 1% to 2% or the base rate plus 0% to 1%. The spread over SOFR and the base rate vary from time to time, depending upon our financial leverage. Letters of credit issued under the Credit Facility will be subject to a participation fee (which is equal to the interest rate applicable to Eurocurrency Loans, as defined in the Credit Agreement) payable to each of the Lenders and a fronting fee equal to 0.25% per annum payable to the issuing bank. Under the Third Amendment, we now pay quarterly commitment fees of 0.25% per annum on the unused portion of the Credit Facility. We previously paid quarterly commitment fees of 0.2% to 0.3% per annum on the unused portion of the Revolving Credit Facility.

The Credit Facility contains a number of financial covenants (all of which we were in compliance with at June 30, 2023) which, among other things, require us to maintain specified financial ratios and impose certain limitations on us with respect to investments, additional indebtedness, dividends, distributions, guarantees, liens and encumbrances.

We had no debt outstanding at December 31, 2022 or September 30, 2023.

We had approximately \$50 million of unused borrowing capacity under the Revolving Credit Facility at both September 30, 2023 and December 31, 2022.

Sources and Uses of Cash

During the nine months ended September 30, 2023 and 2022, we had net cash flows from operating activities of \$13,921,000 and \$14,362,000, respectively. We believe that cash flow from operations will be sufficient to meet quarterly debt service requirements for payments of interest and principal under our Credit Facility if we borrow in the future. However, if such cash flow is not sufficient we may be required to sell additional equity securities, refinance our obligations or dispose of one or more of our properties in order to make such scheduled payments. There can be no assurance that we would be able to effect any such transactions on favorable terms, if at all.

In March 2013, our board of directors authorized an increase to our Stock Buy-Back Program (the "Buy-Back Program") to allow us to purchase up to \$75.8 million of our Class A Common Stock. From its inception in 1998 through September 30, 2023, we have repurchased 2.2 million shares of our Class A Common Stock for \$57.6 million. During the three and nine months ended September 30, 2023, we did not repurchase any shares related to the Buy-Back Program. We halted the directions issued for any additional buybacks under our plan in 2020. We continue to monitor economic conditions to determine if and when it makes sense to make additional buybacks under our plan.

Our capital expenditures, exclusive of acquisitions, for the nine months ended September 30, 2023 were \$3,397,000 (\$4,731,000 in 2022). We anticipate capital expenditures in 2023 to be approximately \$4.5 million to \$5.0 million, which we expect to finance through funds generated from operations.

On July 12, 2021, we entered into an agreement to acquire WIZZ-AM and a translator from P. & M. Radio for \$61,800 of which \$5,000 was paid in 2021 and the remainder was paid on April 6, 2022 when we closed on the transaction. Management attributes the goodwill recognized in the acquisition to the power of the existing brands in the Greenfield, Massachusetts market as well as synergies and growth opportunities expected through the combination with the Company's existing stations. The translators are start-up stations and therefore, have no pro forma revenue and expenses.

On September 27, 2023, the Company's Board of Directors declared a quarterly cash dividend of \$0.25 per share on its Class A Common Stock. This dividend, totaling approximately \$1,500,000 was paid on November 3, 2023 to

[Table of Contents](#)

shareholders of record on October 11, 2023 and is recorded in dividends payable in our Condensed Consolidated Balance Sheet at September 30, 2023.

On May 9, 2023, the Company's Board of Directors declared a quarterly cash dividend of \$0.25 per share on its Class A Common Stock. This dividend, totaling approximately \$1,500,000 was paid on June 16, 2023 to shareholders of record on May 22, 2023.

On March 1, 2023, the Company's Board of Directors declared a quarterly cash dividend of \$0.25 per share on its Class A Common Stock. This dividend, totaling approximately \$1,500,000, was paid on April 7, 2023 to shareholders of record on March 20, 2023.

On December 7, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.25 per share and a special cash dividend of \$2.00 per share on its Class A Common Stock. This dividend, totaling approximately \$13,800,000, was paid on January 13, 2023 to shareholders of record on December 21, 2022.

On September 20, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.25 per share and a special cash dividend of \$2.00 per share on its Class A Common Stock. This dividend, totaling approximately \$13,600,000, was paid on October 21, 2022 to shareholders of record on October 3, 2022.

On June 6, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.20 per share on its Classes A and B Common Stock. This dividend, totaling approximately \$1,200,000, was paid to our transfer agent on June 29, 2022. The dividend was paid by our transfer agent on July 1, 2022 to shareholders of record on June 13, 2022.

On March 1, 2022, the Company's Board of Directors declared a quarterly cash dividend of \$0.16 per share on its Classes A and B Common Stock. This dividend, totaling approximately \$970,000, was paid on April 8, 2022 to shareholders of record on March 21, 2022.

We continue to actively seek and explore opportunities for expansion through the acquisitions of additional broadcast properties.

We anticipate that any future acquisitions of radio stations and dividend payments will be financed through funds generated from operations, borrowings under the Credit Agreement, additional debt or equity financing, cash on hand, or a combination thereof. However, there can be no assurances that any such financing will be available on acceptable terms, if at all.

Summary Disclosures About Contractual Obligations and Commercial Commitments

We have future cash obligations under various types of contracts, including the terms of our Credit Facility, operating leases, programming contracts, employment agreements, and other operating contracts. For additional information concerning our future cash obligations see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation — Summary Disclosures About Contractual Obligations" in our annual report on Form 10-K for the year ended December 31, 2022.

We anticipate that our contractual cash obligations will be financed through funds generated from operations or additional borrowings under the Credit Facility, or a combination thereof.

Recent Accounting Pronouncements

Recent accounting pronouncements are described in Note 2 to the accompanying financial statements.

Inflation

The impact of inflation on our operations has not been significant to date. We are, however, starting to see the effects of higher inflation starting to impact costs of most goods and services. There can be no assurance that a high rate of inflation in the future would not have an adverse effect on our operations.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Refer to "Item 7A. Quantitative and Qualitative Disclosures About Market Risk" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — Market Risk and Risk Management Policies" in our annual report on Form 10-K for the year ended December 31, 2022 for a complete discussion of our market risk. There have been no material changes to the market risk information included in our 2022 annual report on Form 10-K.

Item 4. Controls and Procedures

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Rule 13a-15 of the Securities Exchange Act of 1934. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to cause the material information required to be disclosed by the Company in the reports that it files or submits under the Securities Exchange Act of 1934 to be recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms. There have been no changes in the Company's internal controls over financial reporting during the quarter ended September 30, 2023, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, the Company may be involved in various legal proceedings that are incidental to the Company's business. In management's opinion, the Company is not a party to any current legal proceedings that are material to its financial condition, either individually or in the aggregate.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in response to Part 1, "Item 1A. Risk Factors," of our annual report on Form 10-K for the year ended December 31, 2022.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds , and Purchases of Equity Securities

The following table summarizes our repurchases of our Class A Common Stock during the three months ended September 30, 2023.

Period	Total Number of Shares Purchased	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(1)
July 1 - July 31, 2023	—	\$ —	—	\$ 18,203,509
August 1 - August 31, 2023	—	\$ —	—	\$ 18,203,509
September 1 - September 30, 2023	—	\$ —	—	\$ 18,203,509
Total	—	\$ —	—	\$ 18,203,509

(1) We have a Stock Buy-Back Program which allows us to purchase our Class A Common Stock. In February 2013, our Board of Directors authorized an increase in the amount committed to the Buy-Back Program from \$60 million to approximately \$75.8 million.

We made no unregistered sales of equity securities during the quarter ended September 30, 2023.

Item 6. Exhibits

10.1	Saga Communications, Inc. 2023 Incentive Compensation Plan, as filed with the Commission on August 10, 2023 and incorporated herein by reference
10.2	Form of Restricted Stock Option Agreement for Employees under the Saga Communications, Inc. 2023 Incentive Compensation Plan
10.3	Form of Restricted Stock Option Agreement for Directors under the Saga Communications, Inc. 2023 Incentive Compensation Plan
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 and Rule 13a-14(b) of the Securities Exchange Act of 1934, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

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.

SAGA COMMUNICATIONS, INC.

Date: November 9, 2023

/s/ SAMUEL D. BUSH

Samuel D. Bush

Senior Vice President and Chief Financial Officer (Principal Financial Officer)

Date: November 9, 2023

/s/ CATHERINE A. BOBINSKI

Catherine A. Bobinski

Senior Vice President, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)

RESTRICTED STOCK AGREEMENT

THIS AGREEMENT, made as of _____, 20____, by and between SAGA COMMUNICATIONS, INC., a Florida corporation (the "Corporation"), and [[FIRSTNAME]] [[LASTNAME]] (the "Grantee").

W I T N E S S E T H

WHEREAS, the Grantee is now employed as an Officer, General Manager or other qualified employee by the Corporation or a subsidiary of the Corporation and the Corporation desires to have the Grantee remain in such employment and to afford Grantee the opportunity to acquire, or enlarge, Grantee's stock ownership in the Corporation so that the Grantee may have a direct proprietary interest in the Corporation's success.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Grant of Restricted Stock

The Corporation grants to the Grantee, and the Grantee accepts from the Corporation, [[SHARESGRANTED]] shares of Class A Common Stock of the Corporation ("Restricted Stock") subject to the restrictions and terms contained in this Agreement and the Saga Communications, Inc. 2023 Incentive Compensation Plan (the "Plan"), as amended from time to time. Capitalized terms used but not defined herein will have the meaning ascribed to them in the Plan.

2. Restrictions on Transferability

Restricted Stock may not be transferred, pledged, assigned or otherwise alienated or hypothecated until the Restricted Stock has vested as specified in Section 3 below. Prior to the vesting of any Restricted Stock, all rights with respect to Restricted Stock shall be exercisable during the Grantee's lifetime only by the Grantee or the Grantee's legal representative. The shares of Restricted Stock will be issued and held in book entry form under the name of the Plan, and Grantee will be listed as the beneficial owner of the Restricted Stock that has not been forfeited, or vested and issued as provided in paragraphs 3, 4 and 5 below. Such book-entry shares may include restrictive instructions to the Corporation's registrar and transfer agent in accordance with the Plan and the Agreement. Grantee shall have voting rights and shall be entitled to receive dividends and other distributions (provided, however, that dividends or other distributions paid in any form other than cash shall be subject to the same restrictions, forfeitability, terms and conditions as are applicable to the Restricted Stock until such time as the Restricted Stock with respect to which such distributions have been made, paid or declared, shall have vested).

3. Vesting of Restricted Stock

Subject to the terms of this Agreement, the portions of Restricted Stock granted under this Agreement shall vest according to the following schedule:

Anniversaries of Date of Grant	Portion of Restricted Stock Which Vests
_____, 20____	33 1/3%
_____, 20____	33 1/3%
_____, 20____	33 1/3%

With respect to any fractional shares resulting from the application of the 33 1/3% times the total amount of the Restricted Stock, such fractional shares shall cumulate and be distributed on the last vesting date. If this is not possible, Grantee will receive the cash value of any remaining fractional shares.

4. Termination of Employment

If the status of Grantee as an Employee of the Corporation terminates for any reason prior to an applicable date(s) of vesting, the shares of Restricted Stock with respect to such applicable date(s) shall be forfeited by Grantee, provided, however, that the Committee, in its sole discretion, may waive or change the restrictions or add additional restrictions with respect to the Restricted Stock that would otherwise be forfeited, as it deems appropriate.

The term "subsidiary" as used in this Agreement shall mean any subsidiary of the Corporation as defined in Section 424(f) of the Code. The term "parent" as used in this Agreement shall mean any parent of the Corporation as defined in Section 424(e) of the Code.

All Restricted Stock shall become fully vested upon the occurrence of a Change in Control, if Grantee is an Employee at the time of such Change in Control. To the extent practicable, such acceleration of vesting shall occur in a manner and at a time which allows the Grantee the ability to participate in the Change in Control with respect to the shares of Class A Common Stock to be received by Grantee.

5. Issuance of Shares

Upon the vesting of any portion of Restricted Stock, Grantee shall be entitled to issuance of such portion of the Restricted Stock (and any applicable stock distributions) in the name of the Grantee in book-entry form. Transfer by the Corporation of such shares shall occur as promptly as practicable after such vesting.

6. Section 83(b) Election

The Grantee may make an election under Code Section 83(b) (a "Section 83(b) Election") with respect to the Restricted Stock. Any such election must be made within thirty (30) days after the Grant Date. If the Grantee elects to make a Section 83(b) Election, the Grantee shall provide the Corporation with a copy of an executed version and satisfactory evidence of the timely filing of the executed Section 83(b) Election with the US Internal Revenue Service. The Grantee agrees to assume full responsibility for ensuring that the Section 83(b) Election is actually and timely filed with the US Internal Revenue Service and for all tax consequences resulting from the Section 83(b) Election.

7. Withholding

Grantee may satisfy applicable withholding for income and employment taxes by using any of the methods set forth in Section 2.3 of the Plan as provided in Section 7.7 of the Plan.

8. Compliance With Law and Regulations

This Agreement and the obligation of the Corporation to deliver shares hereunder, shall be subject to all applicable Federal and State laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. The Corporation shall not be required to issue or deliver any certificates for shares of stock prior to (a) the listing of such shares on any stock exchange in which the stock may then be listed and (b) the completion of any registration or qualification of such shares under any Federal or State law, or any rule or regulation of any government body which the Corporation shall, in its sole discretion, determine to be necessary or advisable. Moreover, the Corporation shall not be required to deliver shares if the transfer or the receipt of such shares of stock would be contrary to applicable law.

9. Notice

Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address is so designated, all notices or communications by the Grantee to the Corporation shall be mailed or delivered to the Corporation at its office at 73 Kercheval Avenue, Grosse Pointe Farms, MI 48236, Attention: Chief Financial Officer, and all notices or communications by the Corporation to the Grantee may be given to the Grantee personally or may be mailed to him or her at the address shown below his or her signature to this Agreement.

10. Adjustments

The provisions of Article VI of the Plan are incorporated herein.

11. No Right to Continued Employment

This grant of Restricted Stock shall not confer Grantee any right with respect to continuance of employment by the Corporation or any subsidiary or parent, nor shall it interfere in any way with the right of the Grantee's employer to terminate Grantee's employment at any time.

12. Retention Requirement

Until Grantee is no longer an Employee, Grantee shall retain 50% of the Restricted Stock. For purposes of clarity, the 50% is based on the total number of shares granted and is not reduced by any shares which have vested or which are sold or transferred, but is reduced by shares which have been netted out to pay withholding taxes.

13. Section 409A

Awards made pursuant to the Plan and this Agreement are intended to be exempt from Code Section 409A and the applicable guidance promulgated thereunder. Nevertheless, the terms of the Plan and Awards made pursuant to the Plan and this Agreement shall be interpreted in a manner that is consistent with Code Section 409A and the intent to be exempt from and, to the extent not exempt from, compliant with, Code Section 409A.

14. Clawbacks

By accepting an Award, Grantee is agreeing to be bound by the Corporation's Clawback Policy which may be amended from time to time by the Corporation in its discretion (including, without limitation, to comply with (i) the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, (ii) federal securities laws, regulations and rules, and (iii) regulations or rules of NASDAQ or any other stock exchange or stock market on which the Corporation's Class A Common Stock is listed or traded) and is further agreeing that all of Grantee's Awards and this Agreement may be unilaterally amended by the Corporation to the extent needed to comply with the Clawback Policy.

15. Interpretation

Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Corporation to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Corporation.

16. Restricted Stock Subject to Plan

This Agreement is subject to the Plan as approved by the Corporation's stockholders. The terms and provisions of the Plan as it may be amended from time to time are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.

17. Successors and Assigns

The Corporation may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Corporation and is binding upon Grantee.

18. Severability

The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

19. No Impact on Other Benefits

The value of the Grantee's Restricted Stock is not part of Grantee's normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

20. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

21. Acceptance

The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the Restricted Stock subject to all of the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon vesting of the Restricted Stock or disposition of the Restricted Stock and that the Grantee should consult a tax advisor prior to such exercise or disposition.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

SAGA COMMUNICATIONS, INC.

By:

Samuel D. Bush
SVP/Treasurer/CFO

GRANTEE

[[SIGNATURE]]

[[FIRSTNAME]] [[LASTNAME]]

[[RESADDR1]]

[[RESADDR2]]

[[RESCITY]], [[RESSTATEORPROV]] [[RESPOSTALCODE]]

RESTRICTED STOCK AGREEMENT

THIS AGREEMENT, made as of _____, 20__, by and between SAGA COMMUNICATIONS, INC., a Florida corporation (the "Corporation"), and [[FIRSTNAME]] [[LASTNAME]] (the "Grantee").

WITNESSETH

WHEREAS, the Grantee serves as a director of the Corporation or a subsidiary of the Corporation and the Corporation desires to have the Grantee remain in such service and to afford Grantee the opportunity to acquire, or enlarge, Grantee's stock ownership in the Corporation so that the Grantee may have a direct proprietary interest in the Corporation's success.

NOW, THEREFORE, in consideration of the covenants and agreements herein contained, the parties hereto hereby agree as follows:

1. Grant of Restricted Stock

The Corporation grants to the Grantee, and the Grantee accepts from the Corporation, [[SHARESGRANTED]] shares of Class A Common Stock of the Corporation ("Restricted Stock") subject to the restrictions and terms contained in this Agreement and the Saga Communications, Inc. 2023 Incentive Compensation Plan (the "Plan"), as amended from time to time. Capitalized terms used but not defined herein will have the meaning ascribed to them in the Plan.

2. Restrictions on Transferability

Restricted Stock may not be transferred, pledged, assigned or otherwise alienated or hypothecated until the Restricted Stock has vested as specified in Section 3 below. Prior to the vesting of any Restricted Stock, all rights with respect to Restricted Stock shall be exercisable during the Grantee's lifetime only by the Grantee or the Grantee's legal representative. The shares of Restricted Stock will be issued and held in book entry form under the name of the Plan, and Grantee will be listed as the beneficial owner of the Restricted Stock that has not been forfeited, or vested and issued as provided in paragraphs 3, 4 and 5 below. Such book-entry shares may include restrictive instructions to the Corporation's registrar and transfer agent in accordance with the Plan and the Agreement. Grantee shall have voting rights and shall be entitled to receive dividends and other distributions (provided, however, that dividends or other distributions paid in any form other than cash shall be subject to the same restrictions, forfeitability, terms and conditions as are applicable to the Restricted Stock until such time as the Restricted Stock with respect to which such distributions have been made, paid or declared, shall have vested).

3. Vesting of Restricted Stock

Subject to the terms of this Agreement, the portions of Restricted Stock granted under this Agreement shall vest according to the following schedule:

Anniversaries of Date of Grant	Portion of Restricted Stock Which Vests
_____, 20____	33 1/3%
_____, 20____	33 1/3%
_____, 20____	33 1/3%

With respect to any fractional shares resulting from the application of the 33 1/3% times the total amount of the Restricted Stock, such fractional shares shall cumulate and be distributed on the last vesting date. If this is not possible, Grantee will receive the cash value of any remaining fractional shares.

4. Termination of Service

If the status of Grantee as a director of the Corporation terminates for any reason prior to an applicable date(s) of vesting, the shares of Restricted Stock with respect to such applicable date(s) shall be forfeited by Grantee, provided, however, that the Committee, in its sole discretion, may waive or change the restrictions or add additional restrictions with respect to the Restricted Stock that would otherwise be forfeited, as it deems appropriate.

The term "subsidiary" as used in this Agreement shall mean any subsidiary of the Corporation as defined in Section 424(f) of the Code. The term "parent" as used in this Agreement shall mean any parent of the Corporation as defined in Section 424(e) of the Code.

All Restricted Stock shall become fully vested upon the occurrence of a Change in Control, if Grantee is a director at the time of such Change in Control. To the extent practicable, such acceleration of vesting shall occur in a manner and at a time which allows the Grantee the ability to participate in the Change in Control with respect to the shares of Class A Common Stock to be received by Grantee.

5. Issuance of Shares

Upon the vesting of any portion of Restricted Stock, Grantee shall be entitled to issuance of such portion of the Restricted Stock (and any applicable stock distributions) in the name of the Grantee in book-entry form. Transfer by the Corporation of such shares shall occur as promptly as practicable after such vesting.

6. Section 83(b) Election

The Grantee may make an election under Code Section 83(b) (a "Section 83(b) Election") with respect to the Restricted Stock. Any such election must be made within thirty (30) days after the Grant Date. If the Grantee elects to make a Section 83(b) Election, the Grantee shall provide the Corporation with a copy of an executed version and satisfactory evidence of the timely filing of the executed Section 83(b) Election with the US Internal Revenue Service. The Grantee agrees to assume full responsibility for ensuring that the Section 83(b) Election is actually and timely filed with the US Internal Revenue Service and for all tax consequences resulting from the Section 83(b) Election.

7. Withholding

Grantee may satisfy applicable withholding for income and employment taxes by using any of the methods set forth in Section 2.3 of the Plan as provided in Section 7.7 of the Plan.

8. Compliance with Law and Regulations

This Agreement and the obligation of the Corporation to deliver shares hereunder, shall be subject to all applicable Federal and State laws, rules and regulations and to such approvals by any government or regulatory agency as may be required. The Corporation shall not be required to issue or deliver any certificates for shares of stock prior to (a) the listing of such shares on any stock exchange in which the stock may then be listed and (b) the completion of any registration or qualification of such shares under any Federal or State law, or any rule or regulation of any government body which the Corporation shall, in its sole discretion, determine to be necessary or advisable. Moreover, the Corporation shall not be required to deliver shares if the transfer or the receipt of such shares of stock would be contrary to applicable law.

9. Notice

Every notice or other communication relating to this Agreement shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by it in a notice mailed or delivered to the other party as herein provided; provided that, unless and until some other address is so designated, all notices or communications by the Grantee to the Corporation shall be mailed or delivered to the Corporation at its office at 73 Kercheval Avenue, Grosse Pointe Farms, MI 48236, Attention: Chief Financial Officer, and all notices or communications by the Corporation to the Grantee may be given to the Grantee personally or may be mailed to him or her at the address shown below his or her signature to this Agreement.

10. Adjustments

The provisions of Article VI of the Plan are incorporated herein.

11. No Right to Continued Service

This grant of Restricted Stock shall not confer Grantee any right with respect to continuance of service as a director by the Corporation or any subsidiary or parent, nor shall it interfere in any way with the right of the Corporation and/or its stockholders to terminate Grantee's services as a director of the Corporation at any time.

12. Retention Requirement

Until Grantee is no longer a director of the Corporation, Grantee shall retain 50% of the Restricted Stock. For purposes of clarity, the 50% is based on the total number of shares granted and is not reduced by any shares which have vested or which are sold or transferred, but is reduced by shares which have been netted out to pay withholding taxes.

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Section 409A and the intent to be exempt from and, to the extent not exempt from, compliant with, Code Section 409A.

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By accepting an Award, Grantee is agreeing to be bound by the Corporation's Clawback Policy which may be amended from time to time by the Corporation in its discretion (including, without limitation, to comply with (i) the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, (ii) federal securities laws, regulations and rules, and (iii) regulations or rules of NASDAQ or any other stock exchange or stock market on which the Corporation's Class A Common Stock is listed or traded) and is further agreeing that all of Grantee's Awards and this Agreement may be unilaterally amended by the Corporation to the extent needed to comply with the Clawback Policy.

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Any dispute regarding the interpretation of this Agreement shall be submitted by the Grantee or the Corporation to the Committee for review. The resolution of such dispute by the Committee shall be final and binding on the Grantee and the Corporation.

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The Corporation may assign any of its rights under this Agreement. This Agreement will be binding upon and inure to the benefit of the successors and assigns of the Corporation and is binding upon Grantee.

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The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect the validity or enforceability of any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law.

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The value of the Grantee's Restricted Stock is not part of Grantee's normal or expected compensation for purposes of calculating any severance, retirement, welfare, insurance or similar employee benefit.

20. Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Counterpart signature pages to this Agreement transmitted by facsimile transmission, by electronic mail, or by any other electronic means

intended to preserve the original graphic and pictorial appearance of a document, will have the same effect as physical delivery of the paper document bearing an original signature.

21. Acceptance

The Grantee hereby acknowledges receipt of a copy of the Plan and this Agreement. The Grantee has read and understands the terms and provisions thereof, and accepts the Restricted Stock subject to all of the terms and conditions of the Plan and this Agreement. The Grantee acknowledges that there may be adverse tax consequences upon vesting of the Restricted Stock or disposition of the Restricted Stock and that the Grantee should consult a tax advisor prior to such exercise or disposition.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

SAGA COMMUNICATIONS, INC.

By:

Samuel D. Bush
SVP/Treasurer/CFO

GRANTEE

[[SIGNATURE]]

[[FIRSTNAME]] [[LASTNAME]]

[[RESADDR1]]

[[RESADDR2]]

[[RESCITY]], [[RESSTATEORPROV]] [[RESPOSTALCODE]]

EXHIBIT 31.1

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14(a)
AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS AMENDED**

I, Christopher S. Forgy, Chief Executive Officer of Saga Communications, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Saga Communications, 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 9, 2023

/s/ Christopher S. Forgy

Christopher S. Forgy
Chief Executive Officer

EXHIBIT 31.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14(a)
AND RULE 15d-14(a) OF THE SECURITIES EXCHANGE ACT, AS AMENDED**

I, Samuel D. Bush, Chief Financial Officer of Saga Communications, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Saga Communications, 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 9, 2023

/s/ Samuel D. Bush

Samuel D. Bush
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Saga Communications, Inc. (the "Company") on Form 10-Q for the period ended September 30, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Christopher S. Forgy, Chief Executive Officer of the Company, and Samuel D. Bush, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, to the best of our knowledge, that:

1. The Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 9, 2023

/s/ Christopher S. Forgy

Christopher S. Forgy
Chief Executive Officer

Dated: November 9, 2023

/s/ Samuel D. Bush

Samuel D. Bush
Chief Financial Officer
