

March 9, 2023

Fellow Shareholders,

As I look back on 2022, I am very pleased with Townsquare Media's results despite a progressively challenging economic landscape, driven by our Digital First Local Media strategy. In my last shareholder letter, written in early 2022, I shared that we were firing on all cylinders after bouncing back from the lows of the pandemic and had recovered to 2019 financial levels. I believed we were primed to reach new highs and set new records in 2022. And we did just that. However, it wasn't due to a favorable economy or an economic rebound. Starting with the war in Ukraine, then the dramatic rise in gas prices and inflation, together with the persistent impact of COVID-19, the year grew increasingly turbulent, and we entered an environment of ongoing macroeconomic uncertainty. Instead, our success is the result of the Townsquare Team focusing on what we do best: creating high quality, local original content for our audiences and delivering creative and cost-effective marketing solutions for our local clients with strong return on investment. And it paid off. In 2022, we set new records, reaching all-time high financial metrics and setting new digital audience records.

In 2022, our net revenue increased +10.8% year-over-year, reaching an all-time high of \$463.1 million. Impressively and importantly, Adjusted EBITDA also reached an all-time high of \$113.7 million, growing +8.2% year-over-year. Unlike most other media companies in a political year, political ad spend did not drive a majority of our growth. Excluding political revenue, net revenue and Adjusted EBITDA increased over the prior year by a solid +9.9% and +5.1%, respectively, and that was largely driven by the strength of our digital offerings. 2022 was a significant inflection point for our Company. It marked the first year where radio no longer comprised the majority of our revenue and profit, further separating Townsquare from our local media peers, and placing a spotlight on our world-class team and our unique and differentiated strategy, assets, platforms and solutions.

We clearly are no longer a broadcast radio company, therefore we do not believe we should continue to be valued as a broadcast radio company as we are today. It is our hope and expectation that Townsquare will now be viewed as a Digital First Local Media Company, rather than how we began over a decade ago - as a traditional broadcast radio company - and therefore afforded a sum-of-the-parts valuation that gives appropriate credit to our digital assets, particularly as we continue to distinguish ourselves from other traditional media companies through our financial results. Beginning with our year-end 2021 financial reporting in March of last year, we re-segmented our business to highlight our profitable digital growth engine, which should make this point more evident to current and prospective shareholders alike. Further, we believe that because of our differentiated and unique position as a Digital First Local Media Company focused exclusively on local markets outside of the Top 50 cities, we are in a position to weather economic downturns better than most.

Approximately 50% of our Company's total net revenue and 50% of our total Adjusted Operating Income now come from our digital solutions. Historically, for Townsquare and for the advertising industry at large, digital advertising outperforms other forms of advertising during an economic downturn. For example, following the shutdown of businesses across the country due to the COVID-19 pandemic in 2020, Townsquare's Digital Advertising revenue rebounded quickly, returning to growth by the fourth quarter of 2020. Digital advertising across the United States increased +14.3% year-over-year in 2020,

according to S&P Global Market Intelligence, while all other forms of traditional advertising (including outdoor, cinema, print, radio, and television) declined.

Townsquare Interactive, our Subscription Digital Marketing Solutions offering, has been a meaningful growth driver and a key component of our full suite of marketing solutions. In 2022, Townsquare Interactive contributed nearly 20% of our Company's total net revenue and Adjusted Operating Income, which is especially relevant in a downturn scenario as it represents a non-advertising based, recurring revenue stream. In 2022, Townsquare Interactive net revenue increased +10.5% to \$90.4 million, and profit increased +7.0% to \$26.1 million. With 30,650 subscribers at the end of 2022 (approximately 61% of which are outside of our local media footprint), and an addressable market of nearly 9 million target customers, we are confident that we have a long runway ahead of us. In 2023, we expect to see more mild performance in this business as we navigate the challenges that our smaller local customers (as a reminder, we target clients with less than \$5 million in annual revenue) are currently facing, including high inflation, labor shortages, higher interest rates, etc. Additionally, this month we officially open the second Townsquare Interactive office in Phoenix, which increases our expense base. We will gradually expand our ranks in the Phoenix office, and as shared previously, we do not expect the Phoenix location to generate a meaningful lift in subscriber and revenue growth until 2024 and thus in 2023, the Phoenix location will temporarily suppress profit margins in Townsquare Interactive. Over time, we expect the Phoenix location to scale to the size of our Charlotte location, which today houses well over 600 employees. For reference, it took approximately one decade to reach that scale in our original Charlotte location. With our existing subscriber base, superior product offering, and huge market opportunity, I am confident that Townsquare Interactive is geared for long-term, profitable growth and success.

Our Digital Advertising solutions segment (which we market externally as Townsquare Ignite) grew substantially in 2022, driven by favorable industry dynamics and by our ability to provide a differentiated full suite of in-house digital advertising solutions to our local and regional clients. With Townsquare Ignite, we provide precision customer targeting solutions to our clients, giving them the ability to reach a high percentage of their online audience across desktop, mobile, connected TV, email, paid search and social media platforms utilizing display, video and native executions. As a publisher with more than 400 local news and entertainment websites, 390 mobile apps, and 10 leading national music and entertainment websites, we also have the unique ability to collect and analyze first-party data, leading to detailed and unique insights about consumer behaviors, audience interest and purchase intent. These insights drive real results for our clients and give us a strategic advantage over our local competition. In 2022, we set new audience records with more than 70 million monthly unique visitors, on average, to our portfolio of owned and operated websites, a +17% year-over-year increase to our 2021 audience levels. We believe our digital audience growth will continue, further amplifying the attractiveness of our offerings as we fill the expanding void of local information available in our communities due to the dwindling availability of local news sources in small and mid-sized markets, both online and on-air. As a publisher with our own first-party data, our position also defends us from industry turmoil that has emerged from the discussion of eliminating third-party cookies, as we do not exclusively rely on third-party data like many of our competitors. In 2022, Townsquare's Digital Advertising net revenue was again the fastest growing segment of our Company and increased +20.2% year-over-year to \$140.4 million, and Digital Advertising Adjusted Operating Income increased +15.7% year-over-year to \$42.8 million. S&P Global Market Intelligence's latest forecasts project that digital advertising in the United States will increase at an +8.5% CAGR through 2027, as it grows from 65% of all advertising spend in 2022 to nearly 75% of all advertising spend in 2027. We are confident that these favorable industry trends, together with our in-house, full-suite of marketing solutions, investment in our original content strategy, and our first-party data advantage will continue to drive strong digital advertising growth during that same period.

In total, our Digital revenue grew a very strong +16.2% year-over-year to \$230.8 million, and importantly, generated \$68.9 million of Adjusted Operating Income, representing a 30% profit margin, a margin much higher than most local media competitors. We believe Townsquare's ability to drive profitable, sustainable

digital growth is a key differentiator for our Company. Digital is and will continue to be our growth engine, and we will continue to invest in our digital business to fuel further profitable growth. At 50% of our revenue and profit in 2022, we expect that digital will be the majority of our revenue and profit by year-end 2023. And importantly, our digital profit characteristics are essentially equal to those of our broadcast platform, each with profit margins of approximately 30% in 2022.

Although not a growth driver, we view local radio as an extremely valuable asset with significant cash flow properties, unparalleled consumer reach, and an important local connection to our audience. In fact, we would have never achieved the success we have had in building an at-scale digital audience and the resulting digital advertising and digital marketing solutions businesses if it was not for our continued strong local radio presence and performance (our traditional AM/FM over-the-air broadcast continues to reach, on average, one out of every two adults in our markets, where we operate radio stations – very, very powerful and very important). Our stable mature broadcast business, which increased revenue +3.8% year-over-year in 2022, is the direct result of our strong local radio brands, our on-air talent/content contributors, our world-class sales teams, and all our team members.

Our flywheel has gained compounding momentum because of the powerful combination of digital + radio + live events and it continues to blaze forward. And yet, we are very aware that our audience does not differentiate between digital and traditional media or website and social. Rather, consumers live in one world and engage with our brands holistically, with no distinction between the over-the-air brand vs. the website brand, listening brand, app brand or engaging with the brand on social platforms. One only needs to look at how consumers and audiences went about their daily lives just five years ago as compared to today. Overall, consumers spend less time today consuming “traditional” media including television, cable, newspaper, radio, etc. and more time consuming “digital” media including streaming services (Netflix, Disney+, OTT, Spotify, YouTube), social media (Facebook, TikTok, Instagram), and other digital platforms (from Amazon to UberEats). The abundance of consumer choice available today drives home the importance of reinforcing every touchpoint we have with our audience, creating more touchpoints as new platforms emerge, and having a full suite of marketing solutions to leverage them.

BALANCE SHEET / CAPITAL ALLOCATION

Over the course of 2022, we made significant progress in reducing leverage through both debt repayment and cash generation. In 2022, we generated a strong \$50 million of cash flow from operations, utilizing \$19 million to repurchase our bonds at or below par, and ended the year with more than \$40 million of cash on our balance sheet. In addition to debt repayment, we used \$18 million of our cash for the accretive - and net leverage neutral - local media acquisition of Cherry Creek Broadcasting. While it may have seemed counterintuitive to invest in more local radio stations given that radio is a mature cash cow business, it is because of our Digital First Local Media strategy that this investment made so much sense. We are bringing our large-scale, sophisticated digital platform, solutions, and expertise to the Cherry Creek markets, which generated only 15% of its revenue from digital solutions, the majority of which was from outsourced digital solutions, with generally lower profit margins. Based on our own experience with prior broadcast acquisitions, we know that we can drive accelerated digital revenue growth at stronger and more profitable margins while furthering our goal to be the #1 Local Media Company outside of the Top 50 cities in the United States.

We ended the year with the lowest net leverage in our Company’s history, reducing net leverage from 4.75x at year-end 2021, to 4.29x at year-end 2022. As always, our number one priority is to invest in our local business through organic, internal investments that support our revenue and profit growth, particularly our digital growth engine. We plan to continue to invest in our digital product technology, sales, content, and support teams, specifically in our Townsquare Interactive (including at the second Phoenix location) and Townsquare Ignite businesses, in order to maintain our competitive advantage in markets outside the Top 50 cities.

Our Board of Directors has approved a quarterly dividend of \$0.1875 per share, or \$0.75 per share on an annualized basis, which today represents a 10% dividend yield. In our view, the consistent, strong free cash flow characteristics of our business, which we believe has not been reflected in our stock price to date, can clearly support this dividend in addition to our continued investment in our digital growth engine, as well as potential future debt repurchases. We are confident with our current capitalization and the strength of our balance sheet, and we are pleased that we can generate attractive current cash returns for our equity shareholders.

YOU MATTER

Our most important core value is “You Matter.” We are not just a company; we are a team. “You Matter” means that every employee has an impact on our success, and it is our obligation to provide each employee with the tools, resources and leadership required to succeed and achieve their goals which in turn enable us to achieve our overall Company goals.

We believe that empowering our employees is key to our success, and that is one of the reasons we launched an Employee Stock Purchase Plan in 2022. I’m proud to say that nearly 20% of our employee base participated last year, and I am hopeful this will continue to be a powerful motivator and retention tool by granting the opportunity for every employee to have a stake in the success of our Company. In addition, we continue to evaluate our employee benefits and seek to improve what we can offer, and in 2023, we increased the duration of maternity leave, instituted a secondary caregiver leave, and adjusted our vacation policies. We also continue to expand the Townsquare Team, and grew our employee base by +4% in 2022. Despite the ongoing economic uncertainty that we continue to face in 2023, we plan to expand our team again this year. Just like during the COVID recession, we do not believe that the path to long-term success is through drastic reductions in headcount. We need to support our local teams during periods of macroeconomic challenges so that we can continue to be a resource to our local clients and audiences, and be well positioned to capture accelerated growth when economic tailwinds return.

LOOKING FORWARD

Since our 2010 inception we have worked diligently to transform our Company from a traditional broadcast radio company into a Digital First Local Media Company; with 50% of our revenue and profits now coming from digital sources, we have certainly come a long way. But our work is not done. In a rapidly changing landscape for consumers and local businesses, and as advertisers become even more selective during periods of economic hardship, it has never been more important for us to accelerate our transformation and to create Townsquare’s future. The ability to continue what we are great at, attack and fix what we are not great at, and to continually iterate to innovate by creating products and solutions that our audiences and clients value - that is what Townsquare is all about. Continually evolving and transforming.

Our agenda and focus for 2023 remains consistent with the goals we set for our Company several years ago. In 2023, we want to continue to be best-in-class in entertaining and informing our audiences and communities across all platforms while super-serving our clients with world-class marketing and advertising solutions to grow their businesses. As we always do, we are going to create our own opportunities, we are not waiting for them to show up or present themselves. We create opportunities and overcome challenges. It’s the Townsquare Way. The Townsquare Team’s effort, passion and commitment to transformation is directly driving our growth and innovation. Together we will determine #HowHighIsHigh.

As we differentiate our local content offerings and provide powerful and effective advertising and marketing solutions to local businesses in our communities, we always strive to treat our clients like we would treat a friend. We excel at customer service and customer satisfaction, exceeding our clients’ (and audiences’) expectations, which in turn enables us to continue to provide new and valuable solutions to help our clients achieve their dreams. If we continue to do this each day, we will achieve success and

ultimately our mission of becoming the #1 Local Media Company in markets outside of the Top 50 in the United States, and consequently, drive long-term, sustainable shareholder value.

In closing, all of us at Townsquare would like to thank our shareholders and our debtholders for the continued support of our team and your confidence in our strategy.

Sincerely,

A handwritten signature in black ink that reads "Bill Wilson". The signature is fluid and cursive, with a long horizontal flourish at the end.

Bill Wilson
Chief Executive Officer

Forward Looking Statements and Non-GAAP Financial Measures

This letter contains forward looking statements and certain non-GAAP financial measures. For further information regarding these matters, see Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on March 9, 2023.