

March 16, 2020

Fellow Shareholders,

2019 was a great year for Townsquare as we delivered strong results, exceeded our business plan, and just as importantly, delivered for our clients, our partners and our communities. Our core strategy, “Local First,” guided our investments and decisions as we focused on providing our employees with the best technology, resources and tools to help our local and regional clients grow their business and engage and grow our loyal audiences across all platforms. We delivered strong net revenue and Adjusted EBITDA growth that exceeded our original business plan, invested in our local business, particularly our digital products and solutions including Townsquare Interactive and Townsquare Ignite, further streamlined our live events business, and funded over \$8 million of dividend payments to our shareholders, all while building our cash balance by over \$20 million to end 2019 with \$84.7 million of cash and reducing our net leverage by half a turn to 4.6x, the lowest net leverage level in our Company’s history.

2019 net revenue excluding political increased 7.5% over the prior year, and 6.6% on a pro forma basis*, outpacing most if not all of our traditional radio competitors. 2019 Adjusted EBITDA excluding political increased 15.3% over the prior year, and 14.0% on a pro forma basis, again distinguishing Townsquare as best in class among the traditional radio industry as well as across the local media landscape. Our comprehensive product suite of high quality, locally focused broadcast, digital and live event offerings have allowed us to provide complete, end-to-end marketing solutions for our clients while simultaneously driving net revenue and Adjusted EBITDA growth. For the past two years we have had eight consecutive quarters of net revenue growth, as our digital advertising and marketing solutions continue to drive our business to new heights. With greater than \$150 million of digital revenue – approximately 35% of our total net revenue - Townsquare had transitioned from a traditional radio company to a premier local media and marketing solutions company. In fact, over 70% of our broadcast clients buy more than just our broadcast product. This data point speaks to the fact that although we have a wide breadth of advertising solutions across broadcast, digital and live events, they all intersect and operate in the same local market ecosystem, which allows us to focus on super-serving our local clients and helping their business grow. We would emphasize that although radio is our DNA and remains a core part of our offering – it is just one component of our brands that continue to evolve and grow across all of Townsquare’s digital platforms. Our portfolio of local and national websites - and their corresponding social and video platforms - go hand in hand with our local broadcast brands, and continue to deliver original and influential content that drives deep, multi-platform audience engagement and creates compelling advertising and marketing solutions for our clients. In fact, we have millions of more people visiting our local web platforms than listening to our radio brands over the air, even as our radio audience remains stable. We believe this is because of the strong connection our local on-air talent has with their local audiences - which drives these audiences to consume our content across all of our platforms - on-air, on-site and on our websites, as well as across our social and video platforms. As I like to highlight, our on-air talent were and are the original social influencers that command incredible authority and engagement with their followers and with our local communities. Additionally, our music community focused digital business, which includes our portfolio of national leading brands such as XXLmag.com, TasteofCountry.com, UltimateClassicRock.com, and Loudwire.com, had a great year in terms of audience engagement, net revenue and profit.

In 2019, we began to report our financial results by segment - Advertising, Townsquare Interactive, and Live Events - providing investors greater visibility into our business. Due to our disciplined expense management throughout the year, each of our segments experienced margin expansion on an ex-political basis in 2019, with both our Advertising and Townsquare Interactive segments operating at a strong 31% Adjusted Operating Income margin. Live Events margins also improved, to nearly 20% in 2019. Our strong financial results have been characterized by a stable broadcast base and rapidly growing digital products and solutions, and we continue to use a “Local First” lens to determine where to invest our resources most efficiently and effectively. Our strategic focus and balanced investment in local led to our Advertising net revenue, which is primarily composed of broadcast and digital advertising, increasing 6.2% in 2019 excluding political (5.1% on a pro forma basis). Our investment in top sales and management talent in our local markets, our first party data initiative which provides powerful consumer insights, our live and local on-air talent, our strong ratings and sales tools, and our ability to provide broadcast measurement and quantitative attribution through our partnership with Analytic Owl have been instrumental to improving our Advertising performance, and in particular, our local broadcast performance. It is apparent to us that great local on-air talent and strong creative combined with our valuable technology platform and data, attribution and insight tools, deliver results. When we leverage Analytic Owl, for example, the level of advertiser spend typically increases and our average retention rates increase. A win-win.

Unlike most of the competition in our local markets that offer third party, white labeled digital solutions, we have the major competitive advantage of owning our own in-house digital platform and assets, leading to better pricing for customers, improved customer service, rich audience insights and rapid response times. We believe our “owned and operated” strategy has led to our digital revenue growing nearly 27% year over year to more than \$150 million in 2019 at over a 30% profit margin. Townsquare Interactive, our digital marketing solutions business, is a major component of our digital strategy, and we hope the value of this business segment is now more apparent to our stakeholders. Townsquare Interactive has grown at a pro forma net revenue CAGR of 86% since its inception in 2012. In 2019, Townsquare Interactive’s net revenue growth of 26.6% was the result of an acceleration of net subscriber adds: we added roughly 3,650 net subscribers in 2019 (vs. 2,950 in 2018 and 1,700 in 2017, and far surpassing our goal of 3,000 net subscriber adds in 2019), ending the year with approximately 19,000 subscribers, and \$61.5 million of net revenue. The margin profile of this business is just as impressive. After reaching profitability in its third year of operations (2014), Townsquare Interactive’s profit margins reached a robust 31.2% in 2019, generating \$19.2 million of Adjusted Operating Income. And we are just getting started. Townsquare Interactive’s total addressable market is vast and we believe that we have only just begun to tap into it. To illustrate: on average, we estimate there are approximately 7,500 small to medium sized businesses (“SMBs”) per market across our 67 local market footprint - totaling over 500,000 SMBs in our markets alone - and yet, we only have 19,000 subscribers, of which just under half are in our markets. Outside of our markets, where we have just over half of our subscribers today, we estimate our addressable market to be well over 5 million SMBs. Therefore, we believe that our future runway for Townsquare Interactive is significant in our local markets as well as in like-size markets across the United States. In fact, we are currently exploring and investigating adding a second location for Townsquare Interactive in the western U.S. in order to capture this opportunity. As we have previously discussed, we believe that Townsquare Interactive will be a \$100 million net revenue business in two to four years. Townsquare Ignite, our proprietary digital programmatic advertising platform, is also a major component of our digital strategy. Embedded within our Advertising segment, Ignite net revenue grew rapidly in 2019 to nearly \$50 million. Like Townsquare Interactive, we believe that Ignite will generate \$100 million of net revenue in the next two to four years, as we expect its revenue growth rate to remain among the strongest in our Company.

In 2019, to be able to further focus on our local markets, we streamlined our Live Events business with the divestiture of several non-core assets, including our portfolio of music festivals and bridal expos, and

we further finetuned our local live events offerings. As a result of these decisions and the healthy performance of our core 200 local live events across our 67 local markets, the profit margins of our Live Events segment improved 250 basis points, from approximately 17.0% in 2018 to 19.5% in 2019, despite a 15.9% decline in net revenue due to our decision to streamline the business. Although a small part of our overall Company's revenue and profit, our local live events business remains a core part of our "Local First" strategy, solidifying our position as the "Town Square" in our markets by delivering high quality experiential and annually recurring local events to our audience, and providing our advertisers with the unique opportunity to connect to their consumers through these events.

We believe Townsquare's strong 2019 results demonstrate that our "Local First" strategy, combined with our talented team's execution, has transformed us from being a leading traditional radio broadcaster to being a premier local media and entertainment company. As I have shared previously, we are very confident that our marketing and advertising solutions are differentiated from our competition in our local markets, are very effective and powerful to help local clients achieve their goals and grow their business, and as a result enable us to aspire to be not only the #1 radio broadcaster but also the #1 local media company in the markets we choose to operate in.

CAPITAL ALLOCATION / SHAREHOLDER RETURNS

At year-end 2019, we had \$560.5 million of total debt and \$84.7 million of cash on our balance sheet, resulting in \$475.8 million of net debt, or 4.6x net leverage, based on 2019 Adjusted EBITDA of \$102.4 million. This represents the lowest net leverage in our Company's history, and we believe we are well on the path to achieving our stated net leverage goal of low 4.0x's. As we approach our refinancing window, we are carefully evaluating the debt financing markets to determine the optimal time to replace our capital structure. Today, our weighted average interest rate is 5.2%, and we have no maturities on either our term loan or Senior Notes until 2022. Over the course of 2019, we produced approximately \$49 million of free cash flow, defined as Adjusted EBITDA less capital expenditures, cash interest expense, and cash taxes, which we used to invest in our local business and deliver shareholder returns in the form of a quarterly dividend. In our view, the free cash flow characteristics of our business can clearly support our current debt levels and dividend obligations; however, absent accretive investments, including organic, internal investments and local media acquisitions that support our local growth, our primary focus is to work towards reducing overall net leverage to the low 4.0x's.

LOOKING FORWARD

Our agenda and focus for 2020 remains consistent with the goals that we set for the Company at the beginning of 2019. We want to continue to be best in class in entertaining and informing our audiences and communities while super-serving our clients with world class marketing and advertising solutions to grow their businesses. To maximize our potential, we want to continue to work and collaborate on being the easiest company to work with from an external perspective, and the best to work for from an internal perspective. Our internal mantra related to our success over the next 12 months, and beyond, is #HowHighIsHigh, as we continue to reach new heights some thought would not have been possible so quickly. In 2020, we strive not just to achieve our goals but more importantly, to capture the incredible opportunity we currently have to be the #1 local media company in the markets we choose to operate in.

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. We have outstanding, dedicated employees all over this great country and it is an honor to work with them each and every day. Their hard work is not only gratifying but critical for us to accomplish what we, and our stakeholders, aim to achieve, and thus is much appreciated. Our teams across the country have worked tirelessly to transform what began 10 years ago as a portfolio of strong brands of traditional radio stations into what today is a multi-platform premier local media and marketing solutions company, with some of the strongest revenue and profit growth rates in all of local media. Their effort, passion and commitment is directly driving our

industry-leading growth. I could not be prouder of their work each and every day and it is a privilege and an honor to lead such a talented and dedicated team. The Townsquare Team is focused on creating the future together.

Sincerely,

A handwritten signature in black ink that reads "Bill Wilson". The signature is written in a cursive, flowing style.

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 16, 2020.

*As used in this letter, the term "pro forma" means pro forma for the acquisition of three radio stations in Princeton, New Jersey on July 2, 2018 as if it had occurred on January 1, 2018.