

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
**2022 Third Quarter Reporting Package**

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
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**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share and per-share data)

<b>ASSETS</b>	<b>September 30, 2022</b>	<b>December 31, 2021</b>
	<b>(Unaudited)</b>	
Current assets:		
Cash and cash equivalents .....	\$ 531,100	\$ 647,000
Restricted cash .....	—	1,071,300
Accounts receivable, less allowance for doubtful accounts of \$7,100 in 2022 and \$4,400 in 2021 .....	985,900	669,000
Program rights and prepayments .....	668,100	91,800
Deferred tax assets .....	319,100	—
Income taxes .....	138,700	1,900
Prepaid expenses and other .....	344,800	96,400
Total current assets .....	<u>2,987,700</u>	<u>2,577,400</u>
Property and equipment, net .....	943,100	466,300
Intangible assets, net .....	6,671,300	5,194,100
Goodwill .....	7,578,100	5,444,400
Program rights and prepayments .....	313,800	41,000
Investments .....	224,900	98,100
Operating lease right-of-use assets .....	185,100	164,100
Other assets .....	184,900	70,000
Total assets .....	<u>\$ 19,088,900</u>	<u>\$ 14,055,400</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities .....	\$ 983,600	\$ 549,600
Deferred revenue .....	537,800	68,400
Current operating lease liabilities .....	50,100	43,200
Current portion of long-term debt and finance lease obligations .....	88,800	30,400
Total current liabilities .....	<u>1,660,300</u>	<u>691,600</u>
Long-term debt and finance lease obligations .....	9,817,000	8,468,600
Deferred tax liabilities, net .....	854,400	1,058,100
Deferred revenue .....	65,800	167,500
Noncurrent operating lease liabilities .....	178,200	169,400
Other long-term liabilities .....	206,400	105,000
Total liabilities .....	<u>12,782,100</u>	<u>10,660,200</u>
Stockholder's equity:		
Common Stock, \$0.01 par value; 100,000 shares authorized in 2022 and 2021, 1,000 shares issued and outstanding at September 30, 2022 and December 31, 2021 .....	—	—
Additional paid-in-capital .....	5,827,000	3,293,600
Retained earnings .....	147,600	85,500
Accumulated other comprehensive income .....	332,200	16,100
Total stockholder's equity .....	<u>6,306,800</u>	<u>3,395,200</u>
Total liabilities and stockholder's equity .....	<u>\$ 19,088,900</u>	<u>\$ 14,055,400</u>

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Unaudited and in thousands)

	<b>Three Months Ended September 30, 2022</b>	<b>Three Months Ended September 30, 2021</b>
	<b>(Successor)</b>	<b>(Successor)</b>
Revenue .....	\$ 1,151,500	\$ 754,700
Direct operating expenses .....	430,300	301,400
Selling, general and administrative expenses .....	365,700	201,300
Impairment loss .....	1,900	4,200
Restructuring, severance and related charges .....	10,900	25,400
Depreciation and amortization .....	135,100	80,200
Operating income .....	<u>207,600</u>	<u>142,200</u>
Other expense (income):		
Interest expense .....	137,800	100,500
Interest income .....	(3,000)	(100)
Amortization of deferred financing costs .....	3,500	1,100
(Gain) loss on refinancing of debt .....	(100)	4,100
Acquisition related costs and other, net .....	9,800	(1,000)
Income before income taxes .....	<u>59,600</u>	<u>37,600</u>
Provision for income taxes .....	26,000	4,100
Net income .....	<u>\$ 33,600</u>	<u>\$ 33,500</u>

	<b>Nine Months Ended September 30, 2022</b>	<b>Period from May 18, 2021 through September 30, 2021</b>	<b>Period from January 1, 2021 through May 17, 2021</b>
	<b>(Successor)</b>	<b>(Successor)</b>	<b>(Predecessor)</b>
Revenue .....	\$ 3,172,400	\$ 1,111,700	\$ 976,900
Direct operating expenses .....	1,232,100	430,300	377,000
Selling, general and administrative expenses .....	951,500	287,300	230,300
Impairment loss .....	1,900	4,200	92,900
Restructuring, severance and related charges .....	55,700	34,700	7,600
Depreciation and amortization .....	384,200	118,400	52,900
(Gain) loss on dispositions .....	(12,200)	—	500
Operating income .....	<u>559,200</u>	<u>236,800</u>	<u>215,700</u>
Other expense (income):			
Interest expense .....	377,400	150,000	167,400
Interest income .....	(6,300)	(200)	—
Amortization of deferred financing costs .....	8,900	1,400	6,200
(Gain) loss on refinancing of debt .....	(5,400)	4,100	—
Acquisition related costs and other, net .....	77,500	(22,700)	(12,000)
Income before income taxes .....	<u>107,100</u>	<u>104,200</u>	<u>54,100</u>
Provision for income taxes .....	45,000	16,300	5,900
Net income .....	<u>\$ 62,100</u>	<u>\$ 87,900</u>	<u>\$ 48,200</u>

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited and in thousands)

	<b>Three Months Ended September 30, 2022</b>	<b>Three Months Ended September 30, 2021</b>
	<b>(Successor)</b>	<b>(Successor)</b>
Net income .....	\$ 33,600	\$ 33,500
Other comprehensive income (loss), net of tax:		
Unrealized gain on hedging activities .....	58,300	7,600
Reclassification of hedging activities .....	(4,400)	(7,000)
Currency translation adjustment .....	23,300	(200)
Other comprehensive income .....	77,200	400
Comprehensive income .....	<u>\$ 110,800</u>	<u>\$ 33,900</u>

	<b>Nine Months Ended September 30, 2022</b>	<b>Period from May 18, 2021 through September 30, 2021</b>	<b>Period from January 1, 2021 through May 17, 2021</b>
	<b>(Successor)</b>	<b>(Successor)</b>	<b>(Predecessor)</b>
Net income .....	\$ 62,100	\$ 87,900	\$ 48,200
Other comprehensive income (loss), net of tax:			
Unrealized gain on hedging activities .....	169,300	12,600	16,900
Reclassification of hedging activities .....	(12,900)	(11,300)	—
Currency translation adjustment .....	159,700	(200)	(100)
Other comprehensive income .....	316,100	1,100	16,800
Comprehensive income .....	<u>\$ 378,200</u>	<u>\$ 89,000</u>	<u>\$ 65,000</u>

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN**  
**STOCKHOLDER'S EQUITY**  
**(Unaudited and in thousands)**

	<b>Common Stock</b>	<b>Additional Paid-in-Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total Equity</b>
Successor Balance, June 30, 2021 .....	\$ —	\$ 3,539,200	\$ 54,400	\$ 700	\$ 3,594,300
Net income attributable to successor .....	—	—	33,500	—	33,500
Other comprehensive income .....	—	—	—	400	400
Repurchase of common stock on behalf of Univision Holdings II, Inc. ....	—	(900)	—	—	(900)
Net share settlement on Univision Holdings II, Inc. equity awards to Univision Communications Inc. employees .....	—	(2,500)	—	—	(2,500)
Share-Based compensation .....	—	11,500	—	—	11,500
Impact on equity awards due to the Reorganization .....	—	5,400	—	—	5,400
Successor Balance, September 30, 2021 .....	<u>\$ —</u>	<u>\$ 3,552,700</u>	<u>\$ 87,900</u>	<u>\$ 1,100</u>	<u>\$ 3,641,700</u>

	<b>Common Stock</b>	<b>Additional Paid-in-Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Income</b>	<b>Total Equity</b>
Successor Balance, June 30, 2022 .....	\$ —	\$ 5,811,100	\$ 114,000	\$ 255,000	\$ 6,180,100
Net income attributable to successor .....	—	—	33,600	—	33,600
Other comprehensive income .....	—	—	—	77,200	77,200
Net share settlement on TelevisaUnivision, Inc. equity awards to Univision Communications Inc. employees .....	—	(700)	—	—	(700)
Share-Based compensation .....	—	26,800	—	—	26,800
Dividend payments on behalf of TelevisaUnivision, Inc. ....	—	(10,400)	—	—	(10,400)
Capital contribution .....	—	300	—	—	300
Other .....	—	(100)	—	—	(100)
Successor Balance, September 30, 2022 .....	<u>\$ —</u>	<u>\$ 5,827,000</u>	<u>\$ 147,600</u>	<u>\$ 332,200</u>	<u>\$ 6,306,800</u>

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN**  
**STOCKHOLDER'S EQUITY**  
**(Unaudited and in thousands)**

	Common Stock	Additional Paid-in-Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total Equity
Predecessor Balance, December 31, 2020	\$ —	\$ 5,338,700	\$ (4,847,200)	\$ (158,200)	\$ 333,300
Net income attributable to predecessor	—	—	48,200	—	48,200
Other comprehensive income	—	—	—	16,800	16,800
Net share settlement on Univision Holdings, Inc. equity awards to Univision Communications Inc. employees	—	(800)	—	—	(800)
Share-Based compensation	—	4,000	—	—	4,000
Predecessor Balance, May 17, 2021	<u>\$ —</u>	<u>\$ 5,341,900</u>	<u>\$ (4,799,000)</u>	<u>\$ (141,400)</u>	<u>\$ 401,500</u>
Predecessor Balance at May 17, 2021	\$ —	\$ 5,341,900	\$ (4,799,000)	\$ (141,400)	\$ 401,500
Pushdown accounting adjustments	—	(1,812,500)	4,799,000	141,400	3,127,900
Successor Balance at May 18, 2021	—	3,529,400	—	—	3,529,400
Net income attributable to successor	—	—	87,900	—	87,900
Other comprehensive income	—	—	—	1,100	1,100
Repurchase of common stock on behalf of Univision Holdings II, Inc.	—	(1,000)	—	—	(1,000)
Net share settlement on Univision Holdings II, Inc. equity awards to Univision Communications Inc. employees	—	(2,500)	—	—	(2,500)
Share-Based compensation	—	13,100	—	—	13,100
Capital contribution	—	8,300	—	—	8,300
Impact on equity awards due to the Reorganization	—	5,400	—	—	5,400
Successor Balance, September 30, 2021	<u>\$ —</u>	<u>\$ 3,552,700</u>	<u>\$ 87,900</u>	<u>\$ 1,100</u>	<u>\$ 3,641,700</u>
	Common Stock	Additional Paid-in-Capital	Retained Earnings	Accumulated Other Comprehensive Income	Total Equity
Successor Balance, December 31, 2021	\$ —	\$ 3,293,600	\$ 85,500	\$ 16,100	\$ 3,395,200
Net income attributable to successor	—	—	62,100	—	62,100
Pushdown accounting adjustment related to the May 18, 2021 Reorganization	—	(118,500)	—	—	(118,500)
Other comprehensive income	—	—	—	316,100	316,100
Repurchase of common stock on behalf of TelevisaUnivision, Inc.	—	(3,800)	—	—	(3,800)
Net share settlement on TelevisaUnivision, Inc. equity awards to Univision Communications Inc. employees	—	(4,000)	—	—	(4,000)
Share-Based compensation	—	85,200	—	—	85,200
Parent company capital contributions to effectuate the TelevisaUnivision transaction	—	2,595,200	—	—	2,595,200
Dividend payments on behalf of TelevisaUnivision, Inc.	—	(27,500)	—	—	(27,500)
Capital contribution	—	6,900	—	—	6,900
Other	—	(100)	—	—	(100)
Successor Balance, September 30, 2022	<u>\$ —</u>	<u>\$ 5,827,000</u>	<u>\$ 147,600</u>	<u>\$ 332,200</u>	<u>\$ 6,306,800</u>

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited and in thousands)

	Nine Months Ended September 30, 2022	Period from May 18, 2021 through September 30, 2021	Period from January 1, 2021 through May 17, 2021
	(Successor)	(Successor)	(Predecessor)
Cash flows from operating activities:			
Net income	\$ 62,100	\$ 87,900	\$ 48,200
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	147,900	35,500	31,000
Amortization of intangible assets	236,300	82,900	21,900
Amortization of deferred financing costs	8,900	1,400	6,200
Amortization of program rights and prepayments	555,000	118,300	69,600
Deferred income taxes	(7,300)	11,500	(2,600)
Non-cash deferred advertising commitments	(13,800)	(21,600)	(17,500)
Impairment loss	1,900	4,200	92,900
Debt extinguishment expense	17,600	4,100	—
Share-based compensation	85,200	13,100	4,000
(Gain) loss on dispositions	(12,200)	—	500
Other non-cash items	(29,700)	(54,800)	(16,100)
Changes in assets and liabilities:			
Accounts receivable, net	76,600	(82,400)	67,000
Program rights and prepayments	(735,400)	(110,200)	(76,400)
Prepaid expenses and other	(13,600)	(3,000)	(4,800)
Accounts payable and accrued liabilities	(90,500)	44,500	(42,500)
Deferred revenue	(24,300)	(4,600)	(2,100)
Other long-term liabilities	(1,900)	(10,700)	6,500
Other assets	(14,100)	600	22,900
Net cash provided by operating activities	<u>248,700</u>	<u>116,700</u>	<u>208,700</u>
Cash flows from investing activities:			
Capital expenditures	(87,300)	(11,300)	(12,500)
Proceeds on sale of investment and other assets	9,800	—	34,200
Investments and other acquisitions	(34,400)	(2,000)	(31,300)
Acquisition of businesses, net of cash acquired	(3,192,700)	—	—
Net cash used in investing activities	<u>(3,304,600)</u>	<u>(13,300)</u>	<u>(9,600)</u>
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	2,937,300	3,013,800	—
Payments of long-term debt and finance leases	(1,931,300)	(1,971,000)	(54,500)
Payments of revolving debt	—	(2,900)	(63,200)
Payments of refinancing fees	(83,400)	(33,600)	—
Payments of swap interest	(18,600)	—	—
Dividend payments on behalf of TelevisaUnivision, Inc.	(27,500)	—	—
Repurchase of common stock on behalf of TelevisaUnivision, Inc.	(3,800)	(1,000)	—
Tax payment related to net share settlement	(4,000)	(2,500)	(800)
Proceeds from issuance of equity	300	—	—
Capital contribution from Parent, net of fees	1,002,400	8,300	—
Net cash provided by (used in) financing activities	<u>1,871,400</u>	<u>1,011,100</u>	<u>(118,500)</u>
Net (decrease) increase in cash, cash equivalents, and restricted cash	(1,184,500)	1,114,500	80,600
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	2,900	—	—
Cash, cash equivalents, and restricted cash, beginning of period	1,720,100	606,000	525,400
Cash, cash equivalents, and restricted cash, end of period	<u>\$ 538,500</u>	<u>\$ 1,720,500</u>	<u>\$ 606,000</u>

See Notes to Consolidated Financial Statements.

**UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**September 30, 2022**

**(Unaudited)**

**(Dollars in thousands, except share and per-share data, unless otherwise indicated)**

## **1. Company Background**

*Nature of operations*—Univision Communications Inc. together with its subsidiaries (the “Company” or “Univision”) is the leading Spanish-language content and media company in the world. The Company is wholly owned by Broadcast Media Partners Holdings, Inc. (“Broadcast Holdings”) which is itself wholly owned by Univision Holdings Inc., (“UHI” or “Predecessor”) and effective May 18, 2021, UHI is wholly owned by TelevisaUnivision, Inc. (“TelevisaUnivision” or “UH Holdco” or “Successor”), (see “May 18, 2021 Reorganization Transaction” below). TelevisaUnivision features the largest Spanish-language library of owned content and industry-leading production capabilities that power its streaming, digital and linear television offerings, as well as its radio platforms. The Company’s media portfolio includes the top-rated broadcast networks Univision and UniMás in the U.S. and Las Estrellas and Canal 5 in Mexico. TelevisaUnivision is home to 36 Spanish-language cable networks, including Galavisión and TUDN, the No. 1 Spanish-language sports network in the U.S. and Mexico. With the most compelling portfolio of Spanish-language sports rights in the world, TelevisaUnivision has solidified as the home of soccer. TelevisaUnivision also owns and manages 59 television stations across the U.S. and four broadcast channels in Mexico affiliated with 222 television stations, Videocine studio, and Uforia, the Home of Latin Music, which encompasses 57 owned or operated U.S. radio stations, a live event series and a robust digital audio footprint. TelevisaUnivision is home to premium streaming services ViX, formerly known as PrendeTV, and Blim TV, which altogether host over 50,000 hours of high-quality, original Spanish-language programming from distinguished producers and top talent, and the SVOD global streaming platform ViX+. The company’s prominent digital assets include Univision.com, Univision NOW, and several top-rated digital apps.

*TelevisaUnivision Transaction*—On January 31, 2022 Grupo Televisa, S.A.B (“Televisa”; NYSE:TV; BMV:TLEVISA CPO) and UH Holdco (together with its wholly owned subsidiary, Univision) announced the completion of the transaction between Televisa’s media content and production assets and Univision (the “TelevisaUnivision Transaction”). The combined new company, which was named TelevisaUnivision, Inc., creates the world’s leading Spanish-language media and content company. TelevisaUnivision produces and delivers premium content for its own platforms and for others, while also providing innovative solutions for advertisers and distributors globally. As a result of the TelevisaUnivision Transaction, TelevisaUnivision reaches nearly 60% of the respective TV audiences in both the U.S. and Mexico. Across television, digital, streaming, and audio, the Company reaches over 100 million Spanish speakers every day, holding leading positions in both markets. See Note 3. *TelevisaUnivision Transaction*.

*May 18, 2021 Reorganization Transaction*—On May 18, 2021, UH Holdco became the owner of 100% of the issued and outstanding capital stock of UHI through a series of transactions pursuant to the Reorganization Agreement, dated as of March 12, 2021, (the “Reorganization”). Prior to the Reorganization, UH Holdco held a non-controlling interest in UHI, see Note 5. *The Searchlight/ForgeLight Transaction*. Upon consummation of the Reorganization, Searchlight III UTD, L.P. (“Searchlight”) was converted into a Delaware corporation named UH Holdco. Pursuant to the Reorganization, the following transactions, among others, were effected contemporaneously:

- the existing stockholders of UHI (other than UH Holdco) exchanged their shares of UHI for the same number and class of shares of UH Holdco;
- the existing parent of UH Holdco converted its equity interests into the same number and class of shares of UH Holdco; and
- UH Holdco issued shares of common stock for aggregate consideration of \$8.3 million to a new investor, which common stock represented approximately 1.1% of the issued and outstanding stock of UH Holdco.

The Reorganization required Federal Communications Commission approval and was effectuated primarily to (i) prepare for the TelevisaUnivision Transaction (as defined above) and other potential strategic transactions, (ii) facilitate a new investment in UH Holdco and (iii) allow Grupo Televisa to recognize significant capital tax losses. Through the Reorganization, UH Holdco acquired a controlling financial interest in UHI. As a result of the Reorganization, a new basis of accounting was established on May 18, 2021, which resulted in the remeasurement of the Company’s assets and liabilities to fair value as of such date. Due to the adoption and application of pushdown accounting in connection with the Reorganization, the consolidated financial statements and certain footnote disclosures included herein are presented in two distinct periods to indicate the application of two different bases of accounting, which may not be comparable, between the periods presented. For accounting purposes, management has designated the reorganization date

as May 18, 2021 (the “Reorganization Date”). The periods prior to the Reorganization Date are identified as “Predecessor” and the periods after the Reorganization Date are identified as “Successor”. The Reorganization resulted in a new basis of accounting beginning on the Reorganization Date and the financial reporting periods are presented as follows:

- The “Successor” period of the Company, reflecting its financial condition following the Reorganization as of September 30, 2022 and December 31, 2021 and results of operations and cash flows for the three and nine months ended September 30, 2022 and for the period from May 18, 2021 through September 30, 2021.
- The “Predecessor” period of the Company, reflecting its results of operations and cash flows for the period from January 1, 2021 through May 17, 2021.

See Note 4. *May 18, 2021 Reorganization*

*The Searchlight/ForgeLight Transaction*—On February 24, 2020, UHI entered into a definitive agreement pursuant to which, together with the consummation of related transactions, Searchlight III UTD, L.P. (“Searchlight”) and ForgeLight (Univision) Holdings, LLC (“ForgeLight”) acquired a majority ownership interest in UHI from Madison Dearborn Partners, LLC, Providence Equity Partners Inc., Saban Capital Group, Inc., TPG Global, LLC, Thomas H. Lee Partners, L.P. and their respective affiliates (collectively, the “Original Sponsors”) and certain other stockholders of UHI. The transaction closed on December 29, 2020 (the “Searchlight/ForgeLight Closing”) (such transaction is referred to herein as “Searchlight/ForgeLight Transaction”). Televisa neither sold nor acquired any shares of UHI Class A common stock in the Searchlight/ForgeLight Transaction, but Televisa did convert warrants into UHI Class A common stock in connection with the Searchlight/ForgeLight Transaction. See Note 5. *The Searchlight/ForgeLight Transaction*.

*Pending Radio Stations Sell* - On June 3, 2022, the Company entered into an agreement to sell 18 non-strategic radio stations. The sale of these non-strategic radio stations is subject to individual regulatory approvals including Federal Communications Commission (“FCC”) approval and is expected to be completed in the fourth quarter.

## **2. Summary of Significant Accounting Policies**

*Basis of presentation*—The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles (“GAAP”) in the United States for interim financial statements. The interim financial statements are unaudited, but include all adjustments, which are of a normal recurring nature, that management considers necessary to fairly present the financial position, the results of operations and cash flows for such periods. Results of operations of interim periods are not necessarily indicative of results for a full year. These interim financial statements should be read in conjunction with the audited consolidated financial statements in the Company’s 2021 Year End Reporting Package.

*Application of Pushdown Accounting*—Pushdown accounting means implementing a new basis of accounting for the assets and liabilities based on a stepped-up basis to the acquired company in connection with a change-in-control event.

The Company implemented pushdown accounting on May 18, 2021, as a result of the change-in-control event that occurred in connection with the Reorganization when the Company executed a series of transactions that gave UH Holdco 100% ownership and a controlling financial interest in UHI, which was accounted for under the scope of ASC 805, in which UH Holdco was deemed to be the accounting acquirer. The Company's decision to apply pushdown accounting related to this change-in-control event is irrevocable. The Company completed its purchase accounting for the Reorganization in the first quarter of 2022 and goodwill of \$5,325.9 million was calculated and recognized by the Company consistent with business combination acquisition accounting. See Note 1. *Company Background* and Note 4. *May 18, 2021 Reorganization*.

*Principles of consolidation*—The consolidated financial statements include the accounts and operations of the Company and its majority owned and controlled subsidiaries. All intercompany accounts and transactions have been eliminated. Non-controlling interests have been recognized where a controlling interest exists, but the Company owns less than 100% of the controlled entity. Non-controlling interest is recorded for the period of an investment’s equity which is not controlled by the Company. The Company has consolidated the special purpose entities associated with its accounts receivable facility (see Note 16. *Debt*). This determination was based on the fact that these special purpose entities lack sufficient equity to finance their activities without additional support from the Company and, additionally, that the Company retains the risks and rewards of their activities. The consolidation of these special purpose entities does not have a significant impact on the Company's consolidated financial statements.

The Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting. Under the equity method of accounting, the Company’s share of the earnings and losses of these

companies is included in Acquisition related costs and other, net in the accompanying consolidated statements of operations of the Company. For equity investments which are not accounted for under the equity method, the Company measures these investments at fair value, with changes in fair value recognized in earnings. The Company holds equity positions in several small early-stage entities which may not have readily determinable fair values. For such securities, the Company utilizes the measurement alternative to carry these investments at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for identical or similar investments of the same issuer.

*Use of estimates*—The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses, including impairments, during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the valuation of derivatives, lease assets and liabilities, investments, property, plant and equipment, definite lived intangibles, indefinite-lived intangibles and goodwill, amortization of program rights and prepayments; and reserves for income tax uncertainties and other contingencies.

*Foreign Currency*—The reporting currency of the Company is the U.S. dollar. The functional currency of most of the Company's international subsidiaries is the local currency. Financial statements of subsidiaries whose functional currency is not the U.S. dollar are translated at exchange rates in effect at the balance sheet date for assets and liabilities and at average exchange rates for revenues and expenses for the respective periods. Translation adjustments are recorded in accumulated other comprehensive loss. Foreign currency transaction gains and losses resulting from the conversion of the transaction currency to functional currency are included in other income (expense), net.

*Cash equivalents*—The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

*Fair value measurements*—The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1, inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

*Post-employment benefits*—The Company has pensions and seniority premiums (post-employment benefits) for its Mexican employees which are funded through irrevocable trusts. The post-employment benefits liability or asset increases or decreases based upon actuarial calculations. Contributions to the trusts are determined in accordance with actuarial estimates of funding requirements. Payments of post-employment benefits are made by the trust administrators. The defined benefit obligation is calculated annually using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation.

Remeasurement of post-employment benefit obligations related to experience adjustments and changes in actuarial assumptions of post-employment benefits are recognized in the period in which they are incurred as part of other comprehensive income or loss.

*Revenue—Advertising*—The Company generates advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio stations. The Company also generates revenue from the sale of display, mobile and video advertising, as well as sponsorships, on our various digital properties. In some cases, the network advertising sales are subject to ratings guarantees that require the Company to provide additional advertising time if the guaranteed audience levels are not achieved. Revenues for any audience deficiencies are deferred until the guaranteed audience levels are met by providing additional advertisements. Advertising contracts, which are generally short-term, are billed monthly, with payments due shortly after the invoice date.

Advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio stations is recognized when advertising spots are aired and performance guarantees, if any, are achieved. The achievement of performance guarantees related to U.S. broadcasting operations are based on audience ratings from an independent research company. If there is a guarantee to deliver a targeted audience rating, revenues are recognized based on the proportion of the audience rating delivered to the total guaranteed in the contract. For impression-based digital advertising, revenue is recognized when “impressions” are delivered, while revenue from non-impression-based digital advertising (primarily sponsorship) is recognized over the period that the advertisement runs. “Impressions” are defined as the number of times that an advertisement appears in content viewed by users of the Company’s digital properties. Sponsorship advertisement revenue is recognized ratably over the contract period.

Subscriber Fee—Subscriber fee revenue includes fees charged for the right to view the programming content of the Company’s broadcast networks, cable networks and stations through a variety of distribution platforms and viewing devices. Subscriber fee revenue is principally comprised of fees received from multichannel video programming distributors (“MVPDs”) for carriage of the Company’s networks and for authorizing carriage (“retransmission consent”) of Univision and UniMás broadcast networks aired on the Company’s owned television stations as well as fees for digital content. Typically, the Company’s networks and stations are aired by MVPDs pursuant to multi-year carriage agreements that provide for the level of carriage that the Company’s networks and stations will receive, and if applicable, for annual rate increases. Subscriber fee revenue is largely dependent on the market demand for the content that the Company provides, the contractual rate-per-subscriber negotiated in the agreements, and the number of subscribers that receive the Company’s networks or content. Subscriber fees received from cable and satellite MVPDs are recognized as revenue in the period during which services are provided. Subscriber fee revenues are net of the amortization of any capitalized amounts paid to MVPDs. The Company defers these capitalized amounts and amortizes such amounts through the term of the agreement.

Additionally, the Company's subscriber fee revenue includes monthly fees related to access to our SVOD global streaming platform. Subscribers are billed on a monthly basis in advance of obtaining access to the platform. Subscription fees related to the SVOD service are recognized ratably over the term of the subscription.

The Company also receives retransmission consent fees related to television stations that the Company does not own (referred to as “affiliates”) that are affiliated with Univision and UniMás broadcast networks. The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of its Univision and UniMás stations with MVPDs. As part of these arrangements, the Company shares the retransmission consent fees received with certain of its affiliates.

Program Licensing—The Company licenses programming content for digital streaming and to other cable and satellite providers. Program licensing revenue is recognized when the content is delivered and all related obligations have been satisfied. For licenses of internally-produced television programming, each individual episode delivered represents a separate performance obligation and revenue is recognized when the episode is made available to the licensee for exhibition and the license period has begun. All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration for the program licensing.

Other Revenue—The Company classifies revenue from contractual commitments (including non-cash advertising and promotional revenue) primarily related to Televisa as Other Revenue. The Company also recognizes other revenue related to support services provided to joint ventures and related to spectrum access in channel sharing arrangements. From time to time the Company enters into transactions involving its spectrum.

*Sublease income*—The Company has operating subleases which have been accounted for by reference to the underlying asset subject to the lease. For the three and nine months ended September 30, 2022 (Successor), the Company recorded total sublease income associated with operating leases of \$2.6 million and \$7.7 million, respectively, primarily recorded as an offset to the rent expense in Restructuring, severance and related charges within the Company's consolidated statement of operations. For the three months ended September 30, 2021 (Successor), the Company recorded total sublease income associated with operating leases of \$2.2 million primarily recorded as an offset to the rent expense in Restructuring, severance and related charges within the Company’s consolidated statement of operations. For the period from May 18, 2021 through September 30, 2021 (Successor) and from January 1, 2021 through May 17, 2021 (Predecessor), the Company recorded total sublease income associated with operating leases of \$3.5 million and \$3.8 million, respectively, primarily recorded as an offset to the rent expense in Restructuring, severance and related charges within the Company’s consolidated statement of operations.

*Program rights and prepayments*—The Company acquires program rights to exhibit programming on its broadcast and cable networks and digital streaming platform including television shows, movies, and sports content. For licensed program rights, the costs incurred to acquire programming are capitalized as a program right and prepayment and a corresponding liability payable to the

licensor are recorded (on a gross basis) when (i) the cost of the programming is reasonably determined, (ii) the programming has been accepted in accordance with the terms of the agreement, (iii) the programming is available for its first showing or telecast and (iv) the license period has commenced. The costs of program rights are classified as program prepayments if the rights payments are made before the related economic benefit has been received. The Company capitalizes costs for produced program rights, including direct production costs, development costs, print costs, and production overhead, of original programs when incurred. The Company has a three-year development cycle which begins with the initial capitalization of the development costs. All program rights and prepayments on the Company's balance sheet are subject to regular recoverability assessments.

Our program rights and prepayments are generally intended to be exhibited on our broadcast and cable networks and digital streaming platforms and as such are considered to be predominantly monetized as part of a film group

Acquired program rights for television shows and movies are amortized over their economic life, which is the period in which an economic benefit is expected to be generated, based on the estimated relative value of each broadcast of the program over the program's life. Acquired program costs for television shows and movies are charged to operating expense as the programs are broadcast. Acquired program costs for multi-year sports programming arrangements are amortized to operating expense, over the license period based on the ratio of current-period direct revenue to estimated remaining total direct revenue over the remaining contract period. Acquired and internally produced digital content for the Company's streaming platforms is amortized to operating expenses over the lesser of the estimated economic life of six (6) years based on a straight-line method or license period. In the case of some of our original certain of our original programming, program costs are amortized to operating expense utilizing an individual-film-forecast-computation method over the title's life cycle based upon the ratio of current period revenue to estimated remaining total expected revenue. Amortization expense of program rights and prepayments is included in "Direct Operating Expense," in the Company's consolidated statement of operations.

The Company's predominant monetization strategy determines how the impairment testing is performed for program rights prepayments and capitalized original program costs whenever events or changes in circumstances indicate that the carrying amount of content monetized on its own or as a film group may exceed its estimated fair value. In addition, a change in the predominant monetization strategy is considered a triggering event for impairment testing before a title is accounted for as part of a film group. If the carrying value of an individual monetized content or film group, exceeds the estimated fair value, an impairment charge will be recorded in the amount of the difference. For content that is predominately monetized individually, we utilize estimates including ultimate revenues and additional costs to be incurred (including exploitation and participation costs), in order to determine whether the carrying value of the program rights is impaired. In the event the Company decides not to air a program, an impairment loss reducing the corresponding asset to zero is recorded to reflect the programming asset abandonment.

*Securitizations*—Securitization transactions in connection with the Company's accounts receivable facility are classified as debt on the Company's balance sheet and the related cash flows from any advances or reductions are reflected as cash flows from financing activities. The Company sells to investors, on a revolving non-recourse basis, a percentage ownership interest in certain accounts receivable through wholly owned special purpose entities. The Company retains interests in the accounts receivable that have not been sold to investors. The retained interest is subordinated to the sold interest in that it absorbs 100% of any credit losses on the sold receivable interests. The Company services the receivables sold under the accounts receivable facility.

*Recently adopted and pending accounting guidance*—In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805), Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*, which changes how entities will recognize assets acquired and liabilities assumed in a business combination, including contract assets and contract liabilities arising from revenue contracts with customers. The provisions of ASU 2021-08 will require acquiring entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with ASU 2014-09 (Topic 606), *Revenue from Contracts with Customers*, as if it had originated the contracts. The provisions of ASU 2021-08 are effective for fiscal years beginning after December 15, 2022, with early adoption permitted, including adoption in an interim period. An entity that early adopts in an interim period is required to apply the amendments (i) retrospectively to all business combinations for which the acquisition date occurs on or after the beginning of the fiscal year that includes the interim periods of early adoption and (ii) prospectively to all business combinations that occur on or after the date of initial application. The company is currently evaluating the potential impact that adopting this guidance could have on its consolidated financial statements.

*Subsequent events*—The Company evaluates subsequent events and the evidence they provide about conditions existing at the date of the balance sheet as well as conditions that arose after the balance sheet date but before the financial statements are issued. The effects of conditions that existed at the date of the balance sheet date are recognized in the financial statements. Events and conditions arising after the balance sheet date but before the financial statements are issued are evaluated to determine if disclosure is required to keep the financial statements from being misleading. To the extent such events and conditions exist, disclosures are made regarding

the nature of events and the estimated financial effects for those events and conditions. For purposes of preparing the accompanying consolidated financial statements and the following notes to these financial statements, the Company evaluated subsequent events through October 27, 2022, the date the financial statements were issued.

### 3. TelevisaUnivision Transaction

On January 31, 2022 (the “acquisition date”), Televisa and UH Holdco (together with its wholly owned subsidiary, Univision Communications Inc.) announced the completion of the TelevisaUnivision Transaction. As a result, UH Holdco through its subsidiary Univision acquired a 100% equity interest in Televisa’s content and media business and is deemed to be the accounting acquirer. Accordingly, the TelevisaUnivision Transaction is accounted as a business combination under the scope of ASC 805. The TelevisaUnivision Transaction created the world’s leading Spanish-language media and content company, producing and deliver premium content for its own platforms and for others, while also providing innovative solutions for advertisers and distributors globally.

The preliminary total consideration consisted of \$3,146.5 million in cash and total equity consideration of \$1,545.4 million, comprised of UH Holdco Class A common stock and Series B participating preferred stock of UH Holdco, with an annual cumulative dividend of 5.5%. The fair value of the equity consideration was determined using a contingent claims analysis. The TelevisaUnivision Transaction was financed through (i) \$1.0 billion of UH Holdco Series C preferred stock investment led by the SoftBank Latin American Fund (“SoftBank”), along with ForgeLight, with participation from Google and The Raine Group, (ii) \$1.05 billion of 4.0% Term loan due 2029 and (iii) \$1.05 billion of 4.5% Senior Secured Notes due 2029, See Note 16. *Debt*.

The fair value of the assets acquired and liabilities assumed was determined based on assumptions that reasonable market participants would use in the principal (or most advantageous) market for the business. The Company’s purchase accounting remains preliminary and the allocation of the preliminary purchase price to certain assets acquired and liabilities assumed is provisional. These amounts will be subject to review and possible revision during the measurement period, which the Company expects to extend through January 2023. In addition, the Company is still in the process of identifying acquired assets and assumed liabilities, which may also result in adjustment of the provisional amounts recorded. The subsequent adjustment of the provisional amounts may be material. Adjustments to initial preliminary fair value of the assets acquired and assumed liabilities during the measurement period until January 31, 2023, are recorded during the period in which the adjustments are determined, including the effect on earnings of any amounts we would have recorded in previous periods if the accounting had been completed (i.e. the historical reported financial statements will not be retrospectively adjusted).

The provisional amounts for assets acquired and liabilities assumed include:

- the fair value of accounts receivable and other receivables which may be subject to adjustment for reassessment of collectability as of the date of acquisition, collections and other adjustment subsequent to the acquisition;
- property, and equipment, for which the preliminary estimates are subject to revision for
  - identification of assets acquired;
  - finalization of preliminary appraisals; and
  - determination of useful lives;
- right of use assets and lease liabilities, which will be subject to adjustment upon completion of the review of the inputs, including sublease assumptions, for the calculations;
- acquired programming assets, which values are still being assessed on a program by program basis;
- accounts payable and accrued expenses, which will be subject to adjustment based upon subsequent payment and assessment of other factors;
- definite and indefinite-lived intangible assets acquired will be subject to adjustment as additional assets are identified, estimates and forecasts are refined and disaggregated, useful lives are finalized, and other factors deemed relevant are considered;
- deferred income taxes will be subject to adjustment based upon the completion of the review of the book and tax bases of assets acquired and liabilities assumed, applicable tax rates and the impact of the revisions of estimates for the items described above; and
- goodwill will be subject to adjustment for the impact of the revisions of estimates for the items described above.

The following represents the preliminary purchase price allocation for the TelevisaUnivision Transaction and the subsequent measurement period adjustments:

	Preliminary January 31, 2022 (Fair Value)	Subsequent Adjustments	Updated Preliminary January 31, 2022 (Fair Value)
Cash consideration .....	\$ 3,120,600	\$ 25,900	\$ 3,146,500
Equity consideration .....	1,545,400	—	1,545,400
Total consideration transferred .....	<b>4,666,000</b>	<b>25,900</b>	<b>4,691,900</b>
Cash and cash equivalents .....	86,500	(600)	85,900
Accounts receivables, net .....	575,600	(218,400)	357,200
Other current assets .....	748,500	90,800	839,300
Property and equipment, net .....	505,100	(1,200)	503,900
Intangible assets, net .....	1,684,300	(55,000)	1,629,300
Other non-current assets .....	850,500	8,600	859,100
Total identifiable assets acquired .....	<b>4,450,500</b>	<b>(175,800)</b>	<b>4,274,700</b>
Current liabilities .....	(1,046,100)	110,600	(935,500)
Long-term debt and finance lease obligations .....	(484,000)	2,600	(481,400)
Other non-current liabilities .....	(518,800)	273,800	(245,000)
Goodwill .....	<b>\$ 2,264,400</b>	<b>\$ (185,300)</b>	<b>\$ 2,079,100</b>

As of September 30, 2022 we recorded a measurement period adjustment which reduced our provisional estimates of deferred tax liabilities and goodwill by \$270.6 million related to the refinement of our estimates as we received more information with respect to acquired book to tax basis differences for intangible and other assets. Additionally, we recorded additional measurement period adjustments that decreased intangible assets and increased goodwill by \$55.0 million due to updates in valuations received from the Company's valuation specialists during the second quarter. The working capital adjustment was finalized during the quarter resulting in an adjustment of \$25.9 million total consideration transferred and goodwill. We also made additional adjustments primarily related to presentation between Accounts receivables and Other current assets which did not have a material increase in goodwill.

The table below presents a summary of intangible assets acquired and the estimated useful life of these assets as of the acquisition date.

Description	Updated Preliminary Fair Value (Successor)	Estimated Useful Life in Years
Broadcast and Multi System Operator Relationships .....	\$ 390,000	15.5
Advertiser Relationships .....	780,000	12
Mexico Broadcast License .....	273,300	20
Trade names / Trademarks .....	186,000	Indefinite
Total intangible assets acquired .....	<b>\$ 1,629,300</b>	

The Televisa's content and media assets business estimated purchase price was \$4,691.9 million which has resulted in the recognition of preliminary Goodwill of \$2,079.1 million, assigned to the Media and Entertainment segment and pending finalization of the purchase accounting. The full amount of Goodwill is not deductible for tax purposes. The Goodwill recognized is due to the (i) expected cash flow savings related to the elimination of the Program License Agreement with Grupo Televisa, (ii) ability to generate in-house content beyond the existing content library which would be expected to drive advertising, subscription and streaming revenue, (iii) existing assembled workforce and know how acquired as part of the transaction, and (iv) continuous push and ability to add new MSO and advertiser relationships to further grow the combined business.

The Televisa's content and media assets business's preliminary opening balance sheet is subject to adjustment based on its final assessment of the fair values of certain acquired assets and assumed liabilities. The Company used discounted cash flow ("DCF") analyses, which represent Level 3 fair value measurements, to assess certain components of its purchase price allocation as a result of the acquisition. The fair value of the contents acquired was determined using an income approach based on existing portfolio usage

and historical content decay curves. The fair value of trade names and trademarks was determined using an income approach based on the relief from royalty method. The fair value for MSO and advertiser relationships was determined using the multi-period excess earnings method. The fair value for Broadcast license in Mexico, which was renewed on January 1, 2022, and the fair value for property, plant and equipment were determined using the current cost method. For the fair value estimates, the Company used: (i) projected discounted cash flows, (ii) historical and projected financial information, (iii) synergies including cost savings, (iv) royalty rates and (v) attrition rates, as relevant, that market participants would consider when estimating fair values. The Company is amortizing the acquired identifiable definite-lived intangible assets over their estimated useful lives from the acquisition date. The Transaction results in the Company recording preliminary deferred tax assets related to the step up in tax basis of certain assets and deferred tax liability related to acquired intangibles not amortizable for tax purposes.

The Company incurred \$101.3 million of acquisition-related expenses, of which \$45.5 million were expensed and included in Acquisition related costs and other, net and \$55.8 million primarily related to financing fees which were capitalized and recorded as deferred financing costs and presented as a direct reduction of the Company's long-term debt in the consolidated balance sheet.

#### *Unaudited Pro Forma Impact of the TelevisaUnivision Transaction*

The following unaudited information represents the supplemental pro forma results of the Company's Consolidated Statements of Operations as if the TelevisaUnivision Transaction occurred on January 1, 2021, for both the nine months ended September 30, 2022 and 2021 after giving effect to certain adjustments, including depreciation and amortization of the assets acquired and interest expenses of the new debt. The unaudited pro forma financial information includes adjustments required under the acquisition method of accounting and is presented for informational purposes only and is not necessarily indicative of the results that would have been achieved had these acquisitions occurred on the aforementioned dates.

	<u>September 30, 2022</u>	<u>September 30, 2021</u>
	<u>Pro Forma</u>	<u>Pro Forma</u>
Revenue .....	\$ 3,258,300	\$ 2,987,700
Net income .....	73,100	223,500

#### **4. May 18, 2021 Reorganization**

The Reorganization discussed in Note 1. *Company Background* was accounted for by UH Holdco in accordance with the acquisition method of accounting pursuant to ASC 805, and pushdown accounting was applied to UHI to record the fair value of the assets and liabilities of UHI as of the Reorganization Date. The Company, as a consolidated subsidiary of UHI, also accounted for the Reorganization using the elected pushdown accounting. Under pushdown accounting, the excess of the fair value of the Company above the fair value accounting basis of the net assets and liabilities of the Company is recorded as goodwill. The fair value of assets deemed acquired and liabilities assumed was determined based on assumptions that reasonable market participants would use in the principal (or most advantageous) market for the business.

The Company's management, with the assistance of a third-party valuation firm, estimated the fair value of the Company's assets and liabilities as of the Reorganization Date. Adjustments to initial fair value of the Company's assets and liabilities as of the Reorganization Date were recorded during the period in which the adjustment was determined, including the effect on earnings of any amounts we would have recorded in previous periods if the accounting had been completed at the Reorganization Date (i.e. the historical reported financial statements will not be retrospectively adjusted). The measurement period adjustments were made from the Reorganization Date to March 31, 2022. The Company finalized its pushdown accounting as of March 31, 2022.

The Company's fair value was determined using the business enterprise valuation approach that discounted the Company's projected cash flows based on a probability weighted scenario of the Transaction occurring or not occurring and associated weighted average cost of capital. The Company's fair value was estimated to be \$10,422.5 million which resulted in recognition of Goodwill of \$5,325.9 million, which has been assigned to the Media and Entertainment segment. The Goodwill recognized is due to the expected significant synergies from the Transaction (See Note 1. *Company Background* and Note 3. *TelevisaUnivision Transaction*) such as (i) improved monetization of the combined libraries and advertising inventory resulting from the Transaction, leading to anticipated revenue synergies, (ii) anticipated costs synergies from relocation of personnel and production to Mexico and procurement efficiencies due to economies of scale and (iii) anticipated significant recurring subscriber fee and streaming revenue as a result of the launching of the global Spanish Language streaming service.

The Company's opening balance sheet was subject to adjustment based on its final assessment of the fair values of certain acquired assets and assumed liabilities. The Company used discounted cash flow (“DCF”) analyses, which represent Level 3 fair value measurements, to assess certain components of its purchase price allocation as result of the Reorganization. The fair value of tradenames and trademarks was determined using an income approach based on the relief from royalty method. The fair value for broadcast, MSO relationships, advertiser relationships and tower customer relationships was determined using the multi-period excess earnings method. The fair value for FCC license was determined using the greenfield method. The fair value of property, plant and equipment was determined using the current cost method. The fair value of interest-bearing debt was determined using publicly-traded prices. For the fair value estimates, the Company used: (i) projected discounted cash flows, (ii) historical and projected financial information, (iii) synergies including cost savings, (iv) royalty rates and (v) attrition rates, as relevant, that market participants would consider when estimating fair values. The Company is amortizing the acquired identifiable definite-lived intangible assets over their estimated useful lives from the Reorganization Date. The Reorganization did not result in a step-up in the basis of any of the Company’s assets (including Goodwill) for U.S. federal income tax purposes.

The following is a condensed opening balance sheet disclosing the fair value amounts assigned to each major asset and liability caption of the Company at the Reorganization Date.

	<b>Final May 18, 2021 (Fair Value)</b>
	<u>(Successor)</u>
Cash and cash equivalents .....	\$ 603,700
Other current assets .....	685,500
Property and equipment, net .....	489,400
Intangible assets, net .....	5,336,000
Goodwill .....	5,325,900
Other non-current assets .....	339,800
Current liabilities .....	(551,500)
Long-term debt (excluding Finance leases) .....	(7,446,700)
Other non-current liabilities .....	(1,634,100)
	<u>\$ 3,148,000</u>

During the quarter ended March 31, 2022, the Company decreased Goodwill and Additional Paid-in Capital by \$118.5 million to eliminate the value of unvested outstanding stock awards initially included in the Company’s pushdown accounting. This adjustment was not material to the Consolidated financial statements as it had no impact in the Consolidated statement of operations or cash flows, less than a 1% impact on the Consolidated total assets, 2% of Goodwill and Stockholder’s equity.

The table below presents a summary of intangible assets acquired and the estimated useful life of these assets as of the Reorganization Date.

Description	<b>Adjusted Fair Value</b>	<b>Average Useful Life in Years</b>
	<u>(Successor)</u>	
Broadcast and Multi System Operator Relationships .....	\$ 2,090,000	14
TV FCC License .....	1,901,600	Indefinite
Advertiser Relationships .....	520,000	8
Trade names / Trademarks - Non amortizable .....	462,200	Indefinite
Radio FCC License .....	307,300	Indefinite
Trade names / Trademarks - Amortizable .....	19,900	7
Tower Customer Relationships .....	35,000	20
Total intangible assets acquired .....	<u>\$ 5,336,000</u>	

## 5. The Searchlight/ForgeLight Transaction

On February 24, 2020, UHI entered into a definitive agreement pursuant to which, together with the consummation of related transactions, Searchlight and ForgeLight acquired a portion, and UHI repurchased and canceled the remaining portion in connection with its issuance of new Series A preferred stock to Liberty Global Ventures Limited (“Liberty”), of the ownership interests in UHI from the Original Sponsors and certain other stockholders of UHI (the “Searchlight/ForgeLight Transaction”). The Searchlight/ForgeLight Transaction closed on December 29, 2020. Televisa neither sold nor acquired any shares of UHI Class A common stock in the Searchlight/ForgeLight Transaction, but Televisa did convert warrants into UHI common stock in connection with the Searchlight/ForgeLight Transaction. As a result of the Searchlight/ForgeLight Transaction, in 2020, the Company funded transaction costs of \$68.0 million which were expensed as incurred and are included in Acquisition related costs and other, net within the Company’s consolidated statement of operations.

As a result of the TelevisaUnivision Transaction, Liberty converted their Series A preferred stock into 1,845,293 Class A common stock.

## 6. Cash, Cash Equivalents and Restricted Cash

The following table provides the balance sheet details that sum to the total of cash, cash equivalents and restricted cash in the statement of cash flows.

	September 30, 2022	December 31, 2021	September 30, 2021
Cash and cash equivalents .....	\$ 531,100	\$ 647,000	\$ 626,400
Restricted cash (related to debt) .....	—	1,071,300	1,092,300
Restricted cash included in Prepaid expenses and other .....	5,900	300	300
Restricted cash included in Other assets .....	1,500	1,500	1,500
Total cash, cash equivalents and restricted cash shown in the statement of cash flows .....	<u>\$ 538,500</u>	<u>\$ 1,720,100</u>	<u>\$ 1,720,500</u>

Amounts included in restricted cash related to debt as of December 31, 2021 and September 30, 2021 consist of escrow amounts for the 4.500% Senior Secured Notes due 2029 deposited in escrow for the TelevisaUnivision Transaction and were released from escrow at closing on January 31, 2022. Amounts included in restricted cash within Prepaid expenses and other and Other assets as of September 30, 2022, December 31, 2021 and September 30, 2021 pertain to escrow amounts for agency commissions, certain lease and grant payments.

## 7. Property and Equipment

Property and equipment consists of the following:

	September 30, 2022	December 31, 2021
Land and improvements .....	\$ 101,100	\$ 70,600
Buildings and improvements .....	401,000	361,200
Broadcast and production equipment .....	562,400	434,100
Furniture, computer and other equipment .....	456,200	288,300
Land, building, transponder equipment and vehicles financed with finance leases .....	350,600	119,600
	<u>1,871,300</u>	<u>1,273,800</u>
Accumulated depreciation .....	(928,200)	(807,500)
Property and equipment, net .....	<u>\$ 943,100</u>	<u>\$ 466,300</u>

Depreciation expense on property and equipment was \$53.4 million and \$147.9 million during the three and nine months ended September 30, 2022 (Successor). Depreciation expense on property and equipment was \$24.3 million during the three months ended September 30, 2021 (Successor). Depreciation expense on property and equipment was \$35.5 million and \$31.0 million during the period from May 18, 2021 through September 30, 2021 (Successor) and from January 1, 2021 through May 17, 2021 (Predecessor), respectively.

## 8. Goodwill and Other Intangible Assets

The carrying value and changes in the carrying value of goodwill were as follows:

	<b>Balance</b>
Balance as of December 31, 2021 .....	\$ 5,444,400
Adjustment to pushdown accounting related to the May 18, 2021 Reorganization .....	(118,500)
Acquisitions .....	2,173,600
Foreign exchange impact .....	78,600
Balance as of September 30, 2022 .....	<u>\$ 7,578,100</u>

The Company's television and radio broadcast licenses in the United States and the related cash flows are expected to continue indefinitely, and as a result the broadcast licenses have an indefinite useful life. The radio and television broadcast licenses are tested for impairment annually or more frequently if circumstances indicate a possible impairment exists. As part of the Reorganization and related election of pushdown accounting, the Company's indefinite-lived intangible assets were adjusted to their fair value in 2021, See Note 1. *Company Background* and 4. *May 18, 2021 Reorganization*.

The Company's television broadcast licenses in Mexico have a limited useful life of 20 years. See Note 3. *TelevisaUnivision Transaction*.

### *Indefinite-Lived Intangible Assets*

The fair value of the television and radio broadcast licenses is determined using the direct valuation method which is classified as a Level 3 measurement. Under the direct valuation method, the fair value of the television and radio broadcast licenses is calculated at the network or market level as applicable. The application of the direct valuation method attempts to isolate the income that is properly attributable to the television and radio broadcast licenses alone (that is, apart from tangible and identified intangible assets). It is based upon modeling a hypothetical "Greenfield" build-up to a "normalized" enterprise that, by design, lacks inherent goodwill and whose only other assets have essentially been paid for (or added) as part of the build-up process. Under the direct valuation method, it is assumed that rather than acquiring television and radio broadcast licenses as part of a going concern business, the buyer hypothetically develops television and radio broadcast licenses and builds a new operation with similar attributes from inception. Thus, the buyer incurs start-up costs during the build-up phase. Initial capital costs are deducted from the discounted cash flow model which results in a value that is directly attributable to the indefinite-lived intangible assets. The key assumptions used in the direct valuation method are market revenue growth rates, market share, profit margin, duration and profile of the build-up period, estimated start-up capital costs and losses incurred during the build-up period, the risk-adjusted discount rate and terminal values. The market revenue growth rate assumption is impacted by, among other things, factors affecting the local advertising market for local television and radio stations. This data is populated using industry normalized information representing an average FCC license within a market. For the Company's broadcast license impairment testing, significant unobservable inputs utilized included discount rates and terminal growth rates. The fair value of the indefinite-lived intangible assets is classified as a Level 3 measurement.

## 9. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of the following:

	September 30, 2022	December 31, 2021
Accrued compensation .....	\$ 157,100	\$ 116,900
Accrued interest .....	104,700	51,100
Program rights obligations .....	90,200	23,900
Related party obligations (See Note 15) .....	63,800	—
Studio production payable .....	42,000	—
Accrued Value Added Tax (VAT) payable .....	39,700	200
Accrued restructuring, severance and related charges .....	26,500	32,500
Accrued revenue obligations .....	23,800	43,900
Income tax payable .....	3,600	4,400
Interest rate swap liability .....	—	35,300
Accrued license fees .....	—	31,000
Other accounts payable and accrued liabilities .....	432,200	210,400
	<u>\$ 983,600</u>	<u>\$ 549,600</u>

### *Restructuring, Severance and Related Charges*

The Company's restructuring, severance and related charges, net of reversals from operations, for the three and nine months ended September 30, 2022 (Successor), for the three months ended September 30, 2021 (Successor), for the period from May 18, 2021 through September 30, 2021 (Successor), and from January 1, 2021 through May 17, 2021 (Predecessor) are summarized below.

	Three Months Ended September 30, 2022 (Successor)	Three Months Ended September 30, 2021 (Successor)	Nine Months Ended September 30, 2022 (Successor)	Period from May 18, 2021 through September 30, 2021 (Successor)	Period from January 1, 2021 through May 17, 2021 (Predecessor)
Restructuring:					
Activities initiated prior to 2020 .....	\$ (300)	\$ 800	\$ 100	\$ 800	\$ 500
Activities initiated in 2020 .....	1,800	1,500	4,600	2,800	7,100
Activities initiated in 2021 .....	—	23,100	—	31,100	—
Activities related to recent acquisitions .....	3,000	—	44,600	—	—
Severance for individual employees and related charges	6,400	—	6,400	—	—
Total restructuring, severance, and related charges .....	<u>\$ 10,900</u>	<u>\$ 25,400</u>	<u>\$ 55,700</u>	<u>\$ 34,700</u>	<u>\$ 7,600</u>

The restructuring activities initiated prior to 2020 were primarily intended to rationalize costs. The restructuring activities initiated in 2020 were due to further initiatives to rationalize costs and the disruption caused by the COVID-19 pandemic. The restructuring activities initiated in 2021 were due to further initiatives to rationalize costs. The restructuring activities related to the recent acquisitions, including the TelevisaUnivision Transaction, are expected to be completed by December 31, 2023.

Severance for individual employees and related charges relate primarily to severance arrangements with former employees unrelated to the Company's restructuring activities.

The following tables present the restructuring charges, net of reversals, from operations by segment for the three and nine months ended September 30, 2022 (Successor), for the three months ended September 30, 2021 (Successor), for the period from May 18, 2021 through September 30, 2021 (Successor), and from January 1, 2021 through May 17, 2021 (Predecessor).

	Three Months Ended September 30, 2022			Nine Months Ended September 30, 2022		
	(Successor)			(Successor)		
	Employee Termination Benefits	Contract Termination Costs/Other	Total	Employee Termination Benefits	Contract Termination Costs/Other	Total
<b>Charges Resulting From Restructuring Activities Initiated Prior to 2020</b>						
Media and Entertainment	\$ —	\$ (300)	\$ (300)	\$ —	\$ 100	\$ 100
Corporate	—	—	—	—	—	—
<b>Charges Resulting From Restructuring Activities Initiated in 2020</b>						
Media and Entertainment	—	1,800	1,800	—	4,600	4,600
Corporate	—	—	—	—	—	—
<b>Charges Resulting From Restructuring Activities Related to Recent Acquisitions</b>						
Media and Entertainment	(500)	(300)	(800)	19,200	5,200	24,400
Corporate	1,800	2,000	3,800	6,500	13,700	20,200
Consolidated	\$ 1,300	\$ 3,200	\$ 4,500	\$ 25,700	\$ 23,600	\$ 49,300

  

	Three Months Ended September 30, 2021			Period from May 18, 2021 through September 30, 2021		
	(Successor)			(Successor)		
	Employee Termination Benefits	Contract Termination Costs/Other	Total	Employee Termination Benefits	Contract Termination Costs/Other	Total
<b>Charges Resulting From Restructuring Activities Initiated Prior to 2020</b>						
Media and Entertainment	\$ —	\$ 200	\$ 200	\$ —	\$ 200	\$ 200
Corporate	—	600	600	—	600	600
<b>Charges Resulting From Restructuring Activities Initiated in 2020</b>						
Media and Entertainment	(400)	1,800	1,400	(400)	2,800	2,400
Corporate	(100)	200	100	(100)	500	400
<b>Charges Resulting From Restructuring Activities Initiated in 2021</b>						
Media and Entertainment	3,200	1,200	4,400	3,200	1,200	4,400
Corporate	3,800	14,900	18,700	3,800	22,900	26,700
Consolidated	\$ 6,500	\$ 18,900	\$ 25,400	\$ 6,500	\$ 28,200	\$ 34,700

	Period from January 1, 2021 through May 17, 2021		
	(Predecessor)		
	Employee Termination Benefits	Contract Termination Costs/Other	Total
<b>Charges Resulting From Restructuring Activities Initiated Prior to 2020</b>			
Media and Entertainment .....	\$ —	\$ 200	\$ 200
Corporate .....	—	300	300
<b>Charges Resulting From Restructuring Activities Initiated in 2020</b>			
Media and Entertainment .....	900	2,400	3,300
Corporate .....	1,300	2,500	3,800
Consolidated .....	<u>\$ 2,200</u>	<u>\$ 5,400</u>	<u>\$ 7,600</u>

The following tables present the activity in the restructuring liabilities for the nine months ended September 30, 2022 (Successor) and 2021 (Predecessor):

	Accrued Restructuring as of December 31, 2021 (Successor)	Restructuring Expense	Reversals	Cash Payments and Other	Accrued Restructuring as of September 30, 2022 (Successor)
<b>Restructuring Activities Initiated Prior to 2020</b>					
Employee termination benefits .....	\$ 500		\$ —	\$ —	\$ 500
Contract termination costs/other .....	—	100	—	(100)	—
<b>Restructuring Activities Initiated in 2020</b>					
Employee termination benefits .....	1,900		—	(1,900)	—
Contract termination costs/other .....	—	4,600	—	(4,600)	—
<b>Restructuring Activities Related to Recent Acquisitions</b>					
Employee termination benefits .....	15,000	25,700	—	(21,900)	18,800
Contract termination costs/other .....	15,100	18,900	—	(26,800)	7,200
Consolidated .....	<u>\$ 32,500</u>	<u>\$ 49,300</u>	<u>\$ —</u>	<u>\$ (55,300)</u>	<u>\$ 26,500</u>

	Accrued Restructuring as of December 31, 2020 (Predecessor)	Restructuring Expense	Reversals	Cash Payments and Other	Accrued Restructuring as of September 30, 2021 (Successor)
<b>Restructuring Activities Initiated Prior to 2020</b>					
Employee termination benefits .....	\$ 500	\$ —	\$ —	\$ —	\$ 500
Contract termination costs/other .....	—	1,300	—	(1,300)	—
<b>Restructuring Activities Initiated in 2020</b>					
Employee termination benefits .....	13,500	3,300	(1,600)	(11,600)	3,600
Contract termination costs/other .....	6,800	8,300	—	(11,000)	4,100
<b>Restructuring Activities Initiated in 2021</b>					
Employee termination benefits .....	—	6,900	—	(800)	6,100
Contract termination costs/other .....	—	24,100	—	(3,500)	20,600
Consolidated .....	<u>\$ 20,800</u>	<u>\$ 43,900</u>	<u>\$ (1,600)</u>	<u>\$ (28,200)</u>	<u>\$ 34,900</u>

Employee termination benefits accrued as of September 30, 2022 (Successor) are expected to be paid within twelve months from September 30, 2022. Contract termination costs and other costs primarily relate to non-employee related items and lease

obligations that will be settled over the remaining lease term. All of the restructuring activities accrued as of September 30, 2022 and December 31, 2021 are included in current liabilities on the consolidated balance sheet.

## 10. Revenue Contract Balances

### Contract Liabilities

For certain contractual arrangements, the Company receives cash consideration prior to providing the associated services resulting in deferred revenue recognition. In addition, the Company has recorded non-cash deferred revenue in connection with an obligation to Televisa to provide future advertising and promotion time. See Note 15. *Related Party Transactions*, under the heading “Televisa.”

The following table presents the deferred revenue:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Media and Entertainment:		
Deferred advertising and licensing revenue .....	\$ 485,300	\$ —
Televisa deferred advertising .....	12,700	52,900
Other deferred revenue .....	39,800	15,500
Total current deferred revenue .....	<u>\$ 537,800</u>	<u>\$ 68,400</u>
Media and Entertainment:		
Televisa deferred advertising .....	\$ 28,800	\$ 144,400
Other deferred revenue .....	37,000	23,100
Total non-current deferred revenue .....	<u>\$ 65,800</u>	<u>\$ 167,500</u>
Total deferred revenue .....	<u>\$ 603,600</u>	<u>\$ 235,900</u>

As result of the TelevisaUnivision Transaction and the settlement of our pre-existing obligation to provide free advertising to Televisa (See Note 15. *Related Party Transactions*), the Company committed to provide free advertising for use by Televisa and its Subsidiaries at no cost for promotion of the soccer team and related assets of Club Futbol America S.A. de C.V., a subsidiary of Televisa, through the 2025/2026 Mexican soccer season, which was determined to have a fair value of \$45.7 million at the acquisition date.

During the three and nine months ended September 30, 2022 (Successor), approximately \$12.9 million and \$27.2 million of revenue was recognized that was included in the deferred revenue balance at December 31, 2021 (Successor). During the three months ended September 30, 2021 (Successor), approximately \$19.1 million of revenue was recognized that was included in the deferred revenue balance at May 17, 2021 (Successor). During the period from May 18, 2021 through September 30, 2021 (Successor) and from January 1, 2021 through May 17, 2021 (Predecessor), approximately \$26.0 million and \$21.7 million, respectively, of revenue was recognized that was included in the deferred revenue balance at May 18, 2021 (Successor) and at December 31, 2020 (Predecessor). Included in the current deferred revenue balance at September 30, 2022 is \$485.3 million related to the TelevisaUnivision Transaction.

### Contract Assets

In certain circumstances where the Company enters into a contract with a customer for the provision of services for a defined period of time, the Company defers certain costs incurred in association with the origination of the contract, which are generally amortized on a straight-line basis over the related contractual services period. As of September 30, 2022 (Successor) and December 31, 2021 (Successor), there are no current contract assets capitalized.

## 11. Program Rights and Prepayments

The table below present the components of the Company's program rights and prepayments:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
<b>Produced program rights</b>		
Completed.....	170,100	—
In-production.....	167,800	—
<b>Licensed program rights</b>		
Acquired.....	1,457,300	385,000
Prepaid.....	10,600	14,800
Total program rights and prepayments, at cost.....	<u>1,805,800</u>	<u>399,800</u>
Accumulated amortization and impairments.....	<u>(823,900)</u>	<u>(267,000)</u>
Program rights and prepayments, net.....	981,900	132,800
Current portion.....	<u>(668,100)</u>	<u>(91,800)</u>
Noncurrent portion.....	<u>\$ 313,800</u>	<u>\$ 41,000</u>

Program rights expenses which is recorded as a component of direct operating expense consisted of the following:

	<u>Three Months Ended September 30, 2022</u>	<u>Three Months Ended September 30, 2021</u>	<u>Nine Months Ended September 30, 2022</u>	<u>Period from May 18, 2021 through September 30, 2021</u>	<u>Period from January 1, 2021 through May 17, 2021</u>
	<u>(Successor)</u>	<u>(Successor)</u>	<u>(Successor)</u>	<u>(Successor)</u>	<u>(Predecessor)</u>
Programming costs other than amortization.....	\$ 281,900	\$ 85,600	\$ 473,600	\$ 124,600	\$ 132,100
Program rights amortization.....	82,600	86,800	555,000	118,300	69,600
Other production costs.....	65,800	25,500	172,900	36,200	32,200
Program rights impairment.....	1,900	4,200	1,900	4,200	19,700
Total program rights expense.....	<u>\$ 432,200</u>	<u>\$ 202,100</u>	<u>\$ 1,203,400</u>	<u>\$ 283,300</u>	<u>\$ 253,600</u>

During the three months ended September 30, 2022 (Successor), the Company recognized non-cash impairment loss of \$1.9 million, related to the write-down for sports rights which will no longer be aired. During the period from May 18, 2021 through September 30, 2021 (Successor), the Company recognized non-cash impairment loss of \$4.2 million related to the write-down for content which was no longer aired. During the period from January 1, 2021 through May 17, 2021 (Predecessor), the Company recognized non-cash impairment loss of \$19.7 million, related to the write-down of certain television sports program rights, primarily resulting from the reduction in the number of games aired on the linear networks as well as certain payments made in excess of recoverable amounts.

## 12. Financial Instruments and Fair Value Measures

The carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value.

*Accounts Receivables* – The Company's accounts receivable arise from the sale of advertising on broadcast and cable networks, local television and radio stations that generate advertising revenue. The Company also generates revenue from the sale of display, mobile and video advertising, as well as sponsorships, on our various digital properties. In addition, accounts receivable arise through subscriber fee revenue from fees charged for the right to view the programming content of the Company's broadcast networks, cable networks and stations through a variety of distribution platforms and viewing devices. Subscriber fee revenue is principally comprised of fees received from MVPDs for carriage of the Company's networks and for carriage of its broadcast networks aired on the Company's owned television stations as well as fees for digital content.

The Company considers a number of factors in estimating the credit losses associated with its accounts receivable including historical experience, the current financial condition of an individual customer and overall market conditions. The Company evaluates its credit losses on a customer by customer basis.

The following table provides the details of the Company’s allowance for doubtful accounts:

	<u>Balance as of December 31, 2021</u>	<u>Provision for expected credit losses</u>	<u>Write-offs</u>	<u>Recoveries and Other</u>	<u>Balance as of September 30, 2022</u>
	<u>(Successor)</u>				<u>(Successor)</u>
Allowance for Doubtful Accounts.....	\$ 4,400	\$ 4,700	\$ (1,700)	\$ (300)	\$ 7,100

	<u>Balance as of December 31, 2020</u>	<u>Provision for expected credit losses</u>	<u>Write-offs</u>	<u>Recoveries</u>	<u>Balance as of September 30, 2021</u>
	<u>(Predecessor)</u>				<u>(Successor)</u>
Allowance for Doubtful Accounts.....	\$ 8,800	\$ (2,700)	\$ (1,200)	\$ (300)	\$ 4,600

*Interest Rate Swaps*—The Company uses interest rate swaps to manage its interest rate risk. These interest rate swaps are measured at fair value primarily using significant other observable inputs (Level 2). In adjusting the fair value of its derivative contracts for the effect of nonperformance risk, the Company has considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts, and guarantees. See Note 17. *Interest Rate Swaps*.

The majority of inputs into the valuations of the Company’s interest rate swap derivatives include market-observable data such as interest rate curves, volatilities, and information derived from, or corroborated by, market-observable data. Additionally, a specific unobservable input used by the Company in determining the fair value of its interest rate derivatives is an estimation of current credit spreads to appropriately reflect both its own nonperformance risk and the respective counterparty’s nonperformance risk in the fair value measurements. The inputs utilized for the Company’s own credit spread are based on implied spreads. For counterparties with publicly available credit information, the credit spreads over the LIBOR used in the calculations represent implied credit default swap spreads obtained from a third-party credit data provider. Once these spreads have been obtained, they are used in the fair value calculation to determine the credit valuation adjustment (“CVA”) component of the derivative valuation. Based on the Company’s assessment of the significance of the CVA, it is not considered a significant input. The Company has determined that its derivative valuations in their entirety are classified as Level 2 measurements. The Company made an accounting policy election to measure the credit risk of its derivative financial instruments that are subject to master netting agreements on a net basis by counterparty portfolio.

*Equity Investments Not Accounted for Under the Equity Method*—The fair value of the Entravision Communications Corporation (“Entravision”) investment is based on the market value of Entravision’s Class A common stock which is a Level 1 input. See Note 13. *Investments*.

*Fair Value of Debt Instruments*—The carrying value and fair value of the Company’s debt instruments as of September 30, 2022 (Successor) and December 31, 2021 (Successor) are set out in the following tables. The fair values of the credit facilities are based on market prices (Level 1). The fair values of the senior notes are based on market yield curves based on credit rating (Level 2). The accounts receivable facility carrying value approximates fair value (Level 1). See Note 16. *Debt* for information on recent financing transactions.

	As of September 30, 2022	
	Carrying Value	Fair Value
Replacement bank senior secured revolving credit facility maturing in 2025 .....	\$ —	\$ —
Replacement bank senior secured revolving credit facility maturing in 2027 .....	—	—
Bank senior secured term loan facility maturing in 2024 .....	361,400	358,100
Bank senior secured term loan facility maturing in 2026 .....	1,916,200	1,864,200
New Term Loan A Facility maturing in 2027 .....	490,700	480,800
Bank senior secured term loan facility maturing in January 2029 .....	999,700	995,100
New Term Loan B Facility maturing in June 2029 .....	480,500	484,500
Senior Secured Notes:		
5.125% Senior Secured Notes due 2025 .....	1,495,300	1,398,600
6.625% Senior Secured Notes due 2027 .....	1,581,900	1,415,000
4.500% Senior Secured Notes due 2029 .....	1,033,700	850,100
7.375% Senior Secured Notes due 2030 .....	891,000	851,300
Accounts receivable facility maturing in 2026 .....	100,000	100,000
Note payable with Grupo Televisa .....	285,600	305,600
	<u>\$ 9,636,000</u>	<u>\$ 9,103,300</u>

	As of December 31, 2021	
	Carrying Value	Fair Value
Replacement bank senior secured revolving credit facility maturing in 2025 .....	\$ —	\$ —
Bank senior secured term loan facility maturing in 2024 .....	1,897,900	1,897,400
Bank senior secured term loan facility maturing in 2026 .....	1,926,300	1,956,400
Senior Secured Notes:		
5.125% Senior Secured Notes due 2025 .....	1,500,000	1,495,200
9.500% Senior Secured Notes due 2025 .....	396,000	397,100
6.625% Senior Secured Notes due 2027 .....	1,593,200	1,617,300
4.500% Senior Secured Notes due 2029 .....	1,031,900	1,064,700
Accounts receivable facility maturing in 2026 .....	100,000	100,000
	<u>\$ 8,445,300</u>	<u>\$ 8,528,100</u>

### 13. Investments

The carrying value of the Company's unconsolidated investments is as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Entravision .....	\$ 37,100	\$ 63,400
Equity method investments:		
Combate .....	29,300	30,500
Other equity method investments .....	8,200	2,700
Equity investments without readily determinable values:		
Fetch Rewards .....	35,000	—
Rappi .....	22,500	—
Kavak .....	20,000	—
Other equity investments .....	72,800	1,500
Total investments .....	<u>\$ 224,900</u>	<u>\$ 98,100</u>

*Entravision* - The Company holds 9.4 million shares of Entravision Class U shares which have limited voting rights and are not publicly traded but are convertible into Class A common stock upon sale of these shares to a third party. The Company considers these Class U shares to have a readily determinable fair value based on Entravision's Class A shares. The fair value of the Company's investment of Entravision as of September 30, 2022 (Successor) is \$37.1 million and as of December 31, 2021 (Successor) was \$63.4 million. For the three and nine months ended September 30, 2022 (Successor), a loss of \$5.5 million and \$26.3 million, respectively, is recorded in Acquisition related costs and other, net within the Company's consolidated statements of operations related to changes in the fair value of Entravision's shares. For the three months ended September 30, 2021 (Successor), the Company recorded a gain of \$3.9 million, in Acquisition related costs and other, net within the Company's consolidated statements of operations related to Entravision's change in fair value. For the period from May 18, 2021 through September 30, 2021 (Successor) and from January 1, 2021 through May 17, 2021 (Predecessor), the Company recorded a gain of \$28.3 million and \$12.4 million, respectively, in Acquisition related costs and other, net within the Company's consolidated statements of operations related changes in the fair value of Entravision's shares.

#### *Equity Method Investments:*

*Combate* - On April 9, 2021, the Company acquired a 27.6% equity interest in Combate Americas, LLC ("Combate") a premier Hispanic Mixed Martial Arts sports franchise which includes reality TV programming, live events and mobile programming for \$32.1 million. The carrying value of the Company's investment in Combate as of September 30, 2022 (Successor) is \$29.3 million. For the three and nine months ended September 30, 2022 (Successor), a loss of \$0.6 million and \$1.2 million, respectively, is recorded in Acquisition related costs and other, net within the Company's consolidated statements of operations related to its equity investment in Combate.

*Other* - As of September 30, 2022, the Company holds equity positions in several small early-stage entities of \$8.2 million, primarily related to investments acquired as part of the TelevisaUnivision Transaction.

#### *Equity investments without readily determinable fair values:*

*Fetch Rewards* - On March 23, 2022, the Company acquired a 1.2% investment in Fetch Rewards, Inc ("Fetch"), a mobile shopping platform that rewards shoppers for their shopping habits, and provide rewards for customer loyalty. The carrying value of the Company's investment as of September 30, 2022 (Successor) is \$35.0 million which is primarily of \$32.5 million in future advertising that was recorded as deferred revenue as of March 31, 2022.

*Rappi* - As a result of the TelevisaUnivision Transaction, the Company acquired a 1% investment in Rappi, Inc ("Rappi"), a technology company that specializes in providing online delivery services. The carrying value of the Company's investment as of September 30, 2022 (Successor) is \$22.5 million.

*Kavak* - As part of the TelevisaUnivision Transaction, the Company acquired a 2% investment in Kavak Holdings Limited ("Kavak"), which operates an online pre-owned car marketplace. The carrying value of the Company's investment as of September 30, 2022 (Successor) is \$20.0 million.

**Other** - The Company holds several equity positions in small early-stage entities some of which may not have readily determinable fair value. As of September 30, 2022 (Successor), other investments includes \$72.8 million, which are primarily comprised of investments acquired as part as the TelevisaUnivision Transaction. For the three and nine months ended September 30, 2022 there was no corresponding gain or loss associated with such investments. For the period from May 18, 2021 through September 30, 2021 (Successor) and from January 1, 2021 through May 17, 2021 (Predecessor), the Company recorded a net gain of zero and \$3.5 million, respectively, in Acquisition related costs and other, net within the Company’s consolidated statements of operations from the sale of its investment in fuboTV Inc. For the three months ended September 30, 2021 (Successor), there was no corresponding gain or loss associated with such investment in the early-stage entities.

## 14. Acquisitions

### *Pantaya Acquisition*

On September 13, 2022, the Company acquired a 100% equity interest in Pantaya, LLC (“Pantaya”), a U.S. streaming platform focused on Spanish-language content for a preliminary purchase consideration of \$141.7 million (subject to a working capital adjustment and the transfer of some Puerto Rican radio assets which are pending FCC approval). The acquisition of Pantaya is accounted for as a business combination under the scope of ASC 805. The Pantaya acquisition enhanced our ongoing digital transformation by bringing together highly complementary streaming assets and building up our subscriber base.

The fair value of the assets acquired and liabilities assumed was determined based on assumptions that reasonable market participants would use in the principal (or most advantageous) market for the business. The Company’s purchase accounting remains preliminary and the allocation of the preliminary purchase price to certain assets acquired and liabilities assumed is provisional. These amounts will be subject to review and possible revision during the measurement period, which the Company expects to extend through September 2023. The subsequent adjustment of the provisional amounts may be material. Adjustments to initial preliminary fair value of the assets acquired and assumed liabilities during the measurement period, are recorded during the period in which the adjustment are determined, including the effect on earnings of any amounts we would have recorded in previous periods if the accounting had been completed (i.e. the historical reported financial statements will not be retrospectively adjusted).

The summary of intangible assets acquired and the estimated useful life as of the acquisition date (amounts in thousands).

	<b>Preliminary Fair Value</b>	<b>Estimated Useful Life in Years</b>
e-Commerce direct relationships .....	\$ 10,400	3.5
Wholesale / Partners relationships .....	11,700	4.5
Total intangible assets acquired .....	<u><u>\$ 22,100</u></u>	

The Pantaya acquisition resulted in the recognition of preliminary Goodwill of \$94.5 million which is assigned to the Media and Entertainment segment and is pending finalization of purchase accounting. The full amount of Goodwill is not deductible for tax purposes. The Goodwill recognized is due to (i) the ability to integrate the Pantaya subscribers into the Company's ViX+, subscription streaming service and (ii) existing Pantaya assembled workforce and know-how acquired as part of the transaction.

The Pantaya acquisition did not materially affect the Company’s results. The Company incurred \$3.5 million of acquisition related costs which are expensed and recorded within the Acquisition related costs and other, net.

### *VIX, Inc. Acquisition*

On January 30, 2021, the Company acquired VIX, Inc., a leading independent ad-supported streaming service that offers video-on-demand content to U.S. Hispanics and consumers throughout Latin America for approximately \$23.6 million (net of cash acquired). The acquisition of VIX, Inc. did not materially affect the Company’s results. The Company incurred immaterial acquisition costs.

## 15. Related Party Transactions

### Televisa, Searchlight, ForgeLight, Liberty and Google

#### *Management Services Agreement*

An affiliate of ForgeLight (the “Consultant”) and the Company’s Chief Executive Officer, Mr. Wade Davis, have entered into a management services agreement with UHI and the Company dated January 28, 2021. The term of the management services agreement is indefinite, subject to certain rights of termination and resignation by either party. In compensation for the services provided under the management services agreement, the Company has agreed to pay the Consultant an annual management services fee of \$3.0 million, a supplemental fee in a target amount of 100% of the management services fee, certain aircraft allowances and certain other benefits. In addition, during the quarter ended March 31, 2021, UHI issued to the Consultant an equity grant of Class C subordinated common stock of UHI in an amount equal to 5% of the outstanding stock of UHI on a fully diluted, post-issuance basis. The shares of Class C subordinated common stock issued in the equity grant are subject to time-based vesting and automatic vesting upon the occurrence of certain specified events. If the Consultant is terminated or resigns under certain circumstances, UHI has agreed to pay a termination fee of 150% of the management services fee over the twelve months following such termination or resignation and a prorated portion of the supplemental fee.

#### *Google Agreements*

In connection with the TelevisaUnivision Transaction, on January 31, 2022, Google LLC (“Google”) became an investor in UH Holdco. As of September 30, 2022, Google held 14.9% of UH Holdco's Series C preferred shares. On April 13, 2021, the Company and certain of its Affiliates entered into a suite of commercial agreements with Google and certain of its Affiliates, to provide the Company with the technology framework necessary for the Company’s engineering team to build its streaming platform for the ViX streaming services. These commercial arrangements include, most notably, a \$1.1 billion commitment to purchase Google’s cloud services over eight years and a \$61.0 million commitment to purchase advertising and related services over five years. Later in 2021, the Company also entered into an agreement to launch its stations and services on Google’s YouTubeTV vMVPD platform. Other ordinary course agreements between Google and the Company also exist, such as a market developer agreement for inclusion of the Company’s streaming apps in Google’s Play store.

#### *Other Agreements and Transactions*

Pursuant to the Amended and Restated Stockholders Agreement, dated as of May 18, 2021, entered into by the Company, UH Holdco, UHI, and Broadcast Holdings, with Searchlight, ForgeLight, Liberty and Televisa, the Company’s Board of Directors and any observers to the Board of Directors are entitled to reimbursement by the Company of any reasonable out-of-pocket expenses incurred by such directors or observers in connection with attending any meeting of the Board of Directors or any committee thereof. There were no out-of-pocket expenses in 2022.

Searchlight and ForgeLight are private investment firms that may have investments in companies that may do business with the Company.

### Historical Televisa Transactions

#### *Program License Agreement (as amended, the “PLA”)*

Prior to the TelevisaUnivision Transaction and pursuant to the program license agreement entered into effective 2011 (the “2011 PLA”) and a predecessor program license agreement (the “Prior PLA”) between Televisa and the Company, the Company committed to provide future advertising and promotion time at no charge to Televisa, with a cumulative historical fair value of \$970.0 million. The book value remaining under these advertising and promotion time commitments as of December 31, 2021 (Successor) was \$197.3 million, based on the fair value of the Company’s advertising commitments determined in the Reorganization purchase accounting and is recorded as deferred revenue (see Note 10. *Revenue Contract Balances*). As result of the TelevisaUnivision Transaction, the remaining deferred revenue balance of \$196.5 million was settled in full, and separately, as part of the total consideration exchanged in the TelevisaUnivision Transaction. No gain or loss was recorded in conjunction with settling this pre-existing contractual relationship as the \$196.5 million deferred revenue obligation as of the settlement date was determined to be equal to its fair value. The PLA deferred revenue balance was settled through a combination of cash and non- cash consideration, including commitment to provide free advertising for use by Grupo Televisa and its Subsidiaries at no cost for promotion of the soccer team and

related assets of Club Futbol America S.A. de C.V., a subsidiary of Televisa, through the 2025/2026 Mexican soccer season, which was determined to have a fair value of \$45.7 million. See Note 10. *Revenue Contract Balances*.

For the three and nine months ended September 30, 2022 (Successor) the Company satisfied its commitments for the periods resulting in revenue recognized of \$1.8 million and \$5.0 million, respectively. For the three months ended September 30, 2021 (Successor), the period from May 18, 2021 through September 30, 2021 (Successor) and from January 1, 2021 through May 17, 2021 (Predecessor), the Company satisfied its commitment for the periods resulting in revenue recognized of \$16.1 million, \$20.7 million and \$16.8 million, respectively. The deferred revenue is earned and revenue is recognized as advertising revenue as the related advertising and promotion time is provided.

Prior to the TelevisaUnivision Transaction, Televisa received royalties based on 16.45% of substantially all of the Company's Spanish language media and entertainment revenue and an incremental 2.0% in royalty payments above a contractually defined revenue base (\$1.63 billion). Included in the nine months ended September 30, 2022 (Successor) period, the Company recorded a license fee to Grupo Televisa of \$30.6 million representing the final period from January 1, 2022 until January 31, 2022. The Company had accrued license fees to Televisa of \$31.0 million as of December 31, 2021 (Successor), which is included in accounts payable and accrued liabilities on the consolidated balance sheets.

As discussed in Note 3. *TelevisaUnivision Transaction*, on April 13, 2021, UHI entered into a definitive agreement pursuant to which, among other things, a subsidiary of UHI agreed to acquire Televisa's content and media assets (other than certain assets related to the news content business and concessions). The TelevisaUnivision Transaction closed on January 31, 2022. As a result of the TelevisaUnivision Transaction, the Company and its subsidiaries, on the one hand, and Televisa and its subsidiaries, on the other hand, have entered into a number of commercial agreements with respect to certain broadcasting rights, licenses and transition services.

The following table lists the significant related party arrangements between the Company and Televisa and its affiliates as of September 30, 2022:

Description	Consolidated Balance Sheet Location	September 30, 2022
Accounts receivables (a) .....	Accounts receivables, less allowance for doubtful accounts	\$ 38,900
Prepaid assets .....	Prepaid expenses and other	1,300
Accrued interest .....	Accounts payable & accrued liabilities	22,500
Accrued expenses (a) .....	Accounts payable & accrued liabilities	48,700
Televisa deferred advertising - current .....	Deferred revenue	12,700
Televisa deferred advertising - non current .....	Deferred revenue (non current)	28,800
Note Payable .....	Long-term debt and finance lease obligations	285,600
Finance lease obligation and related assets - current .....	Current portion of long-term debt and finance lease obligations	22,300
Finance lease obligation and related assets - non current .....	Long-term debt and finance lease obligations	202,500

- (a) Accounts receivables primarily relates to advertising and subscription revenue with Televisa and its affiliates. Accrued expenses primarily relates to administrative services provided by Televisa and its affiliates, net of certain related party receivables.

As a result of the TelevisaUnivision Transaction on January 31, 2022, the Company was no longer subject to a license fee under its program license agreement with Grupo Televisa. Below is the royalty base for the one month period ending January 31, 2022 and for the three and nine-month periods ending September 30, 2021. The Company is providing the supplemental information below which is the portion of the Company's revenue equal to the royalty base used to determine the license fee payable by the Company under the program license agreement with Televisa, as set forth below.

	<u>Month Ended January 31, 2022</u>
	<u>(Successor)</u>
Consolidated Revenue .....	\$ 216,500
Less:	
Radio operating segment revenue (including radio digital revenue) .....	(14,600)
Other adjustments to arrive at revenue included in royalty base .....	(13,100)
Royalty base used to calculate Televisa license fee .....	<u>\$ 188,800</u>

	<u>Three Months Ended September 30, 2021</u>	<u>Period from May 18, 2021 through September 30, 2021</u>	<u>Period from January 1, 2021 through May 17, 2021</u>
	<u>(Successor)</u>	<u>(Successor)</u>	<u>(Predecessor)</u>
Consolidated Revenue .....	\$ 754,700	\$ 1,111,700	\$ 976,900
Less:			
Radio operating segment revenue (including radio digital revenue) ..	(66,400)	(98,900)	(70,800)
Other adjustments to arrive at revenue included in royalty base .....	(58,600)	(83,900)	(36,400)
Royalty base used to calculate Televisa license fee .....	<u>\$ 629,700</u>	<u>\$ 928,900</u>	<u>\$ 869,700</u>

#### **Univision Holdings, Inc. and TelevisaUnivision, Inc.**

During the three and nine months ended September 30, 2022 (Successor), the Company repurchased shares of common stock on behalf of TelevisaUnivision, Inc. of zero and \$3.8 million, respectively, and made tax payments related to net share settlement on TelevisaUnivision, Inc. equity awards to Univision employees of \$0.7 million and \$4.0 million, respectively.

During the period from January 1, 2021 through May 17, 2021 (Predecessor), the Company made tax payments related to net share settlement on UHI equity awards to Univision employees of \$0.8 million. During the period from May 18, 2021 through September 30, 2021 (Successor), the Company repurchased shares of common stock on behalf of UH Holdco of \$1.0 million and made tax payments related to net share settlement on UH Holdco equity awards to Univision employees of \$2.5 million.

During the three and nine months ended September 30, 2022 (Successor), the Company paid Series B cumulative preferred stock dividends on behalf of TelevisaUnivision, Inc of \$10.4 million and \$27.5 million, respectively.

## 16. Debt

Long-term debt consists of the following:

	September 30, 2022	December 31, 2021
Replacement bank senior secured revolving credit facility maturing in 2025	\$ —	\$ —
Replacement bank senior secured revolving credit facility maturing in 2027	—	—
Bank senior secured term loan facility maturing in 2024	361,400	1,897,900
Bank senior secured term loan facility maturing in 2026	1,916,200	1,926,300
New Term Loan A Facility maturing in 2027	490,700	—
Bank senior secured term loan facility maturing in January 2029	999,700	—
New Term Loan B Facility maturing in June 2029	480,500	—
Senior Secured Notes:		
5.125% Senior Secured Notes due 2025	1,495,300	1,500,000
9.500% Senior Secured Notes due 2025	—	396,000
6.625% Senior Secured Notes due 2027	1,581,900	1,593,200
4.500% Senior Secured Notes due 2029	1,033,700	1,031,900
7.375% Senior Secured Notes due 2030	891,000	—
Accounts receivable facility maturing in 2026	100,000	100,000
Note payable to Grupo Televisa	285,600	—
Finance lease	269,800	53,700
	<u>9,905,800</u>	<u>8,499,000</u>
Less current portion	(88,800)	(30,400)
Long-term debt and finance lease and other obligations	<u>\$ 9,817,000</u>	<u>\$ 8,468,600</u>

Approximately \$86.8 million and \$26.9 million of deferred financing costs are presented as a direct reduction of the Company's long-term debt in the consolidated balance sheet as of September 30, 2022 (Successor) and December 31, 2021 (Successor), respectively. At September 30, 2022 (Successor) and December 31, 2021 (Successor), other assets included \$1.4 million and \$0.7 million, respectively, of deferred financing costs related to the Company's revolving credit facilities. The following table details the principal and carrying values of the Company's long-term debt as of September 30, 2022 (Successor). The difference between principal and carrying value is made up of the \$86.8 million of deferred financing costs discussed above and \$69.9 million of unamortized fair value adjustments resulting from the Reorganization and the discount arising from the new debt issuance.

	Principal	Fair Value Adjustments/ (Discount) and (Deferred Financing Costs)	Carrying Value
Replacement bank senior secured revolving credit facility maturing in 2025	\$ —	\$ —	\$ —
Replacement bank senior secured revolving credit facility maturing in 2027	—	—	—
Bank senior secured term loan facility maturing in 2024	361,300	100	361,400
Bank senior secured term loan facility maturing in 2026	1,939,300	(23,100)	1,916,200
New Term Loan A Facility maturing in 2027	493,800	(3,100)	490,700
Bank senior secured term loan facility maturing in January 2029	1,044,700	(45,000)	999,700
New Term Loan B Facility maturing in June 2029	498,800	(18,300)	480,500
Senior Secured Notes:			
5.125% Senior Secured Notes due 2025	1,479,400	15,900	1,495,300
9.500% Senior Secured Notes due 2025	—	—	—
6.625% Senior Secured Notes due 2027	1,500,000	81,900	1,581,900
4.500% Senior Secured Notes due 2029	1,050,000	(16,300)	1,033,700
7.375% Senior Secured Notes due 2030	900,000	(9,000)	891,000
Accounts receivable facility maturing in 2026	100,000	—	100,000
Note payable with Grupo Televisa	285,600	—	285,600
Finance lease	269,800	—	269,800
	<u>\$ 9,922,700</u>	<u>\$ (16,900)</u>	<u>\$ 9,905,800</u>

## Debt Instruments

### *Recent Developments*

On August 26, 2022, the Company issued \$400.0 million in additional aggregate principal amount of its existing 7.375% Senior Secured Notes due 2030 (the “additional 2030 notes”). The additional 2030 notes were issued under the same indenture governing the initial 2030 notes, have the same terms as the initial 2030 notes and are treated as a single series with the initial 2030 notes. The additional 2030 notes were priced at 101.500%. As of September 30, 2022, after giving effect to the issuance of the additional 2030 notes, the Company has \$900.0 million aggregate principal amount of its 7.375% Senior Secured Notes due 2030 outstanding.

On June 24, 2022, the Company issued senior secured debt of \$1.5 billion made up of (i) a \$500.0 million bank senior secured term loan A facility maturing in 2027 (the “New Term Loan A Facility”), (ii) a \$500.0 million bank senior secured term loan B facility maturing in June 2029 (the “New Term Loan B Facility”) and (iii) \$500.0 million in aggregate principal amount of 7.375% Senior Secured Notes due 2030 (the “initial 2030 notes”). The Company utilized the debt issuance proceeds to (x) redeem all of the outstanding 9.5% Senior Secured Notes due 2025 of \$370.0 million and (y) make a \$1,130.0 million partial prepayment of the bank senior secured term loan B facility maturing in 2024 (the “2024 term loans”).

On January 31, 2022, the Company entered into a new bank credit agreement (the “2022 Credit Agreement”) with JPMorgan Chase Bank, N.A., as administrative agent, which provided a new senior secured term loan B facility of \$1,050.0 million with a maturity date of January 31, 2029 (the “January 2029 term loans”). The 2022 Credit Agreement was further amended on June 24, 2022 to provide for the New Term Loan B Facility, which is treated as a separate class of term loans from the January 2029 term loans. As of September 30, 2022, the Company had two separate credit agreements (i) the 2007 Credit Agreement with Goldman Sachs, as administrative agent, and (ii) the 2022 Credit Agreement (defined above).

### *Senior Secured Credit Facilities*

*Bank senior secured revolving credit facility* — At September 30, 2022 (Successor), the Company had no outstanding balance on the bank revolving credit facilities and the Company had \$610.0 million available for borrowing under its bank revolving credit facilities following the June 2022 Amendment (as defined below).

On June 24, 2020, the Company entered into an amendment (the “June 2020 Amendment”) to the 2007 Credit Agreement governing the Company’s senior secured revolving credit facility and senior secured term loan facility, which are referred to collectively as the “Senior Secured Credit Facilities.” The June 2020 Amendment, among other things, (a) provided for a new class of revolving credit commitments that refinanced and decreased the commitments under the then existing revolving credit facility from \$850.0 million to \$610.0 million (with a letter of credit sub-facility thereunder of \$175.0 million), subject to an unused commitment fee in an amount equal to 0.35% per annum on the average unused daily revolving credit balance, which matures on April 30, 2025 (subject to an earlier maturity if certain indebtedness of the Company is not repaid or refinanced on or prior to the dates set forth in the credit agreement), and revolver drawings will typically bear interest at LIBOR (with no floor) and a margin of 3.75% per annum (with leveraged-based step downs consistent with the existing credit agreement); and (b) facilitated the incurrence of replacement term loans in an aggregate principal amount of approximately \$2.0 billion (the “2026 term loans”) to refinance a portion of the 2024 term loans, with the replacement term loans having a maturity date of March 15, 2026 and amortizing at 1.0% per annum on a quarterly basis, commencing on September 30, 2020. The replacement term loans will typically bear interest at LIBOR (with a LIBOR floor of 1.00% per annum) plus an applicable margin of 3.75% per annum (with no leveraged-based step downs).

Approximately \$1,922.7 million of 2024 term loans were not amended in the June 2020 Amendment and continue to have a maturity date of March 15, 2024 and bear interest at the rates otherwise set forth in the existing credit agreement.

On June 24, 2022, the Company entered into an amendment (the “June 2022 Amendment”) to its Senior Secured Credit Facilities to, among other things, establish a new class of revolving credit commitments in an aggregate principal amount of \$522.0 million, which shall have a five year maturity date (subject to an earlier maturity if certain indebtedness of the Company is not repaid or refinanced on or prior to the dates set forth in the credit agreement; such early date, the “Springing Maturity Date”) and accrue interest at the Term SOFR rate with an interest rate margin tied to the Company’s leverage ratio ranging from 2.75%-3.75% per annum for Term SOFR loans and ranging from 1.75%-2.75% per annum for base rate loans (each with leverage-based step downs), which shall replace substantially all of the existing senior secured revolving credit facility described above, with exception to Deutsche Bank AG New York Branch’s \$88.0 million commitment which matures on April 30, 2025 (subject to the springing maturity date provided in the June 2020 Amendment); provided that, the Company may, in its sole discretion and subject to the terms

of the Senior Secured Credit Facilities, elect to terminate any of such non-extended commitments under the senior secured revolving credit facility altogether and/or cause any of such non-extended commitments to be assigned to a lender who will cause them to be a part of the new class of revolving credit commitments. The extended senior secured revolving credit facility and non-extended senior secured revolving credit facility are collectively referred to as the “senior secured revolving credit facilities.”

*Bank senior secured term loan facility maturing in 2024* – On June 24, 2022, the Company partially prepaid the principal balance of \$1,130.0 million of the 2024 term loans using the proceeds from the issuance of New Term Loan A Facility, the New Term Loan B Facility and the initial 2030 notes. On August 26, 2022, the Company used the net proceeds from the additional 2030 notes issuance to prepay an additional \$406.0 million of the 2024 term loans. As of September 30, 2022 (Successor), the total aggregate outstanding principal amount of the 2024 term loans was \$361.3 million and the unamortized fair value adjustment as a result of the Reorganization was \$0.1 million.

*Bank senior secured term loan facility maturing in 2026* – As of September 30, 2022 (Successor), the total aggregate principal amount of the 2026 term loans was \$1,939.3 million, the unamortized deferred financing costs balance was \$7.2 million, and the unamortized fair value adjustment as a result of the Reorganization was \$15.9 million. In July 2021, the Company entered into an amendment of its senior secured credit agreement to reprice the 2026 term loans to LIBOR plus a margin of 3.25% per annum with a 0.75% per annum LIBOR floor. The repriced 2026 term loans have a maturity date of March 15, 2026 and amortize at 1.0% per annum on a quarterly basis, commencing on September 30, 2021.

*Bank senior secured term loan facility maturing in 2027* - On June 24, 2022, the Company entered into the June 2022 Amendment to its Senior Secured Credit Facilities to, among other things, (a) establish a non-fungible tranche of senior secured “term A” loans (the “Term Loan A Facility”) and (b) make a prepayment of the 2024 term loans. The Term Loan A Facility has a five-year maturity date (subject to the Springing Maturity Date) and has an interest rate margin tied to the Company’s leverage ratio ranging from 2.75%-3.75% per annum for Term SOFR loans and ranging from 1.75%-2.75% per annum for base rate loans (each with leverage-based step downs). The loans under the Term Loan A Facility amortize at 5.0% per annum on a quarterly basis, commencing on September 30, 2022. The Company used the proceeds from the issuance of the Term Loan A Facility to fund the partial prepayment of the 2024 terms loans. The partial prepayment occurred concurrently with the closing of the Term Loan A Facility on June 24, 2022. As of September 30, 2022 (Successor), the total aggregate principal amount of the Term Loan A Facility was \$493.8 million, and the unamortized deferred financing costs balance was \$3.1 million.

*Bank senior secured term loan facilities maturing in 2029* – On January 31, 2022, the Company entered into the 2022 Credit Agreement, which initially provided for the January 2029 term loans that were funded in full in connection with the closing of the TelevisaUnivision Transaction on January 31, 2022. The Company may choose to pay interest on the January 2029 term loans at either a LIBOR-based rate (with a LIBOR floor of 0.75%) or a base rate, in each case plus a margin of (i) 2.250% per annum for base rate loans or (ii) 3.250% per annum for LIBOR rate loans, subject to mechanisms to replace LIBOR upon certain circumstances with a new reference rate. The January 2029 term loans are subject to amortization in equal quarterly installments (commencing on June 30, 2022) of principal in an aggregate amount equal to 1.00% per annum, with the remaining balance payable at the final date of maturity. The January 2029 term loans are guaranteed by Broadcast Holdings and the Company’s material, wholly-owned restricted domestic subsidiaries (subject to certain exceptions), and are secured by, among other things, substantially all of the assets of the Company, Broadcast Holdings and the Company’s material, wholly-owned restricted domestic subsidiaries (subject to certain exceptions). The priority of security interests and related creditors’ rights for the January 2029 term loans are set forth in an intercreditor agreement. As of September 30, 2022 (Successor), the total aggregate principal amount of the January 2029 term loans was \$1,044.7 million, and the unamortized deferred financing costs balance was \$45.0 million.

On June 24, 2022, the Company entered into the June 2022 Amendment of the 2022 Credit Agreement to, among other things, (a) establish a new class of incremental first lien term B loans constituting the New Term Loan B Facility and (b) make a prepayment of the 2024 term loans (the term loans outstanding under the 2022 Credit Agreement, as amended, are referred to collectively as the “New Term Loan Facility”). The loans under the New Term Loan B Facility bear an interest rate margin of 4.25% per annum for Term SOFR loans and 3.25% per annum for base rate loans. The loans under the New Term Loan B Facility have a maturity date of June 24, 2029 and amortize at 1.0% per annum on a quarterly basis, commencing on September 30, 2022. As of September 30, 2022 (Successor), the total aggregate principal amount of the New Term Loan B Facility was \$498.8 million, the unamortized deferred financing costs balance was \$3.9 million, and the unamortized discount was \$14.4 million.

The 2022 Credit Agreement provides for an incremental facility that the Company may use to add one or more incremental term loan facilities, increase commitments under the existing term loan facility and/or add one or more incremental revolving loan facilities by up to (i) a fixed amount of \$750.0 million, plus (ii) an unlimited amount of additional first-lien obligations so long as the consolidated first-lien leverage ratio, on a pro forma basis, does not exceed 6.00:1.00 or, if incurred in connection with an acquisition

or other investment permitted under the credit agreement, would be leverage neutral, plus (iii) an unlimited amount of additional junior lien obligations, so long as the consolidated secured leverage ratio, on a pro forma basis, does not exceed 7:00:1.00, plus (iv) an unlimited amount of additional unsecured debt, so long as the consolidated total leverage ratio, on a pro forma basis, does not exceed 8.50:1.00, in each case, subject to other customary conditions and exceptions.

Additionally, the Company will be permitted to further refinance (whether by repayment, conversion or extension) its existing Senior Secured Credit Facilities and the New Term Loan Facility (in addition to the new incremental facilities described above) with certain permitted additional first-lien, second-lien, senior and/or subordinated indebtedness, in each case if certain conditions are met.

The Company used the net proceeds from the New Term Loan Facility as described above.

In addition, mandatory prepayments will be required to prepay amounts outstanding under the New Term Loan Facility in an amount equal to:

- 100% (which percentage will be reduced upon the achievement of specified performance targets) of net cash proceeds from certain asset dispositions by the Company or any of its restricted subsidiaries, subject to certain exceptions, ratable sharing provisions and reinvestment provisions; and
- 100% of the net cash proceeds from the issuance or incurrence after the closing date of any additional debt by the Company or any of its restricted subsidiaries (excluding debt permitted under the 2022 Credit Agreement, other than any indebtedness which serves to refinance or extend indebtedness then outstanding under the 2022 Credit Agreement, which shall be required to prepay loans as set forth in such credit agreement).

Voluntary prepayments of principal amounts outstanding under loans governed by the 2022 Credit Agreement will be permitted at any time; however, if a prepayment of principal is made with respect to an adjusted LIBOR loan or a Term SOFR loan, as applicable, on a date other than the last day of the applicable interest period, the lenders will require compensation for any funding losses and expenses incurred as a result of the prepayment. Under certain circumstances, a prepayment of all or any portion of the term loans governed by the 2022 Credit Agreement pursuant to a repricing transaction may be subject to a prepayment premium equal to 1.00% of the principal amount so prepaid.

The 2022 Credit Agreement contains restrictive covenants which, among other things, limit the incurrence of additional indebtedness, investments, dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, prepayments of subordinated indebtedness, liens and encumbrances and other matters customarily restricted in such agreements. The 2022 Credit Agreement does not contain any financial maintenance covenant.

The 2022 Credit Agreement contains customary events of default, including without limitation, payment defaults, breaches of representations and warranties, covenant defaults, cross-defaults to certain other indebtedness in excess of specified amounts, certain events of bankruptcy and insolvency, judgment defaults in excess of specified amounts, failure of any material provision of any guaranty or security document supporting the term loans thereunder to be in full force and effect, and a change of control.

The Company used the proceeds from the issuance of the New Term Loan B Facility to fund the partial prepayment of the 2024 term loans. The partial prepayment occurred concurrently with the closing of the New Term Loan B Facility on June 24, 2022.

For the nine months ended September 30, 2022, the effective interest rate related to the Company's senior secured term loans was 5.25% including the impact of interest rate swaps and 5.22% excluding the impact of interest rate swaps. The Company is permitted to further refinance (whether by repayment, conversion or extension) the Company's senior secured credit facilities (including the extended credit facilities) with certain permitted additional first-lien, second-lien, senior and/or subordinated indebtedness, in each case, if certain conditions are met.

### ***5.125% Senior Secured Notes due 2025***

The 5.125% senior notes due 2025 (the “5.125% 2025 senior notes”) are ten-year notes. On February 19, 2015, the Company issued \$750.0 million in aggregate principal amount of 5.125% 2025 senior notes, pursuant to an indenture dated as of February 19, 2015. The Company issued an additional \$810.0 million in aggregate principal amount of the 5.125% 2025 notes on April 21, 2015. The 5.125% 2025 senior notes mature on February 15, 2025 and pay interest on February 15 and August 15 of each year, commencing on August 15, 2015. Interest on the 5.125% 2025 senior notes accrues at a fixed rate of 5.125% per annum and is payable in cash. On September 5, 2017, the Company purchased \$80.6 million aggregate principal amount of its 5.125% 2025 senior notes through asset sale offers at a purchase price of 100% of the principal amount thereof plus accrued and unpaid interest thereon to, but not including, the date of purchase. At September 30, 2022 (Successor), the outstanding principal balance of the 5.125% 2025 senior notes was \$1,479.4 million and the unamortized fair value adjustment as a result of the Reorganization was \$15.9 million.

On and after February 15, 2020, the 5.125% 2025 senior notes may be redeemed, at the Company’s option, in whole or in part, at any time and from time to time at the redemption prices set forth below. The 5.125% 2025 senior notes will be redeemable at the applicable redemption price (expressed as percentages of principal amount of the 5.125% 2025 senior notes to be redeemed) plus accrued and unpaid interest thereon to the applicable redemption date if redeemed during the twelve-month period beginning on February 15 of each of the following years: 2021 (101.708%), 2022 (100.854%), 2023 and thereafter (100.000%). If the Company undergoes a change of control, as defined under its debt agreements, it may be required to offer to purchase the 5.125% 2025 senior notes from holders at a purchase price equal to 101% of the principal amount plus accrued interest. Subject to certain exceptions and customary reinvestment rights, the Company is required to offer to repay the 5.125% 2025 senior notes at par with the proceeds of certain assets sales.

The Company utilized the net proceeds from the issuance of the \$750.0 million 5.125% 2025 senior notes to fund a tender offer to purchase a portion or any and all of the Company’s \$1,200.0 million aggregate principal amount of 6.875% senior secured notes due 2019, including any fees and expenses relating to and in connection with the tender offer, and the Company also used the net proceeds from the issuance of the \$810.0 million 5.125% 2025 senior notes to fund a tender offer to purchase a portion or any and all of the Company’s \$750.0 million aggregate principal amount of the 7.875% senior secured notes due 2020, including any fees and expenses relating to and in connection with the tender offer.

### ***9.500% Senior Secured Notes due 2025***

On April 28, 2020, the Company issued \$370.0 million aggregate principal amount of the 9.500% senior secured notes due 2025 (the “9.5% 2025 senior notes”) at an original issuance discount of 99.026%, plus accrued and unpaid interest from April 28, 2020. The 9.5% 2025 senior notes will mature on May 1, 2025. The Company will pay interest on the 9.5% 2025 senior notes at a fixed rate of 9.500% per annum semi-annually in cash in arrears on May 1 and November 1 of each year, commencing on November 1, 2020. The Company may redeem the 9.5% 2025 senior notes, at the Company’s option, in whole or in part, upon not less than 10 nor more than 60 days’ notice at any time and from time to time at the redemption prices forth below. The 9.5% 2025 senior notes will be redeemable at the applicable redemption price (expressed as percentages of principal amount of the 9.5% 2025 senior notes to be redeemed) plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date if redeemed during the twelve month period beginning on May 1 of each of the following years: 2022 (104.750%), 2023 (102.375%) and 2024 and thereafter (100.000%). At any time prior to May 1, 2022, the Company may redeem the 9.5% 2025 senior notes at a redemption price equal to 100% of the principal amount of the 9.5% 2025 senior notes to be redeemed plus accrued and unpaid interest plus the greater of (i) 1.0% of the principal amount and (ii) the excess, if any, of (A) an amount equal to the present value at such redemption date of (1) the redemption price of such note at May 1, 2022, plus (2) all required interest payments due on such note through May 1, 2022 (excluding accrued but unpaid interest to, but excluding, the redemption date), computed using a discount rate equal to the Treasury Rate (as defined in the indenture) as of such redemption date plus 50 basis points; over (B) the principal amount of such note to be redeemed on such redemption date.

At any time, or from time to time, until May 1, 2022, the Company may, at the Company’s option, use the net cash proceeds of one or more equity offerings to redeem up to 40% of the then outstanding aggregate principal amount of the 9.5% 2025 senior notes issued under the indenture at a redemption price equal to 109.500% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, provided that (i) at least 50% of the aggregate principal amount of 9.5% 2025 senior notes issued under the indenture remains outstanding and (ii) the Company makes such redemption not more than 180 days after the consummation of any such equity offering. In addition, if the Company undergoes a change of control, it may be required to offer to purchase the 9.5% 2025 senior notes from holders at a purchase price equal to 101% of the principal amount plus accrued interest. Subject to certain exceptions and customary reinvestment rights, the Company is required to offer to repay the 9.5% 2025 senior notes at par with the proceeds of certain assets sales.

The Company utilized the net proceeds from the issuance of \$370.0 million aggregate principal amount of the 9.5% 2025 senior notes to fund the redemption of the 6.750% senior secured notes due 2022, including accrued and unpaid interest. The redemption occurred on May 28, 2020.

On June 24, 2022, the Company redeemed all of the outstanding 9.5% 2025 senior notes, funding such redemption using the net proceeds from the issuance of the 2030 senior notes (defined below) and the New Term Loan B Facility. As result, a \$5.3 million gain on extinguishment of the 9.5% 2025 senior notes was recorded within the Company's consolidated statements of operations.

#### ***6.625% Senior Secured Notes due 2027***

On June 18, 2020, the Company issued \$1,500.0 million aggregate principal amount of 6.625% senior secured notes due 2027 (the "2027 senior notes") at par, plus accrued and unpaid interest from June 18, 2020. The 2027 senior notes will mature on June 1, 2027. The Company will pay interest on the 2027 senior notes at a fixed rate of 6.625% per annum semi-annually in cash in arrears on June 1 and December 1 of each year, commencing on December 1, 2020. The Company may redeem the 2027 senior notes, at the Company's option, in whole or in part, upon not less than 10 nor more than 60 days' notice at any time and from time to time at the redemption prices forth below. The 2027 senior notes will be redeemable at the applicable redemption price (expressed as percentages of principal amount of the 2027 senior notes to be redeemed) plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date if redeemed during the twelve-month period beginning on June 1 of each of the following years: 2023 (103.313%), 2024 (101.656%) and 2025 and thereafter (100.000%). At any time prior to June 1, 2023, the Company may redeem the 2027 senior notes at a redemption price equal to 100% of the principal amount of the 2027 senior notes to be redeemed plus accrued and unpaid interest plus the greater of (i) 1.0% of the principal amount and (ii) the excess, if any, of (A) an amount equal to the present value at such redemption date of (1) the redemption price of such note at June 1, 2023, plus (2) all required interest payments due on such note through June 1, 2023 (excluding accrued but unpaid interest to, but excluding, the redemption date), computed using a discount rate equal to the Treasury Rate (as defined in the indenture) as of such redemption date plus 50 basis points; over (B) the principal amount of such note to be redeemed on such redemption date. At September 30, 2022 (Successor), the outstanding principal balance of the 2027 senior notes was \$1,500.0 million and the unamortized fair value adjustment as a result of the Reorganization was \$81.9 million.

At any time, or from time to time, until June 1, 2023, the Company may, at the Company's option, use the net cash proceeds of one or more equity offerings to redeem up to 40% of the then outstanding aggregate principal amount of the 2027 senior notes issued under the indenture at a redemption price equal to 106.625% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, provided that (i) at least 50% of the aggregate principal amount of 2027 senior notes issued under the indenture remains outstanding and (ii) the Company makes such redemption not more than 180 days after the consummation of any such equity offering. In addition, if the Company undergoes a change of control, it may be required to offer to purchase the 2027 senior notes from holders at a purchase price equal to 101% of the principal amount plus accrued interest. Subject to certain exceptions and customary reinvestment rights, the Company is required to offer to repay the 2027 senior notes at par with the proceeds of certain assets sales.

The Company used the net proceeds from the issuance of the 2027 senior notes to fund the redemption of the 5.125% senior secured notes due 2023 (the "2023 senior notes"), including related fees and expenses. The redemption occurred on July 20, 2020. In addition, the Company prepaid \$265.0 million aggregate principal amount of the 2024 term loans with a portion of the proceeds of the 2027 senior notes.

#### ***4.500% Senior Secured Notes due 2029***

On May 21, 2021, the Company issued \$1,050.0 million aggregate principal amount of 4.500% senior secured notes due 2029 (the "2029 senior notes") at par plus accrued and unpaid interest from May 21, 2021. The 2029 senior notes will mature on May 1, 2029. The Company will pay interest on the Notes at a fixed rate of 4.500% per annum semi-annually in cash in arrears on May 1 and November 1 of each year. The Company used the net proceeds from the issuance of the 2029 senior notes to finance a portion of the TelevisaUnivision Transaction and to pay certain related transaction fees and expenses. At September 30, 2022 (Successor), the outstanding principal balance of the 2029 senior notes was \$1,050.0 million and the unamortized deferred financing costs balance was \$16.3 million.

The Notes are jointly and severally guaranteed by substantially all of the Company's material, direct and indirect wholly-owned restricted domestic subsidiaries (subject to certain exceptions) that guarantee its Senior Secured Credit Facilities. The Notes and the related guarantees are secured by a first priority lien, subject to permitted liens, on substantially all of the assets of the Company and the Company's material, wholly-owned restricted domestic subsidiaries (subject to certain exceptions) and the guarantors' property

and assets that secure obligations under the Company's Senior Secured Credit Facilities, the Company's New Term Loan Facility and existing senior notes.

Upon consummation of the offering of the 2029 senior notes, (i) the net proceeds of this offering were deposited into a segregated escrow account and (ii) the Company deposited into such escrow account an amount of cash that, when taken together with the net proceeds of this offering, would have been sufficient to fund a special mandatory redemption of the 2029 senior notes on April 13, 2022. Upon the closing of the TelevisaUnivision Transaction on January 31, 2022, the proceeds of the offering were used to pay a portion of the purchase price for the TelevisaUnivision Transaction and the amounts deposited in respect of pre-funded interest were returned to the Company.

The Company may redeem the 2029 senior notes, at the Company's option, in whole or in part, upon not less than 10 nor more than 60 days' notice at any time and from time to time at the redemption prices forth below. The 2029 senior notes will be redeemable at the applicable redemption price (expressed as percentages of principal amount of the 2029 senior notes to be redeemed) plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date if redeemed during the twelve-month period beginning on May 1 of each of the following years: 2024 (102.250%), 2025 (101.125%) and 2026 and thereafter (100.000%). At any time prior to May 1, 2024, the Company may redeem the 2029 senior notes at a redemption price equal to 100% of the principal amount of the 2029 senior notes to be redeemed plus accrued and unpaid interest plus the greater of (i) 1.0% of the principal amount and (ii) the excess, if any, of (A) an amount equal to the present value at such redemption date of (1) the redemption price of such 2029 senior note at May 1, 2024, plus (2) all required interest payments due on such 2029 senior note through May 1, 2024 (excluding accrued but unpaid interest to, but excluding, the redemption date), computed using a discount rate equal to the Treasury Rate (as defined in the indenture) as of such redemption date plus 50 basis points; over (B) the principal amount of such 2029 senior note to be redeemed on such redemption date.

At any time, or from time to time, until May 1, 2024, the Company may, at the Company's option, use the net cash proceeds of one or more equity offerings to redeem up to 40% of the then outstanding aggregate principal amount of the 2029 senior notes issued under the indenture at a redemption price equal to 104.500% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, provided that (i) at least 50% of the aggregate principal amount of the 2029 senior notes issued under the indenture remains outstanding and (ii) the Company makes such redemption not more than 180 days after the consummation of any such equity offering. In addition, if the Company undergoes a change of control, it may be required to offer to purchase the 2029 senior notes from holders at a purchase price equal to 101% of the principal amount plus accrued interest.

### ***7.375% Senior Secured Notes due 2030***

The Company issued \$500.0 million aggregate principal amount of 7.375% senior secured notes due 2030 on June 24, 2022, at an original issuance discount of 99.255%, plus accrued and unpaid interest from June 24, 2022, and \$400.0 million additional aggregate principal amount of the 2030 senior notes on August 26, 2022 at a premium of 101.500%, plus accrued and unpaid interest from June 24, 2022 (collectively, the "2030 senior notes").

The 2030 senior notes will mature on June 30, 2030. The Company will pay interest on the 2030 senior notes at a fixed rate of 7.375% per annum semi-annually in cash in arrears on June 30 and December 30 of each year, commencing December 30, 2022. At September 30, 2022 (Successor), the outstanding principal balance of the 2030 senior notes was \$900.0 million, the unamortized deferred financing costs balance was \$11.3 million and the unamortized premium was \$2.3 million.

The Company may redeem the 2030 senior notes, at the Company's option, in whole or in part, upon not less than 10 nor more than 60 days' notice at any time and from time to time at the redemption prices set forth below. The Notes will be redeemable at the applicable redemption price (expressed as percentages of principal amount of the 2030 senior notes to be redeemed) plus accrued and unpaid interest thereon to, but excluding, the applicable redemption date if redeemed during the twelve-month period beginning on June 30 of each of the following years: 2025 (103.688%), 2026 (101.844%) and 2027 and thereafter (100.000%). At any time prior to June 30, 2025, the Company may redeem the 2030 senior notes at a redemption price equal to 100% of the principal amount of the 2030 senior notes to be redeemed plus accrued and unpaid interest plus the greater of (i) 1.0% of the principal amount and (ii) the excess, if any, of (A) an amount equal to the present value at such redemption date of (1) the redemption price of such note at June 30, 2025, plus (2) all required interest payments due on such note through June 30, 2025 (excluding accrued but unpaid interest to, but excluding, the redemption date), computed using a discount rate equal to the Treasury Rate (as defined in the indenture) as of such redemption date plus 50 basis points; over (B) the principal amount of such note to be redeemed on such redemption date.

At any time, or from time to time, until June 30, 2025, the Company may use the net cash proceeds of one or more equity offerings to redeem up to 40% of the then outstanding aggregate principal amount of the notes issued under the indenture at a redemption price equal to 107.375% of the aggregate principal amount thereof, plus accrued and unpaid interest thereon, provided that (1) at least 50% of the aggregate principal amount of notes originally issued under the indenture remains outstanding and (2) the Company makes such redemption not more than 180 days after the consummation of any such equity offering. In addition, if the Company undergoes a change of control, it may be required to offer to purchase the 2030 senior notes from holders at a purchase price equal to 101% of the principal amount plus accrued interest.

The Company used the net proceeds from the issuance of the 2030 senior notes and the bank senior secured term loan facility maturing in June 2029 to fund the redemption of all \$370.0 million outstanding aggregate principal amount of its 9.500% 2025 senior notes and discharged all obligations under the indenture pursuant to which the 9.500% 2025 senior notes were issued. The redemption occurred concurrently with the closing of the 2030 senior notes on June 24, 2022.

### ***Accounts Receivable Facility***

On October 5, 2021, the Company renewed its accounts receivable sale facility (as amended, the “Facility”), which, among other things, (i) extended the expiration date of the Facility to October 5, 2026, (ii) increased the letter of credit sublimit to \$160.0 million under the revolving component of the Facility and (iii) lowered the interest rate on the borrowings under the Facility to a LIBOR market index rate (with a floor of 0.00%) plus a margin of 1.40% per annum. Interest is paid monthly on the Facility.

Under the terms of the Facility, certain subsidiaries of the Company sell accounts receivable on a true sale and non-recourse basis to their respective wholly-owned special purpose subsidiaries, and these special purpose subsidiaries in turn sell such accounts receivable to Univision Receivables Co., LLC, a bankruptcy-remote subsidiary in which certain special purpose subsidiaries of the Company and its parent, Broadcasting Partners, each holds a 50% voting interest (the “Receivables Entity”). Thereafter, the Receivables Entity sells to investors, on a revolving non-recourse basis, senior undivided interests in such accounts receivable pursuant to the Receivables Purchase Agreement. The Company (through certain special purpose subsidiaries) holds a 100% economic interest in the Receivables Entity. The assets of the special purpose entities and the Receivables Entity are not available to satisfy the obligations of the Company or its other subsidiaries.

The Facility is comprised of a \$100.0 million term component and a \$300.0 million revolving component that is subject to the availability of qualifying receivables. At September 30, 2022 (Successor), the Company had \$100.0 million outstanding under the term component and none outstanding under the revolving component, and the interest rate was 4.543% applicable to both the term component and the revolving component. In addition, at September 30, 2022 (Successor), there was \$52.6 million of outstanding letters of credit against the accounts receivable revolving component resulting in \$247.4 million being available for borrowing under the accounts receivable revolving facility. In addition, the Receivables Entity is obligated to pay a commitment fee to the purchasers, such fee to be calculated based on the unused portion of the Facility. The Receivables Purchase Agreement contains customary default and termination provisions, which provide for the early termination of the Facility upon the occurrence of certain specified events including, but not limited to, failure by the Receivables Entity to pay amounts due, defaults on certain indebtedness, change in control, bankruptcy and insolvency events. The Receivables Entity is consolidated in the Company’s consolidated financial statements.

### ***Note Payable to Grupo Televisa***

As of September 30, 2022, the Company (through one of its wholly-owned subsidiaries) has an unsecured note payable to Grupo Televisa with an outstanding principal balance of \$285.6 million with a maturity date of April 30, 2026 and a fixed annual rate of 10.2%.

## **17. Interest Rate Swaps**

The Company’s objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. These interest rate swaps involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The Company has agreements with each of its interest rate swap counterparties which provide that the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company’s default on the indebtedness. The Company does not enter into derivatives for trading purposes.

### Derivatives Designated as Hedging Instruments

During 2019, the Company entered into three new interest rate swaps which effectively converted the interest payable on \$750 million of variable rate debt into fixed rate debt, at a weighted-average rate of approximately 1.86% through June 30, 2021 (Successor), when they matured.

As of September 30, 2022 (Successor), the Company has two remaining effective cash flow hedges. On February 28, 2020, the two forward-starting interest rate swaps that converted the interest payable on \$2.5 billion of variable rate debt into fixed rate debt, at a weighted-average rate of approximately 2.94% became effective with all maturity dates in February 2024. On September 10, 2021, the Company modified these two outstanding forward-starting interest rate swaps to extend the maturity from February 2024 to February 2026 and the floor was reduced from 1.00% to 0.75%. The weighted average interest rate as of September 30, 2022 (Successor) was therefore approximately 2.26%. As a result of this modification, there was an other-than-insignificant financing element identified which resulted in our swap settlement payments being classified as financing cash flows.

As a result of the Reorganization and UH Holdco's election of pushdown accounting, all Predecessor Other Comprehensive Income ("OCI") balances were adjusted to zero. At the Reorganization Date, the Company designated its two swaps contracts totaling \$2.5 billion as hedges under the Successor period. For the period from May 18, 2021 through June 30, 2021 (Successor), there was no material gain or loss recorded in interest expense for the three swap contracts totaling \$750 million which were not designated as hedges and matured on June 30, 2021 (Successor).

	<u>Number of Instruments</u>	<u>Current Notional (in whole dollars)</u>
Interest Rate Derivatives		
Interest Rate Swap Contracts (February 2020 through February 2026) .....	2	\$ 2,500,000,000

### Impact of Interest Rate Derivatives on the Consolidated Financial Statements

The table below presents the fair value of the Company's derivative financial instruments, as well as their classification on the consolidated balance sheets:

	<u>Consolidated Balance Sheet Location</u>	<u>As of September 30, 2022</u>	<u>As of December 31, 2021</u>
Derivatives Designated as Hedging Instruments			
Interest Rate Swap Contracts—Current Assets .....	Prepaid expenses and other	\$ 51,000	\$ —
Interest Rate Swap Contracts—Non-Current Assets .....	Other assets	\$ 96,400	\$ —
Interest Rate Swap Contracts—Current Liabilities .....	Accounts payable and accrued liabilities	\$ —	\$ 35,300
Interest Rate Swap Contracts—Non-Current Liabilities .....	Other long-term liabilities	\$ —	\$ 45,300

The Company does not offset the fair value of interest rate swaps in an asset position against the fair value of interest rate swaps in a liability position on the balance sheet. Because all of the Company's interest rate swaps were in an asset position as of September 30, 2022 (Successor), if the Company had presented the fair value of the interest rate swaps on a net basis by counterparty, there would be no change to the consolidated balance sheet as of that date. Because all of the Company's interest rate swaps were in a liability position as of December 31, 2021, if the Company had presented the fair value of the interest rate swaps on a net basis by counterparty, there would be no change to the consolidated balance sheet as of that date. As of September 30, 2022 (Successor), the Company has not posted any collateral related to any of the interest rate swap contracts.

The table below presents the effect of the Company’s derivative financial instruments designated as cash flow hedges on the consolidated statements of operations and the consolidated statements of comprehensive income (loss) for the three and nine months ended September 30, 2022 (Successor), for the three months ended September 30, 2021 (Successor), for the period from May 18, 2021 through September 30, 2021 (Successor), and from January 1, 2021 through May 17, 2021 (Predecessor):

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative	Location of Gain or (Loss) Reclassified from AOCLI into Income	Amount of Gain or (Loss) Reclassified from AOCLI into Income(a)	Total Interest Expense on the Statement of Operations
	2021		2021	2021
Successor, For the three months ended September 30, 2021	\$ (1,000)	Interest expense	\$ (1,800)	\$ 100,500
Successor, Period from May 18, 2021 through September 30, 2021	\$ (700)	Interest expense	\$ (2,500)	\$ 150,000
Predecessor, Period from January 1, 2021 through May 17, 2021	\$ 1,800	Interest expense	\$ (20,900)	\$ 167,400

  

Derivatives Designated as Cash Flow Hedges	Amount of Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on Derivative	Location of Gain or (Loss) Reclassified from AOCLI into Income	Amount of Gain or (Loss) Reclassified from AOCLI into Income(a)	Total Interest Expense on the Statement of Operations
	2022		2022	2022
Successor For the three months ended September 30, 2022	\$ 78,200	Interest expense	\$ 5,600	\$ 137,800
Successor For the nine months ended September 30, 2022	\$ 209,500	Interest expense	\$ (1,100)	\$ 377,400

- (a) In 2021, the amount of gain or (loss) reclassified from accumulated other comprehensive (loss) income (“AOCLI”) into income includes amounts that have been reclassified related to current effective hedging relationships and for the period from May 18, 2021 through September 30, 2021 (Successor), amortizing AOCLI amounts related to the de-designation and re-designation of the hedges as a result of the Reorganization and subsequent modification of the outstanding swaps. For the three and nine months ended September 30, 2022 (Successor), amortizing AOCLI amounts related to the off market component of the hedges as a result of the Reorganization and subsequent modification of the outstanding swaps. For the three and nine months ended September 30, 2022 (Successor), the Company amortized approximately \$5.8 million and \$17.4 million, respectively, of a reduction to interest expense on hedging activities from AOCLI based on the aforementioned activity. For the three months ended September 30, 2021 (Successor), the Company amortized approximately \$10.1 million of a reduction to interest expense on hedging activities from AOCLI based on the aforementioned activity. For the period from May 18, 2021 through September 30, 2021 (Successor), the Company amortized approximately \$15.3 million of a reduction to interest expense on hedging activities from AOCLI. There were no corresponding unrealized gains (or losses) on hedging activities amortized from AOCLI into interest expense for the period from January 1, 2021 through May 17, 2021 (Predecessor).

During the next twelve months, from September 30, 2022, approximately \$74.6 million of net unrealized gain will be reclassified from AOCLI to interest expense (inclusive of the amounts being amortized related to discontinued cash flow hedging relationships).

## 18. Accumulated Other Comprehensive Income

Comprehensive income (loss) is reported in the consolidated statements of comprehensive income (loss) and consists of net income (loss) and other gains (losses) that affect stockholder's equity but, under GAAP, are excluded from net income (loss). For the Company, items included in other comprehensive income (loss) are foreign currency translation adjustments, unrealized gain (loss) on hedging activities and the amortization of unrealized (gain) loss on hedging activities.

The following tables present the changes in accumulated other comprehensive (loss) income by component for the nine months ended September 30, 2022 (Successor), for the period from May 18, 2021 through September 30, 2021 (Successor), and from January 1, 2021 through May 17, 2021 (Predecessor). All amounts are net of tax.

	<b>Gain and (Loss) on Hedging Activities</b>	<b>Currency Translation Adjustment</b>	<b>Total</b>
<b>(Predecessor)</b>			
Balance as of December 31, 2020 .....	\$ (152,800)	\$ (5,400)	\$ (158,200)
Other comprehensive income before reclassifications .....	16,900	(100)	16,800
Net other comprehensive income .....	16,900	(100)	16,800
Balance as of May 17, 2021 .....	<u>\$ (135,900)</u>	<u>\$ (5,500)</u>	<u>\$ (141,400)</u>
	<b>Gain and (Loss) on Hedging Activities</b>	<b>Currency Translation Adjustment</b>	<b>Total</b>
<b>(Successor)</b>			
Balance as of May 17, 2021 .....	\$ (135,900)	\$ (5,500)	\$ (141,400)
Pushdown accounting adjustments .....	135,900	5,500	141,400
Balance as of May 18, 2021 .....	—	—	—
Other comprehensive income before reclassifications .....	12,600	(200)	12,400
Amounts reclassified from accumulated other comprehensive income .....	\$ (11,300)	\$ —	\$ (11,300)
Net other comprehensive income .....	1,300	(200)	1,100
Balance as of September 30, 2021 .....	<u>\$ 1,300</u>	<u>\$ (200)</u>	<u>\$ 1,100</u>
	<b>Gain and (Loss) on Hedging Activities</b>	<b>Currency Translation Adjustment</b>	<b>Total</b>
<b>(Successor)</b>			
Balance as of December 31, 2021 .....	\$ 16,400	\$ (300)	\$ 16,100
Other comprehensive income before reclassifications .....	169,300	159,700	329,000
Amounts reclassified from accumulated other comprehensive income .....	(12,900)	—	(12,900)
Net other comprehensive income .....	156,400	159,700	316,100
Balance as of September 30, 2022 .....	<u>\$ 172,800</u>	<u>\$ 159,400</u>	<u>\$ 332,200</u>

The following tables present the activity within other comprehensive income (loss) and the tax effect related to such activity.

	<b>2021</b>		
	<b>Pretax</b>	<b>Tax (provision) benefit</b>	<b>Net of tax</b>
<b>Successor Three months ended September 30, 2021</b>			
Unrealized gain on hedging activities .....	\$ 10,800	\$ (3,200)	\$ 7,600
Amortization of unrealized gain on hedging activities .....	(10,000)	3,000	(7,000)
Currency translation adjustment .....	(200)	—	(200)
Successor, other comprehensive income .....	<u>\$ 600</u>	<u>\$ (200)</u>	<u>\$ 400</u>
<b>Predecessor Period from January 1, 2021 through May 17, 2021</b>			
Unrealized gain on hedging activities .....	\$ 22,700	\$ (5,800)	\$ 16,900
Amortization of unrealized gain on hedging activities .....	—	—	—
Currency translation adjustment .....	(100)	—	(100)
Predecessor, other comprehensive income .....	<u>\$ 22,600</u>	<u>\$ (5,800)</u>	<u>\$ 16,800</u>
Pushdown accounting adjustment .....	\$ (22,600)	\$ 5,800	\$ (16,800)
Other comprehensive income balance at May 18, 2021 .....	\$ —	\$ —	\$ —
<b>Successor Period from May 18, 2021 through September 30, 2021</b>			
Unrealized gain on hedging activities .....	\$ 17,000	\$ (4,400)	\$ 12,600
Amortization of unrealized gain on hedging activities .....	(15,200)	3,900	(11,300)
Currency translation adjustment .....	(200)	—	(200)
Successor, other comprehensive income .....	<u>\$ 1,600</u>	<u>\$ (500)</u>	<u>\$ 1,100</u>
<b>2022</b>			
	<b>Pretax</b>	<b>Tax (provision) benefit</b>	<b>Net of tax</b>
<b>Successor Three months ended September 30, 2022</b>			
Unrealized gain on hedging activities .....	\$ 78,500	\$ (20,200)	\$ 58,300
Amortization of unrealized gain on hedging activities .....	(5,900)	1,500	(4,400)
Currency translation adjustment .....	23,300	—	23,300
Successor, other comprehensive income .....	<u>\$ 95,900</u>	<u>\$ (18,700)</u>	<u>\$ 77,200</u>
<b>Successor Nine months ended September 30, 2022</b>			
Unrealized gain on hedging activities .....	\$ 228,000	\$ (58,700)	\$ 169,300
Amortization of unrealized gain on hedging activities .....	(17,400)	4,500	(12,900)
Currency translation adjustment .....	159,700	—	159,700
Successor, other comprehensive income .....	<u>\$ 370,300</u>	<u>\$ (54,200)</u>	<u>\$ 316,100</u>

For the three and nine months ended September 30, 2022 (Successor), unrealized gain on hedging activities is primarily due to the change in one-month LIBOR rates for interest rate swaps. Amounts reclassified from accumulated other comprehensive income related to hedging activities are recorded to interest expense. See Note 17. *Interest Rate Swaps* for further information related to amounts reclassified from accumulated other comprehensive (loss) income.

## 19. Income Taxes

The Company's estimated effective tax rate as of September 30, 2022 was 42%, which differs from the statutory rate, primarily due to state taxes, foreign rate differential changes in the valuation allowance, and other permanent differences. The Company's estimated effective tax rate as of September 30, 2021 was approximately 14%, which differs from the statutory rate, primarily due to permanent tax differences and discrete items, partially offset by the impact of state and local taxes.

The effective tax rate is based on expected income or losses, statutory tax rates and tax planning opportunities applicable to the Company. For interim financial reporting, the Company estimates the annual tax rate based on projected taxable income or loss for the full year and records a quarterly income tax provision or benefit in accordance with the anticipated annual rate adjusted for discrete items. As the year progresses, the Company refines the estimates of the year's taxable income or loss as new information becomes available, including year-to-date financial results. This continual estimation process often results in a change to the expected effective tax rate for the year. When this occurs, the Company adjusts the income tax provision or benefit during the quarter in which the change in estimate occurs so that the year-to-date provision or benefit reflects the expected annual tax rate. Significant judgment is required in determining the effective tax rate and in evaluating the tax positions.

## 20. Share-Based Compensation

The Company recorded share-based compensation expense of \$26.8 million and \$85.2 million, respectively, during the three and nine months ended September 30, 2022 (Successor). The Company recorded share-based compensation expense of \$11.5 million during the three months ended September 30, 2021 (Successor). During the period from May 18, 2021 through September 30, 2021 (Successor) and from January 1, 2021 through May 17, 2021 (Predecessor), the Company recorded share-based compensation expenses of \$13.1 million and \$4.0 million, respectively.

The Company granted 1,183,732 stock options during the nine months ended September 30, 2022 (Successor), at a weighted average exercise price of \$208.93. The weighted-average grant-date fair value of options granted during the nine months ended September 30, 2022 (Successor) was \$77.74. During the nine months ended September 30, 2022 (Successor), 36,541 options were forfeited before they vested. 14,192 options were exercised during the nine months ended September 30, 2022 (Successor). As of September 30, 2022 (Successor), total unrecognized compensation cost related to unvested stock option awards is \$58.4 million, which is expected to be recognized over a weighted-average period of 2.8 years. For grants made during the nine months ended September 30, 2022 (Successor), the volatility was 40.4%, the dividend yield was 0.00%, the expected term was 5.0 years, and the risk-free interest rate was 1.62%. The Company calculated volatility based on an assessment of volatility for the Company's selected peer group, adjusted for the Company's leverage. The Company did not grant any stock options during the three months ended September 30, 2021 (Successor), the period from May 18, 2021 through September 30, 2021 (Successor), and from January 1, 2021 through May 17, 2021 (Predecessor).

The Company granted 850,319 restricted stock unit awards during the nine months ended September 30, 2022 (Successor). The Company's outstanding restricted stock unit awards vest over periods of between three and four years from the date of grant. During the nine months ended September 30, 2022 (Successor), 32,508 restricted stock units vested and 21,354 were forfeited. The fair value of restricted stock units awarded to employees is measured at estimated intrinsic value at the date of grant. Total unrecognized compensation cost related to unvested restricted stock units as of September 30, 2022 (Successor) is \$184.0 million, which is expected to be recognized over a weighted-average period of 2.3 years. The Company granted 14,948 restricted stock unit awards during the period from May 18, 2021 through September 30, 2021 (Successor). The Company granted 842,128 restricted stock unit awards during the period from January 1, 2021 through May 17, 2021 (Predecessor).

## 21. Pension and Post-retirement benefits

As a result of the TelevisaUnivision Transaction (See Note 3. *TelevisaUnivision Transaction*), the Company assumed the pension and post-retirement benefits obligations relating to the defined benefit plan for its Mexican employees. The Company also assumed a legal indemnity post-employment benefits, which, pursuant to Mexican Labor Law, covers for employees who are dismissed unjustifiably and entitles such employees to three months of salary, plus 20 days of salary per year of service.

### *Defined Benefit Plan*

The defined benefit retirement pension plan and seniority premiums plan (the “Pension Plan”) covers Mexican based employees. Under the provisions of the Mexican Labor Law, seniority premiums plans are payable based on salary and years of service to employees who resign or are terminated prior to reaching retirement age. After retirement age, employees are no longer eligible for seniority premiums plans.

Expense recognized in relation to the Pension Plan is based upon actuarial valuations by using nominal assumptions and attributing the present value of all future expected benefits proportionately over each year from date of hire to age 65. Inherent in those valuations are key assumptions including discount rates and, where applicable, expected returns on assets. Discount rates are based on a bond portfolio approach that includes high-quality debt instruments with maturities matching the Company’s expected benefit payments from the plans. Expected returns on assets are based on the weighted-average expected rate of return and capital market forecasts for each asset class employed according to specific investment guidelines determined by the technical committees of the Pension Plan and seniority premiums trusts and in accordance with actuarial computations of funding requirements. Benefits are generally based on the employee’s compensation and years of service.

The actuarial assumptions to determine the present value of defined benefit obligations and plan assets, are as follows:

	<u>September 30, 2022</u>
Discount rate .....	7.79%
Salary increase .....	5.00%
Inflation rate .....	3.50%
Return on plan assets (weighted average) .....	7.79%

The reconciliation between defined benefit obligations and post-employment benefit (liability) asset:

	<u>September 30, 2022</u>		
	<u>Retirement Pension Plan</u>	<u>Seniority Premiums before Retirement</u>	<u>Total</u>
Fair value of plan assets .....	\$ 22,500	\$ 7,800	\$ 30,300
Post-employment benefit obligations .....	(81,600)	(9,800)	(91,400)
<b>Post-employment benefit liability</b> .....	<u>\$ (59,100)</u>	<u>\$ (2,000)</u>	<u>\$ (61,100)</u>

The components of net periodic pensions and seniority premiums cost for the three and nine months ended September 30, 2022 (Successor), are recorded in direct operating expenses or selling, general and administrative within the Consolidated statement of operations, consisted of the following:

	<u>Three Months ended September 30, 2022</u>	<u>Nine Months ended September 30, 2022</u>
Service cost .....	\$ 1,000	\$ 2,800
Interest cost .....	1,500	4,200
Return on plan assets .....	(500)	(1,300)
Actuarial loss .....	100	200
Prior Service cost .....	—	100
<b>Net periodic cost</b> .....	<u>\$ 2,100</u>	<u>\$ 6,000</u>

### *Legal Indemnity Pension Plan*

The legal indemnity post-employment benefits plan, which is governed by the Mexican Labor Law, covers employees who are dismissed unjustifiably and provides that such employees are entitled to three months of salary, plus 20 days of salary per year of service.

The components of net periodic cost of the legal indemnity pension plan for the three and nine months ended September 30, 2022 (Successor), are recorded as severance charges in the Restructuring, severance and related charges within the Consolidated statement of operations and consisted of the following:

	<b>Three Months ended September 30, 2022</b>	<b>Nine Months ended September 30, 2022</b>
Service cost .....	\$ 1,100	\$ 3,000
Interest cost .....	1,400	3,400
Net periodic cost .....	<u>\$ 2,500</u>	<u>\$ 6,400</u>

## **22. Contingencies and Commitments**

### *Contingencies*

The Company maintains insurance coverage for various risks, where deemed appropriate by management, at rates and terms that management considers reasonable. The Company has deductibles for various risks, including those associated with windstorm and earthquake damage. The Company self-insures its employee medical benefits and its media errors and omissions exposures. In management's opinion, the potential exposure in future periods, if uninsured losses were to be incurred, should not be material to the Company's consolidated financial position or results of operations.

The Company is subject to various lawsuits and other claims in the normal course of business. In addition, from time to time, the Company receives communications from government or regulatory agencies concerning investigations or allegations of noncompliance with law or regulations in jurisdictions in which the Company operates.

The Company establishes reserves for specific liabilities in connection with regulatory and legal actions that the Company deems to be probable and estimable. The Company believes the amounts accrued in its financial statements are sufficient to cover all probable liabilities. In other instances, the Company is not able to make a reasonable estimate of any liability because of the uncertainties related to the outcome and/or the amount or range of loss. The Company does not expect that the ultimate resolution of pending regulatory and legal matters in future periods will have a material effect on the Company's financial condition or result of operations.

Since early 2020, the United States and other countries have been, and continue to be, impacted by the novel coronavirus (COVID-19). Furthermore, the Company was forced to vacate many of its offices and layoff a significant number of employees, which has led to a more difficult operating environment. Any future impact of COVID-19 on the Company's business, financial condition and results of operations will depend on a number of factors, including factors that the Company may not be able to forecast at this time.

In July 2017, the Financial Conduct Authority (the authority that regulates LIBOR) announced it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. However, for U.S. dollar LIBOR, the relevant date has been deferred to June 30, 2023 for certain tenors (including one and three months), at which time the LIBOR administrator has indicated that it intends to cease publication of U.S. dollar LIBOR. Despite this deferral, the LIBOR administrator has advised that no new contracts using U.S. dollar LIBOR should be entered into after December 31, 2021. These actions indicate that the continuation of U.S. LIBOR on the current basis cannot and will not be guaranteed after June 30, 2023.

The Alternative Reference Rates Committee ("ARRC") has identified the Secured Overnight Financing Rate ("SOFR") as the rate that represents best practice as the alternative to USD-LIBOR for use in derivatives and other financial contracts that are currently indexed to USD-LIBOR. ARRC developed a paced market transition plan to SOFR from USD-LIBOR and organizations are currently working on industry wide and company specific transition plans as it relates to derivatives and cash markets exposed to USD-LIBOR. The Company has material contracts that are indexed to USD-LIBOR and is monitoring this activity and evaluating the related risks.

## Commitments

In the normal course of business, the Company enters into multi-year contracts for programming content, sports rights, research and other service arrangements and in connection with joint ventures.

The Company has long-term operating leases expiring on various dates for office, studio, automobile and tower rentals. The Company's operating leases, which are primarily related to buildings and tower properties, have various renewal terms and escalation clauses. The Company also has long-term finance lease obligations for land and facilities and for its transponders that are used to transmit and receive its network signals.

## 23. Segments

During the current quarter, as a result of the organizational changes made as a result of the Company's current year acquisitions, the Company's management reassessed its reportable segments and aggregated our operating segments into one reportable segment, Media and Entertainment. In making this decision, the Company considered that the business activities and economic characteristics of each operating segment are similar in their development, production, and licensing of audio and visual content; distribution methods; monetization of content through advertising revenues that target one class of customers, Spanish speaking audience who utilize our various platforms; and similar OIBDA margin percentages.

The Company's operating segments have been determined in accordance with the Company's internal management structure, which is organized based on operating activities that are reviewed by the Company's chief operating decision maker. The Company evaluates performance based on several factors. In addition to considering primary financial measures including revenue, management evaluates operating performance for planning and forecasting future business operations by considering Adjusted OIBDA (as defined below). Adjusted OIBDA eliminates the effects of certain items the Company does not consider indicative of its core operating performance.

Based on its customers and type of content, the Company has linear, digital and radio operating segments. The Company's linear networks operating segment includes the *Univision* and *UniMás* broadcast networks; 9 cable networks, including *Galavisión* and *TUDN*; and the Company's owned or operated television stations. Further, the TelevisaUnivision Transaction brought in 4 broadcast channels, 27 pay-TV channels, the Videocine movie studio. The digital operating segment also includes digital properties consisting of online and mobile websites and applications including *Univision.com*, free ad-based video on demand (AVOD) streaming service ViX, formerly known as PrendeTV, a subscription streaming service, ViX+ and Blim, a TV subscription video-on-demand service in Mexico. The radio operating segment, known as the *Uforia Audio Network*, includes the Company's owned and operated radio stations; a live event series; and the *Uforia* music application which includes the digital audio elements of *Univision.com*.

The Company incurs corporate expenses separate from its operating segments which include general corporate overhead and unallocated, shared company expenses related to human resources, finance, legal, other corporate departments and executive functions which are centrally managed and support the Company's operating and financing activities. Unallocated assets include the retained interest in the Company's accounts receivable facility, fixed assets and deferred financing costs that are not allocated to its operating segments. The operating segments have separate financial information which is used by the chief operating decision maker to evaluate performance and allocate resources. The reporting segment results reflected in the disclosures below illustrate how management evaluates its financial performance and allocates resources.

Adjusted OIBDA represents operating income before depreciation, amortization and certain additional adjustments to operating income. In calculating Adjusted OIBDA, the Company's operating income is adjusted for share-based compensation and other non-cash charges, restructuring and severance charges, as well as certain unusual and infrequent items and other non-operating related items.

Adjusted OIBDA is not, and should not be used as, an indicator of or alternative to operating income or net income as reflected in the consolidated financial statements. It is not a measure of financial performance under GAAP and it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. Since the definition of Adjusted OIBDA may vary among companies and industries, it should not be used as a measure of performance among companies.

The Media and Entertainment reportable segment information is presented in the following table:

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Period from May 18, 2021 through September 30, 2021	Period from January 1, 2021 through May 17, 2021
	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)
Disaggregated revenues:					
Advertising:					
US .....	\$ 463,400	\$ 442,700	\$ 1,302,900	\$ 651,500	\$ 540,800
Mexico .....	261,800	—	613,200	—	—
Total .....	<u>\$ 725,200</u>	<u>\$ 442,700</u>	<u>\$ 1,916,100</u>	<u>\$ 651,500</u>	<u>\$ 540,800</u>
Subscriber and licensing:					
US .....	\$ 296,300	\$ 278,000	\$ 902,600	\$ 415,100	\$ 401,200
Mexico .....	103,200	—	269,700	—	—
Total .....	<u>\$ 399,500</u>	<u>\$ 278,000</u>	<u>\$ 1,172,300</u>	<u>\$ 415,100</u>	<u>\$ 401,200</u>
Other:					
US .....	\$ 9,600	\$ 34,000	\$ 24,700	\$ 45,100	\$ 34,900
Mexico .....	17,200	—	59,300	—	—
Total .....	<u>\$ 26,800</u>	<u>\$ 34,000</u>	<u>\$ 84,000</u>	<u>\$ 45,100</u>	<u>\$ 34,900</u>
Revenue:					
US .....	\$ 769,300	\$ 754,700	\$ 2,230,200	\$ 1,111,700	\$ 976,900
Mexico .....	382,200	—	942,200	—	—
Consolidated .....	<u>\$ 1,151,500</u>	<u>\$ 754,700</u>	<u>\$ 3,172,400</u>	<u>\$ 1,111,700</u>	<u>\$ 976,900</u>
	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Period from May 18, 2021 through September 30, 2021	Period from January 1, 2021 through May 17, 2021
	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)
Depreciation and amortization:					
Media and Entertainment .....	\$ 131,400	\$ 77,000	\$ 372,500	\$ 113,700	\$ 47,700
Corporate .....	3,700	3,200	11,700	4,700	5,200
Consolidated .....	<u>\$ 135,100</u>	<u>\$ 80,200</u>	<u>\$ 384,200</u>	<u>\$ 118,400</u>	<u>\$ 52,900</u>
Operating income (loss):					
Media and Entertainment .....	\$ 239,500	\$ 197,200	\$ 712,400	\$ 319,000	\$ 247,800
Corporate .....	(31,900)	(55,000)	(153,200)	(82,200)	(32,100)
Consolidated .....	<u>\$ 207,600</u>	<u>\$ 142,200</u>	<u>\$ 559,200</u>	<u>\$ 236,800</u>	<u>\$ 215,700</u>
Adjusted OIBDA:					
Media and Entertainment .....	\$ 448,000	\$ 286,600	\$ 1,238,900	\$ 447,100	\$ 396,300
Corporate .....	(37,100)	(21,700)	(88,500)	(38,000)	(19,600)
Consolidated .....	<u>\$ 410,900</u>	<u>\$ 264,900</u>	<u>\$ 1,150,400</u>	<u>\$ 409,100</u>	<u>\$ 376,700</u>
Capital expenditures:					
Media and Entertainment .....	\$ 32,300	\$ 6,000	\$ 77,300	\$ 8,100	\$ 9,500
Corporate .....	3,200	2,800	10,000	3,200	3,000
Consolidated .....	<u>\$ 35,500</u>	<u>\$ 8,800</u>	<u>\$ 87,300</u>	<u>\$ 11,300</u>	<u>\$ 12,500</u>

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Total assets:		
Media and Entertainment.....	\$ 17,898,500	\$ 11,574,200
Corporate.....	1,190,400	2,481,200
Consolidated.....	<u>\$ 19,088,900</u>	<u>\$ 14,055,400</u>

Presented below on a consolidated basis is a reconciliation of net income, which is the most directly comparable GAAP financial measure, to the non-GAAP measure Adjusted OIBDA:

	<b>Three Months Ended September 30, 2022</b>	<b>Three Months Ended September 30, 2021</b>	<b>Nine Months Ended September 30, 2022</b>	<b>Period from May 18, 2021 through September 30, 2021</b>	<b>Period from January 1, 2021 through May 17, 2021</b>
	(Successor)	(Successor)	(Successor)	(Successor)	(Predecessor)
Net income.....	\$ 33,600	\$ 33,500	\$ 62,100	\$ 87,900	\$ 48,200
Provision for income taxes.....	26,000	4,100	45,000	16,300	5,900
Income before income taxes.....	59,600	37,600	107,100	104,200	54,100
Other expense (income):					
Interest expense.....	137,800	100,500	377,400	150,000	167,400
Interest income.....	(3,000)	(100)	(6,300)	(200)	—
Amortization of deferred financing costs.....	3,500	1,100	8,900	1,400	6,200
(Gain) loss on refinancing of debt.....	(100)	4,100	(5,400)	4,100	—
Acquisition related costs and other, net <sup>(a)</sup> .....	9,800	(1,000)	77,500	(22,700)	(12,000)
Operating income.....	207,600	142,200	559,200	236,800	215,700
Depreciation and amortization.....	135,100	80,200	384,200	118,400	52,900
Impairment loss <sup>(b)</sup> .....	1,900	4,200	1,900	4,200	92,900
Restructuring, severance and related charges.....	10,900	25,400	55,700	34,700	7,600
(Gain) loss on dispositions <sup>(c)</sup> .....	—	—	(12,200)	—	500
Share-based compensation.....	26,900	11,500	85,200	13,100	4,000
Purchase price adjustment <sup>(d)</sup> .....	26,400	—	70,500	—	—
Other adjustments to operating income <sup>(e)</sup> .....	2,100	1,400	5,900	1,900	3,100
<b>Adjusted OIBDA.....</b>	<b>\$ 410,900</b>	<b>\$ 264,900</b>	<b>\$ 1,150,400</b>	<b>\$ 409,100</b>	<b>\$ 376,700</b>

(a) Acquisition related costs and other, net is primarily comprised of income or expense arising from the non-cash fair value adjustments on the Company's investments and acquisition and transaction related costs and other costs.

(b) Impairment loss in 2022 is related to the write down of program rights. Impairment loss in 2021 is related to the write down of radio broadcast licenses, program rights, charges on certain lease assets and other assets.

(c) Gain on dispositions in 2022 primarily relates to the sell of certain assets and the write -off of facility-related assets. Loss on disposition in 2021 primarily relates to the write-off of facility-related assets.

(d) Purchase price adjustment relates to the fair value step-up of the program rights acquired as part of the TelevisaUnivision Transaction.

(e) Other adjustments to operating income in 2022 and 2021 are primarily comprised of unusual and infrequent items as permitted by the Company's 2007 Credit Agreement, including operating expenses in connection with COVID-19.

## UNIVISION COMMUNICATIONS INC. AND SUBSIDIARIES

### Management's Discussion and Analysis of Financial Condition and Results of Operations

#### Executive Summary

Univision Communications Inc., together with its wholly-owned subsidiaries (the "Company," "Univision," "we," "us" and "our"), operates its business through operating segments: linear, digital and radio, and one reportable segment: Media and Entertainment.

The Company's Media and Entertainment reportable segment aggregates its operating segments: linear, digital and radio. The linear operating segment includes 11 broadcast and cable networks. In the United States, the Company operates two broadcast television networks. Univision Network is among the most-watched broadcast television networks among U.S. Hispanics, available in approximately 64% of U.S. Hispanic television households. UniMás is among the leading Spanish-language broadcast television networks. In addition, the Company operates 9 cable networks, including Galavisión, the most-watched Spanish-language entertainment cable network among U.S. Hispanics, and TUDN, the most-watched Spanish-language sports cable network among U.S. Hispanics. The Company owns or operates 59 local television stations, including stations located in 18 of the 25 largest markets in the U.S., which is more owned or operated local television stations than any of the top four English-language broadcast networks. In addition, the Company provides programming to 68 broadcast network station affiliates. 79% of Univision Network distribution and 69% of UniMás distribution are through owned or operated stations. On September 15, 2021, the Company announced that Univision, UniMás and Galavisión are available on YouTube TV and as a result, YouTube TV subscribers in the top Hispanic markets, including Los Angeles, New York, Miami, Houston, Dallas and Chicago, now have a new way to access Univision and UniMás' highly rated local news, weather and programming. Further, the TelevisaUnivision Transaction brought in 4 broadcast channels, 27 pay-TV channels, Videocine movie studio. The Company's digital properties consist of online and mobile websites and applications, which generated approximately 172.4 million average monthly page views during the nine months ended September 30, 2022. Univision.com is the Company's flagship digital property and is the #1 most visited Spanish-language website among U.S. Hispanics. ViX, formerly known as *PrendeTV*, is a free ad based on demand (AVOD) streaming service, a subscription streaming service, ViX+, and Blim TV subscription video-on-demand service in Mexico. The Company's radio operating segment, *Uforia Audio Network*, has the largest Spanish-language radio group in the U.S., and its stations are frequently ranked #1 or #2 among Spanish-language stations in many major markets. The Company owns or operates 57 radio stations, including stations in 14 of the top 25 designated market areas ("DMAs") and Puerto Rico which reach 11 million listeners per week and cover approximately 66% of the U.S. Hispanic population. The radio operating segment also includes the expansion of the *Uforia* brand, including the *Uforia Music Series* comprised of experiential and digital centric event series and the Company's *Uforia* music application featuring radio, music, and podcast content, which as of September 30, 2022 includes a total of 196 radio stations (including 18 exclusive digital stations and 133 affiliate stations), 75 podcast series with a growing list of over 10,000 podcast episodes published daily and weekly, over 500 playlists categorized by mood and a library of more than 40 million songs.

Additionally, the Company incurs and manages shared corporate expenses related to human resources, finance, legal and executive functions and certain assets separately from its two operating segments.

#### How Performance of the Business is Assessed

In assessing its performance, the Company uses a variety of financial and operational measures, including revenue, Adjusted OIBDA, Bank Credit Adjusted OIBDA and net income.

#### Revenue

##### *Ratings*

The Company's advertising and subscriber fee revenue is impacted by the strength of its television and radio ratings. The ratings of the Company's programs, which are an indication of market acceptance, directly affect its ability to generate advertising revenue during the airing of the program. In addition, programming with greater market acceptance is more likely to generate estimated incremental revenue through increases in the subscriber fees that the Company is able to negotiate with multichannel video programming distributors ("MVPDs"). The Company's ratings and consequently its ability to generate advertising revenue are also affected by the scope of distribution of the Company's networks on these MVPDs.

Advertising— The Company generates advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio stations. The Company also generates revenue from the sale of display, mobile and video advertising, as well as sponsorships, on our various digital properties. In some cases, the network advertising sales are subject to ratings guarantees that require the Company to provide additional advertising time if the guaranteed audience levels are not achieved. Revenues for any audience deficiencies are deferred until the guaranteed audience levels are met by providing additional advertisements. Advertising contracts, which are generally short-term, are billed monthly, with payments due shortly after the invoice date.

For the broadcast and cable networks, the Company sells advertising time in the upfront and scatter markets. In the upfront market, advertisers buy advertising time for the upcoming season in advance, often at discounted rates from the Company's standard rates. In the scatter market, advertisers buy advertising time close to the time when the commercials will be run and often pay a premium to the Company's standard rates. The mix between the upfront and scatter markets is based upon a number of factors, such as pricing, demand for advertising time, type of programming and economic conditions.

Advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio station is recognized when advertising spots are aired and performance guarantees, if any, are achieved. The achievement of performance guarantees is based on audience ratings from an independent research company. If there is a guarantee to deliver a targeted audience rating, revenues are recognized based on the proportion of the audience rating delivered to the total guaranteed in the contract. For impression-based digital advertising, revenue is recognized when "impressions" are delivered, while revenue from non-impression-based digital advertising is recognized over the period that the advertisements are displayed. "Impressions" are defined as the number of times that an advertisement appears in pages viewed by users of the Company's digital properties. Sponsorship advertisement revenue is recognized ratably over the contract period.

Growth in advertising sales comes from increased viewership and pricing, expanded available inventory and the launch of new platforms. In addition, advertising revenue may grow as brand, volume and pricing gaps between advertising targeting U.S. Hispanics and advertising targeting the overall U.S. population narrow. Advertising revenue is subject to seasonality, market-based variations, general economic conditions, political cycles and advocacy campaigns. In addition, major sporting events, including soccer tournaments such as the Gold Cup, generate estimated incremental revenue in the periods in which the programming airs from advertisers who purchase both such events and other advertising, and result in such advertisers shifting the timing for their purchase of other advertising from periods within the year in which the major sporting events programming does not air. Further, other major sporting events, including the World Cup and the Olympics, which air on the Company's competitors' networks may shift advertising to such competitors in the periods in which the programming airs.

Subscriber Fee— Subscriber fee revenue includes fees charged for the right to view the programming content of the Company's broadcast networks, cable networks and stations through a variety of distribution platforms and viewing devices. Subscriber fee revenue is principally comprised of fees received from MVPDs for carriage of the Company's networks and for authorizing carriage ("retransmission consent") of Univision and UniMás broadcast networks aired on the Company's owned television stations as well as fees for digital content. Typically, the Company's networks and stations are aired by MVPDs pursuant to multi-year carriage agreements that provide for the level of carriage that the Company's networks and stations will receive, and if applicable, for annual rate increases. Subscriber fee revenue is largely dependent on the market demand for the content that the Company provides, the contractual rate-per-subscriber negotiated in the agreements, and the number of subscribers that receive the Company's networks or content. Subscriber fee revenues are net of the amortization of any capitalized amounts paid to MVPDs. The Company defers these capitalized amounts and amortizes such amounts through the term of the agreement.

The Company also receives retransmission consent fees related to television stations that the Company does not own (referred to as "affiliates") that are affiliated with Univision and UniMás broadcast networks. The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of its Univision and UniMás stations with MVPDs. As part of these arrangements, the Company shares the retransmission consent fees received with certain of its affiliates.

The Company's carriage agreements with MVPDs are renewed or renegotiated periodically. These renewals have historically included double-digit rate increases at or around the renewal date with moderate annual increases thereafter. The major distribution agreements expirations are staggered over a five-year period, through 2026. In the future, as the Company negotiates new contracts, it anticipates that its subscriber fee revenue will increase. The Company's success in increasing its subscriber fee revenue will depend on the rate of subscriber declines along with the Company's ability to successfully negotiate new carriage agreements with virtual

MVPDs and renew its existing carriage agreements at higher rates. The Company may not, however, be able to achieve such higher rates in negotiating with MVPDs for carriage of its networks and stations and there may be disputes that arise in the future as a result of declining subscribers, consolidation in the cable or satellite MVPD industry or for other reasons. The Company also receives subscriber fee revenue related to fees for the licensing of its content.

Program Licensing— The Company licenses programming content for digital streaming and to other cable and satellite providers. Program licensing revenue is recognized when the content is delivered, and all related obligations have been satisfied. For licenses of internally-produced television programming, each individual episode delivered represents a separate performance obligation and revenue is recognized when the episode is made available to the licensee for exhibition and the license period has begun. All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration for the program licensing.

#### *Other Revenue*

The Company classifies revenue from contractual commitments (including non-cash advertising and promotional revenue) primarily related to Grupo Televisa S.A.B. and its affiliates (“Televisa”) as Other Revenue. The Company also recognizes other revenue related to support services provided to joint ventures and related to spectrum access in channel sharing arrangements. From time to time the Company enters into transactions involving its spectrum.

#### *Adjusted OIBDA*

Adjusted OIBDA represents operating income before depreciation, amortization and certain additional adjustments to operating income. In calculating Adjusted OIBDA the Company’s operating income is adjusted for share-based compensation and other non-cash charges, restructuring and severance charges, as well as certain unusual and infrequent items and other non-operating related items. Management primarily uses Adjusted OIBDA or comparable metrics to evaluate the Company’s operating performance, for planning and forecasting future business operations. The Company believes that Adjusted OIBDA is used in the broadcast industry by analysts, investors and lenders and serves as a valuable performance assessment metric for debt investors. For important information about Adjusted OIBDA and a reconciliation of Adjusted OIBDA to net income, which is the most directly comparable GAAP financial measure see “Reconciliation of Non-GAAP Measures” and “Notes to Consolidated Financial Statements—23. *Segments.*”

#### *Bank Credit Adjusted OIBDA*

Bank Credit Adjusted OIBDA represents Adjusted OIBDA with certain additional adjustments permitted under the Company’s senior secured credit facilities and the indentures governing the senior notes that adds back and/or deducts, as applicable, specified business optimization expenses, and income (loss) from equity investments in entities, the results of which are consolidated in the Company’s operating income (loss), that are not treated as subsidiaries, and certain other expenses. Management uses Bank Credit Adjusted OIBDA as a secondary measure to Adjusted OIBDA to evaluate the Company’s operating performance, for planning and forecasting future business operations. Management also uses Bank Credit Adjusted OIBDA to assess the Company’s ability to satisfy certain financial covenants or ratios contained in the Company’s Senior Secured Credit Facilities, the New Term Loan Facility and the indentures governing the Company’s senior notes. For a reconciliation of Bank Credit Adjusted OIBDA to net income, see “Reconciliation of Non-GAAP Measures.”

The following table provides revenue, Adjusted OIBDA and Bank Credit Adjusted OIBDA (as defined in “How Performance of the Business is Assessed” above) for each of the Company’s segments for the periods presented (in thousands). See “Reconciliation of Non-GAAP Measures” for a reconciliation of the non-GAAP terms Adjusted OIBDA and Bank Credit Adjusted OIBDA to net income, which is the most directly comparable GAAP financial measure.

	<b>Three Months Ended September 30, 2022</b>	<b>Three Months Ended September 30, 2021</b>
	(Successor)	(Successor)
Revenue:		
Media and Entertainment .....	\$ 1,151,500	\$ 754,700
Consolidated .....	<u>\$ 1,151,500</u>	<u>\$ 754,700</u>
Adjusted OIBDA:		
Media and Entertainment .....	\$ 448,000	\$ 286,600
Corporate .....	(37,100)	(21,700)
Consolidated .....	<u>\$ 410,900</u>	<u>\$ 264,900</u>
Bank Credit Adjusted OIBDA:		
Media and Entertainment .....	\$ 449,700	\$ 287,700
Corporate .....	(33,900)	(18,600)
Consolidated .....	<u>\$ 415,800</u>	<u>\$ 269,100</u>

	<b>Nine Months Ended September 30, 2022</b>	<b>Period from May 18, 2021 through September 30, 2021</b>	<b>Period from January 1, 2021 through May 17, 2021</b>	<b>Nine Months Ended September 30, 2021</b>
	(Successor)	(Successor)	(Predecessor)	(Combined Results of Successor and Predecessor)
Revenue:				
Media and Entertainment .....	\$ 3,172,400	\$ 1,111,700	\$ 976,900	\$ 2,088,600
Consolidated .....	<u>\$ 3,172,400</u>	<u>\$ 1,111,700</u>	<u>\$ 976,900</u>	<u>\$ 2,088,600</u>
Adjusted OIBDA:				
Media and Entertainment .....	\$ 1,238,900	\$ 447,100	\$ 396,300	\$ 843,400
Corporate .....	(88,500)	(38,000)	(19,600)	(57,600)
Consolidated .....	<u>\$ 1,150,400</u>	<u>\$ 409,100</u>	<u>\$ 376,700</u>	<u>\$ 785,800</u>
Bank Credit Adjusted OIBDA:				
Media and Entertainment .....	\$ 1,243,300	\$ 448,900	\$ 397,800	\$ 846,700
Corporate .....	(79,300)	(33,500)	(15,400)	(48,900)
Consolidated .....	<u>\$ 1,164,000</u>	<u>\$ 415,400</u>	<u>\$ 382,400</u>	<u>\$ 797,800</u>

## Recent Developments

### *Pantaya Acquisition*

On September 13, 2022, the Company completed its previously-announced acquisition of Pantaya LLC (“Pantaya”), a U.S. streaming platform focused on Spanish-language content for a preliminary purchase consideration of \$141.7 million (subject to a working capital adjustment and the transfer of some Puerto Rican radio assets which are pending FCC approval). The acquisition of Pantaya is accounted for as a business combination under the scope of ASC 805. The Pantaya acquisition enhanced our ongoing digital transformation by bringing together highly complementary streaming assets and building up our subscriber base.

### *TelevisaUnivision Transaction*

On April 13, 2021, Univision Holdings, Inc. (“UHI”) entered into a definitive agreement pursuant to which, among other things, a subsidiary of UHI agreed to acquire Televisa’s content and media assets (other than certain assets related to the news content business and concessions). The transaction closed on January 31, 2022.

The combined new company, which was named TelevisaUnivision, Inc., creates the world’s leading Spanish-language media and content company. TelevisaUnivision produces and delivers premium content for its own platforms and for others, while also providing innovative solutions for advertisers and distributors globally.

The preliminary total consideration consisted of \$3,146.5 million in cash and total equity consideration of \$1,545.4 million, comprised of UH Holdco Class A common stock and Series B participating preferred stock of UH Holdco, with an annual cumulative dividend of 5.5%. The fair value of the equity consideration was determined using a contingent claims analysis. The TelevisaUnivision Transaction was financed through (i) \$1.0 billion of UH Holdco Series C preferred stock investment led by the SoftBank Latin American Fund (“SoftBank”), along with ForgeLight, with participation from Google and The Raine Group, (ii) \$1.05 billion of 4.0% Term loan due 2029 and (iii) \$1.05 billion of 4.5% Senior Secured Notes due 2029, See Note 16. *Debt*.

### *May 18, 2021 Reorganization*

On May 18, 2021, Univision Holdings II, Inc. (“UH Holdco”) became the owner of 100% of the issued and outstanding capital stock of UHI through a series of transactions pursuant to the Reorganization Agreement, dated as of March 12, 2021, (the “Reorganization”). Prior to the Reorganization, UH Holdco held a non-controlling interest in UHI, See Note 5. *The Searchlight/ForgeLight Transaction*. Upon consummation of the Reorganization, Searchlight III UTD, L.P. (“Searchlight”) was converted into a Delaware corporation named UH Holdco. Pursuant to the Reorganization, the following transactions, among others, were effected contemporaneously:

- the existing stockholders of UHI (other than UH Holdco) exchanged their shares of UHI for the same number and class of shares of UH Holdco;
- the existing parent of UH Holdco converted its equity interests into the same number and class of shares of UH Holdco; and
- UH Holdco issued shares of common stock for aggregate consideration of \$8.3 million to a new investor, which common stock represented approximately 1.1% of the issued and outstanding stock of UH Holdco.

The Reorganization required Federal Communications Commission approval and was effectuated primarily to (i) prepare for the TelevisaUnivision Transaction (as defined above) and other potential strategic transactions, (ii) facilitate a new investment in UH Holdco and (iii) allow Grupo Televisa to recognize significant capital tax losses. (See “Notes to Consolidated Financial Statements—1. *Company Background*”). Through the Reorganization, UH Holdco acquired a controlling financial interest in UHI. As a result of the Reorganization, a new basis of accounting was established on May 18, 2021, which resulted in the remeasurement of the Company’s assets and liabilities to fair value as of such date. Due to the adoption and application of pushdown accounting in connection with the Reorganization, the consolidated financial statements and certain footnote disclosures included herein are presented in two distinct periods to indicate the application of two different bases of accounting, which may not be comparable, between the periods presented. For accounting purposes, management has designated the reorganization date as May 18, 2021 (the “Reorganization Date”). The periods prior to the Reorganization Date are identified as “Predecessor” and the periods after the Reorganization Date are identified as “Successor”. The Reorganization resulted in a new basis of accounting beginning on the Reorganization Date and the financial reporting periods are presented as follows:

- The “Successor” period of the Company, reflecting its financial condition following the Reorganization as of September 30, 2022 December 31, 2021 September 30, 2021 and results of operations and cash flows for the three and nine months ended September 30, 2022 and for the period from May 18, 2021 through September 30, 2021.
- The “Predecessor” period of the Company, reflecting its results of operations and cash flows for the period from January 1, 2021 through May 17, 2021.

See “Notes to Consolidated Financial Statements—3. *TelevisaUnivision Transaction*.”

### *Debt Transactions*

On August 26, 2022, the Company issued \$400.0 million in additional aggregate principal amount of its existing 7.375% Senior Secured Notes due 2030 (the “additional 2030 notes”). The additional 2030 notes were issued under the same indenture governing the initial 2030 notes, have the same terms as the initial 2030 notes and are treated as a single series with the initial 2030 notes. The additional 2030 notes were priced at 101.500%. As of September 30, 2022, after giving effect to the issuance of the additional 2030 notes, the Company has \$900.0 million aggregate principal amount of its 7.375% Senior Secured Notes due 2030 outstanding.

On June 24, 2022, the Company issued senior secured debt of \$1.5 billion made up of (i) a \$500.0 million bank senior secured term loan A facility maturing in 2027 (the “New Term Loan A Facility”), (ii) a \$500.0 million bank senior secured term loan B facility maturing in June 2029 (the “New Term Loan B Facility”) and (iii) \$500.0 million in aggregate principal amount of 7.375% Senior Secured Notes due 2030 (the “initial 2030 notes”). The Company utilized the debt issuance proceeds to (x) redeem all of the outstanding 9.5% Senior Secured Notes due 2025 of \$370.0 million and (y) make a \$1,130.0 million partial prepayment of the bank senior secured term loan B facility maturing in 2024 (the “2024 term loans”).

On January 31, 2022, the Company entered into a new bank credit agreement (the “2022 Credit Agreement”) with JPMorgan Chase Bank, N.A., as administrative agent, which provided a new senior secured term loan B facility of \$1,050.0 million with a maturity date of January 31, 2029 (the “January 2029 term loans”). The 2022 Credit Agreement was further amended on June 24, 2022 to provide for the New Term Loan B Facility, which is treated as a separate class of term loans from the January 2029 term loans. As of September 30, 2022, the Company had two separate credit agreements (i) the 2007 Credit Agreement with Goldman Sachs, as administrative agent, and (ii) the 2022 Credit Agreement (defined above).

### *The Searchlight/ForgeLight Transaction*

On February 24, 2020, UHI entered into a definitive agreement pursuant to which, together with the consummation of related transactions, Searchlight and ForgeLight acquired a portion, and UHI repurchased and canceled the remaining portion in connection with its issuance of new Series A preferred stock to Liberty Global Ventures Limited (“Liberty”), of the ownership interests in UHI from the Original Sponsors and certain other stockholders of UHI (the “Searchlight/ForgeLight Transaction”). The Searchlight/ForgeLight Transaction closed on December 29, 2020. Televisa neither sold nor acquired any shares of UHI Class A common stock in the Searchlight/ForgeLight Transaction, but Televisa did convert warrants into UHI common stock in connection with the Searchlight/ForgeLight Transaction. As a result of the Searchlight/ForgeLight Transaction, in 2020, the Company funded transaction costs of \$68.0 million which were expensed as incurred and are included in Acquisition related costs and other, net within the Company’s consolidated statement of operations.

## **Other Factors Affecting Results of Operations**

### *Direct Operating Expenses*

Direct operating expenses consist primarily of programming costs, including license fees, and technical / engineering costs. Programming costs also include sports and other special events, news and other original programming. The Company’s programming costs for sports rights include the costs for Liga MX and UEFA soccer programming. As the Euro Cup was rescheduled to 2021 and soccer games were postponed in 2020 due to the impact of COVID-19, programming costs for sports rights increased in 2021. The Company expects to continue investing in direct-to-customer platforms which could increase operating expenses. Under the program license agreement with Televisa (the “Televisa PLA”) which existed prior to the TelevisaUnivision Transaction, Televisa received royalties based on 16.45% of substantially all of the Company’s Spanish language media networks revenue in effect until the expiration of the Televisa PLA. Additionally, Televisa received an incremental 2% in royalty payments above the contractual revenue base of \$1.63 billion. As result of the TelevisaUnivision Transaction, the Televisa PLA was settled in full, and separately, as part of the total consideration exchanged in the TelevisaUnivision Transaction.

### *Selling, General and Administrative Expenses*

Selling, general and administrative expenses include salaries and benefits for the Company’s sales, marketing, management and administrative personnel, selling, research, promotions, professional fees and other general and administrative expenses.

### *Restructuring, Severance and Related Charges*

The Company incurs restructuring, severance and related charges, primarily in connection with restructuring activities that the Company has undertaken from time to time as part of broader-based cost-saving initiatives as well as initiatives to improve performance, collaboration and operational efficiencies across its local media platforms and the digital platforms in the Spanish-language and initiatives to rationalize costs. These charges include employee termination benefits and severance charges, as well as expenses related to consolidating offices and other contract terminations, including programming contract terminations. In 2021 the Company incurred restructuring charges due to further initiatives to rationalize costs and in 2022 the Company incurred restructuring charges related to the TelevisaUnivision Transaction. See “Notes to Consolidated Financial Statements—9. *Accounts Payable and Accrued Liabilities*” for information related to restructuring and severance activities.

### *Impairment Loss*

The Company tests the value of intangible assets for impairment annually, or more frequently if circumstances indicate that a possible impairment exists. Intangible assets include primarily goodwill, television and radio broadcast licenses, trade names and programming rights under various agreements. The Company records any non-cash write-down of the value of intangible assets as an impairment loss. See “Notes to Consolidated Financial Statements— 8. *Goodwill and Other Intangible Assets*” and “11. *Program Rights and Prepayments*.”

### *Interest Rate Swaps*

For derivative instruments that are designated and qualify as part of a cash flow hedging relationship, the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge components excluded from the assessment of effectiveness are recognized in current earnings through “Acquisition related costs and other, net.” For derivative instruments not designated as hedging instruments, the derivative is marked to market with the change in fair value recorded directly in earnings. See “Notes to Consolidated Financial Statements—17. *Interest Rate Swaps*.”

### *Refinancing Transactions*

In connection with the Company’s debt refinancing transactions, to the extent that a transaction qualifies as a debt extinguishment, the Company writes-off any unamortized deferred financing costs or unamortized discounts or premiums related to the extinguished debt instruments. These charges are included in the loss on extinguishment of debt in the periods in which the debt refinancing transactions occur. See “Notes to Consolidated Financial Statements—16. *Debt*.”

### *Share-based Compensation Expense*

For the period from January 1, 2021 through May 17, 2021 (Predecessor), the Company recognizes non-cash share-based compensation expense related to equity-based awards issued by UHI to the Company’s employees. For the period from May 18, 2021 through September 30, 2022 (Successor), the Company recognized non-cash share-based compensation expense related to equity-based awards issued by UH Holdco to the Company’s employees. See “Notes to Consolidated Financial Statements—20. *Share-Based Compensation*.”

### *Provision (Benefit) for Income Tax*

The Company anticipates its annual effective tax rate to be approximately 42% in 2022 which exceeds the statutory rate, primarily due to impacts of state taxes, foreign rate differential changes in the valuation allowance, and other permanent differences. The Company is part of a consolidated group with UH Holdco for federal tax purposes, and the availability of loss carryforwards to limit federal tax payments by the Company is evaluated at the group level. As of December 31, 2021, there are approximately \$371.6 million in net operating loss carryforwards at the UH Holdco level, of which approximately \$14.3 million have been generated by Univision Communications Inc. and subsidiaries. See “Notes to Consolidated Financial Statements—19. *Income Taxes*.”

### *Acquisition related costs and other, net*

The Company measures equity investments which are not accounted for under the equity method and that have readily determinable fair values at fair value, with changes in fair value recognized in earnings and included in Acquisition related costs and other, net within the consolidated statement of operations. In addition, in 2022 and 2021 Acquisition related costs and other, net includes acquisition and transaction related costs.

## **Results of Operations**

### ***May 18, 2021 Reorganization***

On the Reorganization Date, a new basis of accounting was established, which resulted in the remeasurement of the Company's assets and liabilities to fair value as of such date. See above under "How Performance of the Business is Assessed – Reorganization" for additional information. Due to the adoption and application of pushdown accounting in connection with the Reorganization, the consolidated financial statements and certain footnote disclosures included herein are presented in two distinct periods to indicate the application of two different bases of accounting, which may not be comparable, between the periods presented. The periods prior to the Reorganization Date are identified as "Predecessor" and the period after the Reorganization Date is identified as "Successor".

### ***Overview***

The following table sets forth the Company's consolidated statement of operations for the periods presented (in thousands):

	<b>Three Months Ended September 30, 2022 (Successor)</b>	<b>Three Months Ended September 30, 2021 (Successor)</b>
Revenue .....	\$ 1,151,500	\$ 754,700
Direct operating expenses:		
Programming excluding variable program license fee .....	364,400	172,400
Variable program license fee .....	—	103,500
Other .....	65,900	25,500
Total .....	430,300	301,400
Selling, general and administrative expenses .....	365,700	201,300
Impairment loss .....	1,900	4,200
Restructuring, severance and related charges .....	10,900	25,400
Depreciation and amortization .....	135,100	80,200
Operating income .....	207,600	142,200
Other expense (income):		
Interest expense .....	137,800	100,500
Interest income .....	(3,000)	(100)
Amortization of deferred financing costs .....	3,500	1,100
(Gain) loss on refinancing of debt .....	(100)	4,100
Acquisition related costs and other, net .....	9,800	(1,000)
Income before income taxes .....	59,600	37,600
Provision for income taxes .....	26,000	4,100
Net income .....	<u>\$ 33,600</u>	<u>\$ 33,500</u>

	Nine Months Ended September 30, 2022	Period from May 18, 2021 through September 30, 2021	Period from January 1, 2021 through May 17, 2021	Nine Months Ended September 30, 2021
	(Successor)	(Successor)	(Predecessor)	Combined Results of Successor and Predecessor)
Revenue .....	\$ 3,172,400	\$ 1,111,700	\$ 976,900	\$ 2,088,600
Direct operating expenses:				
Programming excluding variable program license fee ..	1,028,500	241,900	202,700	444,600
Variable program license fee .....	30,600	151,900	142,400	294,300
Other .....	173,000	36,500	31,900	68,400
Total .....	1,232,100	430,300	377,000	807,300
Selling, general and administrative expenses .....	951,500	287,300	230,300	517,600
Impairment loss .....	1,900	4,200	92,900	97,100
Restructuring, severance and related charges .....	55,700	34,700	7,600	42,300
Depreciation and amortization .....	384,200	118,400	52,900	171,300
(Gain) loss on dispositions .....	(12,200)	—	500	500
Operating income .....	559,200	236,800	215,700	452,500
Other expense (income):				
Interest expense .....	377,400	150,000	167,400	317,400
Interest income .....	(6,300)	(200)	—	(200)
Amortization of deferred financing costs .....	8,900	1,400	6,200	7,600
(Gain) loss on refinancing of debt .....	(5,400)	4,100	—	4,100
Acquisition related costs and other, net .....	77,500	(22,700)	(12,000)	(34,700)
Income before income taxes .....	107,100	104,200	54,100	158,300
Provision for income taxes .....	45,000	16,300	5,900	22,200
Net income .....	\$ 62,100	\$ 87,900	\$ 48,200	\$ 136,100

In comparing the Company's results of operations for the three and nine months ended September 30, 2022 ("2022") with that ended September 30, 2021 ("2021"), in addition to the factors referenced above affecting the Company's results, the following should be noted:

- During the three and nine months ended September 30, 2022, the Company recorded a non-cash impairment charge of \$1.9 million related to the write down for sports rights which will no longer be aired. During the three months ended September 30, 2021, the Company recorded a non-cash impairment charge of \$4.2 million related to the write down for content which will no longer be aired. During the nine months ended September 30, 2021, the Company recorded a non-cash impairment charge of \$97.1 million of which \$68.3 million was related to the write down of broadcast licenses within the radio operating segment, \$19.7 million related to the write-down of certain television sports program rights primarily resulting from the reduction in the number of games aired on the linear networks as well as certain payments made in excess of recoverable amounts, \$4.2 million related to the write-down for content which will no longer be aired, \$4.3 million related to certain lease assets and \$0.6 million related to other assets.
- During the three months ended September 30, 2022 and 2021, the Company recorded \$10.9 million and \$25.4 million, respectively, in restructuring, severance and related charges. During the nine months ended September 30, 2022 and 2021, the Company recorded \$55.7 million and \$42.3 million, respectively, in restructuring, severance and related charges. These charges relate to restructuring and severance arrangements with employees and executives, as well as costs related to consolidating facilities, contract terminations and related charges in 2022 and 2021.

- During the three months ended September 30, 2022, the Company recognized in Acquisition related costs and other, net an expense of \$9.8 million primarily due to unrealized Entravision loss of \$5.5 million and other acquisition related costs of \$4.3 million. During the nine months ended September 30, 2022, the Company recognized in Acquisition related costs and other, net an expense of \$77.5 million primarily due to the TelevisaUnivision Transaction acquisition costs of \$45.5 million, unrealized Entravision loss of \$26.3 million and other acquisition related costs of \$5.7 million. During the three months ended September 30, 2021, the Company recognized in Acquisition related costs and other, net a gain of \$1.0 million due to an unrealized gain of \$3.9 million arising from the non-cash change in fair value of its Entravision Communications Corporation (“Entravision”) investment, partially offset by acquisition costs and other of \$2.9 million. During the nine months ended September 30, 2021, the Company recognized in Other, net a gain of \$34.7 million due to an unrealized gain of \$40.7 million arising from the non-cash change in fair value of its Entravision investment and a \$3.5 million gain on the sale of fuboTV Inc. investment, partially offset by acquisition and transaction related costs and other costs of \$9.5 million.

### **Three Months Ended September 30, 2022 Compared to Three Months Ended September 30, 2021**

*Revenue.* Consolidated revenue was \$1,151.5 million for the three months ended September 30, 2022 compared to \$754.7 million for the three months ended September 30, 2021, an increase of \$396.8 million or 52.6%. The increase was due to \$382.2 million from the new business acquired as result of the TelevisaUnivision Transaction (“new business acquired”) and \$14.6 million in the legacy business driven by strong upfront in both volume and pricing, market share increases, partially offset by lower major sporting events held, macro-driven softness relating to supply chain disruptions and clients pushing advertising investments to Q4 to coincide with the 2022 FIFA World Cup.

Media and Entertainment advertising revenue for 2022 increased 63.8% to \$725.2 million compared to \$442.7 million for the same prior period. The increase was due to \$261.8 million from the new business acquired and \$20.7 million in the legacy business driven by strong upfront in both volume and pricing growth, partially offset by lower major sporting events held, macro-driven softness relating to supply chain disruptions and clients pushing advertising investments to Q4 to coincide with the 2022 FIFA World Cup. U.S. advertising revenue was \$463.4 million in 2022 compared to \$442.7 million in 2021, an increase of \$20.7 million, or 4.7% due to strong upfront in both volume and pricing growth, partially offset by lower major sporting events held and macro-driven softness relating to supply chain disruptions. Mexico advertising revenue was \$261.8 million in 2022 due to new business acquired, strong upfront in both volume and pricing, new client activations across platforms partially offset by lower major sporting events held and clients pushing advertising investments to Q4 to coincide with the 2022 FIFA World Cup.

Media and Entertainment subscriber fee and licensing revenue (which includes subscriber fee revenue and program licensing revenue) was \$399.5 million in 2022 compared to \$278.0 million for the same prior period, an increase of \$121.5 million, or 43.7%. The increase was due to \$103.2 million from the new business acquired and \$18.3 million in the legacy business driven by the launch of ViX+, premium content offering, vMVPD growth, partially offset by the decline in traditional MVPDs. U.S. Subscriber fee and licensing revenue was \$296.3 million in 2022 compared to \$278.0 million in 2021, an increase of \$18.3 million, or 6.6% due to the launch of ViX+, premium content offering, vMVPD growth, offset by the decline in traditional MVPDs. Mexico subscriber fee and licensing revenue was \$103.2 million in 2022 due to new business acquired, the launch of ViX+, a stable subscribers base within traditional MVPDs and increased volume of premium content licensing.

Other revenue in the Media and Entertainment segment was \$26.8 million in 2022 compared to \$34.0 million in the same prior period, a decrease of \$7.2 million. U.S. other revenue was \$9.6 million in 2022 compared to \$34.0 million in 2021, a decrease of \$24.4 million, or 71.8%. Mexico other revenue was \$17.2 million in 2022 due to the new business acquired.

*Direct operating expenses – programming.* Programming expenses, which exclude variable program license fees (see below), increased to \$364.4 million in 2022 compared to \$172.4 million in 2021, an increase of \$192.0 million or 111.4%. The company now owns most of its content instead of licensing content which has resulted in a shift in expenses between variable and non-variable. As a percentage of revenue, programming expenses increased to 31.6% in 2022 from 22.8% in 2021. The increase was due to \$154.9 million from the new business acquired and \$37.1 million in the legacy business as result of entertainment programming cost of \$53.4 million primarily due to streaming business investments and higher news programming costs of \$6.1 million, partially offset by a decrease in sports programming expenses of \$22.4 million due to no major soccer tournaments in the quarter in 2022.

*Direct operating expenses – variable program license fees.* Under the Televisa PLA which ended on January 31, 2022 as a result of TelevisaUnivision Transaction, the Company paid a percentage of substantially all of its Spanish-language media networks

revenue to Televisa, until the completion of the TelevisaUnivision transaction. The variable program license fees recorded was zero in 2022 and \$103.5 million in 2021.

*Direct operating expenses – other.* Other direct operating expenses increased to \$65.9 million in 2022 from \$25.5 million in 2021, an increase of \$40.4 million primarily due to an increase in technical costs related to content production. The increase was due to \$29.1 million from the new business acquired and \$11.3 million from the legacy business. As a percentage of revenue, other direct operating expenses increased to 5.7% in 2022 from 3.4% in 2021.

*Selling, general and administrative expenses.* Selling, general and administrative expenses increased to \$365.7 million in 2022 from \$201.3 million in 2021, an increase of \$164.4 million or 81.7%. The increase was due to \$107.3 million from the new business acquired and \$57.1 million in the legacy business, primarily due to employee costs, investments in sales and marketing costs associated with new streaming business. On a consolidated basis, as a percentage of revenue, selling, general and administrative expenses increased to 31.8% in 2022 from 26.7% in 2021.

*Impairment loss.* In 2022, the Company recorded a non-cash impairment loss of \$1.9 million related to the write down for sports rights which will no longer be aired. In 2021, the Company recorded a non-cash impairment loss of \$4.2 million resulting from the impairment of program rights.

*Restructuring, severance and related charges.* For the three months ended September 30, 2022, the Company recognized approximately \$10.9 million of restructuring, severance and related charges. This amount includes a charge of \$4.5 million related to restructuring activities and \$6.4 million related to severance charges for individual employees. In 2022, the restructuring charge of \$4.5 million consists of \$3.2 million for non-employees related items and lease obligations and \$1.3 million in employee termination benefits. For the three months ended September 30, 2021, the Company recognized approximately \$25.4 million of restructuring, severance and related charges. In 2021, the restructuring charge of \$25.4 million consists of \$18.9 million in contract termination costs and other and \$6.5 million in employee termination benefits. See “Notes to Consolidated Financial Statements—9. *Accounts Payable and Accrued Liabilities.*”

*Depreciation and amortization.* Depreciation and amortization increased to \$135.1 million in 2022 from \$80.2 million in 2021, an increase of \$54.9 million or 68.5% primarily due to increase in tangible and intangible assets resulting from the TelevisaUnivision transaction.

*Operating income.* As a result of the factors discussed above and in the results of operations overview, the Company had operating income of \$207.6 million in 2022 and \$142.2 million in 2021, an increase of \$65.4 million.

*Interest expense.* Interest expense increased to \$137.8 million in 2022 from \$100.5 million in 2021, an increase of \$37.3 million due to the issuance of additional debt during the current year. See “Notes to Consolidated Financial Statements—16. *Debt* and 17. *Interest Rate Swaps.*”

*Interest income.* In 2022 and 2021, the Company recorded interest income of \$3.0 million and \$0.1 million, respectively.

*Amortization of deferred financing costs.* Amortization of deferred financing costs was \$3.5 million in 2022 and \$1.1 million in 2021, a increase of \$2.4 million. See “Notes to Consolidated Financial Statements—16. *Debt.*”

*(Gain) loss on refinancing of debt.* In 2022 the Company recorded a gain on refinancing of debt of \$0.1 million as a result of the write-off of unamortized premium related to the partially paid down of the 2024 Term Loan. In 2021 the Company recorded a loss on refinancing of debt of \$4.1 million as a result of the Company's debt refinancing, the write-off of certain unamortized deferred financing costs and the write-off of certain unamortized premium related to debt instruments that were repaid. See “Notes to Consolidated Financial Statements—16. *Debt.*”

*Acquisition related costs and other, net.* In 2022 the Company recognized in Acquisition related costs and other, an expense of \$9.8 million primarily due to unrealized Entravision loss of \$5.5 million and other acquisition related costs of \$4.3 million. In 2021, the Company recognized a gain of \$1.0 million due to an unrealized gain of \$3.9 million arising from the non-cash change in fair value of its Entravision investment, partially offset by acquisition and transaction related costs and other costs of \$2.9 million.

*Provision (benefit) for income taxes.* In 2022, for the three month period ended September 30, 2022, the Company reported an income tax provision of \$26.0 million compared to an income tax provision of \$4.1 million for the three month period ended September 30, 2021. The increase in tax provision was primarily due to higher pre-tax earnings in the three month period ending September 30, 2022, offset by permanent differences, foreign rate differential, and valuation allowances. See “Notes to Consolidated Financial Statements—19. *Income Taxes*”

*Net income.* As a result of the above factors, the Company reported net income of \$33.6 million and \$33.5 million in 2022 and 2021, respectively.

*Adjusted OIBDA and Bank Credit Adjusted OIBDA.* Adjusted OIBDA increased to \$410.9 million in 2022 from \$264.9 million in 2021, an increase of \$146.0 million or 55.1% and Bank Credit Adjusted OIBDA increased to \$415.8 million in 2022 from \$269.1 million in 2021, an increase of \$146.7 million or 54.5%. The increase results from the factors discussed in the “Overview” above and the other factors noted above. On a consolidated basis, as a percentage of revenue, the Company’s Adjusted OIBDA increased to 35.7% in 2022 from 35.1% in 2021 and Bank Credit Adjusted OIBDA increased to 36.1% in 2022 from 35.7% in 2021. The impact of political/advocacy advertising contributed \$30.3 million in 2022 and \$25.4 million in 2021. For a reconciliation of Adjusted OIBDA and Bank Credit Adjusted OIBDA to net income, which is the most directly comparable GAAP financial measure, see “Reconciliation of Non-GAAP Measures” below.

On a pro forma basis for the three months ended September 30, 2022 and September 30, 2021, consolidated Adjusted OIBDA is \$410.9 million and \$428.6 million, respectively. See “Notes to Consolidated Financial Statements— 23. *Segments*” for a description of the non-GAAP term Adjusted OIBDA, a reconciliation to net income attributable to the Company and limitations on its use.

### **Nine Months Ended September 30, 2022 Compared to Nine Months Ended September 30, 2021**

*Revenue.* Consolidated revenue was \$3,172.4 million for the nine months ended September 30, 2022 compared to \$2,088.6 million for the nine months ended September 30, 2021, an increase of \$1,083.8 million or 51.9%. The increase was due to \$942.2 million from the new business acquired as result of the TelevisaUnivision Transaction (“new business acquired”) and \$141.6 million in the legacy business due to strong upfront in both volume and pricing, gains from new advanced marketing solutions, launch of ViX+, premium content licensing, the elimination of certain non-cash reductions to subscriber fee revenue which impacted prior periods as a result of the Reorganization in 2021, partially offset by lower major sporting events held, marco-driven softness relating to supply chain disruptions and clients pushing advertising investments to Q4 to coincide with the 2022 FIFA World Cup.

Media and Entertainment advertising revenue for 2022 increased 60.7% to \$1,916.1 million compared to \$1,192.3 million for the same prior period. The increase was due to \$613.2 million from the new business acquired and \$110.6 million in the legacy business due to strong upfront in both volume and pricing, gains from new advanced marketing solutions, partially offset by lower major sports held, marco-driven softness relating to supply chain disruptions and clients pushing advertising investments to Q4 to coincide with the 2022 FIFA World Cup. U.S. advertising revenue was \$1,302.9 million in 2022 compared to \$1,192.3 million in 2021, an increase of \$110.6 million, or 9.3% due strong upfront in both volume and pricing growth and gains from new advanced marketing solutions, partially offset by lower major sporting events held and macro-driven softness relating to supply chain disruptions. Mexico advertising revenue was \$613.2 million in 2022 due to new business acquired, strong upfront in both volume and pricing, gains from new advanced marketing solutions, partially offset by lower major sporting events held, marco-driven softness relating to supply chain disruptions and clients pushing advertising investments to Q4 to coincide with the 2022 FIFA World Cup

Media and Entertainment subscriber fee and licensing revenue (which includes subscriber fee revenue and program licensing revenue) was \$1,172.3 million in 2022 compared to \$816.3 million for the same prior period, an increase of \$356.0 million, or 43.6%. The increase was due to \$269.7 million from the new business acquired and \$86.3 million in the legacy business driven by the launch of ViX+, premium content offering, vMVPD growth partially offset by the decline in traditional MVPDs. U.S. Subscriber fee and licensing revenue was \$902.6 million in 2022 compared to \$816.3 million in 2021, an increase of \$86.3 million, or 10.6% driven the launch of ViX+, premium content offering, vMVPD growth, partially offset by the decline in traditional MVPDs and the elimination of certain non-cash reductions to subscriber fee revenue which impacted prior periods as a result of the Reorganization in 2021. Mexico subscriber fee and licensing revenue was \$269.7 million in 2022 due to new business acquired, the launch of ViX+, a stable subscribers base within traditional MVPDs and increased volume of premium content licensing.

Other revenue in the Media and Entertainment segment was \$84.0 million in 2022 compared to \$80.0 million in the same prior period, an increase of \$4.0 million. U.S. other revenue was \$24.7 million in 2022 compared to \$80.0 million in 2021, a decrease of \$55.3 million or 69.1%. Mexico other revenue was \$59.3 million in 2022 due to new business acquired.

*Direct operating expenses – programming.* Programming expenses, which exclude variable program license fees (see below), increased to \$1,028.5 million in 2022 compared to \$444.6 million in 2021, an increase of \$583.9 million or 131.3%. As a percentage of revenue, programming expenses increased to 32.4% in 2022 from 21.3% in 2021. The increase was due to \$422.5 million from the new business acquired and \$161.4 million in the legacy business as result of entertainment programming cost comprising of \$119.3 million relating to streaming business investments, sports programming expenses of \$29.7 million because of more recurring soccer matches in 2022 versus prior year and news programming costs of \$12.4 million.

*Direct operating expenses – variable program license fees.* Under the Televisa PLA which ended on January 31, 2022 as a result of TelevisaUnivision Transaction, the Company paid a percentage of substantially all of its Spanish-language linear revenue to Televisa. The variable program license fees recorded was \$30.6 million in 2022 and \$294.3 million in 2021.

*Direct operating expenses – other.* Other direct operating expenses increased to \$173.0 million in 2022 from \$68.4 million in 2021, an increase of \$104.6 million primarily due to an increase in technical costs. The increase was due to \$68.3 million from the new business acquired and \$36.3 million from the legacy business. As a percentage of revenue, other direct operating expenses increased to 5.5% in 2022 from 3.3% in 2021.

*Selling, general and administrative expenses.* Selling, general and administrative expenses increased to \$951.5 million in 2022 from \$517.6 million in 2021, an increase of \$433.9 million or 83.8%. The increase was due to \$221.0 million from the new business acquired and \$212.9 million in the legacy business, primarily due to employee costs and investments in sales and marketing costs associated with new streaming business. On a consolidated basis, as a percentage of revenue, selling, general and administrative expenses increased to 30.0% in 2022 from 24.8% in 2021.

*Impairment loss.* In 2022, the Company recorded a non-cash impairment loss of \$1.9 million related to the write down for sports rights which will no longer be aired. In 2021, the Company recorded a non-cash impairment loss of \$97.1 million of which \$68.3 million was related to the write down of broadcast licenses within the radio operating segment, \$19.7 million related to the write-down of certain television sports program rights primarily resulting from the reduction in the number of games aired on the linear networks as well as certain payments made in excess of recoverable amounts, \$4.2 million related to the write-down for content which will no longer be aired, \$4.3 million related to certain lease assets and \$0.6 million related to other assets.

*Restructuring, severance and related charges.* For the nine months ended September 30, 2022, the Company recognized approximately \$55.7 million of restructuring, severance and related charges, which comprises of \$49.3 million related to restructuring activities and \$6.4 million related to severance charges for individual employees. In 2022, the restructuring charge of \$49.3 million consists of \$25.7 million in employee termination benefits and related charges and \$23.6 million for non-employees related items and lease obligations. In 2021, the restructuring charge of \$42.3 million consists of \$33.6 million in contract termination costs and other and \$8.7 million in employee termination benefits. See “Notes to Consolidated Financial Statements—9. *Accounts Payable and Accrued Liabilities.*”

*Depreciation and amortization.* Depreciation and amortization increased to \$384.2 million in 2022 from \$171.3 million in 2021, an increase of \$212.9 million or 124.3% primarily due to an increase in tangible and intangible assets resulting from the TelevisaUnivision transaction.

*(Gain) loss on dispositions.* In 2022 and 2021, the Company recorded a gain on dispositions of \$12.2 million and a loss of \$0.5 million, respectively, related to the retirement of fixed assets.

*Operating income.* As a result of the factors discussed above and in the results of operations overview, the Company had operating income of \$559.2 million in 2022 and \$452.5 million in 2021, an increase of 106.7 million. On a pro forma basis, assuming the acquisition occurred on January 1, 2022, the acquisition would have increased the Company's operating income by \$19.0 million.

*Interest expense.* Interest expense increased to \$377.4 million in 2022 from \$317.4 million in 2021, an increase of \$60.0 million due to the issuance of additional debt during the current year. See “Notes to Consolidated Financial Statements—16. *Debt* and 17. *Interest Rate Swaps.*”

*Interest income.* In 2022 and 2021, the Company recorded interest income of \$6.3 million and \$0.2, respectively.

*Amortization of deferred financing costs.* Amortization of deferred financing costs was \$8.9 million in 2022 and \$7.6 million in 2021, an increase of \$1.3 million. See “Notes to Consolidated Financial Statements—16. *Debt.*”

*Acquisition related costs and other, net.* In 2022, for the nine month period ended September 30, 2022, the Company recognized in Acquisition related costs and other, an expense of \$77.5 million primarily due to the TelevisaUnivision Transaction acquisition costs of \$45.5 million, unrealized Entravision loss of \$26.3 million and other acquisition related costs of \$5.7 million. In 2021, for the nine month period ended September 30, 2021, the Company recognized a gain of \$34.7 million due to an unrealized gain of \$40.7 million arising from the non-cash change in fair value of its Entravision investment and a \$3.5 million gain on the sale of fuboTV Inc. investment, partially offset by acquisition and transaction related costs and other costs of \$9.5 million.

*(Gain) loss on refinancing of debt.* In 2022 the Company recorded a gain on refinancing of debt of \$5.4 million, as a result of the redemption of the 9.5% Senior Notes due 2025 and the write-off of unamortized premium related to the partially paid down of the 2024 Term Loan. In 2021 the Company recorded a loss on refinancing of debt of \$4.1 million as a result of the Company's debt refinancing, the write-off of certain unamortized deferred financing costs and the write-off of certain unamortized premium related to debt instruments that were repaid See “Notes to Consolidated Financial Statements—16. *Debt.*”

*Provision (benefit) for income taxes.* In 2022, for the nine month period ended September 30, 2022, the Company reported an income tax provision of \$45.0 compared to \$22.2 million for the nine month period ended September 30, 2021. The increase in tax provision was primarily due to permanent differences, foreign rate differential and, valuation allowances offset by lower pre-tax earnings in the nine-month period ending September 30, 2022. See “Notes to Consolidated Financial Statements—19. *Income Taxes.*”

*Net income.* As a result of the above factors, the Company reported net income of \$62.1 and \$136.1 in 2022 and 2021, respectively.

*Adjusted OIBDA and Bank Credit Adjusted OIBDA.* Adjusted OIBDA increased to \$1,150.4 million in 2022 from \$785.8 million in 2021, an increase of \$364.6 million or 46.4% and Bank Credit Adjusted OIBDA increased to \$1,164.0 million in 2022 from \$797.8 million in 2021, an increase of \$366.2 million or 45.9%. The increase results from the factors discussed in the “Overview” above and the other factors noted above. On a consolidated basis, as a percentage of revenue, the Company's Adjusted OIBDA decreased to 36.3% in 2022 from 37.6% in 2021 and Bank Credit Adjusted OIBDA decreased to 36.7% in 2022 from 38.2% in 2021. The impact of political/advocacy advertising contributed \$75.4 million in 2022 and \$66.3 million in 2021. For a reconciliation of Adjusted OIBDA and Bank Credit Adjusted OIBDA to net income, which is the most directly comparable GAAP financial measure, see “Reconciliation of Non-GAAP Measures” below.

On a pro forma basis for the nine months ended September 30, 2022 and September 30, 2021, consolidated Adjusted OIBDA is \$1,185.8 million and \$1,208.1 million, respectively. See “Notes to Consolidated Financial Statements— 23. *Segments*” for a description of the non-GAAP term Adjusted OIBDA, a reconciliation to net income attributable to the Company and limitations on its use.

## **Liquidity and Capital Resources**

### *Cash Flows*

*Cash Flows from Operating Activities.* Cash flows provided by operating activities for the nine months ended September 30, 2022 were \$248.7 million compared to cash flows provided by operating activities for the nine months ended September 30, 2021 of \$325.4 million, a decrease of \$76.7 million. Cash flow from operations adjusted for the impact of non-cash and other items was \$1,051.9 million for the nine months ended September 30, 2022 and \$520.6 million for the nine months ended September 30, 2021, an increase of \$531.3 million. Changes in assets and liabilities for the nine months ended September 30, 2022 resulted in net cash used in operating activities of \$803.2 million compared to net cash used in operating activities of \$195.2 million for the nine months ended September 30, 2021. The decreased operating cash flow of \$76.7 million is primarily due to higher programming costs.

*Cash Flows from Investing Activities.* Cash flows used in investing activities were \$3,304.6 million for the nine months ended September 30, 2022 compared to cash flows used in investing activities of \$22.9 million for the nine ended September 30, 2021. During the nine months ended September 30, 2022, the Company used \$87.3 million in cash related to capital expenditures, used

\$3,227.1 million in investments and other acquisitions, net of cash acquired and received \$9.8 million in proceeds from the sale of investment and other assets. During the nine months ended September 30, 2021, the Company used \$33.3 million in investments and other acquisitions, net of cash acquired and received \$34.2 million from proceeds on sale of investment. During the nine months ended September 30, 2021, the Company used \$23.8 million in cash related to capital expenditures.

*Cash Flows from Financing Activities.* Cash flows provided by financing activities were \$1,871.4 million for the nine months ended September 30, 2022 compared to cash flows provided by financing activities of \$892.6 million for the nine months ended September 30, 2021. During the nine months ended September 30, 2022, the Company had net proceeds of \$922.6 million, including payment of financing fees due to the issuance of \$2,035.0 million term loans and \$902.3 million senior notes, and \$2.1 million other, partially offset by partial payment of \$1,536.0 million on 2024 term loan and \$370.0 million on the redemption of 9.5% senior notes due 2025, \$83.4 million payment of financing fees, a \$14.7 million payment on the Company's senior secured term loan due 2026, a \$6.3 million payment on the Company's New Term Loan A Facility, a \$5.2 million payment on the January 2029 term loans and a \$1.2 million payment on the Company's New Term Loan B Facility. During the nine months ended September 30, 2022, long-term debt increased by \$1,006.0 million, resulting in a net source of cash of \$1,006.0 million. During the nine months ended September 30, 2021, long-term debt increased by \$988.3 million and revolving debt decreased by \$66.1 million, a net source of cash of \$922.2 million. In addition, for the nine months ended September 30, 2022, the Company had capital contribution of \$1,002.4 million, net use of cash of \$27.5 million related to dividend payments and net cash use of \$7.5 million related to employee stock and equity transactions. For the nine months ended September 30, 2021, the Company had capital contribution of \$8.3 million and net cash use of \$4.3 million related to employee stock activity and equity transactions.

#### *Use of Funds*

The Company's primary near-term uses of funds include funding operations and servicing the Company's debt. The Company also expects to make capital expenditures related to information technology, normal capital purchases or improvements and facilities upgrades, including those related to consolidation of operations. The Company's capital expenditures exclude the expenditures financed with capitalized lease obligations. The Company's capital expenditure plan for the full fiscal year 2022 is for approximately \$160 million.

As of September 30, 2022, the Company's medium and long-term requirements for cash include funding for our long-term debt obligations due over the next five years of \$8,158.2 million and funding for programming, leases, research tools, information technology, and other contractual obligations over the next five years of \$1,474.8 million, \$342.8 million, \$52.8 million, \$117.9 million, and \$853.0 million, respectively. The funding for our long-term debt obligations include payment of the principal amount (including discount and premium amounts), amounts under the Company's revolving credit facility, anticipated cash interest payments related to the Company's fixed rate debt, which includes the senior secured notes, anticipated cash interest payments related to the Company's variable rate debt, which includes the senior secured term loans and the accounts receivable facility.

#### *Source of Funds*

The Company's sources of funds for near-term liquidity include cash flow from operations, the Company's bank senior secured revolving credit facility, the Company's accounts receivable sale facility, and anticipated access to private equity and debt markets. The Company monitors the cash flow liquidity, availability, fixed charge coverage, capital base, programming acquisitions and leverage ratios with the long-term goal of maintaining the Company's credit worthiness. Funding for our long-term debt obligations due over the next five years is expected to come from our ability to refinance our debt and cash generated from operating activities. Funding for our programming, leases, research tools, information technology and other contractual obligations over the next five years are expected to come from cash generated from operating activities.

The preliminary total cash consideration of \$3,146.5 million for the purchase price of the TelevisaUnivision Transaction which closed on January 31, 2022, was financed through (i) \$1.0 billion of UH Holdco Series C preferred stock investment led by the SoftBank Latin American Fund ("SoftBank"), along with ForgeLight, with participation from Google and The Raine Group, (ii) \$1.05 billion of 4.0% new term loan due January 2029 and \$1.05 billion of 4.5% Senior Secured Notes due 2029 described above under "Recent Developments."

The Company may from time to time seek to retire or purchase, directly or indirectly, its outstanding indebtedness, including its outstanding debt securities, through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions, by tender offer or otherwise. Such purchases and/or exchanges, if any, could be financed with a combination of cash on hand and

borrowings under its senior secured revolving credit facility and accounts receivable sale facility, and will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors. The amounts involved may be material, which could impact its capital structure, the market for its debt securities, the price of the indebtedness being purchased and/or exchanged and affect its liquidity.

As of September 30, 2022, the Company does not have any off-balance sheet transactions, arrangements or obligations (including contingent obligations) that would have a material effect on the Company's financial results.

### Debt and Financing Transactions

As of September 30, 2022, the Company had total committed capacity, defined as maximum available borrowings under various existing debt arrangements plus cash and cash equivalents, of \$10,808.4 million. Of this committed capacity, \$9,367.3 million was outstanding as debt, \$52.6 million was outstanding as letters of credit and \$1,388.5 million was unused. As of September 30, 2022, total committed capacity, outstanding letters of credit, outstanding debt and total unused committed capacity were as follows (in thousands).

	Committed Capacity	Letters of Credit	Outstanding Debt	Unused Committed Capacity
Cash and cash equivalents .....	\$ 531,100	\$ —	\$ —	\$ 531,100
Replacement bank senior secured revolving credit facility maturing in 2025 <sup>(a)</sup> — alternate bases .....	88,000	—	—	88,000
Replacement bank senior secured revolving credit facility maturing in 2027 <sup>(a)</sup> — alternate bases .....	522,000	—	—	522,000
Bank senior secured term loans maturing in 2024 <sup>(a)</sup> —LIBOR with a 1.0% floor + 2.75% .....	361,300	—	361,300	—
Bank senior secured term loans maturing in 2026 <sup>(a)</sup> —LIBOR with a 0.75% floor + 3.25% .....	1,939,300	—	1,939,300	—
Bank senior secured term loans maturing in 2027 <sup>(a)</sup> — alternate bases .....	493,800	—	493,800	—
Bank senior secured term loans maturing in January 2029 <sup>(a)</sup> —LIBOR with a 0.75% floor + 3.25% .....	1,044,700	—	1,044,700	—
Bank senior secured term loans maturing in June 2029 <sup>(a)</sup> — alternate bases .....	498,800	—	498,800	—
Senior Secured Notes <sup>(a)</sup> :				
5.125% Senior Secured Notes due 2025 <sup>(b)</sup> .....	1,479,400	—	1,479,400	—
6.625% Senior Secured Notes due 2027 <sup>(b)</sup> .....	1,500,000	—	1,500,000	—
4.500% Senior Secured Notes due 2029 <sup>(b)</sup> .....	1,050,000	—	1,050,000	—
7.375% Senior Secured Notes due 2030 <sup>(b)</sup> .....	900,000	—	900,000	—
Accounts receivable facility maturing in 2026 <sup>(a)</sup> —LIBOR + 1.40% .....	400,000	52,600	100,000	247,400
	<u>\$ 10,808,400</u>	<u>\$ 52,600</u>	<u>\$ 9,367,300</u>	<u>\$ 1,388,500</u>

(a) See "Notes to Consolidated Financial Statements—16. Debt."

(b) Amounts represent the principal balance and do not include any discounts and premiums.

To the extent permitted and to the extent of free cash flow, the Company intends to repay indebtedness and reduce the Company's ratio of Adjusted OIBDA to total debt.

### Disclosures Related to Debt Guarantees, Security Interests and Accounts Receivable Facility

The Company's Senior Secured Credit Facilities and New Term Loan Facility are guaranteed by Broadcast Media Partners Holdings, Inc. ("Broadcast Holdings") and Univision Communications Inc.'s material, wholly-owned restricted domestic subsidiaries (subject to certain exceptions). These subsidiaries fully and unconditionally guarantee the Company's Senior Secured Credit Facilities, New Term Loan Facility and senior secured notes on a joint and several basis. The Company's senior secured notes are guaranteed by

all of the current and future domestic subsidiaries that guarantee the Senior Secured Credit Facilities and the New Term Loan Facility. The senior secured notes are not guaranteed by Holdings.

The Company's Senior Secured Credit Facilities, New Term Loan Facility and existing senior secured notes are secured by, among other things:

- a first priority security interest, subject to permitted liens, in substantially all of the assets of Univision Communications Inc. as borrower, Holdings (other than with respect to the existing senior secured notes) and Univision Communications Inc.'s material restricted domestic subsidiaries (subject to certain exceptions), including without limitation, all receivables, contracts, contract rights, equipment, intellectual property, inventory and other tangible and intangible assets, but excluding, among other things, cash and cash equivalents, deposit and securities accounts, motor vehicles, FCC licenses to the extent that applicable law or regulation prohibits the grant of a security interest therein, equipment that is subject to restrictions on liens pursuant to purchase money obligations or finance lease obligations, interests in joint ventures and non-wholly owned subsidiaries that cannot be pledged without the consent of a third party, trademark applications and receivables subject to the Company's accounts receivable securitization;
- a pledge of (i) the present and future capital stock of each of Univision Communications Inc.'s and each subsidiary guarantor's direct domestic subsidiaries (other than interests in joint ventures and non-wholly owned subsidiaries that cannot be pledged without the consent of a third party or to the extent a pledge of such capital stock would cause us to be required to file separate financial statements for such subsidiary with the Securities and Exchange Commission) and (ii) 65% of the voting stock of each of Univision Communications Inc.'s and each subsidiary guarantor's material direct foreign subsidiaries (other than interests in non-wholly owned subsidiaries that cannot be pledged without the consent of a third party), in each case, subject to certain exceptions; and
- all proceeds and products of the property and assets described above.

The existing senior secured notes are not secured by any assets of Holdings (and are therefore not secured by the stock of the Company).

*Summarized Guarantor Financial Information*

The Company's senior secured notes are secured by substantially all of Univision Communications Inc.'s and the subsidiary guarantors' (collectively, the "Guarantors") property and assets that secure the Company's Senior Secured Credit Facilities and the New Term Loan Facility. All guarantees to the senior secured notes are full and unconditional, joint and several and unsecured, and cover all payment obligations arising under the senior notes.

*Summarized Financial Information*

The Company has included the accompanying summarized combined financial information of the Guarantors after the elimination of intercompany transactions and balances among the Guarantors and investments in any subsidiary of the Parent that is a non-guarantor (in thousands):

	<u>September 30, 2022</u>	<u>December 31, 2021</u>
Current assets .....	\$ 1,197,300	\$ 2,573,900
Noncurrent assets .....	11,509,600	11,474,100
Current liabilities .....	664,100	689,800
Noncurrent liabilities .....	10,481,700	9,968,200
		<b><u>Nine Months Ended</u></b>
		<b><u>September 30, 2022</u></b>
Revenue .....	\$	2,211,400
Operating income .....		539,800
Net income .....		62,600

Under the terms of the Company's Accounts Receivable Facility, certain subsidiaries of the Company sell accounts receivable on a true sale and non-recourse basis to their respective wholly-owned special purpose subsidiaries, and these special purpose subsidiaries in turn sell such accounts receivable to Univision Receivables Co., LLC, a bankruptcy-remote subsidiary in which certain special purpose subsidiaries of the Company and its parent, Broadcasting Partners, each holds a 50% voting interest (the "Receivables Entity"). Thereafter, the Receivables Entity sells to investors, on a revolving non-recourse basis, senior undivided interests in such accounts receivable pursuant to the Receivables Purchase Agreement. The Company (through certain special purpose subsidiaries) holds a 100% economic interest in the Receivables Entity. The assets of the special purpose entities and the Receivables Entity are not available to satisfy the obligations of the Company or its other subsidiaries. At September 30, 2022, the total assets and total liabilities associated with the Accounts Receivable Facility were approximately \$614.7 million and \$100.0 million, respectively, comprising 3.2% and 0.8% of the Company's consolidated total assets and of the Company's consolidated total liabilities, respectively. The Accounts Receivable Facility has no impact on the Company's consolidated operating income.

#### *Other Matters Related to Debt*

The Company may from time to time designate a subsidiary as an "unrestricted subsidiary" for purposes of its credit agreement governing the Senior Secured Credit Facilities and the New Term Loan Facility and indentures governing the existing senior secured notes. As unrestricted subsidiaries, the operations of these subsidiaries are excluded from, among other things, covenant compliance calculations and compliance with the affirmative and negative covenants of the credit agreement governing the Senior Secured Credit Facilities and the New Term Loan Facility and indentures governing the existing senior secured notes. The Company may redesignate these subsidiaries as restricted subsidiaries at any time at its option, subject to compliance with the terms of its credit agreements governing the Senior Secured Credit Facilities and the New Term Loan Facility and indentures governing the existing senior secured notes.

The agreements governing the Senior Secured Credit Facilities, the New Term Loan Facility and the existing senior secured notes contain various covenants, which, among other things, limit the incurrence of indebtedness, making of investments, payment of dividends, transactions with affiliates, asset sales, acquisitions, mergers and consolidations, prepayments of other indebtedness, liens and encumbrances and other matters customarily restricted in such agreements. The credit agreement governing the Senior Secured Credit Facilities allows the Company to make certain pro forma adjustments for purposes of calculating the financial maintenance ratio applicable to the revolver facility thereunder, which would be applied to Bank Credit Adjusted OIBDA. The Company is in compliance with these covenants under the agreements governing its Senior Secured Credit Facilities, the New Term Loan Facility and the existing senior secured notes as of September 30, 2022.

A breach of any covenant could result in an event of default under those agreements. If any such event of default occurs, the lenders of the Senior Secured Credit Facilities and/or the New Term Loan Facility or the holders of the existing senior secured notes may elect (after the expiration of any applicable notice or grace periods) to declare all outstanding borrowings, together with accrued and unpaid interest and other amounts payable thereunder, to be immediately due and payable. In addition, an event of default under the indentures governing the existing senior secured notes would cause an event of default under the Senior Secured Credit Facilities and the New Term Loan Facility, and the acceleration of debt under the Senior Secured Credit Facilities and/or the New Term Loan Facility or the failure to pay that debt when due would cause an event of default under the indentures governing the existing senior secured notes (assuming certain amounts of that debt were outstanding at the time). The lenders under the Senior Secured Credit Facilities also have the right upon an event of default thereunder to terminate any commitments they have to provide further borrowings. Further, following an event of default under the Senior Secured Credit Facilities and the New Term Loan Facility, the lenders will have the right to proceed against the collateral (but in the case of the New Term Loan Facility, subject to the intercreditor agreement).

The Company and its subsidiaries, affiliates or significant shareholders may from time to time, in their sole discretion, purchase, repay, redeem or retire certain of the Company's debt or equity securities (including any publicly traded debt securities), in privately negotiated or open market transactions, by tender offer or otherwise.

The credit agreement governing the Company's Senior Secured Credit Facilities and the 2022 Credit Agreement also each provide that the Company may increase its existing revolving credit facilities and/or term loans facilities by additional amounts if certain conditions are met.

## *Interest Rate Swaps*

The Company's objectives in using interest rate derivatives are to add stability to interest expense and to manage its exposure to interest rate movements. To accomplish these objectives, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. These interest rate swaps involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. The Company has agreements with each of its interest rate swap counterparties which provide that the Company could be declared in default on its derivative obligations if repayment of the underlying indebtedness is accelerated by the lender due to the Company's default on the indebtedness. The Company does not enter into derivatives for trading purposes.

As of September 30, 2022, the Company has two remaining effective cash flow hedges. On February 28, 2020, the two forward-starting interest rate swaps that converted the interest payable on \$2.5 billion of variable rate debt into fixed rate debt, at a weighted-average rate of approximately 2.94% became effective with all maturity dates in February 2024. On September 10, 2021, the Company modified these two outstanding forward-starting interest rate swaps to extend the maturity from February 2024 to February 2026 and the floor was reduced from 1.00% to 0.75%. The weighted average interest rate as of September 30, 2022 (Successor) was therefore approximately 2.26%. As a result of this modification, there was an other-than-insignificant financing element identified which resulted in our swap settlement payments being classified as financing cash flows.

## **Other**

### *General*

Based on the Company's current level of operations, planned capital expenditures and major contractual obligations, the Company believes that its cash flow from operations, together with available cash and availability under the Company's senior secured revolving credit facility and the revolving component of the Company's receivable sale facility will provide sufficient liquidity to fund the Company's current obligations, projected working capital requirements and capital expenditures for a period that includes at least the next year. See also the discussion of the Notes offering and the new term loan facility under "Recent Developments" above.

### *Acquisitions, Investments and Joint Ventures*

The Company continues to explore acquisition, investment and joint venture opportunities to complement and capitalize on the Company's existing business and new management. The cash purchase price for any future acquisitions, investments and joint venture investments may be paid with cash derived from operating cash flow, proceeds available under the Company's revolving credit facilities, proceeds from future private equity or debt offerings or any combination thereof. As discussed under "Recent Developments" and above:

- the TelevisaUnivision Transaction was financed through \$1.0 billion of new UHI Series C preferred stock investment led by SoftBank, along with ForgeLight (Univision) Holdings, LLC, with participation from Google and The Raine Group, \$1.05 billion of 4.0% new term loan due January 2029 and \$1.05 billion of issued 4.500% Senior Secured Notes due 2029.
- the Pantaya Acquisition was mainly financed by cash consideration of \$131.7 million.

## **Quantitative and Qualitative Disclosures about Market Risk**

The Company faces risks related to fluctuations in interest rates. The Company's primary interest rate exposure results from short-term interest rates applicable to the Company's variable interest rate loans. To partially mitigate this risk, the Company has entered into interest rate swap contracts. As of September 30, 2022, the Company had approximately \$2.3 billion in principal amount in variable interest rate loans outstanding in which the Company's exposure to variable interest rates is not limited by interest rate swap contracts. A hypothetical change of 10% in the floating interest rate that the Company receives would result in a \$5.7 million change to interest expense on pre-tax earnings or pre-tax cash flows over a one-year period related to the borrowings in excess of the hedged contracts. See "—Debt and Financing Transactions—Interest Rate Swaps."

## Critical Accounting Policies

The Company's discussion and analysis of financial condition and results of operations is based on the consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these consolidated financial statements requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Certain accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. These estimates, assumptions and judgments are based on historical experience, terms of existing contracts, evaluation of trends in the industry, information provided by customers and suppliers/partners and information available from other outside sources, as appropriate. However, they are subject to an inherent degree of uncertainty. As a result, the Company's actual results in these areas may differ significantly from these estimates. The Company believes that the following critical accounting policies are critical to an understanding of the financial condition and results of operations and require the most significant judgments and estimates used in the preparation of the Company's consolidated financial statements and changes in these judgments and estimates may impact future results of operations and financial condition.

### *Revenue Recognition*

Advertising— The Company generates advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio stations. The Company also generates revenue from the sale of display, mobile and video advertising, as well as sponsorships, on our various digital properties. In some cases, the network advertising sales are subject to ratings guarantees that require the Company to provide additional advertising time if the guaranteed audience levels are not achieved. Revenues for any audience deficiencies are deferred until the guarantee audience levels is met, by providing additional advertisements. Advertising contracts, which are generally short-term, are billed monthly, with payments due shortly after the invoice date.

For the broadcast and cable networks, the Company sells advertising time in the upfront and scatter markets. In the upfront market, advertisers buy advertising time for the upcoming season in advance, often at discounted rates from the Company's standard rates. In the scatter market, advertisers buy advertising time close to the time when the commercials will be run and often pay a premium to the Company's standard rates. The mix between the upfront and scatter markets is based upon a number of factors, such as pricing, demand for advertising time, type of programming and economic conditions.

Advertising revenue from the sale of advertising on broadcast and cable networks, local television and radio station is recognized when advertising spots are aired and performance guarantees, if any, are achieved. The achievement of performance guarantees is based on audience ratings from an independent research company. If there is a guarantee to deliver a targeted audience rating, revenues are recognized based on the proportion of the audience rating delivered to the total guaranteed in the contract. For impression-based digital advertising, revenue is recognized when "impressions" are delivered, while revenue from non-impression-based digital advertising is recognized over the period that the advertisements are displayed. "Impressions" are defined as the number of times that an advertisement appears in pages viewed by users of the Company's digital properties. Sponsorship advertisement revenue is recognized ratably over the contract period.

As result of the TelevisaUnivision Transaction, the 2011 PLA was settled in full, and separately, the Company committed to provide free advertising to Club Futbol America through the 2025/2026 Mexican soccer season. See "Notes to Consolidated Financial Statements—15. *Related Party Transactions*."

Subscriber Fee—Subscriber fee revenue includes fees charged for the right to view the programming content of the Company's broadcast networks, cable networks and stations through a variety of distribution platforms and viewing devices. Subscriber fee revenue is principally comprised of fees received from MVPDs for carriage of the Company's networks and for authorizing carriage ("retransmission consent") of Univision and UniMás broadcast networks aired on the Company's owned television stations as well as fees for digital content. Typically, the Company's networks and stations are aired by MVPDs pursuant to multi-year carriage agreements that provide for the level of carriage that the Company's networks and stations will receive, and if applicable, for annual rate increases. Subscriber fee revenue is largely dependent on the contractual rate-per-subscriber negotiated in the agreements, the number of subscribers that receive the Company's networks or content, and the market demand for the content that the Company provides. Subscriber fees received from cable and satellite MVPDs are recognized as revenue in the period during which services are provided. The Company does not disclose future performance obligations on subscriber contracts. Subscriber fee revenues are net of the amortization of any capitalized amounts paid to MVPDs. The Company defers these capitalized amounts and amortizes such amounts through the term of the agreement.

The Company also receives retransmission consent fees related to television stations that the Company does not own (referred to as “affiliates”) affiliated with Univision and UniMás broadcast networks. The Company has agreements with its affiliates whereby the Company negotiates the terms of retransmission consent agreements for substantially all of its Univision and UniMás stations with MVPDs. As part of these arrangements, the Company shares the retransmission consent fees received with certain of its affiliates.

Program Licensing—The Company licenses programming content for digital streaming and to other cable and satellite providers. Program licensing revenue is recognized when the content is delivered, and all related obligations have been satisfied. For licenses of internally-produced television programming, each individual episode delivered represents a separate performance obligation and revenue is recognized when the episode is made available to the licensee for exhibition and the license period has begun. All revenue is recognized only when it is probable that the Company will collect substantially all of the consideration for the program licensing.

#### *Program Rights and Prepayments*

The Company acquires program rights to exhibit programming on its broadcast and cable networks, including television shows, movies, and sports content. The costs incurred to acquire programming are capitalized when (i) the cost of the programming is reasonably determined, (ii) the programming has been accepted in accordance with the terms of the agreement, (iii) the programming is available for its first showing or telecast and (iv) the license period has commenced. The costs of program rights are classified as programming prepayments if the rights payments are made before the related economic benefit has been received. The Company capitalizes costs for owned program rights, including direct production costs, development costs, print costs, and production overhead, of original programs when incurred. All program rights and prepayments on the Company’s balance sheet are subject to regular recoverability assessments.

Acquired program rights for television shows and movies are amortized over their economic life, which is the period in which an economic benefit is expected to be generated, based on the estimated relative value of each broadcast of the program over the program’s life. Acquired program costs for television shows and movies are charged to operating expense as the programs are broadcast. Acquired program costs for multi-year sports programming arrangements are amortized to operating expenses over the license period based on the ratio of current-period direct revenue to estimated remaining total direct revenue over the remaining contract period. In the case of original programming, program costs are amortized to operating expense utilizing an individual-film-forecast-computation method over the title’s life cycle based upon the ratio of current period revenue to estimated remaining ultimate revenue.

The accounting for television shows and movie rights, sports rights, program rights prepayments and capitalized original program costs, requires judgment, particularly in the process of estimating the revenue to be earned over the life of the asset and total costs to be incurred (“ultimate revenue”). These judgments are used in determining the amortization of, and any necessary impairment of, capitalized costs. Estimated ultimate revenue is based on factors such as historical performance of similar programs, actual and forecasted ratings and the genre of the program. Such measurements are classified as Level 3 within the fair value hierarchy as key inputs used to value program and sports rights include ratings and undiscounted cash flows. If planned usage patterns or estimated relative values by year were to change significantly, amortization of the Company’s capitalized costs may be accelerated or slowed. Program rights prepayments and capitalized original program costs are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of these long-lived assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to its estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flow, an impairment loss is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

#### **Recent Accounting Pronouncements**

For recent accounting pronouncements see “Notes to Consolidated Financial Statements—2. *Summary of Significant Accounting Policies.*”

## Reconciliation of Non-GAAP Measures

Presented below on a consolidated basis is a reconciliation of the non-GAAP measure Adjusted OIBDA to net income, which is the most directly comparable GAAP financial measure:

	<b>Three Months Ended September 30, 2022</b>	<b>Three Months Ended September 30, 2021</b>
	(Successor)	(Successor)
Net income .....	\$ 33,600	\$ 33,500
Provision for income taxes .....	26,000	4,100
Income before income taxes .....	<u>59,600</u>	<u>37,600</u>
Other expense (income):		
Interest expense .....	137,800	100,500
Interest income .....	(3,000)	(100)
Amortization of deferred financing costs .....	3,500	1,100
(Gain) loss on refinancing of debt .....	(100)	4,100
Acquisition related costs and other <sup>(a)</sup> .....	9,800	(1,000)
Operating income .....	<u>207,600</u>	<u>142,200</u>
Depreciation and amortization .....	135,100	80,200
Impairment loss <sup>(b)</sup> .....	1,900	4,200
Restructuring, severance and related charges .....	10,900	25,400
Share-based compensation .....	26,900	11,500
Purchase price adjustment <sup>(d)</sup> .....	26,400	—
Other adjustments to operating income <sup>(e)</sup> .....	2,100	1,400
Adjusted OIBDA .....	<u>\$ 410,900</u>	<u>\$ 264,900</u>

	Nine Months Ended September 30, 2022	Period from May 18, 2021 through September 30, 2021	Period from January 1, 2021 through May 17, 2021	Nine Months Ended September 30, 2021
	(Successor)	(Successor)	(Predecessor)	(Combined Results of Successor and Predecessor)
Net income	\$ 62,100	\$ 87,900	\$ 48,200	\$ 136,100
Provision for income taxes	45,000	16,300	5,900	22,200
Income before income taxes	107,100	104,200	54,100	158,300
Other expense (income):				
Interest expense	377,400	150,000	167,400	317,400
Interest income	(6,300)	(200)	—	(200)
Amortization of deferred financing costs	8,900	1,400	6,200	7,600
(Gain) loss on refinancing of debt	(5,400)	4,100	—	4,100
Acquisition related costs and other <sup>(a)</sup>	77,500	(22,700)	(12,000)	(34,700)
Operating income	559,200	236,800	215,700	452,500
Depreciation and amortization	384,200	118,400	52,900	171,300
Impairment loss <sup>(b)</sup>	1,900	4,200	92,900	97,100
Restructuring, severance and related charges	55,700	34,700	7,600	42,300
(Gain) loss on disposition <sup>(c)</sup>	(12,200)	—	500	500
Share-based compensation	85,200	13,100	4,000	17,100
Purchase price adjustment <sup>(d)</sup>	70,500	—	—	—
Other adjustments to operating income <sup>(e)</sup>	5,900	1,900	3,100	5,000
Adjusted OIBDA	<u>\$ 1,150,400</u>	<u>\$ 409,100</u>	<u>\$ 376,700</u>	<u>\$ 785,800</u>

- (a) Acquisition related costs and other, net is primarily comprised of income or expense arising from the non-cash fair value adjustments on the Company's investments and acquisition and transaction related costs and other costs.
- (b) Impairment loss in 2022 is related to the write down of program rights. Impairment loss in 2021 is related to the write down of radio broadcast licenses, program rights, charges on certain lease assets and other assets.
- (c) Gain on dispositions in 2022 primarily relates to the sell of certain assets and the write -off of facility-related assets. Loss on disposition in 2021 primarily relates to the write-off of facility-related assets.
- (d) Purchase price adjustment relates to the fair value step-up of the program rights acquired as part of the TelevisaUnivision Transaction.
- (e) Other adjustments to operating income in 2022 and 2021 are primarily comprised of unusual and infrequent items as permitted by the Company's 2007 Credit Agreement, including operating expenses in connection with COVID-19.

The following tables reconcile Bank Credit Adjusted OIBDA to Adjusted OIBDA (in thousands):

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
	(Successor)	(Successor)
Adjusted OIBDA	\$ 410,900	\$ 264,900
Less expenses included in Adjusted OIBDA but excluded from Bank Credit Adjusted OIBDA <sup>(a)</sup> :	4,900	4,200
Bank Credit Adjusted OIBDA	<u>\$ 415,800</u>	<u>\$ 269,100</u>

	Nine Months Ended September 30, 2022	Period from May 18, 2021 through September 30, 2021	Period from January 1, 2021 through May 17, 2021	Nine Months Ended September 30, 2021
	(Successor)	(Successor)	(Predecessor)	(Combined Results of Successor and Predecessor)
Adjusted OIBDA .....	\$ 1,150,400	\$ 409,100	\$ 376,700	\$ 785,800
Less expenses included in Adjusted OIBDA but excluded from Bank Credit Adjusted OIBDA <sup>(a)</sup> : .....	13,600	6,300	5,700	12,000
Bank Credit Adjusted OIBDA .....	<u>\$ 1,164,000</u>	<u>\$ 415,400</u>	<u>\$ 382,400</u>	<u>\$ 797,800</u>

- (a) Under the Company's credit agreements governing the Company's Senior Secured Credit Facilities and the New Term Loan Facility and indentures governing the Company's senior notes, Bank Credit Adjusted OIBDA permits the add-back and/or deduction, as applicable, for specified income (loss) from equity investments in entities, the results of which are consolidated in the Company's operating income (loss), that are not treated as subsidiaries, in each case under such credit facilities and indentures, and certain other expenses. The amounts for certain entities that are not treated as subsidiaries under the Company's Senior Secured Credit Facilities, New Term Loan Facility and indentures governing the Company's senior notes above represent the residual elimination after the other permitted exclusions from Bank Credit Adjusted OIBDA. In addition, certain contractual adjustments under the Company's Senior Secured Credit Facilities, New Term Loan Facility and indentures are permitted to operating income under the Company's Senior Secured Credit Facilities, New Term Loan Facility and indentures governing the Company's senior notes in all periods related to the treatment of the accounts receivable facility under GAAP that existed when the Senior Secured Credit Facilities were originally entered into and other miscellaneous items.

## Forward-Looking Statements

Certain statements contained within this reporting package constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terms such as “anticipate,” “plan,” “may,” “intend,” “will,” “expect,” “believe,” “optimistic” or the negative of these terms, and similar expressions intended to identify forward-looking statements.

These forward-looking statements reflect the Company’s current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Also, these forward-looking statements present the Company’s estimates and assumptions only as of the date of this reporting package. The Company undertakes no obligation to modify or revise any forward-looking statements to reflect events or circumstances occurring after the date that the forward-looking statement was made.

Factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements include: risks and uncertainties related to, and disruptions to the Company’s business and operations caused by, the TelevisaUnivision Transaction and the combination of the companies’ content businesses and financing related to such transaction, and the impact of any changes in strategies following the consummation of the TelevisaUnivision Transaction; risks and uncertainties as to the evolving and uncertain nature of the COVID-19 pandemic and its impact on the Company, the media industry, and the economy in general, including the suspension of sporting events and curtailing or suspension of other programming productions to which we have broadcast rights, interference with, or increased cost of, the Company’s or its partners’ production and programming, changes in advertising revenue, suspension of sporting and other live events, disruptions to the Company’s operations and the Company’s response to the COVID-19 virus related to facilities closings, personnel reductions and other cost cutting measures and measures to maintain necessary liquidity and increases in expenses relating to precautionary measures at the Company’s facilities to protect the health and well-being of its employees due to COVID-19; cancellations, reductions or postponements of advertising or other changes in advertising practices among the Company’s advertisers; any impact of adverse economic or political conditions on the Company’s industry, business and financial condition, including reduced advertising revenue; changes in the size of the U.S. Hispanic population, including the impact of federal and state immigration legislation and policies on both the U.S. Hispanic population and persons emigrating from Latin America; lack of audience acceptance of the Company’s content; varying popularity for programming, which the Company cannot predict at the time the Company may incur related costs; the failure to renew existing carriage agreements or reach new carriage agreements with MVPDs on acceptable terms or otherwise and the impact of such failure on pricing terms of, and contractual obligations under, carriage agreements with other MVPDs; consolidation in the cable or satellite MVPD industry; the impact of increased competition from new technologies; competitive pressures from other broadcasters and other entertainment and news media; damage to the Company’s brands, particularly the Univision brand, or any brand resulting from the TelevisaUnivision Transaction or reputation; fluctuations in the Company’s quarterly results, making it difficult to rely on period-to-period comparisons; failure to retain the rights to sports programming to attract advertising revenue; the loss of the Company’s ability to rely on Televisa for a significant amount of its network programming; the failure of the Company’s businesses to produce projected revenues or cash flows; failure of the Company’s recently launched ad-supported video on demand services as part of its strategy to provide streaming channels and on-demand Spanish-language programming to U.S. Hispanic audiences; failure to monetize the Company’s content on its digital platforms; the failure of the Company’s success in acquiring, investing in and integrating complementary businesses; the failure or destruction of satellites or transmitter facilities that the Company depends on to distribute its programming; disruption of the Company’s business due to network and information systems-related events, such as computer hackings, viruses, or other destructive or disruptive software or activities; inability to realize the full value of the Company’s intangible assets and any further impairment; failure to utilize the Company’s net operating loss carryforwards; the loss of key executives; possible strikes or other union job actions; piracy of the Company’s programming and other content, or other infringement or violation of the Company’s intellectual property rights, or the Company’s potential infringement or violation of the intellectual property rights of others; environmental, health and safety laws and regulations; FCC media ownership rules; compliance with, and/or changes in, the rules and regulations of the FCC; new laws or regulations concerning retransmission consent or “must carry” rights; increased enforcement or enhancement of FCC indecency and other programming content rules; the impact of legislation on the reallocation of broadcast spectrum which may result in additional costs and affect the Company’s ability to provide competitive services; net losses in the future and for an extended period of time; the Company’s substantial indebtedness and any changes in interest rates; failure to service the Company’s debt or inability to comply with the agreements contained in the Company’s Senior Secured Credit Facilities and indentures, including any financial covenants and ratios; the Company’s dependency on lenders to execute its business strategy and its inability to secure financing on suitable terms or at all; any impact from the discontinuance of the London Interbank Offered Rate; volatility and weakness in the capital markets; and risks relating to the Company’s ownership. Actual results may differ materially due to these risks and uncertainties. The Company assumes no obligation to update forward-looking information contained in this reporting package.