



## Lee Enterprises achieves all fiscal year guidance with strong fourth quarter results and increases long-term outlook

December 7, 2023

Total Digital Revenue<sup>(1)</sup> was \$73M in the quarter, representing 44% of revenue  
Digital-only subscribers total 721,000, exceeding guidance and up 36% YOY  
Adjusted EBITDA<sup>(2)</sup> in line with full year guidance

DAVENPORT, Iowa, Dec. 07, 2023 (GLOBE NEWSWIRE) -- Lee Enterprises, Incorporated (NASDAQ: LEE), a digital-first subscription platform providing high quality, trusted, local news, information and a major platform for advertising in 75 markets, today reported preliminary fourth quarter fiscal 2023 financial results<sup>(3)</sup> for the period ended September 24, 2023.

"Our fourth quarter digital subscription results lead the industry by a significant margin, continuing the streak for 16 consecutive quarters. Subscribers to our digital products totaled 721,000, up 36% compared to last year and digital-only subscription revenue accelerated--growing 68% on a Same-store basis<sup>(4)</sup>," said Kevin Mowbray, Lee's President and Chief Executive Officer. "Amplified Digital<sup>®</sup> revenue totaled \$24 million in the quarter, leading to an 11% increase over the prior year<sup>(4)</sup>. Total Digital Revenue increased 14% in the quarter<sup>(4)</sup>, and represented 44% of our total operating revenue. The rapid pace of digital growth is driven by our strong execution of our Three Pillar Digital Growth Strategy," Mowbray added.

"Adjusted EBITDA in the quarter was up 29% sequentially, due to our rapid digital growth and strong cost management execution," said Mowbray. "Our aggressive cost actions in FY23, as well as the strong performance of our digital revenue streams, will have a favorable impact on FY24 operating results. We anticipate full year FY24 Adjusted EBITDA to be in the range of \$83 million to \$90 million," added Mowbray.

"The long-standing industry-leading digital execution gives us even more confidence in our transformation. In fact, the best-in-class performance increases our long-term outlook on digital-only subscribers by one-third to 1.2 million and digital subscription revenue by approximately 50% to more than \$150 million. These significant improvements to our long-term outlook demonstrate our confidence in Lee's digital transformation. We are on a clear path to becoming sustainable solely from the revenue and cash flow from our digital products," said Mowbray.

### Key Fourth Quarter Highlights:

- Total operating revenue was \$164 million.
- Total Digital Revenue was \$73 million, a 14% increase over the prior year<sup>(4)</sup>, and represented 44% of our total operating revenue.
- Digital-only subscription revenue increased 68% in the fourth quarter compared to the same quarter last year<sup>(4)</sup> due to a 36% increase in digital-only subscribers and marketing efforts driving price yields. Digital-only subscribers totaled 721,000 at the end of the September quarter.
- Digital advertising and marketing services revenue represented 68% of our total advertising revenue and totaled \$49 million. Digital marketing services revenue at Amplified Digital<sup>®</sup> fueled the growth, with quarterly revenue of \$24 million.
- Digital services revenue, which is predominantly BLOX Digital, totaled \$5 million in the quarter.
- Operating expenses totaled \$156 million and Cash Costs<sup>(2)</sup> totaled \$138 million.
- Net loss totaled \$1 million and Adjusted EBITDA totaled \$30 million.

### 2024 Fiscal Year Outlook:

|                          |                                                     |
|--------------------------|-----------------------------------------------------|
| Total Digital Revenue    | \$310 million (+13% YOY) - \$330 million (+21% YOY) |
| Digital-only subscribers | 771,000 (+7% YOY)                                   |
| Adjusted EBITDA          | \$83 million (-3% YOY) - \$90 million (+6% YOY)     |

### Long-Term Outlook (2024 - 2028):

|                          |                       |
|--------------------------|-----------------------|
| Total Digital Revenue    | \$450 - \$500 million |
| Digital-only subscribers | 1.2 million           |

### Debt and Free Cash Flow:

The Company has \$456 million of debt outstanding under our Credit Agreement<sup>(5)</sup> with BH Finance. The financing has favorable terms including a 25-year maturity, a fixed annual interest rate of 9.0%, no fixed principal payments, and no financial performance covenants.

As of and for the period ended September 24, 2023:

- The principal amount of debt totaled \$456 million, a reduction of \$7 million for the fiscal year.
- Cash on the balance sheet totaled \$15 million. Debt, net of cash on the balance sheet, totaled \$441 million.
- Capital expenditures totaled \$5 million for the full year. We expect \$10 million of capital expenditures in FY24.
- For fiscal year 2023, cash paid for income taxes totaled \$4 million. We expect cash paid for income taxes to total between \$10 million and \$15 million in 2024.
- We made no pension contributions in the fiscal year.

**Conference Call Information:**

As previously announced, we will hold an earnings conference call and audio webcast today at 9 a.m. Central Time. The live webcast will be accessible at [www.lee.net](http://www.lee.net) and will be available for replay 24 hours later. Analysts have been invited to ask questions on the call. Questions from other participants may be submitted by participating in the webcast. To participate in the live conference call via telephone, please register [here](#). Upon registering, a dial-in number and unique PIN will be provided to join the conference call.

**About Lee:**

Lee Enterprises is a major subscription and advertising platform and a leading provider of local news and information, with daily newspapers, rapidly growing digital products and nearly 350 weekly and specialty publications serving 75 markets in 26 states. Year to date, Lee's newspapers have an average daily circulation of 1.0 million, and our legacy websites, including acquisitions, reach more than 31 million digital unique visitors. Lee's markets include St. Louis, MO; Buffalo, NY; Omaha, NE; Richmond, VA; Lincoln, NE; Madison, WI; Davenport, IA; and Tucson, AZ. Lee Common Stock is traded on NASDAQ under the symbol LEE. For more information about Lee, please visit [www.lee.net](http://www.lee.net).

**FORWARD-LOOKING STATEMENTS** — The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. This release contains information that may be deemed forward-looking that is based largely on our current expectations, and is subject to certain risks, trends and uncertainties that could cause actual results to differ materially from those anticipated. Among such risks, trends and other uncertainties, which in some instances are beyond our control, are:

- The overall impact the COVID-19 pandemic has on the Company's revenues and costs;
- The long-term or permanent changes the COVID-19 pandemic may have on the publishing industry, which may result in permanent revenue reductions and other risks and uncertainties;
- We may be required to indemnify the previous owners of BH Media or The Buffalo News for unknown legal and other matters that may arise;
- Our ability to manage declining print revenue and circulation subscribers;
- The impact and duration of adverse conditions in certain aspects of the economy affecting our business;
- Changes in advertising and subscription demand;
- Changes in technology that impact our ability to deliver digital advertising;
- Potential changes in newsprint, other commodities and energy costs;
- Interest rates;
- Labor costs;
- Significant cyber security breaches or failure of our information technology systems;
- Our ability to achieve planned expense reductions and realize the expected benefit of our acquisitions;
- Our ability to maintain employee and customer relationships;
- Our ability to manage increased capital costs;
- Our ability to maintain our listing status on NASDAQ;
- Competition; and
- Other risks detailed from time to time in our publicly filed documents.

Any statements that are not statements of historical fact (including statements containing the words “aim”, “may”, “will”, “would”, “could”, “believes”, “expects”, “anticipates”, “intends”, “plans”, “projects”, “considers” and similar expressions) generally should be considered forward-looking statements. Statements regarding our plans, strategies, prospects and expectations regarding our business and industry, including statements regarding the impacts that the COVID-19 pandemic and our responses thereto may have on our future operations, are forward-looking statements. They reflect our expectations, are not guarantees of performance and speak only as of the date the statement is made. Readers are cautioned not to place undue reliance on such forward-looking statements, which are made as of the date of this release. We do not undertake to publicly update or revise our forward-looking statements, except as required by law.

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|                                                         | Three months ended       |                          |                   | Twelve months ended      |                          |                   |
|---------------------------------------------------------|--------------------------|--------------------------|-------------------|--------------------------|--------------------------|-------------------|
|                                                         | September<br>24,<br>2023 | September<br>25,<br>2022 | Percent<br>Change | September<br>24,<br>2023 | September<br>25,<br>2022 | Percent<br>Change |
| <i>(Thousands of Dollars, Except Per Share Data)</i>    |                          |                          |                   |                          |                          |                   |
| Operating revenue:                                      |                          |                          |                   |                          |                          |                   |
| Print Advertising                                       | 23,302                   | 39,931                   | (41.6)            | 125,804                  | 184,963                  | (32.0)            |
| Digital Advertising                                     | 49,270                   | 49,110                   | 0.3               | 193,173                  | 181,465                  | 6.5               |
| Advertising and marketing services revenue              | 72,572                   | 89,041                   | (18.5)            | 318,977                  | 366,428                  | (12.9)            |
| Print Subscription                                      | 58,792                   | 78,541                   | (25.1)            | 252,591                  | 313,504                  | (19.4)            |
| Digital Subscription                                    | 18,661                   | 11,168                   | 67.1              | 60,700                   | 40,120                   | 51.3              |
| Subscription revenue                                    | 77,453                   | 89,709                   | (13.7)            | 313,291                  | 353,624                  | (11.4)            |
| Print Other                                             | 8,966                    | 10,532                   | (14.9)            | 39,508                   | 42,962                   | (8.0)             |
| Digital Other                                           | 5,020                    | 4,355                    | 15.3              | 19,362                   | 17,955                   | 7.8               |
| Other revenue                                           | 13,986                   | 14,887                   | (6.1)             | 58,870                   | 60,917                   | (3.4)             |
| Total operating revenue                                 | 164,011                  | 193,637                  | (15.3)            | 691,138                  | 780,969                  | (11.5)            |
| Operating expenses:                                     |                          |                          |                   | —                        |                          |                   |
| Compensation                                            | 59,048                   | 71,456                   | (17.4)            | 266,907                  | 317,789                  | (16.0)            |
| Newsprint and ink                                       | 5,102                    | 7,847                    | (35.0)            | 25,346                   | 30,101                   | (15.8)            |
| Other operating expenses                                | 73,714                   | 86,240                   | (14.5)            | 323,067                  | 344,905                  | (6.3)             |
| Depreciation and amortization                           | 7,524                    | 9,099                    | (17.3)            | 30,621                   | 36,544                   | (16.2)            |
| Assets loss (gain) on sales, impairments and other, net | 6,137                    | 21,055                   | (70.9)            | 1,882                    | 9,716                    | (80.6)            |
| Restructuring costs and other                           | 4,552                    | 2,858                    | 59.3              | 12,673                   | 22,720                   | (44.2)            |
| Operating expenses                                      | 156,077                  | 198,555                  | (21.4)            | 660,496                  | 761,775                  | (13.3)            |
| Equity in earnings of associated companies              | 2,993                    | 1,446                    | 107.0             | 6,527                    | 5,657                    | 15.4              |
| Operating income                                        | 10,927                   | (3,472)                  | (414.7)           | 37,169                   | 24,851                   | 49.6              |
| Non-operating (expense) income:                         |                          |                          |                   |                          |                          |                   |
| Interest expense                                        | (10,326)                 | (10,292)                 | 0.3               | (41,471)                 | (41,770)                 | (0.7)             |
| Curtailment gain                                        | —                        | —                        | —                 | —                        | 1,027                    | (100.0)           |
| Pension withdrawal cost                                 | (1,200)                  | —                        | —                 | (1,200)                  | (2,335)                  | (48.6)            |
| Pension and OPEB related benefit (cost) and other, net  | 162                      | 5,488                    | (29.9)            | 2,420                    | 19,022                   | (87.3)            |
| Non-operating expenses, net                             | (11,364)                 | (4,804)                  | 136.6             | (40,251)                 | (24,056)                 | 67.3              |
| Income (loss) before income taxes                       | (437)                    | (8,276)                  | NM                | (3,082)                  | 795                      | (487.7)           |
| Income tax (benefit) expense                            | 888                      | (1,666)                  | NM                | (349)                    | 698                      | (150.0)           |
| Net (loss) income                                       | (1,325)                  | (6,610)                  | NM                | (2,733)                  | 97                       | NM                |
| Net income attributable to non-controlling interests    | (659)                    | (526)                    | 25.3              | (2,534)                  | (2,114)                  | 19.9              |
| Loss attributable to Lee Enterprises, Incorporated      | (1,984)                  | (7,136)                  | NM                | (5,267)                  | (2,017)                  | 161.1             |
| Earnings (loss) per common share:                       |                          |                          |                   |                          |                          |                   |
| Basic                                                   | (0.32)                   | (1.23)                   | NM                | (0.90)                   | (0.35)                   | NM                |
| Diluted                                                 | (0.32)                   | (1.23)                   | NM                | (0.90)                   | (0.35)                   | NM                |

**DIGITAL / PRINT REVENUE COMPOSITION**  
(UNAUDITED)

|                                                    | Three months ended       |                          | Twelve months ended      |                          |
|----------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                    | September<br>24,<br>2023 | September<br>25,<br>2022 | September<br>24,<br>2023 | September<br>25,<br>2022 |
| <i>(Thousands of Dollars)</i>                      |                          |                          |                          |                          |
| Digital Advertising and Marketing Services Revenue | 49,270                   | 49,110                   | 193,173                  | 181,465                  |
| Digital Only Subscription Revenue                  | 18,661                   | 11,168                   | 60,700                   | 40,120                   |
| Digital Services Revenue                           | 5,020                    | 4,355                    | 19,362                   | 17,955                   |
| Total Digital Revenue                              | 72,951                   | 64,633                   | 273,235                  | 239,540                  |
| Print Advertising Revenue                          | 23,302                   | 39,931                   | 125,804                  | 184,963                  |
| Print Subscription Revenue                         | 58,792                   | 78,541                   | 252,591                  | 313,504                  |
| Other Print Revenue                                | 8,966                    | 10,532                   | 39,508                   | 42,962                   |
| Total Print Revenue                                | 91,060                   | 129,004                  | 417,903                  | 541,429                  |
| Total Operating Revenue                            | 164,011                  | 193,637                  | 691,138                  | 780,969                  |

**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
(UNAUDITED)

The table below reconciles the non-GAAP financial performance measure of Adjusted EBITDA to net income, its most directly comparable GAAP measure:

|                                                         | Three months ended       |                          | Twelve months ended      |                          |
|---------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                         | September<br>24,<br>2023 | September<br>25,<br>2022 | September<br>24,<br>2023 | September<br>25,<br>2022 |
| <i>(Thousands of Dollars)</i>                           |                          |                          |                          |                          |
| Net (loss) income                                       | (1,325)                  | (6,610)                  | (2,733)                  | 97                       |
| Adjusted to exclude                                     |                          |                          |                          |                          |
| Income tax (benefit) expense                            | 888                      | (1,666)                  | (349)                    | 698                      |
| Non-operating expenses, net                             | 11,364                   | 4,804                    | 40,251                   | 24,056                   |
| Equity in earnings of TNI and MNI <sup>(6)</sup>        | (2,993)                  | (1,446)                  | (6,527)                  | (5,657)                  |
| Assets loss (gain) on sales, impairments and other, net | 6,137                    | 21,055                   | 1,882                    | 9,716                    |
| Depreciation and amortization                           | 7,524                    | 9,099                    | 30,621                   | 36,544                   |
| Restructuring costs and other                           | 4,552                    | 2,858                    | 12,673                   | 22,720                   |
| Stock compensation                                      | 421                      | 311                      | 1,806                    | 1,337                    |
| Add:                                                    |                          |                          |                          |                          |
| Ownership share of TNI and MNI EBITDA (50%)             | 3,476                    | 1,676                    | 7,604                    | 6,541                    |
| Adjusted EBITDA                                         | 30,044                   | 30,081                   | 85,228                   | 96,052                   |

The table below reconciles the non-GAAP financial performance measure of Cash Costs to Operating expenses, the most directly comparable GAAP measure:

|                                                         | Three months ended       |                          | Twelve months ended      |                          |
|---------------------------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
|                                                         | September<br>24,<br>2023 | September<br>25,<br>2022 | September<br>24,<br>2023 | September<br>25,<br>2022 |
| <i>(Thousands of Dollars)</i>                           |                          |                          |                          |                          |
| Operating expenses                                      | 156,077                  | 198,555                  | 660,496                  | 761,775                  |
| Adjustments                                             |                          |                          |                          |                          |
| Depreciation and amortization                           | 7,524                    | 9,099                    | 30,621                   | 36,544                   |
| Assets loss (gain) on sales, impairments and other, net | 6,137                    | 21,055                   | 1,882                    | 9,716                    |
| Restructuring costs and other                           | 4,552                    | 2,858                    | 12,673                   | 22,720                   |
| Cash Costs                                              | 137,864                  | 165,543                  | 615,320                  | 692,795                  |

The table below reconciles the non-GAAP financial performance measure of Same-Store Revenues to Operating Revenues, its most directly comparable GAAP measure:

|                                          | Three months ended       |                          |                   | Twelve months ended      |                          |                   |
|------------------------------------------|--------------------------|--------------------------|-------------------|--------------------------|--------------------------|-------------------|
|                                          | September<br>24,<br>2023 | September<br>25,<br>2022 | Percent<br>Change | September<br>24,<br>2023 | September<br>25,<br>2022 | Percent<br>Change |
| <i>(Thousands of Dollars)</i>            |                          |                          |                   |                          |                          |                   |
| Print Advertising Revenue                | 23,302                   | 39,931                   | (41.6)            | 125,804                  | 184,963                  | (32.0)            |
| Exited operations                        | (29)                     | (6,609)                  | NM                | (14,595)                 | (34,760)                 | NM                |
| Same-store, Print Advertising Revenue    | 23,273                   | 33,322                   | (30.2)            | 111,209                  | 150,203                  | (26.0)            |
| Digital Advertising Revenue              | 49,270                   | 49,110                   | 0.3               | 193,173                  | 181,465                  | 6.5               |
| Exited operations                        | (5)                      | (370)                    | NM                | (1,083)                  | (964)                    | NM                |
| Same-store, Digital Advertising Revenue  | 49,265                   | 48,740                   | 1.1               | 192,090                  | 180,501                  | 6.4               |
| Total Advertising Revenue                | 72,572                   | 89,041                   | (18.5)            | 318,977                  | 366,428                  | (12.9)            |
| Exited operations                        | (34)                     | (6,979)                  | NM                | (15,679)                 | (35,724)                 | NM                |
| Same-store, Total Advertising Revenue    | 72,538                   | 82,062                   | (11.6)            | 303,298                  | 330,704                  | (8.3)             |
| Print Subscription Revenue               | 58,792                   | 78,541                   | (25.1)            | 252,591                  | 313,504                  | (19.4)            |
| Exited operations                        | (4)                      | (182)                    | NM                | (382)                    | (834)                    | NM                |
| Same-store, Print Subscription Revenue   | 58,788                   | 78,359                   | (25.0)            | 252,209                  | 312,670                  | (19.3)            |
| Digital Subscription Revenue             | 18,661                   | 11,168                   | 67.1              | 60,700                   | 40,120                   | 51.3              |
| Exited operations                        | —                        | —                        | NM                | —                        | —                        | NM                |
| Same-store, Digital Subscription Revenue | 18,658                   | 11,139                   | 67.5              | 60,535                   | 39,977                   | 51.4              |

|                                        |         |         |        |          |          |        |
|----------------------------------------|---------|---------|--------|----------|----------|--------|
| Total Subscription Revenue             | 77,453  | 89,709  | (13.7) | 313,291  | 353,624  | (11.4) |
| Exited operations                      | (7)     | (211)   | NM     | (547)    | (977)    | NM     |
| Same-store, Total Subscription Revenue | 77,446  | 89,498  | (13.5) | 312,744  | 352,647  | (11.3) |
| Print Other Revenue                    | 8,966   | 10,532  | (14.9) | 39,508   | 42,962   | (8.0)  |
| Exited operations                      | —       | (7)     | NM     | (10)     | (82)     | NM     |
| Same-store, Print Other Revenue        | 8,966   | 10,525  | (14.8) | 39,498   | 42,880   | (7.9)  |
| Digital Other Revenue                  | 5,020   | 4,355   | 15.3   | 19,362   | 17,955   | 7.8    |
| Exited operations                      | —       | —       | NM     | —        | —        | NM     |
| Same-store, Digital Other Revenue      | 5,020   | 4,355   | 15.3   | 19,362   | 17,955   | 7.8    |
| Total Other Revenue                    | 13,986  | 14,887  | (6.1)  | 58,870   | 60,917   | (3.4)  |
| Exited operations                      | —       | (7)     | NM     | (10)     | (82)     | NM     |
| Same-store, Total Other Revenue        | 13,986  | 14,880  | (6.0)  | 58,860   | 60,835   | (3.2)  |
| Total Operating Revenue                | 164,011 | 193,637 | (15.3) | 691,138  | 780,969  | (11.5) |
| Exited operations                      | (41)    | (7,197) | NM     | (16,236) | (36,783) | NM     |
| Same-store, Total Operating Revenue    | 163,970 | 186,440 | (12.1) | 674,902  | 744,186  | (9.3)  |

## NOTES

(1) Total Digital Revenue is defined as digital advertising and marketing services revenue (including Amplified Digital<sup>®</sup>), digital-only subscription revenue and digital services revenue.

(2) The following are non-GAAP (Generally Accepted Accounting Principles) financial measures for which reconciliations to relevant GAAP measures are included in tables accompanying this release:

- *Adjusted EBITDA* is a non-GAAP financial performance measure that enhances financial statement users overall understanding of the operating performance of the Company. The measure isolates unusual, infrequent or non-cash transactions from the operating performance of the business. This allows users to easily compare operating performance among various fiscal periods and how management measures the performance of the business. This measure also provides users with a benchmark that can be used when forecasting future operating performance of the Company that excludes unusual, nonrecurring or one-time transactions. Adjusted EBITDA is a component of the calculation used by stockholders and analysts to determine the value of our business when using the market approach, which applies a market multiple to financial metrics. It is also a measure used to calculate the leverage ratio of the Company, which is a key financial ratio monitored and used by the Company and its investors. Adjusted EBITDA is defined as net income (loss), plus non-operating expenses, income tax expense, depreciation and amortization, assets loss (gain) on sales, impairments and other, restructuring costs and other, stock compensation and our 50% share of EBITDA from TNI and MNI, minus equity in earnings of TNI and MNI.
- *Cash Costs* represent a non-GAAP financial performance measure of operating expenses which are measured on an accrual basis and settled in cash. This measure is useful to investors in understanding the components of the Company's cash-settled operating costs. Periodically, the Company provides forward-looking guidance of Cash Costs, which can be used by financial statement users to assess the Company's ability to manage and control its operating cost structure. Cash Costs are defined as compensation, newsprint and ink and other operating expenses. Depreciation and amortization, assets loss (gain) on sales, impairments and other, other non-cash operating expenses and other expenses are excluded. Cash Costs also exclude restructuring costs and other, which are typically paid in cash.

(3) This earnings release is a preliminary report of results for the periods included. The reader should refer to the Company's most recent reports on Form 10-Q and on Form 10-K for definitive information.

(4) Same-store revenues is a non-GAAP performance measure based on GAAP revenues for Lee for the current period, excluding exited operations. In 2023, exited operations include (1) businesses divested and (2) the elimination of stand-alone print products discontinued within our markets.

(5) The Company's debt is the \$576 million term loan under a credit agreement with BH Finance LLC dated January 29, 2020 (the "Credit Agreement"). Excess Cash Flow is defined under the Credit Agreement as any cash greater than \$20,000,000 on the balance sheet in accordance with GAAP at the end of each fiscal quarter, beginning with the quarter ending June 28, 2020.

(6) TNI refers to TNI Partners publishing operations in Tucson, AZ. MNI refers to Madison Newspapers, Inc. publishing operations in Madison, WI.

