

THIRD QUARTER FY2023 EARNINGS

AUGUST 3, 2023



SAFE HARBOR

The information provided in this presentation may include forward-looking statements relating to future events or the future financial performance of the Company. Because such statements are subject to risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Words such as “aims”, “anticipates,” “plans,” “expects,” “intends,” “will,” “potential,” “hope” and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based upon current expectations of the Company and involve assumptions that may never materialize or may prove to be incorrect. Actual results and the timing of events could differ materially from those anticipated in such forward-looking statements as a result of various risks and uncertainties. Detailed information regarding factors that may cause actual results to differ materially from the results expressed or implied by statements in report relating to the Company may be found in the Company’s periodic filings with the Commission, including the factors described in the sections entitled “Risk Factors,” copies of which may be obtained from the SEC’s website at www.sec.gov. The Company does not undertake any obligation to update forward-looking statements contained in this presentation.



KEY THEMES FOR TODAY

- 1 DELIVERING INDUSTRY-LEADING DIGITAL GROWTH IN A DYNAMIC MARKET
- 2 Q3 RESULTS
- 3 UPDATED FY2023 GUIDANCE
- 4 SOUND THREE PILLAR DIGITAL GROWTH STRATEGY WELL-POSITIONED TO DRIVE VALUE FOR STAKEHOLDERS

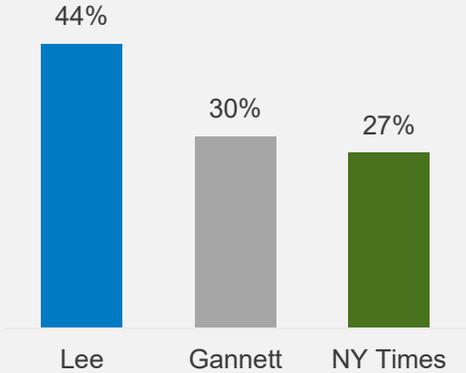


MARKET LEADING GROWTH

Digital Subscriber Growth Leads Industry

606K Current Digital-only Subscribers
14 quarters of leading digital subscriber growth

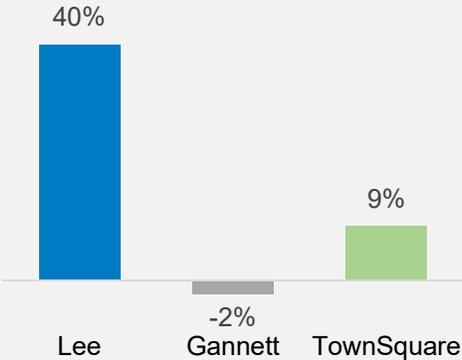
Mar 2023 3-Year CAGR



Digital Agency Revenue Growth Leads Industry

\$89M Amplified LTM Revenue
 Industry-leading **35%** YOY LTM growth

Mar 2023 3-Year CAGR



Total Digital Revenue Growing Significantly

\$265M LTM Total Digital Revenue
 Total Digital Revenue up **18%** YOY LTM

LTM June FY23 YOY



TRANSFORMING THE COMPOSITION OF REVENUE



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THIRD QUARTER 2023 RESULTS & 2023 OUTLOOK

Q3 Revenue

Total Operating Revenue \$171M, -12%

Total Digital Revenue \$70M, +15%

- Digital subscription revenue \$16M, +43%
- Digital advertising revenue \$50M, +8%
 - Amplified Digital® revenue \$24M, +15%

Total print revenue \$101M, -25%

Q3 Cash Costs⁽¹⁾

- Total Cash Costs \$150M, -14%

Q3 Adjusted EBITDA⁽¹⁾

- Adjusted EBITDA \$23M, +1%

KEY TAKEAWAYS

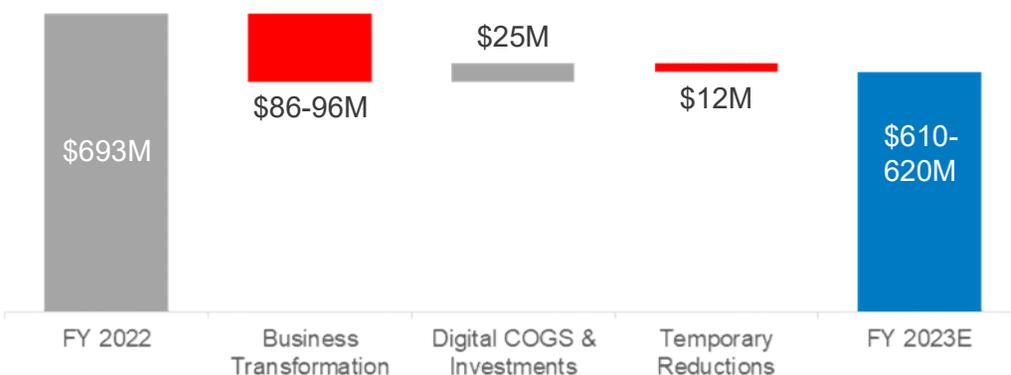
- **Industry-leading digital revenue growth**
 - Digital subscription revenue grew 43% YOY driven by subscriber growth of 21% and rate growth of 20%
 - Digital advertising revenue grew 8% YOY driven by Amplified growth of 15%
 - Total Digital Revenue grew 15% YOY; representing 41% of total operating revenue
- **Proficient in driving efficiencies**
 - Thoughtful cost management drove costs down 14%
 - \$76M of annualized cost reductions executed in FY23 had a significant impact on Q3 Adjusted EBITDA and is expected to continue in Q4 FY23
- **Thoughtful investments in digital future**
- **Updated 2023 outlook**
 - Q4 FY23 Total Digital Revenue expected to grow at similar rate as Q3 to achieve our 2023 outlook of \$270-285M
 - Soft macro environment and persistent inflation are adversely impacting full year Adjusted EBITDA results



⁽¹⁾ Adjusted EBITDA and Cash Costs are non-GAAP financial measures. See appendix.

STRONG TRACK RECORD OF SUSTAINABLE COST MANAGEMENT

Total Cash Costs⁽¹⁾



KEY TAKEAWAYS

- **Proficient in driving efficiencies**
 - Current base of \$300M of direct costs associated with our legacy revenue streams that will be managed with associated revenue trends
 - Executed \$76M in annualized cash cost reductions in FY23; FY23 impact \$48M
 - Ongoing initiatives aimed at optimizing manufacturing, distribution, and corporate services
- **Thoughtful investments in digital future**
 - Significant investments made in talent and technology to fund successful execution of three-pillar strategy
 - Acquisition and retention of top talent focused on digital subscriber growth and expanding reach of Amplified Digital®
 - Increase in digital COGS driven by rapid growth in digital revenue

Optimizing operating structure by investing in the digital future & managing the legacy business

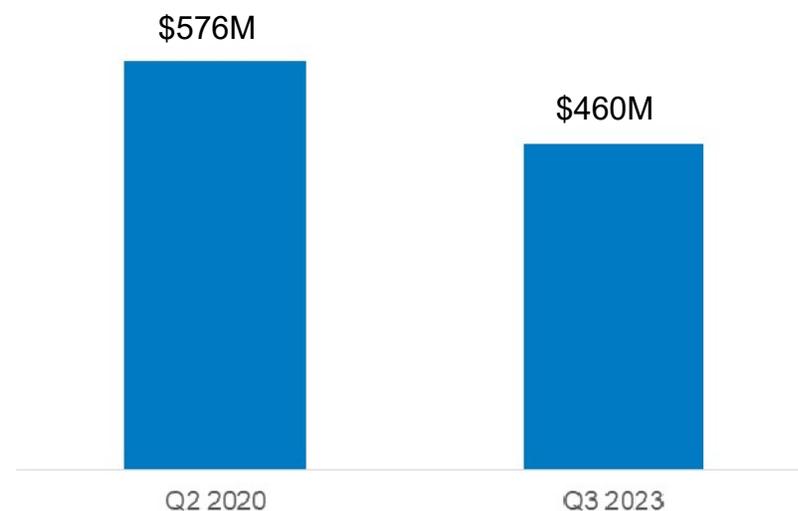
⁽¹⁾ Adjusted EBITDA and Cash Costs are non-GAAP financial measures. See appendix.



DIGITAL TRANSFORMATION: STRENGTHENED BALANCE SHEET

- **\$116M debt reduction** since refinancing in March 2020
- **Favorable credit agreement** with Berkshire Hathaway
 - **25-year runway** w/ no breakage costs or prepayment penalties
 - **Fixed annual interest rate**, no financial performance covenants and no fixed amortization
- Pension plans now **frozen** and **fully funded** in the aggregate with no material pension contributions expected in 2023
- Asset sales of **\$7M YTD** in 2023
 - Identified approximately \$30M of noncore assets to monetize

Significant Gross Debt Reduction



Achieve long-term leverage target of under 2.5x

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2023 UPDATED OUTLOOK

	2021	2022	2023 Outlook
Total Digital Revenue	\$189M	\$240M	\$270-285M
YoY	12%	27%	13% to 19%
Digital-only subscribers	402,000	532,000	632,000
YoY	65%	32%	19%
Cash Costs ⁽¹⁾	\$686M	\$693M	\$610-620M
YoY	-3%	1%	-12% to -11%
Adjusted EBITDA ⁽¹⁾	\$117M	\$96M	\$85-90M
YoY	-5%	-18%	-12% to -6%



⁽¹⁾ Adjusted EBITDA and Cash Costs are non-GAAP financial measures. See appendix

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LEE'S STRATEGY FOR DIGITAL TRANSFORMATION: THE THREE PILLARS

LEE IS RAPIDLY TRANSFORMING FROM A PRINT-CENTRIC TO A DIGITAL-CENTRIC COMPANY

PILLAR 1

Expand digital audiences by transforming the presentation of local news and information

PILLAR 2

Expand digital subscription base and revenue

PILLAR 3

Diversify and expand offerings for local advertisers



Lee expects the Three Pillar Digital Growth Strategy to drive more than \$435 million of recurring, sustainable digital revenue.



DIGITAL TRANSFORMATION: KEY TAKEAWAYS

Digital Subscriptions

- Lee is the **fastest growing digital subscription platform** with a strong track record of accelerating digital subscription growth
- With 606,000 digital subscriptions, Lee is **well on its way to reaching its 2026 goal of 900,000 digital-only subscriptions**
- Lee's digital transformation strategy is expected to generate **recurring sustainable digital subscription revenue of \$100M in 2026**

Digital Advertising

- Our full-service digital agency, Amplified Digital®, is **growing rapidly**
- Lee's sophisticated **Vision platform** uniquely positions us to capitalize on the double-digit growth in omnichannel digital advertising
- Lee's strategy is expected to generate recurring sustainable digital revenue, exceeding **\$300M in digital advertising revenue**



LEE INVESTMENT THESIS

WE BELIEVE OUR THREE PILLAR DIGITAL GROWTH STRATEGY WILL CREATE SUBSTANTIAL VALUE:



Execute Three Pillar Digital Growth Strategy

Generate long-term sustainable digital revenue growth, margin expansion, and strong free cash flow



Continued Debt Reduction & Strengthened Balance Sheet

Expect to reach <2.5x leverage target



Increased Shareholder Value

Enhanced cash generation

Debt reduction drives shareholder value

Multiple expansion fueled by increased recurring, high-margin digital revenue





QUARTERLY REVENUE COMPOSITION

(Millions of Dollars)	Q1 FY2022	Q2 FY2022	Q3 FY2022	Q4 FY2022	FY 2022	Q1 FY2023	Q2 FY2023	Q3 FY2023
Digital Advertising and Marketing Services	42.8	43.4	46.2	49.1	181.5	47.7	46.3	49.9
YoY %	18.8%	36.1%	26.6%	32.7%	28.3%	11.6%	6.6%	8.0%
Digital Only Subscription Revenue	7.9	10.1	11.0	11.2	40.1	12.3	14.0	15.7
YoY %	25.7%	44.4%	50.1%	45.9%	42.1%	56.2%	38.7%	43.3%
Digital Services Revenue	4.6	4.7	4.3	4.4	18.0	4.7	4.8	4.9
YoY %	-4.0%	-3.4%	-8.1%	-6.5%	-5.5%	2.2%	2.1%	12.6%
Total Digital Revenue	55.3	58.1	61.5	64.6	239.5	64.8	65.0	70.5
YoY %	17.4%	33.1%	26.8%	31.0%	27.0%	17.2%	11.8%	14.7%
% of Total Revenue	27.3%	30.6%	31.5%	33.4%	30.7%	35.0%	38.1%	41.1%
Print Advertising Revenue	56.0	44.2	44.8	39.9	185.0	41.8	31.5	29.2
YoY %	-16.0%	-17.6%	-18.0%	-24.6%	-18.8%	-25.3%	-28.9%	-34.8%
Print Subscription Revenue	79.6	77.3	78.1	78.5	313.5	67.4	64.6	61.8
YoY %	-6.4%	-6.7%	-4.2%	-2.0%	-4.9%	-15.4%	-16.4%	-20.8%
Other Print Revenue	11.4	10.4	10.7	10.5	43.0	11.1	9.6	9.8
YoY %	-12.8%	-15.2%	-10.2%	-8.2%	-11.7%	-2.3%	-7.0%	-8.4%
Total Print Revenue	147.0	131.9	133.6	129.0	541.4	120.3	105.7	100.8
YoY %	-10.8%	-11.3%	-9.8%	-10.8%	-10.7%	-18.1%	-19.9%	-24.5%
Total Revenue	202.3	190.0	195.0	193.6	781.0	185.1	170.7	171.3
YoY %	-4.5%	-1.3%	-0.7%	-0.1%	-1.7%	-8.5%	-10.2%	-12.2%

Total Digital Revenue – Total Digital Revenue is defined as digital advertising and marketing services revenue (including Amplified), digital-only subscription revenue and digital services revenue.

Rounding – Items may not visually foot due to rounding.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Millions of Dollars)	Q3 FY2023
Net Income	2.1
Adjusted to exclude	
Income tax expense	0.4
Non-operating expenses, net	9.7
Equity in earnings of TNI and MNI	(1.2)
Depreciation and amortization	7.5
Restructuring costs and other	3.8
Assets gain on sales, impairments and other	(0.9)
Stock compensation	0.5
Add	
Ownership share of TNI and MNI EBITDA (50%)	1.4
Adjusted EBITDA	23.2

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.

TNI and MNI – TNI refers to TNI Partners publishing operations in Tucson, AZ. MNI refers to Madison Newspapers, Inc. publishing operations in Madison, WI.

Rounding – Items may not visually foot due to rounding.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Millions of Dollars)	Q3 FY2023	Q3 FY2022
Operating Expenses	160.3	189.6
Adjusted to exclude		
Depreciation and amortization	7.5	8.8
Restructuring costs and other	3.8	6.1
Assets gain on sales, impairments and other	(0.9)	1.1
Cash Costs	149.9	173.7

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.

Rounding – Items may not visually foot due to rounding.

