

BUILDING LONG-TERM VALUE

INVESTOR PRESENTATION | SEPTEMBER 2022



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.

Except where otherwise indicated, the information in this presentation speaks only as of September 19, 2022. This presentation contains non-GAAP financial measures and key metrics relating to the Company's past and expected future performance. You can find the reconciliation of these measures to the nearest comparable GAAP financial measures in the Appendix.



LEE IS STRONGLY POSITIONED FOR THE FUTURE (NASDAQ: LEE)

Leading provider of digital products and services and high quality, trusted, local news and information

- Deep relationships in 77 attractive, mid-size local markets, reaching more than 43M unique visitors each month¹
- Mid-size market focus enables greater audience engagement/deeper penetration and lower volatility from macroeconomic trends
- Lee reaches 7 out of 10 adults in its markets during the week

Fastest growing digital subscription platform in local media

- 11 consecutive quarters of industry leading digital subscription growth
- 501,000 digital subscriptions as of June (+49% YOY)
- LTM June digital subscription revenue of \$37 million (+50% YOY in Q3FY22)

Digital advertising growing across platforms with differentiated digital product offerings

- Developed Amplified Digital®, a full service digital marketing services agency
- LTM June Amplified revenue of \$66 million (+74 YOY in Q3FY22)
- Lee's omni channel sales platform, Vision, provides a competitive advantage to grow digital advertising and marketing services revenue

Strong business model and best-in-class management team

- Hired by Warren Buffett in 2018 to manage Berkshire Hathaway's local media operations
- Team consistently outperforms local media peers on revenue metrics
- Majority of revenue is subscription based, recurring revenue



¹ Digital audience represents average monthly UV on Lee's owned and operated websites in the three months ended June 2022.

WARREN BUFFETT BELIEVES THAT WE ARE WELL-POSITIONED TO EXECUTE ON OUR TRANSFORMATION



*My partner Charlie Munger and I have known and admired the Lee organization for over 40 years. They have delivered exceptional performance managing BH Media's newspapers and continue to outpace the industry in digital market share and revenue. **We had zero interest in selling the group to anyone else for one simple reason: We believe that Lee is best positioned to manage through the industry's challenges.***

No organization is more committed to serving the vital role of high-quality local news, however delivered, as Lee. I am confident that our newspapers will be in the right hands going forward and I also am pleased to be deepening our long-term relationship with Lee through the financing agreement."

Warren Buffett, January 29, 2020

As Lee's sole lender, Berkshire Hathaway remains highly confident in Lee's Board and management as they continue to navigate the ever-evolving newspaper industry."

Warren Buffett, February 14, 2022



Source: Lee Enterprises [press release](#), January 29, 2020

Note: Permission obtained to use quotation.

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 within five years



Increased Shareholder Value

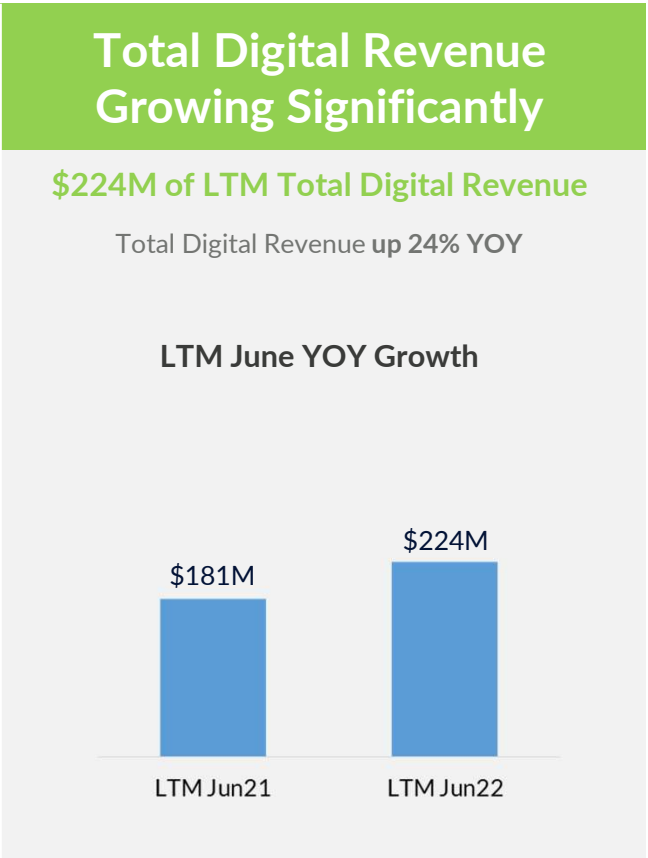
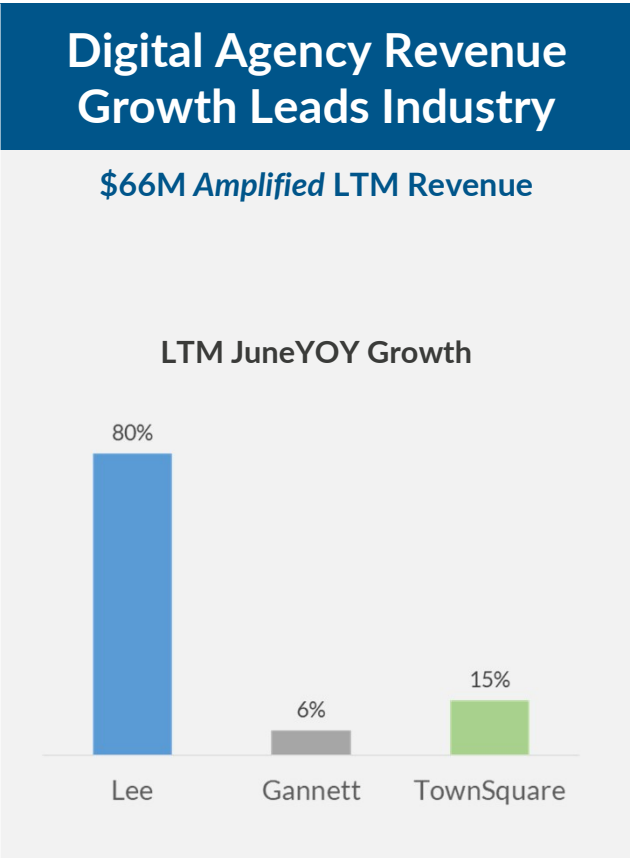
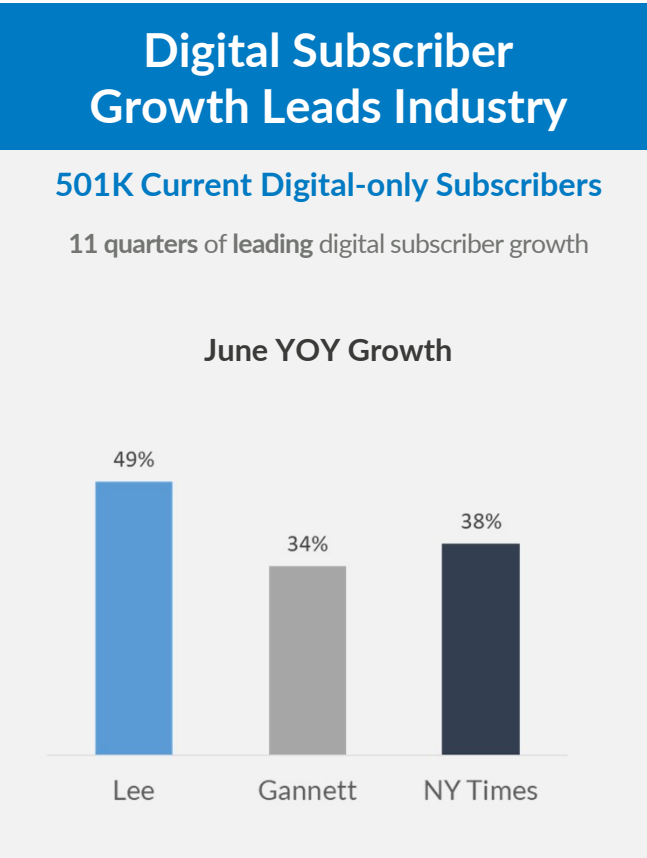
Operating cash flow and profits are enhanced

Debt reduction drives shareholder value

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



DIGITAL TRANSFORMATION: MARKET LEADING GROWTH



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 by 2026.



DIGITAL TRANSFORMATION: EXPAND DIGITAL AUDIENCES

ENHANCING DIGITAL PRESENTATIONS TO PROVIDE BEST-IN-CLASS USER EXPERIENCE OF LOCAL NEWS, WITH MULTIFORMAT, RICH CONTENT

PILLAR 1

PILLAR 2

PILLAR 3

- Creating cohesive digital experience across all platforms by investing in user-experience design talent
- Improving multimedia presentation
 - Emphasis on video and audio to drive engagement and monetization
 - Expand regional and statewide collaboration to enhance video and audio content
- Enabling cross-platform integration to track usage
- Creating new channels (apps, podcasts) to utilize our unique content and expertise (e.g. local sports)

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The Pantagraph

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Part of Constitution Trail remains closed Friday

Watch now: Bloomington artist prevented 9/11 with art, poetry

Watch now: 3 killed, including suspect, 1 injured in north Peoria shooting, police say

Lane reduction planned in uptown Normal next week

Watch now: Olympic athlete brings experience back to ISU basketball

Bloomington man dies after weekend hit-and-run

Common sentenced for Bloomington double murder

The Latest

Central Illinois speaks up: Letters to the editor for the week of Sep. 3, 2023

Illinois man gets 96 years in 2017 killing, dismemberment

Emmett Till marker in Mississippi toppled but not vandalized

What you missed this week in notable Central Illinois crimes and court cases

Latest Video

you want a Super Bowl, you'll need premier quarterback

Trio of Red River piglets go crazy over new toys at San Diego Zoo

Five of the best exercises for stress relief

Kaley Cuoco and husband Karl Cook split after three years of marriage

Sports

Watch now: Illinois State football opens season against Butler

Watch now: Illinois' Calin Hart Jr. out for season; Artur Sitkowski named starter

Watch now: Illinois Wesleyan football team ready to 'line' up for season opener against Franklin

5 YEARS AGO: Max Moews, Central Catholic turn back University High

DIGITAL TRANSFORMATION: STRATEGIES TO DRIVE SUBSCRIPTION REVENUE

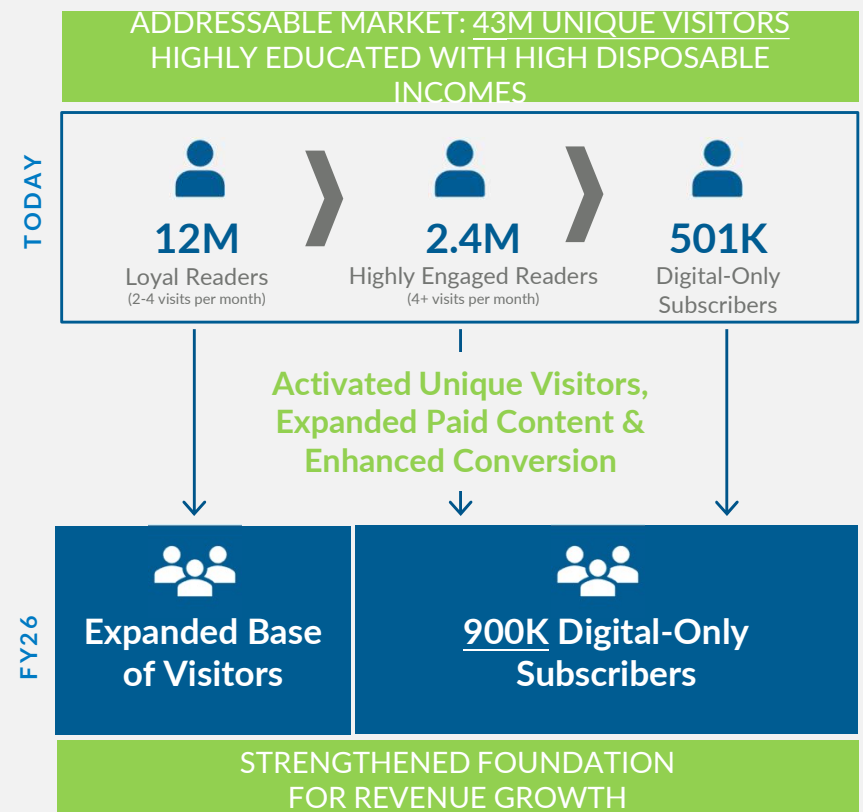
ENHANCING CONVERSION WITHIN LEE'S ADDRESSABLE MARKET

PILLAR 1

PILLAR 2

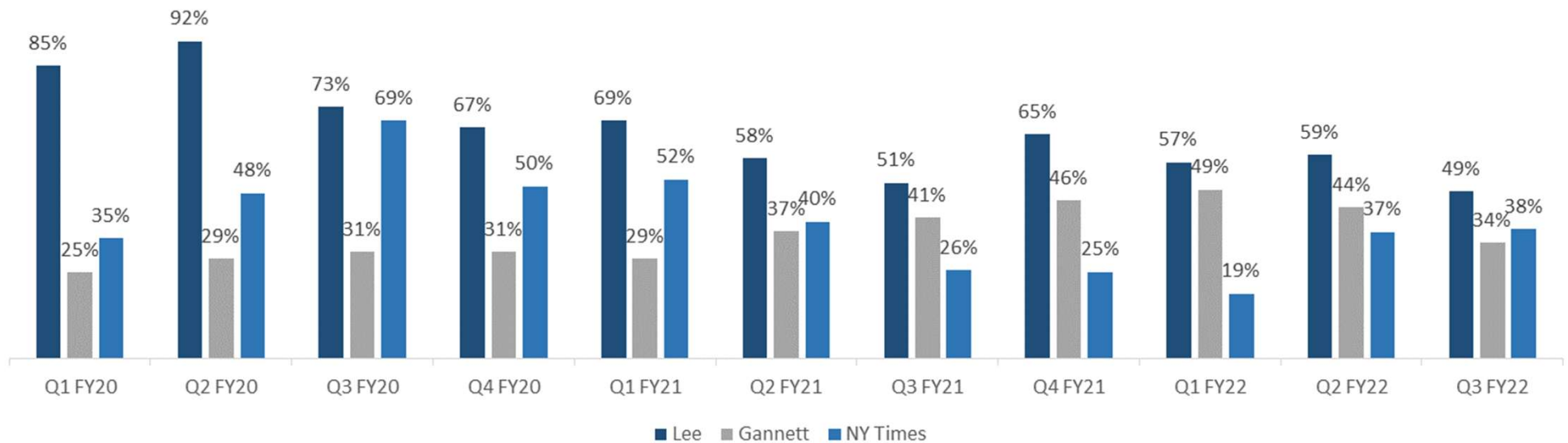
PILLAR 3

- Convert more of our addressable market to digital content subscribers
 - Leverage embedded position in 77 attractive markets to grow audiences and share of total addressable market
 - Convert more of the 2.4M highly engaged readers to digital subscribers
 - Provide attractive niche subscriptions for targeted audiences
- Implement data-driven, dynamic content metering to drive subscription conversion
 - Digital segmentation and targeted offers based on usage
 - Maximizing conversions from email, search, social media referrals
 - Leveraging TownNews dynamic meter to drive conversions



DIGITAL TRANSFORMATION: INDUSTRY LEADING DIGITAL SUBSCRIPTION GROWTH

Digital Subscription Growth YoY



Digital subscriber growth has outpaced industry peers for 11 quarters

DIGITAL TRANSFORMATION: FIVE-YEAR SUBSCRIPTION GROWTH OUTLOOK

LEE IS CONFIDENT IN ITS PLAN TO GROW DIGITAL SUBSCRIPTIONS AND ARPU

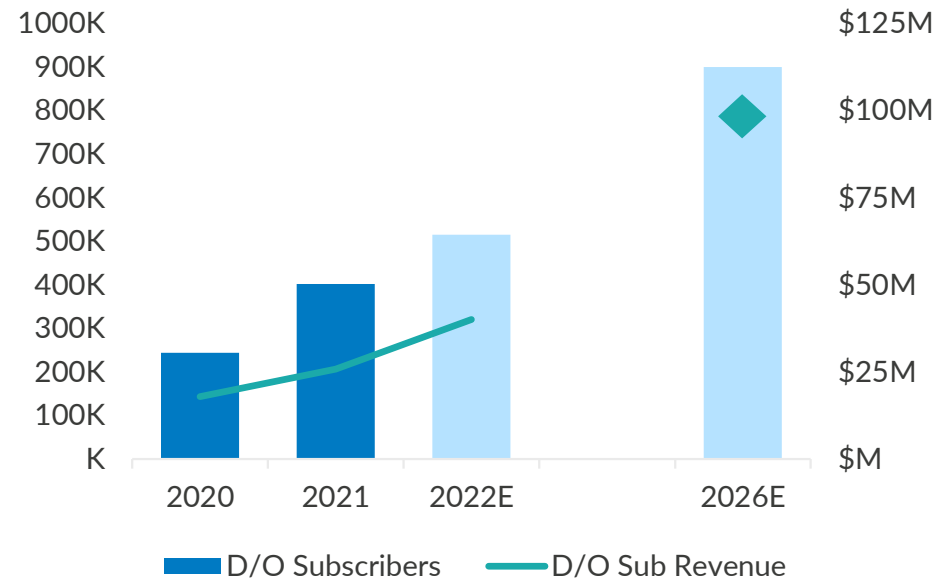
We expect significant growth in digital subscribers:

- Convert more visitors to our core digital products
- Launch new digital niche subscription products
- Continued conversion of audiences to digital subscribers
- Expect 900,000 digital subscribers by 2026, assuming modest penetration of the current addressable market

We expect to drive digital subscription revenue even faster:

- Expect ARPU expansion as introductory pricing becomes a smaller piece of the subscriber base
- Maximizing ARPU through data and sophisticated analytics
- Niche digital products expected to carry higher ARPU

Digital Subscriptions – 5 Year Outlook



Lee expects \$100M of digital subscription revenue in 2026

DIGITAL TRANSFORMATION: KEY TAKEAWAYS FOR SUBSCRIPTION REVENUE

1

Lee is the fastest growing digital subscription platform with a strong track record of digital subscription growth.

2

Lee is more than halfway to the goal of reaching 900,000 paid digital only subscribers assuming a modest penetration of the total addressable market.

3

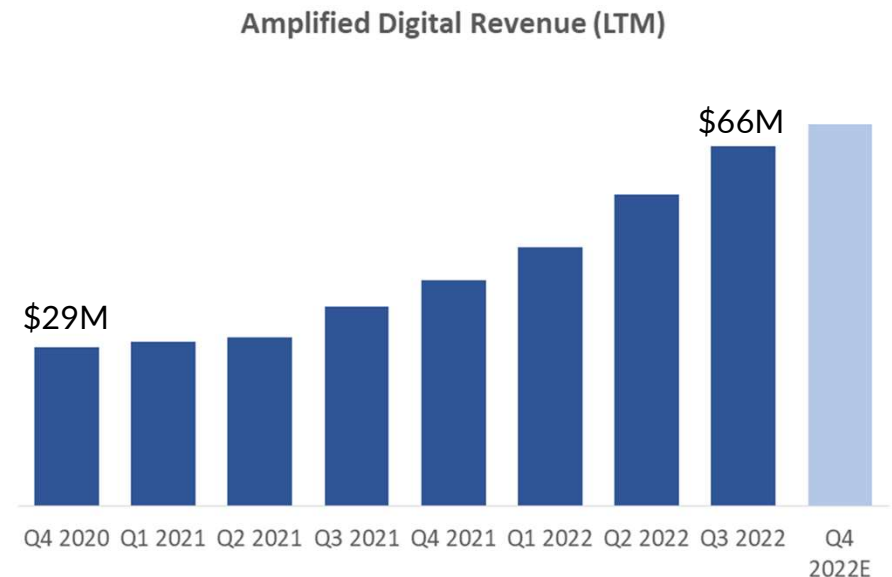
Lee's digital transformation strategy is expected to generate recurring sustainable digital subscription revenue, expecting \$100M in 2026.



DIGITAL TRANSFORMATION: AMPLIFIED IS GROWING RAPIDLY

AMPLIFIED – LEE'S FULL-SERVICE DIGITAL AGENCY IS EXPECTED TO CONTINUE TO GROW SIGNIFICANTLY

- Overview of Amplified:
 - Provides **full suite of digital services** such as omnichannel marketing solutions, audience targeted display, SEM, social audience targeting, social media management, email marketing, banner, video streaming, and much more
 - Creates sophisticated websites for local, regional, and national customers – **2,000 websites** developed
 - Supports ecommerce solutions and leverages **first party data** to drive premium eCPMs
 - Delivers **key analytics** to customers via Amplified Insights
 - Develops **custom video content** through Brand Avenue Studios
- Amplified in Numbers:
 - Over **7,800 customers**, up **85%** over the last twelve months
 - Amplified customers in **49 states**



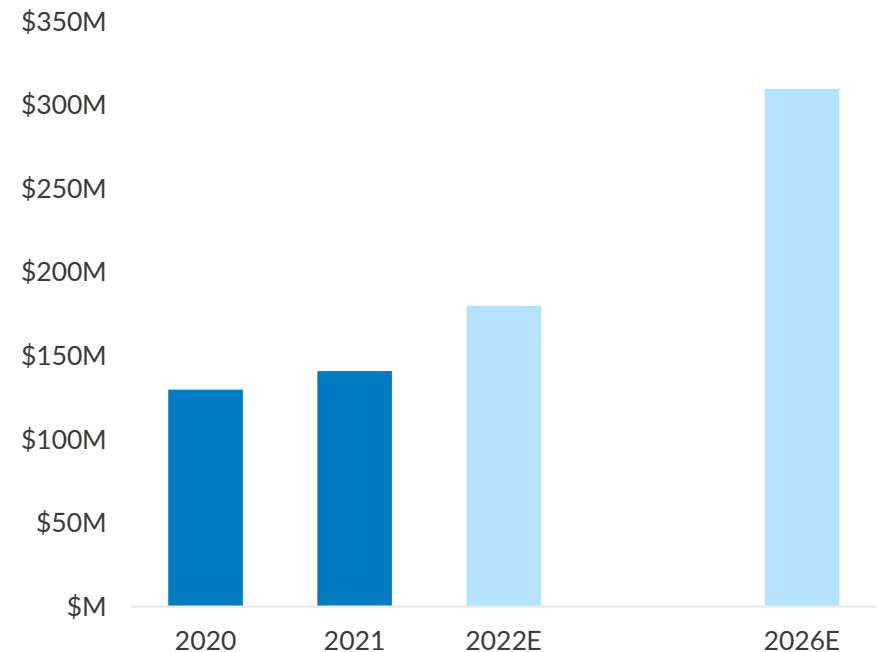
Amplified generated \$66 million in revenue (LTM) and is expected to reach \$100 million in 2024

DIGITAL TRANSFORMATION: FIVE-YEAR DIGITAL ADVERTISING OUTLOOK

DIGITAL ADVERTISING GROWTH IS FUELED BY AMPLIFIED

- Amplified will drive digital marketing services revenue growth.
 - Rapidly growing digital marketing services provider with \$66M of revenue over the last twelve months, up 80%
 - Leverage local market presence to expand client base from 7,800 customers
 - Increase advertiser spending due to:
 - Growing demand for omnichannel digital advertising
 - Lee's Vision platform leverages data and derives value for local advertisers
- Our owned and operated digital products provides a unique opportunity to grow high margin digital advertising revenue.
 - Improve local market penetration, ultimately increasing customer counts
 - Leverage Lee's **Vision** platform to increase sell-thru rates and eCPMs to drive higher value digital advertising revenue

Digital Advertising Outlook



Lee expects \$310M of Digital Advertising & Marketing Services Revenue in 2026

DIGITAL TRANSFORMATION: KEY TAKEAWAYS FOR ADVERTISING REVENUE GROWTH

1

Amplified is a major growth engine for Lee's digital advertising transformation.

2

Lee's sophisticated Vision platform uniquely positions us to capitalize on the double-digit growth in omnichannel digital advertising.

3

Lee's strategy is expected to generate recurring sustainable digital revenue exceeding \$310M in digital advertising revenue in 2026.



THIRD QUARTER 2022 FINANCIAL HIGHLIGHTS & 2022 OUTLOOK

Q3 FY2022 FINANCIAL PERFORMANCE

- Total Operating Revenue was \$195 million in the third quarter, less than a one-percent YOY decline
 - Total Digital Revenue was \$61 million, up 27% YOY
 - Digital-only subscription revenue increased 50% YOY and totaled \$11 million
 - Digital-only subscribers increased 49% YOY and now total 501,000
 - Digital advertising and marketing services revenue increased 27% YOY and totaled \$46 million
 - Amplified revenue increased 74.1% YOY totaling \$21 million
 - Total Print Revenue was \$134 million in the third quarter, a 10% YOY decline
- Operating expenses totaled \$190 million and Cash Costs⁽¹⁾ were up 1.0% YOY due to:
 - Increases in investments in digital talent and technology tied to our digital growth strategy and digital cost of goods sold
 - Cycling one-time cost benefits realized in the prior year
 - A partial offset by a reduction in expenses that support our print revenue streams
- Net income totaled \$0.2M and Adjusted EBITDA⁽¹⁾ totaled \$23.0M

Initial FY2022 Guidance

495,000

Total Digital Only
Subscribers

\$33M

Digital Only
Subscription Revenue

\$175M

Digital Advertising &
Marketing Services
Revenue

\$95 – 98M

Adjusted EBITDA

Met FY22 Guidance in Q3



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

2022 OUTLOOK

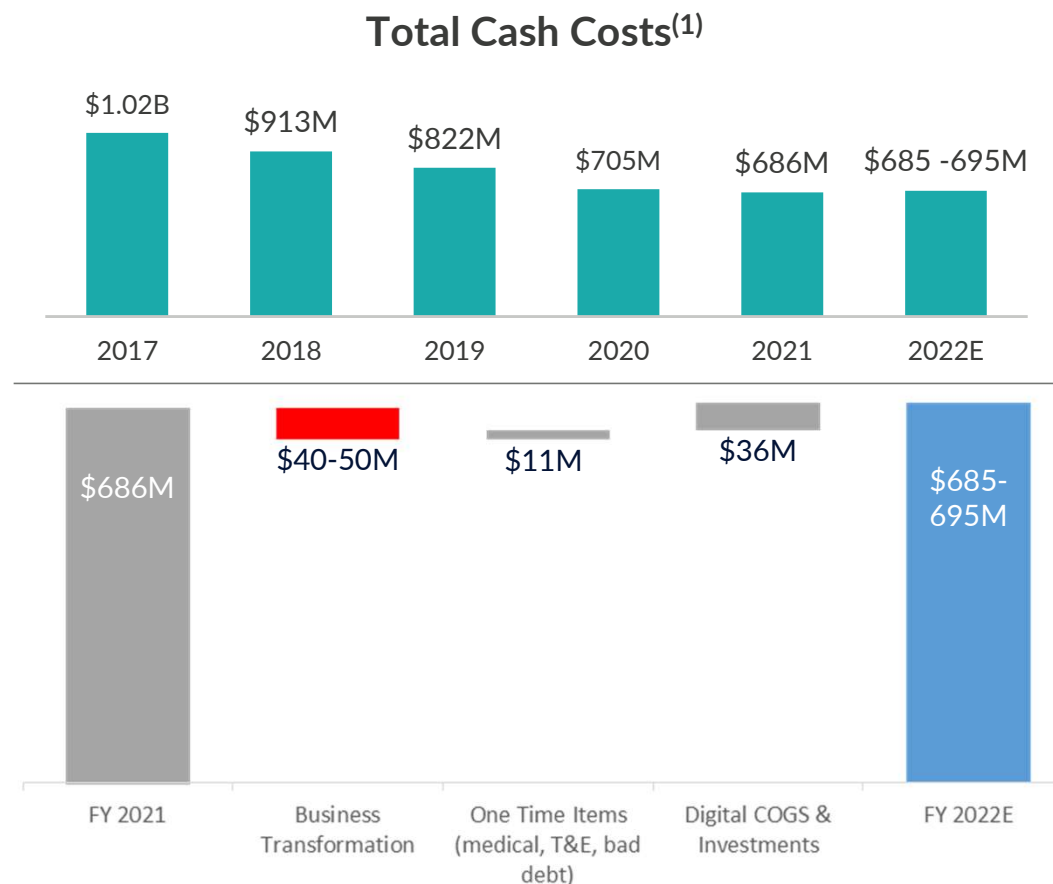
	Q3 YTD	Q4 Outlook	2022 Improved Outlook
Digital Only Subscription Revenue	\$29M	\$11M	\$39M
YoY	41%	44%	40%
Digital Advertising and Marketing Services Revenue	\$132M	\$47M	\$179M
YoY	27%	27%	27%
Total Digital Revenue	\$175M	\$62M	\$237M
YoY	26%	27%	26%
Adjusted EBITDA	\$66M	\$29 - 32M	\$95 - 98M



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

STRONG TRACK RECORD OF SUSTAINABLE COST MANAGEMENT

- 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 \$45M in annualized cash cost reductions early in Q3 FY22; FY22 impact \$20M
 - 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: REQUIRED INVESTMENTS

LEE IS MAKING VALUE-ADDED INVESTMENTS TO DRIVE ITS DIGITAL TRANSFORMATION

TALENT AND TEAM

- Data and technology team with AI expertise
- Brand development and strategic marketing experts
- User experience experts
- Digital product development talent
- Acquisition and retention of top talent focused on digital subscriber acquisition and retention
- Executive producers to curate custom video content
- Digital advertising agency talent
- Digital advertising vertical category management experts

SYSTEMS AND INFRASTRUCTURE

- Data lake technology to store customer data
- Demographic and propensity scoring software
- Consolidated ID technology for subscription access, ad targeting, frequency capping & content recommendations
- Data visualization tools for our newsrooms to drive reader engagement
- Machine learning technology to personalize experiences for our readers
- Business intelligence & visualization tools
- Marketing insight technology
- Front end ad tech that drives efficiencies and improves ARPU

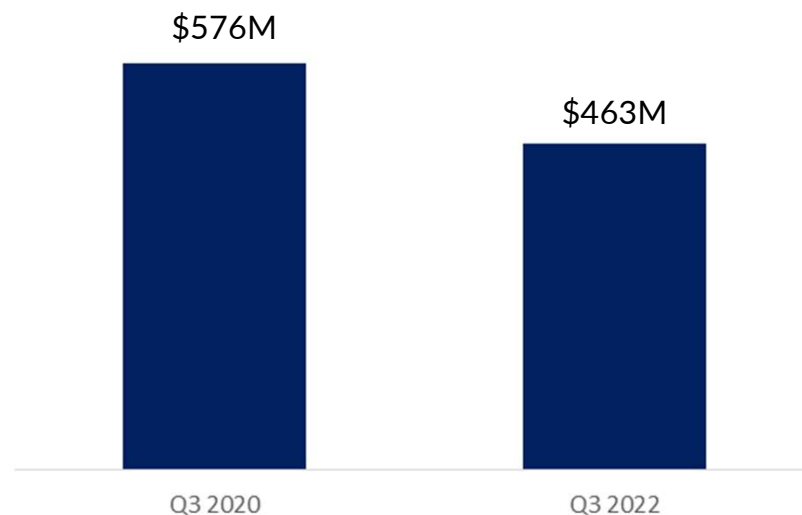


\$15M of incremental investments expected in FY22

DIGITAL TRANSFORMATION FIVE YEAR OUTLOOK: STRENGTHENED BALANCE SHEET

- \$20M in debt reduction in first nine months of 2022 and \$113M 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 and not expecting any material pension contributions in 2022. Executed a risk transfer agreement in September 2022 buying annuity contracts for \$86M of our pension obligation.
- Asset sales of \$25M over the last two years. **\$14M** already closed in first nine months of 2022

Significant Gross Debt Reduction



Achieve long-term leverage target of under 2.5x in five years

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Continued Debt Reduction & Strengthened Balance Sheet

Expect to reach <2.5x leverage target within five years



Increased Shareholder Value

Operating cash flow and profits are enhanced

Debt reduction drives shareholder value

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



Appendix



QUARTERLY REVENUE COMPOSITION

(Millions of Dollars)	Q1 FY2021	Q2 FY2021	Q3 FY2021	Q4 FY2021	FY 2021	Q1 FY2022	Q2 FY2022	Q3 FY2022
Digital Advertising and Marketing Services	36.0	31.9	36.5	37.0	141.4	42.8	43.4	46.2
YoY %	-4.9%	-5.1%	31.5%	19.6%	8.7%	18.8%	36.1%	26.6%
Digital Only Subscription Revenue	6.3	7.0	7.3	7.6	28.2	7.9	10.1	11.0
YoY %	63.6%	57.9%	39.9%	30.1%	45.7%	25.7%	44.4%	50.1%
Digital Services Revenue	4.8	4.8	4.7	4.6	18.9	4.6	4.7	4.3
YoY %	3.5%	4.7%	-3.3%	-5.6%	-0.3%	-3.9%	-3.3%	-8.1%
Total Digital Revenue	47.1	43.7	48.5	49.2	188.5	55.3	58.2	61.5
YoY %	1.6%	2.5%	28.2%	18.1%	11.9%	17.4%	33.1%	26.8%
% of Total Revenue	22.2%	22.7%	24.7%	25.4%	23.7%	27.3%	30.6%	31.5%
Print Advertising Revenue	66.6	53.7	54.6	53.0	227.9	56.0	44.2	44.8
YoY %	-26.2%	-21.8%	9.7%	-1.9%	-13.3%	-16.0%	-17.6%	-18.0%
Print Subscription Revenue	85.0	82.8	81.5	80.2	329.5	79.6	77.3	78.1
YoY %	-0.5%	-1.1%	-2.8%	-4.1%	-2.1%	-6.4%	-6.7%	-4.2%
Other Print Revenue	13.1	12.2	11.9	11.5	48.7	11.4	10.4	10.7
YoY %	-17.4%	-17.6%	5.9%	-5.8%	-10.0%	-12.8%	-15.2%	-10.2%
Total Print Revenue	164.7	148.7	148.0	144.7	606.1	147.0	131.9	133.6
YoY %	-14.0%	-11.1%	2.2%	-3.4%	-7.3%	-10.8%	-11.3%	-9.8%
Total Revenue	211.8	192.4	196.5	193.9	794.6	202.3	190.1	195.1
YoY %	-11.0%	-8.3%	7.6%	1.3%	-3.3%	-4.5%	-1.3%	-0.7%

Total Digital Revenue – Total Digital Revenue in the prior year was reclassified to conform to the current year presentation. Total Digital Revenue is defined as digital advertising and marketing services revenue (including Amplified), digital-only subscription revenue and digital services revenue. Previously other digital subscription revenue was included. The reclassification was made to conform with a similar metric of the Company's peers. All periods have been restated for the reclassification.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Millions of Dollars)	Q3 FY2022
Net Income	0.2
Adjusted to exclude	
Income tax expense	0.2
Non-operating expenses, net	6.1
Equity in earnings of TNI and MNI ⁽¹⁾	(1.1)
Loss on sale of assets and other, net	1.1
Depreciation and amortization	8.8
Restructuring costs and other	6.1
Stock compensation	0.3
Add	
Ownership share of TNI and MNI EBITDA (50%)	1.3
Adjusted EBITDA	23.0

⁽¹⁾ TNI refers to TNI Partners publishing operations in Tucson, AZ. MNI refers to Madison Newspapers, Inc. publishing operations in Madison, WI.

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.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Millions of Dollars)	Q3 FY2022	Q3 FY2021	FY2021
Operating Expenses	189.7	184.3	744.5
Adjusted to exclude			
Depreciation and amortization	8.8	10.8	42.8
Loss on sale of assets and other, net	1.1	0.2	8.2
Restructuring costs and other	6.1	1.4	7.2
Cash Costs	173.7	171.9	686.3

Cash Costs is a non-GAAP financial performance measure 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.



