

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

**For The Quarterly Period Ended June 23, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-6227

**LEE ENTERPRISES, INCORPORATED**

**(Exact name of Registrant as specified in its Charter)**

Delaware

42-0823980

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

4600 E. 53rd Street, Davenport, Iowa 52807  
(Address of principal executive offices)

(563) 383-2100

(Registrant's telephone number, including area code)

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, par value \$.01 per share	LEE	The Nasdaq Global Select Market
Preferred Share Purchase Rights	LEE	The Nasdaq Global Select Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files. Yes  No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of July 31, 2024, 6,190,554 shares of Common Stock of the Registrant were outstanding.

Table Of Contents		PAGE
<a href="#">FORWARD LOOKING STATEMENTS</a>		<a href="#">1</a>
PART I	<a href="#">FINANCIAL INFORMATION</a>	<a href="#">2</a>
Item 1.	<a href="#">Financial Statements (Unaudited)</a>	<a href="#">2</a>
	<a href="#">Consolidated Balance Sheets</a>	<a href="#">2</a>
	<a href="#">Consolidated Statements of (Loss) Income and Comprehensive (Loss) Income</a>	<a href="#">4</a>
	<a href="#">Consolidated Statements of Stockholders' Equity</a>	<a href="#">5</a>
	<a href="#">Consolidated Statements of Cash Flows</a>	<a href="#">7</a>
	<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">8</a>
Item 2.	<a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">15</a>
Item 3.	<a href="#">Controls and Procedures</a>	<a href="#">24</a>
PART II	<a href="#">OTHER INFORMATION</a>	<a href="#">24</a>
Item 1.	<a href="#">Legal Proceedings</a>	<a href="#">25</a>
Item 1.A.	<a href="#">Risk Factors</a>	<a href="#">25</a>
Item 5.	<a href="#">Other Information</a>	<a href="#">25</a>
Item 6.	<a href="#">Exhibits</a>	<a href="#">26</a>
<a href="#">SIGNATURES</a>		<a href="#">27</a>

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References to “we”, “our”, “us” and the like throughout this document refer to Lee Enterprises, Incorporated (the “Company”). References to “2024”, “2023” and the like refer to the fiscal years ended the last Sunday in September.

## **FORWARD-LOOKING STATEMENTS**

The Private Securities Litigation Reform Act of 1995 provides a “safe harbor” for forward-looking statements. This report 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:

- We may be required to indemnify the previous owners of the BH Media or 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 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 “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 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 report. We do not undertake to publicly update or revise our forward-looking statements, except as required by law.

**PART I  
FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**LEE ENTERPRISES, INCORPORATED  
CONSOLIDATED BALANCE SHEETS**

	(Unaudited)	
<i>(Thousands of Dollars)</i>	June 23, 2024	September 24, 2023
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	13,425	14,548
Accounts receivable, net	61,222	69,104
Inventories	5,965	7,504
Prepaid and other current assets	21,298	15,373
<b>Total current assets</b>	<b>101,910</b>	<b>106,529</b>
<b>Investments:</b>		
Associated companies	27,948	27,819
Other	5,565	5,572
<b>Total investments</b>	<b>33,513</b>	<b>33,391</b>
<b>Property and equipment:</b>		
Land and improvements	11,524	12,366
Buildings and improvements	76,967	83,140
Equipment	205,472	213,714
Construction in process	4,694	2,453
	298,657	311,673
Less accumulated depreciation	241,754	250,439
<b>Property and equipment, net</b>	<b>56,903</b>	<b>61,234</b>
Operating lease right-of-use assets	36,326	40,822
Goodwill	328,243	329,504
Other intangible assets, net	73,900	94,988
Pension plan assets, net	11,206	10,843
Medical plan assets, net	22,754	21,565
Other	12,700	12,741
<b>Total assets</b>	<b>677,455</b>	<b>711,617</b>

The accompanying Notes are an integral part of the Consolidated Financial Statements.

	(Unaudited)	
<i>(Thousands of Dollars and Shares, Except Per Share Data)</i>	June 23, 2024	September 24, 2023
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities:</b>		
Current portion of lease liabilities	8,052	7,755
Current maturities of long-term debt	2,586	—
Accounts payable	31,356	36,290
Compensation and other accrued liabilities	32,442	29,448
Unearned revenue	36,027	40,843
<b>Total current liabilities</b>	<b>110,463</b>	<b>114,336</b>
Long-term debt, net of current maturities	450,140	455,741
Operating lease liabilities	31,437	36,580
Pension obligations	510	586
Postretirement and postemployment benefit obligations	7,488	8,618
Deferred income taxes	40,749	41,351
Income taxes payable	6,405	5,809
Withdrawal liabilities and other	23,771	24,890
<b>Total liabilities</b>	<b>670,963</b>	<b>687,911</b>
<b>Equity:</b>		
<b>Stockholders' equity:</b>		
Serial convertible preferred stock, no par value; authorized 500 shares; none issued	—	—
Common Stock, \$0.01 par value; authorized 12,000 shares; issued and outstanding:	62	61
June 23, 2024; 6,191 shares; \$0.01 par value		
September 24, 2023; 6,064 shares; \$0.01 par value		
Class B Common Stock, \$2 par value; authorized 3,000 shares; none issued	—	—
Additional paid-in capital	261,925	260,832
Accumulated deficit	(282,253)	(266,496)
Accumulated other comprehensive income	24,234	26,843
<b>Total stockholders' equity</b>	<b>3,968</b>	<b>21,240</b>
Non-controlling interests	2,524	2,466
<b>Total equity</b>	<b>6,492</b>	<b>23,706</b>
<b>Total liabilities and equity</b>	<b>677,455</b>	<b>711,617</b>

The accompanying Notes are an integral part of the Consolidated Financial Statements.

**LEE ENTERPRISES, INCORPORATED**  
**CONSOLIDATED STATEMENTS OF (LOSS) INCOME AND COMPREHENSIVE (LOSS) INCOME**  
(Unaudited)

(Thousands of Dollars, Except Per Common Share Data)	Three months ended		Nine months ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
<b>Operating revenue:</b>				
Advertising and marketing services	68,844	79,120	203,865	246,406
Subscription	68,306	77,557	208,872	235,838
Other	13,428	14,633	40,069	44,885
<b>Total operating revenue</b>	<b>150,578</b>	<b>171,310</b>	<b>452,806</b>	<b>527,129</b>
<b>Operating expenses:</b>				
Compensation	59,278	63,582	175,757	207,859
Newsprint and ink	4,096	6,346	13,101	20,244
Other operating expenses	74,177	80,010	221,247	249,353
Depreciation and amortization	6,850	7,478	21,438	23,097
Assets (gain) loss on sales, impairments and other, net	(1,421)	(900)	4,727	(4,255)
Restructuring costs and other	3,795	3,780	12,199	8,120
<b>Total operating expenses</b>	<b>146,775</b>	<b>160,296</b>	<b>448,469</b>	<b>504,418</b>
Equity in earnings of associated companies	1,122	1,194	3,869	3,534
<b>Operating income</b>	<b>4,925</b>	<b>12,208</b>	<b>8,206</b>	<b>26,245</b>
<b>Non-operating (expense) income:</b>				
Interest expense	(10,082)	(10,235)	(30,427)	(31,144)
Pension and OPEB related benefit and other, net	617	555	1,096	2,255
Curtailement/Settlement gains	—	—	3,593	—
<b>Total non-operating expense, net</b>	<b>(9,465)</b>	<b>(9,680)</b>	<b>(25,738)</b>	<b>(28,889)</b>
<b>(Loss) income before income taxes</b>	<b>(4,540)</b>	<b>2,528</b>	<b>(17,532)</b>	<b>(2,644)</b>
Income tax (benefit) expense	(849)	394	(3,438)	(1,237)
<b>Net (loss) income</b>	<b>(3,691)</b>	<b>2,134</b>	<b>(14,094)</b>	<b>(1,407)</b>
Net income attributable to non-controlling interests	(575)	(631)	(1,663)	(1,876)
<b>(Loss) income attributable to Lee Enterprises, Incorporated</b>	<b>(4,266)</b>	<b>1,503</b>	<b>(15,757)</b>	<b>(3,283)</b>
Other comprehensive loss, net of income taxes	(147)	(140)	(2,609)	(420)
<b>Comprehensive (loss) income attributable to Lee Enterprises, Incorporated</b>	<b>(4,413)</b>	<b>1,363</b>	<b>(18,366)</b>	<b>(3,703)</b>
<b>(Loss) earnings per common share:</b>				
Basic:	(0.73)	0.26	(2.68)	(0.56)
Diluted:	(0.73)	0.25	(2.68)	(0.56)

The accompanying Notes are an integral part of the Consolidated Financial Statements.

**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)

<i>(Thousands of Dollars)</i>	Accumulated Deficit	Common Stock	Additional paid-in capital	Accumulated Other Comprehensive Income	Total
September 25, 2023	(266,496)	61	260,832	26,843	21,240
Shares redeemed	—	—	(96)	—	(96)
Income attributable to Lee Enterprises, Incorporated	688	—	—	—	688
Stock compensation	—	—	214	—	214
Other comprehensive loss	—	—	—	(2,286)	(2,286)
Deferred income taxes, net	—	—	—	(28)	(28)
December 24, 2023	(265,808)	61	260,950	24,529	19,732
Loss attributable to Lee Enterprises, Incorporated	(12,179)	—	—	—	(12,179)
Stock compensation	—	—	501	—	501
Other comprehensive loss	—	—	—	(192)	(192)
Deferred income taxes, net	—	—	—	44	44
March 24, 2024	(277,987)	61	261,451	24,381	7,906
Shares issued	—	1	—	—	1
Loss attributable to Lee Enterprises, Incorporated	(4,266)	—	—	—	(4,266)
Stock compensation	—	—	474	—	474
Other comprehensive loss	—	—	—	(191)	(191)
Deferred income taxes, net	—	—	—	44	44
June 23, 2024	(282,253)	62	261,925	24,234	3,968

<i>(Thousands of Dollars)</i>	Accumulated Deficit	Common Stock	Additional paid-in capital	Accumulated Other Comprehensive Income	Total
September 26, 2022	(261,229)	60	259,521	16,653	15,005
Shares redeemed	—	—	(383)	—	(383)
Income attributable to Lee Enterprises, Incorporated	1,099	—	—	—	1,099
Stock compensation	—	—	349	—	349
Other comprehensive loss	—	—	—	(200)	(200)
Deferred income taxes, net	—	—	—	60	60
December 25, 2022	(260,130)	60	259,487	16,513	15,930
Shares redeemed	—	—	(97)	—	(97)
Loss attributable to Lee Enterprises, Incorporated	(5,885)	—	—	—	(5,885)
Stock compensation	—	—	574	—	574
Other comprehensive loss	—	—	—	(200)	(200)
Deferred income taxes, net	—	—	—	60	60
March 26, 2023	(266,015)	60	259,964	16,373	10,382
Shares issued	—	1	—	—	1
Income attributable to Lee Enterprises, Incorporated	1,503	—	—	—	1,503
Stock compensation	—	—	461	—	461
Other comprehensive loss	—	—	—	(200)	(200)
Deferred income taxes, net	—	—	—	60	60
June 25, 2023	(264,512)	61	260,425	16,233	12,207

The accompanying Notes are an integral part of the Consolidated Financial Statements.



**LEE ENTERPRISES, INCORPORATED**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(Thousands of Dollars)</i>	Nine months ended	
	June 23, 2024	June 25, 2023
<b>Cash provided by (required for) operating activities:</b>		
Net loss	(14,094)	(1,407)
<b>Adjustments to reconcile net loss to net cash provided by (required for) operating activities:</b>		
Depreciation and amortization	21,438	23,097
Bad debt expense	9,511	4,904
Curtailement/Settlement gain	(3,593)	—
Stock compensation expense	1,189	1,384
Assets loss (gain) on sales, impairments and other, net	4,727	(4,255)
Earnings, net of distributions, deemed returns on investment of TNI and MNI	(163)	(234)
Gain on sale of investment	—	(1,736)
Deferred income taxes	(542)	(460)
Return of letters of credit collateral	894	778
Other, net	(1,602)	(1,705)
<b>Changes in operating assets and liabilities:</b>		
Increase in receivables	(1,946)	(4,780)
Decrease (increase) in inventories and other	1,069	(348)
Decrease in accounts payable and other accrued liabilities	(12,786)	(14,435)
Decrease in pension and other postretirement and postemployment benefit obligations	(1,835)	(186)
Change in income taxes payable	596	358
Other	(1,485)	(2,693)
<b>Net cash provided by (required for) operating activities</b>	<b>1,378</b>	<b>(1,718)</b>
<b>Cash provided by investing activities:</b>		
Purchases of property and equipment	(6,552)	(3,791)
Proceeds from sales of assets	7,087	7,231
Other, net	(21)	1,873
<b>Net cash provided by investing activities</b>	<b>514</b>	<b>5,313</b>
<b>Cash required for financing activities:</b>		
Principal payments on long-term debt	(3,015)	(2,560)
Common stock transactions, net	—	(265)
<b>Net cash required for financing activities</b>	<b>(3,015)</b>	<b>(2,825)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(1,123)</b>	<b>770</b>
<b>Cash and cash equivalents:</b>		
Beginning of period	14,548	16,185
End of period	13,425	16,955

The accompanying Notes are an integral part of the Consolidated Financial Statements.

**LEE ENTERPRISES, INCORPORATED**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
(Unaudited)

**1 BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying unaudited, interim, Consolidated Financial Statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission for quarterly reports. In the opinion of management, these financial statements contain all adjustments (consisting of only normal recurring items) necessary to present fairly the financial position of Lee Enterprises, Incorporated and its subsidiaries (the "Company") as of June 23, 2024, and our results of operations and cash flows for the periods presented. The Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and Notes thereto included in the Company's 2023 Annual Report on Form 10-K.

The Company's fiscal year ends on the last Sunday in September. Fiscal year 2024 ends September 29, 2024, and fiscal year 2023 ended September 24, 2023. Fiscal year 2024 includes 53 weeks of operations and 2023 included 52 weeks of operations. Because of seasonal and other factors, the results of operations for the three and nine months ended June 23, 2024, are not necessarily indicative of the results to be expected for the full year.

The Consolidated Financial Statements include our accounts and those of our wholly owned subsidiaries, as well as our 82.5% interest in INN Partners, L.C. ("BLOX Digital" formerly "TownNews").

Our 50% interest in TNI Partners ("TNI") and our 50% interest in Madison Newspapers, Inc. ("MNI") are accounted for using the equity method and are reported at cost, plus our share of undistributed earnings since acquisition less, for TNI, amortization of intangible assets.

In 2024, certain prior period amounts within the consolidated financial statements have been adjusted to conform with current period presentation. These matters did not change operating revenues, net income (loss), accumulated deficit, and earnings per share in all periods presented.

**2 REVENUE**

The following table presents our revenue disaggregated by source:

	Three months Ended		Nine months Ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
<i>(Thousands of Dollars)</i>				
Operating revenue:				
Print advertising revenue	18,941	29,216	62,118	102,503
Digital advertising and marketing services revenue	49,903	49,904	141,747	143,903
Advertising and marketing services revenue	68,844	79,120	203,865	246,406
Print subscription revenue	47,605	61,842	148,443	193,799
Digital subscription revenue	20,701	15,715	60,429	42,039
Subscription revenue	68,306	77,557	208,872	235,838
Print other revenue	8,278	9,773	24,839	30,542
Digital other revenue	5,150	4,860	15,230	14,343
Other revenue	13,428	14,633	40,069	44,885
Total operating revenue	150,578	171,310	452,806	527,129

*Recognition principles:* Revenue is recognized when a performance obligation is satisfied by the transfer of control of the contracted goods or services to our customers, in an amount that reflects the consideration we expect to receive in exchange for those goods or services.

*Contract Liabilities:* The Company's primary source of contract liabilities is unearned revenue from subscriptions paid in advance of the service provided. The Company expects to recognize the revenue related to unsatisfied performance obligations over the next twelve months in accordance with the terms of the subscriptions and other contracts with customers. Revenue recognized in the three and nine months ended June 23, 2024, that was included in the contract liability as of September 24, 2023, was \$2.8 million and \$37.3 million, respectively. Revenue recognized in the three and nine months ended June 25, 2023, that was included in the contract liability as of September 25, 2022, was \$4.3 million and \$45.5 million, respectively.

Accounts receivable, excluding allowance for credit losses was \$67.0 million and \$74.4 million as of June 23, 2024, and September 24, 2023, respectively. Allowance for credit losses was \$5.8 million and \$5.3 million as of June 23, 2024, and September 24, 2023, respectively.

Valuation and qualifying account information related to the allowance for credit losses related to continuing operations is as follows:

<i>(Thousands of Dollars)</i>	June 23, 2024	September 24, 2023
Balance, beginning of year	5,260	5,237
Additions charged to expense	9,511	6,942
Deductions from reserves	(8,994)	(6,919)
Balance, end of year	5,777	5,260

Sales commissions are expensed as incurred as the associated contractual periods are one year or less. These costs are recorded within compensation. Most of our contracts have original expected lengths of one year or less and revenue is earned at a rate and amount that corresponds directly with the value to the customer.

### 3 INVESTMENTS IN ASSOCIATED COMPANIES

#### TNI Partners

In Tucson, Arizona, TNI, acting as agent for our subsidiary, Star Publishing Company ("Star Publishing"), and Gannett Co., Inc.'s subsidiary Citizen Publishing Company ("Citizen"), is responsible for printing, delivery, advertising, and subscription activities of the *Arizona Daily Star* as well as the related digital platforms and specialty publications. TNI collects all receipts and income and pays substantially all operating expenses incident to the partnership's operations and publication of the newspaper and other media.

Income or loss of TNI (before income taxes) is allocated equally to Star Publishing and Citizen.

Summarized results of TNI are as follows:

<i>(Thousands of Dollars)</i>	Three months ended		Nine months ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
Operating revenue	6,667	7,244	21,018	23,954
Operating expenses	5,076	5,677	15,207	19,041
Operating income	1,591	1,567	5,811	4,913
Net income	1,544	1,581	5,764	5,247
Equity in earnings of TNI	772	791	2,882	2,624

TNI makes periodic distributions of its earnings and for the three months ended June 23, 2024, and June 25, 2023, we received \$0.6 million and \$0.4 million in distributions, respectively. In the nine months ended June 23, 2024 and June 25, 2023, we received \$2.7 million and \$2.8 million in distributions, respectively.

#### **Madison Newspapers, Inc.**

We have a 50% ownership interest in MNI, which publishes daily and Sunday newspapers, and other publications in Madison, Wisconsin, and other Wisconsin locations, and operates their related digital platforms. Net income or loss of MNI (after income taxes) is allocated equally to us and The Capital Times Company (“TCT”). MNI conducts its business under the trade name Capital Newspapers.

Summarized results of MNI are as follows:

<i>(Thousands of Dollars)</i>	Three months ended		Nine months ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
Operating revenue	10,136	10,963	30,560	33,470
Operating expenses, excluding restructuring costs, depreciation and amortization	7,829	8,470	23,275	26,496
Restructuring costs	4	10	113	137
Depreciation and amortization	121	129	361	402
Operating income	2,182	2,354	6,811	6,435
Net income	699	807	1,973	1,821
Equity in earnings of MNI	350	404	987	911

MNI makes periodic distributions of its earnings and in the three months ended June 23, 2024 and June 25, 2023, we received \$0.4 million and \$0.2 million in distributions, respectively. In the nine months ended June 23, 2024 and June 25, 2023, we received distributions of \$1.0 million and \$0.5 million, respectively.

#### 4 GOODWILL AND OTHER INTANGIBLE ASSETS

Goodwill and identified intangible assets consist of the following:

<i>(Thousands of Dollars)</i>	June 23, 2024	September 24, 2023
Goodwill, beginning of period	329,504	329,504
Allocated to sold operations	(1,261)	—
Goodwill, end of period	328,243	329,504
Non-amortized intangible assets:		
Mastheads	11,096	18,675
Amortizable intangible assets:		
Customer and newspaper subscriber lists	262,242	306,766
Less accumulated amortization	(199,438)	(230,453)
	62,804	76,313
Total intangibles, net	402,143	424,492

The weighted average amortization period for amortizable assets is approximately eleven years.

During the nine months ended June 23, 2024, the Company sold certain non-core operations. Goodwill was allocated to these operations, which totaled \$1.3 million.

The Company reviews property, plant and equipment, goodwill and non-amortized intangible assets, which include only newspaper mastheads, for impairment annually on the first day of the fourth quarter, or more frequently if events or changes in circumstances indicate that an asset may be impaired in accordance with Accounting Standards Codification ("ASC") 350, Intangibles - Goodwill and Other and ASC 360, Property, Plant and Equipment. All of the Company's goodwill is attributed to the single reporting unit. There was no impairment related to goodwill in 2023. Impairment losses related to mastheads totaled \$7.7 million were recorded in the fourth quarter of 2023.

During the second quarter of 2024, the Company identified the continuing decline of revenues as a triggering event. Consequently, non-cash charges of \$7.6 million were recorded to reduce the carrying value of mastheads, which are non-amortized intangible assets. No impairment related to goodwill or property, plant and equipment was identified during this period. The fair value of these mastheads were determined using the relief from royalty method and includes Level 3 inputs, which are fair values estimated using significant unobservable inputs. The key assumptions used in the fair value estimates under the relief from royalty method are revenue and market growth, royalty rates for newspaper mastheads, estimated tax rates, and appropriate risk-adjusted weighted cost of capital. The royalty rates utilized range from 0% to 1.0%. The weighted average cost of capital utilized is 12.5%. Such charges are recorded in assets (gain) loss on sales, impairments and other, net in the Consolidated Statements of (loss) Income and Comprehensive (loss) Income.

During the third quarter of 2024, the Company disposed \$42.9 million of gross cost and accumulated amortization related to fully amortized customer and newspaper subscriber lists.

#### 5 DEBT

The Company has debt consisting of a single 25-year term loan with BH Finance LLC, with an aggregate principal balance of \$452.7 million at a 9% annual fixed rate and maturing on March 16, 2045 (referred to herein as "Credit Agreement" and "Term Loan"). On June 23, 2024, the fair value was \$382.2 million, representing a Level 2 fair value measurement, which are fair values estimated using significant other observable inputs for similar instruments.

During the three and nine months ended June 23, 2024, we made \$0.9 million and \$3.0 million of principal debt payments, respectively, as a result of non-core asset sales. Future payments are contingent on the Company's ability to generate future excess cash flow, as defined in the Credit

Agreement. As of June 23, 2024, \$2.6 million was recognized as current maturities of long-term debt in the Consolidated Balance Sheets due to non-core asset monetization.

## 6 PENSION, POSTRETIREMENT AND POSTEMPLOYMENT DEFINED BENEFIT PLANS

We have one defined benefit pension plan that covers certain employees, including plans established under collective bargaining agreements. Additionally, we provide retiree medical and life insurance benefits under postretirement plans at several of our operating locations. Through June 23, 2024, our liability and related expense for benefits under the plans are recorded over the service period of employees based upon annual actuarial calculations.

During the nine months ended June 23, 2024, the Company offered a voluntary lump sum payment of future benefits to terminated vested participants in the defined benefit pension plan. The offer was accepted by 522 participants, representing a \$22.6 million settlement of related pension plan liability. The Company recognized a non-cash settlement gain of \$2.4 million, which is reflected within "Curtailment/Settlement gains" on the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss). Pension plan assets and liabilities were reduced by \$22.6 million.

During the nine months ended June 23, 2024, the Company completed the outsourcing of certain printing operations, which ceased postretirement medical benefits for a group of employees. The Company recognized a non-cash curtailment gain of \$1.2 million which is reflected within "Curtailment/Settlement gains" on the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

The net periodic pension and postretirement cost (benefit) components for our plans are as follows:

PENSION PLANS	Three months ended		Nine months ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
<i>(Thousands of Dollars)</i>				
Service cost for benefits earned during the period	1	5	3	15
Interest cost on projected benefit obligation	2,253	2,592	7,021	7,776
Expected return on plan assets	(2,310)	(2,548)	(7,073)	(7,644)
Amortization of net (gain) loss	(1)	2	(4)	6
Amortization of prior service benefit	212	213	636	639
Settlement gain	—	—	(2,409)	—
Net periodic pension (benefit) cost	155	264	(1,826)	792

POSTRETIREMENT MEDICAL PLANS	Three months ended		Nine months ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
<i>(Thousands of Dollars)</i>				
Service cost for benefits earned during the period	13	17	38	51
Interest cost on projected benefit obligation	149	149	447	447
Expected return on plan assets	(320)	(295)	(959)	(885)
Amortization of net gain	(308)	(254)	(925)	(762)
Amortization of prior service benefit	(94)	(162)	(282)	(486)
Curtailment gain	—	—	(1,184)	—
Net periodic postretirement benefit	(560)	(545)	(2,865)	(1,635)

In the nine months ended June 23, 2024 and June 25, 2023, we made no contributions to our pension plans. We have no required contributions to our pension plans for 2024.

## Multiemployer Pension Plans

In prior periods, the Company effectuated withdrawals from several multiemployer plans. As of June 23, 2024 and September 24, 2023, we had \$24.0 million and \$25.1 million of accrued withdrawal liabilities. The liabilities reflect the estimated value of payments to the fund, payable over 20-years.

## 7 INCOME TAXES

We recorded an income tax benefit of \$0.8 million related to loss before taxes of \$4.5 million for the three months ended June 23, 2024, and an income tax benefit of \$3.4 million related to loss before income taxes of \$17.5 million for the nine months ended June 23, 2024. We recorded an income tax expense of \$0.4 million related to income before taxes of \$2.5 million for the three months ended June 25, 2023, and an income tax benefit of \$1.2 million related to a loss before income taxes of \$2.6 million for the nine months ended June 25, 2023. The effective income tax rate for the three and nine months ended June 23, 2024, was 18.7% and 19.6%, respectively. The effective income tax rate for the three and nine months ended June 25, 2023, were 15.6% and 46.8%, respectively.

The primary differences between these rates and the U.S. federal statutory rate of 21% are because of state taxes, non-deductible expenses and adjustments to reserves for uncertain tax positions, including any related interest.

We file a consolidated federal tax return, as well as combined and separate tax returns in approximately 30 state and local jurisdictions. We do not currently have any federal or material state income tax examinations in progress. Our income tax returns have generally been audited or closed to audit through 2016.

## 8 (LOSS) EARNINGS PER COMMON SHARE

The following table sets forth the computation of basic and diluted (loss) earnings per common share:

(Thousands of Dollars and Shares, Except Per Share Data)	Three months ended		Nine months ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
(Loss) income attributable to Lee Enterprises, Incorporated:	(4,266)	1,503	(15,757)	(3,283)
Weighted average common shares	6,080	6,051	6,080	6,045
Less weighted average restricted Common Stock	(215)	(173)	(195)	(172)
Basic average common shares	5,865	5,878	5,885	5,873
Dilutive restricted Common Stock	—	30	—	—
Diluted average common shares	5,865	5,908	5,885	5,873
(Loss) earnings per common share:				
Basic	(0.73)	0.26	(2.68)	(0.56)
Diluted	(0.73)	0.25	(2.68)	(0.56)

For the three months ended June 23, 2024 no shares were considered in the computation of diluted earnings per common share because the Company recorded net losses. For the three months ended June 25, 2023, 136,853 shares were not considered in calculating diluted (losses) earnings per common share because their inclusion would result in an anti-dilutive effect on per share amounts. For the nine months ended June 23, 2024 and June 25, 2023, 22,520 and no shares, respectively, were considered in the computation of diluted (losses) earnings per common share because the Company recorded net losses.

## Rights Agreement

On March 28, 2024, our Board of Directors adopted a stockholder rights plan (the “Rights Agreement”). Pursuant to the Rights Agreement, on March 28, 2024, our Board of Directors declared a dividend of one preferred share purchase right (a “Right”), payable on April 8, 2024, for each share of our Common Stock outstanding to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series C Participating Convertible Preferred Stock, without par value (the “Preferred Shares”), of the Company at a price of \$90.00 per one one-thousandth of a Preferred Share represented by a Right, subject to adjustment.

The Rights will initially trade with our Common Stock and will generally become exercisable only if any person or group, other than certain exempt persons, acquires beneficial ownership of 15% or more of our Common Stock outstanding. In the event the Rights become exercisable, each holder of a Right, other than the triggering person(s), will be entitled to purchase additional shares of our Common Stock at a 50% discount or the Company may exchange each Right held by such holders for one share of our Common Stock. The Rights Agreement will continue in effect until March 27, 2025, or unless earlier redeemed or terminated by the Company, as provided in the Rights Agreement. The Rights have no voting or dividend privileges, and, unless and until they become exercisable, have no dilutive effect on the earnings of the Company.

The Rights Agreement applies equally to all current and future stockholders and is not intended to deter offers or preclude our Board of Directors from considering acquisition proposals that are fair and otherwise in the best interest of our stockholders. However, the overall effect of the Rights Agreement may render it more difficult or discourage a merger, tender offer, or other business combination involving us that is not supported by our Board of Directors.

## **9 COMMITMENTS AND CONTINGENT LIABILITIES**

### **Legal Proceedings**

We are involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While we are unable to predict the ultimate outcome of these legal actions, it is our opinion that the disposition of these matters will *not* have a material adverse effect on our Consolidated Financial Statements, taken as a whole.



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion includes comments and analysis relating to our results of operations and financial condition as of and for the three months ended June 23, 2024. This discussion should be read in conjunction with the Consolidated Financial Statements and related Notes thereto, included herein, and our 2023 Annual Report on Form 10-K.

### EXECUTIVE OVERVIEW

Lee Enterprises, Incorporated, together with its subsidiaries, is a digital-first subscription business providing local markets with valuable, high quality, trusted, intensely local news, information, advertising and marketing services. We inform consumers in 73 mid-sized local communities in 26 states with a rapidly growing digital subscription platform including 748,000 digital subscribers. Our core strategy aims to grow audiences and engagement through creating, collecting, and distributing trusted local news and information, continuous improvements to subscriber experience, and offering a full suite of omni-channel advertising and marketing to more than 25,000 local advertisers.

Our product portfolio includes digital subscription platforms, daily, weekly and monthly newspapers and niche products, all delivering original local news and information as well as national and international news. Our products offer digital and print editions, and our content and advertising is available in real time through our websites and mobile apps. We operate in predominately mid-sized communities with products ranging from large daily newspapers and associated digital products, such as the *St. Louis Post-Dispatch* and *The Buffalo News*, to non-daily newspapers with news websites and digital platforms serving smaller communities.

We have made investments in talent and technology to improve user experience, content, data visualization and marketing to align with the shift in spending habits by both consumers and advertisers toward digital products.

We aim to grow our business through three main categories: subscriptions to our product offerings, advertising and marketing solutions to local advertisers, and digital services to a diverse set of customers. Execution of this strategy is expected to transform Lee into a growing and sustainable local media organization.

- Our digital subscription platforms are the fastest growing digital subscription platforms in local media.
- Amplified Digital<sup>®</sup> Agency ("Amplified"), our digital marketing services agency, offers a full suite of digital marketing solutions to local advertisers.
- BLOX Digital (formerly known as TownNews), our software as a service (SaaS) content platform, is one of the largest web-hosting and content management SaaS providers in North America. BLOX Digital represents a powerful opportunity to drive additional digital revenue by providing state-of-the-art web hosting and content management services to more than 2,000 customers who rely on BLOX Digital for their web, over-the-top display, mobile, video and social media products.

We generate revenue primarily through advertising and marketing services, subscriptions to our digital and print products, and digital services, primarily through our majority-owned subsidiary, BLOX Digital.

### STRATEGY

We are a major subscription and advertising platform, a trusted local news provider and innovative, digitally-focused marketing solutions company. Our focus is on the local market - including local news and information, local advertising and marketing services to top local accounts, and digital services to local content curators. To align with the core strength of our Company, our operating strategy is locally focused around three pillars:

- Grow digital audiences by transforming the way we present local news and information.
- Expand our digital subscription base and revenue through audience growth and continued conversion of our massive digital audiences.
- Diversify and expand offerings for advertisers through our vast array of rapidly growing digital products, our large digitally adept sales force, and Amplified, our full-service digital agency.

**RESULTS OF OPERATIONS**
**Three Months Ended June 23, 2024**

Operating results are summarized below.

<i>(Thousands of Dollars, Except Per Common Share Data)</i>	June 23, 2024	June 25, 2023	Percent Change
<b>Operating revenue:</b>			
Print advertising revenue	18,941	29,216	(35.2)%
Digital advertising revenue	49,903	49,904	— %
Advertising and marketing services revenue	68,844	79,120	(13.0)%
Print subscription revenue	47,605	61,842	(23.0)%
Digital subscription revenue	20,701	15,715	31.7 %
Subscription revenue	68,306	77,557	(11.9)%
Print other revenue	8,278	9,773	(15.3)%
Digital other revenue	5,150	4,860	6.0 %
Other revenue	13,428	14,633	(8.2)%
<b>Total operating revenue</b>	<b>150,578</b>	<b>171,310</b>	<b>(12.1)%</b>
<b>Operating expenses:</b>			
Compensation	59,278	63,582	(6.8)%
Newsprint and ink	4,096	6,346	(35.5)%
Other operating expenses	74,177	80,010	(7.3)%
Depreciation and amortization	6,850	7,478	(8.4)%
Assets gain on sales, impairments and other	(1,421)	(900)	57.9 %
Restructuring costs and other	3,795	3,780	0.4 %
<b>Total operating expenses</b>	<b>146,775</b>	<b>160,296</b>	<b>(8.4)%</b>
Equity in earnings of associated companies	1,122	1,194	(6.0)%
<b>Operating income</b>	<b>4,925</b>	<b>12,208</b>	<b>(59.7)%</b>
<b>Non-operating income (expense):</b>			
Interest expense	(10,082)	(10,235)	(1.5)%
Pension and OPEB related benefit and other, net	617	555	11.2 %
<b>Total non-operating expense, net</b>	<b>(9,465)</b>	<b>(9,680)</b>	<b>(2.2)%</b>
(Loss) income before income taxes	(4,540)	2,528	NM
Income tax (benefit) expense	(849)	394	NM
<b>Net (loss) income</b>	<b>(3,691)</b>	<b>2,134</b>	<b>NM</b>
<b>(Loss) earnings per common share:</b>			
Basic	(0.73)	0.26	NM
Diluted	(0.73)	0.25	NM

References to the “2024 Quarter” refer to the three months ended June 23, 2024. Similarly, references to the “2023 Quarter” refer to the three months ended June 25, 2023.

**Operating Revenue**

Total operating revenue was \$150.6 million in the 2024 Quarter, down \$20.7 million, or 12.1%, compared to the 2023 Quarter.

Advertising and marketing services revenue totaled \$68.8 million in the 2024 Quarter, down 13.0% compared to the 2023 Quarter. Print advertising revenues were \$18.9 million in the 2024 Quarter, down 35.2% compared to the 2023 Quarter due to continued secular declines in demand for print advertising and a reduced product portfolio through sales and elimination of products that do not meet profitability standards. Digital advertising and marketing services totaled \$49.9 million in the 2024 Quarter, flat compared to the 2023 Quarter. Digital advertising and marketing services represented 72.5% of the 2024 Quarter total advertising and marketing services revenue, compared to 63.1% in the same period last year.

Subscription revenue totaled \$68.3 million in the 2024 Quarter, down 11.9% compared to the 2023 Quarter. Decline in full access volume, consistent with historical and industry trends were partially offset by selective increases on our full access subscriptions, growth in digital-only subscribers and price increases on digital subscriptions. Digital-only subscribers grew 23% since the 2023 Quarter and now total 748,000. Digital-only subscription revenue grew 31.7% compared to the 2023 Quarter.

Other revenue, which primarily consists of commercial printing revenue and digital services from BLOX Digital, decreased \$1.2 million, or 8.2%, in the 2024 Quarter compared to the 2023 Quarter. Digital services revenue totaled \$5.2 million in the 2024 Quarter, a 6.0% increase compared to the 2023 Quarter. Commercial printing revenue totaled \$4.4 million in the 2024 Quarter, a 13.7% decrease compared to the 2023 Quarter, primarily driven by reduction in print volumes from our partners.

Total digital revenue including digital advertising revenue, digital subscription revenue and digital services revenue totaled \$75.8 million in the 2024 Quarter, an increase of 7.5% over the 2023 Quarter, and represented 50.3% of our total operating revenue in the 2024 Quarter.

Equity in earnings of TNI and MNI decreased \$0.1 million in the 2024 Quarter.

### **Operating Expenses**

Total operating expenses were \$146.8 million in the 2024 Quarter, a 8.4% decrease compared to the 2023 Quarter. Cash Costs, a non-GAAP financial measure used to summarize certain operating expense (see reconciliation of Non-GAAP financial measures below), were down 8.3% in the 2024 Quarter.

Compensation expense decreased \$4.3 million in the 2024 Quarter, or 6.8%, compared to the 2023 Quarter from reductions in full time employees ("FTEs") due to continued business transformation efforts, partially offset by investments in digital talent.

Newsprint and ink costs decreased \$2.3 million in the 2024 Quarter, or 35.5%, compared to the 2023 Quarter. The decrease is attributable to declines in newsprint volumes.

Other operating expenses decreased \$5.8 million in the 2024 Quarter, or 7.3%, compared to the 2023 Quarter. Other operating expenses include all operating costs not considered to be compensation, newsprint, depreciation and amortization, or restructuring costs and assets loss on sales, impairments, and other, net. The largest components are costs associated with printing and distribution of our printed products, digital cost of goods sold and facility expenses. The decrease is primarily attributable to lower delivery and other print-related costs due to lower volumes of our print edition.

Restructuring costs and other was flat compared to the 2023 Quarter. Restructuring costs and other include severance costs, litigation expenses, and restructuring expenses.

Depreciation and amortization expense decreased \$0.6 million, or 8.4%, in the 2024 Quarter. The decrease in both is attributable to assets becoming fully depreciated or amortized.

Assets gain on sales, impairments and other, was a net gain of \$1.4 million in the 2024 Quarter compared to a net gain of \$0.9 million in the 2023 Quarter. Assets gain on sales, impairments and other in the 2024 Quarter were primarily due to the result of the disposition of non-core assets, including real estate.

The factors noted above resulted in an operating income of \$4.9 million in the 2024 Quarter compared to operating income of \$12.2 million in the 2023 Quarter.

### **Non-operating Income and Expense**

Non-operating income and expense decreased by \$0.2 million, or 2.2%. The decrease is primarily driven by a decrease in Interest expense of \$0.2 million, or 1.5%, to \$10.1 million in the 2024 Quarter, compared to the same Quarter last year. The decrease was due to a lower outstanding balance on our Term Loan. Our weighted average cost of debt was 9% at the end of the 2024 Quarter and 2023 Quarter.

### **Income Tax (Benefit) Expense**

We recorded an income tax benefit of \$0.8 million, or 18.7% of pretax loss in the 2024 Quarter. In the 2023 Quarter, we recognized an income tax expense of \$0.4 million, or 15.6% of pretax income.

### **Net income (loss) and Earnings (Loss) Per Share**

Net loss was \$3.7 million and diluted loss per share were \$0.73 for the 2024 Quarter compared to net income of \$2.1 million and diluted earnings per share of \$0.25 for the 2023 Quarter. The change reflects the various items discussed above.

**Nine Months Ended June 23, 2024**

Operating results are summarized below.

<i>(Thousands of Dollars, Except Per Common Share Data)</i>	June 23, 2024	June 25, 2023	Percent Change
<b>Operating revenue:</b>			
Print advertising revenue	62,118	102,503	(39.4)%
Digital advertising revenue	141,747	143,903	(1.5)%
Advertising and marketing services revenue	203,865	246,406	(17.3)%
Print subscription revenue	148,443	193,799	(23.4)%
Digital subscription revenue	60,429	42,039	43.7 %
Subscription revenue	208,872	235,838	(11.4)%
Print other revenue	24,839	30,542	(18.7)%
Digital other revenue	15,230	14,343	6.2 %
Other revenue	40,069	44,885	(10.7)%
<b>Total operating revenue</b>	<b>452,806</b>	<b>527,129</b>	<b>(14.1)%</b>
<b>Operating expenses:</b>			
Compensation	175,757	207,859	(15.4)%
Newsprint and ink	13,101	20,244	(35.3)%
Other operating expenses	221,247	249,353	(11.3)%
Depreciation and amortization	21,438	23,097	(7.2)%
Assets loss (gain) on sales, impairments and other	4,727	(4,255)	NM
Restructuring costs and other	12,199	8,120	50.2 %
<b>Total operating expenses</b>	<b>448,469</b>	<b>504,418</b>	<b>(11.1)%</b>
Equity in earnings of associated companies	3,869	3,534	9.5 %
<b>Operating income</b>	<b>8,206</b>	<b>26,245</b>	<b>(68.7)%</b>
<b>Non-operating income (expense):</b>			
Interest expense	(30,427)	(31,144)	(2.3)%
Pension and OPEB related benefit and other, net	1,096	2,255	(51.4)%
Curtailment/Settlement gains	3,593	—	NM
<b>Total non-operating expense, net</b>	<b>(25,738)</b>	<b>(28,889)</b>	<b>(10.9)%</b>
<b>Loss before income taxes</b>	<b>(17,532)</b>	<b>(2,644)</b>	<b>NM</b>
Income tax benefit	(3,438)	(1,237)	NM
<b>Net loss</b>	<b>(14,094)</b>	<b>(1,407)</b>	<b>NM</b>
<b>Loss per common share:</b>			
Basic	(2.68)	(0.56)	NM
Diluted	(2.68)	(0.56)	NM

References to the "2024 Period" refer to the nine months ended June 23, 2024. Similarly, references to the "2023 Period" refer to the nine months ended June 25, 2023.

## Operating Revenue

Total operating revenue was \$452.8 million in the 2024 Period, down \$74.3 million, or 14.1%, compared to the 2023 Period.

Advertising and marketing services revenue totaled \$203.9 million in the 2024 Period, down 17.3% compared to the 2023 Period. Print advertising revenues were \$62.1 million in the 2024 Period, down 39.4% compared to the 2023 Period due to continued secular declines in demand for print advertising and a reduced product portfolio through sales and elimination of products that do not meet profitability standards. Digital advertising and marketing services totaled \$141.7 million in the 2024 Period, down 1.5% compared to the 2023 Period. Digital advertising and marketing services represented 69.5% of the 2024 Period total advertising and marketing services revenue, compared to 58.4% during the 2023 Period.

Subscription revenue totaled \$208.9 million in the 2024 Period, down 11.4% compared to the 2023 Period. Decline in full access volume, consistent with historical and industry trends were partially offset by selective increases on our full access subscriptions, growth in digital-only subscribers and price increases on digital subscriptions. Digital-only subscribers grew 23% since the 2023 Period and now total 748,000. Digital-only subscription revenue grew 43.7% compared to the 2023 Period.

Other revenue, which primarily consists of commercial printing revenue and digital services from BLOX Digital, decreased \$4.8 million, or 10.7%, in the 2024 Period compared to the 2023 Period. Digital services revenue totaled \$15.2 million in the 2024 Period, a 6.2% increase compared to the 2023 Period. Commercial printing revenue totaled \$13.1 million in the 2024 Period, a 14.8% decrease compared to the 2023 Period, primarily driven by reduction in print volumes from our partners.

Total digital revenue including digital advertising revenue, digital subscription revenue and digital services revenue totaled \$217.4 million in the 2024 Period, an increase of 8.5% over the 2023 Period, and represented 48.0% of our total operating revenue in the 2024 Period.

Equity in earnings of TNI and MNI increased \$0.3 million in the 2024 Period.

## Operating Expenses

Total operating expenses were \$448.5 million in the 2024 Period, a 11.1% decrease compared to the 2023 Period. Cash Costs, a non-GAAP financial measure used to summarize certain operating expense (see reconciliation of Non-GAAP financial measures below), were down 14.1% in the 2024 Period.

Compensation expense decreased \$32.1 million in the 2024 Period, or 15.4%, compared to the 2023 Period from reductions in full time employees ("FTEs") due to continued business transformation efforts, partially offset by investments in digital talent.

Newsprint and ink costs decreased \$7.1 million in the 2024 Period, or 35.3%, compared to the 2023 Period. The decrease is attributable to declines in newsprint volumes.

Other operating expenses decreased \$28.1 million in the 2024 Period, or 11.3%, compared to the 2023 Period. Other operating expenses include all operating costs not considered to be compensation, newsprint, depreciation and amortization, or restructuring costs and assets loss (gain) on sales, impairments, and other, net. The largest components are costs associated with printing and distribution of our printed products, digital cost of goods sold and facility expenses. The decrease is attributable to lower delivery and other print-related costs due to lower volumes of our print edition, partially increases in investments to fund our digital growth strategy partially offset by investments to fund our digital growth strategy.

Restructuring costs and other increased \$4.1 million in the 2024 Period, or 50.2%, compared to the 2023 Period, respectively. The increase is primarily driven from closing down outsourced production facilities, ongoing business transformation efforts, and severance. Restructuring costs and other include severance costs, litigation expenses, restructuring expenses, and advisor expenses.

Depreciation and amortization expense decreased \$1.7 million in the 2024 Period, or 7.2%, compared to the 2023 Period. The decrease in both is attributable to assets becoming fully depreciated or amortized.

Assets loss (gain) on sales, impairments and other, was a net loss of \$4.7 million in the 2024 Period compared to a net gain of \$4.3 million in the 2023 Period. Assets loss (gain) on sales, impairments and other in the 2024 Period were primarily due to non-cash charges of \$7.6 million that were recorded to reduce the carrying value of mastheads, which are non-amortized intangible assets. The 2023 Period were the result of the disposition of non-core assets, including real estate.

The factors noted above resulted in an operating income of \$8.2 million in the 2024 Period compared to operating income of \$26.2 million in the 2023 Period.

### **Non-operating Income and Expense**

Interest expense decreased \$0.7 million, or 2.3%, to \$30.4 million in the 2024 Period, compared to the same period last year. The decrease was due to a lower outstanding balance on our Term Loan. Our weighted average cost of debt was 9.0% at the end of the 2024 Period and 2023 Period.

Other non-operating income and expense consists of benefits associated with our pension and other postretirement plans. We recorded \$4.7 million of periodic pension and other postretirement benefits in the 2024 Period compared to \$0.9 million in the 2023 Period. The increase was attributable due to the Company recognizing a non-cash curtailment gain of \$1.2 million in the 2024 Period as a result of outsourcing certain postemployment defined benefit plan functions. Additionally, during the 2024 Period, the Company completed a voluntary lump sum payment of future benefits to terminated vested participants. The offer was accepted by 522 participants, representing a \$22.6 million pension plan liability. As a result of the offer, a non-cash settlement gain of \$2.4 million was recorded in Curtailment/Settlement gain on the Consolidated Statements of Income and Comprehensive Income. Both assets and liabilities of the plan were reduced by \$22.6 million.

### **Income Tax Benefit**

We recorded an income tax benefit of \$3.4 million, or 19.6% of pretax loss in the 2024 Period. In the 2023 Period, we recognized an income tax benefit of \$1.2 million, or 46.8% of pretax loss.

### **Net loss and Loss Per Share**

Net loss was \$14.1 million and diluted loss per share were \$2.68 for the 2024 Period compared to net loss of \$1.4 million and diluted loss per share of \$0.56 for the 2023 Period. The change reflects the various items discussed above.

### **NON-GAAP FINANCIAL MEASURES**

We use non-GAAP financial performance measures to supplement the financial information presented on a GAAP basis. These non-GAAP financial measures should not be considered in isolation or as a substitute for the relevant GAAP measures and should be read in conjunction with information presented on a GAAP basis.

In this report, we present Adjusted EBITDA and Cash Costs which are non-GAAP financial performance measures that exclude from our reported GAAP results the impact of certain items consisting primarily of restructuring charges and non-cash charges. We believe such expenses, charges and gains are not indicative of normal, ongoing operations, and their inclusion in results makes for more difficult comparisons between years and with peer group companies. In the future, however, we are likely to incur expenses, charges and gains similar to the items for which the applicable GAAP financial measures have been adjusted and to report non-GAAP financial measures excluding such items. Accordingly, exclusion of those or similar items in our non-GAAP presentations should not be interpreted as implying the items are non-recurring, infrequent, or unusual.

We define our non-GAAP measures, which may not be comparable to similarly titled measures reported by other companies, as follows:

*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 also 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. Generally, 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 settled in cash.

Adjusted EBITDA and Cash Costs are reconciled to net income (loss) and operating expenses, below, the closest comparable numbers under GAAP.

## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(UNAUDITED)

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

<i>(Thousands of Dollars)</i>	Three months ended		Nine months ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
Net (loss) income	(3,691)	2,134	(14,094)	(1,407)
Adjusted to exclude				
Income tax (benefit) expense	(849)	394	(3,438)	(1,237)
Non-operating expenses, net	9,465	9,680	25,738	28,889
Equity in earnings of TNI and MNI	(1,122)	(1,194)	(3,869)	(3,534)
Depreciation and amortization	6,850	7,478	21,438	23,097
Restructuring costs and other	3,795	3,780	12,199	8,120
Assets (gain) loss on sales, impairments and other, net	(1,421)	(900)	4,727	(4,255)
Stock compensation	474	462	1,189	1,384
Add:				
Ownership share of TNI and MNI EBITDA (50%)	1,323	1,406	4,644	4,128
Adjusted EBITDA	14,824	23,240	48,534	55,185



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

<i>(Thousands of Dollars)</i>	Three months ended		Nine months ended	
	June 23, 2024	June 25, 2023	June 23, 2024	June 25, 2023
Operating expenses	146,775	160,296	448,469	504,418
Adjustments				
Depreciation and amortization	6,850	7,478	21,438	23,097
Assets (gain) loss on sales, impairments and other, net	(1,421)	(900)	4,727	(4,255)
Restructuring costs and other	3,795	3,780	12,199	8,120
Cash Costs	137,551	149,938	410,105	477,456

## LIQUIDITY AND CAPITAL RESOURCES

Our operations have historically generated strong positive cash flow and are expected to provide sufficient liquidity, together with cash on hand, to meet our requirements, primarily operating expenses, interest expense and capital expenditures for at least the next twelve months. A summary of our cash flows is included in the narrative below.

### Operating Activities

Cash provided by operating activities totaled \$1.4 million in 2024 Period compared to cash required by operating activities of \$1.7 million in 2023 Period, an increase of \$3.1 million. The increase was driven by an increase in working capital of \$5.7 million, primarily related to favorable change in accounts receivable partially offset by a decrease in operating results of \$2.6 million (defined as net loss adjusted for non-working capital items).

### Investing Activities

Cash provided by investing activities totaled \$0.5 million in the 2024 Period compared to cash provided by investing activities of \$5.3 million in the 2023 Period. 2024 Period and 2023 Period included \$7.1 million and \$7.2 million, respectively, in proceeds from the sale of assets as the Company divested non-core real estate.

We anticipate that funds necessary for capital expenditures, which are expected to total approximately \$10.0 million in 2024, and other requirements, will be available from internally generated funds.

### Financing Activities

Cash required for financing activities totaled \$3.0 million in the 2024 Period compared to \$2.8 million in 2023 Period. Debt reduction accounted for nearly all the usage of funds in both periods.

### Additional Information on Liquidity

Our liquidity, consisting of cash on the balance sheet, totaled \$13.4 million on June 23, 2024. This liquidity amount excludes any future cash flows from operations. We expect all interest and principal payments due in the next twelve months will be satisfied by existing cash and our cash flows, which will allow us to maintain an adequate level of liquidity.

## CHANGES IN LAWS AND REGULATIONS

### Wage Laws

The United States and various state and local governments are considering increasing their respective minimum wage rates. Most of our employees are paid more than the current United States or state minimum

wage rates. However, until changes to such rates are enacted, the impact of the changes cannot be determined.

### **Item 3. Controls and Procedures**

#### **EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES**

As of September 24, 2023 and June 23, 2024, under the supervision and with the participation of our senior management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation the Company has concluded that, because the material weakness in the Company's internal control that existed as of September 24, 2023 and have not been remediated by the end of the period covered by this report, our disclosure controls and procedures were not effective.

The material weakness identified by the Company is described below:

- Management did not design and implement controls to assess the reliability of certain internally generated information, or evaluate information received from certain third-party service providers, that are relevant to certain revenue recognized in the Company's Consolidated Financial Statements.

#### **Remediation Plans and Actions**

Management is committed to remediating the material weakness that has been identified and maintaining an effective system of disclosure controls and procedures. During fiscal 2023 and 2024, management executed certain actions steps to remediate the material weakness, including:

- Established a project team to review, evaluate and remediate the material weakness in internal controls over financial reporting.
- Invested in new technology and human capital in the development of new internal controls.
- Expanded Corporate Compliance function to lead management's efforts related to effective control design, documentation and implementation, as well as remediate ineffective controls.
- Implemented a new revenue IT system through collaboration among finance, accounting, sales, and IT with the focus on centralizing our products fulfillment process.
- Coordinated the flow of data with many of our third-party fulfillment vendors to improve processes surrounding customer acceptance and evidence of fulfillment.
- Retained Deloitte & Touche LLP to validate the design of these new controls prior to being reviewed by our independent registered public accounting firm.
- Implemented six additional internal controls focused on addressing the material weakness in internal controls over financial reporting. The new controls were implemented in the third quarter and will be tested by the Company's independent registered accounting firm beginning in the fourth quarter.

Management will continue to execute the remediation steps outlined above until the material weakness is remediated. The material weakness will not be considered remediated until the remediated and/or newly implemented internal controls operate for a sufficient period of time and management has concluded, through testing, that these internal controls are operating effectively. We expect the material weakness to be remediated by the end of the fiscal year 2024. We continue to strengthen our internal control over financial reporting and are committed to ensuring that such controls are designed and operating effectively.

## **PART II OTHER INFORMATION**

## **Item 1. Legal Proceedings**

We are involved in a variety of legal actions that arise in the normal course of business. Insurance coverage mitigates potential loss for certain of these matters. While we are unable to predict the ultimate outcome of these legal actions, it is our opinion that the disposition of these matters will not have a material adverse effect on our Consolidated Financial Statements, taken as a whole.

## **Item 1A Risk Factors**

Except as otherwise described herein, there have been no material changes in the risk factors previously disclosed in “Part I, Item 1A. Risk Factors” of our 2023 Form 10-K.

## **Item 5. Other Information**

### **Rights Agreement**

On March 28, 2024, our Board of Directors adopted a stockholder rights plan (the “Rights Agreement”). Pursuant to the Rights Agreement, on March 28, 2024, our Board of Directors declared a dividend of one preferred share purchase right (a “Right”), payable on April 8, 2024, for each share of our Common Stock outstanding to the stockholders of record on that date. Each Right entitles the registered holder to purchase from the Company one one-thousandth of a share of Series C Participating Convertible Preferred Stock, without par value (the “Preferred Shares”), of the Company at a price of \$90.00 per one one-thousandth of a Preferred Share represented by a Right, subject to adjustment.

The Rights will initially trade with our Common Stock and will generally become exercisable only if any person or group, other than certain exempt persons, acquires beneficial ownership of 15% or more of our Common Stock outstanding. In the event the Rights become exercisable, each holder of a Right, other than the triggering person(s), will be entitled to purchase additional shares of our Common Stock at a 50% discount or the Company may exchange each Right held by such holders for one share of our Common Stock. The Rights Agreement will continue in effect until March 27, 2025, or unless earlier redeemed or terminated by the Company, as provided in the Rights Agreement. The Rights have no voting or dividend privileges, and, unless and until they become exercisable, have no dilutive effect on the earnings of the Company.

The Rights Agreement applies equally to all current and future stockholders and is not intended to deter offers or preclude our Board of Directors from considering acquisition proposals that are fair and otherwise in the best interest of our stockholders. However, the overall effect of the Rights Agreement may render it more difficult or discourage a merger, tender offer, or other business combination involving us that is not supported by our Board of Directors.

**Item 6. Exhibits**

Exhibits marked with an asterisk (\*) are incorporated by reference to documents previously filed by us with the SEC, as indicated. Exhibits marked with a plus (+) are management contracts or compensatory plan contracts or arrangements filed pursuant to Item 601(b)(10)(iii)(A) of Regulation S-K. All other documents listed are filed with this Quarterly Report on Form 10-Q.

Number	Description	
31.1	<a href="#">Rule 13a-14(a) Certification of Chief Executive Officer</a>	Attached
31.2	<a href="#">Rule 13a-14(a) Certification of Chief Financial Officer</a>	Attached
32.1	<a href="#">Section 1350 Certification of Chief Executive Officer</a>	Attached
32.2	<a href="#">Section 1350 Certification of Chief Financial Officer</a>	Attached
101.INS	Inline XBRL Instance Document (the Instance Document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document)	Attached
101.SCH	Inline XBRL Taxonomy Extension Schema Document	Attached
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	Attached
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	Attached
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	Attached
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	Attached
104	Cover Page Interactive Data File (formatted as Inline XBRL and embedded within the Inline XBRL document)	Attached

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

LEE ENTERPRISES, INCORPORATED

/s/ Timothy R. Millage

Timothy R. Millage

Vice President, Chief Financial Officer and Treasurer  
(Principal Financial and Accounting Officer)

August 2, 2024

## CERTIFICATION

I, Kevin D. Mowbray, certify that:

- 1 I have reviewed this Quarterly report on Form 10-Q ("Quarterly Report") of Lee Enterprises, Incorporated ("Registrant");
- 2 Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
- 3 Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
- 4 The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d) disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an Annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5 The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Kevin D. Mowbray  
Kevin D. Mowbray  
President and Chief Executive Officer

## CERTIFICATION

I, Timothy R. Millage, certify that:

- 1 I have reviewed this Quarterly report on Form 10-Q ("Quarterly Report") of Lee Enterprises, Incorporated ("Registrant");
- 2 Based on my knowledge, this Quarterly Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Quarterly Report;
- 3 Based on my knowledge, the Consolidated Financial Statements, and other financial information included in this Quarterly Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Quarterly Report;
- 4 The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Quarterly Report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Quarterly Report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this Quarterly Report based on such evaluation; and
  - d) disclosed in this Quarterly Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an Annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
- 5 The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the Audit Committee of Registrant's Board of Directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: August 2, 2024

/s/ Timothy R. Millage

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Timothy R. Millage

Vice President, Chief Financial Officer and Treasurer

The following statement is being furnished to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

Re: Lee Enterprises, Incorporated

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), the undersigned hereby certifies that to his knowledge:

- (i) this Quarterly report on Form 10-Q for the period ended June 23, 2024 ("Quarterly Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (ii) the information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Lee Enterprises, Incorporated for the periods presented in the Quarterly Report.

Date: August 2, 2024

/s/ Kevin D. Mowbray

Kevin D. Mowbray  
President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Lee Enterprises, Incorporated and will be retained by Lee Enterprises, Incorporated and furnished to the Securities and Exchange Commission upon request.



The following statement is being furnished to the Securities and Exchange Commission solely for purposes of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), which carries with it certain criminal penalties in the event of a knowing or willful misrepresentation.

Securities and Exchange Commission  
450 Fifth Street, NW  
Washington, DC 20549

Re: Lee Enterprises, Incorporated

Ladies and Gentlemen:

In accordance with the requirements of Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. 1350), the undersigned hereby certifies that to his knowledge:

- (i) this Quarterly report on Form 10-Q for the period ended June 23, 2024 ("Quarterly Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and
- (ii) the information contained in this Quarterly Report fairly presents, in all material respects, the financial condition and results of operations of Lee Enterprises, Incorporated for the periods presented in the Quarterly Report.

Date: August 2, 2024

/s/ Timothy R. Millage

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Timothy R. Millage

Vice President, Chief Financial Officer and Treasurer

A signed original of this written statement required by Section 906 has been provided to Lee Enterprises, Incorporated and will be retained by Lee Enterprises, Incorporated and furnished to the Securities and Exchange Commission upon request.