

FIRST QUARTER FY2023 EARNINGS

MARCH 2, 2023



SAFE HARBOR

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



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



*Five year fiscal period 2022-2026

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.

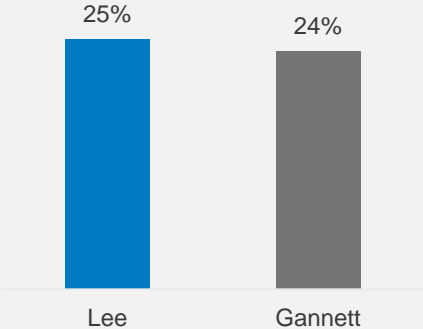


DIGITAL TRANSFORMATION: MARKET LEADING GROWTH

Digital Subscriber Growth Leads Industry

564K Current Digital-only Subscribers
13 quarters of leading digital subscriber growth

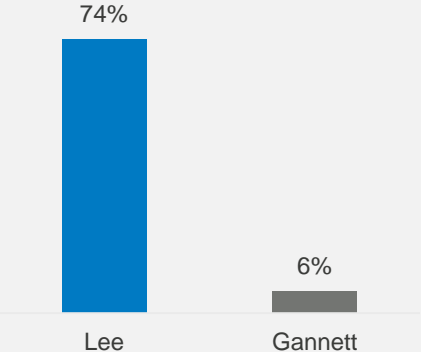
Dec FY23 YOY Growth*



Digital Agency Revenue Growth Leads Industry

\$82M Amplified LTM Revenue
Industry-leading 74% YOY growth

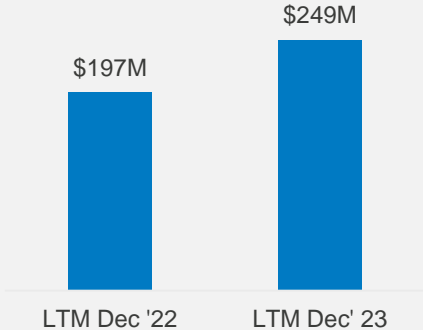
LTM Dec FY23 YOY Growth



Total Digital Revenue Growing Significantly

\$249M LTM Total Digital Revenue
Total Digital Revenue up 27% YOY

LTM Dec FY23 YOY Growth



NEW BRAND LAUNCH: BLOX DIGITAL

TownNews begins its next chapter as BLOX Digital: February 2023

▶ formerly **TownNews** ◀



New Name

Celebrate a rich, extraordinary history with a nod to the flagship software as a service solution, BLOX CMS

Refreshed Mission

Empower content producers to connect with their worldwide audiences at scale, and continually transform to achieve their business goals

Digital Transformation

Expand and modernize BLOX Digital to support Lee's enterprise-wide digital transformation



BLOX Digital: Activating content. Delivering results.

FIRST QUARTER 2023 RESULTS AND 2023 OUTLOOK

Revenue

Total Operating Revenue \$185M, -8%

Digital Revenue \$65M, +17%

- Digital Advertising Revenue \$48M, +12%
- Digital Subscription Revenue \$12M, +56%
- Print Revenue \$120M, -18%



Continued digital revenue growth



Strong cost control of legacy business



Investments to drive digital transformation



Reaffirm 2023 Adj. EBITDA outlook

Cash Costs⁽¹⁾

- Total Cash Costs \$170M, -5%

Adjusted EBITDA⁽¹⁾

- Adjusted EBITDA \$18M



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

STRONG TRACK RECORD OF SUSTAINABLE COST MANAGEMENT

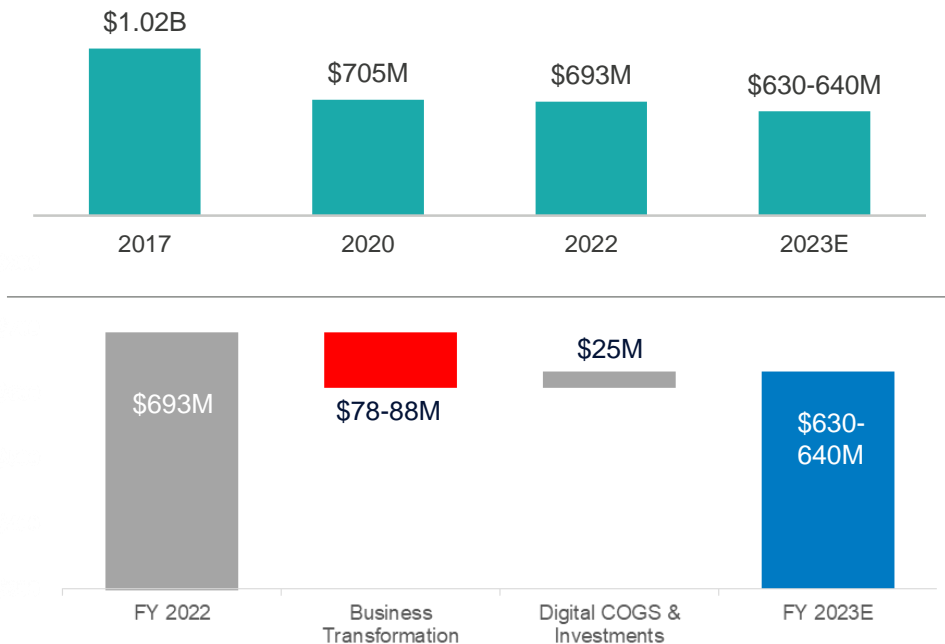
- **Proficient in driving efficiencies**

- Current base of \$300M of direct costs associated with our legacy revenue streams that will be managed with associated revenue trends
- Executed \$60M in annualized cash cost reductions early in Q2 FY23; FY23 impact \$40M
- 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

Total Cash Costs⁽¹⁾



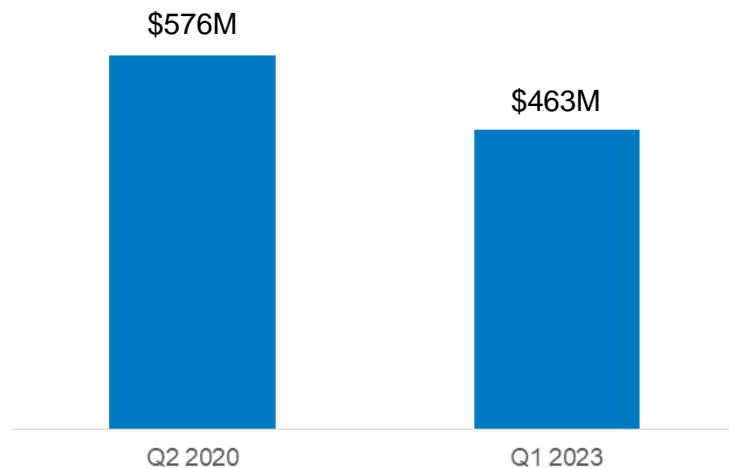
Optimizing operating structure by investing in the digital future & managing the legacy business

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

DIGITAL TRANSFORMATION: STRENGTHENED BALANCE SHEET

- **\$113M debt reduction** since refinancing in March 2020
- **Favorable credit agreement** with Berkshire Hathaway
 - **25-year runway** w/ no breakage costs or prepayment penalties
 - **Fixed annual interest rate**, no financial performance covenants and no fixed amortization
- Pension plans now **frozen** and **fully funded** in the aggregate with no material pension contributions expected in 2023
- Asset sales of **\$4.1M YTD** in 2023
 - Identified approximately \$30M of noncore assets to monetize

Significant Gross Debt Reduction



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

*Five year fiscal period 2022-2026

DIGITAL TRANSFORMATION: 2023 OUTLOOK

	2021	2022	2023 Outlook
Total Digital Revenue	\$189M	\$240M	\$270-285M
YoY	12%	27%	13% to 19%
Digital Only Subscribers	402,000	532,000	632,000
YoY	65%	32%	19%
Cash Costs ⁽¹⁾	\$686M	\$693M	\$630-640M
YoY	-3%	+1%	-9% to -8%
Adjusted EBITDA ⁽¹⁾	\$117M	\$96M	\$94-100M
YoY	-5%	-18%	-2% to +4%



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

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



*Five year fiscal period 2022-2026



QUARTERLY REVENUE COMPOSITION

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

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.

Rounding – Items may not visually foot due to rounding.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Millions of Dollars)	Q1 FY2023
Net Income	1.8
Adjusted to exclude	
Income tax expense	0.4
Non-operating expenses, net	8.9
Equity in earnings of TNI and MNI	(1.7)
Depreciation and amortization	7.9
Restructuring costs and other	0.6
Assets gain on sales, impairments and other	(2.6)
Stock compensation	0.3
Add	
Ownership share of TNI and MNI EBITDA (50%)	1.8
Adjusted EBITDA	17.6

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.

Rounding – Items may not visually foot due to rounding.



RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Millions of Dollars)	Q1 FY2023	Q1 FY2022
Operating Expenses	175.6	178.9
Adjusted to exclude		
Depreciation and amortization	7.9	9.7
Assets gain on sales, impairments and other	(2.6)	(12.3)
Restructuring costs and other	0.6	3.2
Cash Costs	169.7	178.3

Cash Costs represent a non-GAAP financial performance measure of operating expenses which are measured on an accrual basis and settled in cash. This measure is useful to investors in understanding the components of the Company's cash-settled operating costs. Periodically, the Company provides forward-looking guidance of Cash Costs, which can be used by financial statement users to assess the Company's ability to manage and control its operating cost structure. Cash Costs are defined as compensation, newsprint and ink and other operating expenses. Depreciation and amortization, assets loss (gain) on sales, impairments and other, other non-cash operating expenses and other expenses are excluded. Cash Costs also exclude restructuring costs and other, which are typically paid in cash.

Rounding – Items may not visually foot due to rounding.

