USA TODAY CO.

CORPORATE PARTICIPANTS

Matthew Esposito, *Head of Investor Relations*

Mike Reed, *Chairman and Chief Executive Officer*

Trisha Gosser, *Chief Financial Officer*

Kristin Roberts, *President of USA TODAY Media*

PRESENTATION

Matthew Esposito

Thank you. Good morning everyone and thank you for joining our call today to discuss USA TODAY Company's second quarter 2026 financial results. Presenting on today's call will be:

a. Mike Reed, Chairman and Chief Executive Officer
b. Trisha Gosser, Chief Financial Officer, and
c. Kristin Roberts, President of USA TODAY Media

If you navigate to our website, you will find that we have posted an earnings supplement in addition to our earlier press release. We will be referencing it today on the call, as it provides you with additional detail on this quarter's performance.

Before we begin, please let me remind you that this call is being recorded. In addition, certain statements made during this call are, or may be deemed to be forward-looking statements, as defined under the U.S. federal securities laws, including those with respect to future results and events, and are based upon current expectations. These statements involve risks and uncertainties that may cause actual results and events to differ materially from those discussed today. We encourage you to read the cautionary statement regarding forward-looking statements in the earnings supplement as well as the risk factors described in our filings made with the Securities and Exchange Commission. Except as required by law, we undertake no obligation to publicly update or correct any of the forward-looking statements made during this call.

Please keep in mind all comparisons are on a year-over-year basis unless otherwise noted. In addition, we will be discussing non-GAAP financial information during the call, including same store revenues, free cash flow, Total Adjusted EBITDA, Total Adjusted EBITDA margin, Segment Adjusted EBITDA, Segment

Adjusted EBITDA margin and Adjusted Net Income attributable to USA TODAY Co. You can find reconciliations of our non-GAAP measures to the most comparable U.S. GAAP measures in the earnings supplement.

Lastly, I would like to remind you that nothing on this call constitutes an offer to sell, or solicitation of an offer to purchase, any USA TODAY Co. securities. The webcast and audiocast are copyrighted material of USA TODAY Co. and may not be duplicated, reproduced, or rebroadcasted without our prior written consent.

With that, I would like to turn the call over to Mike Reed - Chairman and CEO of USA TODAY Co.

Mike Reed

Thank you, Matt. Good morning and thanks to all of you for joining our second quarter earnings call.

The second quarter reflects continued progress against our long-term strategy and strengthens my confidence in reaffirming our full year outlook. Today, we'll highlight the operational progress driving that confidence, the momentum we continue to see across our key growth areas, such as digital-only subscription revenues and digital other revenues, as well as the strategic initiatives underway to further accelerate that progress. One example I'd like to highlight is our work with Palantir, which we expect to strengthen how we collect, connect and activate audience data to drive more effective and faster monetization across our platform.

As we mentioned back in the spring, 2026 would be a year with real momentum, but also real variability, particularly in our content licensing business, where the delivery of revenue from those agreements can differ meaningfully from one quarter to the next. We saw some of that lumpiness in the second quarter, alongside the continued shift in consumer behavior away from traditional search. It's important to note, this is a shift we have been preparing for and one that has guided our investments for some time now.

We have been focused on building more direct relationships with audiences through newsletters, social platforms and producing more video content, and those investments are driving strong growth across each of those channels, and position us to better offset the changes in audience behavior. At the same time, audiences are increasingly discovering content through AI systems that answer questions directly for consumers. What that means is we are now effectively serving two audiences, human readers, and the AI platforms that surface our work to them. And it isn't only the consumer platforms that surface our work, a far broader universe of crawlers and scrapers seek to ingest our content. However, as you know, we continue to leverage technology to block those crawlers and scrapers who don't have licensing agreements with us. We are also building our products and our strategy to provide essential content for our users and machine-readable formats that let us expand current licensing structures. We recognize that we have to create and format content for humans and for machines. And while we see a change in search-driven behavior, we also see entirely new ways to license, distribute, and monetize the trusted content we produce every day.

Now with that framing, I'll walk through some of the key financial highlights for the second quarter.

- We generated approximately $20 million of free cash flow, an increase of 11% year-over-year.
- We also delivered our second consecutive quarter of positive net income.
- We continued to pay down debt and maintain a solid cash position.

- And our digital-only subscription business and digital other business, which we believe are two important engines for sustainable growth, continued to post strong performance in the quarter.
- For example, in our digital-only subscription business, volumes are stabilizing and digital-only ARPU reached another record high, driving digital-only subscription revenue to growth year-over-year for the second consecutive quarter.
- Digital other also grew year-over-year in the quarter, driven by continued strength in our syndication and licensing agreements, as well as our commerce business. We expect this revenue stream to expand throughout the year as we broaden our portfolio of content licensing partners and further grow our commerce opportunities; and finally
- Some of the key metrics in our LocaliQ segment continue to move in the right direction. We delivered sequential growth in our core platform revenue, our core platform average customer count, and core platform ARPU reached another record high, supporting more meaningful revenue opportunities in the back half of the year.

We have consistently said that this transformation would not be linear, and Q2 reflects that. While quarterly results will fluctuate as we execute on our strategy, we believe our long-term direction remains unchanged. As we look across the business, we see continued strategic progress, a strong operating foundation, and growing confidence that the actions we're taking are positioning us for sustainable long-term value creation.

- Our industry-leading scale at both the national and local levels, our highly diversified digital portfolio, and vast collection of trusted, real-time content that audiences value and AI platforms need, serve as strong drivers for the growth we expect to capture over time.
- As mentioned, we are reaffirming our full year outlook. We expect revenue trends to improve as the year goes on and believe the inflection point remains firmly in sight. We also expect to grow Adjusted EBITDA, expand margins, improve net income, and deliver a fourth consecutive year of free cash flow growth.
- And in the background, we remain optimistic about the outcomes of the pending litigation against Google, as well as the opportunity to enter into more AI licensing agreements in the future.

Now with that, I would like to discuss some of the key operational highlights from the second quarter in a little bit more detail.

And I'll start with, our diversified digital revenue strategy, which is rooted in having an audience at scale, with improving engagement, to provide a foundation for sustainable growth. In the second quarter, we continued to serve one of the largest digital audiences in the media industry, and the opportunity moving forward, is to better understand that audience and put the data behind it to work. Every visit, every session, and every moment of attention creates a signal, and when we connect those signals, they become actionable intelligence that allows us to engage users more effectively and monetize those relationships faster and at much greater value.

The work our team is doing with Palantir is a direct extension of this strategy. We are applying Palantir's AI-powered platform to one of the largest opportunities in front of us, converting the sheer scale of our audience into known, orchestrated, first party relationships, because that is what turns our reach into sustainable, higher value revenue. We believe the work to build a common intelligence layer that connects our audience, content, and first-party data to better understand our users and translate those insights into stronger engagement and monetization across our platform, can be a meaningful driver of ARPU across subscriptions, advertising and e-commerce.

We view the evolving search dynamics as an opportunity to build a healthier and more resilient business, and a business that is less dependent on any single platform. We experienced the risks of that dependence firsthand in early 2025, when Google's manual actions delayed the growth we expected from several content partnerships. As a result, reducing that reliance has been a key focus of ours for several quarters, and it's something we have consistently discussed with you. It is how we gain greater control over the growth drivers in our business. It also reflects the same approach we successfully applied in 2025 to our digital-only subscription business, where we moved away from volume that didn't create long-term value. That transition required patience and discipline, but it has produced a healthier, more durable business, with consistent growth across key metrics, some of which include:

- Our digital-only subscription revenue grew year-over-year for the second consecutive quarter, giving us increased confidence that revenue will grow over the next several quarters and beyond.
- Our digital-only ARPU reached another record high in the quarter, increasing 34% year-over-year, and
- Our start-to-stop ratio grew sequentially, reflecting further volume stabilization, and bringing us closer to sequential volume growth.

We are applying that same discipline to our broader audience strategy by prioritizing the quality of engagement over the sheer volume of traffic. To support that strategy, our focus is shifting away from one-and-done traffic, because even though it contributes to our unique visitor count, it is ultimately our least valuable and least monetizable audience. Instead, we are investing in new channels that allow us to build direct, ongoing relationships with consumers. That includes expanding how audiences discover our content off platform through channels like social media, where we continue to see meaningful growth and where we see significant potential to unlock greater value from those audiences. We also see social media, along with vehicles like personalized newsletters, as important pathways to bring audiences back to our platform where we can deepen that engagement through immersive video experiences. And as those relationships deepen, so does our understanding of our audience, allowing us to deliver greater value to advertisers and drive higher CPMs, while also connecting consumers with the right commerce opportunities at the right time. We believe this is the right long-term tradeoff because replacing lower-value traffic with deeper audience relationships creates a stronger foundation for predictable and repeatable revenue growth, and in turn, long-term value creation.

Now with that, I'd like to hand the call over to Kristin to discuss these initiatives in more detail, as well as the continued momentum we are seeing in our digital-only subscription business.

Kristin,

Kristin Roberts

Thank you, Mike.

Audience growth has been central to our transformation, and over the past three years that strategy has helped us build one of the largest digital audiences among content creators in America.

As Mike noted, consumers are changing how they find and consume content, and we're meeting them where they are. We are doing that from a position of real strength through the scale, trusted brands, and loyal audiences that we have already built, which we believe will provide a foundation that very few others in the industry can match.

As consumer behavior shifts, we're putting focus on platforms such as YouTube, TikTok, and Instagram, as well as leveraging creators, personalities, podcasts, and video-first experiences. Social, video, and newsletters are becoming primary engines of discovery, and the early results speak for themselves. In the first half of this year, we generated 3.0 billion off-platform video views, putting us on pace to more than double last year's total. Within that, TikTok alone surpassed 1.0 billion views. These channels are still small relative to our overall traffic, but that's exactly what makes the opportunity so compelling. We see significant runway ahead, and these numbers tell a bigger story than audience growth alone, they reinforce that our content continues to find audiences as consumer discovery evolves.

Importantly, we continue to see strong search performance in the categories where we have a clear right to win, including breaking news, sports, and entertainment. The World Cup is an excellent example. Coverage across the USA TODAY Network generated 97 million pageviews, with search driving nearly 65% of that traffic. That reinforces an important point - when content meets a real and urgent need - search still delivers. But we are not building our future on search, even in our strongest categories. Great content still finds an audience, and our opportunity moving forward, is to ensure that our distribution tactics keep pace with the way readers and viewers want to consume content in digital spaces.

As we continue to strengthen how audiences discover and engage with our content, we are also expanding the ways we generate revenue from those relationships. Commerce is one of the clearest examples, and we believe our work with Palantir has the potential to accelerate that opportunity. Historically, much of our commerce business has relied on manual processes to connect affiliate opportunities with our content. Our work with Palantir changes that by matching affiliate products and offers to relevant content at scale, which will allow us to monetize significantly more of our sports, entertainment, dining and other relevant content categories in real time. And the opportunity extends well beyond commerce. By connecting audience signals across our platform, we can create a unified understanding of our users that simply didn't exist before. That enables more personalized experiences, increases our base of known users, and strengthens our first-party intelligence, which is expected to significantly increase the value of our audience over time. In other words, we are not working to simply monetize more of our content, but to better understand, engage, and unlock greater value from every audience relationship we create.

Together, expanding our discovery and growing our base of known users, fuels growth in digital advertising and we believe this positions us to generate materially higher revenue from our audience than we have in the past. Known users simply monetize at higher rates, and as they become a larger share of our audience, the value of every impression we sell rises with them. This shift in audience mix doesn't happen overnight, but the investments we have made are already improving that mix, and we're encouraged by the progress we are seeing. We've done this before with our digital-only subscription business, where we absorbed short-term pressure in exchange for a healthier, more durable model. And today, we are capturing the benefits of that discipline. We believe digital advertising can follow the same path. The playbook is proven and we are ready to run it again.

On that note, we're encouraged by the strong performance of digital-only subscription revenue. Our approach has not changed, we are deliberately trading a measure of raw pageviews for stronger engagement metrics, as well as higher-value subscription revenue. We're continuing to build out our Stacked Products model, and this quarter, we added Marvel Comics to the PLAY platform, which is an important step in extending the experience beyond puzzles and games. Since launch, the audience engaging with Marvel content has been overwhelmingly new to us. That's a signal we take seriously. We believe it reinforces both the demand for premium entertainment experiences and our ability to bring entirely new audiences into our portfolio. It also supports PLAY's broader role in differentiating our product offering to drive long-term subscription growth.

On the subscription front, we continued to build momentum in the second quarter. Our progress reflects solid improvement across key drivers of the business, including churn, our start-to-stop ratio, and paywall encounters. Those improvements reinforce our confidence that we are building sustainable momentum and position us well for sequential growth over the coming quarters.

To recap, the work is far from complete, but we are confident in the direction we are heading. We have anticipated these changes for some time, and the strategy we are executing is designed to build a broader, more engaged audience that delivers predictable and repeatable revenue.

Back to you, Mike.

Mike Reed

Thanks, Kristin. I'd like to reinforce a few of the points you just made because they get to the heart of the confidence we have in our path forward. We have significant scale and we have made deliberate investments over the past few years to engage directly with that audience. Most importantly - as Kristin put it - great content still finds an audience. Our job now is to meet that audience wherever they choose to be, and from there, keep them engaged.

That heightened focus on engagement is central to how we are using AI on our platforms. DeeperDive, our generative AI answer engine, is a great example of this. Since launching in September of last year, readers have asked more than 50 million questions, with average daily activity now exceeding 390 thousand interactions. But the real story is not the volume. It's the value of that engagement. When we tested pages with DeeperDive against pages without it, the difference was clear. DeeperDive generated longer time on site, higher advertising revenue per session, and stronger subscription intent. These results reinforce what we already know, the engagement of our audience matters more than the raw traffic alone. And DeeperDive is another way we are deepening that engagement and translating it into greater monetization. As DeeperDive usage grows beyond just USA TODAY, we see a significant opportunity to replicate this engagement across the entire network. We are also one of the first publishers in the U.S. to adopt this kind of AI answer engine, and as advertiser demand moves quickly towards this type of experience, we believe our position as an early innovator, combined with our scale, creates additional opportunities to unlock value across our advertising business.

Overall, we navigated the quarter well, and we feel good about the momentum we are carrying into the second half of the year.

Now, I'd like to turn the call over to Trisha to provide additional details and color around our 2026 second quarter financials.

Trisha,

Trisha Gosser

Thank you, Mike. Good morning, everyone.

Please keep in mind all comparisons are on a year-over-year basis unless otherwise noted.

As Mike mentioned, we expected variability in our quarterly results this year and the second quarter was consistent with that expectation. While performance varied across the portfolio, we managed the business well through it - we held the line on costs, we delivered solid profitability, and we grew free cash flow. We continued to see encouraging trends in several key areas of the business, reinforcing our confidence in our strategy and the opportunities ahead. Let me walk you through the numbers.

In the second quarter, total revenues were $536.3 million, a decrease of 8.3%, or 6.1% on a same-store basis. Let me bridge this performance to the first quarter, because the drivers are specific and, in large part, expected. First, we are lapping an outsized content licensing contribution in Q1, while still driving strong year-over-year digital other growth in Q2. Second, digital advertising softened a bit as we adapt to the shift in audience behavior. We expected variability across quarters given the shift in revenue mix - but overall - we feel positive about the collective direction of the business over the first half of the year.

Total Adjusted EBITDA was $56.9 million in the second quarter, representing a margin of 10.6%. While Total Adjusted EBITDA decreased compared to the prior year period, we continue to expect year-over-year growth for the full year. Expense management remains a top priority, and in Q2, operating expenses decreased 7.8% compared to the prior year. In the back half of the year, we will continue to align our expense base with our revenue trends, while protecting the investments that drive our growth.

Continued operational discipline made our net income more consistent, and we reported net income of $9.1 million in the second quarter, marking our second consecutive quarter of positive net income. On an adjusted basis, adjusted net income attributable to USA TODAY Co. was $11.0 million.

Total Digital revenues in the second quarter were $254.3 million, a decrease of 4.2%, or 3.6% on a same-store basis, and represented 47.4% of total revenues. Digital advertising revenues decreased 9.2%, reflecting lower pageviews and the loss of a programmatic partner, creating pressure on programmatic advertising. Given the focus on audience engagement, we are expecting improved advertising trends in the back half of the year.

Within digital, the underlying growth engines continue to perform.
Digital-only subscription revenues totaled $45.6 million, increasing 6.8% year-over-year. Digital-only ARPU also reached a record high of $10.47 in the second quarter, increasing 34.4% year-over-year. Volume decreases moderated further during the quarter, while our start-to-stop ratio improved sequentially, reinforcing our confidence in the path toward renewed subscriber growth.

In the second quarter, our Digital other revenues, which include revenues from our AI partnerships, content licensing agreements and syndication, grew 20.2% year-over-year to $20.4 million and we expect ongoing growth in this category this year as we further expand this revenue stream and our suite of licensing agreements.

Turning to the USA TODAY Media segment, Segment Adjusted EBITDA totaled $42.0 million, representing a margin of 10.6%. Second-quarter revenue trends were primarily affected by the performance in digital advertising.

Turning to the Newsquest segment, Segment Adjusted EBITDA totaled $14.3 million, reflecting a margin of 24.2%. Revenue trends were impacted by the expected timing shift of a revenue generating conference but reflect strong ongoing digital growth.

In our LocaliQ segment, revenue remained lower year-over-year, but Q2 reflected sequential growth in both core platform revenue and Segment Adjusted EBITDA. We are pleased with the sequential momentum from Q1 to Q2, which is reflected in the following key areas:

- Total core platform revenue was $106.3 million, up 7.0%.
- Segment Adjusted EBITDA totaled $13.2 million, while margins expanded 560 basis points to 12.4%.
- Core platform average customer count increased by 300, or 2.8%; and
- Core platform ARPU increased 4.1% to a record quarterly high of $2,908.

Let's now turn to the balance sheet.

At the end of the second quarter, our cash balance was $86.7 million, and net debt decreased to $883.8 million. In Q2, free cash flow totaled $19.6 million, an increase of 11.2%, while cash provided by operating activities grew 8.6% to $35.4 million. We ended Q2 with $970.5 million of total debt, reflecting $17.7 million of total debt paydown in the quarter.

Now let me turn to our outlook. We are reaffirming our full year 2026 business outlook. We continue to expect meaningful improvement in same store revenue trends as compared to 2025, driven by the strength of our digital-only subscription and digital other businesses, and improving digital advertising trends. We expect Adjusted EBITDA to grow over the prior year and solid net income growth, along with double digit free cash flow growth. Our second half reflects a shift away from search and the mitigating actions underway across content distribution, licensing, and known user monetization. In short, we view the second quarter as a period of expected variability within a year that we still expect to be a strong one for the company.

As we look ahead, we remain encouraged by the direction of the business. This is a dynamic environment and results may continue to vary quarter to quarter, but we believe the strategic foundation – following our audience, growing our data and known audience capabilities, expanding our licensing capabilities and footprint, and staying disciplined on costs – will lead to long-term growth and shareholder value creation.

I will now hand it back to the operator for questions and then we will go back to Mike for some closing thoughts.