USA TODAY CO.

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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 third 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 third quarter earnings call.

In the third quarter, we saw encouraging underlying signals in the categories that we believe are most important to our future, even as we navigated the impacts of the changes in consumer search along with some inflationary pressures. So when you look at the Q3 numbers - there are really two stories in our results, and it is important to understand both. The first is the industry-wide change in search behavior, which has had an outsized impact in the near-term on a relatively small part of our business. The second is the continued momentum in the digital revenue categories that are central to our strategy, and where we see the greatest opportunity to drive long-term growth. Today, I will walk you through both, along with the decisive steps we've already taken to strengthen the business - including the implementation of a $100 million cost reduction program at the end of Q3 - and why we believe we are well positioned to deliver a strong fourth quarter.

Let me start with the first story. Changes in consumer search patterns have been a headwind not just for our business, but for many media organizations and, more recently, technology platforms. Over the past couple of quarters, these changes have had an outsized impact on one specific part of our digital advertising business - indirect advertising - which includes programmatic advertising and sponsored content recommendations. In the third quarter, we stabilized our audience - and through this - we're continuing to grow our direct-sold digital advertising revenues. This reinforces an important point - despite the changes in search, we're still delivering an audience that is highly valuable to advertisers, with meaningful opportunities to further grow our premium advertising business. That said, these changes have pushed out our path to same-store total revenue growth by a few quarters.

Now, I want to put that in context, because it's important to understand just how much of our business touches search. Our digital advertising revenue is made up of two primary categories: advertising sold directly by our sales teams, which as I mentioned earlier is growing, and indirect advertising. It's this indirect revenue - which represents about $100 million of revenue on an annualized basis, or less than 5% of our total business - that's seen the most impact, declining 32% year-over-year. However, this part of the business has historically carried some of our lowest-value advertising inventory, generating significantly lower CPMs than our premium, direct-sold advertising. So while the pressure is real right now, it is concentrated in a relatively small lower-value part of our business, and we do not view it as a permanent headwind.

We also don't expect this revenue stream to go away entirely - but as we continue to shift toward premium sales and premium experiences, and we improve the customer experiences across our products - it naturally becomes a less significant part of our revenue portfolio. And as we move through the next

few quarters, we'll begin to lap some of the more notable impacts, which will help our year-over-year comparisons.

This is the first story. We've felt the impact, but it is limited, and it does not change where we are headed.

That brings me to the second story - the one that really defines our future and the one we are most excited about - and it starts with our audience. In Q3, we continued to serve one of the largest digital audiences in the media industry - and importantly - we're starting to see signs of stabilization with sequential growth over Q2 in both unique visitors and pageviews, as well as stronger engagement across newsletters, social and video. That scale is a real advantage - because it allows us to grow the digital revenue categories most important to our long-term growth, even as the search environment continues to change. We saw that play out in Q3, as those categories continued to improve for us.

Let me walk through a few of those categories with you.

- Starting with digital advertising, our direct-sold year-over-year revenue trends have seen solid momentum in 2026 - highlighted by growth in Q3 - and importantly - we expect stronger growth in Q4. Moving forward, we see several opportunities to accelerate this growth, including:
    - Growing our base of high-value known users.
    - Expanding our video offerings, on and off-platform, to capture a larger share of growing video advertising budgets; and
    - Scaling our AI-discoverable branded content, which is a product we began rolling out in September.
- Next, our digital-only subscription business and digital other business, which we believe are two important engines for sustainable growth, and they continued to perform well in the quarter.
    - Specifically, digital-only subscription revenues posted its third consecutive quarter of year-over-year growth - and also grew sequentially - while digital-only ARPU reached a new high.
    - Digital other also grew year-over-year in the quarter - and we expect sequential growth in this revenue category in Q4 as we sign additional AI licensing agreements and grow our commerce business.
- Third, our DMS revenue trends improved sequentially year-over-year in the quarter
- And lastly, our engagement with Palantir continues to make solid progress - with our first products now live and beginning to scale.

Taken together, total digital revenue represented 48% of total revenues in Q3 - up from 47% in Q2 - and we also saw a sequential improvement in same-store total revenue trends in the quarter.

And to support our long-term growth objectives, at the end of Q3 we implemented a new $100 million annualized cost reduction program. These targeted actions were put in place in late September, fully implemented by early October, and are already positively impacting our run rate in the fourth quarter. With these cost actions, and the green shoots we're seeing across our digital portfolio, we believe we are well positioned to deliver significant sequential growth in Adjusted EBITDA and free cash flow, along with substantial margin expansion in Q4. And because these cost reductions are largely permanent, we expect the benefits to extend well into 2027.

Beyond the operating results, our antitrust case against Google continues to advance. As you may have seen, Google's motion for summary judgment was recently denied, allowing our claims to move forward

to a jury trial. And you may also have seen that our trial date has been scheduled five months from today, on April 5, 2027. The ruling also made public our damages calculation, which totaled $901 million through 2024. We expect to update that figure ahead of trial for additional damages incurred through the trial date. And importantly, that figure doesn't include the potential for treble damages. The trial date is approaching quickly, we feel good about where the case stands, and we look forward to our trial in April.

So stepping back, when I look across the business, I'm encouraged by the underlying signals in the categories that are most important to our future. Our audience is stabilizing, engagement is getting stronger, and our cost base is lower. And despite the headwinds from search, the revenue categories most important to our future, and to our same-store total revenue growth, are growing. Put all this together, and we see a clear path in 2027 to same-store total revenue growth, along with Adjusted EBITDA and free cash flow growth.

The changes in search and indirect revenue have cost us some time, but haven't altered our strategy, and they haven't changed our confidence in where we're headed.

Finally, we believe our current share price does not reflect the underlying value of our business or the opportunities ahead of us. With that in mind, we have approximately $97 million available under our authorized stock repurchase plan and we intend to be opportunistic in repurchasing shares in the fourth quarter.

With that, I'll turn the call over to Kristin to discuss how we're putting our audience intelligence to work across the business, the early results, and what we're working on next.

Kristin,

Kristin Roberts

Thank you, Mike.

Last quarter, we talked about how every visit, every story read, every video watched, and every sign-up creates a signal - and when we connect those signals - we can make smarter decisions about the content we create, how readers discover it and how we monetize it. And in Q3, we started putting that intelligence to work.

Let me start with our newsrooms, because that's where every audience relationship begins. Both domestically and internationally, we're developing AI-powered tools that help our journalists identify story opportunities faster and with greater predictability - allowing us to produce more relevant and meaningful content for our readers. To be clear, this doesn't replace the experience and judgment of our journalists. It amplifies it. And by pairing that judgment with predictive analytics based on what worked in the past, we can drive deeper engagement and stronger monetization across our platform.

We also are putting that same intelligence to work in how readers discover our content, starting with newsletters. In select local markets, we've begun introducing more personalized newsletter content, using available reader and behavioral signals to create a more directly relevant offering for each reader. The early results are encouraging, with personalized newsletter pilots outperforming our non-personalized standard. Readers are seeing stories that are more engaging to them and aligned to their specific interests. The impact is significant both for the reader, who experiences far greater relevance in our product, and for us. A newsletter sign-up creates a direct relationship, it builds habit, and brings readers

back. And it begins the journey from anonymous to known users, which, as Mike mentioned, are higher-value users. Our next step is to expand personalized recommendations across USA TODAY and our sports-related newsletters.

We're seeing that same intelligence pay off in commerce. Last quarter, I described how much of our affiliate business depended on manual work to connect relevant offers with our stories - and in Q3 we automated that process. When an eligible story is published, a relevant affiliate offer is identified and added automatically.

We've now rolled this out across our local sports content, USA TODAY Sports, our sports wire sites - and most recently - entertainment. And across the network-wide rollout, affiliate clicks have increased 38%, which reinforces an important point - there is a significant amount of untapped value in the journalism we already produce, and we now have the tools to capture it at scale. Our next step involves working with our commerce team to integrate a much broader range of affiliate opportunities, moving beyond general offers to more specific, product-level recommendations. Over time, we expect that to translate into more relevant shopping experiences for readers and more revenue from the content we create every day.

Which brings me to digital-only subscriptions. The same intelligence that connects readers with the right content and products also can change how we acquire, engage and retain subscribers. And moving forward, we're focused on three moments that matter.

The first is the paywall. Not every reader wants the same thing. Some want an ongoing relationship with us. Others just want access to a single story. Our pay-per-article offering meets those readers on their terms and opens up a new revenue opportunity from audiences who are not ready for a full subscription. We've tested pay-per-article in the past, but we kept those tests small, because we found it could cannibalize subscriptions. What’s changed is that the audience intelligence we have today is much stronger - and as a result - we are confident we can scale it with precision to a broader audience in a way that allows us to build both a robust pay-per-article offering and a strong digital subscription business.

The second moment is the action, or what we call the next best action. Rather than showing every reader the same offer or opportunity, we'll use what we know about their interests and behavior to personalize the timing, the messaging, the placement, and the offer itself. In other words, delivering the right engagement opportunity to the right reader at the right time.

And the third is retention. From a subscriber's first week, there are moments where a more personalized experience can make a meaningful difference. Getting those moments right can improve retention, increase lifetime value and build a more durable subscription business.

On that note, I'm encouraged by the continued year-over-year growth in digital-only subscription revenues and the new highs achieved in digital-only ARPU. Over the past year, we've prioritized subscriber quality over raw volume, and as a result, we have a much healthier base. Now, we can begin driving volume again from a much stronger position at the right price point, where incremental subscriber growth can translate more directly into revenue growth. This is an important distinction from the past, when volume was often driven by lower-priced subscriptions. As we head into 2027, our focus will be on growing that base by giving readers more reasons to come back every day.

Overall, we are confident in the direction we're heading and believe we have the foundation in place for our next phase of digital growth. Our focus now is on scaling what's working across our network and translating that progress into stronger financial performance over time.

Back to you, Mike.

Mike Reed

Thanks, Kristin. It's important to see how we are turning our audience data into actionable intelligence and, more importantly, putting that intelligence to work across our business. As we've outlined this morning, we're growing the parts of the business that matter most to our future. Premium advertising is growing, our digital-only subscription business is growing, and our digital other revenue is growing. That tells us we already have the scale we need to drive long-term revenue growth. Search referral traffic has historically been one of our lower-value audience sources, so while the changes are creating some near-term pressure, the bigger picture is that the areas we've been focused on continue to move in the right direction.

With that, I'll turn the call over to Trisha to walk through our third quarter financial results.

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.

In the third quarter, total revenues were $519.2 million, a decrease of 7.4%, or 5.8% on a same-store basis, which represents an improvement of 30 basis points over Q2's same-store trends. The pressure remained concentrated in digital advertising where the continued shift in consumer behavior away from traditional search has had an outsized impact on indirect digital advertising revenues - with programmatic advertising most affected. Importantly, this pressure is not broad-based, and we saw improvement across several key areas of the business during the quarter. Direct-sold advertising - our digital advertising revenue outside of programmatic and sponsored link recommendations - grew in Q3. This is our premium and classified revenue, and we believe our focus on known users, video-forward experiences, and AI discoverability allows us to grow our direct revenue more substantially in future quarters. In addition, our Digital Marketing Services revenue trends improved sequentially, digital-only subscription and Digital Other revenue continued to grow year-over-year, and both print advertising and print circulation trends improved compared to the second quarter.

In the third quarter, operating costs and SG&A expenses decreased approximately 4.0%, reflecting our continued focus on disciplined cost management. As Mike mentioned, toward the end of the quarter, we implemented a $100 million annualized cost reduction program, which included workforce reductions. The third quarter reflected only a partial month of savings from these actions, and we therefore expect a more substantial impact in Q4. We also continue to evaluate and lower our cost structure, with opportunities to transition to lower-cost vendors and software in certain areas, which we believe will generate additional savings in 2027.

Adjusted EBITDA totaled $36.6 million in the third quarter, down $20.6 million or 36.0% year-over-year. The decline was driven by lower revenue, most notably the digital advertising pressure I just described along with elevated costs for raw materials, health care, and distribution.

In Q3, we reported a net loss of $4.6 million, representing a year-over-year improvement of $34.6 million. Adjusted net income attributable to USA TODAY Co. was $1.4 million, an increase of $32.4 million year-over-year.

Total Digital revenues in the third quarter were $249.3 million, a decrease of 5.1%, or 4.2% on a same-store basis, and represented 48.0% of total revenues. Digital advertising revenues decreased 13.9%, reflecting lower pageviews tied to the changes in consumer search, the continued impact of the loss of a programmatic advertising partner in the second quarter, and lower revenue from third-party vendors as a result of Google's spam policy, which continue to pressure indirect revenue.

Within digital, the underlying growth engines continued to perform.

Digital-only subscription revenues totaled $46.0 million, increasing 5.3% year-over-year, representing its third consecutive quarter of year-over-year growth. Digital-only ARPU also reached a record high of $10.82 in the third quarter, increasing 23.0% year-over-year.

Our Digital other revenues, which include revenues from our AI partnerships, content licensing agreements and syndication, grew 24.8% year-over-year to $21.3 million and we expect sequential growth in this category in Q4 as we further expand this revenue stream and our suite of licensing agreements.

Turning to the USA TODAY Media segment, Segment Adjusted EBITDA totaled $23.8 million, representing a margin of 6.3%. Third-quarter revenue trends were primarily affected by the performance in digital advertising.

Turning to the Newsquest segment, revenue trends improved to slight growth over Q2, while Segment Adjusted EBITDA totaled $13.8 million, reflecting a margin of 23.3%.

And looking at our LocaliQ segment. For Q3, core platform revenue totaled $105.4 million. Segment Adjusted EBITDA totaled $7.3 million, and we ended the quarter with approximately 11,700 core platform average customer count, while core platform ARPU increased approximately 6.0% to a record quarterly high of approximately $3,000.

Let's now turn to the balance sheet.

At the end of the third quarter, our cash balance was $68.2 million, and net debt was $884.7 million. In Q3, free cash flow totaled $4.3 million, relatively unchanged in raw dollars from Q3 of last year, while cash provided by operating activities grew year-over-year by 9.9% to $16.7 million. We ended Q3 with $952.9 million of total debt, reflecting $17.7 million of total debt paydown in the quarter. While debt paydown remains our primary focus of capital allocation, we continue to have authorization under our Stock Repurchase Program and expect to make open market purchases in the fourth quarter, including through the use of incremental term loans.

In early November, we amended our existing 2029 Term Loan Facility to provide access to up to $50 million of incremental debt financing from funds managed by affiliates of Apollo Global Management. This financing is available during the fourth quarter of 2026 and is specifically designated for share repurchases within the quarter. We intend to utilize these funds to repurchase shares of our common stock before year-end. We have also obtained the necessary lender consents to move forward with these repurchases.

We are also updating our full-year guidance to reflect the impact of search-driven audience declines and continued pressure on programmatic advertising revenue, both of which we believe stabilized in the third quarter. We now expect same-store revenue to decline in the mid-single digits, compared to our previous expectation of a low-single-digit decline, with digital revenue reaching 50% of total revenues in 2027 rather than 2026. We expect a significant sequential improvement in Adjusted EBITDA and Free Cash Flow in the fourth quarter, although both are now expected to decline for the full year compared to 2025. While these pressures have delayed our return to overall revenue growth, we believe we are building a foundation for improved performance. We believe that stabilizing our audience, better connecting our audience data and signals to revenue opportunities, and realizing the benefits of our cost reduction initiatives position us to deliver stronger results in the fourth quarter and build on that progress in 2027.

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