

GANNETT

# **17<sup>th</sup> Annual Needham Technology & Media Conference**

May 19, 2022

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**Cautionary Statement Regarding Forward-Looking Statements.** Certain items in this Presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including, but not limited to, statements regarding our business outlook, digital revenue performance and growth, growth in our Digital Marketing Solutions segment, growth of and demand for our digital-only subscriptions and digital marketing and advertising services, any future share repurchases, including under our stock repurchase program, our expectations regarding our free cash flows, revenues, income attributable to Gannett, same-store revenues, cash flows, and our net leverage, expectations regarding our growth rate and inflection point, including growth in revenues and Adjusted EBITDA, our ability to create long-term stockholder value, our expectations, in terms of both amount and timing, with respect to debt repayment, our expected capital expenditures, our strategy, our environmental, social, and governance goals, our ability to achieve our operating priorities, growth of our average revenue per customer, our long-term opportunities, and future revenue trends and our ability to influence trends. Words such as “expect(s)”, “project(s)”, “anticipate(s)”, “estimate(s)”, “believe(s)”, “will”, “target”, “focused”, “prioritizing”, “goal(s)”, “outlook” and similar expressions are intended to identify such forward-looking statements. These statements are based on management’s current expectations and beliefs and are subject to a number of risks and uncertainties. These and other risks and uncertainties could cause actual results to differ materially from those described in the forward-looking statements, many of which are beyond our control. The Company can give no assurance its expectations will be attained. Accordingly, you should not place undue reliance on any forward-looking statements contained in this Presentation. For a discussion of some of the risks and important factors that could cause actual results to differ from such forward-looking statements, see the risks and other factors detailed from time to time in the Company’s most recent Annual Report on Form 10-K, our quarterly reports on Form 10-Q, and our other filings with the Securities and Exchange Commission. Furthermore, new risks and uncertainties emerge from time to time, and it is not possible for the Company to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this Presentation. Except to the extent required by law, the Company expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company’s expectations with regard thereto or change in events, conditions or circumstances on which any statement is based.

**Past Performance.** In all cases where historical performance is presented, please note that past performance is not a reliable indicator of future results and should not be relied upon as the basis for making an investment decision. This Presentation is not an offer to sell, nor a solicitation of an offer to buy any securities.

**Non-GAAP Measures.** This Presentation includes non-GAAP measures, such as Adjusted EBITDA and Adjusted EBITDA margin. See the “Appendix” in this Presentation for information regarding these non-GAAP measures, including reconciliations to the most directly comparable U.S. GAAP financial measure, except for forward looking non-GAAP measures where such reconciliation is not available without reasonable effort.

Gannett operates a **scalable, data-driven** digital media platform that is fully aligned with consumer and digital marketing trends.

We are a **subscription-led** and **digitally-focused** media and marketing solutions company that is committed to empowering communities to thrive.

Our strategy is focused on driving **audience growth** and **engagement** by delivering **deeper content experiences** to our consumers, while offering the products and **marketing expertise** our business partners desire.

## Key Operating Pillars

Strong Opportunity for Creating Stakeholder Value

### Accelerate digital subscriber growth

- + 2025 outlook of 6 million digital-only subscriptions, inclusive of new offerings tailored to specific users
- + Anchored on high-quality, original, impactful journalism and premium content experiences

### Drive digital marketing services (DMS) growth

- + Significant digital scale
- + Leverage integrated sales structure and lead generation strategy to grow customer base
- + Data and insights inform new and dynamic marketing products and services

### Optimize traditional business

- + Structural changes to improve longer term performance of the portfolio
- + Print advertising continues to offer a compelling branding opportunity across our U.S. and U.K. operations

### Prioritize investments in growth businesses

- + Identify, test, and invest in opportunities for growth
- + Examples include:
  - USA TODAY NETWORK Ventures (Events + Promotions)
  - Reviewed.com
  - Sports Betting / Gaming Partnership Opportunity

### Build on inclusive & diverse culture

- + Progress toward stated 2025 workforce diversity goals
- + Align our culture around empowering our communities to thrive and putting our customers at the center of everything we do

# Topline Stats: Growth Drivers

Local and National reach across U.S. and U.K. in Q1 2022

## Accelerate digital-only subscriber growth

**1.75M**

Quarter End Digital-Only Subscribers



44% Year-over-Year

**191M**

Average Monthly Unique Visitors

## Drive digital marketing solutions (DMS) growth

**\$107.3M**

DMS Core Platform Revenues<sup>(1)</sup>



14% Year-over-Year

**15.4K**

Average monthly DMS Core Platform Customers<sup>(2)</sup>

## Optimize traditional business

**1.8M**

Total U.S. Quarterly Print Subscribers

**136 Markets**

Digital Saturday Initiative

**Eliminated ~70 free print products**

Optimization led to improved Adjusted EBITDA

## Prioritize investments in growth businesses

**\$11.7M**

USA TODAY NETWORK Ventures Revenue



83% Year-over-Year

**115K**

Total Quarterly Event Attendees

## Build on inclusive and diverse culture



Published 2<sup>nd</sup> annual Inclusion Report and inaugural ESG Report<sup>(3)</sup>

1. Core platform revenue is defined as revenue derived from customers utilizing the Company's proprietary digital marketing services platform that are sold by either our direct or local market teams.

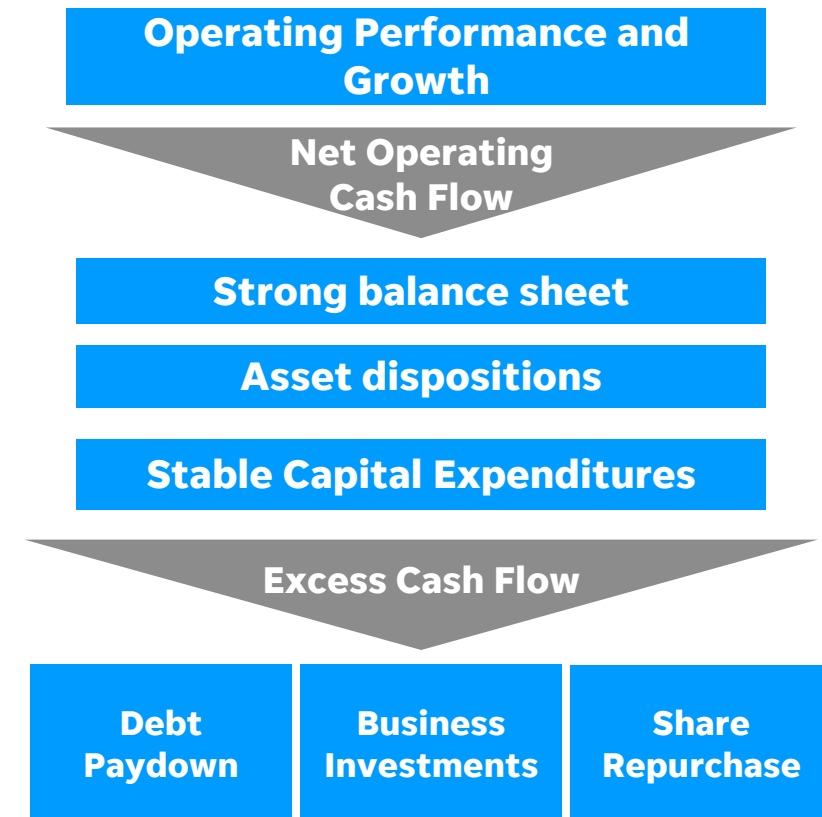
2. 17.2K total DMS customers including core platform and non-core customers.

3. The Inclusion Report was published in April 2022 and the ESG Report was published in March 2022.

# Capital Allocation Strategy

Focused on maximizing long-term shareholder value

- + Capital allocation strategy is focused on maximizing long-term shareholder value through:
  - + **Debt paydown – eliminating leverage overhang and reducing future interest costs**
  - + **Business investments – prioritizing growth to reach goals of sustainable revenue and Adjusted EBITDA inflection**
  - + **Share repurchases of 800,000 shares for \$3.1 million at an average price of \$3.83, since Q1 2022 earnings**



# Digital Marketing Solutions

## Pillar Two: Driving Digital Marketing Solutions Growth

Gannett's DMS platform is used by local businesses to find, convert and keep customers. It's an all-in-one marketing platform that optimizes any marketing budget to deliver more relevant messages to local consumers with a suite of marketing automation, channel campaign management, CRM and insight tools.

## Build your online presence.

- Websites
- eCommerce
- Landing Pages
- Live Chat
- Listings Management
- Search Engine Optimization

## Drive awareness & leads.

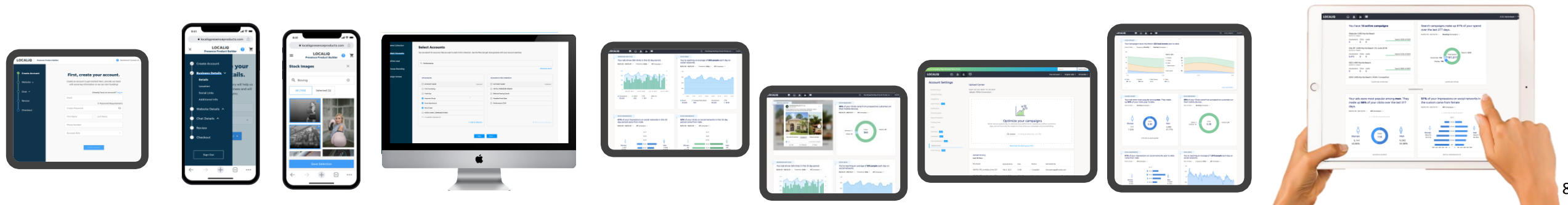
- Search Engine Marketing
- Social Advertising
- Display Advertising
- Video Advertising (OTT/CTV)
- Targeted Email Marketing
- Cross Media Optimization (proprietary)

## Build your audience, manage leads & customers.

- CRM
- Lead Engagement & Marketing Automation
- Audience Targeting
- Social Media Marketing
- Event Sponsorships
- Creative Services





## Know what works.

- Client Center
- Capture Code For Lead Analytics & Tag Management
- Custom Tracking
- Data Integrations

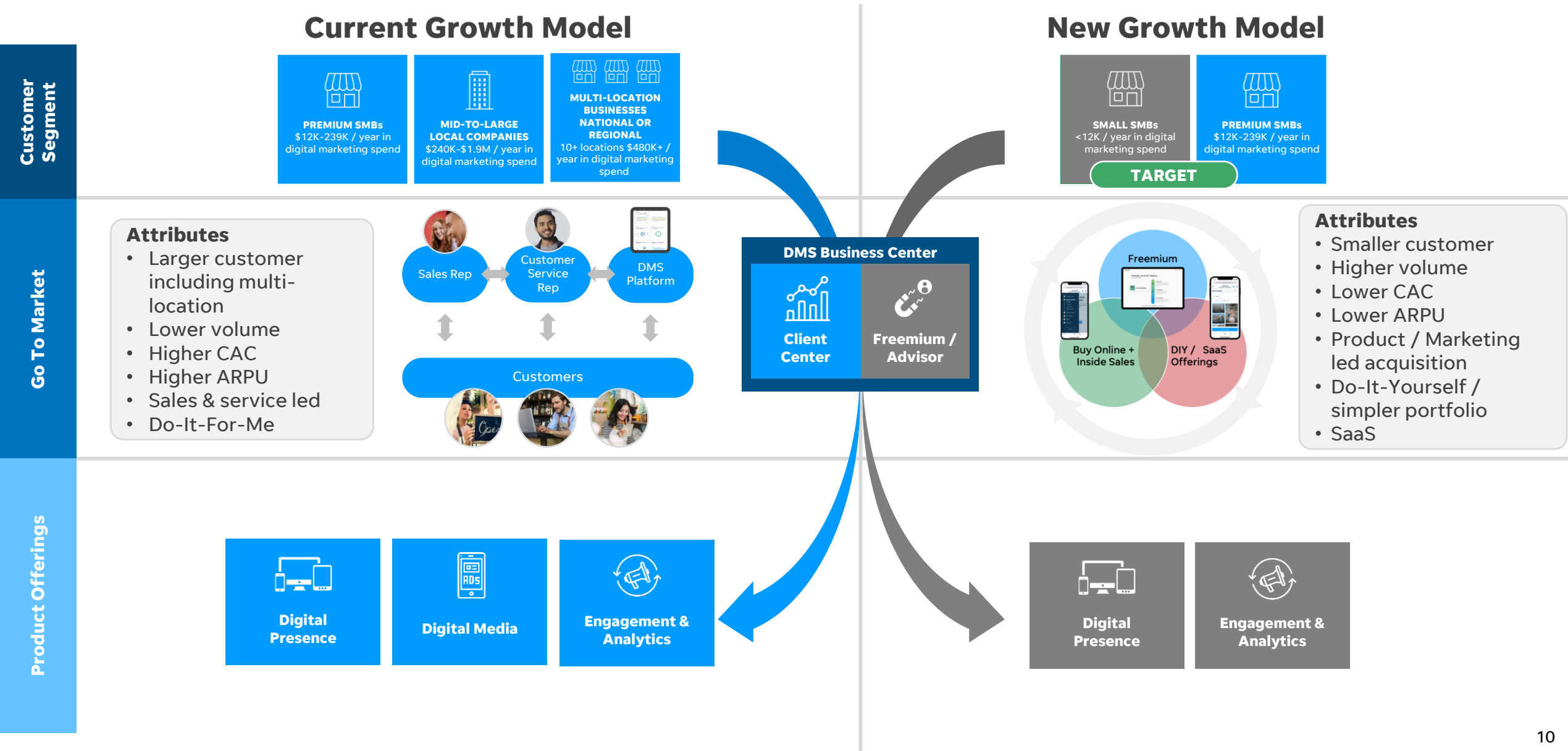




# DMS Addressable U.S. TAM \$282B

			
Offering	Digital Presence	Digital Media	Engagement & Analytics
Small SMB Available TAM	\$84B	\$10B	\$8B
Premium SMB Available TAM	\$84B	\$66B	\$30B
Cumulative TAM	\$168B	\$76B	\$38B
\$282B growing ~9%			

# Digital Marketing Solutions – Complementary Growth Models



# Gannett's DMS Unique Difference

Gannett's DMS business is a sophisticated, cloud-based platform of products, differentiated by our proprietary:

Patent- pending, bidding engines with goal-based, omni-channel advertising optimization

Simple setup that works without configuration

**How are we different?**

Marketing automation & management tools

Customizable reporting that can integrate with third party platforms

# We Believe Our DMS Business has Significant Value

1



Revenue growth

2



Adjusted EBITDA margin

3



Customer Count Growth

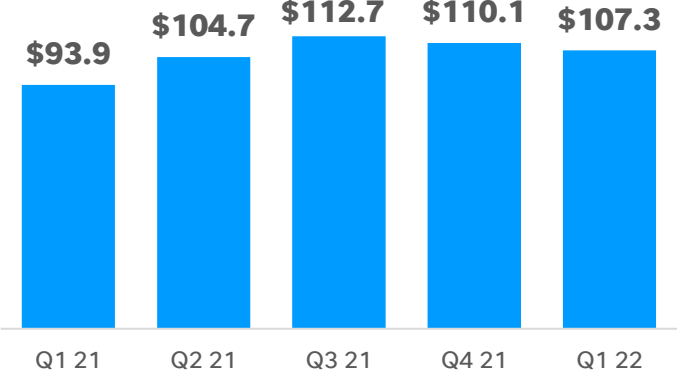
4



Healthy cohort/unit  
economics

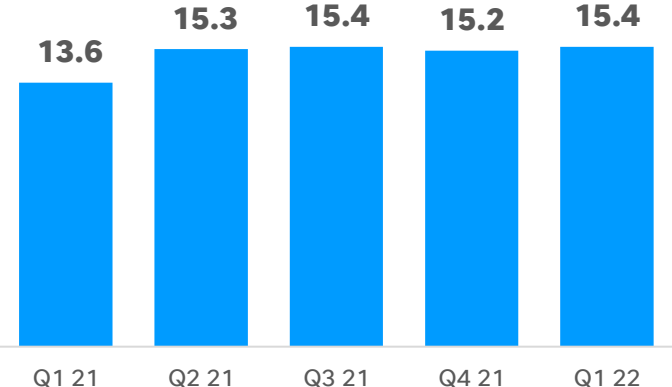
# Digital Marketing Solutions - Core Platform<sup>(1)</sup>

Revenue (M)



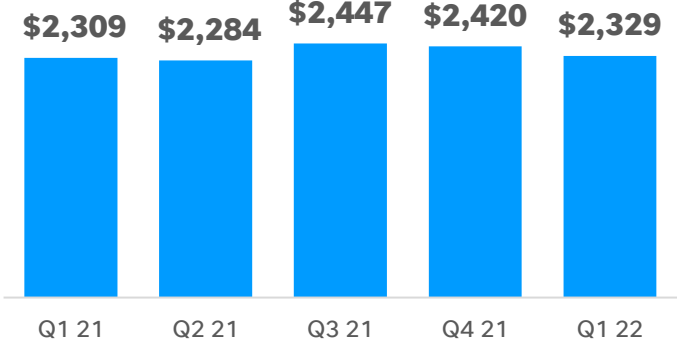
Q1 2022 - 14% growth YOY

Customer Count (K)<sup>(2)</sup>

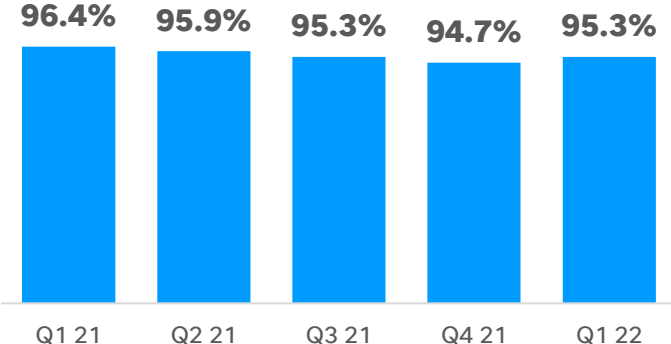


Q1 2022 - 13% growth YOY

ARPU<sup>(3)</sup>



Customer Budget Retention<sup>(4)</sup>



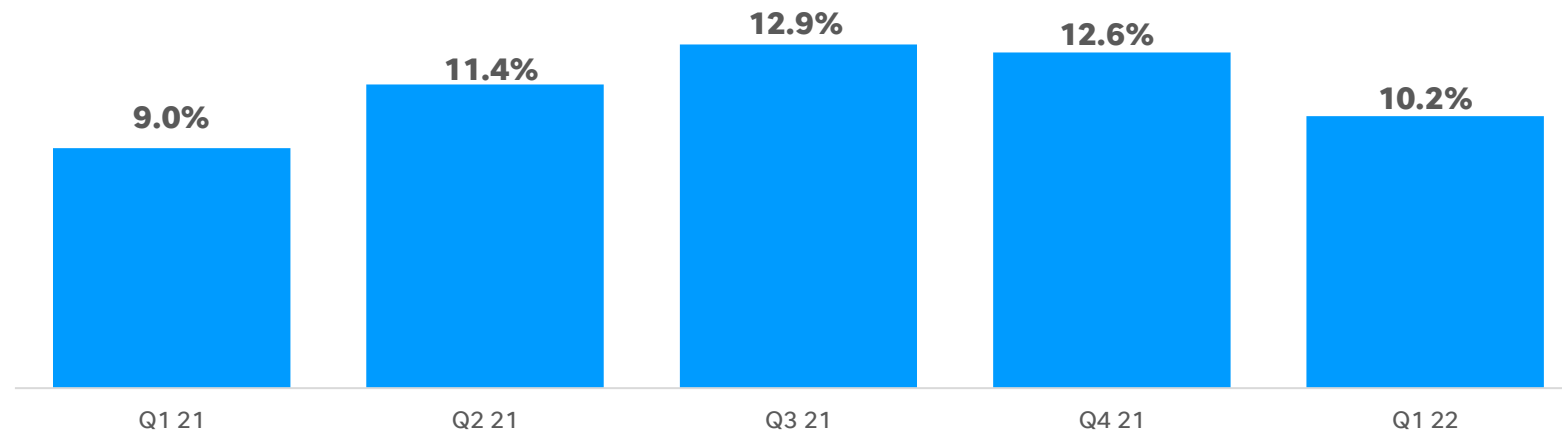
1. Core platform revenue is defined as revenue derived from customers utilizing the Company's proprietary digital marketing services platform that are sold by either our direct or local market teams.  
2. Customer count is derived from the active number of clients each month averaged over the course of the quarter.  
3. ARPU is defined as monthly revenue divided by customer count within the given period.  
4. Customer budget retention is calculated as 1 minus the average of churned budgets in a given month divided by starting budgets in the same period, averaged across the quarter.



# DMS Adjusted EBITDA Margins<sup>(1)</sup>

Four consecutive quarters of double-digit Adjusted EBITDA Margins

## Adjusted EBITDA Margins



**Q1 2022 – Increased 120 basis points Year-over-Year**

1. Adjusted EBITDA margin is a non-GAAP measure. See Appendix for definition of non-GAAP measures and reconciliations.

# Appendix

# Non-GAAP Reconciliation

The Company uses non-GAAP financial performance and liquidity measures to supplement the financial information presented on a U.S. GAAP basis. These non-GAAP financial measures, which may not be comparable to similarly titled measures reported by other companies, should not be considered in isolation from or as a substitute for the related U.S. GAAP measures and should be read together with financial information presented on a U.S. GAAP basis.

The Company defines its non-GAAP measures as follows:

**Adjusted EBITDA** is a non-GAAP performance measure the Company believes offers a useful view of the overall and segment operations of our business. The Company defines Adjusted EBITDA as Net income (loss) attributable to Gannett before: (1) Income tax expense (benefit), (2) Interest expense, (3) Gains or losses on the early extinguishment of debt, (4) Non-operating pension income, (5) Loss on convertible notes derivative, (6) Depreciation and amortization, (7) Integration and reorganization costs, (8) Other operating expenses, including third-party debt expenses and acquisition costs, (9) Asset impairments, (10) Goodwill and intangible impairments, (11) Gains or losses on the sale or disposal of assets, (12) Share-based compensation, and (13) certain other non-recurring charges. The most directly comparable U.S. GAAP measure is Net income (loss) attributable to Gannett.

**Adjusted EBITDA margin** is a non-GAAP performance measure the Company believes offers a useful view of the overall and segment operations of our business. Adjusted EBITDA margin is defined as Adjusted EBITDA divided by total Operating revenues.

## Management's Use of Non-GAAP Measures

Adjusted EBITDA and Adjusted EBITDA margin are not measurements of financial performance under U.S. GAAP and should not be considered in isolation or as an alternative to income from operations, net income (loss), margin, revenues, cash flow provided by (used for) operating activities, or any other measure of performance or liquidity derived in accordance with U.S. GAAP. We believe these non-GAAP financial measures, as we have defined them, are helpful in identifying trends in our day-to-day performance because the items excluded have little or no significance on our day-to-day operations. These measures provide an assessment of controllable expenses and afford management the ability to make decisions which are expected to facilitate meeting current financial goals as well as achieve optimal financial performance.

We use Adjusted EBITDA and Adjusted EBITDA margin as measures of our day-to-day operating performance, which is evidenced by the publishing and delivery of news and other media and excludes certain expenses that may not be indicative of our day-to-day business operating results.

## Limitations of Non-GAAP Measures

Each of our non-GAAP measures have limitations as analytical tools. They should not be viewed in isolation or as a substitute for U.S. GAAP measures of earnings or cash flows. Material limitations in making the adjustments to our earnings to calculate Adjusted EBITDA and using these non-GAAP financial measures as compared to U.S. GAAP net income (loss) include: the cash portion of interest / financing expense, income tax (benefit) provision, and charges related to asset impairments, which may significantly affect our financial results.

Management believes these items are important in evaluating our performance, results of operations, and financial position. We use non-GAAP financial measures to supplement our U.S. GAAP results in order to provide a more complete understanding of the factors and trends affecting our business.

Adjusted EBITDA and Adjusted EBITDA margin are not alternatives to net income, margin, income from operations, cash flows provided by (used for) operations or revenues as calculated and presented in accordance with U.S. GAAP. As such, they should not be considered or relied upon as substitutes or alternatives for any such U.S. GAAP financial measure. We strongly urge you to review the reconciliations of Net income (loss) attributable to Gannett to Adjusted EBITDA and Adjusted EBITDA margin along with our Consolidated financial statements included elsewhere in this report. We also strongly urge you not to rely on any single financial measure to evaluate our business. In addition, because Adjusted EBITDA and Adjusted EBITDA margin are not measures of financial performance under U.S. GAAP and are susceptible to varying calculations, the Adjusted EBITDA and Adjusted EBITDA margin measures as presented in this report may differ from and may not be comparable to similarly titled measures used by other companies.



## Gannett Non-GAAP Reconciliation<sup>(1)</sup>

Adjusted EBITDA and Adjusted EBITDA Margin

### Total Company

<i>(in thousands)</i>	3 months ended March 31, 2022
Net loss attributable to Gannett	(\$2,967)
Benefit for income taxes	(7,607)
Interest expense	26,006
Loss on early extinguishment of debt	2,743
Non-operating pension income	(18,213)
Depreciation and amortization	47,783
Integration and reorganization costs	11,398
Other operating expenses	1,102
Asset Impairments	854
Gain on sale or disposal of assets, net	(2,804)
Share-based compensation expense	3,393
Other items	2,483
<b>Adjusted EBITDA (non-GAAP basis)</b>	<b>\$64,171</b>
Net loss attributable to Gannett margin	(0.4%)
<b>Adjusted EBITDA margin (non-GAAP basis)</b>	<b>8.6%</b>

### Digital Marketing Solutions Segment

<i>(in thousands)</i>	3 months ended March 31, 2022
Net income attributable to Gannett	\$5,257
Depreciation and amortization	6,458
Integration and reorganization costs	151
Loss on sale or disposal of assets, net	157
Other items	(843)
<b>Adjusted EBITDA (non-GAAP basis)</b>	<b>\$11,180</b>
Net income attributable to Gannett margin	4.8%
<b>Adjusted EBITDA margin (non-GAAP basis)</b>	<b>10.2%</b>

1. Small discrepancies may exist due to rounding.

# Gannett Non-GAAP Reconciliation<sup>(1)</sup>

DMS Historical Adjusted EBITDA Margin

<i>(in thousands)</i>	3 months ended December 31, 2021
Net income attributable to Gannett	\$7,452
Depreciation and amortization	6,396
Integration and reorganization costs	409
Loss on sale or disposal of assets, net	14
Other items	(36)
<b>Adjusted EBITDA (non-GAAP basis)</b>	<b>\$14,235</b>
Net income attributable to Gannett margin	6.6%
<b>Adjusted EBITDA margin (non-GAAP basis)</b>	<b>12.6%</b>

<i>(in thousands)</i>	3 months ended June 30, 2021
Net income attributable to Gannett	\$4,904
Other non-operating (income) expense, net	98
Depreciation and amortization	7,850
Integration and reorganization costs	204
Gain on sale or disposal of assets, net	(527)
<b>Adjusted EBITDA (non-GAAP basis)</b>	<b>\$12,529</b>
Net income attributable to Gannett margin	4.5%
<b>Adjusted EBITDA margin (non-GAAP basis)</b>	<b>11.4%</b>

<i>(in thousands)</i>	3 months ended September 30, 2021
Net income attributable to Gannett	\$5,005
Depreciation and amortization	7,986
Integration and reorganization costs	931
Gain on sale or disposal of assets, net	(91)
Other items	1,193
<b>Adjusted EBITDA (non-GAAP basis)</b>	<b>\$15,024</b>
Net income attributable to Gannett margin	4.3%
<b>Adjusted EBITDA margin (non-GAAP basis)</b>	<b>12.9%</b>

<i>(in thousands)</i>	3 months ended March 31, 2021
Net income attributable to Gannett	\$1,081
Other non-operating (income) expense, net	96
Depreciation and amortization	7,829
Integration and reorganization costs	166
<b>Adjusted EBITDA (non-GAAP basis)</b>	<b>\$9,172</b>
Net income attributable to Gannett margin	1.1%
<b>Adjusted EBITDA margin (non-GAAP basis)</b>	<b>9.0%</b>

1. Small discrepancies may exist due to rounding.