

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

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

For the fiscal year ended December 31, 2021 OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-10701

**THE E.W. SCRIPPS COMPANY**

*(Exact name of registrant as specified in its charter)*

Ohio  
*(State or other jurisdiction of  
incorporation or organization)*

31-1223339  
*(IRS Employer  
Identification Number)*

312 Walnut Street  
Cincinnati, Ohio 45202  
*(Address of principal executive offices) (Zip Code)*

*Registrant's telephone number, including area code: (513) 977-3000*

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

| Title of each class                              | Trading Symbol(s) | Name of each exchange on which registered |
|--|-------------------|---|
| Class A Common Stock, par value \$0.01 per share | SSP               | NASDAQ Global Select Market               |

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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 definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

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

The aggregate market value of Class A Common shares of the registrant held by non-affiliates of the registrant, based on the \$20.39 per share closing price for such stock on June 30, 2021, was approximately \$1,200,000,000. All Class A Common shares beneficially held by executives and directors of the registrant and descendants of Edward W. Scripps have been deemed, solely for the purpose of the foregoing calculation, to be held by affiliates of the registrant. There is no active market for our Common Voting shares.

As of January 31, 2022, there were 70,715,548 of the registrant's Class A Common shares, \$0.01 par value per share, outstanding and 11,932,722 of the registrant's Common Voting shares, \$0.01 par value per share, outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Certain information required for Part III of this report is incorporated herein by reference to the proxy statement for the 2022 annual meeting of shareholders.

Index to The E.W. Scripps Company Annual Report  
on Form 10-K for the Year Ended December 31, 2021

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As used in this Annual Report on Form 10-K, the terms “Scripps,” “Company,” “we,” “our” or “us” may, depending on the context, refer to The E.W. Scripps Company, to one or more of its consolidated subsidiary companies, or to all of them taken as a whole.

### **Additional Information**

Our Company website is <http://www.scripps.com>. Copies of all of our SEC filings filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge on this website as soon as reasonably practicable after we electronically file the material with, or furnish it to, the SEC. Our website also includes copies of the charters for our Compensation, Nominating & Governance and Audit Committees, our Corporate Governance Principles, our Insider Trading Policy, our Ethics Policy and our Code of Ethics for the CEO and Senior Financial Officers. All of these documents are also available to shareholders in print upon request or by request via e-mail to [secretary@scripps.com](mailto:secretary@scripps.com).

### **Forward-Looking Statements**

Our Annual Report on Form 10-K contains certain forward-looking statements related to the Company’s businesses that are based on management’s current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties, including changes in advertising demand and other economic conditions that could cause actual results to differ materially from the expectations expressed in forward-looking statements. Such forward-looking statements are made as of the date of this document and should be evaluated with the understanding of their inherent uncertainty. A detailed discussion of principal risks and uncertainties that may cause actual results and events to differ materially from such forward-looking statements is included in the section titled “Risk Factors.” Such Risk Factors include the potential materially adverse impact of the COVID-19 pandemic on the Company’s financial results or condition as a result of financial market volatility, government and regulatory actions, and disruptions to the Company’s businesses. The Company undertakes no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

## PART I

### Item 1. Business

We are a 143-year-old media enterprise with interests in local and national media brands. Founded in 1878, our motto is "Give light and the people will find their own way." Our mission is to do well by doing good — creating value for customers, employees and owners by informing, engaging and empowering those we serve. We serve audiences and businesses in our Local Media division through a portfolio of local television stations and their associated digital media products. We are one of the nation's largest independent owners of local television stations, with 61 stations in 41 markets that reach about 25% of U.S. television households. We have affiliations with all of the "Big Four" television networks as well as the CW network. In our Scripps Networks division, we operate nine news and entertainment networks - ION, Bounce, Court TV, Defy TV, Grit, ION Mystery, Laff, Newsy and TrueReal. We also operate an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational programs, the Scripps National Spelling Bee. For a full listing of our outlets, visit <http://www.scripps.com>.

We completed the acquisition of ION Media Networks, Inc. ("ION") on January 7, 2021, for \$2.65 billion. ION is a national broadcast television network that delivers popular crime and justice procedural programming to more than 100 million U.S. homes through its over-the-air broadcast and pay TV platforms. To comply with ownership rules of the Federal Communications Commission, we simultaneously divested 23 of ION's television stations, which were purchased by INYO Broadcast Holdings, LLC upon completion of the acquisition. These divested stations became independent affiliates of ION pursuant to long-term affiliation agreements. At the time of the acquisition and related divestitures, ION's programming was being delivered through 48 owned and operated stations and 63 independent ION affiliated stations.

The acquisition of ION enabled us to create a full-scale national television networks business. By combining ION with our other news and entertainment networks, Scripps Networks reaches nearly every American through free over-the-air broadcast, cable/satellite, connected TV and digital distribution, with multiple advertising-supported programming streams. The ION network airs on primary channels in its owned and operated markets and on digital subchannels in its affiliates' markets. Our other multicast networks air on digital subchannels on our and other broadcast stations.

The ION transaction was financed with a combination of cash, debt financing and preferred equity financing, including Berkshire Hathaway's \$600 million preferred equity investment in Scripps. Berkshire Hathaway did not receive any board seats or other governance rights with the preferred equity investment. Berkshire Hathaway also received a warrant to purchase up to 23.1 million Class A shares, at an exercise price of \$13 per share.

On July 1, 2021, we launched two national television networks. The two networks, which are distributed for free to viewers over-the-air and reached 92% of U.S. television homes at launch, are demo-specific and reality-based. TrueReal targets women in the 25-54 demographic and features off-network shows such as *Storage Wars*, *Married at First Sight*, *Hoarders* and *Little Women: LA*. Defy TV targets men ages 25-54 with programming that includes off-network series such as *Pawn Stars*, *Forged in Fire*, *American Pickers* and *The Curse of Oak Island*.

During the first quarter of 2021, the Company began notifying MVPDs carrying Newsy of our intent to exit cable and satellite distribution of the network. In October 2021, the network launched as an over-the-air television station. Newsy became the nation's only free 24/7 broadcast news network, available to more than 90% of U.S. television homes. The network is headquartered in Atlanta and is carried primarily on the Scripps-owned ION stations and select Scripps local television stations and those of other station groups.

Our Board of Directors approved the sale of our Triton business in the first quarter of 2021 and we signed a definitive agreement to sell the business on February 16, 2021. The transaction closed on March 31, 2021 for total net proceeds of \$225 million.

Financial information for each of our business segments can be found under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Notes to Consolidated Financial Statements of this Form 10-K.

## LOCAL MEDIA

Our Local Media segment is comprised of our 61 local broadcast television stations and their related digital operations. We have operated broadcast television stations since 1947, when we launched Ohio's first television station, WEWS, in Cleveland. Our television station group reaches approximately 25% of the nation's television households and includes 18 ABC affiliates, 11 NBC affiliates, nine CBS affiliates and four FOX affiliates. We also have 12 CW affiliates - four on full power stations and eight on multicast; five independent stations and 10 additional low power stations.

We produce high-quality news, information and entertainment content that informs and engages our local communities. We distribute our content on multiple platforms, including broadcast, digital, mobile, social and over-the-top (OTT). It is our objective to develop content and applications designed to enhance the user experience on each of those platforms. Our ability to cover our communities across various digital platforms allows us to expand our audiences beyond traditional broadcast television.

We believe the most critical component of our product mix is compelling news content, which is an important link to the community and aids our stations' efforts to retain and expand viewership. We have trained employees in our news departments to be multi-media journalists, allowing us to pursue a "hyper-local" strategy by having more reporters covering local news for our over-the-air and digital platforms.

In addition to news programming, our television stations run network programming, syndicated programming and original programming. Our strategy is to balance syndicated programming with original programming that we control. We believe this strategy improves our Local Media division's financial performance. Original shows we produce ourselves or in partnership with others include:

- *The List*, an Emmy-award winning infotainment show, is available in 36 markets reaching viewers in approximately 24% of the country.
- *The Race* is a weekly show that focuses on the issues impacting Americans as we face a quickly changing economy and nation. We travel coast to coast talking to Americans about their lives. It is real people talking about real issues. This show is available in more than 42 markets.
- *RightThisMinute* is a daily entertainment program featuring consumer-generated viral videos. *RightThisMinute* reaches nearly 94% of the nation's television households.

Information concerning our full-power television stations, their network affiliations and the markets in which they operate is as follows:

| Station | Market                     | Network Affiliation/<br>DTV Channel | Affiliation Agreement<br>Expires in | FCC License<br>Expires in | Market Rank |
|---------|----------------------------|-------------------------------------|-------------------------------------|---------------------------|-------------|
| KNXV-TV | Phoenix, Ch. 15            | ABC/15                              | 2022                                | 2022                      | 12          |
| KASW-TV | Phoenix, Ch. 61            | CW/27                               | 2024                                | 2022                      | 12          |
| WFVS-TV | Tampa, Ch. 28              | ABC/29                              | 2022                                | 2029                      | 13          |
| WMYD-TV | Detroit, Ch. 20            | Ind/21                              | N/A                                 | 2029                      | 15          |
| WXYZ-TV | Detroit, Ch. 7             | ABC/41                              | 2022                                | 2029                      | 15          |
| KMGH-TV | Denver, Ch. 7              | ABC/7                               | 2022                                | 2022                      | 16          |
| KCDO-TV | Denver, Ch. 3              | Ind/3                               | N/A                                 | 2022                      | 16          |
| WSFL-TV | Miami, Ch. 39              | CW/27                               | 2024                                | 2029                      | 18          |
| WEWS-TV | Cleveland, Ch. 5           | ABC/15                              | 2022                                | 2029                      | 19          |
| WRTV-TV | Indianapolis, Ch. 6        | ABC/25                              | 2022                                | 2029                      | 25          |
| KGTV-TV | San Diego, Ch. 10          | ABC/10                              | 2022                                | 2022                      | 28          |
| WMAR-TV | Baltimore, Ch. 2           | ABC/38                              | 2022                                | 2028                      | 27          |
| WTVF-TV | Nashville, Ch. 5           | CBS/25                              | 2024                                | 2029                      | 30          |
| KSTU-TV | Salt Lake City, Ch. 13     | FOX/28                              | 2022                                | 2022                      | 29          |
| KMCI-TV | Kansas City, Ch. 38        | Ind./41                             | N/A                                 | 2022                      | 32          |
| KSHB-TV | Kansas City, Ch. 41        | NBC/42                              | 2024                                | 2022                      | 32          |
| WCPO-TV | Cincinnati, Ch. 9          | ABC/22                              | 2022                                | 2029                      | 35          |
| WTMJ-TV | Milwaukee, Ch. 4           | NBC/28                              | 2024                                | 2029                      | 36          |
| WPTV-TV | W. Palm Beach, Ch. 5       | NBC/12                              | 2024                                | 2029                      | 39          |
| WHDT-TV | W. Palm Beach, Ch. 9       | Ind/34                              | N/A                                 | 2029                      | 39          |
| KTNV-TV | Las Vegas, Ch. 13          | ABC/13                              | 2022                                | 2022                      | 40          |
| WXMI-TV | Grand Rapids, Ch. 17       | FOX/19                              | 2022                                | 2029                      | 41          |
| WGNT-TV | Norfolk, Ch. 27            | CW/50                               | 2024                                | 2028                      | 46          |
| WTKR-TV | Norfolk, Ch. 3             | CBS/40                              | 2022                                | 2028                      | 46          |
| WKBW-TV | Buffalo, Ch. 7             | ABC/38                              | 2022                                | 2023                      | 52          |
| WFTX-TV | Fort Myers/Naples, Ch. 4   | FOX/35                              | 2022                                | 2029                      | 54          |
| WTVR-TV | Richmond, Ch. 6            | CBS/25                              | 2022                                | 2028                      | 56          |
| KJRH-TV | Tulsa, Ch. 2               | NBC/8                               | 2024                                | 2022                      | 61          |
| WLEX-TV | Lexington, Ch. 18          | NBC/39                              | 2024                                | 2029                      | 63          |
| KWBA-TV | Tucson, Ch. 58             | CW/44                               | 2024                                | 2022                      | 69          |
| KGUN-TV | Tucson, Ch. 9              | ABC/9                               | 2022                                | 2022                      | 69          |
| WGBA-TV | Green Bay/Appleton, Ch. 26 | NBC/41                              | 2024                                | 2029                      | 68          |
| WACY-TV | Green Bay/Appleton, Ch. 32 | Ind/27                              | N/A                                 | 2029                      | 68          |
| KMTV-TV | Omaha, Ch. 3               | CBS/45                              | 2022                                | 2022                      | 72          |
| KOAA-TV | Colorado Springs, Ch.5     | NBC/42                              | 2024                                | 2022                      | 84          |
| KXXV-TV | Waco, Ch.25                | ABC/26                              | 2022                                | 2022                      | 82          |
| KIVI-TV | Boise, Ch. 6               | ABC/24                              | 2022                                | 2022                      | 98          |
| WTXL-TV | Tallahassee, Ch. 27        | ABC/27                              | 2022                                | 2029                      | 107         |
| WSYM-TV | Lansing, Ch. 47            | FOX/38                              | 2022                                | 2029                      | 114         |
| KSBY-TV | San Luis Obispo, Ch. 6     | NBC/15                              | 2024                                | 2022                      | 122         |
| KATC-TV | Lafayette, Ch. 3           | ABC/28                              | 2022                                | 2029                      | 124         |
| KERO-TV | Bakersfield, Ch. 23        | ABC/10                              | 2022                                | 2022                      | 125         |
| KRIS-TV | Corpus Christi, Ch. 6      | NBC/13                              | 2024                                | 2022                      | 130         |
| KPAX-TV | Missoula, Ch. 8            | CBS/7                               | 2024                                | 2022                      | 162         |
| KTVQ-TV | Billings, Ch. 2            | CBS/10                              | 2024                                | 2022                      | 166         |
| KXLF-TV | Butte-Bozeman, Ch. 4       | CBS/5                               | 2024                                | 2022                      | 187         |
| KRTV-TV | Great Falls, Ch. 3         | CBS/7                               | 2024                                | 2022                      | 191         |
| KTVH-TV | Helena, Ch. 12             | NBC/12                              | 2024                                | 2022                      | 203         |

Historically, we have been successful in renewing our FCC licenses. Market rank is based on the 2022 Nielsen HH Universe estimates and represents the relative size of a station's Designated Market Area rank in the United States.

## **Revenue cycles and sources**

### *Core Advertising*

Our core advertising is comprised of sales to local and national customers. The advertising includes a combination of broadcast spots, as well as digital and OTT advertising. Our core advertising revenues accounted for 50% of our Local Media segment's revenues in 2021. Pricing of broadcast spot advertising is based on audience size and share, the demographics of our audiences and the demand for our limited inventory of commercial time. Our stations compete for advertising revenues with other sources of local media, including competitors' television stations in the same markets, radio stations, cable television systems, newspapers, digital platforms and direct mail.

Local advertising time is sold by each station's local sales staff who call upon advertising agencies and local businesses, which typically include advertisers such as car dealerships, health-care facilities and other service providers. We seek to attract new advertisers to our television stations and to increase the amount of advertising sold to existing local advertisers by relying on experienced local sales forces with strong community ties, producing news and other programming with local advertising appeal and sponsoring or promoting local events and activities.

National advertising time is generally sold through national sales representative firms that call upon advertising agencies, whose clients typically include automobile manufacturers and dealer groups, telecommunications companies and insurance providers.

Digital revenues are primarily generated from the sale of advertising to local and national customers on our local television websites, smartphone apps, tablet apps and other platforms.

Cyclical factors influence revenues from our core advertising categories. Some of the cycles are periodic and known well in advance, such as election campaign seasons and special programming events (e.g. the Olympics or the Super Bowl). For example, our NBC affiliates benefit from incremental advertising demand from the coverage of the Olympics. Economic cycles are less predictable and beyond our control.

Due to increased demand in the spring and holiday seasons, the second and fourth quarters normally have higher advertising revenues than the first and third quarters.

### *Political Advertising*

Political advertising is generally sold through our Washington D.C. sales office. Advertising is sold to presidential, gubernatorial, Senate and House of Representative candidates, as well as for state races and local issues. It is also sold to political action groups (PACs) or other advocacy groups. Political advertising revenues were 2% of our Local Media segment's revenues in 2021.

Political advertising revenues increase significantly during even-numbered years when local, state and federal elections occur. In addition, every four years, political spending is typically elevated further due to the advertising for the presidential election. Because of the cyclical nature of each political election cycle, there has been a significant difference in our operating results when comparing the performance in even-numbered years to that in odd-numbered years. Additionally, our operating results are impacted by the number, importance and competitiveness of individual political races and issues discussed in our local markets.

### *Retransmission Revenues*

We earn revenues from retransmission consent agreements with multi-channel video programming distributors ("MVPDs") in our markets. Retransmission revenues were 47% of our Local Media segment's revenues in 2021. The MVPDs are cable operators, telecommunication companies and satellite carriers who pay us to offer our programming to their customers. The fees we receive from our retransmission consent agreements are typically based on the number of subscribers in our local market and the contracted rate per subscriber. Approximately 20% of subscribers within our retransmission consent agreements are subject to negotiation in 2022 and 75% of our subscribers are under consent agreements that will expire in 2023. We also receive fees from over-the-top virtual MVPDs.

## **Expenses**

Employee costs accounted for 41% of our Local Media segment's costs and expenses in 2021.

We centralize certain functions, such as master control, traffic, graphics and political advertising, at company-owned hubs that do not require a presence in the local markets. This approach enables each of our stations to focus local resources on the creation of content and revenue-producing activities. We expect to continue to look for opportunities to centralize functions that do not require a local market presence.

Programming costs, which include network affiliation fees, syndicated programming and shows produced for us or in partnership with others, were 42% of our Local Media segment's costs and expenses in 2021.

Our network-affiliated stations broadcast programming that is supplied to us by the networks in various dayparts. Under each affiliation agreement, the station broadcasts all of the programs transmitted by the network. In exchange, we pay affiliation fees to the network and the network sells a substantial majority of the advertising time during these broadcasts. We expect our network affiliation agreements to be renewed upon expiration.

**Federal Regulation of Broadcasting** — Broadcast television is subject to the jurisdiction of the FCC pursuant to the Communications Act of 1934, as amended (“Communications Act”). The Communications Act prohibits the operation of broadcast stations except in accordance with a license issued by the FCC and empowers the FCC to revoke, modify and renew broadcast licenses, approve the transfer of control of any entity holding such a license, determine the location of stations, regulate the equipment used by stations and adopt and enforce necessary regulations. As part of its obligation to ensure that broadcast licensees serve the public interest, the FCC exercises limited authority over broadcast programming by, among other things, requiring certain children's television programming and limiting commercial content therein, requiring the identification of program sponsors, regulating the sale of political advertising and the distribution of emergency information, and restricting indecent programming. The FCC also requires television broadcasters to close caption their programming for the benefit of persons with hearing impairment and to ensure that any of their programming that is later transmitted via the Internet is captioned. Network-affiliated television broadcasters in larger markets must also offer audio narration of certain programming for the benefit of persons with visual impairments. Reference should be made to the Communications Act, the FCC's rules and regulations, and the FCC's public notices and published decisions for a fuller description of the FCC's extensive regulation of broadcasting.

Broadcast licenses are granted for a term of up to eight years and are renewable upon request, subject to FCC review of the licensee's performance. While there can be no assurance regarding the renewal of our broadcast licenses, we have never had a license revoked, have never been denied a renewal, and all previous renewals have been for the maximum term.

FCC regulations govern the ownership of television stations, and the agency is required by statute to periodically review these rules. In November 2017, the FCC adopted significant changes to its local television ownership rules. Those rules were vacated by a reviewing court in late 2019 but reinstated by the Supreme Court in early 2021. One of these changes was the relaxation of the television “duopoly rule” to allow ownership of two television stations in the same market as long as at least one of the stations is not among the “top-four” rated stations in the market, as measured at the time an application to acquire the second station is filed. Acquisition of two “top-four” stations in the same market is allowed only pursuant to waiver. In addition to upholding changes to the duopoly rule, the United States Supreme Court also affirmed the FCC's elimination of its newspaper/broadcast cross-ownership rule, its radio/television cross-ownership rule, and its determination that stations in joint advertising sales agreements should not be treated as if they were under common ownership.

With respect to national television ownership, the FCC voted in December 2017 to consider whether and how it might revisit its rule preventing applicants from obtaining an ownership interest in television stations whose total national audience reach would exceed 39% of all television households. Earlier in that year, the FCC also reinstated the 50% discount applied to the number of households deemed covered by UHF television stations. Scripps' 2021 acquisition of ION brought the Company's national audience reach to 38.9% of television households after application of the “UHF discount.”

In December 2018, the FCC began another of its statutorily required reviews of its multiple ownership rule, including a broad review of whether all the current local radio and television rules continue to serve the public interest. This proceeding remains open, and the FCC in 2021 requested that parties refresh the record in that proceeding, although the FCC has not proposed any specific rule changes. The Communications Act requires the FCC to conduct such a review every four years, and as a result a new proceeding is required to be opened in 2022, although it may be consolidated with the existing 2018 review.

We cannot predict the outcome of these open proceedings, the expected court reviews of any changes to the FCC's television ownership rules, or the effect of further FCC rule revisions on our stations' operations or our business.



The restrictions imposed by the FCC's ownership rules may apply to a corporate licensee due to the ownership interests of its officers, directors or significant shareholders. If such parties meet the FCC's criteria for holding an attributable interest in the licensee, they are likewise expected to comply with the ownership limits, as well as other licensee requirements such as compliance with certain criminal, antitrust and antidiscrimination laws.

In order to provide additional spectrum for mobile broadband and other services, the FCC in 2017 conducted an incentive spectrum auction in which some television broadcasters agreed to voluntarily give up spectrum in return for a share of the auction proceeds. No Scripps station went off-air or relinquished a UHF-band allocation for a VHF-band allocation as a result of the auction, but many of Scripps' full-power, Class A, and low-power and translator stations relocated to new channels in the reduced broadcast spectrum band. All Scripps stations completed this transition timely.

Broadcasters are continuing to deploy a new voluntary digital television standard, ATSC 3.0. This Internet-protocol based transmission method permits television stations to offer enhanced and innovative services coupled with much improved broadcast signal reception, particularly by mobile devices. The new standard, however, is incompatible with both existing television receivers and with a station's ability to continue offering its service via the current ATSC 1.0 digital standard. To avoid loss of service to those viewers who lack a new receiver, stations switching to ATSC 3.0 transmission are required to arrange for a local station that continues to use the current 1.0 standard to air (on a subchannel) programming "substantially similar" to that offered by the switching station on its 3.0 channel. In return, the 3.0 station could host the 3.0 signal of its 1.0 "host" station. This "simulcasting" requirement will sunset in July 2023, unless extended by the FCC. Scripps stations in several markets are operating with the new transmission protocol.

The FCC remains committed to permitting non-broadcast spectrum use in the "white spaces" between television stations' protected service areas despite broadcasters' concerns about the possibility of harmful interference to their existing service and to the potential for innovative uses of their broadcast spectrum in the future. In 2015, the FCC proposed to reserve a 6 MHz "vacant channel" in each market for non-broadcast, unlicensed services (including wireless microphones) which, if adopted, would have further reduced the spectrum available for television broadcasting. The reservation of spectrum in the "broadcast" band for interference-protected non-broadcast services could have had a particularly adverse effect on the ability of low-power and translator television stations to offer service since these stations enjoy only "secondary" status that offers no protection from interference caused by a full-power station. In late 2020, the FCC declined to adopt its own vacant channel proposal, although petitions for reconsideration of this decision remain pending. We cannot predict the outcome of these proceedings or their possible impact on the Company.

Full-power broadcast television stations generally enjoy "must-carry" rights on any cable television system defined as "local" with respect to the station. Stations may waive their must-carry rights and instead negotiate retransmission consent agreements with local cable companies. Similarly, satellite video providers are required to carry the signal of those television stations that request carriage and that are located in markets in which the satellite carrier chooses to retransmit at least one local station. Satellite video providers may not carry a broadcast station without its consent. For stations that do not elect mandatory carriage, FCC rules most recently revised in 2020 require parties to negotiate in "good faith" for retransmission consent agreements, and the FCC has imposed significant fines on parties who have been found to have violated these requirements. The Company has elected to negotiate retransmission consent agreements with cable operators and satellite video providers for the majority of both our network-affiliated stations and our independent stations. Prior to the Company's 2021 acquisition of ION, only two Scripps stations had elected "must-carry" status, but all acquired ION stations rely on "must carry" to ensure carriage.

Other proceedings before the FCC and the courts have reexamined the policies that protect television stations' rights to control the distribution of their programming within their local service areas. For example, the FCC in 2014 initiated a rulemaking proceeding on the degree to which an entity relying upon the Internet to deliver video programming should be subject to the regulations that apply to multi-channel video programming distributors ("MVPDs"), such as cable operators and satellite systems. While the major broadcast networks secured a victory in their lawsuit against the streaming service Locast, with the court finding that its retransmission of local television stations' signals without their consent violated copyright law, the application of copyright law to other potential streaming services remains uncertain. We cannot predict the outcome of any FCC initiatives to address the use of new technologies to challenge traditional means of redistributing television broadcast programming or their possible impact on the Company.

The FCC may impose substantial penalties for violations of its rules and policies. While uncertainty continues regarding the scope of the FCC's authority to regulate indecent programming, the agency has increased its enforcement efforts regarding

other programming issues such as sponsorship identification, broadcasting improper emergency alerts and extending service to persons with disabilities. We cannot predict the effect of the FCC's expanded enforcement efforts on the Company.

## SCRIPPS NETWORKS

Our Scripps Networks segment is comprised of nine national television networks - ION, Bounce, Court TV, Grit, ION Mystery, Laff, Newsy and recently launched, Defy TV and TrueReal. The networks reach nearly every U.S. television home through free over-the-air (OTA) broadcast, cable/satellite, connected TV and digital distribution.

The segment generates revenue principally from the sale of advertising time on the national television networks. Advertising revenue generated by our networks depends on viewership ratings and advertising rates paid by advertisers for delivery of advertisements to certain viewer demographics. Advertising revenue is sold in the upfront, scatter (together called general market), direct response and connected TV markets. In the upfront market, advertisers buy advertising time for upcoming seasons and, by committing to purchase in advance, lock in the advertising rates they will pay for the upcoming year. In the scatter market, advertisers buy their spots closer to the time when the spots will run. The mix of upfront and scatter market advertising time sold is based upon the economic conditions at the time the sales take place, impacting the sell-out levels management is willing or able to obtain. The demand in the scatter market then impacts the pricing achieved for our remaining general market advertising inventory. Scatter market pricing can vary from upfront pricing and can be volatile. In most cases, advertising sales in the upfront and scatter markets are subject to ratings guarantees that require us to provide additional advertising time if the guaranteed audience levels are not achieved. Similar to the scatter market, direct response advertisers buy their spots closer to the time when the spots will run and pricing can vary based on demand. Direct response advertisers buy spots based on expected performance, giving advertisers an efficient and measured way to reach their customers. Direct response advertising is not subject to ratings guarantees.

Revenue from advertising is subject to seasonality, market-based variations and general economic conditions. Due to increased demand in the spring and holiday seasons, the second and fourth quarters normally have higher advertising revenues than the first and third quarters.

Programming expenses, employee costs and sales and marketing expenses are the primary operating costs of our Scripps Networks segment. Programming expenses accounted for 51% of our Scripps Networks segment's costs and expenses in 2021, reflecting both the costs of investing in quality programming and costs of distribution from carriage agreements with local television broadcasters and cable and satellite providers. The national networks are carried on both our owned and operated television stations and from carriage agreements with other broadcast stations. Our OTA television networks are well-positioned to capitalize on cord-cutting trends and provide a platform for delivering mass audiences to national advertisers.

### ION

Our ION national television network reaches around 100 million domestic homes through its 44 owned and operated OTA broadcast TV stations, on pay TV platforms and independent broadcast affiliates that carry the ION programming. ION broadcasts popular scripted crime and justice procedural programming and has the fifth-largest average prime-time audience among all broadcast networks on television. ION elects government-mandated must-carry provisions, thereby ensuring its programming is available on cable and satellite systems.

### Bounce

Bounce is available in approximately 98% of U.S. television broadcast homes. Bounce is an African American broadcast network dedicated to inspiring, empowering and entertaining viewers. Bounce programming represents a rich mosaic of the African American community, featuring both licensed and original dramas, sitcoms, movies and specials. Original programming includes hit series such as *Johnson* and *Saints and Sinners*. In the fourth quarter of 2021, Bounce XL was launched as a free advertising-supported streaming television (FAST) channel with distribution on multiple streaming services.

### Court TV

Court TV is available in approximately 97% of U.S. television broadcast homes. Court TV is devoted to live, gavel-to-gavel coverage, in-depth legal reporting and expert analysis of the nation's most important and compelling trials. Court TV is also available as a FAST channel with distribution on multiple streaming services.

## **Defy TV**

The network was launched on July 1, 2021 and reaches approximately 96% of U.S. television broadcast homes. Defy TV features male-centric programming that includes reality-based series such as *Pawn Stars*, *Forged in Fire*, *American Pickers* and *The Curse of Oak Island*.

## **Grit**

Grit is available in approximately 98% of U.S. television broadcast homes and appeals more strongly to male viewers. Grit's programming line-up is primarily iconic Western series and movies.

## **ION Mystery (formerly Court TV Mystery)**

ION Mystery is available in approximately 98% of U.S. television broadcast homes and its programming is anchored in popular true-crime and justice procedural programming. Programming on ION Mystery includes *The First 48*, *Law & Order* and *CSI* franchises.

## **Laff**

Laff is available in approximately 97% of U.S. television broadcast homes and targets comedy-lovers in the 18 to 49 age range. Programming on Laff includes popular sitcoms including *Home Improvement*, *How I Met Your Mother* and *According to Jim*.

## **Newsy**

Newsy is our national news network focused on bringing objective, fact-based reporting and analysis on world and national news, including politics, entertainment, science and technology. During the first six months of 2021, Newsy exited its cable and satellite distribution of the network as part of a strategy to relaunch as an over-the-air network, which happened in October 2021. Newsy is now the nation's only free 24/7 broadcast news network, available in approximately 95% of U.S. television broadcast homes. Newsy is also available on multiple streaming services as either an app or FAST channel. The network's programming lineup includes *Morning Rush*, *In the Loop with Christian Bryant*, *Newsy Tonight with Chance Seales* and *Newsy Docs Presents*.

## **TrueReal**

The network was launched on July 1, 2021 and reaches approximately 96% of U.S. television broadcast homes. TrueReal features female-centric programming that includes reality-based shows such as *Storage Wars*, *Married at First Sight*, *Hoarders* and *Little Women: LA*.

Information concerning our Scripps Networks FCC licensed television stations and the markets in which they operate is as follows:

| Station | Market                             | DTV Channel | FCC License Expires in | Market Rank |
|---------|------------------------------------|-------------|------------------------|-------------|
| WPXN    | New York, NY                       | 34          | 2023                   | 1           |
| KILM    | Los Angeles, CA                    | 24          | 2022                   | 2           |
| KPXN    | Los Angeles, CA                    | 24          | 2022                   | 2           |
| WCPX    | Chicago, IL                        | 34          | 2029                   | 3           |
| WPPX    | Philadelphia, PA                   | 34          | 2023                   | 4           |
| KPXD    | Dallas-Ft. Worth, TX               | 25          | 2022                   | 5           |
| WPXA    | Atlanta, GA                        | 16          | 2029                   | 6           |
| WPXW    | Washington, DC-Hagerstown, MD      | 35          | (1)                    | 7           |
| WWPX    | Washington, DC-Hagerstown, MD      | 13          | 2028                   | 7           |
| KKPX    | San Francisco-Oakland-San Jose, CA | 33          | 2022                   | 8           |
| KPXB    | Houston, TX                        | 32          | 2022                   | 9           |
| WBPX    | Boston, MA                         | 22          | 2023                   | 10          |
| WDPX    | Boston, MA                         | 22          | 2023                   | 10          |
| WPXG    | Boston, MA                         | 23          | 2023                   | 10          |
| KWPX    | Seattle-Tacoma, WA                 | 33          | 2023                   | 11          |
| WXPX    | Tampa-St. Petersburg, FL           | 29          | 2029                   | 13          |
| KPXM    | Minneapolis-St. Paul, MN           | 16          | 2022                   | 14          |
| WOPX    | Orlando-Daytona, FL                | 14          | 2029                   | 17          |
| WPXM    | Miami-Ft.Lauderdale, FL            | 21          | 2029                   | 18          |
| KSPX    | Sacramento-Stockton-Modesto,CA     | 21          | 2022                   | 20          |
| KPXG    | Portland,OR                        | 22          | 2023                   | 21          |
| WRBU    | St. Louis, MO                      | 28          | 2029                   | 23          |
| WFPX    | Raleigh-Durham, NC                 | 32          | 2028                   | 24          |
| WRPX    | Raleigh-Durham, NC                 | 32          | 2028                   | 24          |
| WINP    | Pittsburgh, PA                     | 16          | 2023                   | 26          |
| KUPX    | Salt Lake City, UT                 | 29          | 2023                   | 29          |
| WNPX    | Nashville, TN                      | 32          | 2029                   | 30          |
| KPXL    | San Antonio, TX                    | 26          | 2022                   | 31          |
| WSFJ    | Columbus, OH                       | 19          | 2029                   | 33          |
| WPXE    | Milwaukee, WI                      | 30          | 2029                   | 36          |
| KMCC    | Las Vegas, NV                      | 32          | 2022                   | 40          |
| WPXC    | Jacksonville, FL-Brunswick, GA     | 24          | 2029                   | 43          |
| WPXL    | New Orleans, LA                    | 33          | 2029                   | 50          |
| WPXQ    | Providence, RI                     | 17          | 2023                   | 51          |
| WQPX    | Wilkes Barre-Scranton, PA          | 33          | 2023                   | 58          |
| KTPX    | Tulsa, OK                          | 28          | 2022                   | 61          |
| WPXK    | Knoxville, TN                      | 18          | 2029                   | 62          |
| WKOI    | Dayton, OH                         | 31          | 2029                   | 64          |
| KFPX    | Des Moines-Ames, IA                | 36          | 2030                   | 67          |
| WPXR    | Roanoke, VA                        | 27          | 2028                   | 71          |
| WLPX    | Charleston-Huntington, WV          | 18          | 2028                   | 77          |
| WIPL    | Portland-Auburn, ME                | 24          | 2023                   | 78          |
| WZRB    | Columbia, SC                       | 25          | 2028                   | 79          |
| WSPX    | Syracuse, NY                       | 36          | 2023                   | 83          |
| KPXR    | Cedar Rapids, IA                   | 22          | 2030                   | 92          |
| WEPX    | Greenville-New Bern, NC            | 36          | 2028                   | 102         |
| WPXU    | Greenville-New Bern, NC            | 16          | 2028                   | 102         |
| WTPX    | Wausau-Rhineland, WI               | 19          | 2029                   | 134         |

(1) Application for renewal of the license was submitted timely to the FCC. Under FCC rules, the license expiration date is automatically extended pending FCC review of and action on the renewal application.

Market rank is based on the 2022 Nielsen HH Universe estimates and represents the relative size of a station's Designated Market Area rank in the United States.

## Employees and Human Capital Resource Management

Scripps operates under the fundamental philosophy that people are our most valuable asset. Identifying quality talent is at the heart of everything we do and our business success is dependent upon our ability to attract, develop and retain highly qualified employees. Our core values of courage, compassion, excellence, fairness, integrity and respect establish the foundation on which the culture is built and represent the key expectations we have of our employees. Our goal is to hire the best, to spark their passion for the job and then to nourish their career with tools that will help them learn and excel. We believe our culture and commitment to our employees help us attract and retain our qualified talent, while simultaneously providing significant value to Scripps and its shareholders.

### *Employees*

As of December 31, 2021, we had approximately 5,600 full-time equivalent employees, of whom approximately 4,300 were with Local Media and 860 with Scripps Networks. Various labor unions represent approximately 400 employees, all of which are in Local Media. We have not experienced any work stoppages at our current operations since 1985. We consider our relationships with our employees to be good.

### *COVID-19*

During 2021, the coronavirus and variants that cause the disease COVID-19 continued the global pandemic monitored by the World Health Organization. As the United States continued to combat the crisis, we reinforced our commitment to three priorities to guide our actions of protecting the well-being of our employees, serving our audiences and communities and maintaining business continuity. In mid-March 2020, nearly all of our employees were transitioned out of our workplaces without an interruption to news programming or other media delivery. As we returned portions of our employees back to newsrooms and workplaces in 2021, we instituted a mask requirement in our facilities. In September 2021, we made the decision to implement a vaccine policy as part of our commitment to workplace safety. The policy required all employees to be fully vaccinated by December 1, 2021, unless a medical or religious accommodation was granted. It is our belief that a fully vaccinated workplace creates the safest environment for employees to return to the workplace in 2022. As part of this healthy workplace goal, we have updated our Communicable Disease policy to provide guidance and expectations to all of our employees when faced with questions about communicable illnesses. Learnings from this experience have resulted in a rethinking of our workplace and work requirements and we may continue to provide certain employees with flexible working arrangements, depending upon their duties and responsibilities. In addition to protecting our employees' physical health, we also offer resources to assist with our employees' mental well-being. To help employees navigate this troubling time, we've created a holistic library of well-being resources called "Healthy Minds" that is posted to the Company intranet and available to all employees.

Additionally, the Company's philanthropic organization, The Scripps Howard Foundation, created a fund in March 2020 to give aid to qualified Scripps employees adversely affected by the COVID-19 crisis. The Company made a donation to this employee relief fund in 2020 equal to the amount of voluntary salary reductions from the senior leadership team and fee reductions from members of the Company's Board of Directors. Members of the Scripps family also contributed significantly to the fund in both 2020 and 2021. During 2020 and early 2021, the fund disbursed in excess of \$1.4 million to provide more than 900 employees up to \$2,000 each for needs caused by the pandemic, such as food and basic household supplies, housing-related assistance, and childcare or eldercare costs.

### *Equity, Diversity and Inclusion*

Scripps is committed to an equitable, diverse and inclusive workplace that reflects the communities where we live, work and play. Our overarching Equity, Diversity and Inclusion (EDI) strategy focuses on building awareness of the importance of EDI in our workplaces and communities, empowering leaders to employ EDI practices in their business units or reporting structures, and tracking its equity, diversity and inclusion efforts, which culminates in regulatory reporting (Equal Employment Opportunity-1 reports), divisional analysis and regular reports to the Company's Board of Directors.

Leading Scripps' diversity, equity and inclusion strategies across the enterprise is a chief diversity officer. She and her team partner with business and human resources leaders across the Company to develop and implement the EDI strategy as well as action plans that continually evolve Scripps' EDI commitment. The components of these plans include:

- HR/EDI Strategic Purpose/Enterprise HR Objective: Foster diverse, inclusive, respectful workplaces focused on recruiting and developing talent that drives a high-performance, mission-oriented culture to support business objectives.
- EDI Mission: Cultivate a culture of inclusion where everyone is valued, informed and empowered to fully realize their Scripps story.
- EDI Vision: Transforming our business and the communities where we live, work and play by acknowledging, incorporating and uplifting our increasingly diverse world.

Representative 2021 EDI activities include increased history and heritage month celebrations as well as an inaugural diversity symposium with 15 sessions over five days. The diversity symposium included 50 speakers on topics ranging from empathy as a superpower, being an effective ally/upstander, neurodiversity, bias free journalism, mental health, and guided virtual tours of three museums, including The Holocaust & Humanity Center, Asian Art Museum and National WWII Museum.

As a result of what has been a multi-year focus on EDI awareness, we now have: 1) ten employee resource groups, 2) an enhanced sponsorship program to complement existing retention, development and advancement strategies, 3) an EDI Advisory Council to obtain perspective and participation from employees across the enterprise, and 4) embedded EDI into our employee onboarding, engagement and compliance schedule including mandated unconscious bias education for all employees.

#### *Compensation and Benefits*

Critical to our success is identifying, recruiting, retaining and incentivizing our existing and future employees. We strive to attract and retain the most talented employees in the industry by offering competitive compensation and benefits. Our compensation philosophy is based on rewarding each employee's individual contributions and striving to achieve equal pay for equal work regardless of gender, race or ethnicity. We use a combination of fixed and variable pay, including base salary, bonus, commissions and merit increases, which vary across the business and by role. In addition, as part of our long-term incentive plan for executives and certain employees, we provide share-based compensation to foster our merit-based culture, align our business leaders' interests with those of our shareholders and to attract, retain and motivate our key leaders.

As the success of our business is fundamentally connected to the well-being of our people, we offer benefits that support their physical, financial and emotional well-being. We provide our employees with access to flexible and convenient medical programs intended to meet their needs and the needs of their families. In addition to standard medical coverage, we offer eligible employees dental and vision coverage, health savings and flexible spending accounts, paid time off, employee assistance programs, voluntary identity theft protection, access to financial counseling and student loan assistance programs, voluntary short-term and long-term disability insurance and term life insurance. We also offer a voluntary Employee Stock Purchase Plan (ESPP) whereby employees can elect to participate through payroll deductions and purchase Company stock at a discounted price. Additionally, we offer a 401(k) Defined Contribution Plan to all regular employees and an Executive Deferred Compensation Plan to certain employees. Through our Scripps Howard Foundation, we offer our employees opportunities to apply for grants to support their volunteer efforts in local communities as well as charitable contribution matching gifts. Our benefits vary by location and are designed to meet or exceed local laws and to be competitive in the marketplace.

#### *Commitment to Values and Ethics*

Along with our core values, we demonstrate a commitment to operate at the highest ethical standards by enforcing the principles in Scripps' Code of Conduct, which is applicable to all employees and sets forth expectations and guidance for employees to make appropriate decisions. Our Code of Conduct covers topics related to accounting and auditing matters, antitrust activity, confidentiality and privacy, conflict of interest, discrimination or harassment, diverting of product or business activity, embezzlement, employee relations, falsification of contracts, reports or records, gifts or entertainment, improper supplier or contractor activity, leadership or management issues, securities law violations, sexual harassment, substance abuse, theft, and unsafe working conditions, among other things. The Code of Conduct reflects our commitment to operating in a fair, honest, responsible and ethical manner and also establishes a means for employees to submit confidential and anonymous reports of suspected or alleged violations of our policies (including through an anonymous hotline). Our executive officers and supervisors maintain "open door" policies and any form of retaliation is strictly prohibited. Additionally, the Company has in

place a Code of Business Conduct and Ethics for the Chief Executive Officer and the Senior Financial and Accounting Officers. We also require our journalists to read and sign our Journalism Code of Ethics, and we provide Social Media Guidelines that help our employees understand how to protect the reputations of themselves and the Company on social media platforms.

#### *Professional Development and Training*

We believe a key factor in employee retention is training and professional development for our talent. We have training programs across all levels of Scripps to meet the needs of various roles, specialized skill sets and departments across the Company. We use certain employee turnover rates in assessing our employee programs to ensure that they are structured to instill high levels of employee tenure, low levels of voluntary turnover and optimal productivity and performance across our workforce. Additionally, we utilize a performance evaluation program that adopts a modern approach to valuing and strengthening individual performance through on-going interactive progress assessments related to established goals and objectives.

#### *Communication and Engagement*

We strongly believe Scripps' success depends on employees understanding how their work contributes to the Company's overall strategy. To this end, we communicate with our workforce through a variety of channels and encourage open and direct communication, including frequent emails and videos from corporate leaders to all employees; daily company social media postings; an annual all-employee awards program; employee engagement survey; and, during the work-from-home environment due to the global pandemic, regular town hall meetings with the CEO and other executives. In addition, Scripps employees across the country are giving back in their local communities through reporting on critical issues, entertaining audiences with quality content, fundraising to help those in need and volunteering for important causes.

### **Item 1A. Risk Factors**

For an enterprise as large and complex as ours, a wide range of factors could materially affect future developments and performance. The most significant factors affecting our operations include the following:

#### **Risks Related to Our Businesses**

***The COVID-19 pandemic has materially affected how we, our vendors and our customers are operating, and the extent to which this pandemic will impact our future results of operations and overall financial condition remains uncertain.***

The global spread of COVID-19 has created significant volatility, uncertainty and disruption in economies around the world. The extent to which the coronavirus pandemic impacts our operations, financial results and financial condition will depend on numerous evolving factors that we may not be able to accurately predict, including: governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic; the impact of the pandemic on economic activity and actions taken in response; the effect on our customers, including advertisers, and their demand for our services; our ability to sell and provide our services, including as a result of travel restrictions and individuals working from home; the ability of our customers to pay for our services; and any closures of our offices and facilities or those of our vendors and our customers. Customers may also slow down decision making, delay planned advertising or seek to modify or terminate existing agreements with us.

The duration of the pandemic and the extent of the impact on us and others depend on future developments out of our control that are unknown at this time, such as the severity and transmission rate of the virus, the extent and effectiveness of vaccination programs and containment actions, the pace of development of cures or vaccines, and the impact of these and other factors on our business, employees, vendors and customers. Any of these factors could exacerbate other risks and uncertainties disclosed in this Form 10-K and could materially adversely affect our business, financial condition and/or results of operations.

***We expect to derive the majority of our revenues from advertising spending, which is affected by numerous factors. Declines in advertising revenues will adversely affect the profitability of our business.***

The demand for advertising is sensitive to a number of factors, both locally and nationally, including the following:

- The advertising and marketing spending by customers can be subject to seasonal and cyclical variations and is likely to be adversely affected during economic downturns.

- Programming and content offered by our businesses may not achieve desired ratings or may decline in popularity with its audience.
- Audiences continue to fragment in recent years as the broad distribution of cable and satellite television and the growth in over-the-top streaming services have greatly increased the options available to the public for accessing audio and video programming, including live sports. Continued fragmentation of audiences, and the growth of internet programming and streaming services, could adversely impact advertising rates, which will reflect the size and demographics of the audience reached by advertisers through our media businesses.
- Television advertising revenues in even-numbered years benefit from political advertising, which is affected by campaign finance laws, as well as the competitiveness of specific political races in the markets where our television stations operate.
- Continued consolidation and contraction of local advertisers in our local markets could adversely impact our operating results, given that we expect the majority of our advertising to be sold to local businesses in our markets.
- Television stations have significant exposure to advertising in the automotive, retail and services industries. Our national networks have significant exposure to advertising in the pharmaceutical, food and beverage, and retail industries. Advertising within these industries may decline and we may not be able to secure replacement advertisers.
- Several national advertising agencies are employing an automated process known as “programmatic buying” to gain efficiencies and reduce costs related to buying advertising. Growth in advertising revenues will rely in part on the ability to maintain and expand relationships with existing and future advertisers. The implementation of a programmatic model or other similar solution, where automation replaces existing pricing and allocation methods, could turn advertising inventory into a price-driven commodity. These automated solutions could reduce the value of relationships with advertisers as well as result in downward pricing pressure.

If we are unable to respond to any or all of these factors, our advertising revenues could decline and affect our profitability.

***The growth of direct content-to-consumer delivery channels may fragment our television audiences. This fragmentation could adversely impact advertising rates as well as cause a reduction in the revenues we receive from retransmission consent agreements, resulting in a loss of revenue that could materially adversely affect our broadcast operations.***

We deliver our television programming to our audiences primarily over-the-air and through cable and satellite service providers. Our television audience is being fragmented by the digital delivery of content directly to the consumer audience. Content providers, such as the "Big 4" broadcast networks, cable networks such as HBO and Showtime, and new content developers, distributors and syndicators such as Amazon, Hulu and Netflix, are now able to deliver their programming directly to consumers, over-the-top (“OTT”) via the internet. The delivery of content directly to consumers allows them to bypass the programming we deliver, which may impact our audience size. Fragmentation of our audiences could impact the rates we receive from our advertisers. In addition, reduction in the number of subscribers to cable and satellite service providers could impact the revenue we receive under retransmission consent agreements. Widespread adoption of OTT by our audiences could result in a reduction of our advertising and retransmission revenues and affect our profitability.

***The loss of affiliation and carriage agreements or the costs of renewals could adversely affect our operating results.***

Eighteen of our stations have affiliations with the ABC television network, eleven with the NBC television network, nine with the CBS television network and four with the FOX television network. Additionally, we have affiliations with the CW television network. These television networks produce and distribute programming which our stations commit to air at specified times. Networks sell commercial advertising time during their programming, and the "Big 4" networks, ABC, NBC, CBS and FOX, also require stations to pay fees for the right to carry their programming. These fees may be a percentage of retransmission revenues that the stations receive (see below) or may be fixed amounts based on the number of households or subscribers in a market. These fees have been increasing from renewal to renewal over the past several years.

ION's broadcast stations are carried by cable and satellite operators in their local television markets pursuant to the FCC's “must carry” rules. Additionally, in certain of our markets, our national networks are carried by local television broadcasters



and cable and satellite operators pursuant to negotiated carriage agreements. These contracts typically require us to make fixed fee payments and generally have three to five-year terms.

There is no assurance that we will be able to reach network affiliation or carriage agreements in the future. The non-renewal or termination of our network affiliation agreements would prevent us from being able to carry programming of the respective network. Loss of a network affiliation would require us to obtain replacement programming, which may not be as attractive to target audiences and could result in lower advertising revenues. In addition, loss of any of the "Big 4" network affiliations would result in materially lower retransmission revenue. The loss of carriage agreements for our national networks would reduce our advertising revenues and affect our profitability.

***Our retransmission consent revenue may be adversely affected by renewals of retransmission consent agreements, by declines in the number of subscribers to multichannel video programming distributor ("MVPD") services, by new technologies for the distribution of video programming, or by revised government regulations.***

As our retransmission consent agreements expire, there can be no assurance that we will be able to renew them at comparable or better rates. As a result, retransmission revenues could decrease and retransmission revenue growth could decline over time.

In recent years, the number of subscribers to MVPD services has declined, as the growth of direct internet streaming of video programming to televisions and mobile devices has incentivized consumers to discontinue their cable or satellite service subscriptions. Decreases in the number of MVPD subscribers reduces the revenue we earn under our retransmission agreements.

The use of new technologies to redistribute broadcast programming, such as those that rely upon the Internet to deliver video programming or those that receive and record broadcast signals over the air via an antenna and then retransmit that information digitally to customers' television sets, specialty set-top boxes, or computer or mobile devices, could adversely affect our retransmission revenue if such technologies are not found to be subject to copyright or other legal restrictions or to regulations that apply to MVPDs such as cable operators or satellite carriers.

Changes in the Communications Act of 1934, as amended (the "Communications Act") or the FCC's rules with respect to the negotiation of retransmission consent agreements between broadcasters and MVPDs could also adversely impact our ability to negotiate acceptable retransmission consent agreements. In addition, continued consolidation among cable television operators could adversely impact our ability to negotiate acceptable retransmission consent agreements.

There are proceedings before the FCC and legislation has been proposed in Congress reexamining policies that now protect television stations' rights to control the distribution of their programming within their local service areas. We cannot predict the outcome of these and other proceedings that challenge traditional means of redistributing broadcast programming or their possible impact on our operations.

***We make investments in television programming ("content") in advance of knowing whether that particular content will be popular enough for us to recoup our costs. Additionally, if costs to acquire this content increase or this content becomes more difficult to obtain, our operating results may be adversely affected.***

We incur significant costs for the purchase of television programming. We may have to purchase content several years in advance or enter into multi-year agreements, resulting in the commitment of significant costs in advance of knowing whether the content will be popular with its audience. If this acquired content is not sufficiently popular among audiences in relation to the cost we invest in the content, or if we need to replace content that is performing poorly, we may not be able to produce enough revenue to recover our costs. Additionally, increased competition for content from entrants into the market and the exclusive use of content on streaming services owned by content creators could reduce content availability or increase our content costs. Any of these factors could reduce our revenues, result in the incurrence of impairment charges or otherwise cause our costs to escalate relative to revenues.

***Our television stations will continue to be subject to government regulations which, if revised, could adversely affect our operating results.***

- Pursuant to FCC rules, local television stations must elect every three years to either (1) require cable operators and/or direct broadcast satellite carriers to carry the stations' over-the-air signals or (2) enter into retransmission consent negotiations for carriage. If our retransmission consent agreements are terminated or not renewed, or if

our broadcast signals are distributed on less-favorable terms, our ability to compete effectively may be adversely affected.

- If we cannot renew our FCC broadcast licenses, our broadcast operations will be impaired. Our business depends upon maintaining our broadcast licenses from the FCC, which has the authority to revoke licenses, not renew them, or renew them only with significant qualifications, including renewals for less than a full term. We cannot assure that future renewal applications will be approved, or that the renewals will not include conditions or qualifications that could adversely affect operations. If the FCC fails to renew any of these licenses, it could prevent us from operating the affected stations. If the FCC renews a license with substantial conditions or modifications (including renewing the license for a term of fewer than eight years), it could have a material adverse effect on the affected station's revenue potential.
- As also discussed under Federal Regulation of Broadcasting, the FCC has adopted broadcasters' proposal to permit the voluntary use of a new digital television transmission standard, ATSC 3.0, that is incompatible with the existing standard. Much uncertainty exists concerning the costs, benefits, and public acceptance of the services expected to become possible under this new standard, and television stations could be adversely affected by moving either too quickly or too slowly towards its adoption.
- The FCC and other government agencies are continually considering proposals intended to promote consumer interests. New government regulations affecting the television industry could raise programming costs, restrict broadcasters' operating flexibility, reduce advertising revenues, raise the costs of delivering broadcast signals, or otherwise affect operating results. We cannot predict the nature or scope of future government regulation or its impact on our operations.

***Acquisitions involve risks and, if said risks are not managed effectively, our operating results could be negatively affected.***

During 2019, we acquired 27 television stations through multiple transactions for total cash consideration of \$1.2 billion and, on January 7, 2021, we acquired the ION national television network for a purchase price of \$2.65 billion. Acquisitions involve inherent risks, such as increasing leverage and debt service requirements and combining company cultures, facilities and systems, which could have a material adverse effect on our results of operations. Additionally, our revenues and profitability could be adversely affected if we are unable to implement effective cost controls, achieve expected synergies, or increase revenues as a result of these acquisitions. Acquisitions can result in unexpected liabilities and potentially divert management's attention from the operation of our business.

***We may evaluate strategic acquisitions in the future, and there are various risks associated with an acquisition strategy.***

We have pursued and may selectively continue to pursue strategic acquisitions, subject to market conditions, our liquidity, and the availability of attractive acquisition candidates, with the goal of improving our business. We may not be able to identify other attractive acquisition targets or some of our competitors may have greater financial or managerial resources with which to pursue acquisition targets we may pursue. Therefore, even if we are successful in identifying attractive acquisition targets, we may face considerable competition and be unsuccessful in acquiring such targets.

Acquisitions of television stations are subject to the approval of the FCC and the Antitrust Division of the Department of Justice. Current or future policies of these regulatory authorities could restrict our ability to pursue or consummate future transactions and could require us to divest certain television stations if an acquisition under contract would result in excessive concentration in a market or fail to comply with FCC ownership limitations. There can be no assurance that an acquisition will be approved by these regulatory authorities, or that a requirement to divest existing stations will not have an adverse effect on the transaction or our business.

***We will continue to face cybersecurity and similar risks, which could result in the disclosure of confidential information, disruption of operations, damage to our brands and reputation, legal exposure and financial losses.***

Security breaches, malware or other "cyber attacks" could harm our business by disrupting delivery of services, jeopardizing our confidential information and that of our vendors and clients, and damaging our reputation. Our operations are routinely involved in receiving, storing, processing and transmitting sensitive information. Although we monitor security measures regularly, any unauthorized intrusion, malicious software infiltration, theft of data, network disruption, denial of service, or similar act by any party could disrupt the integrity, continuity, and security of our systems or the systems of our clients or vendors. These events, or our failure to employ new technologies, revise processes and invest in people to sustain our

ability to defend against cyber threats, could create financial liability, regulatory sanction, or a loss of confidence in our ability to protect information, and adversely affect our revenue by causing the loss of current or potential clients.

***We issued \$600 million in preferred shares as part of our financing of the ION acquisition, the terms of which restrict us from undertaking certain actions while such preferred shares are outstanding.***

Berkshire Hathaway Inc. (“Berkshire Hathaway”) provided \$600 million of financing for the ION acquisition in exchange for Series A Preferred Shares of the Company. The preferred shares are redeemable at the option of Scripps beginning on the fifth anniversary of issuance, and redeemable at the option of the holders in the event of a Change of Control (as defined in the terms of the preferred shares), in each case at a redemption price of 105% of the face value, plus accrued and unpaid dividends (whether or not declared). As long as Scripps pays quarterly dividends in cash on the preferred shares, the dividend rate will be 8% per annum. If dividends on the preferred shares, which compound quarterly, are not paid in full in cash, the rate will increase to 9% per annum for the rest of time that the preferred shares are outstanding. Under the terms of the preferred shares, Scripps is subject to certain restrictions, including being prohibited from paying dividends on and purchasing its common shares until all preferred shares are redeemed. While the preferred shares are outstanding, we may also not issue any additional preferred shares or any shares of any other series of preferred without the consent of Berkshire Hathaway. These restrictions may limit our flexibility to pursue other strategic opportunities.

#### **Risks Related to the Ownership of Scripps Class A Common Shares**

***Certain descendants of Edward W. Scripps own approximately 91% of Scripps' Common Voting shares and are signatories to the Scripps Family Agreement, which governs the transfer and voting of Common Voting shares held by them.***

As a result of the foregoing, these descendants have the ability to elect two-thirds of the Board of Directors and to direct the outcome of any matter on which the Ohio Revised Code (“ORC”) does not require a vote of our Class A Common shares. Under our articles of incorporation, holders of Class A Common shares vote only for the election of one-third of the Board of Directors and are not entitled to vote on any matter other than a limited number of matters expressly set forth in the ORC as requiring a separate vote of both classes of stock. Because this concentrated control could discourage others from initiating any potential merger, takeover or other change of control transaction, the market price of our Class A Common shares could be adversely affected.

***We have the ability to issue preferred stock, which could affect the rights of holders of our Class A Common shares.***

Our articles of incorporation allow the Board of Directors to issue and set the terms of 25 million shares of preferred stock. The terms of any such preferred stock, if issued, may adversely affect the dividend, liquidation and other rights of holders of our Class A Common shares.

***The public price and trading volume of our Class A Common shares may be volatile.***

The price and trading volume of our Class A Common shares may be volatile and subject to fluctuation. Some of the factors that could cause fluctuation in the stock price or trading volume of Class A Common shares include:

- major world events;
- general market and economic conditions and market trends, including in the television broadcast industry, the national media marketplace and the financial markets generally;
- the political, economic and social situation in the United States;
- variations in quarterly operating results;
- inability to meet revenue forecasts;
- announcements by us or competitors of significant acquisitions, strategic partnerships, joint ventures, capital commitments or other business developments;
- adoption of new accounting standards affecting the media industry;
- operations of competitors and the performance of competitors' common stock;

- litigation and governmental action involving or affecting us or our subsidiaries;
- changes in financial estimates and recommendations by securities analysts;
- loss of key personnel;
- purchases or sales of blocks of our Class A Common shares;
- operating and stock performance of companies that investors may consider to be comparable to us; and
- changes in the regulatory environment, including rulemaking or other actions by the FCC.

There can be no assurance that the price of our Class A Common shares will not fluctuate or decline significantly. The stock market in recent years has experienced considerable price and volume fluctuations that have often been unrelated or disproportionate to the operating performance of individual companies and that could adversely affect the price of our Class A Common shares, regardless of the Company's operating performance. Stock price volatility might be higher if the trading volume of our Class A Common shares is low. Furthermore, shareholders may initiate securities class action lawsuits if the market price of our Class A Common shares declines significantly, which may cause us to incur substantial costs and divert the time and attention of our management.

### **Risks Related to Our Indebtedness**

***We have substantial debt and have the ability to incur significant additional debt. The principal and interest payment obligations on such debt may restrict our future operations and impair our ability to meet our long-term obligations.***

As of December 31, 2021, we had approximately \$3.21 billion in aggregate principal amount of outstanding indebtedness, approximately \$963 million of which constituted senior unsecured debt, \$550 million of which constituted senior secured debt and \$1.7 billion aggregate principal amount of term loans under our Credit Agreement. We have the ability to incur up to \$400 million of indebtedness under our Credit Agreement, all of which is secured indebtedness, effectively ranking senior to unsecured indebtedness to the extent of the value of the assets securing such indebtedness.

Our outstanding debt could have the following consequences:

- require us to dedicate a substantial portion of any cash flow from operations to the payment of interest and principal due under our debt, which would reduce funds available for other business purposes, including capital expenditures and acquisitions;
- place us at a competitive disadvantage compared to some of our competitors that may have less debt and better access to capital resources;
- make us more vulnerable to economic downturns and adverse industry conditions and limit our flexibility to plan for, or react to, changes in our business or industry;
- limit our ability to obtain additional financing required to fund acquisitions, working capital and capital expenditures and for other general corporate purposes; and
- make it more difficult for us to satisfy our financial obligations.

Our ability to service our significant financial obligations depends on our ability to generate significant cash flow. This is partially subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. We cannot assure you that our business will generate cash flow from operations, that future borrowings will be available to us under our Credit Agreement or any other credit facilities, or that we will be able to complete any necessary financings, in amounts sufficient to enable us to fund our operations or pay our debts and other obligations, or to fund other liquidity needs. If we are not able to generate sufficient cash flow to service our obligations, we may need to refinance or restructure our debt, sell assets, reduce or delay capital investments, or seek to raise additional capital. Additional debt or equity financing may not be available in sufficient amounts, at times or on terms acceptable to us, or at all. Specifically, volatility in the capital markets may also impact our ability to obtain additional financing, or to refinance our existing debt, on terms or at times favorable to us. If we are unable to implement one or more of these alternatives, we may not be able to service our debt or other obligations, which could result in us being in default thereon, in which circumstances our lenders could cease making

loans to us, and lenders or other holders of our debt could accelerate and declare due all outstanding obligations under the respective agreements, which would likely have a material adverse effect on us.

***The agreements governing our various debt obligations impose restrictions on our operations and limit our ability to undertake certain corporate actions.***

The agreements governing our various debt obligations, including the indenture that governs senior indebtedness and the agreements governing our Credit Agreement, include covenants imposing significant restrictions on our operations. These restrictions may affect our ability to operate our business and may limit our ability to take advantage of potential business opportunities as they arise. These covenants place restrictions, subject to certain limitations, on our ability to, among other things:

- incur additional debt;
- declare or pay dividends, redeem stock or make other distributions to shareholders;
- make investments or acquisitions;
- create liens or use assets as security in other transactions;
- issue guarantees;
- merge or consolidate, or sell, transfer, lease or dispose of substantially all of our assets;
- engage in transactions with affiliates; and
- purchase, sell or transfer certain assets.

Any of these restrictions and limitations could make it more difficult for us to execute our business strategy.

***Our Credit Agreement requires us to comply with certain financial ratios and covenants; our failure to do so will result in a default thereunder, which would have a material adverse effect on us.***

We are required to comply with certain financial covenants under our Credit Agreement. Our ability to comply with these requirements may be affected by events affecting our business, but beyond our control, including prevailing general economic, financial and industry conditions. These covenants could have an adverse effect on us by limiting our ability to take advantage of financing, merger and acquisition or other corporate opportunities. The breach of any of these covenants or restrictions could result in a default under the applicable senior credit facility. Upon a default under any of our debt agreements, the lenders or debt holders thereunder could have the right to declare all amounts outstanding, together with accrued and unpaid interest, to be immediately due and payable, which could, in turn, trigger defaults under other debt obligations and could result in the termination of commitments of the lenders to make further extensions of credit under such senior credit facility. If we were unable to repay our secured debt to our lenders, or were otherwise in default under any provision governing our outstanding secured debt obligations, our secured lenders could proceed against us and subsidiary guarantors and against the collateral securing that debt. Any default resulting in an acceleration of outstanding indebtedness, a termination of commitments under our financing arrangements or lenders proceeding against the collateral securing such indebtedness would likely result in a material adverse effect on our business, financial condition and results of operations.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our annual debt service obligations to increase significantly.***

Borrowings under our Credit Agreement are at variable rates of interest and expose us to interest rate risk. Interest rates may increase in the future. If rates were to increase, debt service obligations on our variable rate indebtedness would increase even though the amount borrowed remained the same, and our net income and cash available to service our obligations would decrease. Additionally, upon the incurrence of certain indebtedness under our Credit Agreement, the interest rates on our existing term loans would increase.

***The phase-out of LIBOR could affect interest rates under our Senior Secured Credit Facilities.***

The United Kingdom's Financial Conduct Authority announced the intent to phase out LIBOR over the next couple of years. While LIBOR will no longer be used to price new loans starting in 2022, the index will formally exist until at least 2023. The United States has identified the Secured Overnight Financing Rate ("SOFR") as the suggested replacement for LIBOR and that the phase-out from LIBOR to SOFR will be June 30, 2023. Further, our Credit Agreement has replacement rate language in place that will provide for transition to the new SOFR benchmark. The utilization of SOFR may produce higher rates than those

that would have been in effect prior to any LIBOR phase-out which could negatively impact our interest expense, results of operations and cash flow.

**Item 1B. Unresolved Staff Comments**

None.

**Item 2. Properties**

We lease our principal executive offices in a building located at 312 Walnut Street, Cincinnati, OH 45202.

We own or lease the facilities and equipment used by our television stations. We own, lease or co-own with other broadcast television stations, the towers used to transmit our television signals.

Our Scripps Networks business primarily leases their facilities. This includes facilities for executive offices, sales offices and studio space.

All of our owned and leased properties are in good condition, and suitable for the conduct of our present business. We believe that suitable additional or alternative space, including those under lease options, will be available at commercially reasonable terms for future expansion.

**Item 3. Legal Proceedings**

We are involved in litigation arising in the ordinary course of business, such as defamation actions and governmental proceedings primarily relating to renewal of broadcast licenses, none of which is expected to result in material loss.

**Item 4. Mine Safety Disclosures**

None.

**Executive Officers of the Company** — Executive officers serve at the pleasure of the Board of Directors.

| <b>Name</b>      | <b>Age</b> | <b>Position</b>  |
|------------------|------------|--|
| Adam P. Symson   | 47         | President and Chief Executive Officer (since August 2017); Chief Operating Officer (November 2016 to August 2017)  |
| Jason Combs      | 45         | Executive Vice President and Chief Financial Officer (since January 2021); Vice President, Financial Planning & Analysis (April 2015 to January 2021)  |
| Lisa A. Knutson  | 56         | President, Scripps Networks (since January 2021); Executive Vice President, Chief Financial Officer (October 2017 to January 2021); Executive Vice President, Chief Strategy Officer (August 2017 to October 2017); Senior Vice President, Chief Administrative Officer (2011 to 2017) |
| Brian G. Lawlor  | 55         | President, Local Media (since August 2017); Senior Vice President, Broadcast (January 2009 to August 2017)   |
| Laura M. Tomlin  | 46         | Executive Vice President, Chief Administrative Officer (since January 2021); Executive Vice President, National Media (November 2019 to January 2021), Senior Vice President, National Media (2017 to 2019); Vice President, Digital Operations (2014 to 2017)                         |
| William Appleton | 73         | Executive Vice President, General Counsel (since August 2017); Senior Vice President, General Counsel (July 2008 to August 2017)   |

## **PART II**

### **Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our Class A Common shares are traded on the NASDAQ Global Select Market (“NASDAQ”) under the symbol “SSP.” As of December 31, 2021, there were approximately 13,000 owners of our Class A Common shares, based on security position listings, and approximately 50 owners of our Common Voting shares (which do not have a public market).

There were no sales of unregistered equity securities during the quarter for which this report is filed.

On January 7, 2021, in connection with the ION transaction, we issued to Berkshire Hathaway, Inc. and certain of its subsidiaries 6,000 shares of series A preferred stock (the Preferred Shares) with a warrant to purchase approximately 23.1 million shares of Scripps Class A common stock at an exercise price of \$13 (the Warrant) for \$600 million. The Preferred Shares and the Warrant have not been registered under the Securities Act of 1933, as amended, and were issued and sold in a private placement pursuant to Section 4(2) thereof. See Note 3. Acquisitions and Note 18. Capital Stock and Share-Based Compensation Plans, in the Notes to Consolidated Financial Statements in Part II Item 8 of this Form 10-K for more information.

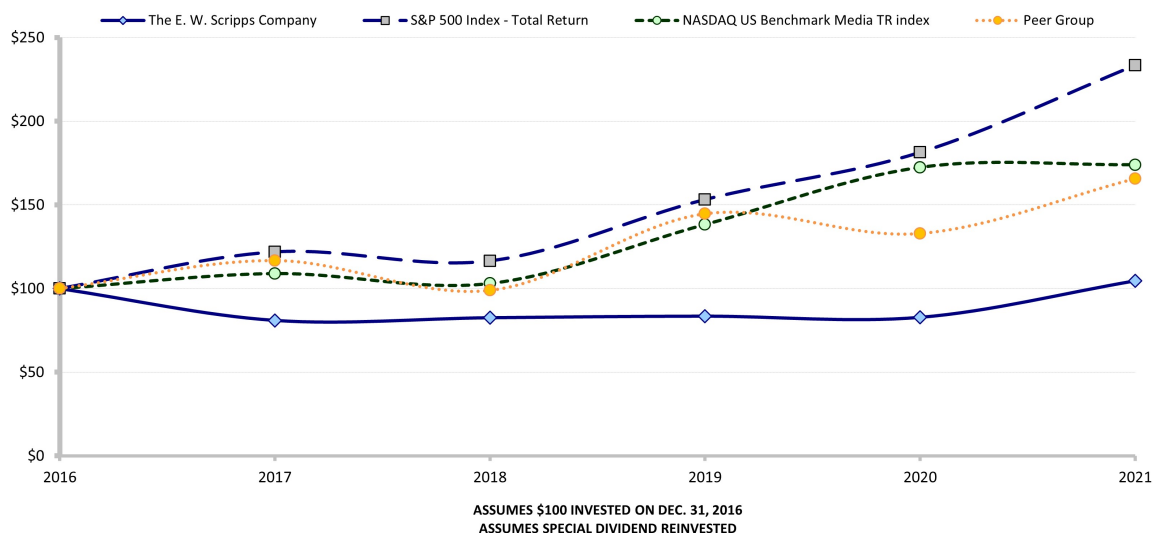
In February 2020, our Board of Directors authorized a share repurchase program of up to \$100 million of our Class A Common shares through March 1, 2022. Shares can be repurchased under the authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. No shares were repurchased under this program during 2021. Under the terms of the Preferred Shares, we are prohibited from repurchasing our common shares until all Preferred Shares are redeemed.



**Performance Graph** — Set forth below is a line graph comparing the cumulative return on the Company’s Class A Common shares, assuming an initial investment of \$100 as of December 31, 2016, and based on the market prices at the end of each year and assuming dividend reinvestment, with the cumulative total return of the S&P 500 Index, cumulative total return of the NASDAQ US Benchmark Media TR Index and the cumulative total return of an index based on a peer group of media companies.

We regularly evaluate and revise our Peer Group Index as necessary so that it is reflective of our Company’s portfolio of businesses. Prior to 2021, the companies that comprised our Peer Group Index were Nexstar Media Group, TEGNA, Sinclair Broadcast Group and Gray Television, which were weighted based on market capitalization. With the acquisition of ION Media Networks, Inc. in 2021, we began presenting the NASDAQ US Benchmark Media TR Index in order to provide a comparison to a wider range of companies in the media industry rather than the peer group of companies presented in prior years. During this transition year, we have continued to include the peer group in the graph.

### COMPARISON OF CUMULATIVE TOTAL RETURN



|                                    | 12/31/2016 | 12/31/2017 | 12/31/2018 | 12/31/2019 | 12/31/2020 | 12/31/2021 |
|------------------------------------|------------|------------|------------|------------|------------|------------|
| The E.W. Scripps Company           | \$ 100.00  | \$ 80.86   | \$ 82.47   | \$ 83.40   | \$ 82.70   | \$ 104.66  |
| S&P 500 Index                      | 100.00     | 121.83     | 116.49     | 153.17     | 181.35     | 233.41     |
| NASDAQ US Benchmark Media TR Index | 100.00     | 108.98     | 103.03     | 138.22     | 172.32     | 173.92     |
| Peer Group Index                   | 100.00     | 116.72     | 98.88      | 144.62     | 132.85     | 165.60     |

**Item 6.** [Reserved]

**Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

Management’s Discussion and Analysis of Financial Condition and Results of Operations required by this item is filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1 of this Form 10-K.

**Item 7A. Quantitative and Qualitative Disclosures About Market Risk**

The market risk information required by this item is filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1 of this Form 10-K.

**Item 8. Financial Statements and Supplementary Data**

The Financial Statements and Supplementary Data required by this item are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1 of this Form 10-K.

**Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

**Item 9A. Controls and Procedures**

The Controls and Procedures required by this item are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1 of this Form 10-K.

**Item 9B. Other Information**

None.

## **PART III**

### **Item 10. Directors, Executive Officers and Corporate Governance**

Information regarding executive officers is included in Part I of this Form 10-K as permitted by General Instruction G(3).

Information required by Item 10 of Form 10-K relating to directors is incorporated by reference to the material captioned "Election of Directors" in our definitive proxy statement for the Annual Meeting of Shareholders ("Proxy Statement"). Information regarding Section 16(a) compliance is incorporated by reference to the material captioned "Delinquent Section 16 Reports" in the Proxy Statement.

We have adopted a code of conduct that applies to all employees, officers and directors of Scripps. We also have a code of ethics for the CEO and Senior Financial Officers that meets the requirements of Item 406 of Regulation S-K and the NASDAQ listing standards. Copies of our codes of ethics are posted on our website at <http://www.scripps.com>.

Information regarding our audit committee financial expert is incorporated by reference to the material captioned "Corporate Governance" in the Proxy Statement.

The Proxy Statement will be filed with the Securities and Exchange Commission in connection with our 2022 Annual Meeting of Shareholders.

### **Item 11. Executive Compensation**

The information required by Item 11 of Form 10-K is incorporated by reference to the material captioned "Compensation Discussion and Analysis" and "Compensation Tables" in the Proxy Statement.

### **Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters**

The information required by Item 12 of Form 10-K is incorporated by reference to the material captioned "Report on the Security Ownership of Certain Beneficial Owners," "Report on the Security Ownership of Management," and "Equity Compensation Plan Information" in the Proxy Statement.

### **Item 13. Certain Relationships and Related Transactions, and Director Independence**

The information required by Item 13 of Form 10-K is incorporated by reference to the materials captioned "Corporate Governance" and "Report on Related Party Transactions" in the Proxy Statement.

### **Item 14. Principal Accounting Fees and Services**

The information required by Item 14 of Form 10-K is incorporated by reference to the material captioned "Report of the Audit Committee of the Board of Directors" in the Proxy Statement.

## **PART IV**

### **Item 15. Exhibits and Financial Statement Schedules**

Documents filed as part of this report:

- (a) The Consolidated Financial Statements of The E.W. Scripps Company are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1.

The reports of Deloitte & Touche LLP, an Independent Registered Public Accounting Firm, dated February 25, 2022, are filed as part of this Form 10-K. See Index to Consolidated Financial Statement Information at page F-1.

- (b) There are no supplemental schedules that are required to be filed as part of this Form 10-K.

- (c) An exhibit index required by this item appears below.

### **Item 16. Form 10-K Summary**

None.

**The E.W. Scripps Company**  
**Index to Consolidated Financial Statement Schedules**

| Exhibit Number | Exhibit Description   | Form     | File Number | Exhibit | Report Date |
|----------------|---|----------|-------------|---------|-------------|
| 2.01           | <a href="#">Purchase agreement dated as of October 27, 2018, among Cordillera Communications, LLC and Scripps Media, Inc. with respect to the acquisition of certain subsidiaries of Cordillera Communications, LLC</a>   | 8-K      | 001-10701   | 2.1     | 10/27/2018  |
| 2.02           | <a href="#">Asset Purchase Agreement by and among Nexstar Media Group, Inc., Scripps Media, Inc. and Scripps Broadcasting Holdings, LLC dated as of March 20, 2019</a>  | 8-K      | 001-10701   | 2.1     | 3/20/2019   |
| 2.03           | <a href="#">Asset Purchase Agreement by and between 10 Salem Media LLC and The E.W. Scripps Company, and its wholly-owned subsidiary, Scripps Media, Inc. and its wholly-owned subsidiaries 90028 Media, LLC, The Midroll LLC, Subscription on Demand Audio, LLC, and Earwolf Media, LLC dated as of July 10, 2020</a>  | 8-K      | 001-10701   | 2.1     | 10/16/2020  |
| 2.04           | <a href="#">Agreement and Plan of Merger by and among The E.W. Scripps Company, Scripps Media, Inc., Scripps Faraday, Inc., ION Media Networks, Inc., and BD ION Equityholder Rep LLC, dated September 23, 2020</a>   | 8-K/A    | 001-10701   | 2.1     | 9/23/2020   |
| 3.01           | <a href="#">Amended Articles of Incorporation of The E.W. Scripps Company</a>   | 8-K      | 000-16914   | 99.03   | 2/17/2009   |
| 3.02           | <a href="#">Amended and Restated Code of Regulations of The E.W. Scripps Company</a>  | 8-K      | 000-16914   | 10.02   | 5/10/2007   |
| 3.03           | <a href="#">Amendment to Amended Articles of Incorporation of The E. W. Scripps Company</a>   | 8-K      | 000-16914   | 3.1     | 3/11/2015   |
| 3.04           | <a href="#">Amendment to Articles of Incorporation</a>  | 8-K      | 001-10701   | 4.2     | 1/4/2021    |
| 4.01           | <a href="#">Warrant Agreement dated January 7, 2021, by and between The E.W. Scripps Company and Berkshire Hathaway, Inc.</a>   | 8-K      | 001-10701   | 4.1     | 1/4/2021    |
| 4.02           | <a href="#">First Amendment to Warrant Agreement dated as of May 14, 2021</a>   | 8-K      | 001-10701   | 4.2     | 5/14/2021   |
| 10.01          | <a href="#">The E.W. Scripps Company 2010 Long-Term Incentive Plan (Amended and Restated as of May 6, 2019)</a>   | 10-K     | 001-10701   | 10.01   | 12/31/2019  |
| 10.02          | <a href="#">Amendment No. 1 to The E.W. Scripps Company 2010 Long-Term Incentive Plan</a>   | 10-Q     | 000-16914   | 10.02   | 9/30/2017   |
| 10.03          | <a href="#">Form of Independent Director Nonqualified Stock Option Agreement</a>  | 8-K      | 000-16914   | 10.03B  | 2/9/2005    |
| 10.04          | <a href="#">The E.W. Scripps Company Executive Annual Incentive Plan</a>  | 10-K     | 001-10701   | 10.04   | 12/31/2019  |
| 10.05          | <a href="#">Scripps Executive Severance and Change in Control Plan (Effective as of February 25, 2020)</a>  | 10-K     | 001-10701   | 10.05   | 12/31/2019  |
| 10.06          | <a href="#">Second Amended and Restated Scripps Family Agreement</a>  | SC 13D/A | 005-43473   | 99.1    | 4/5/2021    |
| 10.07          | <a href="#">1997 Deferred Compensation and Stock Plan for Directors, as amended</a>   | 8-K      | 000-16914   | 10.61   | 5/8/2008    |
| 10.08          | <a href="#">Scripps Supplemental Executive Retirement Plan as Amended and Restated effective February 23, 2015</a>  | 10-Q     | 000-16914   | 10.10   | 9/30/2017   |
| 10.09          | <a href="#">Employment Agreement between the Company and Adam P. Symson</a>   | 8-K      | 001-10701   | 10.1    | 12/19/2019  |
| 10.10          | <a href="#">Scripps Executive Deferred Compensation Plan, Amended and Restated as of February 23, 2015</a>  | 10-Q     | 000-16914   | 10.14   | 9/30/2017   |
| 10.11          | <a href="#">The E.W. Scripps Company Restricted Share Unit Agreement (Non-Employee Directors)</a>   | 10-Q     | 000-16914   | 10.15   | 9/30/2017   |
| 10.12          | <a href="#">Employee Restricted Share Unit Agreement</a>  | 10-Q     | 000-16914   | 10.16   | 9/30/2017   |
| 10.13          | <a href="#">5.125% Senior Notes due 2025 Purchase Agreement dated April 20, 2017</a>  | 8-K      | 000-16914   | 10.1    | 4/20/2017   |
| 10.14          | <a href="#">Indenture dated as of April 28, 2017</a>  | 8-K      | 000-16914   | 10.1    | 4/28/2017   |
| 10.15          | <a href="#">Third Amended and Restated Credit Agreement dated as of April 28, 2017 (as amended by the First Amendment, dated as of October 2, 2017, the Second Amendment, dated as of April 3, 2018, the Third Amendment, dated as of November 20, 2018 and the Fourth Amendment, dated as of May 1, 2019, the Fifth Amendment, dated as of December 18, 2019 and the Sixth Amendment, dated as of January 7, 2021)</a> | 8-K      | 001-10701   | 10.1    | 1/4/2021    |
| 10.16          | <a href="#">Indenture dated as of July 26, 2019</a>   | 8-K      | 001-10701   | 10.1    | 7/26/2019   |
| 10.17          | <a href="#">Secured Senior Notes Indenture dated as of December 30, 2020</a>  | 8-K      | 001-10701   | 10.1    | 12/30/2020  |
| 10.18          | <a href="#">Unsecured Senior Notes Indenture dated as of December 30, 2020</a>  | 8-K      | 001-10701   | 10.2    | 12/30/2020  |
| 10.19          | <a href="#">Securities Purchase Agreement, by and between The E.W. Scripps Company and Berkshire Hathaway, Inc., dated September 23, 2020</a>   | 8-K      | 001-10701   | 10.2    | 9/23/2020   |
| 10.20          | <a href="#">Registration Rights Agreement dated January 7, 2021, by and between The E.W. Scripps Company and Berkshire Hathaway, Inc.</a>   | 8-K      | 001-10701   | 10.3    | 1/4/2021    |
| 14             | <a href="#">Code of Ethics for CEO and Senior Financial Officers</a>  | 10-K     | 000-16914   | 14      | 12/31/2004  |
| 21             | <a href="#">Subsidiaries of the Company</a>   | *        |             |         |             |
| 23             | <a href="#">Consent of Independent Registered Public Accounting Firm</a>  | *        |             |         |             |
| 31(a)          | <a href="#">Section 302 Certifications</a>  | *        |             |         |             |
| 31(b)          | <a href="#">Section 302 Certifications</a>  | *        |             |         |             |
| 32(a)          | <a href="#">Section 906 Certifications</a>  | *        |             |         |             |
| 32(b)          | <a href="#">Section 906 Certifications</a>  | *        |             |         |             |

|         |   |   |
|---------|---|---|
| 101.INS | iXBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document | * |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document  | * |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document  | * |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document   | * |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document  | * |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document   | * |
| 104     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibits 101)   | * |

\* - As filed herewith

## Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

Dated: February 25, 2022

THE E. W. SCRIPPS COMPANY

By: /s/ Adam P. Symson

Adam P. Symson  
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities indicated, on February 25, 2022.

| <b>Signature</b>  | <b>Title</b>  |
|---|---|
| <u>/s/ Adam P. Symson</u><br>Adam P. Symson                           | President and Chief Executive Officer<br>(Principal Executive Officer)                |
| <u>/s/ Jason Combs</u><br>Jason Combs                                 | Executive Vice President and Chief Financial Officer<br>(Principal Financial Officer) |
| <u>/s/ Daniel W. Perschke</u><br>Daniel W. Perschke                   | Vice President, Controller<br>(Principal Accounting Officer)                          |
| <u>/s/ Marcellus W. Alexander, Jr.</u><br>Marcellus W. Alexander, Jr. | Director  |
| <u>/s/ Charles Barmonde</u><br>Charles Barmonde                       | Director  |
| <u>/s/ Kelly P. Conlin</u><br>Kelly P. Conlin                         | Director  |
| <u>/s/ Lauren R. Fine</u><br>Lauren R. Fine                           | Director  |
| <u>/s/ John W. Hayden</u><br>John W. Hayden                           | Director  |
| <u>/s/ Anne M. La Dow</u><br>Anne M. La Dow                           | Director  |
| <u>/s/ Wonya Y. Lucas</u><br>Wonya Y. Lucas                           | Director  |
| <u>/s/ R. Michael Scagliotti</u><br>R. Michael Scagliotti             | Director  |
| <u>/s/ Kim Williams</u><br>Kim Williams                               | Chair of the Board of Directors   |

The E.W. Scripps Company  
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## Management's Discussion and Analysis of Financial Condition and Results of Operations

The Consolidated Financial Statements and Notes to Consolidated Financial Statements are the basis for our discussion and analysis of financial condition and results of operations. You should read this discussion in conjunction with those financial statements.

This section of the Form 10-K omits discussion of year-to-year comparisons between 2020 and 2019, which may be found in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 7 of our 2020 Form 10-K.

## Forward-Looking Statements

Our Annual Report on Form 10-K contains certain forward-looking statements related to the Company's businesses that are based on management's current expectations. Forward-looking statements are subject to certain risks, trends and uncertainties, including changes in advertising demand and other economic conditions that could cause actual results to differ materially from the expectations expressed in forward-looking statements. Such forward-looking statements are made as of the date of this document and should be evaluated with the understanding of their inherent uncertainty. A detailed discussion of principal risks and uncertainties that may cause actual results and events to differ materially from such forward-looking statements is included in the section titled "Risk Factors." Such Risk Factors include the potential materially adverse impact of the COVID-19 pandemic on the Company's financial results or condition as a result of financial market volatility, government and regulatory actions, and disruptions to the Company's businesses. The Company undertakes no obligation to publicly update any forward-looking statements to reflect events or circumstances after the date the statement is made.

## Executive Overview

The E.W. Scripps Company ("Scripps") is a diverse media enterprise, serving audiences and businesses through a portfolio of local television stations and national media brands. We are one of the nation's largest independent owners of local television stations, with 61 stations in 41 markets that reach about 25% of U.S. television households. We have affiliations with all of the "Big Four" television networks as well as the CW network. In our Scripps Networks division, we operate nine news and entertainment networks - ION, Bounce, Court TV, Defy TV, Grit, ION Mystery, Laff, Newsy and TrueReal. We also operate an award-winning investigative reporting newsroom in Washington, D.C., and serve as the longtime steward of one of the nation's largest, most successful and longest-running educational programs, the Scripps National Spelling Bee.

We completed the acquisition of ION Media Networks, Inc. ("ION") on January 7, 2021, for \$2.65 billion. ION is a national broadcast television network that delivers popular crime and justice procedural programming to more than 100 million U.S. homes through its over-the-air broadcast and pay TV platforms. To comply with ownership rules of the Federal Communications Commission, we simultaneously divested 23 of ION's television stations, which were purchased by INYO Broadcast Holdings, LLC upon completion of the acquisition. These divested stations became independent affiliates of ION pursuant to long-term affiliation agreements. At the time of the acquisition and related divestitures, ION's programming was being delivered through 48 owned and operated stations and 63 independent ION affiliated stations.

The acquisition of ION enabled us to create a full-scale national television networks business. By combining ION with our other news and entertainment networks, Scripps Networks reaches nearly every American through free over-the-air broadcast, cable/satellite, connected TV and digital distribution, with multiple advertising-supported programming streams. The ION network airs on primary channels in its owned and operated markets and on digital subchannels in its affiliates' markets. Our other multicast networks air on digital subchannels on our and other broadcast stations.

The ION transaction was financed with a combination of cash, debt financing and preferred equity financing, including Berkshire Hathaway's \$600 million preferred equity investment in Scripps. Berkshire Hathaway did not receive any board seats or other governance rights with the preferred equity investment. Berkshire Hathaway also received a warrant to purchase up to 23.1 million Class A shares, at an exercise price of \$13 per share.

On July 1, 2021, we launched two national television networks. The two networks, which are distributed for free to viewers over-the-air and reached 92% of U.S. television homes at launch, are demo-specific and reality-based. TrueReal targets women in the 25-54 demographic and features off-network shows such as *Storage Wars*, *Married at First Sight*, *Hoarders* and *Little Women: LA*. Defy TV targets men ages 25-54 with programming that includes off-network series such as *Pawn Stars*, *Forged in Fire*, *American Pickers* and *The Curse of Oak Island*.

During the first quarter of 2021, the Company began notifying MVPDs carrying Newsy of our intent to exit cable and satellite distribution of the network. In October 2021, the network launched as an over-the-air television station. Newsy became the nation's only free 24/7 broadcast news network, available to more than 90% of U.S. television homes. The network is headquartered in Atlanta and is carried primarily on the Scripps-owned ION stations and select Scripps local television stations and those of other station groups. In connection with this Newsy restructuring plan, we incurred costs related to relocating certain employees, exiting certain contractual agreements and writing down assets associated with existing cable and satellite provider relationships. For the year ended December 31, 2021, we have incurred restructuring charges totaling \$9.4 million, including \$7.1 million of charges for the write-downs of both capitalized carriage agreement payments and certain Newsy intangible assets.

On May 15, 2021, we redeemed the \$400 million outstanding principal amount of our 2025 Senior Notes for a redemption price equal to 102.563% of the aggregate principal amount plus accrued and unpaid interest. During the fourth quarter of 2021, we redeemed \$15.4 million of the 2027 Senior Notes at a weighted-average redemption price equal to 103.94% of the aggregate principal amount plus accrued and unpaid interest and we redeemed \$22.0 million of the 2031 Senior Notes at a weighted-average redemption price equal to 101.13% of the aggregate principal amount plus accrued and unpaid interest. The notes were redeemed with cash on hand.

Our Board of Directors approved the sale of our Triton business in the first quarter of 2021 and we signed a definitive agreement to sell the business on February 16, 2021. The transaction closed on March 31, 2021 for total net proceeds of \$225 million.

Preferred stock dividends paid in 2021 totaled \$45.1 million and dividends paid to shareholders of our common stock totaled \$16.6 million in 2020. Under the terms of Berkshire Hathaway's preferred equity investment in Scripps, we are prohibited from paying dividends on and repurchasing our common shares until all preferred shares are redeemed. Therefore, no common stock dividends were paid to our shareholders for the year ended December 31, 2021.

## Results of Operations

The trends and underlying economic conditions affecting operating performance and future prospects differ for each of our business segments. Accordingly, you should read the following discussion of our consolidated results of operations in conjunction with the discussion of the operating performance of our individual business segments that follows.

### Consolidated Results of Operations

Consolidated results of operations were as follows:

| (in thousands)  | For the years ended December 31, |        |              |        |              |
|---|----------------------------------|--------|--------------|--------|--------------|
|   | 2021                             | Change | 2020         | Change | 2019         |
| Operating revenues  | \$ 2,283,532                     | 22.9 % | \$ 1,857,478 | 37.4 % | \$ 1,351,399 |
| Cost of revenues, excluding depreciation and amortization                             | (1,106,226)                      | 19.0 % | (929,748)    | 32.5 % | (701,835)    |
| Selling, general and administrative expenses, excluding depreciation and amortization | (595,105)                        | 19.6 % | (497,748)    | 10.6 % | (449,879)    |
| Acquisition and related integration costs   | (40,373)                         |        | (18,678)     |        | (26,304)     |
| Restructuring costs   | (9,436)                          |        | —            |        | (3,370)      |
| Depreciation and amortization of intangible assets                                    | (161,922)                        |        | (107,155)    |        | (84,344)     |
| Gains (losses), net on disposal of property and equipment                             | 30,275                           |        | (661)        |        | 1,692        |
| Operating income  | 400,745                          |        | 303,488      |        | 87,359       |
| Interest expense  | (165,164)                        |        | (92,994)     |        | (80,596)     |
| Loss on extinguishment of debt  | (15,347)                         |        | —            |        | —            |
| Defined benefit pension plan expense  | (343)                            |        | (4,388)      |        | (6,953)      |
| Gain on sale of Triton business   | 81,784                           |        | —            |        | —            |
| Losses on stock warrant   | (99,118)                         |        | —            |        | —            |
| Miscellaneous, net  | (15,469)                         |        | 2,914        |        | 1,194        |
| Income from continuing operations before income taxes                                 | 187,088                          |        | 209,020      |        | 1,004        |
| Provision for income taxes  | (71,189)                         |        | (55,456)     |        | (2,917)      |
| Income (loss) from continuing operations, net of tax                                  | 115,899                          |        | 153,564      |        | (1,913)      |
| Income (loss) from discontinued operations, net of tax                                | 6,813                            |        | 115,769      |        | (16,465)     |
| Net income (loss)   | \$ 122,712                       |        | \$ 269,333   |        | \$ (18,378)  |

On January 7, 2021, we acquired the national broadcast network ION. On December 30, 2020, we completed the sale of our WPIX television station. On September 19, 2019, we acquired eight television stations from the Nexstar-Tribune transaction, and on May 1, 2019, we acquired 15 television stations from Cordillera. The inclusion or exclusion of operating results from ION and these stations for the periods subsequent to their acquisition or disposition impacts the comparability of our consolidated and segment operating results.

### 2021 compared with 2020

Operating revenues increased \$426 million or 23% in 2021. Excluding the impact of ION, as well as the impact of the WPIX television station that was sold in the fourth quarter of 2020, operating revenues decreased \$52.8 million or 2.9% year-over-year. In this non-election year, the decrease reflects a year-over-year decline in same-station political revenue of \$242 million. The decline in political revenue was partially offset by higher retransmission revenues in our Local Media operations and overall growth in our legacy Scripps Networks operations. Additionally, Local Media same-station core advertising revenue increased \$95.2 million year-to-date. The COVID-19 pandemic particularly had an impact on our 2020 results. Beginning with stay at home and similar orders in 2020, we began to see cancellations late in the first quarter, which we believe reduced our first quarter 2020 consolidated advertising revenue by about \$10 million. Second quarter 2020 results were significantly impacted by the economic downturn caused by the outbreak, with the greatest impact in April. We saw improvements in the advertising markets starting in May 2020 as economies began to reopen.

Cost of revenues, which is comprised of programming costs and costs associated with distributing our content, increased \$176 million or 19% in 2021. Programming costs, the primary driver of fluctuations in cost of revenues, increased \$182 million year-over-year. Excluding the impacts of the ION acquisition and the WPIX disposition, programming costs increased \$76.6

million or 15% compared to the prior period, attributed to higher network affiliation fees at our Local Media and Scripps Networks stations, reflecting contractual rate increases, as well as an increase in programming costs associated with our legacy Scripps Networks operations.

Selling, general and administrative expenses are primarily comprised of sales, marketing and advertising expenses, research costs and costs related to corporate administrative functions. Selling, general and administrative expenses increased \$97.4 million or 20% in 2021, primarily attributed to incremental costs incurred related to the ION acquisition, as well as increases in employee compensation and the return of marketing and advertising costs across our businesses.

Acquisition and related integration costs of \$40.4 million in 2021 primarily reflect investment banking, legal and professional service costs incurred to complete and integrate the ION Media Networks, Inc. acquisition, which closed on January 7, 2021.

Restructuring costs totaled \$9.4 million in 2021. In connection with the Newsy restructuring plan, we incurred charges in the first quarter totaling \$7.1 million for the write-downs of both capitalized carriage agreement payments and certain Newsy intangible assets. The additional Newsy restructuring charges for the year were primarily attributed to employee severance, relocation costs and Nielsen contract costs.

Depreciation and amortization expense increased from \$107 million in 2020 to \$162 million in 2021 primarily due to the acquisition of ION.

Gains from the disposal of property and equipment in 2021 primarily reflect a \$32.6 million gain from the sale of our KMGH Denver station's building.

Interest expense increased in 2021 due to the issuance of new debt to finance the ION acquisition, which included \$550 million of senior secured notes, \$500 million of senior unsecured notes and an \$800 million term loan issued upon the close of the acquisition.

We redeemed the outstanding principal amount of our 2025 Senior Notes during the second quarter of 2021. Additionally, during the fourth quarter of 2021, we redeemed \$15.4 million of our 2027 Senior Notes and \$22.0 million of our 2031 Senior Notes. These redemptions resulted in a loss on extinguishment of debt of \$15.3 million, representing the premiums paid on the notes and write-offs of unamortized debt financing costs.

In 2021, we recognized an \$81.8 million pre-tax gain from the disposition of the Triton business. The transaction closed on March 31, 2021 for total net proceeds of \$225 million.

In 2021, we incurred a \$99.1 million non-cash charge related to our outstanding common stock warrant. The warrant obligation was being marked-to-market each reporting period with the increase in our common stock price being the significant contributor to a higher valuation. Following an amendment to the common stock warrant agreement on May 14, 2021, the fair value of the warrant was reclassified to equity and is longer marked-to-market each reporting period.

The effective income tax rate was 38% and 27% for 2021 and 2020, respectively. Differences between our effective income tax rate and the U.S. federal statutory rate are the impact of state taxes, foreign taxes, non-deductible expenses, changes in reserves for uncertain tax positions, excess tax benefits or expense from the exercise and vesting of share-based compensation awards (\$1.7 million benefit in 2021 and \$1.0 million expense in 2020), state deferred rate changes and state NOL valuation allowance changes. Additionally, a non-deductible expense of \$102.6 million was recorded in 2021 related to preferred stock issuance costs and unrealized losses on mark-to-market adjustments recorded on the common stock warrant issued in connection with the ION acquisition.

### **Discontinued Operations**

Discontinued operations reflect the historical results of our Stitcher operations. During the second quarter of 2020, our Board of Directors approved the sale of our Stitcher podcasting business and we signed a definitive agreement for its sale on July 10, 2020. The transaction closed on October 16, 2020.

**Business Segment Results** — As discussed in the Notes to Consolidated Financial Statements, our chief operating decision maker evaluates the operating performance of our business segments using a measure called segment profit. Segment profit excludes interest, defined benefit pension plan amounts, income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) determined in accordance with accounting principles generally accepted in the United States of America.

Items excluded from segment profit generally result from decisions made in prior periods or from decisions made by corporate executives rather than the managers of the business segments. Depreciation and amortization charges are the result of decisions made in prior periods regarding the allocation of resources and are therefore excluded from the measure. Generally, our corporate executives make financing, tax structure and divestiture decisions. Excluding these items from measurement of our business segment performance enables us to evaluate business segment operating performance based upon current economic conditions and decisions made by the managers of those business segments in the current period.

Our respective business segment results reflect the impact of intercompany carriage agreements between our local broadcast television stations and our national networks. We also allocate a portion of certain corporate costs and expenses, including information technology, certain employee benefits and shared services to our business segments. These intercompany agreements and allocations are generally amounts agreed upon by management, which may differ from an arms-length amount. Corporate assets are primarily cash and cash equivalents, restricted cash, property and equipment primarily used for corporate purposes and deferred income taxes.

Effective with the January 7, 2021 close of the ION acquisition, we realigned our internal reporting structure and changed the reporting of our businesses' operating results to reflect this new structure. Under the new structure, our operating results are reported under Local Media, Scripps Networks and Other segment captions. The Scripps Networks segment is comprised of nine national television networks that reach nearly every U.S. television home through free over-the-air broadcast, cable/satellite, connected TV and digital distribution. The operating results of the sold Triton business, and our other national businesses that were previously reported in our National Media segment, are aggregated with our remaining business activities in the Other segment caption.

Information regarding the operating performance of our business segments and a reconciliation of such information to the Consolidated Financial Statements is as follows:

| (in thousands)   | For the years ended December 31, |               |                     |               |                     |
|--|----------------------------------|---------------|---------------------|---------------|---------------------|
|  | 2021                             | Change        | 2020                | Change        | 2019                |
| <b>Segment operating revenues:</b>                           |                                  |               |                     |               |                     |
| Local Media  | \$ 1,319,468                     | (11.3)%       | \$ 1,488,237        | 44.1 %        | \$ 1,032,709        |
| Scripps Networks   | 951,883                          |               | 309,076             | 14.4 %        | 270,060             |
| Other  | 26,924                           | (63.1)%       | 73,010              | 24.7 %        | 58,534              |
| Intersegment eliminations                                    | (14,743)                         | 14.8 %        | (12,845)            | 29.7 %        | (9,904)             |
| <b>Total operating revenues</b>                              | <b>\$ 2,283,532</b>              | <b>22.9 %</b> | <b>\$ 1,857,478</b> | <b>37.4 %</b> | <b>\$ 1,351,399</b> |
| <b>Segment profit (loss):</b>                                |                                  |               |                     |               |                     |
| Local Media  | \$ 268,140                       | (39.6)%       | \$ 444,243          | 95.0 %        | \$ 227,789          |
| Scripps Networks   | 389,278                          |               | 28,324              | 81.7 %        | 15,585              |
| Other  | 359                              | (98.0)%       | 18,173              | 32.5 %        | 13,720              |
| Shared services and corporate                                | (75,576)                         | 24.4 %        | (60,758)            | 5.8 %         | (57,409)            |
| Acquisition and related integration costs                    | (40,373)                         |               | (18,678)            |               | (26,304)            |
| Restructuring costs  | (9,436)                          |               | —                   |               | (3,370)             |
| Depreciation and amortization of intangible assets           | (161,922)                        |               | (107,155)           |               | (84,344)            |
| Gains (losses), net on disposal of property and equipment    | 30,275                           |               | (661)               |               | 1,692               |
| Interest expense   | (165,164)                        |               | (92,994)            |               | (80,596)            |
| Loss on extinguishment of debt                               | (15,347)                         |               | —                   |               | —                   |
| Defined benefit pension plan expense                         | (343)                            |               | (4,388)             |               | (6,953)             |
| Gain on sale of Triton business                              | 81,784                           |               | —                   |               | —                   |
| Losses on stock warrant                                      | (99,118)                         |               | —                   |               | —                   |
| Miscellaneous, net   | (15,469)                         |               | 2,914               |               | 1,194               |
| <b>Income from continuing operations before income taxes</b> | <b>\$ 187,088</b>                |               | <b>\$ 209,020</b>   |               | <b>\$ 1,004</b>     |

**Local Media** — Our Local Media segment includes our 61 local broadcast stations and their related digital operations. It is comprised of 18 ABC affiliates, 11 NBC affiliates, nine CBS affiliates and four FOX affiliates. We also have 12 CW affiliates - four on full power stations and eight on multicast; five independent stations and 10 additional low power stations. Our Local Media segment earns revenue primarily from the sale of advertising to local, national and political advertisers and retransmission fees received from cable operators, telecommunication companies, satellite carriers and over-the-top virtual MVPDs.

National television networks offer affiliates a variety of programming and sell the majority of advertising within those programs. In addition to network programs, we broadcast internally produced local and national programs, syndicated programs, sporting events and other programs of interest in each station's market. News is the primary focus of our locally-produced programming.

The operating performance of our Local Media group is most affected by local and national economic conditions, particularly conditions within the services and automotive categories, and by the volume of advertising purchased by campaigns for elective office and political issues. The demand for political advertising is significantly higher in the third and fourth quarters of even-numbered years.

Operating results for our Local Media segment were as follows:

| (in thousands)                     | For the years ended December 31, |                |                   |               |                   |
|------------------------------------|----------------------------------|----------------|-------------------|---------------|-------------------|
|                                    | 2021                             | Change         | 2020              | Change        | 2019              |
| <b>Segment operating revenues:</b> |                                  |                |                   |               |                   |
| Core advertising                   | \$ 663,864                       | 8.9 %          | \$ 609,537        | 1.6 %         | \$ 599,870        |
| Political                          | 22,693                           | (91.5)%        | 266,683           |               | 23,263            |
| Retransmission and carriage fees   | 617,292                          | 3.9 %          | 594,359           | 51.4 %        | 392,614           |
| Other                              | 15,619                           | (11.5)%        | 17,658            | 4.1 %         | 16,962            |
| <b>Total operating revenues</b>    | <b>1,319,468</b>                 | <b>(11.3)%</b> | <b>1,488,237</b>  | <b>44.1 %</b> | <b>1,032,709</b>  |
| <b>Segment costs and expenses:</b> |                                  |                |                   |               |                   |
| Employee compensation and benefits | 433,989                          | (3.1)%         | 447,669           | 23.1 %        | 363,801           |
| Programming                        | 438,719                          | 8.2 %          | 405,604           | 46.5 %        | 276,784           |
| Other expenses                     | 178,620                          | (6.3)%         | 190,721           | 16.1 %        | 164,335           |
| <b>Total costs and expenses</b>    | <b>1,051,328</b>                 | <b>0.7 %</b>   | <b>1,043,994</b>  | <b>29.7 %</b> | <b>804,920</b>    |
| <b>Segment profit</b>              | <b>\$ 268,140</b>                | <b>(39.6)%</b> | <b>\$ 444,243</b> | <b>95.0 %</b> | <b>\$ 227,789</b> |

On December 30, 2020, we completed the sale of our WPIX television station. On September 19, 2019, we acquired eight television stations from the Nexstar-Tribune transaction, and on May 1, 2019, we acquired 15 television stations from Cordillera. The exclusion or inclusion of operating results from these stations for the periods subsequent to their disposition or acquisition impacts the comparability of our Local Media segment operating results.

## 2021 compared with 2020

### Revenues

Total Local Media revenues decreased \$169 million or 11% in 2021 compared to 2020. Excluding the impact of the WPIX disposition, Local Media revenues decreased \$105 million or 7.4% year-over-year. On a same-station basis, there was a year-over-year decrease in political revenues of \$242 million during this non-election year, which was partially offset by increases in same-station core advertising and retransmission revenues. Retransmission revenues on a same-station basis increased \$38.5 million year-over-year. While retransmission revenues have been affected by subscriber losses by the MVPDs, particularly among satellite providers, rate increases have more than offset those subscriber declines. Core advertising revenues on a same-station basis increased \$95.2 million or 17% year-over-year. Political advertising displacement, as well as weakness in economic conditions attributed to the COVID-19 pandemic, had an impact on our 2020 core advertising results. We began to see cancellations late in the first quarter and estimate that the impact of the pandemic reduced our core advertising revenues by at least \$8 million in the first quarter of 2020. Second quarter 2020 results were significantly impacted by the economic downturn caused by the outbreak, with the greatest impact in April. We saw improvements in the advertising markets starting in May 2020 as economies began to reopen.

## Costs and expenses

Employee compensation and benefits decreased \$13.7 million or 3.1% in 2021 compared to 2020. Excluding the impact of the WPIX disposition, employee compensation and benefits increased \$19.4 million or 4.7% year-over-year. The increase in employee compensation and benefits is primarily attributed to annual merit increases, higher bonus compensation year-over-year and increases in commissions as a result of higher advertising revenue.

Programming expense increased \$33.1 million or 8.2% in 2021 compared to 2020. Excluding the impact of the WPIX disposition, the expense increased \$44.3 million or 11% year-over-year, reflecting the impact of higher network affiliation fees. Network affiliation fees have been increasing industry-wide due to higher rates on renewals, as well as contractual rate increases during the terms of the affiliation agreements.

Other expenses decreased \$12.1 million or 6.3% in 2021 compared to 2020. Excluding the impact of the WPIX disposition, other expenses increased \$7.6 million or 4.4% year-over-year. In response to the weakened economic conditions created by COVID-19 toward the end of the first quarter of 2020, we implemented various cost saving initiatives through general expense reductions in areas of travel, entertainment and marketing. The increase in 2021 reflects an increase in both national representation commissions and marketing and advertising costs.

**Scripps Networks** — Our Scripps Networks segment is comprised of nine national television networks - ION, Bounce, Court TV, Grit, ION Mystery, Laff, Newsy and recently launched, Defy TV and TrueReal. The networks reach nearly every U.S. television home through free over-the-air broadcast, cable/satellite, connected TV and digital distribution. Our Scripps Networks group earns revenue primarily through the sale of advertising. The advertising received by our national networks can be subject to seasonal and cyclical variations and is most impacted by national economic conditions.

Operating results for our Scripps Networks segment were as follows:

| (in thousands)                     | For the years ended December 31, |        |            |        |            |
|------------------------------------|----------------------------------|--------|------------|--------|------------|
|                                    | 2021                             | Change | 2020       | Change | 2019       |
| Total operating revenues           | \$ 951,883                       |        | \$ 309,076 | 14.4 % | \$ 270,060 |
| Segment costs and expenses:        |                                  |        |            |        |            |
| Employee compensation and benefits | 103,624                          | 87.3 % | 55,330     | 15.4 % | 47,951     |
| Programming                        | 288,484                          |        | 137,305    | 5.4 %  | 130,242    |
| Other expenses                     | 170,497                          | 93.5 % | 88,117     | 15.5 % | 76,282     |
| Total costs and expenses           | 562,605                          |        | 280,752    | 10.3 % | 254,475    |
| Segment profit                     | \$ 389,278                       |        | \$ 28,324  | 81.7 % | \$ 15,585  |

On January 7, 2021, we acquired the national broadcast network ION. The inclusion of operating results from this business for the periods subsequent to the acquisition impacts the comparability of our consolidated and segment operating results.

## 2021 compared with 2020

### Revenues

Scripps Networks revenues, which are primarily comprised of advertising revenues, increased \$643 million in 2021 compared to 2020. The amount of advertising revenue we earn is a function of the pricing negotiated with advertisers, the number of advertising spots sold and the audience impressions delivered. Weakness in economic conditions that began toward the end of the first quarter of 2020, reflecting the impact of the COVID-19 pandemic, negatively affected 2020 year-to-date, particularly second quarter 2020, advertising spending and rates for our Scripps Networks businesses. The impact of the ION acquisition and significant year-over-year increases in advertising rates for our legacy Scripps Networks businesses, in both general market and direct response, were the primary drivers of revenue increases during the year.



## **Cost and Expenses**

Employee compensation and benefits increased \$48.3 million or 87% in 2021 compared to 2020. When compared to the prior year, our average full-time equivalent employees has increased by about 90%, reflecting the impact of the ION acquisition and continued investment to support the growth of our legacy Scripps Networks businesses. Higher year-over-year bonus compensation also contributed to the increase in employee compensation and benefits.

Programming expense increased \$151 million in 2021 compared to 2020. Costs attributed to acquired ION programming and ION affiliation fees totaled \$117 million in 2021. The remaining increase is driven by the launch of two new networks and higher affiliate fees reflecting both contractual rate increases and increased distribution across the legacy Scripps Networks businesses.

Other expenses increased \$82.4 million or 93% in 2021 compared to 2020. The increase primarily reflects incremental occupancy, marketing and other administrative costs related to the ION acquisition. Additionally, marketing, advertising and rating services costs attributed to our legacy Scripps Networks businesses increased \$22.7 million in 2021.

## **Shared services and corporate**

We centrally provide certain services to our business segments. Such services include accounting, tax, cash management, procurement, human resources, employee benefits and information technology. The business segments are allocated costs for such services at amounts agreed upon by management. Such allocated costs may differ from amounts that might be negotiated at arms-length. Costs for such services that are not allocated to the business segments are included in shared services and corporate costs. Shared services and corporate also includes unallocated corporate costs, such as costs associated with being a public company.

Shared services and corporate expenses were up year-over-year with \$75.6 million in 2021 and \$60.8 million in 2020. Employee compensation and benefits increased \$15.5 million primarily reflecting increases in corporate staffing to support the ION acquisition.

## Liquidity and Capital Resources

Our primary source of liquidity is our available cash and borrowing capacity under our revolving credit facility. Our primary source of cash is generated from our ongoing operations. Cash from operations can be affected by various risks and uncertainties, including, but not limited to, the effects of the COVID-19 pandemic. At the end of December 2021, we had approximately \$66.2 million of unrestricted cash on hand and \$393 million of additional borrowing capacity under our revolving credit facility. Based on our current business plan, we believe our cash flow from operations will provide sufficient liquidity to meet the Company's operating needs for the next 12 months.

### Cash Flows

| (in thousands)   | For the years ended December 31, |              |
|--|----------------------------------|--------------|
|  | 2021                             | 2020         |
| Net cash provided by operating activities                                      | \$ 237,000                       | \$ 277,394   |
| Net cash provided by (used in) investing activities                            | (2,455,996)                      | 317,422      |
| Net cash provided by financing activities                                      | 693,475                          | 998,179      |
| Effect of foreign exchange rates on cash, cash equivalents and restricted cash | (20)                             | 58           |
| Increase (decrease) in cash, cash equivalents and restricted cash              | \$ (1,525,541)                   | \$ 1,593,053 |

#### Cash flows from operating activities

Cash provided by operating activities decreased \$40.4 million in 2021 compared to 2020. The decrease reflects a \$152 million year-over-year increase in segment profit offset by a \$43.7 million increase in interest paid, \$116 million increase in income taxes paid, \$21.7 million increase in acquisition and integration costs and year-over-year cash outlay increase of \$42.3 million for programming investments in excess of programming amortization. The increase in interest payments reflects the impact of the issuance of new debt related to the financing of the ION acquisition.

#### Cash flows from investing activities

Cash used in investing activities was \$2.46 billion in 2021 compared to \$317 million of cash provided by investing activities in 2020. Investing activities in 2021 reflect the \$2.68 billion acquisition of ION, \$225 million of net proceeds from the sale of our Triton business and \$34.3 million of proceeds from the building sale at our Denver KMGH television station. Investing activities in 2020 reflect \$349 million of proceeds from the completed sales of the Stitcher business and WPIX television station. Capital expenditures totaled \$60.7 million in 2021 and \$44.9 million in 2020.

#### Cash flows from financing activities

Cash provided by financing activities was \$693 million in 2021 compared to \$998 million in 2020. Cash generated for both years reflects financing activities that were used for the ION acquisition. On December 30, 2020, we issued \$1.05 billion of senior notes and completed the financing on January 7, 2021 with the issuance of an \$800 million term loan B and issuance of \$600 million of preferred equity shares to Berkshire Hathaway. Our debt has required annual principal payments of \$18.6 million. Additionally, during 2021, we redeemed the \$400 million outstanding principal amount of our 2025 Senior Notes, \$15.4 million of the 2027 Senior Notes, \$22.0 million of the 2031 Senior Notes and made additional principal payments on term loans totaling \$125 million. Preferred stock dividends paid in 2021 totaled \$45.1 million.

### Debt

On January 7, 2021, we entered into the Sixth Amendment to the Third Amended Restated Credit Agreement ("Sixth Amendment"). The Sixth Amendment increased the capacity of the Revolving Credit Facility to \$400 million and extended the facility's maturity date to the earlier of January 2026 or 91 days prior to the stated maturity date for any of our existing loans and our existing unsecured notes that mature within the facility's term. In connection with our credit agreement, we also have \$1.7 billion of outstanding balance on our term loans. The annual required principal payments on these term loans total \$18.6 million and the earliest maturity date for any of the loans is October of 2024.

As of December 31, 2021, we also have \$1.5 billion of senior notes outstanding. Senior secured notes totaling \$550 million bear interest at a rate of 3.875% per annum and mature on January 15, 2029. Senior unsecured notes have a total

outstanding principal balance of \$963 million. The senior notes that mature on July 15, 2027 bear interest at 5.875% per annum and the senior notes that mature on January 15, 2031 bear interest at a rate of 5.375% per annum.

### **Debt Covenants**

Our term loans and our senior notes do not have maintenance covenants. The earliest maturity of our term loans and unsecured notes is the fourth quarter of 2024. Our revolving credit facility permits maximum leverage of 4.75 times the two-year average earnings before interest, taxes, depreciation and amortization (EBITDA) as defined by our credit agreement, through second quarter of 2022, at which point it steps down to 4.5 times. Based upon our current outlook, we expect to be in compliance with that covenant.

### **Debt Repurchase Program**

In May 2021, our Board of Directors provided additional debt repurchase program authorization pursuant to which we may reduce, through redemptions or open market purchases and retirement, a combination of the outstanding principal balance of our senior secured and senior unsecured notes. The authorization currently permits an aggregate principal amount reduction of up to \$562.6 million and expires on March 1, 2023.

### **Equity**

With the closing of the ION acquisition, we entered into a Securities Purchase Agreement with Berkshire Hathaway Inc., ("Berkshire Hathaway"), pursuant to which Berkshire Hathaway provided \$600 million of financing in exchange for 6,000 Series A Preferred Shares of the Company. The Preferred Shares, having a face value of \$100,000 per share, are perpetual and will be redeemable at the option of the Company beginning on the fifth anniversary of issuance, and redeemable at the option of the holders in the event of a Change of Control (as defined in the terms of the Preferred Shares), in each case at a redemption price of 105% of the face value, plus accrued and unpaid dividends (whether or not declared). Preferred stock dividends, effective through December 15, 2021, were paid in 2021 totaling \$45.1 million. Berkshire Hathaway also received a warrant to purchase up to 23.1 million Class A shares, at an exercise price of \$13 per share.

In February 2020, our Board of Directors authorized a share repurchase program of up to \$100 million of our Class A Common shares through March 1, 2022. Shares can be repurchased under the authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block trades, or pursuant to trades intended to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. No shares were repurchased under any authorizations during 2021 or 2020. Under the terms of the Preferred Shares, we are prohibited from paying dividends on and repurchasing our common shares until all Preferred Shares are redeemed.

## Contractual Obligations

The following table summarizes contractual cash obligations as of December 31, 2021:

| (in thousands)   | Less than<br>1 Year | Years<br>2 & 3      | Years<br>4 & 5      | Over<br>5 Years     | Total               |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Long-term debt: (a)</b>   |                     |                     |                     |                     |                     |
| Principal amounts  | \$ 18,612           | \$ 315,474          | \$ 737,213          | \$ 2,139,613        | \$ 3,210,912        |
| Interest on debt   | 130,842             | 258,375             | 230,186             | 186,548             | 805,951             |
| <b>Programming: (b)</b>  |                     |                     |                     |                     |                     |
| Program licenses, network affiliations and other programming commitments | 584,173             | 639,156             | 264,491             | 52,977              | 1,540,797           |
| <b>Employee compensation and benefits:</b>                               |                     |                     |                     |                     |                     |
| Deferred compensation and other post-employment benefits                 | 1,247               | 2,701               | 2,617               | 23,188              | 29,753              |
| Employment and talent contracts (c)                                      | 74,920              | 66,071              | 2,464               | —                   | 143,455             |
| Pension obligations (d)  | 26,353              | 2,654               | 2,474               | 72,703              | 104,184             |
| Operating leases (e)   | 27,477              | 45,196              | 32,024              | 54,495              | 159,192             |
| Other purchase and service commitments (f)                               | 106,539             | 38,924              | 11,645              | 60                  | 157,168             |
| <b>Total contractual cash obligations</b>                                | <b>\$ 970,163</b>   | <b>\$ 1,368,551</b> | <b>\$ 1,283,114</b> | <b>\$ 2,529,584</b> | <b>\$ 6,151,412</b> |

**(a)** — Refer to Note 11. Long-Term Debt of the Notes to Consolidated Financial Statements (Part II, Item 8 of this Form 10-K).

**(b)** — Program licenses generally require payments over the terms of the licenses. Licensed programming includes both programs that have been delivered and are available for telecast and programs that have not yet been produced. It also includes payments for our broadcast television station network affiliation agreements and Scripps Networks carriage agreements with local television broadcasters. If the programs are not produced, our commitments would generally expire without obligation. Fixed fee amounts payable under our network affiliation and carriage agreements are also included. Variable amounts in excess of the contractual amounts payable to the networks and broadcasters are not included in the amounts above.

**(c)** — We secure on-air talent for our television stations through multi-year talent agreements. Certain agreements may be terminated under certain circumstances or at certain dates prior to expiration. We expect our employment and talent contracts will be renewed or replaced with similar agreements upon their expiration. Amounts due under the contracts, assuming the contracts are not terminated prior to their expiration, are included in the contractual obligations table.

**(d)** — Contractual commitments summarized include payments to meet minimum funding requirements of our defined benefit pension plans and estimated benefit payments for our unfunded SERPs. Contractual pension obligations reflect anticipated minimum statutory pension contributions as of December 31, 2021, based upon pension funding regulations in effect at the time and our current pension assumptions regarding discount rates and returns on plan assets. Actual funding requirements may differ from amounts presented due to changes in discount rates, returns on plan assets or pension funding regulations that are in effect at the time. Payments for the SERPs have been estimated over a ten-year period. Accordingly, the amounts in the “over 5 years” column include estimated payments for the periods of 2027-2031. While benefit payments under these plans are expected to continue beyond 2031, we do not believe it is practicable to estimate payments beyond this period.

**(e)** — Refer to Note 9. Leases of the Notes to Consolidated Financial Statements (Part II, Item 8 of this Form 10-K).

**(f)** — We obtain audience ratings, market research and certain other services under multi-year agreements. These agreements are generally not cancelable prior to expiration of the service agreement. We may also enter into contracts with certain vendors and suppliers. These contracts typically do not require the purchase of fixed or minimum quantities and generally may be terminated at any time without penalty. Included in the table are purchase orders placed as of December 31, 2021. The table does not include any reserves for income taxes recognized because we are unable to reasonably predict the ultimate amount or timing of settlement of our reserves for income taxes. As of December 31, 2021, our reserves for income taxes totaled \$12.3 million, which is reflected as a long-term liability in our Consolidated Balance Sheet.

## Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”) requires us to make a variety of decisions that affect reported amounts and related disclosures, including the selection of appropriate accounting principles and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions. We are committed to incorporating accounting principles, assumptions and estimates that promote the representational faithfulness, verifiability, neutrality and transparency of the accounting information included in the financial statements.

Note 1 to our Consolidated Financial Statements describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. We believe the following to be the most critical accounting policies, estimates and assumptions affecting our reported amounts and related disclosures.

**Acquisitions** — The accounting for a business combination requires tangible and intangible assets acquired and liabilities assumed to be recorded at estimated fair value. With the assistance of third party appraisals, we generally determine fair values using comparisons to market transactions and a discounted cash flow analysis. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the asset and the expected period of time over which those cash flows will occur and to determine an appropriate discount rate. Changes in such estimates could affect the amounts allocated to individual identifiable assets. While we believe our assumptions are reasonable, if different assumptions were made, the amount allocated to intangible assets could differ substantially from the reported amounts.

**Goodwill and Other Indefinite-Lived Intangible Assets** — Goodwill for each reporting unit must be tested for impairment on an annual basis or when events occur or circumstances change that would indicate the fair value of a reporting unit is below its carrying value. If the fair value of the reporting unit is less than its carrying value, we may be required to record an impairment charge.

The following is goodwill by reporting unit as of December 31, 2021:

(in thousands)

|                  |    |                  |
|------------------|----|------------------|
| Local Media      | \$ | 905,494          |
| Scripps Networks |    | 2,007,890        |
| Total goodwill   | \$ | <u>2,913,384</u> |

For our annual goodwill impairment testing, we utilized the quantitative approach for performing our test. Under that approach, we determine the fair value of our reporting unit generally using market data, appraised values and discounted cash flow analyses. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the business and the period of time over which those cash flows will occur, as well as to determine an appropriate discount rate. The determination of the discount rate is based on a cost of capital model, using a risk-free rate, adjusted by a stock-beta adjusted risk premium and a size premium. While we believe the estimates and judgments used in determining the fair values were appropriate, different assumptions with respect to future cash flows, long-term growth rates and discount rates, could produce a different estimate of fair value. The estimate of fair value assumes certain growth of our businesses, which, if not achieved, could impact the fair value and possibly result in an impairment of the goodwill. Our annual impairment testing for goodwill indicated that the fair value of our Local Media reporting unit exceeded its carrying value by over 40% and the fair value of our Scripps Networks reporting unit exceeded its carrying value by over 15%.

We have determined that our FCC licenses are indefinite lived assets and not subject to amortization. At December 31, 2021, the carrying value of our television FCC licenses was \$781 million, which are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. We compare the estimated fair value of each individual FCC license to its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, an impairment loss is recognized. Fair value is estimated for our FCC licenses using a method referred to as the “Greenfield Approach”. This approach uses a discounted cash flow model that incorporates multiple assumptions relating to the future prospects of each individual FCC license, including market revenues, long-term growth projections, and estimated cash flows based on market size and station type. The fair value of the FCC license is sensitive to each of the assumptions used in the Greenfield Approach and a change in any individual assumption could result in the fair value being less than the carrying value of the asset and an impairment charge being recorded. For example, a 50 basis point increase in the discount rate would reduce the aggregate fair value of the FCC licenses by approximately \$135 million. Our annual impairment testing for our FCC licenses indicated that their fair value exceeded their recorded value.

**Pension Plans** — We sponsor a noncontributory defined benefit pension plan as well as non-qualified Supplemental Executive Retirement Plans ("SERPs"). Both the defined benefit plan and the SERPs have frozen the accrual of future benefits.

The measurement of our pension obligation and related expense is dependent on a variety of estimates, including: discount rates; expected long-term rate of return on plan assets; and employee turnover, mortality and retirement ages. We review these assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when appropriate. In accordance with accounting principles, we record the effects of these modifications currently or amortize them over future periods. We consider the most critical of our pension estimates to be our discount rate and the expected long-term rate of return on plan assets.

The assumptions used in accounting for our defined benefit pension plan for 2021 and 2020 are as follows:

|   | 2021   | 2020   |
|---|--------|--------|
| Discount rate for expense                           | 2.64 % | 3.40 % |
| Discount rate for obligation                        | 2.95 % | 2.64 % |
| Long-term rate of return on plan assets for expense | 5.50 % | 5.50 % |

The discount rate used to determine our future pension obligation is based upon a dedicated bond portfolio approach that includes securities rated Aa or better with maturities matching our expected benefit payments from the plans. The rate is determined each year at the plan measurement date and affects the succeeding year's pension cost. Discount rates can change from year to year based on economic conditions that impact corporate bond yields. A 50 basis point increase or decrease in the discount rate would decrease or increase our pension obligation as of December 31, 2021 by approximately \$36.8 million and decrease or increase 2022 pension expense by approximately \$0.4 million.

Under our asset allocation strategy, approximately 50% of plan assets are invested in a portfolio of fixed income securities with a duration approximately that of the projected payment of benefit obligations. The remaining 50% of plan assets are invested in equity securities and other return-seeking assets. The expected long-term rate of return on plan assets is based primarily upon the target asset allocation for plan assets and capital markets forecasts for each asset class employed. A decrease in the expected rate of return on plan assets increases pension expense. A 50 basis point change in the 2022 expected long-term rate of return on plan assets would increase or decrease our 2022 pension expense by approximately \$2.3 million.

We had unrecognized accumulated other comprehensive loss related to net actuarial losses for our pension plan and SERPs of \$97.6 million at December 31, 2021. Unrealized actuarial gains and losses result from deferred recognition of differences between our actuarial assumptions and actual results. In 2021, we had an actuarial gain of \$27.6 million.

#### **Recent Accounting Guidance**

Refer to Note 2. Recently Adopted and Issued Accounting Standards of the Notes to Consolidated Financial Statements (Part II, Item 8 of this Form 10-K) for further discussion.

## Quantitative and Qualitative Disclosures about Market Risk

Earnings and cash flow can be affected by, among other things, economic conditions and interest rate changes. We are also exposed to changes in the market value of our investments.

Our objectives in managing interest rate risk are to limit the impact of interest rate changes on our earnings and cash flows, and to reduce overall borrowing costs. We may use derivative financial instruments to modify exposure to risks from fluctuations in interest rates. In accordance with our policy, we do not use derivative instruments unless there is an underlying exposure, and we do not hold or enter into financial instruments for speculative trading purposes.

We are subject to interest rate risk associated with our credit agreement, as borrowings bear interest at LIBOR plus respective fixed margin spreads or spreads determined relative to our Company's leverage ratio. Accordingly, the interest we pay on our borrowings is dependent on interest rate conditions and the timing of our financing needs. With consideration for the LIBOR floor that is present in our term loans due in 2026 and 2028, a 100 basis point increase in LIBOR would increase annual interest expense on our variable rate borrowings by approximately \$7.9 million.

The following table presents additional information about market-risk-sensitive financial instruments:

| (in thousands)  | As of December 31, 2021 |                     | As of December 31, 2020 |                     |
|---|-------------------------|---------------------|-------------------------|---------------------|
|   | Cost Basis              | Fair Value          | Cost Basis              | Fair Value          |
| <b>Financial instruments subject to interest rate risk:</b> |                         |                     |                         |                     |
| Revolving credit facility                                   | \$ —                    | \$ —                | \$ —                    | \$ —                |
| Senior secured notes, due in 2029                           | 550,000                 | 553,377             | 550,000                 | 573,375             |
| Senior unsecured notes, due in 2025                         | —                       | —                   | 400,000                 | 409,000             |
| Senior unsecured notes, due in 2027                         | 484,655                 | 508,282             | 500,000                 | 522,500             |
| Senior unsecured notes, due in 2031                         | 477,958                 | 488,712             | 500,000                 | 525,800             |
| Term loan, due in 2024                                      | 287,250                 | 286,999             | 290,250                 | 288,436             |
| Term loan, due in 2026                                      | 744,049                 | 744,168             | 751,660                 | 745,083             |
| Term loan, due in 2028                                      | 667,000                 | 667,740             | —                       | —                   |
| Long-term debt, including current portion                   | <u>\$ 3,210,912</u>     | <u>\$ 3,249,278</u> | <u>\$ 2,991,910</u>     | <u>\$ 3,064,194</u> |
| <b>Financial instruments subject to market value risk:</b>  |                         |                     |                         |                     |
| Investments held at cost                                    | <u>\$ 15,431</u>        | <u>(a)</u>          | <u>\$ 4,564</u>         | <u>(a)</u>          |

(a) Includes securities that do not trade in public markets, thus the securities do not have readily determinable fair values. We estimate the fair value of these securities approximates their carrying value.

## **Controls and Procedures**

### **Evaluation of Disclosure Controls and Procedures**

The effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) was evaluated as of the date of the financial statements. This evaluation was carried out under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer. Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures are effective. There were no changes to the Company's internal controls over financial reporting (as defined in Exchange Act Rule 13a-15(f)) during the period covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.



## Management's Report on Internal Control Over Financial Reporting

Scripps' management is responsible for establishing and maintaining adequate internal controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Company's internal control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and the directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

All internal control systems, no matter how well designed, have inherent limitations, including the possibility of human error, collusion and the improper overriding of controls by management. Accordingly, even effective internal control can only provide reasonable, but not absolute assurance with respect to financial statement preparation. Further, because of changes in conditions, the effectiveness of internal control may vary over time.

As required by Section 404 of the Sarbanes Oxley Act of 2002, management assessed the effectiveness of The E.W. Scripps Company and subsidiaries' (the "Company") internal control over financial reporting as of December 31, 2021. Management's assessment is based on the criteria established in the *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based upon our assessment, management believes that the Company maintained effective internal control over financial reporting as of December 31, 2021.

The Company's independent registered public accounting firm has issued an attestation report on our internal control over financial reporting as of December 31, 2021. This report appears on page F-21.

Date: February 25, 2022

BY:

/s/ Adam P. Symson

Adam P. Symson

President and Chief Executive Officer

/s/ Jason Combs

Jason Combs

Executive Vice President and Chief Financial Officer

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of The E.W. Scripps Company

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of The E.W. Scripps Company and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), cash flows and equity, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 25, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

### Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

#### ***Valuation of ION Divestiture Agreement Intangible Asset — Refer to Note 3 to the financial statements***

##### *Critical Audit Matter Description*

The Company completed its acquisition of ION Media Networks, Inc. ("ION") on January 7, 2021 for \$2.65 billion. Upon the acquisition of ION, the purchase price was allocated, on a preliminary basis, to the assets acquired and liabilities assumed based on their respective fair values.

As part of the transaction, the Company divested 23 stations to INYO Broadcast Holdings, LLC ("INYO") for \$30 million. The divested stations became independent affiliates of ION pursuant to a long-term affiliation agreement ("Divestiture Agreement"). This Divestiture Agreement was identified as an intangible asset and was assigned a fair value of \$422 million. The Company estimated the fair value of the Divestiture agreement using significant estimates and assumptions related to future revenues and operating expenses, discount rates, and assumed probability of renewal rates.

We identified the valuation of the Divestiture Agreement intangible asset acquired through the ION acquisition as a critical audit matter because of the significant estimates and assumptions management utilized to record the asset at fair value for purposes of allocating the acquisition purchase price. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's forecasts of future revenues and operating expenses as well as the selection of discount rates and assumed probability of renewal, including the need to involve our fair value specialists.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the projected future revenues and operating expenses as well as the selection of discount rates and assumed probability of renewal used in the valuation of the ION Divestiture Agreement included the following, among others:

- We inquired of management to understand the process being used by the Company to determine the valuation of the Divestiture Agreement.
- We tested the design and operating effectiveness of the Company's internal controls over the valuation of the Divestiture Agreement included within the ION purchase price allocation, including controls over forecasts of future revenues and operating expenses, assumed probability of renewal as well as the selection of discount rates.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the valuation methodologies utilized along with valuation assumptions included the discount rates selected by:
  - Testing the source information underlying the determination of the discount rates and testing the mathematical accuracy of the calculations.
  - Developing a range of independent estimates for the discount rates and comparing those to the discount rates selected by management.
- We evaluated the reasonableness of management's forecast of future revenues and operating expenses related to the Divestiture Agreement by comparing the projections to historical results and relevant industry data.
- We evaluated the reasonableness of management's assumed probability of renewal of the Divestiture Agreement by assessing the agreement and comparable renewal rates for similar agreements.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio  
February 25, 2022

We have served as the Company's auditor since at least 1959; however, an earlier year could not be reliably determined.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of The E.W. Scripps Company

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of The E.W. Scripps Company and subsidiaries (the “Company”) as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in Internal Control — Integrated Framework (2013) issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated February 25, 2022, expressed an unqualified opinion on those financial statements.

### Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio  
February 25, 2022

**The E.W. Scripps Company**  
**Consolidated Balance Sheets**

| (in thousands, except share data)  | As of December 31,  |                     |
|--|---------------------|---------------------|
|  | 2021                | 2020                |
| <b>Assets</b>  |                     |                     |
| Current assets:  |                     |                     |
| Cash and cash equivalents  | \$ 66,223           | \$ 576,021          |
| Restricted cash  | 34,257              | 1,050,000           |
| Accounts receivable (less allowances — \$4,256 and \$3,443)  | 572,525             | 429,017             |
| FCC repack receivable  | 773                 | 12,363              |
| Miscellaneous  | 28,503              | 26,784              |
| Total current assets   | 702,281             | 2,094,185           |
| Investments  | 21,632              | 14,404              |
| Property and equipment   | 456,945             | 343,920             |
| Operating lease right-of-use assets  | 124,821             | 51,471              |
| Goodwill   | 2,913,384           | 1,203,212           |
| Other intangible assets  | 1,910,311           | 975,444             |
| Programming  | 510,316             | 138,701             |
| Miscellaneous  | 18,624              | 38,049              |
| <b>Total Assets</b>  | <b>\$ 6,658,314</b> | <b>\$ 4,859,386</b> |
| <b>Liabilities and Equity</b>  |                     |                     |
| Current liabilities:   |                     |                     |
| Accounts payable   | \$ 83,931           | \$ 68,139           |
| Unearned revenue   | 20,000              | 14,101              |
| Current portion of long-term debt  | 18,612              | 10,612              |
| Accrued liabilities:   |                     |                     |
| Employee compensation and benefits   | 68,545              | 55,133              |
| Programming liability  | 180,269             | 72,743              |
| Accrued interest   | 34,973              | 16,514              |
| Miscellaneous  | 50,667              | 85,588              |
| Other current liabilities  | 54,883              | 35,626              |
| Total current liabilities  | 511,880             | 358,456             |
| Long-term debt (less current portion)  | 3,129,393           | 2,923,359           |
| Deferred income taxes  | 356,777             | 85,844              |
| Operating lease liabilities  | 113,892             | 42,097              |
| Other liabilities (less current portion)   | 575,938             | 286,365             |
| Commitments and contingencies (Note 17)  |                     |                     |
| Equity:  |                     |                     |
| Preferred stock, \$0.01 par — authorized: 25,000,000 shares; none outstanding  | —                   | —                   |
| Preferred stock — Series A, \$100,000 par; 6,000 shares at December 31, 2021   | 409,939             | —                   |
| Common stock, \$0.01 par:  |                     |                     |
| Class A — authorized: 240,000,000 shares; issued and outstanding: 2021 - 70,646,007 shares; 2020 - 69,794,917 shares | 707                 | 698                 |
| Voting — authorized: 60,000,000 shares; issued and outstanding: 2021 - 11,932,722 shares; 2020 - 11,932,722 shares   | 119                 | 119                 |
| Total preferred and common stock   | 410,765             | 817                 |
| Additional paid-in capital   | 1,428,460           | 1,130,789           |
| Retained earnings  | 205,118             | 131,778             |
| Accumulated other comprehensive loss, net of income taxes  | (73,909)            | (100,119)           |
| Total equity   | 1,970,434           | 1,163,265           |
| <b>Total Liabilities and Equity</b>  | <b>\$ 6,658,314</b> | <b>\$ 4,859,386</b> |

See Notes to Consolidated Financial Statements.

**The E.W. Scripps Company**  
**Consolidated Statements of Operations**

| (in thousands, except per share data)  | For the years ended December 31, |                   |                    |
|--|----------------------------------|-------------------|--------------------|
|  | 2021                             | 2020              | 2019               |
| <b>Operating Revenues:</b>   |                                  |                   |                    |
| Advertising  | \$ 1,614,814                     | \$ 1,187,581      | \$ 884,649         |
| Retransmission and carriage  | 614,892                          | 588,888           | 390,043            |
| Other  | 53,826                           | 81,009            | 76,707             |
| <b>Total operating revenues</b>  | <b>2,283,532</b>                 | <b>1,857,478</b>  | <b>1,351,399</b>   |
| <b>Operating Expenses:</b>   |                                  |                   |                    |
| Cost of revenues, excluding depreciation and amortization  | 1,106,226                        | 929,748           | 701,835            |
| Selling, general and administrative expenses, excluding depreciation and amortization                                    | 595,105                          | 497,748           | 449,879            |
| Acquisition and related integration costs  | 40,373                           | 18,678            | 26,304             |
| Restructuring costs  | 9,436                            | —                 | 3,370              |
| Depreciation   | 58,357                           | 50,416            | 39,998             |
| Amortization of intangible assets  | 103,565                          | 56,739            | 44,346             |
| Losses (gains), net on disposal of property and equipment  | (30,275)                         | 661               | (1,692)            |
| <b>Total operating expenses</b>  | <b>1,882,787</b>                 | <b>1,553,990</b>  | <b>1,264,040</b>   |
| <b>Operating income</b>  | <b>400,745</b>                   | <b>303,488</b>    | <b>87,359</b>      |
| Interest expense   | (165,164)                        | (92,994)          | (80,596)           |
| Loss on extinguishment of debt   | (15,347)                         | —                 | —                  |
| Defined benefit pension plan expense   | (343)                            | (4,388)           | (6,953)            |
| Gain on sale of Triton business  | 81,784                           | —                 | —                  |
| Losses on stock warrant  | (99,118)                         | —                 | —                  |
| Miscellaneous, net   | (15,469)                         | 2,914             | 1,194              |
| Income from continuing operations before income taxes  | 187,088                          | 209,020           | 1,004              |
| Provision for income taxes   | 71,189                           | 55,456            | 2,917              |
| Income (loss) from continuing operations, net of tax   | 115,899                          | 153,564           | (1,913)            |
| Income (loss) from discontinued operations, net of tax   | 6,813                            | 115,769           | (16,465)           |
| <b>Net income (loss)</b>   | <b>122,712</b>                   | <b>269,333</b>    | <b>(18,378)</b>    |
| Preferred stock dividends  | (49,372)                         | —                 | —                  |
| <b>Net income (loss) attributable to the shareholders of The E.W. Scripps Company</b>                                    | <b>\$ 73,340</b>                 | <b>\$ 269,333</b> | <b>\$ (18,378)</b> |
| <b>Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company:</b>   |                                  |                   |                    |
| Income (loss) from continuing operations   | \$ 0.79                          | \$ 1.84           | \$ (0.02)          |
| Income (loss) from discontinued operations   | 0.08                             | 1.39              | (0.20)             |
| <b>Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company</b>    | <b>\$ 0.87</b>                   | <b>\$ 3.23</b>    | <b>\$ (0.23)</b>   |
| <b>Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:</b> |                                  |                   |                    |
| Income (loss) from continuing operations   | \$ 0.74                          | \$ 1.83           | \$ (0.02)          |
| Income (loss) from discontinued operations   | 0.08                             | 1.39              | (0.20)             |
| <b>Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company</b>  | <b>\$ 0.81</b>                   | <b>\$ 3.21</b>    | <b>\$ (0.23)</b>   |
| <b>Weighted average shares outstanding:</b>  |                                  |                   |                    |
| Basic  | 82,327                           | 81,418            | 80,826             |
| Diluted  | 87,979                           | 81,831            | 80,826             |

See Notes to Consolidated Financial Statements.

The sum of net income (loss) per share from continuing and discontinued operations may not equal the reported total net income (loss) per share as each is calculated independently.

**The E.W. Scripps Company**  
**Consolidated Statements of Comprehensive Income (Loss)**

| (in thousands)  | For the years ended December 31, |                   |                    |
|---|----------------------------------|-------------------|--------------------|
|   | 2021                             | 2020              | 2019               |
| Net income (loss)   | \$ 122,712                       | \$ 269,333        | \$ (18,378)        |
| Changes in defined benefit pension plans, net of tax of \$8,086, \$(328), and \$(1,156) | 26,076                           | (1,055)           | (3,369)            |
| Other, net of tax of \$42, \$(23) and \$(77)  | 134                              | (75)              | (223)              |
| Total comprehensive income (loss) attributable to preferred and common stockholders     | <u>\$ 148,922</u>                | <u>\$ 268,203</u> | <u>\$ (21,970)</u> |

*See Notes to Consolidated Financial Statements.*

**The E.W. Scripps Company**  
**Consolidated Statements of Cash Flows**

| (in thousands)   | For the years ended December 31, |              |             |
|--|----------------------------------|--------------|-------------|
|  | 2021                             | 2020         | 2019        |
| <b>Cash Flows from Operating Activities:</b>   |                                  |              |             |
| Net income (loss)  | \$ 122,712                       | \$ 269,333   | \$ (18,378) |
| Income (loss) from discontinued operations, net of tax   | 6,813                            | 115,769      | (16,465)    |
| Income (loss) from continuing operations, net of tax   | 115,899                          | 153,564      | (1,913)     |
| Adjustments to reconcile net income (loss) from continuing operations to net cash flows from operating activities: |                                  |              |             |
| Depreciation and amortization  | 161,922                          | 107,155      | 84,344      |
| Gain on disposition of investments   | —                                | —            | (930)       |
| Losses (gains), net on disposal of property and equipment  | (30,275)                         | 661          | (1,692)     |
| Loss on extinguishment of debt   | 15,347                           | —            | —           |
| Gain on sale of Triton business  | (81,784)                         | —            | —           |
| Losses on stock warrant  | 99,118                           | —            | —           |
| Programming assets and liabilities   | (59,233)                         | (16,966)     | 21,194      |
| Restructuring impairment charges   | 7,050                            | —            | —           |
| Deferred income taxes  | 9,725                            | 80,641       | (5,782)     |
| Stock and deferred compensation plans  | 25,963                           | 17,859       | 14,697      |
| Pension contributions, net of income/expense   | (24,707)                         | (29,687)     | (13,066)    |
| Other changes in certain working capital accounts, net   | (4,221)                          | 34,094       | (109,530)   |
| Miscellaneous, net   | (3,867)                          | 8,009        | 8,194       |
| Net cash provided by (used in) operating activities from continuing operations                                     | 230,937                          | 355,330      | (4,484)     |
| Net cash provided by (used in) operating activities from discontinued operations                                   | 6,063                            | (77,936)     | (22,968)    |
| Net operating activities   | 237,000                          | 277,394      | (27,452)    |
| <b>Cash Flows from Investing Activities:</b>   |                                  |              |             |
| Acquisitions, net of cash acquired   | (2,677,755)                      | (7,103)      | (1,190,422) |
| Proceeds from sale of Triton Digital, net of cash disposed   | 224,990                          | —            | —           |
| Proceeds from sale of WPLX television station  | —                                | 83,738       | —           |
| Additions to property and equipment  | (60,744)                         | (44,949)     | (60,935)    |
| Acquisition of intangible assets   | (430)                            | (1,883)      | (24,864)    |
| Purchase of investments  | (12,030)                         | (8,309)      | (1,636)     |
| Proceeds from FCC repack   | 20,062                           | 28,365       | 6,959       |
| Miscellaneous, net   | 39,911                           | 5,319        | 6,734       |
| Net cash provided by (used in) investing activities from continuing operations                                     | (2,465,996)                      | 55,178       | (1,264,164) |
| Net cash provided by (used in) investing activities from discontinued operations                                   | 10,000                           | 262,244      | (343)       |
| Net investing activities   | (2,455,996)                      | 317,422      | (1,264,507) |
| <b>Cash Flows from Financing Activities:</b>   |                                  |              |             |
| Proceeds from issuance of long-term debt   | 800,000                          | 1,050,000    | 1,261,175   |
| Proceeds from issuance of preferred stock  | 600,000                          | —            | —           |
| Payments on long-term debt   | (580,999)                        | (10,612)     | (8,728)     |
| Premium paid on debt extinguishment  | (11,106)                         | —            | —           |
| Payments for capitalized preferred stock issuance costs  | (11,526)                         | —            | —           |
| Payments on financing costs  | (50,597)                         | —            | (31,295)    |
| Dividends paid on common and preferred stock   | (45,067)                         | (16,574)     | (16,374)    |
| Repurchase of Class A Common shares  | —                                | —            | (584)       |
| Tax payments related to shares withheld for vested stock and RSUs  | (7,174)                          | (2,881)      | (3,831)     |
| Miscellaneous, net   | (56)                             | (21,754)     | 17,463      |
| Net cash provided by financing activities from continuing operations   | 693,475                          | 998,179      | 1,217,826   |
| Effect of foreign exchange rates on cash, cash equivalents and restricted cash                                     | (20)                             | 58           | (13)        |
| Increase (decrease) in cash, cash equivalents and restricted cash  | (1,525,541)                      | 1,593,053    | (74,146)    |
| Cash, cash equivalents and restricted cash:  |                                  |              |             |
| Beginning of year  | 1,626,021                        | 32,968       | 107,114     |
| End of year  | \$ 100,480                       | \$ 1,626,021 | \$ 32,968   |
| <b>Supplemental Cash Flow Disclosures</b>  |                                  |              |             |
| Interest paid  | \$ 126,257                       | \$ 82,532    | \$ 61,299   |
| Income taxes paid (refunded)   | \$ 102,473                       | \$ (13,222)  | \$ 13,183   |
| <b>Non-cash investing and financing information</b>  |                                  |              |             |
| Capital expenditures included in accounts payable  | \$ 4,145                         | \$ 2,511     | \$ 983      |
| Accrued debt issuance costs  | \$ —                             | \$ 45,243    | \$ —        |

See Notes to Consolidated Financial Statements.



**The E.W. Scripps Company**  
**Consolidated Statements of Equity**

| (in thousands, except share data)                               | Preferred<br>Stock | Common<br>Stock | Additional<br>Paid-in<br>Capital | Retained<br>Earnings<br>(Accumulated<br>Deficit) | Accumulated<br>Other<br>Comprehensive<br>Income (Loss)<br>("AOCI") | Total<br>Equity     |
|---|--------------------|-----------------|----------------------------------|--|--|---------------------|
| As of December 31, 2018   | \$ —               | \$ 807          | \$ 1,106,984                     | \$ (86,229)                                      | \$ (95,397)  | \$ 926,165          |
| Comprehensive income (loss)                                     | —                  | —               | —                                | (18,378)   | (3,592)  | (21,970)            |
| Cash dividend: declared and paid - \$0.20 per share             | —                  | —               | —                                | (16,374)   | —  | (16,374)            |
| Repurchase 180,541 Class A Common Shares                        | —                  | (2)             | (582)                            | —  | —  | (584)               |
| Compensation plans: 471,198 net shares issued *                 | —                  | 5               | 10,693                           | —  | —  | 10,698              |
| As of December 31, 2019   | —                  | 810             | 1,117,095                        | (120,981)  | (98,989)   | 897,935             |
| Comprehensive income (loss)                                     | —                  | —               | —                                | 269,333  | (1,130)  | 268,203             |
| Cash dividend: declared and paid - \$0.20 per share             | —                  | —               | —                                | (16,574)   | —  | (16,574)            |
| Compensation plans: 767,393 net shares issued *                 | —                  | 7               | 13,694                           | —  | —  | 13,701              |
| As of December 31, 2020   | —                  | 817             | 1,130,789                        | 131,778  | (100,119)  | 1,163,265           |
| Comprehensive income (loss)                                     | —                  | —               | —                                | 122,712  | 26,210   | 148,922             |
| Issuance of preferred stock, net of discount and issuance costs | 407,634            | —               | —                                | —  | —  | 407,634             |
| Preferred stock dividends, \$7,511 per share                    | 2,305              | —               | —                                | (49,372)   | —  | (47,067)            |
| Stock warrant   | —                  | —               | 279,958                          | —  | —  | 279,958             |
| Compensation plans: 851,090 net shares issued *                 | —                  | 9               | 17,713                           | —  | —  | 17,722              |
| As of December 31, 2021   | <u>\$ 409,939</u>  | <u>\$ 826</u>   | <u>\$ 1,428,460</u>              | <u>\$ 205,118</u>                                | <u>\$ (73,909)</u>   | <u>\$ 1,970,434</u> |

\* Net of tax payments related to shares withheld for vested stock and RSUs of \$7,174 in 2021, \$2,881 in 2020 and \$3,831 in 2019.

See Notes to Consolidated Financial Statements.

**THE E.W. SCRIPPS COMPANY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Summary of Significant Accounting Policies**

As used in the Notes to Consolidated Financial Statements, the terms “Scripps,” “Company,” “we,” “our,” or “us” may, depending on the context, refer to The E.W. Scripps Company, to one or more of its consolidated subsidiary companies or to all of them taken as a whole.

**Nature of Operations** — We are a diverse media enterprise, serving audiences and businesses through a portfolio of local television stations and national media brands. All of our businesses provide content and services via digital platforms, including the Internet, smartphones and tablets. Our media businesses are organized into the following reportable business segments: Local Media, Scripps Networks and Other. Additional information for our business segments is presented in the Notes to Consolidated Financial Statements.

**Basis of Presentation** — Certain amounts in the prior periods have been reclassified to conform to the current period's presentation.

Expense amounts that were previously reported under the captions “Employee compensation and benefits,” “Programming,” and “Other expenses” in our 2020 and 2019 Consolidated Statements of Operations have been reclassified into line items captioned as either “Cost of revenues” or “Selling, general and administrative expenses.” Cost of revenues reflects the cost of providing our broadcast signals, programming and other content to respective distribution platforms. The costs captured within the cost of revenues caption include programming, content distribution, satellite transmission fees, production and operations and other direct costs. Selling, general and administrative expenses are primarily comprised of sales, marketing and advertising expenses, research costs, certain occupancy costs and other administrative costs.

**Concentration Risks** — Our operations are geographically dispersed and we have a diverse customer base. We believe bad debt losses resulting from default by a single customer, or defaults by customers in any depressed region or business sector, would not have a material effect on our financial position, results of operations or cash flows.

We derive approximately 71% of our operating revenues from advertising. Changes in the demand for such services, both nationally and in individual markets, can affect operating results.

**Use of Estimates** — Preparing financial statements in accordance with accounting principles generally accepted in the United States of America requires us to make a variety of decisions that affect the reported amounts and the related disclosures. Such decisions include the selection of accounting principles that reflect the economic substance of the underlying transactions and the assumptions on which to base accounting estimates. In reaching such decisions, we apply judgment based on our understanding and analysis of the relevant circumstances, including our historical experience, actuarial studies and other assumptions.

Our financial statements include estimates and assumptions used in accounting for our defined benefit pension plans; the periods over which long-lived assets are depreciated or amortized; the fair value of long-lived assets, goodwill and indefinite lived assets; the liability for uncertain tax positions and valuation allowances against deferred income tax assets; the fair value of assets acquired and liabilities assumed in business combinations; and self-insured risks.

While we re-evaluate our estimates and assumptions on an ongoing basis, actual results could differ from those estimated at the time of preparation of the financial statements.

**Consolidation** — The Consolidated Financial Statements include our accounts and those of our wholly-owned and majority-owned subsidiaries and variable interest entities (VIEs) for which we are the primary beneficiary. We are the primary beneficiary of a VIE when we have the power to direct the activities of the VIE that most significantly impact the economic performance of the VIE and have the obligation to absorb losses or the right to receive returns that would be significant to the VIE. Noncontrolling interest represents an owner's share of the equity in certain of our consolidated entities. All intercompany transactions and account balances have been eliminated in consolidation.

Investments in entities over which we have significant influence but not control are accounted for using the equity method of accounting. Income from equity method investments represents our proportionate share of net income generated by equity method investees.

**Nature of Products and Services** — The following is a description of principal activities from which we generate revenue.

*Core Advertising* — Core advertising is comprised of sales to local and national customers. The advertising includes a combination of broadcast air time, as well as digital advertising. Pricing of advertising time is based on audience size and share, the demographic of our audiences and the demand for our limited inventory of commercial time. Advertising time is sold through a combination of local and national sales staff and national sales representative firms. Digital revenues are primarily generated from the sale of advertising to local and national customers on our local television websites, smartphone apps, tablet apps and other platforms.

*Political Advertising* — Political advertising is generally sold through our Washington D.C. sales office. Advertising is sold to presidential, gubernatorial, Senate and House of Representative candidates, as well as for state and local issues. It is also sold to political action groups (PACs) or other advocacy groups.

*Retransmission Revenues* — We earn revenue from retransmission consent agreements with multi-channel video programming distributors (“MVPDs”) in our markets. The MVPDs are cable operators and satellite carriers who pay us to offer our programming to their customers. We also receive fees from over-the-top virtual MVPDs. The fees we receive are typically based on the number of subscribers in our local market and the contracted rate per subscriber.

*Other Products and Services* — We derive revenue from sponsorships and community events through our Local Media segment. Our Scripps Networks segment offers subscription services for access to premium content to its customers.

Refer to Note 16. Segment Information for further information, including revenue by significant product and service offering.

**Revenue Recognition** — Revenue is measured based on the consideration we expect to be entitled to in exchange for promised goods or services provided to customers, and excludes any amounts collected on behalf of third parties. Revenue is recognized upon transfer of control of promised products or services to customers.

*Advertising* — Advertising revenue is recognized, net of agency commissions, over time primarily as ads are aired or impressions are delivered and any contracted audience guarantees are met. We apply the practical expedient to recognize revenue at the amount we have the right to invoice, which corresponds directly to the value a customer has received relative to our performance. For advertising sold based on audience guarantees, audience deficiency may result in an obligation to deliver additional advertisements to the customer. To the extent that we do not satisfy contracted audience ratings, we record deferred revenue until such time that the audience guarantee has been satisfied.

*Retransmission* — Retransmission revenues are considered licenses of functional intellectual property and are recognized at the point in time the content is transferred to the customer. MVPDs report their subscriber numbers to us generally on a 30- to 90-day lag. Prior to receiving the MVPD reporting, we record revenue based on estimates of the number of subscribers, utilizing historical levels and trends of subscribers for each MVPD.

**Cash Equivalents** — Cash equivalents represent highly liquid investments with maturity of less than three months when acquired.

**Contract Balances** — Timing of revenue recognition may differ from the timing of invoicing to customers. We record a receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing.

We extend credit to customers based upon our assessment of the customer’s financial condition. Collateral is generally not required from customers. Payment terms may vary by contract type, although our terms generally include a requirement of payment within 30 to 90 days. In instances where the timing of revenue recognition differs from the timing of invoicing, we have determined our contracts do not include a significant financing component. The primary purpose of our invoicing terms is to provide customers with simplified and predictable ways of purchasing our products and services, not to receive financing from our customers.

The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. We determine the allowance based on known troubled accounts, historical experience and other currently available evidence. A rollforward of the allowance for doubtful accounts is as follows:

(in thousands)

|                                 |    |                     |
|---------------------------------|----|---------------------|
| January 1, 2019                 | \$ | 4,221               |
| Charged to costs and expenses   |    | 1,823               |
| Amounts charged off, net        |    | <u>(2,698)</u>      |
| Balance as of December 31, 2019 |    | 3,346               |
| Charged to costs and expenses   |    | 3,305               |
| Amounts charged off, net        |    | <u>(3,208)</u>      |
| Balance as of December 31, 2020 |    | 3,443               |
| Charged to costs and expenses   |    | 1,987               |
| Amounts charged off, net        |    | <u>(1,174)</u>      |
| Balance as of December 31, 2021 | \$ | <u><u>4,256</u></u> |

We record unearned revenue when cash payments are received in advance of our performance. We generally require advance payment for advertising contracts with political advertising customers. Unearned revenue totaled \$20.0 million at December 31, 2021 and is expected to be recognized within revenue over the next 12 months. Unearned revenue totaled \$14.1 million at December 31, 2020. We recorded \$12.6 million of revenue in 2021 that was included in unearned revenue at December 31, 2020.

**Assets Recognized from the Costs to Obtain a Contract with a Customer** — We recognize an asset for the incremental costs of obtaining a contract with a customer if we expect the benefit of those costs to be longer than one year. We apply and use the practical expedient in the revenue guidance to expense costs as incurred for costs to obtain a contract when the amortization period is one year or less. This expedient applies to advertising sales commissions since advertising contracts are short-term in nature. In addition, we also may provide inducement payments to secure carriage agreements with distributors of our content. These inducement payments would be capitalized and amortized to expense over the term of the distribution contract.

**Investments** — From time to time, we make investments in private companies. Investment securities can be impacted by various market risks, including interest rate risk, credit risk and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term. Such changes could materially affect the amounts reported in our financial statements.

We record investments in private companies not accounted for under the equity method at cost, net of impairment write-downs, because no readily determinable market price is available.

We regularly review our investments to determine if there has been any other-than-temporary decline in value. These reviews require management judgments that often include estimating the outcome of future events and determining whether factors exist that indicate impairment has occurred. We evaluate, among other factors, the extent to which cost exceeds fair value; the duration of the decline in fair value below cost; and the current cash position, earnings and cash forecasts and near-term prospects of the investee. We reduce the cost basis when a decline in fair value below cost is determined to be other than temporary, with the resulting adjustment charged against earnings.

**Property and Equipment** — Property and equipment is carried at cost less depreciation. We compute depreciation using the straight-line method over estimated useful lives as follows:

|   |   |
|---|---|
| Buildings and improvements                          | 15 to 45 years                          |
| Leasehold improvements                              | Shorter of term of lease or useful life |
| Broadcast transmission towers and related equipment | 15 to 35 years                          |
| Other broadcast and program production equipment    | 3 to 15 years                           |
| Computer hardware                                   | 3 to 5 years                            |
| Office and other equipment                          | 3 to 10 years                           |

**Programming** — Programming includes the cost of national television network programming, programming produced by us or for us by independent production companies and programs licensed under agreements with independent producers.

Our network affiliation agreements require the payment of affiliation fees to the network. Network affiliation fees consist of pre-determined fixed fees in all cases and variable payments based on a share of retransmission revenues above the fixed fees for some of our agreements.

Program licenses principally consist of television series and films. Program licenses generally have fixed terms, limit the number of times we can air the programs and require payments over the terms of the licenses. We record licensed program assets and liabilities when the license period has commenced and the programs are available for broadcast. We do not discount program licenses for imputed interest. We amortize program licenses based upon expected cash flows over the term of the license agreement.

The costs of programming produced by us or for us by independent production companies is charged to expense over estimated useful lives based upon expected future cash flows. The realizable value of internal costs incurred for trial footage at Court TV, including employee compensation and benefits, are capitalized and amortized based upon expected future cash flows. All other internal costs to produce daily or live broadcast shows, such as news, sports or daily magazine shows, are expensed as incurred.

Progress payments on programs not yet available for broadcast are recorded as deposits within programming assets.

Program assets are predominantly monetized as a group on each of our respective national networks, broadcast television stations and digital content offerings. For program assets predominantly monetized within a network or television station group, when an event or change in circumstances indicates a change in the expected usefulness of the content or that the fair value may be less than unamortized costs, fair value of the content is aggregated at the group level by considering expected future revenue generation. Estimates of future revenues consider historical airing patterns and future plans for airing content, including any changes in strategy. An impairment charge is recorded if the fair value of a film group is less than the film group's carrying value. Programming and development costs for programs we have determined will not be produced, are fully expensed in the period the determination is made.

For our program assets available for broadcast, estimated amortization for each of the next five years is \$181.1 million in 2022, \$119.0 million in 2023, \$83.0 million in 2024, \$49.8 million in 2025, \$36.3 million in 2026 and \$25.0 million thereafter. Actual amortization in each of the next five years will exceed the amounts currently recorded as program assets available for broadcast, as we will continue to produce and license additional programs. The unamortized balance of program assets are classified as non-current assets in our Consolidated Balance Sheets.

Program rights liabilities payable within the next twelve months are included as current liabilities and noncurrent program rights liabilities are included in other noncurrent liabilities.

**FCC Repack** — In April 2017, the Federal Communications Commission (the "FCC") began a process of reallocating the broadcast spectrum (the "repack"). Specifically, the FCC is requiring certain television stations to change channels and/or modify their transmission facilities. The U.S. Congress passed legislation which provides the FCC with a fund to reimburse all reasonable costs incurred by stations operating under a full power license and a portion of the costs incurred by stations operating under a low power license that are reassigned to new channels.

We record an FCC repack receivable for the amount of reimbursable costs due from the FCC, which totaled \$0.8 million at December 31, 2021 and \$12.4 million at December 31, 2020. The total amount of consideration currently due or that has been collected from the FCC is recorded as a deferred liability and will be recognized against depreciation expense in the same manner that the underlying FCC repack fixed assets are depreciated. Deferred FCC repack income totaled \$48.0 million at December 31, 2021 and \$44.9 million at December 31, 2020.

**Leases** — We determine if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets, other current liabilities and operating lease liabilities in our Consolidated Balance Sheets.

ROU assets represent our right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the implicit rate is not readily determinable for most of our leases, we use our incremental borrowing rate when determining the present value of lease payments. The incremental borrowing rate represents an estimate of the interest rate we would incur at lease commencement to borrow an amount equal to the lease payments on a collateralized basis over the term of the lease. The operating lease ROU asset also includes any payments made at or before commencement and is reduced by any lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**Goodwill and Other Indefinite-Lived Intangible Assets** — Goodwill represents the cost of acquisitions in excess of the acquired businesses’ tangible assets and identifiable intangible assets.

FCC licenses represent the value assigned to the broadcast licenses of acquired broadcast television stations. Broadcast television stations are subject to the jurisdiction of the Federal Communications Commission (“FCC”) which prohibits the operation of stations except in accordance with an FCC license. FCC licenses stipulate each station’s operating parameters as defined by channels, effective radiated power and antenna height. FCC licenses are granted for a term of up to eight years, and are renewable upon request. We have never had a renewal request denied and all previous renewals have been for the maximum term.

We do not amortize goodwill or our FCC licenses, but we review them for impairment at least annually or any time events occur or conditions change that would indicate it is more likely than not the fair value of a reporting unit is below its carrying value. We perform our annual impairment review during the fourth quarter of each year in conjunction with our annual planning cycle. We also assess, at least annually, whether our FCC licenses, classified as indefinite-lived intangible assets, continue to have indefinite lives.

We review goodwill for impairment based upon our reporting units, which are defined as operating segments or groupings of businesses one level below the operating segment level. Reporting units with similar economic characteristics are aggregated into a single unit when testing goodwill for impairment. Our reporting units are our Local Media and Scripps Networks segments.

**Amortizable Intangible Assets** — Television network affiliations represents the value assigned to an acquired broadcast television station’s relationship with a national television network. Television stations affiliated with national television networks typically have greater profit margins than independent television stations, primarily due to audience recognition of the television station as a network affiliate. We amortize these network affiliation relationships on a straight-line basis over estimated useful lives of 20 years.

We amortize customer lists and other intangible assets in relation to their expected future cash flows over estimated useful lives of up to 20 years.

**Impairment of Long-Lived Assets** — We review long-lived assets (primarily property and equipment and amortizable intangible assets) for impairment whenever events or circumstances indicate the carrying amounts of the assets may not be recoverable. Recoverability is determined by comparing the aggregate forecasted undiscounted cash flows derived from the operation of the assets to the carrying amount of the assets. If the aggregate undiscounted cash flow is less than the carrying amount of the assets, then amortizable intangible assets are written down first, followed by other long-lived assets, to fair value. We determine fair value based on discounted cash flows or appraisals. We report long-lived assets to be disposed of at the lower of carrying amount or fair value less costs to sell.

**Self-Insured Risks** — We are self-insured, up to certain limits, for general and automobile liability, employee health, disability and workers’ compensation claims and certain other risks. Estimated liabilities for unpaid claims totaled \$10.2 million at December 31, 2021 and \$9.3 million at December 31, 2020. We estimate liabilities for unpaid claims using actuarial methodologies and our historical claims experience. While we re-evaluate our assumptions and review our claims experience on an ongoing basis, actual claims paid could vary significantly from estimated claims, which would require adjustments to expense.

**Income Taxes** — We recognize deferred income taxes for temporary differences between the tax basis and reported amounts of assets and liabilities that will result in taxable or deductible amounts in future years. We establish a valuation allowance if we believe that it is more likely than not that we will not realize some or all of the deferred tax assets.

We record a liability for unrecognized tax benefits resulting from uncertain tax positions taken or that we expect to take in a tax return. Interest and penalties associated with such tax positions are included in the tax provision. The liability for additional taxes and interest is included in other liabilities in the Consolidated Balance Sheets.

**Risk Management Contracts** — We do not hold derivative financial instruments for trading or speculative purposes and we do not hold leveraged contracts. From time to time, we may use derivative financial instruments to limit the impact of interest rate fluctuations on our earnings and cash flows.

**Stock-Based Compensation** — We have a Long-Term Incentive Plan (the “Plan”) which is described more fully in Note 18. The Plan provides for the award of incentive and nonqualified stock options, stock appreciation rights, restricted stock units (RSUs) and unrestricted Class A Common shares and performance units to key employees and non-employee directors.

We recognize compensation cost based on the grant-date fair value of the award. We determine the fair value of awards that grant the employee the underlying shares by the fair value of a Class A Common share on the date of the award.

Certain awards of RSUs have performance conditions under which the number of shares granted is determined by the extent to which such performance conditions are met (“Performance Shares”). Compensation costs for such awards are measured by the grant-date fair value of a Class A Common share and the number of shares earned. In periods prior to completion of the performance period, compensation costs are based upon estimates of the number of shares that will be earned.

Compensation costs are recognized on a straight-line basis over the requisite service period of the award. The impact of forfeitures is recognized as they occur. The requisite service period is generally the vesting period stated in the award. Grants to retirement-eligible employees are expensed immediately and grants to employees who will become retirement eligible prior to the end of the stated vesting period are expensed over such shorter period because stock compensation grants vest upon the retirement eligibility of the employee.

**Earnings Per Share (“EPS”)** — Unvested awards of share-based payments with rights to receive dividends or dividend equivalents, such as our RSUs, are considered participating securities for purposes of calculating EPS. Under the two-class method, we allocate a portion of net income to these participating securities and therefore exclude that income from the calculation of EPS for common stock. We do not allocate losses to the participating securities.

The following table presents information about basic and diluted weighted-average shares outstanding:

| (in thousands)  | For the years ended December 31, |                   |                   |
|---|----------------------------------|-------------------|-------------------|
|   | 2021                             | 2020              | 2019              |
| <b>Numerator</b> (for basic and diluted earnings per share) |                                  |                   |                   |
| Income (loss) from continuing operations, net of tax        | \$ 115,899                       | \$ 153,564        | \$ (1,913)        |
| Less income allocated to RSUs                               | (1,855)                          | (3,711)           | —                 |
| Less preferred stock dividends                              | (49,372)                         | —                 | —                 |
| Numerator for basic and diluted earnings per share          | <u>\$ 64,672</u>                 | <u>\$ 149,853</u> | <u>\$ (1,913)</u> |
| <b>Denominator</b>  |                                  |                   |                   |
| Basic weighted-average shares outstanding                   | 82,327                           | 81,418            | 80,826            |
| Effect of dilutive securities:                              |                                  |                   |                   |
| Restricted stock units                                      | 941                              | 413               | —                 |
| Common stock warrant  | 4,711                            | —                 | —                 |
| Diluted weighted-average shares outstanding                 | <u>87,979</u>                    | <u>81,831</u>     | <u>80,826</u>     |

For the year ended December 31, 2019, we incurred a net loss and the inclusion of RSUs would have been anti-dilutive. Accordingly, the diluted EPS calculation excludes the effect from 1.4 million of outstanding RSUs as of December 31, 2019. As of December 31, 2020, there were 0.4 million of outstanding RSUs that were anti-dilutive. On May 14, 2021, we amended our common stock warrant agreement with Berkshire Hathaway. Following the amendment date, the EPS calculation for the 2021 year-to-date period includes the dilutive impact of the common stock warrant. Prior to the May 14, 2021 amendment of the common stock warrant agreement, the basic and dilutive EPS calculations excluded the impact of the common stock warrant as the effect would have been anti-dilutive.

## 2. Recently Adopted and Issued Accounting Standards

In November 2021, the Financial Accounting Standards Board ("FASB") issued new guidance for entities to provide certain disclosures for material government assistance transactions that are accounted for by applying a grant or contribution accounting model by analogy. The guidance is effective for our 2022 annual reporting period and we do not expect adoption of the guidance to have a material impact on our Consolidated Financial Statements and related disclosures.

In October 2021, the FASB issued new guidance requiring entities to recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with the revenue from contracts with customers accounting standard. The guidance will generally result in an entity recognizing contract assets and contract liabilities at amounts consistent with those recorded by the acquiree immediately before the acquisition date rather than at fair value. The guidance is effective on a prospective basis for fiscal years beginning after December 15, 2022, with early adoption permitted. We adopted the new guidance effective January 1, 2022. The adoption of the guidance did not have an impact on our Consolidated Financial Statements.

In May 2021, the FASB issued new guidance that clarifies an issuer's accounting for certain modifications or exchanges of freestanding equity-classified written call options that remain equity classified after modification or exchange. Specifically, the guidance provides a "principles-based framework to determine whether an issuer should recognize the modification or exchange as an adjustment to equity or an expense." The guidance is effective for all entities with fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. We adopted the new guidance effective January 1, 2022. The adoption of the guidance did not have an impact on our Consolidated Financial Statements.

In March 2020, the FASB issued new guidance that provides optional expedients and exceptions to certain accounting requirements to facilitate the transition away from the use of the London Interbank Offered Rate (LIBOR) and other interbank offered rates. The guidance is effective as of March 12, 2020 and will apply through December 31, 2022 to all entities, subject to meeting certain criteria, that have contracts, hedging relationships and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. We will evaluate transactions or contract modifications occurring as a result of reference rate reform to determine whether to apply the optional guidance on an ongoing basis.

## 3. Acquisitions

### *ION Acquisition*

On January 7, 2021, we completed the acquisition of national broadcast network ION Media Networks, Inc. ("ION") for \$2.65 billion. ION is a national network of broadcast stations and is the largest holder of U.S. broadcast television spectrum. The business distributes its programming through owned Federal Communications Commission-licensed television stations as well as affiliated TV stations, reaching 100 million of U.S. homes through its over-the-air broadcast and pay TV platforms. The acquisition of ION enabled us to create a full-scale national television networks business by combining the ION network with our other news and entertainment networks.

The transaction was financed with a combination of cash, debt financing and preferred equity financing, including Berkshire Hathaway's \$600 million preferred equity investment in Scripps. Berkshire Hathaway also received a warrant to purchase up to 23.1 million Class A shares, at an exercise price of \$13 per share.

To comply with ownership rules of the Federal Communications Commission, we simultaneously divested 23 of ION's television stations for a total consideration of \$30 million, which were purchased by INYO Broadcast Holdings, LLC upon completion of the acquisition. These divested stations became independent affiliates of ION pursuant to long-term affiliation agreements.

The following table summarizes the net cash consideration for the ION transaction.

(in thousands)

|  |                     |
|--|---------------------|
| Total purchase price                       | \$ 2,650,000        |
| Plus: Cash acquired                        | 14,493              |
| Plus: Working capital                      | 57,755              |
| Total transaction gross cash consideration | 2,722,248           |
| Less: Proceeds from ION stations divested  | (30,000)            |
| Total transaction net cash consideration   | 2,692,248           |
| Less: Cash acquired                        | (14,493)            |
| Total consideration, net of cash acquired  | <u>\$ 2,677,755</u> |

The following table summarizes the final fair values of the ION assets acquired and liabilities assumed at the closing date.



(in thousands)

|   |                     |
|---|---------------------|
| Accounts receivable                               | \$ 135,006          |
| Other current assets                              | 25,353              |
| Programming rights                                | 169,027             |
| Property and equipment                            | 122,520             |
| Operating lease right-of-use assets               | 72,717              |
| Other assets                                      | 2,295               |
| Goodwill  | 1,796,148           |
| Indefinite-lived intangible assets - FCC licenses | 424,200             |
| Amortizable intangible assets:                    |                     |
| INYO affiliation agreement                        | 422,000             |
| Other affiliation relationships                   | 22,000              |
| Advertiser relationships                          | 143,000             |
| Trade names                                       | 72,000              |
| Accounts payable                                  | (9,674)             |
| Unearned revenue                                  | (13,043)            |
| Accrued expenses                                  | (15,814)            |
| Current portion of programming liabilities        | (92,721)            |
| Other current liabilities                         | (24,810)            |
| Programming liabilities                           | (191,837)           |
| Deferred tax liabilities                          | (265,291)           |
| Operating lease liabilities                       | (78,438)            |
| Other long-term liabilities                       | (36,883)            |
| Total consideration, net of cash acquired         | <u>\$ 2,677,755</u> |

During 2021, we recorded measurement period adjustments to the preliminary ION purchase price allocation as a result of ongoing valuation procedures on assets acquired and liabilities assumed. These adjustments included increases in property and equipment of \$59.4 million and advertiser relationships of \$4.0 million, as well as decreases in FCC licenses of \$9.5 million and INYO and other affiliation relationships of \$14.0 million. The estimated amortization period for certain intangible assets were adjusted as well. These adjustments in fair value also resulted in an increase to the deferred tax liability of \$10.2 million. The impact of the measurement period adjustments to our results of operations resulted in increases to previously reported depreciation and amortization expense of \$2.0 million in 2021.

Of the value allocated to amortizable intangible assets, the INYO affiliation agreement has an estimated amortization period of 20 years, advertiser relationships have an estimated amortization period of 7 years, other affiliation relationships have an estimated amortization period of 10 years and the value allocated to trade names has an estimated amortization period of 10 years. Determination of the value allocated to these intangible assets involved the use of certain assumptions, including forecasts of future revenues and operating expenses as well as the selection of discount rates and assumed future probability of renewal of agreements.

The goodwill of \$1.8 billion arising from the transactions consists largely of synergies, economies of scale and other benefits of a larger national broadcast footprint and becoming the largest holder of broadcast spectrum. We allocated the goodwill to our Scripps Networks segment. The transaction is accounted for as a stock acquisition which applies carryover tax basis to the assets and liabilities acquired. The goodwill is not deductible for income tax purposes.

From the January 7, 2021 acquisition date through December 31, 2021, revenues from ION's operations of \$543 million have been included in the accompanying Consolidated Statements of Operations. Acquisition and integration costs related to the transaction, including legal and professional fees and severance costs, totaled \$38.1 million for the year ended December 31, 2021.

#### **KCDO Television Station**

On November 20, 2020, we closed on the acquisition of the KCDO television station in the Denver, Colorado market. Included in the sale was KSBS-CD, a lower power translator of KCDO. Consideration for the transaction totaled \$9.6 million. The purchase price allocation attributed value of \$6.9 million to the acquired FCC license, \$1.7 million to goodwill, \$0.9 million to property and equipment and the remainder to various working capital accounts.

#### **2019 Television Stations Acquisitions**

On September 19, 2019, we closed on the acquisition of eight television stations in seven markets from the Nexstar Media Group, Inc. ("Nexstar") transaction with Tribune Media Company ("Tribune"). Cash consideration for the transaction totaled \$582 million. Seven of the stations were operated by Tribune, and its subsidiaries, and one was operated by Nexstar. Nexstar was required to divest these stations in order to complete its acquisition of Tribune.

On May 1, 2019, we acquired 15 television stations in 10 markets from Cordillera Communications, LLC ("Cordillera"), for \$521 million in cash, plus a working capital adjustment of \$23.9 million. In the second quarter of 2020, we received cash consideration and reduced the purchase price by \$2.5 million related to an indemnification claim on certain acquired assets.

Effective January 1, 2019, we acquired three television stations owned by Raycom Media ("Raycom") — Waco, Texas ABC affiliate KXXV/KRHD and Tallahassee, Florida ABC affiliate WTXL — for \$55 million in cash. These stations were being divested as part of Gray Television's acquisition of Raycom.

The following table summarizes the final fair values of the Raycom, Cordillera and Nexstar-Tribune assets acquired and liabilities assumed at the closing dates.

| (in thousands)                                    | Raycom    | Cordillera | Nexstar-Tribune | Total        |
|---|-----------|------------|-----------------|--------------|
| Accounts receivable                               | \$ —      | \$ 26,770  | \$ —            | \$ 26,770    |
| Current portion of programming                    | —         | —          | 11,997          | 11,997       |
| Other current assets                              | —         | 986        | 3,541           | 4,527        |
| Property and equipment                            | 11,721    | 53,734     | 61,569          | 127,024      |
| Operating lease right-of-use assets               | 296       | 4,667      | 82,447          | 87,410       |
| Programming (less current portion)                | —         | —          | 9,830           | 9,830        |
| Goodwill  | 18,349    | 251,681    | 168,196         | 438,226      |
| Indefinite-lived intangible assets - FCC licenses | 6,800     | 26,700     | 176,000         | 209,500      |
| Amortizable intangible assets:                    |           |            |                 |              |
| Television network affiliation relationships      | 17,400    | 169,400    | 181,000         | 367,800      |
| Advertiser relationships                          | 700       | 5,900      | 7,100           | 13,700       |
| Other intangible assets                           | —         | 13,000     | —               | 13,000       |
| Accounts payable                                  | —         | (15)       | —               | (15)         |
| Accrued expenses                                  | —         | (5,750)    | (4,586)         | (10,336)     |
| Current portion of programming liabilities        | —         | —          | (16,211)        | (16,211)     |
| Other current liabilities                         | —         | (280)      | (3,185)         | (3,465)      |
| Programming liabilities                           | —         | —          | (15,607)        | (15,607)     |
| Operating lease liabilities                       | (296)     | (4,387)    | (79,766)        | (84,449)     |
| Net purchase price                                | \$ 54,970 | \$ 542,406 | \$ 582,325      | \$ 1,179,701 |

Of the value allocated to amortizable intangible assets, television network affiliation relationships have an estimated amortization period of 20 years, advertiser relationships have estimated amortization periods of 5-10 years and the value allocated to a shared services agreement has an estimated amortization period of 20 years.

The goodwill of \$438 million arising from the transactions consists largely of synergies, economies of scale and other benefits of a larger broadcast footprint. We allocated the goodwill to our Local Media segment. We treated the transactions as asset acquisitions for income tax purposes resulting in a step-up in the assets acquired. The goodwill is deductible for income tax purposes.

#### Pro forma results of operations

Pro forma results of operations, assuming the ION acquisition had taken place at the beginning of 2020, are presented in the following table. The pro forma results do not include KCDO, as the impact of this acquisition, individually or in the aggregate, is not material to prior year results of operations. The pro forma information includes the historical results of operations of Scripps and ION (excluding the results of the divested stations sold to INYO), as well as adjustments for additional depreciation and amortization of the assets acquired, additional interest expense related to the financing of the transactions and other transactional adjustments. The pro forma results do not include efficiencies, cost reductions or synergies expected to result from the acquisition, or retrospective fair value adjustments to the warrant. The unaudited pro forma financial information is not necessarily indicative of the results that actually would have occurred had the acquisition been completed at the beginning of the period.

| (in thousands, except per share data) (unaudited) | For the years ended December 31, |              |
|---|----------------------------------|--------------|
|   | 2021                             | 2020         |
| Operating revenues                                | \$ 2,290,254                     | \$ 2,395,650 |
| Net income attributable to Scripps shareholders   | 101,146                          | 275,658      |
| Net income per share:                             |                                  |              |
| Basic   | \$ 1.19                          | \$ 3.30      |
| Diluted   | 1.12                             | 3.29         |

Pro forma results in 2020 include \$47.5 million of non-recurring transaction costs. The pro forma results in 2021 reflect a \$38.1 million reversal of ION transaction costs incurred that are already being captured in the 2020 pro forma results.

#### Pending acquisition

On January 5, 2022, we acquired Nuvvyo for net cash consideration totaling \$12.1 million. Nuvvyo provides consumers DVR product solutions to watch and record free over-the-air HDTV on connected devices.

#### 4. Asset Write-Downs and Other Charges and Credits

Income from continuing operations before income taxes was affected by the following:

**2021** — Acquisition and related integration costs of \$40.4 million primarily reflect investment banking, legal and professional service costs incurred to complete and integrate the ION Media Networks, Inc. acquisition, which closed on January 7, 2021.

Restructuring costs totaled \$9.4 million in 2021 due to the Newsy restructuring plan. In the first quarter, we incurred costs of \$7.1 million for the write-downs of both capitalized carriage agreement payments and certain Newsy intangible assets. The additional Newsy restructuring charges were primarily attributed to employee severance, relocation costs and Nielsen contract costs.

We completed the building sale for our Denver KMGH television station in the third quarter of 2021. The sale resulted in recognition of a pre-tax gain totaling \$32.6 million.

We redeemed the outstanding principal amount of our 2025 Senior Notes during the second quarter of 2021. Additionally, during the fourth quarter of 2021, we redeemed \$15.4 million of the 2027 Senior Notes and \$22.0 million of the 2031 Senior Notes. These redemptions resulted in a loss on extinguishment of debt of \$15.3 million, representing the premiums paid on the notes and write-offs of unamortized debt financing costs.

During the first quarter of 2021, we completed the sale of our Triton business. The sale generated total net proceeds of \$225 million and we recognized a pre-tax gain from disposition totaling \$81.8 million.

Related to our outstanding common stock warrant, we recognized non-cash charges totaling \$99.1 million in 2021. The warrant obligation was being marked-to-market each reporting period with the increase in our common stock price being the significant contributor to higher valuation. Following an amendment to the common stock warrant agreement on May 14, 2021, the fair value of the warrant was reclassified to equity and is no longer marked-to-market each reporting period.

**2020** — Acquisition and related integration costs of \$18.7 million reflect contract termination costs and professional service costs incurred to integrate the Cordillera and Nexstar-Tribune television stations, as well as costs incurred leading up to the ION

Media Networks, Inc. transaction, which closed in January 2021.

2019 — Acquisition and related integration costs of \$26.3 million reflect investment banking and legal fees incurred to complete the 2019 acquisitions, as well as professional service costs incurred to integrate Triton and the Raycom, Cordillera and Nexstar-Tribune television stations.

## 5. Income Taxes

We file a consolidated federal income tax return, consolidated unitary returns in certain states, other separate state income tax returns for certain of our subsidiary companies, and applicable foreign returns.

The provision for income taxes from continuing operations consisted of the following:

| (in thousands)                                       | For the years ended December 31, |                  |                 |
|--|----------------------------------|------------------|-----------------|
|  | 2021                             | 2020             | 2019            |
| <b>Current:</b>                                      |                                  |                  |                 |
| Federal  | \$ 52,145                        | \$ (13,235)      | \$ 6,653        |
| State and local                                      | 9,096                            | 2,478            | 2,235           |
| Foreign  | (48)                             | 107              | (6)             |
| <b>Total current income tax provision (benefit)</b>  | <b>61,193</b>                    | <b>(10,650)</b>  | <b>8,882</b>    |
| <b>Deferred:</b>                                     |                                  |                  |                 |
| Federal  | 6,616                            | 57,755           | (6,346)         |
| State and local                                      | 3,087                            | 8,902            | 206             |
| Foreign  | 293                              | (551)            | 175             |
| <b>Total deferred income tax provision (benefit)</b> | <b>9,996</b>                     | <b>66,106</b>    | <b>(5,965)</b>  |
| <b>Provision for income taxes</b>                    | <b>\$ 71,189</b>                 | <b>\$ 55,456</b> | <b>\$ 2,917</b> |

The difference between the statutory rate for federal income tax and the effective income tax rate was as follows:

|  | For the years ended December 31, |               |                |
|--|----------------------------------|---------------|----------------|
|  | 2021                             | 2020          | 2019           |
| <b>Statutory rate</b>                                    | <b>21.0 %</b>                    | <b>21.0 %</b> | <b>21.0 %</b>  |
| <b>Effect of:</b>  |                                  |               |                |
| State and local income taxes, net of federal tax benefit | 5.6                              | 4.5           | 212.7          |
| Non-deductible mark-to-market losses                     | 11.5                             | —             | —              |
| Excess tax benefits from stock-based compensation        | (0.9)                            | 0.5           | (60.4)         |
| Nondeductible expenses                                   | 0.2                              | 0.4           | 118.7          |
| Reserve for uncertain tax positions                      | (0.8)                            | 0.7           | (13.7)         |
| Other  | 1.5                              | (0.6)         | 12.2           |
| <b>Effective income tax rate</b>                         | <b>38.1 %</b>                    | <b>26.5 %</b> | <b>290.5 %</b> |

A non-deductible expense of \$102.6 million was recorded in 2021 related to preferred stock issuance costs and unrealized losses on mark-to-market adjustments recorded on the common stock warrant issued in connection with the ION acquisition.

The approximate effect of the temporary differences giving rise to deferred income tax assets (liabilities) were as follows:

| (in thousands)  | As of December 31, |             |
|---|--------------------|-------------|
|   | 2021               | 2020        |
| Temporary differences:  |                    |             |
| Property and equipment  | \$ (54,292)        | \$ (31,003) |
| Goodwill and other intangible assets  | (378,978)          | (119,074)   |
| Investments, primarily gains and losses not yet recognized for tax purposes | 2,886              | (2,989)     |
| Accrued expenses not deductible until paid                                  | 10,867             | 7,748       |
| Deferred compensation and retiree benefits not deductible until paid        | 37,317             | 46,242      |
| Operating lease right-of-use assets   | (31,507)           | (12,480)    |
| Operating lease liabilities   | 33,174             | 12,089      |
| Interest limitation carryforward  | 7                  | —           |
| Other temporary differences, net  | 12,354             | 966         |
| Total temporary differences   | (368,172)          | (98,501)    |
| Federal and state net operating loss carryforwards                          | 23,863             | 15,532      |
| Valuation allowance for state deferred tax assets                           | (12,468)           | (2,875)     |
| Net deferred tax liability  | \$ (356,777)       | \$ (85,844) |

Total state operating loss carryforwards were \$614 million at December 31, 2021. Our state tax loss carryforwards expire through 2040. Because we file separate state income tax returns for certain of our subsidiary companies, we are not able to use state tax losses of a subsidiary company to offset state taxable income of another subsidiary company.

The Company recognizes state net operating loss carryforwards as deferred tax assets, subject to valuation allowances. At each balance sheet date, we estimate the amount of carryforwards that are not expected to be used prior to expiration of the carryforward period. The tax effect of the carryforwards that are not expected to be used prior to their expiration is included in the valuation allowance.

The Company has not provided for income taxes, including withholding tax, U.S. state taxes, or tax on foreign exchange rate changes, associated with the undistributed earnings of our non-U.S. subsidiaries because we plan to indefinitely reinvest the unremitted earnings in these entities.

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act") was enacted and signed into law. The CARES Act includes several provisions for corporations including increasing the amount of deductible interest, allowing companies to carryback certain net operating losses ("NOLs") and increasing the amount of NOLs that corporations can use to offset income. The CARES Act did not materially affect our year-to-date income tax provision. We received an additional tax refund of \$14.0 million from the carryback of NOLs to prior periods in October 2020.

On December 27, 2020, the Consolidated Appropriations Act, 2021 was signed and enacted into law, which provided an additional stimulus package providing financial relief for individuals and small businesses. The Appropriations Act contains a variety of tax provisions, including full expensing of business meals in 2021 and 2022, an expansion of the Paycheck Protection Program, and expansion of the employee retention tax credit. We continue to evaluate the Appropriations Act, but do not currently expect it to have a material impact on our income tax provision.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

| (in thousands)   | For the years ended December 31, |                 |               |
|--|----------------------------------|-----------------|---------------|
|  | 2021                             | 2020            | 2019          |
| Gross unrecognized tax benefits at beginning of year       | \$ 2,376                         | \$ 576          | \$ 1,112      |
| Increases in tax positions for prior years                 | 22,348                           | 166             | 87            |
| Decreases in tax positions for prior years                 | —                                | (141)           | (387)         |
| Increases in tax positions for current years               | 3,164                            | 1,661           | —             |
| Decreases in tax positions for current years               | —                                | —               | (167)         |
| Increases (decreases) from lapse in statute of limitations | (4,234)                          | 114             | (69)          |
| Decreases due to settlements with taxing authorities       | (13,082)                         | —               | —             |
| Gross unrecognized tax benefits at end of year             | <u>\$ 10,572</u>                 | <u>\$ 2,376</u> | <u>\$ 576</u> |

The total amount of net unrecognized tax benefits that, if recognized, would affect the effective tax rate was \$9.0 million at December 31, 2021. We accrue interest and penalties related to unrecognized tax benefits in our provision for income taxes. At December 31, 2021 and 2020, we had accrued interest related to unrecognized tax benefits of \$1.5 million and less than \$0.1 million, respectively, and penalties of \$0.9 million at December 31, 2021.

We file income tax returns in the U.S. and in various state and local jurisdictions. We are routinely examined by tax authorities in these jurisdictions. At December 31, 2021, we are no longer subject to federal income tax examinations for years prior to 2018. For state and local jurisdictions, we are generally no longer subject to income tax examinations for years prior to 2017.

Due to the potential for resolution of federal and state examinations, and the expiration of various statutes of limitation, it is reasonably possible that our gross unrecognized tax benefits balance may change within the next twelve months by as much as \$0.3 million.

## 6. Restricted Cash

At December 31, 2021 and 2020, we had restricted cash of \$34.3 million and \$1.1 billion, respectively. The December 31, 2021 balance reflects restricted cash held in escrow from the KMGH Denver television station building sale, which was received in January 2022. The December 31, 2020 restricted balance represents the senior secured notes and senior unsecured notes proceeds that were segregated as financing for the January 7, 2021 closing of the ION Media Networks, Inc. acquisition. Refer to Note 11. Long-Term Debt and Note 3. Acquisitions for further information on the \$550 million Senior Secured Notes and \$500 million Senior Unsecured Notes that were issued on December 30, 2020.

## 7. Investments

Investments consisted of the following:

| (in thousands)            | As of December 31, |                  |
|---------------------------|--------------------|------------------|
|                           | 2021               | 2020             |
| Investments held at cost  | \$ 15,431          | \$ 4,564         |
| Equity method investments | 6,201              | 9,840            |
| Total investments         | <u>\$ 21,632</u>   | <u>\$ 14,404</u> |

Our investments do not trade in public markets, thus they do not have readily determinable fair values. We estimate the fair values of the investments to approximate their carrying values at December 31, 2021 and 2020.

## 8. Property and Equipment

Property and equipment consisted of the following:

| (in thousands)             | As of December 31, |            |
|----------------------------|--------------------|------------|
|                            | 2021               | 2020       |
| Land and improvements      | \$ 65,559          | \$ 62,655  |
| Buildings and improvements | 204,819            | 183,516    |
| Equipment                  | 575,920            | 447,139    |
| Computer software          | 29,029             | 25,888     |
| Total                      | 875,327            | 719,198    |
| Accumulated depreciation   | 418,382            | 375,278    |
| Net property and equipment | \$ 456,945         | \$ 343,920 |

## 9. Leases

We have operating leases for office space, data centers and certain equipment. Our leases have remaining lease terms of 1 year to 30 years, some of which may include options to extend the leases for up to 5 years, and some of which may include options to terminate the leases within 1 year. Operating lease costs recognized in our Consolidated Statements of Operations for the years ended December 31, 2021 and 2020 totaled \$24.3 million and \$21.0 million, including short-term lease costs of \$1.8 million and \$0.5 million, respectively.

Other information related to our operating leases was as follows:

| (in thousands, except lease term and discount rate) | As of December 31, |            |
|---|--------------------|------------|
|   | 2021               | 2020       |
| <b>Balance Sheet Information</b>                    |                    |            |
| Right-of-use assets                                 | \$ 124,821         | \$ 51,471  |
| Other current liabilities                           | 20,066             | 9,623      |
| Operating lease liabilities                         | 113,892            | 42,097     |
| <b>Weighted Average Remaining Lease Term</b>        |                    |            |
| Operating leases                                    | 8.35 years         | 7.64 years |
| <b>Weighted Average Discount Rate</b>               |                    |            |
| Operating leases                                    | 4.16 %             | 5.96 %     |

| (in thousands)   | For the years ended<br>December 31, |           |
|--|-------------------------------------|-----------|
|  | 2021                                | 2020      |
| <b>Supplemental Cash Flows Information</b>                             |                                     |           |
| Cash paid for amounts included in the measurement of lease liabilities | \$ 22,477                           | \$ 19,028 |
| Right-of-use assets obtained in exchange for lease obligations         | 17,835                              | 5,235     |

Future minimum lease payments under non-cancellable operating leases as of December 31, 2021 were as follows:

| (in thousands)                      |    | Operating<br>Leases |
|-------------------------------------|----|---------------------|
| 2022                                | \$ | 27,477              |
| 2023                                |    | 24,063              |
| 2024                                |    | 21,133              |
| 2025                                |    | 17,005              |
| 2026                                |    | 15,019              |
| Thereafter                          |    | 54,495              |
| Total future minimum lease payments |    | 159,192             |
| Less: Imputed interest              |    | (25,234)            |
| Total                               | \$ | 133,958             |



## 10. Goodwill and Other Intangible Assets

Goodwill by business segment was as follows:

| (in thousands)   | Local Media  | Scripps Networks | Other      | Total        |
|--|--------------|------------------|------------|--------------|
| Gross balance as of December 31, 2018                      | \$ 708,133   | \$ 232,742       | \$ 113,279 | \$ 1,054,154 |
| Accumulated impairment losses                              | (216,914)    | (21,000)         | (29,403)   | (267,317)    |
| Net balance as of December 31, 2018                        | 491,219      | 211,742          | 83,876     | 786,837      |
| Sale of Cracked  | —            | —                | (29,403)   | (29,403)     |
| Removal of Cracked accumulated impairment loss due to sale | —            | —                | 29,403     | 29,403       |
| Television stations acquisitions                           | 435,726      | —                | —          | 435,726      |
| Omny acquisition   | —            | —                | 5,336      | 5,336        |
| Triton acquisition adjustment                              | —            | —                | (3,220)    | (3,220)      |
| Balance as of December 31, 2019                            | \$ 926,945   | \$ 211,742       | \$ 85,992  | \$ 1,224,679 |
| Gross balance as of December 31, 2019                      | \$ 1,143,859 | \$ 232,742       | \$ 85,992  | \$ 1,462,593 |
| Accumulated impairment losses                              | (216,914)    | (21,000)         | —          | (237,914)    |
| Net balance as of December 31, 2019                        | 926,945      | 211,742          | 85,992     | 1,224,679    |
| Television stations acquisitions adjustments               | 2,500        | —                | —          | 2,500        |
| KCDO acquisition   | 1,679        | —                | —          | 1,679        |
| Sale of WPIX   | (24,997)     | —                | —          | (24,997)     |
| Sale of Weathersphere                                      | (633)        | —                | —          | (633)        |
| Omny acquisition adjustment                                | —            | —                | (16)       | (16)         |
| Balance as of December 31, 2020                            | \$ 905,494   | \$ 211,742       | \$ 85,976  | \$ 1,203,212 |
| Gross balance as of December 31, 2020                      | \$ 1,122,408 | \$ 232,742       | \$ 85,976  | \$ 1,441,126 |
| Accumulated impairment losses                              | (216,914)    | (21,000)         | —          | (237,914)    |
| Net balance as of December 31, 2020                        | 905,494      | 211,742          | 85,976     | 1,203,212    |
| ION acquisition  | —            | 1,796,148        | —          | 1,796,148    |
| Sale of Triton   | —            | —                | (85,976)   | (85,976)     |
| Balance as of December 31, 2021                            | \$ 905,494   | \$ 2,007,890     | \$ —       | \$ 2,913,384 |
| Gross balance as of December 31, 2021                      | \$ 1,122,408 | \$ 2,028,890     | \$ —       | \$ 3,151,298 |
| Accumulated impairment losses                              | (216,914)    | (21,000)         | —          | (237,914)    |
| Net balance as of December 31, 2021                        | \$ 905,494   | \$ 2,007,890     | \$ —       | \$ 2,913,384 |

Other intangible assets consisted of the following:

| (in thousands)                                    | As of December 31, |            |
|---|--------------------|------------|
|   | 2021               | 2020       |
| <b>Amortizable intangible assets:</b>             |                    |            |
| Carrying amount:                                  |                    |            |
| Television network affiliation relationships      | \$ 1,060,244       | \$ 616,244 |
| Customer lists and advertiser relationships       | 217,400            | 102,900    |
| Other   | 130,265            | 104,445    |
| Total carrying amount                             | 1,407,909          | 823,589    |
| Accumulated amortization:                         |                    |            |
| Television network affiliation relationships      | (168,021)          | (113,950)  |
| Customer lists and advertiser relationships       | (77,711)           | (53,232)   |
| Other   | (32,881)           | (37,778)   |
| Total accumulated amortization                    | (278,613)          | (204,960)  |
| Net amortizable intangible assets                 | 1,129,296          | 618,629    |
| Indefinite-lived intangible assets — FCC licenses | 781,015            | 356,815    |
| Total other intangible assets                     | \$ 1,910,311       | \$ 975,444 |

Estimated amortization expense of intangible assets for each of the next five years is \$94.4 million in 2022, \$90.8 million in 2023, \$89.5 million in 2024, \$87.7 million in 2025, \$84.7 million in 2026 and \$682.2 million in later years.

Goodwill and indefinite-lived intangible assets are tested for impairment annually and any time events occur or conditions change that would indicate it is more likely than not the fair value of a reporting unit, or respective indefinite-lived intangible assets, is below its carrying value. Such indicators of impairment include, but are not limited to, changes in business climate or other factors resulting in low cash flow related to such assets. We determine fair values using market data, appraised values and discounted cash flow analyses. The use of a discounted cash flow analysis requires significant judgment to estimate the future cash flows derived from the business and the period of time over which those cash flows will occur, as well as to determine an appropriate discount rate. The determination of the discount rate is based on a cost of capital model, using a risk-free rate, adjusted by a stock-beta adjusted risk premium and a size premium. While we believe the estimates and judgments used in determining the fair values were appropriate, different assumptions with respect to future cash flows, long-term growth rates and discount rates, could produce different estimates of fair value. If the fair value of a reporting unit, or respective FCC license, is less than its carrying value, then an impairment exists and an impairment charge is recorded. In the fourth quarter of 2021 and 2020, we completed our annual impairment tests on goodwill and FCC licenses. The results of the tests indicated that the estimated fair value of our reporting units and FCC licenses exceeded their respective carrying values.

## 11. Long-Term Debt

Long-term debt consisted of the following:

| (in thousands)                                   | As of December 31, |              |
|--|--------------------|--------------|
|  | 2021               | 2020         |
| Revolving credit facility                        | \$ —               | \$ —         |
| Senior secured notes, due in 2029                | 550,000            | 550,000      |
| Senior unsecured notes, due in 2025              | —                  | 400,000      |
| Senior unsecured notes, due in 2027              | 484,655            | 500,000      |
| Senior unsecured notes, due in 2031              | 477,958            | 500,000      |
| Term loan, due in 2024                           | 287,250            | 290,250      |
| Term loan, due in 2026                           | 744,049            | 751,660      |
| Term loan, due in 2028                           | 667,000            | —            |
| Total outstanding principal                      | 3,210,912          | 2,991,910    |
| Less: Debt issuance costs and issuance discounts | (62,907)           | (57,939)     |
| Less: Current portion                            | (18,612)           | (10,612)     |
| Net carrying value of long-term debt             | 3,129,393          | 2,923,359    |
| Fair value of long-term debt *                   | \$ 3,249,278       | \$ 3,064,194 |

\* The fair values of debt are estimated based on either quoted private market transactions or observable estimates provided by third party financial professionals, and as such, are classified within Level 2 of the fair value hierarchy.

### *Scripps Senior Secured Credit Agreement*

On January 7, 2021, we entered into the Sixth Amendment to the Third Amended Restated Credit Agreement ("Sixth Amendment"). Under the Sixth Amendment, the capacity of our Revolving Credit Facility was increased from \$210 million to \$400 million. Additionally, the Sixth Amendment extended the facility's maturity date to the earlier of January 2026 or 91 days prior to the stated maturity date for any of our existing loans and our existing unsecured notes that mature within the facility's term. Commitment fees of 0.30% to 0.50% per annum, based on our leverage ratio, of the total unused commitment are payable under the Revolving Credit Facility. Interest is payable on the Revolving Credit Facility at rates based on LIBOR, plus a margin based on our leverage ratio, ranging from 1.75% to 2.50%. The weighted-average interest rate over the period we had a drawn revolver balance in 2020 was 2.46%. As of December 31, 2021, we had no borrowings under the Revolving Credit Facility. As of December 31, 2021 and 2020, we had outstanding letters of credit totaling \$6.9 million and \$6.0 million, respectively, under the Revolving Credit Facility.

On October 2, 2017, we issued a \$300 million term loan B which matures in October 2024 ("2024 term loan"). Interest is currently payable on the 2024 term loan at a rate based on LIBOR, plus a fixed margin of 2.00%. Interest will reduce to a rate of LIBOR plus a fixed margin of 1.75% if the Company's total net leverage, as defined by the amended agreement, is below 2.75. The 2024 term loan requires annual principal payments of \$3 million.

As of December 31, 2021 and 2020, the interest rate on the 2024 term loan was 2.10% and 2.15%, respectively. The weighted-average interest rate on the 2024 term loan was 2.09% and 2.15% in 2021 and 2020, respectively.

On May 1, 2019, we issued a \$765 million term loan B ("2026 term loan") that matures in May 2026. Interest is currently payable on the 2026 term loan at a rate based on LIBOR, plus a fixed margin of 2.56%. The 2026 term loan requires annual principal payments of \$7.6 million. Deferred financing costs and an original issuance discount totaled approximately \$23.0 million with this term loan, which are being amortized over the life of the loan.

As of December 31, 2021 and 2020, the interest rate on the 2026 term loan was 3.31% and 2.65%, respectively. The weighted-average interest rate on the 2026 term loan was 3.31% and 2.65% in 2021 and 2020, respectively.

Under the Sixth Amendment, we also issued an \$800 million term loan B ("2028 term loan") that contributed to the financing of the ION acquisition. The term loan matures in 2028 with interest payable at rates based on LIBOR, plus a fixed margin of 3.00%. Additionally, the Sixth Amendment provided that the LIBOR rate could not be less than 0.75% for our term loans that mature in 2026 and 2028. The 2028 term loan requires annual principal payments of \$8.0 million. We incurred deferred financing costs totaling \$23.4 million related to this term loan and the amendment to the Revolving Credit Facility, which are being amortized over the life of the term loan.

During 2021, we made additional principal payments on the 2028 term loan totaling \$125 million and wrote off \$3.1 million of deferred financing costs related to this term loan to interest expense.

As of December 31, 2021, the interest rate on the 2028 term loan was 3.75%. The weighted-average interest rate on the 2028 term loan was 3.75% in 2021.

The Senior Secured Credit Agreement contains covenants that limit our ability to incur additional debt and provides for restrictions on certain payments (dividends and share repurchases). Additionally, we must be in compliance with certain leverage ratios in order to proceed with acquisitions. Our credit agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. We granted the lenders pledges of our equity interests in our subsidiaries and security interests in substantially all other personal property including cash, accounts receivables and equipment. In addition, the Revolving Credit Facility contains a covenant to comply with a maximum first lien net leverage ratio of 4.75 to 1.0 when we have outstanding borrowings on the facility. As of December 31, 2021, we were in compliance with our financial covenants.

### *2029 Senior Secured Notes*

On December 30, 2020, we issued \$550 million of senior secured notes (the "2029 Senior Notes"), which bear interest at a rate of 3.875% per annum and mature on January 15, 2029. The proceeds of the 2029 Senior Notes were deposited into a segregated escrow account. The escrow account was subsequently released on January 7, 2021 and used toward the financing of the ION acquisition (See Note 3). The 2029 Senior Notes were priced at 100% of par value and

interest is payable semi-annually on January 15 and July 15, commencing on July 15, 2021. Prior to January 15, 2024 we may redeem up to 40% of the aggregate principal amount of the 2029 Senior Notes at a redemption price of 103.875% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem some or all of the 2029 Senior Notes before January 15, 2024 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date plus a "make whole" premium. On or after January 15, 2024 and before January 15, 2026, we may redeem the notes, in whole or in part, at applicable redemption prices noted in the indenture agreement. If we sell certain of our assets or have a change of control, the holders of the 2029 Senior Notes may require us to repurchase some or all of the notes. Our credit agreement also includes a provision that in certain circumstances we must use a portion of excess cash flow to repay debt. The 2029 Senior Notes are guaranteed by us and the majority of our subsidiaries and are secured on equal footing with the obligations under the Senior Secured Credit Agreement. Following the release of the proceeds from escrow on January 7, 2021, the notes became secured, on a first lien basis, from pledges of equity interests in our subsidiaries and by substantially all of the existing and future assets of Scripps. The 2029 Senior Notes contain covenants with which we must comply that are typical for borrowing transactions of this nature.

We incurred approximately \$13.8 million of deferred financing costs in connection with the issuance of the 2029 Senior Notes, which are being amortized over the life of the notes.

#### ***2025 Senior Unsecured Notes***

On April 28, 2017, we issued \$400 million of senior unsecured notes (the "2025 Senior Notes"), which bear interest at a rate of 5.125% per annum and mature on May 15, 2025. The 2025 Senior Notes were priced at 100% of par value and interest is payable semi-annually on May 15 and November 15. On or after May 15, 2020 and before May 15, 2023, we may redeem the notes, in whole or in part, at applicable redemption prices noted in the indenture agreement.

We incurred approximately \$7.0 million of deferred financing costs in connection with the issuance of the 2025 Senior Notes, which are being amortized over the life of the notes.

On May 15, 2021, we redeemed all the outstanding principal amount of the 2025 Senior Notes for a redemption price equal to 102.563% of the aggregate principal amount plus accrued and unpaid interest. The redemption resulted in a loss on extinguishment of debt of \$13.8 million, representing the premium paid to retire the notes and write-off of unamortized debt financing costs. The notes were redeemed with cash on hand.

#### ***2027 Senior Unsecured Notes***

On July 26, 2019, we issued \$500 million of senior unsecured notes, which bear interest at a rate of 5.875% per annum and mature on July 15, 2027 ("the 2027 Senior Notes"). The 2027 Senior Notes were priced at 100% of par value and interest is payable semi-annually on July 15 and January 15. Prior to July 15, 2022, we may redeem up to 40% of the aggregate principal amount of the 2027 Senior Notes at a redemption price of 105.875% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem some or all of the notes before July 15, 2022 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date plus a "make whole" premium. On or after July 15, 2022 and before July 15, 2025, we may redeem the notes, in whole or in part, at applicable redemption prices noted in the indenture agreement. If we sell certain of our assets or have a change of control, the holders of the 2027 Senior Notes may require us to repurchase some or all of the notes. The 2027 Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by certain of our existing and future domestic restricted subsidiaries. The 2027 Senior Notes contain covenants with which we must comply that are typical for borrowing transactions of this nature. There are no registration rights associated with the 2027 Senior Notes.

We incurred approximately \$10.7 million of deferred financing costs in connection with the issuance of the 2027 Senior Notes, which are being amortized over the life of the notes.

During the fourth quarter of 2021, we redeemed \$15.4 million of the 2027 Senior Notes at a weighted-average redemption price equal to 103.94% of the aggregate principal amount plus accrued and unpaid interest. The redemption resulted in a loss on extinguishment of debt of \$0.9 million, representing the premium paid on the notes and write-off of unamortized debt financing costs.

#### ***2031 Senior Unsecured Notes***

On December 30, 2020, we issued \$500 million of senior unsecured notes (the "2031 Senior Notes"), which bear interest at a rate of 5.375% per annum and mature on January 15, 2031. The proceeds of the 2031 Senior Notes were deposited into a segregated escrow account. The escrow account was subsequently released on January 7, 2021 and used toward the financing of the ION acquisition (See Note 3). The 2031 Senior Notes were priced at 100% of par value and interest is payable semi-annually on January 15 and July 15, commencing on July 15, 2021. Prior to January 15, 2024 we may redeem up to 40% of the aggregate principal amount of the 2031 Senior Notes at a redemption price of 105.375% of the principal amount plus accrued and unpaid interest, if any, to the date of redemption. We may also redeem some or all of the 2031 Senior Notes before January 15, 2026 at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to the redemption date plus a "make whole" premium. On or after January 15, 2026 and before January 15, 2029, we may redeem the notes, in whole or in part, at applicable redemption prices noted in the indenture agreement. If we sell certain of our assets or have a change of control, the holders of the 2031 Senior Notes may require us to repurchase some or all of the notes. The 2031 Senior Notes are also guaranteed by us and the majority of our subsidiaries. The 2031 Senior Notes contain covenants with which we must comply that are typical for borrowing transactions of this nature.

We incurred approximately \$12.5 million of deferred financing costs in connection with the issuance of the 2031 Senior Notes, which are being amortized over the life of the notes.

During the fourth quarter of 2021, we redeemed \$22.0 million of the 2031 Senior Notes at a weighted-average redemption price equal to 101.13% of the aggregate principal amount plus accrued and unpaid interest. The redemption resulted in a loss on extinguishment of debt of \$0.6 million, representing the premium paid on the notes and write-off of unamortized debt financing costs.

#### ***Debt Repurchase Authorization***

In May 2021, our Board of Directors provided additional debt repurchase program authorization pursuant to which we may reduce, through redemptions or open market purchases and retirement, a combination of the outstanding principal balance of our senior secured and senior unsecured notes. The authorization currently permits an aggregate principal amount reduction of up to \$562.6 million and expires on March 1, 2023.



## 12. Fair Value Measurement

We measure certain financial assets and liabilities at fair value on a recurring basis, such as cash equivalents. The fair values of these financial assets were determined based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value. These levels of input are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities.
- Level 2 — Inputs, other than quoted market prices in active markets, that are observable either directly or indirectly.
- Level 3 — Unobservable inputs based on our own assumptions.

The following tables set forth our assets that are measured at fair value on a recurring basis at December 31, 2021 and 2020:

| (in thousands)   | December 31, 2021 |           |         |         |
|------------------|-------------------|-----------|---------|---------|
|                  | Total             | Level 1   | Level 2 | Level 3 |
| Cash equivalents | \$ 32,536         | \$ 32,536 | \$ —    | \$ —    |

| (in thousands)   | December 31, 2020 |            |         |         |
|------------------|-------------------|------------|---------|---------|
|                  | Total             | Level 1    | Level 2 | Level 3 |
| Cash equivalents | \$ 539,891        | \$ 539,891 | \$ —    | \$ —    |

## 13. Other Liabilities

Other liabilities consisted of the following:

| (in thousands)                           | As of December 31, |                   |
|--|--------------------|-------------------|
|  | 2021               | 2020              |
| Employee compensation and benefits       | \$ 29,175          | \$ 34,020         |
| Deferred FCC repack income               | 47,977             | 44,945            |
| Programming liability                    | 352,686            | 33,481            |
| Liability for pension benefits           | 102,831            | 161,845           |
| Liabilities for uncertain tax positions  | 12,280             | 2,332             |
| Other                                    | 30,989             | 9,742             |
| Other liabilities (less current portion) | <u>\$ 575,938</u>  | <u>\$ 286,365</u> |

In connection with the acquisition of ION, we assumed \$26.1 million of uncertain tax position liabilities. Approximately \$21.9 million of that liability was attributed to disallowed domestic production activities deductions (DPAD). During 2021, we provided payments to the IRS and state taxing authorities totaling \$17.2 million for settlement of the DPAD liability. An additional \$4.7 million of the liability was reversed following statute of limitation lapses for respective tax years.

#### 14. Supplemental Cash Flow Information

The following table presents additional information about the change in certain working capital accounts:

| (in thousands)                             | For the years ended December 31, |             |              |
|--|----------------------------------|-------------|--------------|
|  | 2021                             | 2020        | 2019         |
| Accounts receivable                        | \$ (31,624)                      | \$ (40,524) | \$ (98,714)  |
| Other current assets                       | 12,488                           | 22,644      | (11,056)     |
| Accounts payable                           | 18,534                           | 19,520      | 1,572        |
| Accrued employee compensation and benefits | 4,073                            | 11,915      | 877          |
| Accrued interest                           | 18,459                           | 1,162       | 12,726       |
| Other accrued liabilities                  | 2,336                            | (5,918)     | 4,239        |
| Unearned revenue                           | (7,080)                          | 3,397       | 358          |
| Other, net                                 | (21,407)                         | 21,898      | (19,532)     |
| Total                                      | \$ (4,221)                       | \$ 34,094   | \$ (109,530) |

The following table reconciles cash and cash equivalents and restricted cash in the Consolidated Balance Sheets to cash, cash equivalents and restricted cash per the Consolidated Statements of Cash Flows.

| (in thousands)  | As of December 31, |              |           |
|---|--------------------|--------------|-----------|
|   | 2021               | 2020         | 2019      |
| Cash and cash equivalents                                     | \$ 66,223          | \$ 576,021   | \$ 32,968 |
| Restricted cash   | 34,257             | 1,050,000    | —         |
| Total cash, cash equivalents and restricted cash, end of year | \$ 100,480         | \$ 1,626,021 | \$ 32,968 |

As disclosed in Note 6. Restricted Cash, the December 31, 2021 restricted cash balance reflects cash held in escrow from the KMGH Denver television station building sale, which was received in January 2022. The December 31, 2020 restricted cash balance represents the senior secured notes and senior unsecured notes proceeds that were segregated as financing for the January 7, 2021 closing of the ION Media Networks, Inc. acquisition.

#### 15. Employee Benefit Plans

We sponsor a noncontributory defined benefit pension plan and non-qualified Supplemental Executive Retirement Plans ("SERPs"). Both the defined benefit plan and the SERPs have frozen the accrual of future benefits.

We sponsor a defined contribution plan covering substantially all non-union and certain union employees. We match a portion of employees' voluntary contributions to this plan.

Other union-represented employees are covered by defined benefit pension plans jointly sponsored by us and the union, or by union-sponsored multi-employer plans.

We use a December 31 measurement date for our retirement plans. Retirement plans expense is based on valuations as of the beginning of each year.

The components of the expense consisted of the following:

| (in thousands)  | For the years ended December 31, |           |           |
|---|----------------------------------|-----------|-----------|
|   | 2021                             | 2020      | 2019      |
| Interest cost   | \$ 16,465                        | \$ 19,799 | \$ 23,287 |
| Expected return on plan assets, net of expenses       | (23,235)                         | (21,016)  | (19,974)  |
| Amortization of actuarial loss and prior service cost | 6,210                            | 4,672     | 2,622     |
| Total for defined benefit plans                       | (560)                            | 3,455     | 5,935     |
| Multi-employer plans                                  | —                                | 5         | 132       |
| SERPs   | 903                              | 933       | 1,018     |
| Defined contribution plan                             | 14,394                           | 14,074    | 10,494    |
| Net periodic benefit cost                             | 14,737                           | 18,467    | 17,579    |
| Allocated to discontinued operations                  | —                                | (522)     | (447)     |
| Net periodic benefit cost - continuing operations     | \$ 14,737                        | \$ 17,945 | \$ 17,132 |

Other changes in plan assets and benefit obligations recognized in other comprehensive income (loss) were as follows:

| (in thousands)  | For the years ended December 31, |            |            |
|---|----------------------------------|------------|------------|
|   | 2021                             | 2020       | 2019       |
| Actuarial gain/(loss)                                 | \$ 27,318                        | \$ (5,296) | \$ (5,478) |
| Amortization of actuarial loss and prior service cost | 6,210                            | 4,672      | 2,622      |
| Total   | \$ 33,528                        | \$ (624)   | \$ (2,856) |

In addition to the amounts summarized above, amortization of actuarial losses related to our SERPs recognized through other comprehensive income was \$0.3 million, \$0.3 million and \$0.2 million in 2021, 2020 and 2019, respectively. We recognized an actuarial gain for our SERPs of \$0.3 million in 2021 and actuarial losses of \$1.0 million and \$1.9 million in 2020 and 2019, respectively.

Assumptions used in determining the annual retirement plans expense were as follows:

|   | 2021   | 2020   | 2019   |
|---|--------|--------|--------|
| Discount rate                           | 2.64 % | 3.40%  | 4.38%  |
| Long-term rate of return on plan assets | 5.50 % | 5.50 % | 5.50 % |

The discount rate used to determine our future pension obligations is based on a dedicated bond portfolio approach that includes securities rated Aa or better with maturities matching our expected benefit payments from the plans.

The expected long-term rate of return on plan assets is based upon the weighted-average expected rate of return and capital market forecasts for each asset class employed.

Changes in other key actuarial assumptions affect the determination of the benefit obligations as of the measurement date and the calculation of net periodic benefit costs in subsequent periods.



**Obligations and Funded Status** — The defined benefit pension plan obligations and funded status are actuarially valued as of the end of each year. The following table presents information about our employee benefit plan assets and obligations:

| (in thousands)  | Defined Benefit Plan             |              | SERPs       |             |
|---|----------------------------------|--------------|-------------|-------------|
|   | For the years ended December 31, |              |             |             |
|   | 2021                             | 2020         | 2021        | 2020        |
| <b>Change in projected benefit obligation:</b>                                |                                  |              |             |             |
| Projected benefit obligation at beginning of year                             | \$ 637,165                       | \$ 593,591   | \$ 18,890   | \$ 18,541   |
| Interest cost   | 16,465                           | 19,799       | 473         | 586         |
| Benefits paid   | (31,616)                         | (31,576)     | (1,028)     | (1,236)     |
| Actuarial (gains)/losses  | (18,705)                         | 55,351       | (312)       | 999         |
| Projected benefit obligation at end of year                                   | 603,309                          | 637,165      | 18,023      | 18,890      |
| <b>Plan assets:</b>   |                                  |              |             |             |
| Fair value at beginning of year   | 492,827                          | 420,699      | —           | —           |
| Actual return on plan assets  | 31,848                           | 71,071       | —           | —           |
| Company contributions   | 24,089                           | 32,633       | 1,028       | 1,236       |
| Benefits paid   | (31,616)                         | (31,576)     | (1,028)     | (1,236)     |
| Fair value at end of year   | 517,148                          | 492,827      | —           | —           |
| Funded status   | \$ (86,161)                      | \$ (144,338) | \$ (18,023) | \$ (18,890) |
| <b>Amounts recognized in Consolidated Balance Sheets:</b>                     |                                  |              |             |             |
| Current liabilities   | \$ —                             | \$ —         | \$ (1,353)  | \$ (1,383)  |
| Noncurrent liabilities  | (86,161)                         | (144,338)    | (16,670)    | (17,507)    |
| Total   | \$ (86,161)                      | \$ (144,338) | \$ (18,023) | \$ (18,890) |
| <b>Amounts recognized in accumulated other comprehensive loss consist of:</b> |                                  |              |             |             |
| Net actuarial loss  | \$ 90,197                        | \$ 123,707   | \$ 7,364    | \$ 7,999    |
| Prior service cost  | 370                              | 388          | —           | —           |

During 2021, net actuarial gains decreased our benefit obligation primarily due to a year-over-year increase in the discount rate assumption, whereas in 2020, net actuarial losses increased our benefit obligation primarily due to a year-over-year decrease in the discount rate assumption. The recognized actuarial gains/losses are recorded in accumulated other comprehensive income (loss) and are reflected in the table above.

Information for plans with an accumulated benefit obligation and projected benefit obligation in excess of plan assets was as follows:

| (in thousands)                 | Defined Benefit Plan |            | SERPs     |           |
|--------------------------------|----------------------|------------|-----------|-----------|
|                                | As of December 31,   |            |           |           |
|                                | 2021                 | 2020       | 2021      | 2020      |
| Accumulated benefit obligation | \$ 603,309           | \$ 637,165 | \$ 18,023 | \$ 18,890 |
| Projected benefit obligation   | 603,309              | 637,165    | 18,023    | 18,890    |
| Fair value of plan assets      | 517,148              | 492,827    | —         | —         |

Assumptions used to determine the defined benefit pension plan benefit obligation were as follows:

|                                | 2021   | 2020   | 2019   |
|--------------------------------|--------|--------|--------|
| Weighted average discount rate | 2.95 % | 2.64 % | 3.40 % |

In 2022, we expect to contribute \$1.4 million to fund our SERPs and \$25.0 million to fund our qualified defined benefit pension plan.

Estimated future benefit payments expected to be paid from the plans for the next ten years are \$32.9 million in 2022, \$33.4 million in 2023, \$34.0 million in 2024, \$34.6 million in 2025, \$34.9 million in 2026 and a total of \$177.1 million for the five years ending 2031.

### Plan Assets and Investment Strategy

Our long-term investment strategy for pension assets is to earn a rate of return over time that minimizes future contributions to the plan while reducing the volatility of pension assets relative to pension liabilities. The strategy reflects the fact that we have frozen the accrual of service credits under our plans which cover the majority of employees. We evaluate our asset allocation target ranges for equity, fixed income and other investments annually. We monitor actual asset allocations quarterly and adjust as necessary. We control risk through diversification among multiple asset classes, managers and styles. Risk is further monitored at the manager and asset class level by evaluating performance against appropriate benchmarks.

Information related to our pension plan asset allocations by asset category were as follows:

|                          | Target allocation | Percentage of plan assets as of December 31, |              |
|--------------------------|-------------------|--|--------------|
|                          | 2022              | 2021   | 2020         |
| US equity securities     | 15 %              | 15 %   | 16 %         |
| Non-US equity securities | 30 %              | 35 %   | 39 %         |
| Fixed-income securities  | 50 %              | 49 %   | 44 %         |
| Other                    | 5 %               | 1 %  | 1 %          |
| <b>Total</b>             | <b>100 %</b>      | <b>100 %</b>                                 | <b>100 %</b> |

U.S. equity securities include common stocks of large, medium and small capitalization companies, which are predominantly U.S. based. Non-U.S. equity securities include companies domiciled outside of the U.S. and American depository receipts. Fixed-income securities include securities issued or guaranteed by the U.S. government, mortgage backed securities and corporate debt obligations. Other investments include real estate funds and cash equivalents.

Under our asset allocation strategy, approximately 50% of plan assets are invested in a portfolio of fixed income securities with a duration approximately that of the projected payment of benefit obligations. The remaining 50% of plan assets are invested in equity securities and other return-seeking assets. The expected long-term rate of return on plan assets is based primarily upon the target asset allocation for plan assets and capital markets forecasts for each asset class employed.

The following table presents our plan assets as of December 31, 2021 and 2020:

| (in thousands)                   | As of December 31, |                   |
|----------------------------------|--------------------|-------------------|
|                                  | 2021               | 2020              |
| <b>Equity securities</b>         |                    |                   |
| Common/collective trust funds    | \$ 261,810         | \$ 274,810        |
| <b>Fixed income</b>              |                    |                   |
| Common/collective trust funds    | 252,731            | 215,444           |
| Cash equivalents                 | 2,607              | 2,573             |
| <b>Fair value of plan assets</b> | <b>\$ 517,148</b>  | <b>\$ 492,827</b> |

Our investments are valued using net asset value as a practical expedient as allowed under U.S. GAAP and therefore are not valued using the fair value hierarchy.

Equity securities-common/collective trust funds and fixed income-common/collective trust funds are comprised of shares or units in commingled funds that are not publicly traded. The underlying assets in these funds (equity securities and fixed income securities) are publicly traded on exchanges and price quotes for the assets held by these funds are readily available. Common/collective trust funds are typically valued at their net asset values that are calculated by the investment manager or sponsor of the fund and have daily or monthly liquidity.

## 16. Segment Information

We determine our business segments based upon our management and internal reporting structure, as well as the basis that our chief operating decision maker makes resource allocation decisions.

Effective with the January 7, 2021 close of the ION acquisition, we realigned our internal reporting structure and changed the reporting of our businesses' operating results to reflect this new structure. Under the new structure, our operating results are reported under Local Media, Scripps Networks and Other segment captions.

Our Local Media segment includes our 61 local broadcast stations and their related digital operations. It is comprised of 18 ABC affiliates, 11 NBC affiliates, nine CBS affiliates and four FOX affiliates. We also have 12 CW affiliates - four on full power stations and eight on multicast; five independent stations and 10 additional low power stations. Our Local Media segment earns revenue primarily from the sale of advertising to local, national and political advertisers and retransmission fees received from cable operators, telecommunication companies, satellite carriers and over-the-top virtual MVPDs.

Our Scripps Networks segment, which includes the recently acquired ION business, is comprised of nine national television networks that reach nearly every U.S. television home through free over-the-air broadcast, cable/satellite, connected TV and digital distribution. These operations earn revenue primarily through the sale of advertising.

The operating results of the sold Triton business, and our other national businesses that were previously reported in our National Media segment, are aggregated with our remaining business activities in the Other segment caption.

Our respective business segment results reflect the impact of intercompany carriage agreements between our local broadcast television stations and our national networks. We also allocate a portion of certain corporate costs and expenses, including information technology, certain employee benefits and shared services to our business segments. These intercompany agreements and allocations are generally amounts agreed upon by management, which may differ from an arms-length amount. Corporate assets are primarily cash and cash equivalents, restricted cash, property and equipment primarily used for corporate purposes and deferred income taxes.

Our chief operating decision maker evaluates the operating performance of our business segments and makes decisions about the allocation of resources to our business segments using a measure called segment profit. Segment profit excludes interest, defined benefit pension plan expense, income taxes, depreciation and amortization, impairment charges, divested operating units, restructuring activities, investment results and certain other items that are included in net income (loss) determined in accordance with accounting principles generally accepted in the United States of America.

Information regarding our business segments is as follows:

| (in thousands)  | For the years ended December 31, |              |              |
|---|----------------------------------|--------------|--------------|
|   | 2021                             | 2020         | 2019         |
| <b>Segment operating revenues:</b>                        |                                  |              |              |
| Local Media   | \$ 1,319,468                     | \$ 1,488,237 | \$ 1,032,709 |
| Scripps Networks  | 951,883                          | 309,076      | 270,060      |
| Other   | 26,924                           | 73,010       | 58,534       |
| Intersegment eliminations                                 | (14,743)                         | (12,845)     | (9,904)      |
| Total operating revenues                                  | \$ 2,283,532                     | \$ 1,857,478 | \$ 1,351,399 |
| <b>Segment profit (loss):</b>                             |                                  |              |              |
| Local Media   | \$ 268,140                       | \$ 444,243   | \$ 227,789   |
| Scripps Networks  | 389,278                          | 28,324       | 15,585       |
| Other   | 359                              | 18,173       | 13,720       |
| Shared services and corporate                             | (75,576)                         | (60,758)     | (57,409)     |
| Acquisition and related integration costs                 | (40,373)                         | (18,678)     | (26,304)     |
| Restructuring costs                                       | (9,436)                          | —            | (3,370)      |
| Depreciation and amortization of intangible assets        | (161,922)                        | (107,155)    | (84,344)     |
| Gains (losses), net on disposal of property and equipment | 30,275                           | (661)        | 1,692        |
| Interest expense  | (165,164)                        | (92,994)     | (80,596)     |
| Loss on extinguishment of debt                            | (15,347)                         | —            | —            |
| Defined benefit pension plan expense                      | (343)                            | (4,388)      | (6,953)      |
| Gain on sale of Triton business                           | 81,784                           | —            | —            |
| Losses on stock warrant                                   | (99,118)                         | —            | —            |
| Miscellaneous, net  | (15,469)                         | 2,914        | 1,194        |
| Income from continuing operations before income taxes     | \$ 187,088                       | \$ 209,020   | \$ 1,004     |
| <b>Depreciation:</b>                                      |                                  |              |              |
| Local Media   | \$ 39,368                        | \$ 42,934    | \$ 34,086    |
| Scripps Networks  | 17,109                           | 5,133        | 3,854        |
| Other   | 382                              | 854          | 596          |
| Shared services and corporate                             | 1,498                            | 1,495        | 1,462        |
| Total depreciation  | \$ 58,357                        | \$ 50,416    | \$ 39,998    |
| <b>Amortization of intangible assets:</b>                 |                                  |              |              |
| Local Media   | \$ 40,315                        | \$ 37,848    | \$ 26,283    |
| Scripps Networks  | 58,599                           | 9,460        | 9,507        |
| Other   | 2,147                            | 8,077        | 7,203        |
| Shared services and corporate                             | 2,504                            | 1,354        | 1,353        |
| Total amortization of intangible assets                   | \$ 103,565                       | \$ 56,739    | \$ 44,346    |

A disaggregation of the principal activities from which we generate revenue is as follows:

| (in thousands)                  | For the years ended December 31, |                     |                     |
|---------------------------------|----------------------------------|---------------------|---------------------|
|                                 | 2021                             | 2020                | 2019                |
| <b>Operating revenues:</b>      |                                  |                     |                     |
| Core advertising                | \$ 1,592,121                     | \$ 915,515          | \$ 861,386          |
| Political                       | 22,693                           | 272,066             | 23,263              |
| Retransmission and carriage     | 614,892                          | 588,888             | 390,043             |
| Other                           | 53,826                           | 81,009              | 76,707              |
| <b>Total operating revenues</b> | <b>\$ 2,283,532</b>              | <b>\$ 1,857,478</b> | <b>\$ 1,351,399</b> |

The following table presents additions to property and equipment by segment:

| (in thousands)                                   | For the years ended December 31, |                  |                  |
|--|----------------------------------|------------------|------------------|
|  | 2021                             | 2020             | 2019             |
| <b>Additions to property and equipment:</b>      |                                  |                  |                  |
| Local Media                                      | \$ 35,963                        | \$ 42,611        | \$ 46,855        |
| Scripps Networks                                 | 23,871                           | 2,020            | 11,126           |
| Other  | 430                              | 1,200            | 1,366            |
| Shared services and corporate                    | 2,114                            | 646              | 1,878            |
| <b>Total additions to property and equipment</b> | <b>\$ 62,378</b>                 | <b>\$ 46,477</b> | <b>\$ 61,225</b> |

Total assets by segment for the years ended December 31 were as follows:

| (in thousands)                               | As of December 31,  |                     |                     |
|--|---------------------|---------------------|---------------------|
|  | 2021                | 2020                | 2019                |
| <b>Assets:</b>                               |                     |                     |                     |
| Local Media                                  | \$ 2,431,730        | \$ 2,463,064        | \$ 2,694,667        |
| Scripps Networks                             | 3,865,046           | 526,887             | 486,593             |
| Other  | 27,582              | 198,215             | 197,674             |
| Shared services and corporate                | 333,956             | 1,671,220           | 81,657              |
| <b>Total assets of continuing operations</b> | <b>6,658,314</b>    | <b>4,859,386</b>    | <b>3,460,591</b>    |
| <b>Discontinued operations</b>               | <b>—</b>            | <b>—</b>            | <b>101,266</b>      |
| <b>Total assets</b>                          | <b>\$ 6,658,314</b> | <b>\$ 4,859,386</b> | <b>\$ 3,561,857</b> |

## 17. Commitments and Contingencies

In the ordinary course of business, we enter into contractual commitments for network affiliation agreements, the acquisition of programming and for other purchase and service agreements. Minimum payments on such contractual commitments at December 31, 2021 were: \$690.7 million in 2022, \$381.4 million in 2023, \$296.7 million in 2024, \$153.1 million in 2025, \$123.1 million in 2026 and \$53.0 million in later years. We expect these contracts will be replaced with similar contracts upon their expiration.

We are involved in litigation arising in the ordinary course of business, such as defamation actions and governmental proceedings primarily relating to renewal of broadcast licenses, none of which is expected to result in material loss.

## 18. Capital Stock and Share-Based Compensation Plans

**Capital Stock** — We have two classes of common shares, Common Voting shares and Class A Common shares. The Class A Common shares are only entitled to vote on the election of the greater of three or one-third of the directors and other matters as required by Ohio law.

In connection with the January 7, 2021 closing of the ION acquisition, we entered into a Securities Purchase Agreement with Berkshire Hathaway Inc., (“Berkshire Hathaway”), pursuant to which Berkshire Hathaway provided \$600 million of financing in exchange for 6,000 Series A Preferred Shares of the Company. The Preferred Shares, having a face value of \$100,000 per share, are perpetual and will be redeemable at the option of the Company beginning on the fifth anniversary of issuance, and redeemable at the option of the holders in the event of a Change of Control (as defined in the terms of the Preferred Shares), in each case at a redemption price of 105% of the face value, plus accrued and unpaid dividends (whether or not declared). As long as the Company pays quarterly dividends in cash on the Preferred Shares, the dividend rate will be 8% per annum. If dividends on the Preferred Shares, which compound quarterly, are not paid in full in cash, the rate will increase to 9% per annum for the remaining period of time that the Preferred Shares are outstanding. Preferred stock dividends, effective through December 15, 2021, have been paid in 2021 totaling \$45.1 million.

**Class A Common Shares Stock Warrant** — In connection with the Preferred Shares issuance, Berkshire Hathaway also received a warrant to purchase up to 23.1 million Class A shares, at an exercise price of \$13 per share. The warrant is exercisable at the holder’s option at any time or from time to time, in whole or in part, until the first anniversary of the date on which no Preferred Shares remain outstanding. Since the holder had the option to settle the warrant through cash payment of the exercise price and/or through surrendering portions of their Preferred Shares for the stated par value, a liability was recognized for the fair value of the warrant. The valuation model, classified within Level 3 of the fair value hierarchy, included inputs for the estimated term of the warrant, the historical volatility rate of Scripps common stock and the exercise price for the warrant. At time of issuance, the fair value of the warrant totaled \$181 million and was being remeasured each reporting period with the changes in fair value of the warrant captured in the gains/losses on stock warrant caption in the Consolidated Statements of Operations.

On May 14, 2021, the warrant agreement was amended to only permit settlement of the warrant through cash payment of the exercise price. Following the warrant amendment, the warrant is no longer accounted for as a liability award where mark-to-market changes in the fair value of the warrant are captured as gains or losses in our operating results. The fair value of the warrant was remeasured on May 14, 2021 at \$280 million resulting in non-cash charges totaling \$99.1 million for the year-to-date period of 2021. The increase in our stock price during 2021 was the primary contributor to the increase in the fair value of the warrant. The value of the liability on the amendment date was reclassified to equity within the caption Additional Paid-in Capital.

**Share Repurchase Plan** — Shares may be repurchased from time to time at management’s discretion. Shares can be repurchased under the authorization via open market purchases or privately negotiated transactions, including accelerated stock repurchase transactions, block trades, or pursuant to trades intending to comply with Rule 10b5-1 of the Securities Exchange Act of 1934. In November 2016, our Board of Directors authorized a share repurchase program of up to \$100 million of our Class A Common shares. We repurchased a total of \$50.3 million of shares under this authorization prior to its expiration on March 1, 2020. In February 2020, our Board of Directors authorized a new share repurchase program of up to \$100 million of our Class A Common shares through March 1, 2022. No shares were repurchased under either authorization during 2021 or 2020. As of December 31, 2019, we repurchased \$0.6 million of shares at prices ranging from \$15.54 to \$18.72 per share. Under the terms of the Preferred Shares, we are prohibited from paying dividends on and repurchasing our common shares until all Preferred Shares are redeemed.

**Incentive Plans** — The Company has a long-term incentive plan (the “Plan”) that permits the granting of incentive and nonqualified stock options, stock appreciation rights, restricted stock units (RSUs), restricted and unrestricted Class A Common shares and performance units to key employees and non-employee directors.

We satisfy stock option exercises and vested stock awards with newly issued shares. We have not issued any new stock options since 2008. As of December 31, 2021, approximately 6.3 million shares were available for future stock compensation awards.

**Restricted Stock Units** — Awards of restricted stock units (RSUs) generally require no payment by the employee. RSUs are converted into an equal number of Class A Common shares when vested. These awards generally vest over a three or four year period, conditioned upon the individual's continued employment through that period. Awards vest immediately upon the retirement, death or disability of the employee or upon a change in control of Scripps or in the business in which the individual is employed. Unvested awards may be forfeited if employment is terminated for other reasons. Awards are nontransferable during the vesting period, but the awards are entitled to all the rights of an outstanding share, including receiving stock dividend equivalents. There are no post-vesting restrictions on awards granted to employees and non-employee directors.

Long-term incentive compensation includes performance share awards. Performance share awards represent the right to receive an award of RSUs if certain performance measures are met. Each award specifies a target number of shares to be issued and the specific performance criteria that must be met. The number of shares that an employee receives may be less or more than the target number of shares depending on the extent to which the specified performance measures are met or exceeded.

The following table summarizes our RSU activity:

|                               | Number of Shares | Fair Value       |                 |
|-------------------------------|------------------|------------------|-----------------|
|                               |                  | Weighted Average | Range of Prices |
| Unvested at December 31, 2018 | 1,175,442        | \$ 15.86         | \$ 11-24        |
| Awarded                       | 758,557          | 22.12            | 13-23           |
| Vested                        | (536,064)        | 21.67            | 12-23           |
| Forfeited                     | (39,497)         | 17.89            | 13-24           |
| Unvested at December 31, 2019 | 1,358,438        | 18.68            | 11-24           |
| Awarded                       | 1,588,134        | 8.86             | 7-12            |
| Vested                        | (739,633)        | 11.52            | 7-17            |
| Forfeited                     | (15,280)         | 13.37            | 8-23            |
| Unvested at December 31, 2020 | 2,191,659        | 12.22            | 7-23            |
| Awarded                       | 1,375,565        | 22.63            | 14-23           |
| Vested                        | (1,060,685)      | 20.32            | 15-24           |
| Forfeited                     | (121,043)        | 16.19            | 9-23            |
| Unvested at December 31, 2021 | 2,385,496        | 17.25            | 9-23            |

The following table summarizes additional information about RSU vesting:

| (in thousands)                   | For the years ended December 31, |          |           |
|----------------------------------|----------------------------------|----------|-----------|
|                                  | 2021                             | 2020     | 2019      |
| Fair value of RSUs vested        | \$ 21,548                        | \$ 8,518 | \$ 11,618 |
| Tax benefits realized on vesting | 5,101                            | 2,019    | 2,969     |

## Share-based Compensation Costs

Share-based compensation costs were as follows:

| (in thousands)                       | For the years ended December 31, |           |           |
|--------------------------------------|----------------------------------|-----------|-----------|
|                                      | 2021                             | 2020      | 2019      |
| Total share-based compensation       | \$ 22,334                        | \$ 14,507 | \$ 13,308 |
| Included in discontinued operations  | —                                | (492)     | (215)     |
| Included in continuing operations    | \$ 22,334                        | \$ 14,015 | \$ 13,093 |
| Share-based compensation, net of tax | \$ 17,047                        | \$ 10,694 | \$ 9,747  |

As of December 31, 2021, \$24.6 million of total unrecognized compensation costs related to RSUs and performance shares is expected to be recognized over a weighted-average period of 1.6 years.



## 19. Accumulated Other Comprehensive Income (Loss)

Changes in the accumulated other comprehensive income (loss) ("AOCI") balance by component consisted of the following for the respective years:

| (in thousands)   | Defined Benefit<br>Pension Items | Other    | Total       |
|--|----------------------------------|----------|-------------|
| As of December 31, 2019  | \$ (98,734)                      | \$ (255) | \$ (98,989) |
| Other comprehensive income (loss) before reclassifications, net of tax of \$(1,492) and \$(23) | (4,803)                          | (75)     | (4,878)     |
| Amounts reclassified from AOCI, net of tax of \$1,164  | 3,748                            | —        | 3,748       |
| Net current-period other comprehensive income (loss)   | (1,055)                          | (75)     | (1,130)     |
| As of December 31, 2020  | (99,789)                         | (330)    | (100,119)   |
| Other comprehensive income (loss) before reclassifications, net of tax of \$6,540 and \$42     | 21,090                           | 134      | 21,224      |
| Amounts reclassified from AOCI, net of tax of \$1,546  | 4,986                            | —        | 4,986       |
| Net current-period other comprehensive income (loss)   | 26,076                           | 134      | 26,210      |
| As of December 31, 2021  | \$ (73,713)                      | \$ (196) | \$ (73,909) |

Amounts reclassified to net earnings for defined benefit pension items relate to the amortization of actuarial gains (losses) and settlement charges. These amounts are included within the defined benefit pension plan expense caption on our Consolidated Statements of Operations. See Note 15. Employee Benefit Plans for additional information.

## 20. Assets Held for Sale and Discontinued Operations

### Stitcher

During the second quarter of 2020, our Board of Directors approved the sale of our Stitcher podcasting business. On July 10, 2020, we signed a definitive agreement to sell the business for \$325 million, with \$265 million of cash upfront; earnout of up to \$30 million based on 2020 financial results and paid in 2021; and earnout of up to \$30 million based on 2021 financial results and paid in 2022. The transaction closed on October 16, 2020. Stitcher is classified as discontinued operations in our Consolidated Financial Statements for all periods presented.

Operating results of our discontinued Stitcher operations were as follows:

| (in thousands)   | For the years ended December 31, |            |             |
|--|----------------------------------|------------|-------------|
|  | 2021                             | 2020       | 2019        |
| Operating revenues   | \$ —                             | \$ 57,573  | \$ 72,545   |
| Total costs and expenses                                     | (600)                            | (88,599)   | (91,725)    |
| Depreciation and amortization of intangible assets           | —                                | (1,157)    | (2,642)     |
| Other, net   | —                                | (174)      | (57)        |
| Loss from operations   | (600)                            | (32,357)   | (21,879)    |
| Pretax gain on disposal                                      | 9,572                            | 182,589    | —           |
| Gain (loss) from discontinued operations before income taxes | 8,972                            | 150,232    | (21,879)    |
| Income tax (provision) benefit                               | (2,159)                          | (34,463)   | 5,414       |
| Income (loss) from discontinued operations, net of tax       | \$ 6,813                         | \$ 115,769 | \$ (16,465) |

During 2021, the estimate for the contingent earnout consideration was increased by \$9.1 million. In the third quarter of 2021, we received payment of \$19.1 million for the 2020 earnout period. No value is currently assigned to the 2021 contingent earnout consideration. Stitcher's discontinued operating results in 2020 include a contract termination charge that totaled \$12 million. The 2020 gain on disposal for Stitcher reflects a \$10 million fair value estimate for the contingent earnout consideration.

### Triton Digital

During the first quarter of 2021, our Board of Directors approved the sale of our Triton Digital business. On February 16, 2021, we signed a definitive agreement to sell the business and the transaction closed on March 31, 2021. The sale generated total net proceeds of \$225 million and we recognized a pre-tax gain from disposition totaling \$81.8 million.

### WPIX

When we acquired the Nexstar-Tribune television stations in 2019, we granted Nexstar the option to repurchase WPIX, the CW-affiliated station in New York City. The option was exercisable from March 31, 2020, through the end of 2021, and was assignable by Nexstar to a third party. In July 2020, Nexstar assigned their option to repurchase WPIX to Mission Broadcasting, Inc., and Mission immediately exercised the option. The option price was \$75 million plus accrued interest, to be calculated on the period between September 19, 2019, the purchase date of WPIX, and the option sale closing date. The transaction closed on December 30, 2020 for cash consideration of \$83.7 million. Including interest income of \$7.6 million, we recognized gains from the WPIX disposition totaling \$6.5 million in the fourth quarter of 2020. These gains are included within the miscellaneous, net caption on our Consolidated Statements of Operations.

MATERIAL SUBSIDIARIES OF THE COMPANY

| Name of Subsidiary  | Jurisdiction of Incorporation |
|---------------------|-------------------------------|
| Scripps Media, Inc. | Delaware                      |

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-257236 and 333-234635 on Form S-8 of our reports dated February 25, 2022, relating to the financial statements of The E.W. Scripps Company and subsidiaries (the “Company”) and the effectiveness of the Company’s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ Deloitte & Touche LLP

Cincinnati, Ohio  
February 25, 2022

**Certifications**

I, Adam P. Symson, certify that:

1. I have reviewed this annual report on Form 10-K of The E.W. Scripps Company;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this 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: February 25, 2022

BY: /s/ Adam P. Symson

Adam P. Symson

President and Chief Executive Officer

### Certifications

I, Jason Combs, certify that:

1. I have reviewed this annual report on Form 10-K of The E.W. Scripps Company;
2. Based on my knowledge, this 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 report;
3. Based on my knowledge, the financial statements, and other financial information included in this 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 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 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 report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this 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: February 25, 2022

BY: /s/ Jason Combs

Jason Combs

Executive Vice President and Chief Financial Officer

**Certification Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002**

I, Adam P. Symson, President and Chief Executive Officer of The E.W. Scripps Company (the “Company”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Annual Report on Form 10-K of the Company for the year ended December 31, 2021 (the “Report”), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Adam P. Symson

Adam P. Symson

President and Chief Executive Officer

February 25, 2022

**Certification Pursuant to Section 906 of the Sarbanes-Oxley Act Of 2002**

I, Jason Combs, Executive Vice President and Chief Financial Officer of The E.W. Scripps Company (the “Company”), hereby certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Annual Report on Form 10-K of the Company for the year ended December 31, 2021 (the “Report”), which this certification accompanies, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jason Combs

Jason Combs

Executive Vice President and Chief Financial Officer

February 25, 2022