UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2023

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	31-1223339
(State or other jurisdiction of incorporation or organization)	*(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

Not applicable
(Former name, former address and former fiscal year, if changed since last report.)

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

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 and post 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	☐	Emerging growth company	☐
Non-accelerated filer	☐	Smaller reporting 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 is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of September 30, 2023, there were 72,687,678 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.

Index to The E.W. Scripps Company Quarterly Report
on Form 10-Q for the Quarter Ended September 30, 2023

PART I

As used in this Quarterly Report on Form 10-Q, 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.

Item 1. Financial Statements

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

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

Item 4. Controls and Procedures

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

PART II

Item 1. Legal Proceedings

We are involved in litigation and regulatory proceedings 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 1A. Risk Factors

There have been no material changes to the risk factors disclosed in Item 1A. Risk Factors in our 2022 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the quarter ended September 30, 2023.

Item 3. Defaults Upon Senior Securities

There were no defaults upon senior securities during the quarter ended September 30, 2023.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

Director and Officer Trading Arrangements

Brian Lawlor, President of Scripps Sports, adopted a Rule 10b5-1 trading plan on August 10, 2023 (the “Trading Plan”), providing for the potential sale of up to 90,000 shares of our Class A common stock between November 13, 2023 and July 7, 2025. The Trading Plan is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act.

Other than as disclosed above, no other director or officer adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement (as defined in Item 408(a) of Regulation S-K) during the quarter ended September 30, 2023.

Item 6. Exhibits

Exhibit Number	Exhibit Description
31(a)	Section 302 Certifications *
31(b)	Section 302 Certifications *
32(a)	Section 906 Certifications *
32(b)	Section 906 Certifications *
101	The Company's unaudited Condensed Consolidated Financial Statements and related Notes for the three and nine months ended September 30, 2023 from this Quarterly Report on Form 10-Q, formatted in iXBRL (Inline eXtensible Business Reporting Language). *
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). *

* - Filed herewith

Signatures

Pursuant to the requirements 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.

		THE E.W. SCRIPPS COMPANY
Dated: November 3, 2023	By:	/s/ Daniel W. Perschke
		Daniel W. Perschke
		Senior Vice President, Controller
		(Principal Accounting Officer)

The E.W. Scripps Company
Index to Financial Information (Unaudited)

The E.W. Scripps Company
Condensed Consolidated Balance Sheets (Unaudited)

(in thousands, except share data)	As of September 30, 2023	As of December 31, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 15,852	$ 18,027
Accounts receivable (less allowances — $3,454 and $4,963)	601,093	600,098
Miscellaneous	64,386	25,816
Total current assets	681,331	643,941
Investments	23,268	23,144
Property and equipment	450,834	458,600
Operating lease right-of-use assets	103,428	117,869
Goodwill	2,234,574	2,920,574
Other intangible assets	1,751,121	1,821,254
Programming	431,062	427,962
Miscellaneous	12,455	17,661
Total Assets	$ 5,688,073	$ 6,431,005
Liabilities and Equity		
Current liabilities:		
Accounts payable	$ 60,424	$ 82,710
Unearned revenue	18,713	18,183
Current portion of long-term debt	15,612	18,612
Accrued liabilities:		
Employee compensation and benefits	57,217	44,590
Programming liability	172,174	167,131
Accrued interest	14,486	31,087
Miscellaneous	44,948	52,891
Other current liabilities	59,657	69,801
Total current liabilities	443,231	485,005
Long-term debt (less current portion)	2,908,390	2,853,793
Deferred income taxes	356,760	370,457
Operating lease liabilities	91,458	106,866
Other liabilities (less current portion)	471,559	484,059
Equity:		
Preferred stock, $0.01 par — authorized: 25,000,000 shares; none outstanding	—	—
Preferred stock — Series A, $100,000 par; 6,000 shares issued and outstanding	413,973	412,244
Common stock, $0.01 par:		
Class A — authorized: 240,000,000 shares; issued and outstanding: 72,687,678 and 71,649,335 shares	727	717
Voting — authorized: 60,000,000 shares; issued and outstanding: 11,932,722 and 11,932,722 shares	119	119
Total preferred and common stock	414,819	413,080
Additional paid-in capital	1,458,288	1,444,501
Retained earnings (deficit)	(379,036)	350,715
Accumulated other comprehensive loss, net of income taxes	(77,396)	(77,471)
Total equity	1,416,675	2,130,825
Total Liabilities and Equity	$ 5,688,073	$ 6,431,005

See notes to condensed consolidated financial statements.

The E.W. Scripps Company
Condensed Consolidated Statements of Operations (Unaudited)

(in thousands, except per share data)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating Revenues:				
Advertising	$ 355,167	$ 436,779	$ 1,078,369	$ 1,249,407
Distribution	203,859	167,250	571,320	497,012
Other	7,503	8,072	27,454	25,855
Total operating revenues	566,529	612,101	1,677,143	1,772,274
Operating Expenses:				
Cost of revenues, excluding depreciation and amortization	321,227	312,054	946,511	918,398
Selling, general and administrative expenses, excluding depreciation and amortization	147,849	154,858	448,997	461,967
Acquisition and related integration costs	—	—	—	1,642
Restructuring costs	4,705	—	29,208	—
Depreciation	15,100	15,340	45,290	46,522
Amortization of intangible assets	23,488	24,225	70,469	73,807
Impairment of goodwill	—	—	686,000	—
Losses (gains), net on disposal of property and equipment	1,066	1,593	2,320	5,651
Total operating expenses	513,435	508,070	2,228,795	1,507,987
Operating income (loss)	53,094	104,031	(551,652)	264,287
Interest expense	(56,916)	(41,917)	(158,029)	(114,427)
Gain on extinguishment of debt	—	—	—	1,234
Defined benefit pension plan income	251	683	519	2,008
Miscellaneous, net	1,309	(494)	131	1,269
Income (loss) from operations before income taxes	(2,262)	62,303	(709,031)	154,371
Provision (benefit) for income taxes	1,391	16,055	(17,009)	44,018
Net income (loss)	(3,653)	46,248	(692,022)	110,353
Preferred stock dividends	(12,576)	(12,576)	(37,729)	(37,729)
Net income (loss) attributable to the shareholders of The E.W. Scripps Company	$ (16,229)	$ 33,672	$ (729,751)	$ 72,624
Net income (loss) per basic share of common stock attributable to the shareholders of The E.W. Scripps Company	$ (0.19)	$ 0.39	$ (8.67)	$ 0.85
Net income (loss) per diluted share of common stock attributable to the shareholders of The E.W. Scripps Company:	$ (0.19)	$ 0.38	$ (8.67)	$ 0.80

See notes to condensed consolidated financial statements.

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2023	2022	2023	2022
Net income (loss)	$ (3,653)	$ 46,248	$ (692,022)	$ 110,353
Changes in defined benefit pension plans, net of tax of $8, $253, $24 and $768	25	813	75	2,467
Other	—	3	—	9
Total comprehensive income (loss) attributable to preferred and common stockholders	$ (3,628)	$ 47,064	$ (691,947)	$ 112,829

See notes to condensed consolidated financial statements.

The E.W. Scripps Company
Condensed Consolidated Statements of Cash Flows (Unaudited)

(in thousands)	Nine Months Ended September 30, 2023	2022
Cash Flows from Operating Activities:		
Net income (loss)	$ (692,022)	$ 110,353
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	115,759	120,329
Impairment of goodwill	686,000	—
Losses (gains), net on disposal of property and equipment	2,320	5,651
Gain on extinguishment of debt	—	(1,234)
Programming assets and liabilities	(21,266)	(20,930)
Restructuring impairment charges	14,685	—
Deferred income taxes	(13,721)	18,213
Stock and deferred compensation plans	18,372	14,530
Pension contributions, net of income/expense	(1,492)	(27,805)
Other changes in certain working capital accounts, net	(72,567)	(28,812)
Miscellaneous, net	13,069	5,982
Net cash provided by operating activities	49,137	196,277
Cash Flows from Investing Activities:		
Acquisitions, net of cash acquired	—	(13,797)
Additions to property and equipment	(43,811)	(35,548)
Purchase of investments	(940)	(6,387)
Proceeds from FCC repack	—	2,650
Miscellaneous, net	20	(2,101)
Net cash used in investing activities	(44,731)	(55,183)
Cash Flows from Financing Activities:		
Net borrowings under revolving credit facility	340,000	—
Payments on long-term debt	(295,959)	(158,503)
Dividends paid on preferred stock	(36,000)	(36,000)
Tax payments related to shares withheld for vested stock and RSUs	(4,763)	(8,507)
Miscellaneous, net	(9,859)	(341)
Net cash used in financing activities	(6,581)	(203,351)
Decrease in cash, cash equivalents and restricted cash	(2,175)	(62,257)
Cash, cash equivalents and restricted cash:		
Beginning of year	18,027	100,480
End of period	$ 15,852	$ 38,223
Supplemental Cash Flow Disclosures		
Interest paid	$ 161,370	$ 123,788
Income taxes paid	$ 25,932	$ 56,679
Non-cash investing information		
Capital expenditures included in accounts payable	$ 397	$ 2,676

See notes to condensed consolidated financial statements.

The E.W. Scripps Company
Condensed Consolidated Statements of Equity (Unaudited)

Three Months Ended September 30, 2023 and 2022 *(in thousands, except per share data)*	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss) ("AOCI")	Total Equity
As of June 30, 2023	$ 413,397	$ 845	$ 1,454,175	$ (362,807)	$ (77,421)	$ 1,428,189
Comprehensive income (loss)	—	—	—	(3,653)	25	(3,628)
Preferred stock dividends, $2,000 per share	576	—	—	(12,576)	—	(12,000)
Compensation plans: 141,926 net shares issued *	—	1	4,113	—	—	4,114
As of September 30, 2023	$ 413,973	$ 846	$ 1,458,288	$ (379,036)	$ (77,396)	$ 1,416,675

* *Net of tax payments related to shares withheld for vested RSUs of $109 for the three months ended September 30, 2023.*

As of June 30, 2022	$ 411,092	$ 834	$ 1,435,867	$ 244,070	$ (72,249)	$ 2,019,614
Comprehensive income (loss)	—	—	—	46,248	816	47,064
Preferred stock dividends, $2,000 per share	576	—	—	(12,576)	—	(12,000)
Compensation plans: 76,171 net shares issued *	—	1	4,532	—	—	4,533
As of September 30, 2022	$ 411,668	$ 835	$ 1,440,399	$ 277,742	$ (71,433)	$ 2,059,211

* *Net of tax payments related to shares withheld for vested RSUs of $39 for the three months ended September 30, 2022.*

Nine Months Ended September 30, 2023 and 2022 *(in thousands, except per share data)*	Preferred Stock	Common Stock	Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Income (Loss) ("AOCI")	Total Equity
As of December 31, 2022	$ 412,244	$ 836	$ 1,444,501	$ 350,715	$ (77,471)	$ 2,130,825
Comprehensive income (loss)	—	—	—	(692,022)	75	(691,947)
Preferred stock dividends, $6,000 per share	1,729	—	—	(37,729)	—	(36,000)
Compensation plans: 1,038,343 net shares issued *	—	10	13,787	—	—	13,797
As of September 30, 2023	$ 413,973	$ 846	$ 1,458,288	$ (379,036)	$ (77,396)	$ 1,416,675

* *Net of tax payments related to shares withheld for vested RSUs of $4,763 for the nine months ended September 30, 2023.*

As of December 31, 2021	$ 409,939	$ 826	$ 1,428,460	$ 205,118	$ (73,909)	$ 1,970,434
Comprehensive income (loss)	—	—	—	110,353	2,476	112,829
Preferred stock dividends, $6,000 per share	1,729	—	—	(37,729)	—	(36,000)
Compensation plans: 912,710 net shares issued *	—	9	11,939	—	—	11,948
As of September 30, 2022	$ 411,668	$ 835	$ 1,440,399	$ 277,742	$ (71,433)	$ 2,059,211

* *Net of tax payments related to shares withheld for vested RSUs of $8,507 for the nine months ended September 30, 2022.*

See notes to condensed consolidated financial statements.

1. Summary of Significant Accounting Policies

As used in the Notes to Condensed 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.

Basis of Presentation — The condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. The interim financial statements should be read in conjunction with the audited consolidated financial statements, including the notes thereto included in our 2022 Annual Report on Form 10-K. In management's opinion, all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the interim periods have been made.

Results of operations are not necessarily indicative of the results that may be expected for future interim periods or for the full year. Additionally, certain amounts in prior periods have been reclassified to conform to the current period's presentation.

Our presentation for operating revenues in 2023 includes a new caption titled “Distribution” revenues. This caption includes amounts that were previously reported within our “Retransmission and carriage” revenue caption and also includes subscription revenues that were previously captured within our “Other” revenue caption. Amounts previously reported in 2022 within these prior revenue captions have been reclassified to conform to the 2023 presentation.

Principles of 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 Operations — We are a diverse media enterprise, serving audiences and businesses through a portfolio of local television stations and national news and entertainment networks. 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 Note 12. Segment Information.

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 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.

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 airtime, 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.

Distribution Revenues **—** We earn revenues from cable operators, satellite carriers, other multi-channel video programming distributors (collectively "MVPDs"), other online video distributors and subscribers for access rights to our broadcast signals. These arrangements are generally governed by multi-year contracts and the fees we receive are typically based on the number of subscribers the respective distributor has and the contracted rate per subscriber.

Refer to Note 12. 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.

*Distribution***—** Our primary source of distribution revenue is from retransmission consent contracts with MVPDs. 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.

Cost of Revenues — 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.

Contract Balances — Timing of revenue recognition may differ from the timing of cash collection from customers. We record a receivable when revenue is recognized prior to cash receipt, or unearned revenue when cash is collected in advance of revenue being recognized.

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.

The allowance for doubtful accounts reflects our best estimate of probable losses inherent in the accounts receivable balance. We estimate the allowance based on expected credit losses, including our historical experience of actual losses and known troubled accounts. The allowance for doubtful accounts totaled $3.5 million at September 30, 2023 and $5.0 million at December 31, 2022.

We record unearned revenue when cash payments are received in advance of our performance, including amounts which are refundable. We generally require amounts payable under advertising contracts with political advertising customers to be paid in advance. Unearned revenue totaled $18.7 million at September 30, 2023 and is expected to be recognized within revenue or refunded over the next 12 months. Unearned revenue totaled $18.2 million at December 31, 2022. We recorded $9.6 million of revenue in the nine months ended September 30, 2023 that was included in unearned revenue at December 31, 2022.

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 Condensed Consolidated Balance Sheets. Finance leases are included in property and equipment, other current liabilities and other long-term liabilities in our Condensed 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.

Share-Based Compensation — We have a Long-Term Incentive Plan (the "Plan") which is described more fully in our 2022 Annual Report on Form 10-K. 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.

Share-based compensation costs totaled $3.5 million and $3.9 million for the third quarter of 2023 and 2022, respectively. Year-to-date share-based compensation costs totaled $16.1 million and $17.8 million in 2023 and 2022, respectively.

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:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2023	2022	2023	2022
Numerator (for basic and diluted earnings per share)				
Net income (loss)	$ (3,653)	$ 46,248	$ (692,022)	$ 110,353
Less income allocated to RSUs	—	(885)	—	(1,831)
Less preferred stock dividends	(12,576)	(12,576)	(37,729)	(37,729)
Numerator for basic and diluted earnings per share	$ (16,229)	$ 32,787	$ (729,751)	$ 70,793
Denominator				
Basic weighted-average shares outstanding	84,433	83,360	84,162	83,141
Effect of dilutive securities	—	1,964	—	5,056
Diluted weighted-average shares outstanding	84,433	85,324	84,162	88,197

The dilutive effects of performance-based stock awards are included in the computation of diluted earnings per share to the extent the related performance criteria are met through the respective balance sheet reporting date. As of September 30, 2023, potential dilutive securities representing 420,000 shares were excluded from the computation of diluted earnings per share as the related performance criteria were not yet met, although the Company expects to meet various levels of criteria in the future.

For the three and nine month periods ended September 30, 2023, we incurred a net loss and the inclusion of RSUs would be anti-dilutive. The September 30, 2023 diluted EPS calculation excludes the effect from 3.4 million of outstanding RSUs that were anti-dilutive. The September 30, 2023 basic and dilutive EPS calculations also exclude the impact of the common stock warrant as the effect would be anti-dilutive. As of September 30, 2022, we had 0.2 million of outstanding RSUs that were anti-dilutive.

2. Recently Adopted and Issued Accounting Standards

In March 2020, the Financial Accounting Standards Board ("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 was effective as of March 12, 2020 and the sunset date of the guidance was deferred to December 31, 2024, 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 evaluate transactions and contract modifications occurring as a result of reference rate reform and determine whether to apply the optional guidance on an ongoing basis.

3. Acquisitions

Nuvyyo Acquisition

On January 5, 2022, we acquired Nuvyyo for net cash consideration totaling $13.8 million. Nuvyyo provides consumers DVR product solutions to watch and record free over-the-air HDTV on connected devices. The final purchase price allocation assigned $7.2 million to intangible assets with useful lives ranging from three to five years, $7.2 million to goodwill and the remainder was allocated to various working capital and deferred tax liability accounts. The goodwill, which is not tax deductible, reflects the synergies and increased market penetration expected from combining the operations of Nuvyyo with Scripps. We allocated the goodwill to our Other segment.

4. Restructuring Costs and Other Charges and Credits

Restructuring and Reorganization

In January of 2023, we announced a strategic restructuring and reorganization of the Company that will further leverage our strong position in the U.S. television ecosystem and propel our growth across new distribution platforms and emerging media marketplaces. The restructuring aims to create a leaner and more agile operating structure through the centralization of certain services and the consolidation of layers of management across our operating businesses and corporate office. We currently anticipate this effort will result in at least $40 million in annual savings, which will include reductions in a variety of areas.

Restructuring costs totaled $4.7 million in the third quarter of 2023 and $29.2 million in the first nine months of 2023. In connection with the shutdown of the TrueReal network, we incurred a $13.6 million first quarter charge related to the write-down of certain programming assets. Year-to-date restructuring costs also include employee severance related charges of $8.9 million, operating lease impairment charges of $1.1 million and other restructuring charges primarily attributed to strategic reorganization consulting fees.

(in thousands)	Severance and Employee Benefits	Other Restructuring Charges	Total
Liability as of December 31, 2022	$ —	$ —	$ —
Net charges	8,887	20,321	29,208
Payments	(5,001)	(4,441)	(9,442)
Non-cash [(a)]	(593)	(14,685)	(15,278)
Liability as of September 30, 2023	$ 3,293	$ 1,195	$ 4,488

[(a)] Represents share-based compensation costs and asset write-downs included in restructuring charges.

Other Charges and Credits

Acquisition and related integration costs were $1.6 million in the first nine months of 2022.

During the first quarter of 2022, we redeemed $42.2 million of the 2027 Senior Notes, $26.6 million of the 2029 Senior Notes and $54.5 million of the 2031 Senior Notes. The redemptions resulted in a gain on extinguishment of debt of $1.2 million as the notes were redeemed for total consideration below par value of the notes.

5. Income Taxes

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

The income tax provision for interim periods is determined based upon the expected effective income tax rate for the full year and the tax rate applicable to certain discrete transactions in the interim period. To determine the annual effective income tax rate, we must estimate both the total income (loss) before income tax for the full year and the jurisdictions in which that income (loss) is subject to tax. The actual effective income tax rate for the full year may differ from these estimates if income (loss) before income tax is greater than or less than what was estimated or if the allocation of income (loss) to jurisdictions in which it is taxed is different from the estimated allocations. We review and adjust our estimated effective income tax rate for the full year each quarter based upon our most recent estimates of income (loss) before income tax for the full year and the jurisdictions in which we expect that income will be taxed.

The effective income tax rate for the nine months ended September 30, 2023 and 2022 was 2.4% and 29%, respectively. The comparability of our year-over-year effective tax rate is affected by the write-off of Scripps Networks goodwill in 2023, the majority of which is non-deductible. 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 ($1.4 million expense in 2023 and $1.0 million benefit in 2022), state deferred rate changes ($1.1 million benefit in 2023 and $4.0 million expense in 2022) and state NOL valuation allowance changes. Additionally, the 2023 year-to-date income tax provision was impacted by a net discrete tax provision benefit of $16.9 million related to book impairment of tax deductible goodwill recognized in the second quarter of 2023.

We recognize state NOL 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.

6. Leases

We have operating leases for office space, data centers and certain equipment. We also have finance leases for office space. Our leases have lease terms of 1 year to 35 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 Condensed Consolidated Statements of Operations for the three months ended September 30, 2023 and 2022 totaled $6.4 million and $6.6 million, respectively, including short-term lease costs of $1.2 million and $0.4 million, respectively. Year-to-date September 30, 2023 and 2022 operating lease costs totaled $19.7 million and $19.8 million, respectively, including short-term lease costs of $2.5 million and $1.1 million, respectively. Amortization of the right-of-use asset for our finance leases totaled $0.2 million for the three months ended September 30, 2023 and $0.6 million for the nine months ended September 30, 2023. Interest expense on the finance leases liability totaled $0.5 million for the three months ended September 30, 2023 and $1.6 million for the nine months ended September 30, 2023.

Other information related to our leases was as follows:

(in thousands, except lease term and discount rate)	As of September 30, 2023	As of December 31, 2022
Balance Sheet Information		
Operating Leases		
Right-of-use assets	$ 103,428	$ 117,869
Other current liabilities	20,369	19,599
Operating lease liabilities	91,458	106,866
Financing Leases		
Property and equipment, at cost	28,321	28,321
Accumulated depreciation	663	69
Property and equipment, net	27,658	28,252
Other current liabilities	—	426
Other liabilities	29,828	28,063
Weighted Average Remaining Lease Term		
Operating leases	7.56 years	8.22 years
Finance leases	34.38 years	35.50 years
Weighted Average Discount Rate		
Operating leases	4.36 %	4.34 %
Finance leases	7.07 %	7.10 %

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2023	2022	2023	2022
Supplemental Cash Flows Information				
Cash paid for amounts included in the measurement of lease liabilities				
Operating cash flows from operating leases	$ 6,740	$ 6,246	$ 19,448	$ 18,502
Operating cash flows from finance leases	213	—	213	—
Financing cash flows from finance leases	—	—	—	—
Right-of-use assets obtained in exchange for operating lease obligations	1,736	2,133	4,175	3,596
Right-of-use assets obtained in exchange for finance lease obligations	—	—	—	—

Future minimum lease payments under non-cancellable leases as of September 30, 2023 were as follows:

(in thousands)	Operating Leases	Finance Leases
Remainder of 2023	$ 7,538	$ 213
2024	25,093	1,302
2025	20,437	1,776
2026	18,336	1,824
2027	15,742	1,875
Thereafter	46,031	92,050
Total future minimum lease payments	133,177	99,040
Less: Imputed interest	(21,350)	(69,212)
Total	$ 111,827	$ 29,828

7. Goodwill and Other Intangible Assets

Goodwill consisted of the following:

(in thousands)	Local Media	Scripps Networks	Other	Total
Gross balance as of December 31, 2022	$ 1,122,408	$ 2,028,890	$ 7,190	$ 3,158,488
Accumulated impairment losses	(216,914)	(21,000)	—	(237,914)
Net balance as of December 31, 2022	$ 905,494	$ 2,007,890	$ 7,190	$ 2,920,574
Gross balance as of September 30, 2023	$ 1,122,408	$ 2,028,890	$ 7,190	$ 3,158,488
Accumulated impairment losses	(216,914)	(707,000)	—	(923,914)
Net balance as of September 30, 2023	$ 905,494	$ 1,321,890	$ 7,190	$ 2,234,574

Other intangible assets consisted of the following:

(in thousands)	As of September 30, 2023	As of December 31, 2022
Amortizable intangible assets:		
Carrying amount:		
Television affiliation relationships	$ 1,060,244	$ 1,060,244
Customer lists and advertiser relationships	220,997	220,997
Other	136,437	136,100
Total carrying amount	1,417,678	1,417,341
Accumulated amortization:		
Television affiliation relationships	(262,645)	(222,092)
Customer lists and advertiser relationships	(125,640)	(106,654)
Other	(58,087)	(47,156)
Total accumulated amortization	(446,372)	(375,902)
Net amortizable intangible assets	971,306	1,041,439
Indefinite-lived intangible assets — FCC licenses	779,815	779,815
Total other intangible assets	$ 1,751,121	$ 1,821,254

Estimated amortization expense of intangible assets for each of the next five years is $23.5 million for the remainder of 2023, $92.8 million in 2024, $89.7 million in 2025, $86.1 million in 2026, $83.2 million in 2027, $62.0 million in 2028 and $534.0 million in later years.

Goodwill and other indefinite-lived intangible assets are tested for impairment annually and any time events occur or changes in circumstances indicate it is more likely than not the fair value of a reporting unit, or respective indefinite-lived intangible asset, is below its carrying value. Such events or changes in circumstances include, but are not limited to, changes in business climate, significant declines in the price of our stock, or other factors resulting in lower cash flow related to such assets. If the carrying amount exceeds its fair value, then an impairment loss is recognized. Following completion of our 2022 annual goodwill impairment testing, we concluded that the fair value of our Local Media reporting unit exceeded its carrying value by 30% and the fair value of our Scripps Networks reporting unit exceeded its carrying value by 2.5%.

The Scripps Networks business has experienced softness within the national advertising marketplace as macroeconomic challenges have continued to impact advertising budgets. A longer than anticipated advertising recession and the impact of declining linear television viewership trends have negatively impacted expected future growth rates, profitability and the cash flows derived from the business, as well as, the expected period of time over which those cash flows will occur. These factors, coupled with decreases in our market capitalization over the first two quarters of 2023, provided an indication that the fair value of our Scripps Networks reporting unit may be below its carrying value at June 30, 2023.

The quantitative analysis to measure the extent of any goodwill impairment compares the estimated fair values of our reporting units to their respective carrying values. We determine fair value of our reporting units 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. These reporting unit valuations are dependent on a number of significant estimates and assumptions, including macroeconomic conditions, market growth rates, competitive activities, cost containment, margin expansion and strategic business plans (inputs of which are categorized as Level 3 under the fair value hierarchy). Additionally, future changes in these assumptions and estimates with respect to long-term growth rates and discount rates or future cash flow projections, could result in significantly different estimates of the fair values.

Following completion of our second quarter 2023 testing, we concluded that the fair value of our Scripps Networks reporting unit did not exceed its carrying value and we recognized a $686 million non-cash goodwill impairment charge.
Given that the fair value of the Scripps Networks reporting unit currently approximates carrying value, this reporting unit is more sensitive to changes in assumptions regarding its fair value. While we believe the estimates and judgments used in determining the fair values were appropriate, these estimates of fair value assume certain growth of our businesses, which, if not achieved, could impact the fair value and possibly result in an impairment of the goodwill in future periods.

8. Long-Term Debt

Long-term debt consisted of the following:

(in thousands)	As of September 30, 2023	As of December 31, 2022
Revolving credit facility	$ 340,000	$ —
Senior secured notes, due in 2029	523,356	523,356
Senior unsecured notes, due in 2027	425,667	425,667
Senior unsecured notes, due in 2031	392,071	392,071
Term loan, due in 2024	—	284,250
Term loan, due in 2026	730,728	736,437
Term loan, due in 2028	553,000	559,000
Total outstanding principal	2,964,822	2,920,781
Less: Debt issuance costs and issuance discounts	(40,820)	(48,376)
Less: Current portion	(15,612)	(18,612)
Net carrying value of long-term debt	$ 2,908,390	$ 2,853,793
Fair value of long-term debt *	$ 2,565,051	$ 2,677,845

* 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 July 31, 2023, we entered into the Eighth Amendment to the Third Amended Restated Credit Agreement ("Eighth Amendment"). The Eighth Amendment increased the borrowing capacity of our Revolving Credit Facility from $400 million to $585 million and matures on January 7, 2026. 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 the secured overnight financing rate ("SOFR"), plus a margin based on our leverage ratio, ranging from 1.75% to 2.75%. As of September 30, 2023, we had $340 million outstanding under the Revolving Credit Facility with an interest rate of 8.18%. The weighted-average interest rate over the period during which we had a drawn revolver balance in 2023 was 8.03%. As of September 30, 2023 and December 31, 2022, we had outstanding letters of credit totaling $6.6 million and $7.1 million, respectively, under the Revolving Credit Facility.

On October 2, 2017, we issued a $300 million term loan B which was due to mature in October 2024 ("2024 term loan"). On July 31, 2023, we borrowed $283 million on the Revolving Credit Facility to pay off the remaining principal balance of the 2024 term loan.
As of December 31, 2022, the interest rate on the 2024 term loan was 6.38%. The weighted-average interest rate was 7.22% for the period the loan was outstanding during 2023 and 4.21% for the nine months ended September 30, 2022.

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 SOFR, plus a fixed margin of 2.56%. The 2026 term loan requires annual principal payments of $7.6 million. Deferred financing costs and original issuance discount totaled approximately $23.0 million with this term loan, which are being amortized over the life of the loan.

As of September 30, 2023 and December 31, 2022, the interest rate on the 2026 term loan was 7.99% and 6.95%, respectively. The weighted-average interest rate on the 2026 term loan was 7.93% and 4.77% for the nine months ended September 30, 2023 and 2022, respectively.

On January 7, 2021, we issued an $800 million term loan B ("2028 term loan") that matures in January 2028. Interest is currently payable on the 2028 term loan at a rate based on SOFR, plus a fixed margin of 3.00%. Additionally, the credit agreement states the SOFR 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 a previous amendment to the Revolving Credit Facility, which are being amortized over the life of the term loan.

As of September 30, 2023 and December 31, 2022, the interest rate on the 2028 term loan was 8.43% and 7.13%, respectively. The weighted-average interest rate on the 2028 term loan was 8.21% and 4.96% for the nine months ended September 30, 2023 and 2022, respectively.

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. The Eighth Amendment contains a covenant to comply with a maximum first lien net leverage ratio when we have outstanding borrowings on the Revolving Credit Facility. Through December 31, 2024, we must comply with a maximum first lien net leverage ratio of 5.0 to 1.0, at which point it steps down to 4.75 times through September 30, 2025, and then steps down to 4.50 times thereafter. As of September 30, 2023, 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 2029 Senior Notes were priced at 100% of par value and interest is payable semi-annually on January 15 and July 15. 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 our subsidiaries and are secured on equal footing with the obligations under the Senior Secured Credit Agreement. The notes are 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.

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. We may redeem the notes before July 15, 2025, 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.

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 2031 Senior Notes were priced at 100% of par value and interest is payable semi-annually on January 15 and July 15. 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 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.

Debt Repurchase Authorization

In February 2023, our Board of Directors provided a new debt repurchase 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 $500 million and expires on March 1, 2026. Our previous debt repurchase authorization expired on March 1, 2023.

Debt Repurchase Transactions

On July 31, 2023, we paid off the remaining $283 million principal balance of the 2024 term loan and wrote-off $0.4 million of deferred financing costs related to this term loan to interest expense.

During the first quarter of 2022, we redeemed $42.2 million of our 2027 Senior Notes, $26.6 million of our 2029 Senior Notes and $54.5 million of our 2031 Senior Notes. The redemptions resulted in a gain on extinguishment of debt of $1.2 million, as the notes were redeemed for total consideration below par value of the notes.

During the fourth quarter of 2022, we redeemed $16.8 million of our 2027 Senior Notes and $31.4 million of our 2031 Senior Notes. The redemptions resulted in a gain on extinguishment of debt of $7.4 million, as the notes were redeemed for total consideration below par value of the notes.

During the full year of 2022, we made additional principal payments on the 2028 term loan totaling $100 million and wrote-off $1.1 million of deferred financing costs related to this term loan to interest expense.

9. Other Liabilities

Other liabilities consisted of the following:

(in thousands)	As of September 30, 2023	As of December 31, 2022
Employee compensation and benefits	$ 27,266	$ 25,916
Deferred FCC repack income	42,895	46,205
Programming liability	254,396	263,093
Liability for pension benefits	76,562	78,279
Liabilities for uncertain tax positions	14,842	14,144
Finance leases	29,828	28,063
Other	25,770	28,359
Other liabilities (less current portion)	$ 471,559	$ 484,059

10. Supplemental Cash Flow Information

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

	Nine Months Ended September 30,	
(in thousands)	2023	2022
Accounts receivable	$ (995)	$ 13,621
Other current assets	(38,783)	(23,620)
Accounts payable	(19,524)	10,141
Accrued employee compensation and benefits	12,339	(12,959)
Accrued interest	(16,601)	(19,922)
Other accrued liabilities	(7,943)	(5,534)
Unearned revenue	530	11,539
Other, net	(1,590)	(2,078)
Total	$ (72,567)	$ (28,812)

11. Employee Benefit Plans

We sponsor a noncontributory defined benefit pension plan and non-qualified Supplemental Executive Retirement Plans ("SERPs"). The accrual for future benefits has been frozen in our defined benefit pension plan and SERPs.

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.

The components of the employee benefit plan expense consisted of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(in thousands)	2023	2022	2023	2022
Interest cost	$ 5,814	$ 4,333	$ 17,684	$ 12,999
Expected return on plan assets, net of expenses	(6,302)	(6,227)	(18,915)	(18,675)
Amortization of actuarial loss and prior service cost	5	997	14	3,026
Total for defined benefit pension plan	(483)	(897)	(1,217)	(2,650)
SERPs	232	214	698	642
Defined contribution plan	3,530	3,258	12,125	11,582
Net periodic benefit cost	$ 3,279	$ 2,575	$ 11,606	$ 9,574

We contributed $0.9 million to fund current benefit payments for our SERPs during the nine months ended September 30, 2023. During the remainder of 2023, we anticipate contributing an additional $0.5 million to fund the SERPs' benefit payments. We have met regulatory funding requirements for our qualified benefit pension plan and do not have a mandatory contribution in 2023.

12. Segment Information

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

Our Local Media segment includes more than 60 local television 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 seven CW affiliates - four on full power stations and three on multicast; seven 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, telecommunications companies, satellite carriers and over-the-top virtual MVPDs.

Our Scripps Networks segment includes national news outlets Court TV and Scripps News (formerly Newsy), as well as popular entertainment brands ION, Bounce, Defy TV, Grit, ION Mystery and Laff. The Scripps Networks 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.

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 accounting, human resources, employee benefit and information technology to our business segments. These intercompany agreements and allocations are generally amounts agreed upon by management, which may differ from an arms-length amount.

The other segment caption aggregates our operating segments that are too small to report separately. Costs for centrally provided services and certain corporate costs that are not allocated to the business segments are included in shared services and corporate costs. These unallocated corporate costs would also include the costs associated with being a public company. 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 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.

Information regarding our business segments is as follows:

(in thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Segment operating revenues:				
Local Media	$ 353,061	$ 378,438	$ 1,017,203	$ 1,060,918
Scripps Networks	215,393	235,401	663,095	713,398
Other	2,620	2,594	10,149	10,638
Intersegment eliminations	(4,545)	(4,332)	(13,304)	(12,680)
Total operating revenues	$ 566,529	$ 612,101	$ 1,677,143	$ 1,772,274
Segment profit (loss):				
Local Media	$ 74,865	$ 99,607	$ 201,725	$ 234,742
Scripps Networks	49,661	71,984	161,530	230,357
Other	(6,263)	(6,791)	(14,074)	(12,253)
Shared services and corporate	(20,810)	(19,611)	(67,546)	(60,937)
Acquisition and related integration costs	—	—	—	(1,642)
Restructuring costs	(4,705)	—	(29,208)	—
Depreciation and amortization of intangible assets	(38,588)	(39,565)	(115,759)	(120,329)
Impairment of goodwill	—	—	(686,000)	—
Gains (losses), net on disposal of property and equipment	(1,066)	(1,593)	(2,320)	(5,651)
Interest expense	(56,916)	(41,917)	(158,029)	(114,427)
Gain on extinguishment of debt	—	—	—	1,234
Defined benefit pension plan income	251	683	519	2,008
Miscellaneous, net	1,309	(494)	131	1,269
Income (loss) from operations before income taxes	$ (2,262)	$ 62,303	$ (709,031)	$ 154,371
Depreciation:				
Local Media	$ 9,881	$ 9,997	$ 29,521	$ 30,665
Scripps Networks	4,892	4,889	14,558	14,504
Other	47	45	137	133
Shared services and corporate	280	409	1,074	1,220
Total depreciation	$ 15,100	$ 15,340	$ 45,290	$ 46,522
Amortization of intangible assets:				
Local Media	$ 8,980	$ 8,520	$ 26,941	$ 26,481
Scripps Networks	13,009	14,209	39,027	42,627
Other	447	471	1,345	1,423
Shared services and corporate	1,052	1,025	3,156	3,276
Total amortization of intangible assets	$ 23,488	$ 24,225	$ 70,469	$ 73,807
Additions to property and equipment:				
Local Media	$ 15,123	$ 6,803	$ 36,530	$ 23,017
Scripps Networks	1,225	2,241	3,920	10,677
Other	—	9	34	54
Shared services and corporate	495	71	1,469	331
Total additions to property and equipment	$ 16,843	$ 9,124	$ 41,953	$ 34,079

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

(in thousands)	Three Months Ended September 30, 2023	Three Months Ended September 30, 2022	Nine Months Ended September 30, 2023	Nine Months Ended September 30, 2022
Operating revenues:				
Core advertising	$ 346,037	$ 371,064	$ 1,061,868	$ 1,152,860
Political	9,130	65,715	16,501	96,547
Distribution	203,859	167,250	571,320	497,012
Other	7,503	8,072	27,454	25,855
Total operating revenues	$ 566,529	$ 612,101	$ 1,677,143	$ 1,772,274

13. Capital Stock

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.

On January 7, 2021, we issued 6,000 shares of series A preferred stock, having a face value of $100,000 per share. The preferred stock shares 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 stock shares, the dividend rate will be 8% per annum. If dividends on the preferred stock 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 stock shares are outstanding. Preferred stock dividends were $36.0 million during the first nine months of 2023 and 2022. Under the terms of the preferred stock shares, we are prohibited from paying dividends on and repurchasing our common shares until all preferred stock shares are redeemed.

Class A Common Shares Stock Warrant — In connection with the issuance of the preferred stock shares, Berkshire Hathaway, Inc. ("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 stock shares remain outstanding.

14. Accumulated Other Comprehensive Income (Loss)

Changes in accumulated other comprehensive income (loss) ("AOCI") by component, including items reclassified out of AOCI, were as follows:

(in thousands)	Three Months Ended September 30, 2023: Defined Benefit Pension Items	Other	Total
Beginning balance, June 30, 2023	$ (77,277)	$ (144)	$ (77,421)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $8[a]	25	—	25
Net current-period other comprehensive income (loss)	25	—	25
Ending balance, September 30, 2023	$ (77,252)	$ (144)	$ (77,396)

(in thousands)	Three Months Ended September 30, 2022		
	Defined Benefit Pension Items	Other	Total
Beginning balance, June 30, 2022	$ (72,059)	$ (190)	$ (72,249)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $253 [a]	813	3	816
Net current-period other comprehensive income (loss)	813	3	816
Ending balance, September 30, 2022	$ (71,246)	$ (187)	$ (71,433)

(in thousands)	Nine Months Ended September 30, 2023		
	Defined Benefit Pension Items	Other	Total
Beginning balance, December 31, 2022	$ (77,327)	$ (144)	$ (77,471)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $24[a]	75	—	75
Net current-period other comprehensive income (loss)	75	—	75
Ending balance, September 30, 2023	$ (77,252)	$ (144)	$ (77,396)

(in thousands)	Nine Months Ended September 30, 2022		
	Defined Benefit Pension Items	Other	Total
Beginning balance, December 31, 2021	$ (73,713)	$ (196)	$ (73,909)
Other comprehensive income (loss) before reclassifications	—	—	—
Amounts reclassified from AOCI, net of tax of $768[a]	2,467	9	2,476
Net current-period other comprehensive income (loss)	2,467	9	2,476
Ending balance, September 30, 2022	$ (71,246)	$ (187)	$ (71,433)

[a] Actuarial gain (loss) is included in defined benefit pension plan expense in the Condensed Consolidated Statements of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion and analysis of financial condition and results of operations is based upon the Condensed Consolidated Financial Statements and the Notes to Condensed Consolidated Financial Statements. You should read this discussion in conjunction with those financial statements.

Forward-Looking Statements

This document 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." 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 that serves audiences and businesses through a portfolio of more than 60 local television stations in more than 40 markets and national news and entertainment networks. Our local stations have programming agreements with ABC, NBC, CBS, FOX and the CW. The Scripps Networks reach nearly every American through national news outlets Court TV and Scripps News and popular entertainment brands ION, Bounce, Defy TV, Grit, ION Mystery and Laff. Effective the beginning of 2023, we merged our nationally focused news and resources into a Scripps News division. Scripps News combines the development and distribution of Newsy programming content, the Local Media national desk and our award-winning investigative reporting newsroom in Washington, D.C. into one coordinated organization. The combined operation will more efficiently serve national audiences and our local television stations. We also serve as the longtime steward of one of the nation's largest, most successful and longest-running educational programs, the Scripps National Spelling Bee. Additionally, we provide consumers DVR product solutions to watch and record free over-the-air HDTV on connected devices through our Nuvyyo business.

Scripps is a leader in free, ad-supported television. All of our local stations and national networks reach consumers over the air, and all of our television brands can also be found on free streaming platforms. We have continued to expand in the fast-growing connected television marketplace as well as continued to leverage our leadership position in the growing over-the-air marketplace. Currently, one in three non pay-TV homes is watching television over the air alongside their subscription services, and industry data shows the use of free television over antenna is expected to surpass 50 million households in 2025. Scripps continues efforts to broaden antenna use even more, and is working with key partners in retail, manufacturing and antenna installation, to help television owners understand the quality and quantity of programming available over the air and the ease of antenna use. During the third quarter of 2023, we continued our efforts to build awareness, grow the broadcast marketplace and improve consumers over-the-air television experiences by relaunching a new version of our Tablo product. Tablo is the first consumer technology device that enables whole-home viewing, recording of over-the-air broadcast television and curated free- ad-supported streaming television channels without a subscription.

In December of 2022, we launched Scripps Sports to further leverage our local market depth and national broadcast reach for partnerships with sports leagues, conferences and teams. In addition to the market depth of our local broadcast television stations, ION boasts the fifth-largest national broadcast viewership and its network of owned and operated and affiliate stations reaches 100% of U.S. television households through broadcast, cable/satellite and connected TV platforms, providing it the opportunity to run localized, regionalized and national programming. Scripps Sports is comprised of a limited number of personnel that seek and negotiate sports rights for the benefit of our Local Media and Scripps Networks businesses. The revenues earned and any sports rights fees or other direct expenses incurred reside within those respective businesses.

In January of 2023, we announced a strategic restructuring and reorganization of the Company that will further leverage our strong position in the U.S. television ecosystem and propel our growth across new distribution platforms and emerging media marketplaces. Lisa Knutson was named chief operating officer, assuming responsibility for the Local Media and Scripps Networks operating divisions, and was tasked with leading the Company's restructuring efforts. The restructuring aims to create a leaner and more agile operating structure through the centralization of certain services and the consolidation of layers of management across our operating businesses and corporate office. We currently anticipate this effort will result in at least $40 million in annual savings, of which $20 million is expected to be achieved by the end of 2023.

On March 27, 2023, we shut down TrueReal, merging certain of its programming with that of Defy TV, and began leasing the additional spectrum it created on our owned and operated stations to Jewelry Television. In connection with the TrueReal restructuring, we relinquished rights to portions of their programming library. We incurred a $13.6 million restructuring charge in the first quarter of 2023 related to the write-down of these programming assets.

On April 20, 2023, we announced a multi-year agreement to televise regular season Friday night WNBA games on ION. The WNBA Friday Night Spotlight on ION includes games available nationally, as well as games made available on a regional basis.

On May 4, 2023, we announced a multi-year agreement with the Vegas Golden Knights to televise the National Hockey League team's games in Las Vegas and surrounding markets. We air the games on our local station KMCC, and its Las Vegas ABC affiliate KTNV provides marketing and promotion.

On October 5, 2023, we announced a multi-year agreement with the Arizona Coyotes to televise their locally broadcast games to residents of Arizona and surrounding states within the team’s broadcast territory. Games will air on our television stations within the Phoenix, Tucson, and Salt Lake City markets.

The Scripps Networks business has experienced softness within the national advertising marketplace as macroeconomic challenges have continued to impact advertising budgets. A longer than anticipated advertising recession and the impact of declining linear television viewership trends have negatively impacted expected future growth rates, profitability and the cash flows derived from the business, as well as, the expected period of time over which those cash flows will occur. As a result, we performed an interim goodwill impairment test for our Scripps Network reporting unit in the second quarter of 2023, and recorded a non-cash goodwill impairment charge totaling $686 million.

Preferred stock dividends paid in the first nine months of 2023 and 2022 totaled $36.0 million. Under the terms of the preferred stock shares, we are prohibited from paying dividends on and repurchasing our common shares until all preferred shares are redeemed.

Results of Operations

The trends and underlying economic conditions affecting the 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 business segments that follows.

Consolidated Results of Operations

Consolidated results of operations were as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2023	Change	2022	2023	Change	2022
Operating revenues	$ 566,529	(7.4)%	$ 612,101	$ 1,677,143	(5.4)%	$ 1,772,274
Cost of revenues, excluding depreciation and amortization	(321,227)	2.9 %	(312,054)	(946,511)	3.1 %	(918,398)
Selling, general and administrative expenses, excluding depreciation and amortization	(147,849)	(4.5)%	(154,858)	(448,997)	(2.8)%	(461,967)
Acquisition and related integration costs	—		—	—		(1,642)
Restructuring costs	(4,705)		—	(29,208)		—
Depreciation and amortization of intangible assets	(38,588)		(39,565)	(115,759)		(120,329)
Impairment of goodwill	—		—	(686,000)		—
Gains (losses), net on disposal of property and equipment	(1,066)		(1,593)	(2,320)		(5,651)
Operating income (loss)	53,094		104,031	(551,652)		264,287
Interest expense	(56,916)		(41,917)	(158,029)		(114,427)
Gain on extinguishment of debt	—		—	—		1,234
Defined benefit pension plan income	251		683	519		2,008
Miscellaneous, net	1,309		(494)	131		1,269
Income (loss) from operations before income taxes	(2,262)		62,303	(709,031)		154,371
Benefit (provision) for income taxes	(1,391)		(16,055)	17,009		(44,018)
Net income (loss)	$ (3,653)		$ 46,248	$ (692,022)		$ 110,353

Operating revenues decreased $45.6 million or 7.4% in the third quarter of 2023 and $95.1 million or 5.4% for the first nine months of 2023 when compared to prior periods. Local Media distribution revenues increased by $33.1 million in the third quarter of 2023 and $61.1 million for the first nine months of 2023. We completed distribution agreement renewals for approximately 75% of our subscriber households during the first nine months of 2023. In this non-election year, these distribution revenue increases were more than offset by declines in political revenues of $56.6 million in the third quarter of 2023 and $80.0 million for the first nine months of 2023. Additionally, operating revenue decreases were driven by a decrease in Local Media core advertising revenue and Scripps Networks revenue reflecting the impact of macroeconomic conditions, as inflation and consumer uncertainty continue to contribute to softness in the advertising marketplace.

Cost of revenues, which is comprised of programming costs and costs associated with distributing our content, increased $9.2 million or 2.9% in the third quarter of 2023 and $28.1 million or 3.1% for the first nine months of 2023 when compared to prior periods. Programming costs, a significant driver of fluctuations in cost of revenues, increased $5.5 million in the third quarter of 2023 and $13.8 million for the first nine months of 2023 when compared to prior periods, mainly attributed to higher network affiliation fees at Scripps Networks.

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 decreased $7.0 million or 4.5% in the third quarter of 2023 and $13.0 million or 2.8% for the first nine months of 2023 when compared to prior periods. The quarter-to-date and year-to-date periods included a decrease in ratings costs following a change in service providers in Local Media, as well as decreases in advertising and promotion costs. The quarter-to-date and year-to-date periods reflect an increase in payroll related costs due primarily to annual merit increases.

Restructuring costs totaled $4.7 million in the third quarter of 2023 and $29.2 million in the first nine months of 2023. In connection with the shutdown of the TrueReal network, we incurred a $13.6 million first quarter charge related to the write-down of certain programming assets. Year-to-date restructuring costs also included employee severance related charges of $8.9 million, operating lease impairment charges of $1.1 million and other restructuring charges primarily attributed to strategic reorganization consulting fees.

Depreciation and amortization of intangible assets decreased $1.0 million in the third quarter of 2023 and $4.6 million for the first nine months of 2023 when compared to prior periods.

In the second quarter of 2023, we recorded a $686 million non-cash charge to reduce the carrying value of goodwill associated with our Scripps Networks reporting unit.

Interest expense increased $15.0 million in the third quarter of 2023 and $43.6 million for the first nine months of 2023 when compared to prior periods primarily due to higher year-over-year interest rates on our variable debt borrowings.

During the first quarter of 2022, we redeemed $42.2 million of the 2027 Senior Notes, $26.6 million of the 2029 Senior Notes and $54.5 million of the 2031 Senior Notes. The redemptions resulted in a gain on extinguishment of debt of $1.2 million as the notes were redeemed for total consideration below par value of the notes.

The effective income tax rate was 2.4% and 29% for the nine months ended September 30, 2023 and 2022, respectively. The comparability of our year-over-year effective tax rate is affected by the write-off of Scripps Networks goodwill in 2023, the majority of which is non-deductible. 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 ($1.4 million expense in 2023 and $1.0 million benefit in 2022), state deferred rate changes ($1.1 million benefit in 2023 and $4.0 million expense in 2022) and state NOL valuation allowance changes. Additionally, the 2023 year-to-date income tax provision was impacted by a net discrete tax provision benefit of $16.9 million related to book impairment of tax deductible goodwill recognized in the second quarter of 2023.

Business Segment Results — As discussed in the Notes to Condensed 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 accounting, human resources, employee benefit and information technology to our business segments. These intercompany agreements and allocations are generally amounts agreed upon by management, which may differ from an arms-length amount.

The other segment caption aggregates our operating segments that are too small to report separately. Costs for centrally provided services and certain corporate costs that are not allocated to the business segments are included in shared services and corporate costs. These unallocated corporate costs would also include the costs associated with being a public company. Corporate assets are primarily cash and cash equivalents, restricted cash, property and equipment primarily used for corporate purposes and deferred income taxes.

Information regarding the operating performance of our business segments and a reconciliation of such information to the condensed consolidated financial statements is as follows:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2023	Change	2022	2023	Change	2022
Segment operating revenues:						
Local Media	$ 353,061	(6.7)%	$ 378,438	$ 1,017,203	(4.1)%	$ 1,060,918
Scripps Networks	215,393	(8.5)%	235,401	663,095	(7.1)%	713,398
Other	2,620	1.0 %	2,594	10,149	(4.6)%	10,638
Intersegment eliminations	(4,545)	4.9 %	(4,332)	(13,304)	4.9 %	(12,680)
Total operating revenues	$ 566,529	(7.4)%	$ 612,101	$ 1,677,143	(5.4)%	$ 1,772,274
Segment profit (loss):						
Local Media	$ 74,865	(24.8)%	$ 99,607	$ 201,725	(14.1)%	$ 234,742
Scripps Networks	49,661	(31.0)%	71,984	161,530	(29.9)%	230,357
Other	(6,263)	(7.8)%	(6,791)	(14,074)	14.9 %	(12,253)
Shared services and corporate	(20,810)	6.1 %	(19,611)	(67,546)	10.8 %	(60,937)
Acquisition and related integration costs	—		—	—		(1,642)
Restructuring costs	(4,705)		—	(29,208)		—
Depreciation and amortization of intangible assets	(38,588)		(39,565)	(115,759)		(120,329)
Impairment of goodwill	—		—	(686,000)		—
Gains (losses), net on disposal of property and equipment	(1,066)		(1,593)	(2,320)		(5,651)
Interest expense	(56,916)		(41,917)	(158,029)		(114,427)
Gain on extinguishment of debt	—		—	—		1,234
Defined benefit pension plan income	251		683	519		2,008
Miscellaneous, net	1,309		(494)	131		1,269
Income (loss) from operations before income taxes	$ (2,262)		$ 62,303	$ (709,031)		$ 154,371

Local Media — Our Local Media segment includes more than 60 local television 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 seven CW affiliates - four on full power stations and three on multicast; seven 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, telecommunications 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 automotive and services 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:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2023	Change	2022	2023	Change	2022
Segment operating revenues:						
Core advertising	$ 142,295	(3.1)%	$ 146,899	$ 433,057	(6.2)%	$ 461,907
Political	9,130	(85.5)%	63,183	16,501	(82.2)%	92,960
Distribution	197,842	20.1 %	164,742	556,549	12.3 %	495,450
Other	3,794	5.0 %	3,614	11,096	4.7 %	10,601
Total operating revenues	353,061	(6.7)%	378,438	1,017,203	(4.1)%	1,060,918
Segment costs and expenses:						
Employee compensation and benefits	109,566	3.0 %	106,341	325,748	3.0 %	316,311
Programming	122,923	(0.9)%	123,983	360,749	(0.2)%	361,433
Other expenses	45,707	(5.8)%	48,507	128,981	(13.1)%	148,432
Total costs and expenses	278,196	(0.2)%	278,831	815,478	(1.3)%	826,176
Segment profit	$ 74,865	(24.8)%	$ 99,607	$ 201,725	(14.1)%	$ 234,742

Revenues

Total Local Media revenues decreased $25.4 million or 6.7% in the third quarter of 2023 and $43.7 million or 4.1% for the first nine months of 2023 when compared to prior periods. Core advertising revenues decreased $4.6 million or 3.1% in the third quarter of 2023 and $28.9 million or 6.2% for the first nine months of 2023 when compared to prior periods, reflecting the impact of macroeconomic conditions. During this non-election year, political revenues decreased $54.1 million and $76.5 million in the quarter-to-date and year-to-date periods, respectively. These decreases were partially offset by an increase in distribution revenues of $33.1 million or 20% in the third quarter of 2023 and $61.1 million or 12% for the first nine months of 2023 when compared to prior periods. While distribution revenues have been affected by subscriber losses from traditional MVPDs, particularly among cable and satellite providers, rate increases have more than offset those subscriber declines. We completed renewal negotiations on distribution agreements covering about 75% of our subscriber households throughout the first nine months of 2023, which accounts for all the renewals for 2023.

Costs and expenses

Employee compensation and benefits increased $3.2 million or 3.0% in the third quarter of 2023 and $9.4 million or 3.0% for the first nine months of 2023 when compared to prior periods primarily due to annual merit increases.

Programming expense decreased $1.1 million or 0.9% in the third quarter of 2023 and $0.7 million or 0.2% for the first nine months of 2023 when compared to prior periods.

Other expenses decreased $2.8 million or 5.8% in the third quarter of 2023 and $19.5 million or 13% for the first nine months of 2023 when compared to prior periods, driven by lower ratings costs following a change in service providers and the timing of advertising and promotion expenditures.

Scripps Networks — Our Scripps Networks segment includes national news outlets Court TV and Scripps News (formerly Newsy), as well as popular entertainment brands ION, Bounce, Defy TV, Grit, ION Mystery and Laff. 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:

	Three Months Ended September 30,			Nine Months Ended September 30,		
(in thousands)	2023	Change	2022	2023	Change	2022
Total operating revenues	$ 215,393	(8.5)%	$ 235,401	$ 663,095	(7.1)%	$ 713,398
Segment costs and expenses:						
Employee compensation and benefits	30,630	1.3 %	30,227	94,383	5.3 %	89,669
Programming	91,459	8.2 %	84,562	269,543	6.0 %	254,340
Other expenses	43,643	(10.3)%	48,628	137,639	(1.0)%	139,032
Total costs and expenses	165,732	1.4 %	163,417	501,565	3.8 %	483,041
Segment profit	$ 49,661	(31.0)%	$ 71,984	$ 161,530	(29.9)%	$ 230,357

Revenues

Scripps Networks revenues, which are primarily comprised of advertising revenues, decreased $20.0 million or 8.5% in the third quarter of 2023 and $50.3 million or 7.1% for the first nine months of 2023 when compared to prior periods. 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. During 2023, our Scripps Networks brands have experienced softness within the national advertising marketplace as macroeconomic challenges have continued to impact advertiser budgets. Scripps Networks revenues for the quarter-to-date and year-to-date periods reflect the benefits of expanded distribution of our networks on Connected TV platforms, offset by the impacts of lower linear television advertising spend that reflects the softness in the national advertising marketplace and a decline in linear television viewership that contributes to lower ratings in our key monetized demographics.

Costs and expenses

Employee compensation and benefits increased $0.4 million or 1.3% in the third quarter of 2023 and $4.7 million or 5.3% for the first nine months of 2023 when compared to prior periods. Quarter-to-date and year-to-date increases were driven by annual merit increases and increased investment in our Scripps News initiative.

Programming expense increased $6.9 million or 8.2% in the third quarter of 2023 and $15.2 million or 6.0% for the first nine months of 2023 when compared to prior periods. Quarter-to-date and year-to-date increases were driven by higher affiliate fees, reflecting both contractual rate increases and increased distribution across the Scripps Networks' businesses.

Other expenses decreased $5.0 million or 10% in the third quarter of 2023 and decreased $1.4 million or 1.0% for the first nine months of 2023 when compared to prior periods. Advertising and promotion costs decreased $8.8 million in the third quarter of 2023 and $13.3 million for the first nine months of 2023 when compared to prior periods. Ratings costs, reflecting an annual contractual rate increase for all networks, and costs related to our Connected TV revenue increased year-over-year compared to the 2022 periods.

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 and can be affected by various risk and uncertainties. At the end of September 30, 2023, we had approximately $15.9 million of cash on hand and $238 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

	Nine Months Ended September 30,	
(in thousands)	2023	2022
Net cash provided by operating activities	$ 49,137	$ 196,277
Net cash used in investing activities	(44,731)	(55,183)
Net cash used in financing activities	(6,581)	(203,351)
Decrease in cash, cash equivalents and restricted cash	$ (2,175)	$ (62,257)

Cash flows from operating activities

Cash provided by operating activities decreased $147 million in 2023 compared to 2022 driven by a $110 million year-over-year decrease in segment profit, a $37.6 million increase in interest paid and a $43.8 million increase in cash used from changes in certain working capital accounts. These year-over-year decreases were partially offset by a decrease of $30.7 million in income taxes paid.

Cash flows from investing activities

Cash used in investing activities was $44.7 million in 2023 compared to $55.2 million in 2022. Capital expenditures were $43.8 million in 2023 compared to $35.5 million in 2022. Investing activities in 2022 also reflect the $13.8 million acquisition of Nuvyyo.

Cash flows from financing activities

Cash used in financing activities was $6.6 million in 2023 compared to $203 million in 2022. During the third quarter of 2023, we had net debt proceeds of $340 million, reflecting borrowings on our Revolving Credit Facility. On July 31, 2023, we borrowed $283 million on the Revolving Credit Facility to pay off the remaining principal balance of our term loan maturing in October 2024. Preferred stock dividends were $36.0 million in the first nine months of 2023 and 2022. During the first quarter of 2022, we redeemed $42.2 million of our 2027 Senior Notes, $26.6 million of our 2029 Senior Notes and $54.5 million of our 2031 Senior Notes. During the third quarter of 2022, we made an additional principal payment on the 2028 term loan totaling $25 million.

Debt

On July 31, 2023, we entered into the Eighth Amendment to the Third Amended Restated Credit Agreement ("Eighth Amendment"). Under the Eighth Amendment, we have a $585 million Revolving Credit Facility that matures on January 7, 2026. In connection with our credit agreement, we also have $1.3 billion of outstanding balance on our term loans as of September 30, 2023. On July 31, 2023, we borrowed $283 million on the revolver to pay off the remaining principal balance of our term loan maturing in October of 2024.

As of September 30, 2023, we also have $1.3 billion of senior notes outstanding. Senior secured notes totaling $523 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 $818 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 notes do not have maintenance covenants. The earliest maturity of our term loans and notes is the second quarter of 2026. The Eighth Amendment to our Revolving Credit Facility permits a maximum leverage through December 31, 2024 of 5.0 times the two-year average earnings before interest, taxes, depreciation and amortization (EBITDA) as defined by our credit agreement. The maximum leverage covenant steps down to 4.75 times through September 30, 2025, and then steps down to 4.50 times thereafter. As of September 30, 2023, we were in compliance with our financial covenants.

Debt Repurchase Program

In February 2023, our Board of Directors provided a new repurchase 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 $500 million and expires on March 1, 2026. Our previous debt repurchase authorization expired on March 1, 2023.

Equity

On January 7, 2021 we issued 6,000 shares of series A preferred stock, having a face value of $100,000 per share.
The preferred stock shares 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 paid in the first nine months of 2023 and 2022 totaled $36.0 million. In connection with the issuance of the preferred stock shares, Berkshire Hathaway also received a warrant to purchase up to 23.1 million Class A shares, at an exercise price of $13 per share.

Under the terms of the preferred stock shares, we are prohibited from paying dividends on and repurchasing our common shares until all preferred stock shares are redeemed.

Other

During the remainder of 2023, we anticipate contributing an additional $0.5 million to fund the SERPs' benefit payments. We have met regulatory funding requirements for our qualified benefit pension plan and do not have a mandatory contribution in 2023.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Arrangements

There have been no material changes to the off-balance sheet arrangements disclosed in our 2022 Annual Report on Form 10-K.

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 the Consolidated Financial Statements included in our 2022 Annual Report on Form 10-K describes the significant accounting policies we have selected for use in the preparation of our financial statements and related disclosures. An accounting policy is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made and if different estimates that reasonably could have been used or changes in estimates that are likely to occur could materially change the financial statements. We believe the accounting for acquisitions, goodwill and indefinite-lived intangible assets and pension plans to be our most critical accounting policies and estimates. A detailed description of these accounting policies is included in the Critical Accounting Policies section of

Management's Discussion and Analysis of Financial Condition and Results of Operations included in our 2022 Annual Report on Form 10-K.

Recent Accounting Guidance

Refer to Note 2. Recently Adopted and Issued Accounting Standards of the Notes to Condensed Consolidated Financial Statements (Part I, Item 1 of this Form 10-Q) 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 SOFR 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. A 100 basis point increase in SOFR would increase annual interest expense on our current variable rate borrowings by approximately $16.2 million.

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

	As of September 30, 2023		As of December 31, 2022	
(in thousands)	Cost Basis	Fair Value	Cost Basis	Fair Value
Financial instruments subject to interest rate risk:				
Revolving credit facility	$ 340,000	$ 340,000	$ —	$ —
Senior secured notes, due in 2029	523,356	396,390	523,356	426,535
Senior unsecured notes, due in 2027	425,667	315,990	425,667	384,697
Senior unsecured notes, due in 2031	392,071	249,137	392,071	316,107
Term loan, due in 2024	—	—	284,250	279,631
Term loan, due in 2026	730,728	721,594	736,437	725,850
Term loan, due in 2028	553,000	541,940	559,000	545,025
Long-term debt, including current portion	$ 2,964,822	$ 2,565,051	$ 2,920,781	$ 2,677,845
Financial instruments subject to market value risk:				
Investments held at cost	$ 21,109	(a)	$ 20,890	(a)

(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

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.

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.

Exhibit 31.A
Section 302 Certifications

Certification

I, Adam P. Symson, certify that:

1. I have reviewed this report on Form 10-Q 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 that 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: November 3, 2023

BY: /s/ Adam P. Symson
Adam P. Symson
President and Chief Executive Officer

Exhibit 31.B
Section 302 Certifications

Certification

I, Jason Combs, certify that:

1. I have reviewed this report on Form 10-Q 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 that 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: November 3, 2023

BY: /s/ Jason Combs
Jason Combs
Executive Vice President and Chief Financial Officer

Exhibit 32.A
Section 906 Certifications

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 Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2023 (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.

BY: /s/ Adam P. Symson
Adam P. Symson
President and Chief Executive Officer
November 3, 2023

Exhibit 32.B
Section 906 Certifications

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 Quarterly Report on Form 10-Q of the Company for the period ended September 30, 2023 (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.

BY: /s/ Jason Combs
Jason Combs
Executive Vice President and Chief Financial Officer
November 3, 2023