

REFINITIV

DELTA REPORT

10-Q

DALN - DALLASNEWS CORP

10-Q - JUNE 30, 2024 COMPARED TO 10-Q - MARCH 31, 2024

The following comparison report has been automatically generated

TOTAL DELTAS	937
--------------	-----

 CHANGES	80
---	----

 DELETIONS	435
---	-----

 ADDITIONS	422
---	-----

Form 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: March 31, June 30, 2024

OR

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission file no. 1-33741

Picture 1

DallasNews CORPORATION

(Exact name of registrant as specified in its charter)

Texas

38-3765318

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

P. O. Box 224866, Dallas, Texas 75222-4866

(214) 977-8869

(Address of principal executive offices, including zip code)

(Registrant's telephone number, including area code)

Former name, former address and former fiscal year, if changed since last report.

None

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Series A Common Stock, \$0.01 par value	DALN	The Nasdaq Stock Market LLC

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large Accelerated Filer: <input type="checkbox"/>	Accelerated Filer: <input type="checkbox"/>	Non-Accelerated Filer: <input checked="" type="checkbox"/>	Smaller Reporting Company: <input checked="" type="checkbox"/>	Emerging Growth Company: <input type="checkbox"/>
---	---	--	--	---

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 ☒

Shares of Common Stock outstanding at May 10, 2024 July 25, 2024: 5,352,490 shares (consisting of 4,737,852 4,738,102 shares of Series A Common Stock and 614,638 614,388 shares of Series B Common Stock).

DallasNews Corporation Second Quarter 2024 on Form 10-Q

PART I

Item 1.	Financial Information	PAGE 3
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	PAGE 16 17
Item 4.	Controls and Procedures	PAGE 22 27

PART II

Item 1.	Legal Proceedings	PAGE 23 28
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	PAGE 23 28
Item 3.	Defaults Upon Senior Securities	PAGE 23 28
Item 4.	Mine Safety Disclosures	PAGE 23 28
Item 5.	Other Information	PAGE 23 28
Item 6.	Exhibits	PAGE 24 29
	Signatures	PAGE 25
	Exhibit Index	PAGE 26 30

DallasNews Corporation First Second Quarter 2024 on Form 10-Q

[Table of Contents](#)**PART I****Item 1. Financial Information****DallasNews Corporation and Subsidiaries****Consolidated Statements of Operations**

In thousands, except share and per share amounts (unaudited)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Net Operating Revenue:						
Advertising and marketing services	\$ 11,646	\$ 15,309	\$ 12,784	\$ 16,223	\$ 24,430	\$ 31,532
Circulation	16,300	16,011	16,181	15,996	32,481	32,007
Printing, distribution and other	3,156	3,882	3,096	3,793	6,252	7,675
Total net operating revenue	31,102	35,202	32,061	36,012	63,163	71,214
Operating Costs and Expense:						
Employee compensation and benefits	16,117	17,373	14,738	17,236	30,855	34,609
Other production, distribution and operating costs	15,059	18,028	15,046	17,293	30,105	35,321
Newsprint, ink and other supplies	1,284	2,184	1,302	2,346	2,586	4,530
Depreciation	398	373	407	357	805	730
Total operating costs and expense	32,858	37,958	31,493	37,232	64,351	75,190
Operating loss	(1,756)	(2,756)				
Operating income (loss)			568	(1,220)	(1,188)	(3,976)
Other income, net	611	362	641	378	1,252	740
Loss Before Income Taxes	(1,145)	(2,394)				
Income tax provision	218	232				
Net Loss	\$ (1,363)	\$ (2,626)				
Income (Loss) Before Income Taxes						
Taxes			1,209	(842)	64	(3,236)

Income tax provision (benefit)			(241)	26	(23)	258
Net Income (Loss)			\$ 1,450	\$ (868)	\$ 87	\$ (3,494)
Per Share Basis						
Net loss						
Net income (loss)						
Basic	\$ (0.25)	\$ (0.49)	\$ 0.27	\$ (0.16)	\$ 0.02	\$ (0.65)
Diluted			\$ 0.27	\$ (0.16)	\$ 0.02	\$ (0.65)
Number of common shares used in the per share calculation:						
Basic	5,352,490	5,352,490	5,352,490	5,352,490	5,352,490	5,352,490
Diluted			5,352,490	5,352,490	5,352,490	5,352,490

See the accompanying Notes to the Consolidated Financial Statements.

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 3

[Table of Contents](#)

DallasNews Corporation and Subsidiaries

Consolidated Statements of Comprehensive Income (Loss)

In thousands (unaudited)	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Net Loss	\$ (1,363)	\$ (2,626)				
Net Income (Loss)			\$ 1,450	\$ (868)	\$ 87	\$ (3,494)
Other Comprehensive Income (Loss), Net of Tax:						
Amortization of actuarial (gains) losses	102	(10)	102	(10)	204	(20)
Total other comprehensive income (loss), net of tax	102	(10)	102	(10)	204	(20)
Total Comprehensive Loss	\$ (1,261)	\$ (2,636)				
Total Comprehensive Income (Loss)			\$ 1,552	\$ (878)	\$ 291	\$ (3,514)

See the accompanying Notes to the Consolidated Financial Statements.

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 4

[Table of Contents](#)

DallasNews Corporation and Subsidiaries

Consolidated Balance Sheets

In thousands, except share amounts (unaudited)	March 31,		December 31,		December	
	2024	2023	2024	2023	June 30, 2024	31, 2023
Assets						
Current assets:						
Cash and cash equivalents	\$ 7,946	\$ 11,697	\$ 16,601	\$ 11,697		
Short-term investments	10,478	10,781	500	10,781		

Accounts receivable (net of allowance of \$218 and \$207 at March 31, 2024 and December 31, 2023, respectively)	8,582	9,923		
Accounts receivable (net of allowance of \$163 and \$207 at June 30, 2024 and December 31, 2023, respectively)			9,120	9,923
Inventories	1,621	1,930	1,266	1,930
Prepays and other current assets	4,887	2,602	3,796	2,602
Total current assets	33,514	36,933	31,283	36,933
Property, plant and equipment, at cost	307,502	307,436	310,422	307,436
Less accumulated depreciation	(300,735)	(300,337)	(301,142)	(300,337)
Property, plant and equipment, net	6,767	7,099	9,280	7,099
Operating lease right-of-use assets	15,652	16,141	18,690	16,141
Deferred income taxes, net	260	271	273	271
Other assets	1,785	1,790	1,779	1,790
Total assets	\$ 57,978	\$ 62,234	\$ 61,305	\$ 62,234
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable	\$ 3,660	\$ 3,963	\$ 5,111	\$ 3,963
Accrued compensation and benefits	4,465	3,901	3,686	3,901
Other accrued expense	3,413	6,548	3,240	6,548
Contract liabilities	10,593	9,511	9,969	9,511
Total current liabilities	22,131	23,923	22,006	23,923
Long-term pension liabilities	16,766	17,353	16,180	17,353
Long-term operating lease liabilities	16,356	16,924	18,848	16,924
Other post-employment benefits	991	996	986	996
Other liabilities	37	80	36	80
Total liabilities	56,281	59,276	58,056	59,276
Contingent liabilities (see Note 9)				
Shareholders' equity:				
Preferred stock, \$0.01 par value; Authorized 2,000,000 shares; none issued	—	—	—	—
Common stock, \$0.01 par value; Authorized 31,250,000 shares				
Series A: issued 5,216,317 at March 31, 2024 and December 31, 2023	52	52		
Series B: issued 614,638 at March 31, 2024 and December 31, 2023	6	6		
Treasury stock, Series A, at cost; 478,465 shares held at March 31, 2024 and December 31, 2023	(13,443)	(13,443)		
Series A: issued 5,216,567 and 5,216,317 at June 30, 2024 and December 31, 2023, respectively			52	52
Series B: issued 614,388 and 614,638 at June 30, 2024 and December 31, 2023, respectively			6	6
Treasury stock, Series A, at cost; 478,465 shares held at June 30, 2024 and December 31, 2023			(13,443)	(13,443)
Additional paid-in capital	494,563	494,563	494,563	494,563
Accumulated other comprehensive loss	(40,145)	(40,247)	(40,043)	(40,247)
Accumulated deficit	(439,336)	(437,973)	(437,886)	(437,973)
Total shareholders' equity	1,697	2,958	3,249	2,958
Total liabilities and shareholders' equity	\$ 57,978	\$ 62,234	\$ 61,305	\$ 62,234

See the accompanying Notes to the Consolidated Financial Statements.

[Table of Contents](#)

DallasNews Corporation and Subsidiaries
Consolidated Statements of Shareholders' Equity

In thousands, except share and per share amounts (unaudited)	Three Months Ended March 31, 2024 and 2023									Six Months Ended June 30, 2024 and 2023								
	Common Stock				Treasury Stock					Common Stock				Treasury Stock				
	Shares	Shares	Paid-in	Capital	Shares	Amount	Comprehensive	Accumulated	Total	Shares	Shares	Paid-in	Capital	Shares	Amount	Comprehensive	Accumulated	Total
	Series A	Series B	Amount	Capital	Series A	Amount	Loss	Deficit	Total	Series A	Series B	Amount	Capital	Series A	Amount	Loss	Deficit	Total
Balance at December 31, 2022	5,216,237	614,718	\$ 58	\$494,563	(478,465)	\$(13,443)	\$ (41,380)	\$ (427,435)	\$12,363	5,216,237	614,718	\$ 58	\$494,563	(478,465)	\$(13,443)	\$ (41,380)	\$ (427,435)	\$12,363
Net loss	—	—	—	—	—	—	—	(2,626)	(2,626)	—	—	—	—	—	—	—	(3,494)	(3,494)
Other comprehensive loss	—	—	—	—	—	—	(10)	—	(10)	—	—	—	—	—	—	(20)	—	(20)
Dividends declared (\$0.16 per share)	—	—	—	—	—	—	—	(856)	(856)	—	—	—	—	—	—	—	—	—
Balance at March 31, 2023	5,216,237	614,718	\$ 58	\$494,563	(478,465)	\$(13,443)	\$ (41,390)	\$ (430,917)	\$ 8,871	—	—	—	—	—	—	—	—	—
Conversion of Series B to Series A	—	—	—	—	—	—	—	—	—	20	(20)	—	—	—	—	—	—	—
Dividends declared (\$0.32 per share)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(1,713)	(1,713)
Balance at June 30, 2023	—	—	—	—	—	—	—	—	—	5,216,257	614,698	\$ 58	\$494,563	(478,465)	\$(13,443)	\$ (41,400)	\$ (432,642)	\$ 7,136
Balance at December 31, 2023	5,216,317	614,638	\$ 58	\$494,563	(478,465)	\$(13,443)	\$ (40,247)	\$ (437,973)	\$ 2,958	5,216,317	614,638	\$ 58	\$494,563	(478,465)	\$(13,443)	\$ (40,247)	\$ (437,973)	\$ 2,958
Net loss	—	—	—	—	—	—	—	(1,363)	(1,363)	—	—	—	—	—	—	—	—	—
Net income	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	87	87
Other comprehensive income	—	—	—	—	—	—	102	—	102	—	—	—	—	—	—	204	—	204
Balance at March 31, 2024	5,216,317	614,638	\$ 58	\$494,563	(478,465)	\$(13,443)	\$ (40,145)	\$ (439,336)	\$ 1,697	—	—	—	—	—	—	—	—	—
Conversion of Series B to Series A	—	—	—	—	—	—	—	—	—	250	(250)	—	—	—	—	—	—	—

Balance at June 30, 2024	5,216,567 614,388 \$ 58 \$494,563 (478,465)\$(13,443) \$ (40,043) \$ (437,886)\$ 3,249								
	Three Months Ended June 30, 2024 and 2023								
	Common Stock				Treasury Stock		Accumulated		
				Additional			Other		
In thousands, except share and per share amounts (unaudited)	Shares	Shares		Paid-in	Shares		Comprehensive	Accumulated	
	Series A	Series B	Amount	Capital	Series A	Amount	Loss	Deficit	Total
Balance at March 31, 2023	5,216,237	614,718	\$ 58	\$ 494,563	(478,465)	\$ (13,443)	\$ (41,390)	\$ (430,917)	\$ 8,871
Net loss	—	—	—	—	—	—	—	(868)	(868)
Other comprehensive loss	—	—	—	—	—	—	(10)	—	(10)
Conversion of Series B to Series A	20	(20)	—	—	—	—	—	—	—
Dividends declared (\$0.16 per share)	—	—	—	—	—	—	—	(857)	(857)
Balance at June 30, 2023	5,216,257	614,698	\$ 58	\$ 494,563	(478,465)	\$ (13,443)	\$ (41,400)	\$ (432,642)	\$ 7,136
Balance at March 31, 2024	5,216,317	614,638	\$ 58	\$ 494,563	(478,465)	\$ (13,443)	\$ (40,145)	\$ (439,336)	\$ 1,697
Net income	—	—	—	—	—	—	—	1,450	1,450
Other comprehensive income	—	—	—	—	—	—	102	—	102
Conversion of Series B to Series A	250	(250)	—	—	—	—	—	—	—
Balance at June 30, 2024	5,216,567	614,388	\$ 58	\$ 494,563	(478,465)	\$ (13,443)	\$ (40,043)	\$ (437,886)	\$ 3,249

See the accompanying Notes to the Consolidated Financial Statements.

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 6

Table of Contents

DallasNews Corporation and Subsidiaries

Consolidated Statements of Cash Flows

<i>In thousands (unaudited)</i>	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Operating Activities				
Net loss	\$ (1,363)	\$ (2,626)		
Adjustments to reconcile net loss to net cash used for operating activities:				
Net income (loss)			\$ 87	\$ (3,494)
Adjustments to reconcile net income (loss) to net cash used for operating activities:				
Depreciation	398	373	805	730
Net periodic pension and other post-employment benefit	(474)	(225)	(948)	(449)
Bad debt expense	74	8		
Bad debt expense (benefit)			43	(64)
Deferred income taxes	11	(11)	(2)	(16)
Gain on short-term investments	(111)	—	(159)	(169)
Provision, interest and penalties for uncertain tax positions	—	2	—	(102)
Changes in working capital and other operating assets and liabilities:				
Accounts receivable	1,267	2,411	760	2,353
Inventories, prepaids and other current assets	(1,976)	(1,636)	(530)	(844)
Other assets	5	4	11	10
Accounts payable	(303)	(723)	1,148	(911)

Compensation and benefit obligations	564	398	(215)	79
Other accrued expenses	(2,366)	(363)	(3,087)	(1,118)
Contract liabilities	1,082	1,428	458	1,190
Other post-employment benefits	(16)	(15)	(31)	(31)
Net cash used for operating activities	(3,208)	(975)	(1,660)	(2,836)
Investing Activities				
Purchases of assets	(101)	(236)	(3,020)	(848)
Purchases of short-term investments	(9,909)	(10,500)	(9,909)	(10,500)
Maturities of short-term investments	10,323	—	—	—
Maturities/disposals of short-term investments	—	—	20,349	—
Net cash provided by (used for) investing activities	313	(10,736)	7,420	(11,348)
Financing Activities				
Dividends paid	(856)	(856)	(856)	(1,713)
Net cash used for financing activities	(856)	(856)	(856)	(1,713)
Net decrease in cash and cash equivalents	(3,751)	(12,567)	—	—
Net increase (decrease) in cash and cash equivalents	—	—	4,904	(15,897)
Cash and cash equivalents, beginning of period	11,697	27,825	11,697	27,825
Cash and cash equivalents, end of period	\$ 7,946	\$ 15,258	\$16,601	\$ 11,928
Supplemental Disclosures				
Income tax paid, net	\$ 5	\$ 2	\$ 552	\$ 619
Noncash investing and financing activities:				
Investments in property, plant and equipment payable	—	—	—	27
Dividends payable	—	856	—	857

See the accompanying Notes to the Consolidated Financial Statements.

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 7

[Table of Contents](#)

DallasNews Corporation and Subsidiaries

Notes to the Consolidated Financial Statements

Note 1: Basis of Presentation and Recently Issued Accounting Standards

Description of Business. DallasNews Corporation and its subsidiaries are referred to collectively herein as “DallasNews” or the “Company.” DallasNews was formed in February 2008 through a spin-off from its former parent company and is registered on The Nasdaq Stock Market LLC (Nasdaq trading symbol: DALN). DallasNews is the Dallas-based holding company of *The Dallas Morning News* and Medium Giant.

The Company operates *The Dallas Morning News* (“TDMN”) (dallasnews.com), Texas’ leading newspaper and winner of nine Pulitzer Prizes. These operations generate revenue from sales of advertising within the Company’s newspaper and digital platforms, subscriptions and retail sales of its newspaper, commercial printing and distribution services primarily related to national newspapers.

In addition, the Company has a full-service agency, Medium Giant, with capabilities including strategy, creative and media management with a focus on strategic and digital marketing, and data intelligence that provide a measurable return on investment to its clients.

As of March 31, 2024 June 30, 2024, the Company had 531 533 employees, a headcount decrease of 121 111 or 18.6 17.2 percent when compared to March 31, 2023 June 30, 2023, primarily resulting from the 2023 Voluntary Severance Program participants that left the Company in the first quarter. Program. In the three and six months ended March 31, 2024 June 30, 2024, the Company paid \$2,454 \$153 and \$2,607, respectively, of related severance that was included in other accrued expense in the Consolidated Balance Sheet as of December 31, 2023.

Basis of Presentation. The interim consolidated financial statements included herein are unaudited; however, they include adjustments of a normal recurring nature which, in the Company’s opinion, are necessary to present fairly the consolidated financial information as of and for the periods indicated in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to interim periods. All intercompany balances and

transactions have been eliminated in consolidation. The Company consolidates its majority owned subsidiaries over which the Company exercises control. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2023. All dollar amounts presented herein, except share and per share amounts, are in thousands, unless the context indicates otherwise.

Use of Estimates. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect (i) the reported amounts of assets and liabilities, (ii) the disclosure of contingent assets and liabilities known to exist as of the date the financial statements are published, and (iii) the reported amount of net operating revenues and expenses recognized during the periods presented. Adjustments made with respect to the use of estimates often relate to improved information not previously available. Uncertainties with respect to such estimates and assumptions are inherent in the preparation of financial statements; accordingly, actual results could differ from these estimates.

Areas where estimates are used include valuation allowances for credit losses, fair value measurements, pension plan assets, pension and other post-employment benefit obligation assumptions, income taxes, leases, self-insured liabilities, and assumptions related to long-lived assets impairment review. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ from these estimates.

Segment Presentation. In the second quarter of 2024, based on changes made in the reporting package used by the Company's structure and organizational chart, the Company's chief operating decision-maker (the "CODM") is its Chief Executive Officer, Grant S. Moise. Based on how the Company's CODM makes decisions about allocating resources and assessing performance, the Company determined it has two reportable segments. The two reportable segments are TDMN and Agency. The Company also has a Corporate and Other category that includes expenses not directly attributable to a specific reportable segment. See Note 10 - Segment Reporting for additional information.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 8

[Table of Contents](#)

New Accounting Pronouncements. The Financial Accounting Standards Board ("FASB") issued the following accounting pronouncements and guidance, which may be applicable to the Company but have not yet become effective.

In November 2023, the FASB issued Accounting Standards Update ("ASU") 2023-07— *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. This update requires an entity to disclose, on an annual and interim basis, significant segment expenses. Public entities with a single reportable segment are required to apply the disclosure requirements in ASU 2023-07, as well as all existing segment disclosures in ASC 280. The guidance is effective retrospectively for annual periods beginning after December 15, 2023, and for interim periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of the adoption on its financial statement disclosures.

DallasNews Corporation First Quarter 2024 on Form 10-Q 8

[Table of Contents](#)

In December 2023, the FASB issued ASU 2023-09 – *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. This update requires an entity to disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. Additionally, the guidance requires an entity to disclose annual income taxes paid (net of refunds received) disaggregated by federal (national), state and foreign taxes and disaggregate the information by jurisdiction based on a quantitative threshold. The guidance also requires an entity to disclose income tax expense (benefit) disaggregated by federal (national), state and foreign. The guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The amendments should be applied on a prospective basis although retrospective application is permitted. The Company is currently evaluating the impact of the adoption on its financial statement disclosures.

Note 2: Revenue

Revenue Recognition

Revenue is recognized when obligations under the terms of a contract with the Company's customer are satisfied. This occurs when control of the promised goods or services is transferred to its customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services, typically at contract price or determined by stand-alone selling price. The Company has an estimated allowance for credits, refunds and similar obligations. Sales tax collected concurrent with revenue-producing activities are excluded from revenue.

The table below sets forth revenue disaggregated by reportable segment and revenue source. Prior period was recast as a result of the Company's change in segment reporting; see [Note 10 – Segment Reporting](#) for additional information.

				Three Months Ended		Six Months Ended	
				June 30,		June 30,	
	Three Months Ended March 31,						
	2024	2023		2023	2023	2024	2023
				2024	(Recast)	2024	(Recast)
TDMN							
Print advertising				\$ 6,558	\$10,294	\$12,197	\$19,590
Digital advertising				2,274	2,255	4,232	4,332
Agency							
Marketing and media services				3,952	3,674	8,001	7,610
Advertising and Marketing Services			Advertising and Marketing Services				
				\$12,784	\$16,223	\$24,430	\$31,532
Print advertising	\$	5,639	\$	9,296			
Digital advertising and marketing services		6,007		6,013			
Total	\$	11,646	\$	15,309			
Circulation							
TDMN							
Print circulation	\$	11,756	\$	12,381	\$11,603	\$12,144	\$23,359
Digital circulation		4,544		3,630	4,578	3,852	9,122
Total	\$	16,300	\$	16,011			
Circulation					\$16,181	\$15,996	\$32,481
TDMN							
Print circulation	\$	11,756	\$	12,381	\$ 3,096	\$ 3,634	\$ 6,252
Digital circulation		4,544		3,630			
Total	\$	16,300	\$	16,011			
Circulation					\$ 3,096	\$ 3,634	\$ 6,252
Agency							
Printing, Distribution and Other					—	159	—
Printing, Distribution and Other			Printing, Distribution and Other				
				\$ 3,096	\$ 3,793	\$ 6,252	\$ 7,675
Total Revenue	\$	31,102	\$	35,202	\$32,061	\$36,012	\$63,163
					\$71,214		

DallasNews Corporation Second Quarter 2024 on Form 10-Q 9

Table of Contents

Advertising and Marketing Services

Advertising and marketing services revenue is recognized when an ad or service is complete and delivered based on the contract price. Payment is typically received within 30 to 60 days after the customer is billed. Longer-term contracts often include multiple performance obligations, digital and other forms of advertising, and a single performance obligation containing a bundle of services that are not distinct but provided to maximize a customer's marketing plan. When the Company has a longer-term contract, revenue is recognized over time as the ads or services are delivered. For contracts with over time over-time revenue recognition the company is providing a series of services and recognizes revenue by 1) using a time-based method of measuring progress of delivery over time, or 2) as each distinct performance obligation (typically ads or impressions) are delivered on a monthly basis. In addition, certain digital advertising revenue related to website access is recognized over time, based on the customers' monthly rate. The Company typically extends credit to advertising and marketing services customers, although for certain advertising campaigns the customer may pay in advance.

Print advertising revenue is primarily comprised of display and classified advertising revenue. space within the Company's newspaper. Display revenue results from sales of advertising space within the Company's core newspaper to local, regional or national businesses with local operations, affiliates or resellers.

Classified revenue, which includes automotive, real estate, employment, obituaries, immigration, and other, results from sales of advertising space in the classified and other sections of the Company's newspaper. At the end of August 2023, the Company ended its shared mail program to distribute preprinted advertisements through the mail or through third-party distributors to households in targeted areas, deliver weekly preprints and discontinued print-only editions of the Company's niche publications.

DallasNews Corporation First Quarter 2024 on Form 10-Q 9

[Table of Contents](#)

Digital advertising and marketing services revenue consists of strategic marketing services, consulting, branding, paid media strategy and management, creative services, search optimization, direct mail, the sale of promotional materials, and subscriptions to the Company's multi-channel marketing solutions cloud-based software and services. In addition, it includes revenue is generated by digital sales of banner, classified and native advertisements on the Company's news websites, social media platforms and mobile apps. Prior to the segment reporting change, digital advertising, and marketing and media services revenues were reported in aggregate.

Marketing and media services revenue is primarily comprised of strategic and creative services, website management and content services, media services consisting of paid search, social and targeted digital advertising on third-party platforms (programmatic), as well as targeted traditional media including direct mail, promotional products, out of market print inserts, and over-the-top advertising on streaming platforms. The revenue also includes subscriptions to the Company's multi-channel (programmatic) advertising placed on third-party platforms, marketing solutions cloud-based software and services.

For ads placed on certain third-party platforms, the Company must evaluate and use judgment to determine whether it is acting as the principal, where revenue is reported on a gross basis, or acting as the agent, where revenue is reported on a net basis. Generally, the Company reports advertising revenue for ads placed on third-party platforms on a net basis, meaning the amount recorded to revenue is the amount billed to the customer net of amounts paid to the publisher of the third-party platforms. The Company is acting as the agent because the publisher controls the advertising inventory. The Company will record certain arrangements gross when it controls the inventory or it has latitude in establishing price or it determines that advertising campaign management, targeting or other actions provide significant value added service to the customer.

Barter advertising transactions are recognized at estimated fair value based on the negotiated contract price and the range of prices for similar advertising from customers unrelated to the barter transaction. The Company expenses barter costs as incurred, which is independent from the timing of revenue recognition.

Circulation

Print circulation revenue is generated primarily by selling home delivery subscriptions, including premium publications, and from single copy sales to non-subscribers. Home delivery revenue is recognized over the subscription period based on the days of actual delivery over the total subscription days and single copy revenue is recognized at a point in time when the paper is purchased. Revenue is directly reduced for any non-payment for the grace period of home delivery subscriptions where the Company recorded revenue for newspapers delivered after a subscription expired.

Digital circulation revenue is generated by digital-only subscriptions and is recognized over the subscription period based on daily or monthly access to the content in the subscription period.

Payment of circulation fees is typically received in advance and deferred over the subscription period. There is little judgment required for valuation or timing of circulation revenue recognition.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 10

[Table of Contents](#)

Printing, Distribution and Other

Printing, distribution and other revenue is primarily generated from printing and distribution of other newspapers, as well as mailed advertisements for business customers. Printing, distribution and other revenue is recognized at a point in time when the product or service is delivered, which requires little judgment to determine. The Company typically extends credit to printing and distribution customers.

Contract Liabilities

Deferred revenue is recorded when cash payments are received in advance of the Company's performance, including amounts which are refundable. The Company's primary sources of deferred revenue are from circulation subscriptions and advertising paid in advance of the service provided. These up-front

payments are recorded upon receipt as contract liabilities in the Consolidated Balance Sheets and the revenue is recognized when the Company's obligations under the terms of the contract are satisfied. In the three and six months ended March 31, 2024 June 30, 2024, the Company recognized \$6,144 \$2,173 and \$8,317, respectively, of revenue that was included in the contract liabilities balance as of December 31, 2023. The Company typically recognizes deferred revenue within 1 to 12 months.

Practical Expedients and Exemptions

The Company generally expenses sales commissions and circulation acquisition costs when incurred because the amortization period would have been one year or less. These costs are recorded within employee compensation and benefits expense and other production, distribution and operating costs expense, respectively.

The Company does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less and contracts for which revenue is recognized at the amount invoiced for services performed.

DallasNews Corporation First Quarter 2024 on Form 10-Q 10

[Table of Contents](#)

Note 3: Financial Instruments and Accounts Receivable, Net

Short-Term Investments. All of the Company's short-term investments consist of Certificates of Deposit ("CD's") with original maturities of more than 90 days but one year or less. All In May 2024, the Company terminated, without penalty, its short-term investments are of \$9,909 in CD's that were purchased in the first quarter of 2024. As of June 30, 2024, the Company had \$500 remaining in short-term investments for a CD that was purchased in 2023. The short-term investment is classified as held-to-maturity, valued at amortized cost, which approximates fair value, and are is considered a Level 2 investments. As of March 31, 2024, the Company had \$10,478 of short-term investments. investment. In the three months ended March 31, 2024 June 30, 2024 and 2023, the Company recorded \$111 \$48 and \$0, \$169, respectively, and \$159 and \$169 in the six months ended June 30, 2024 and 2023, respectively, of interest income from the Company's investment in CD's, included in other income, net in the Consolidated Statements of Operations.

Accounts Receivable, Net. Accounts receivable are reported net of the allowance for credit losses calculated based on customer category. For example, trade receivables for advertising customers are evaluated separately from trade receivables from single copy sales. For all trade receivables, the reserve percentage considers the Company's historical loss experience and is applied to each customer category based on aging. In addition, each category has specific reserves for at risk accounts that vary based on the nature of the underlying trade receivables. The calculation of the allowance considers current economic, industry and customer-specific conditions such as high-risk accounts, bankruptcies and other aging specific reserves. The collectability of the Company's trade receivables depends on a variety of factors, including trends in local, regional or national economic conditions that affect its customers' ability to pay. Accounts are written-off after all collection efforts fail; generally, after one year has expired. Expense for such uncollectible amounts is included in other production, distribution and operating costs. Credit terms are customary.

The table below sets forth changes in the allowance for credit losses.

	Three Months Ended March 31,		Six Months Ended June 30,	
	2024	2023	2024	2023
Beginning balance	\$ 207	\$ 490	\$ 207	\$ 490
Current period provision	74	8	43	(64)
Write-offs and reclassifications	(93)	(105)	(126)	(156)
Recoveries of amounts previously written-off	30	3	39	3
Ending balance	\$ 218	\$ 396	\$ 163	\$ 273

For the three months ended March 31, 2024 June 30, 2024 and 2023, the Company recorded \$74 \$(31) and \$8, \$(72), respectively, and \$43 and \$(64) for the six months ended June 30, 2024 and 2023, respectively, of bad debt expense (benefit) which is included in other production, distribution and operating costs in the Consolidated Statements of Operations. The reduction in required reserves was primarily due to lower accounts receivable in the three six months ended March 31, 2024 June 30, 2024, compared to the corresponding prior year period.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 11

[Table of Contents](#)

Note 4: Leases

Lease Accounting

The Company has various operating leases primarily for office space and other distribution centers, some of which include escalating lease payments and options to extend or terminate the lease. The Company's leases have remaining terms of less than 1 year to 10 years. The Company determines if a contract is a lease at the inception of the arrangement.

Operating lease right-of-use assets and liabilities are recognized at commencement date of lease agreements greater than one year based on the present value of lease payments over the lease term. In determining the present value of lease payments, the implicit rate was not readily determinable in the Company's lease agreements. Therefore, the Company used an estimated secured incremental borrowing rate, based on the Company's credit rating, adjusted for the weighted average term of each lease. Lease expense is recognized on a straight-line basis over the lease term and variable lease costs are expensed as incurred. For leases with terms of 12 months or less, no asset or liability is recorded and lease expense is recognized on a straight-line basis over the lease term. The exercise of lease renewal options are at the Company's sole discretion and options are recognized when it is reasonably certain the Company will exercise the option. The recognized right-of-use assets and lease liabilities as calculated do not assume renewal options. The Company does not have lease agreements with residual value guarantees, sale leaseback terms or material restrictive covenants. Additionally, the Company does not separately identify lease and nonlease components, such as maintenance costs. As of **March 31, 2024** **June 30, 2024**, the Company did not have any significant operating leases that have not yet commenced.

On May 14, 2024, the Company announced it will streamline its printing operations, currently located in Plano, Texas, into a smaller, leased facility, and expects to make capital investments of approximately \$8,000 in a more efficient press and related equipment. The Company entered into a five-year lease that commenced on June 28, 2024, for a 67,600 square-foot facility located in Carrollton, Texas. This operating lease resulted in a right-of-use asset and lease liability of \$3,537 in aggregate upon commencement. This transition will allow the Company to keep its operations in North Texas and continue to produce a seven-day print edition for the foreseeable future. The new facility is expected to be operational in early 2025, and until then, all operations will remain in the current facility.

The Company has various subleases with distributors, for distribution center space, with varying remaining lease terms of less than usually around one year to two years and are cancellable with notice by either party. Sublease income is included in printing, distribution and other revenue in the Consolidated Statements of Operations. As of **March 31, 2024** **June 30, 2024**, sublease income is expected to approximate **\$225** **\$155** for the remainder of 2024 and **\$35** **\$60** in 2025.

DallasNews Corporation First Quarter 2024 on Form 10-Q 11

Table of Contents

The table below sets forth supplemental Consolidated Balance Sheet information for the Company's leases.

	Classification			Classification	June	December
		March 31, 2024	December 31, 2023		30, 2024	31, 2023
Assets						
	Operating lease right-of-use assets	\$ 15,652	\$ 16,141	Operating lease right-of-use assets	\$18,690	\$ 16,141
Liabilities						
Operating						
	Other accrued expense	\$ 1,875	\$ 1,809	Other accrued expense	\$ 2,334	\$ 1,809
Current						
	Long-term operating lease liabilities	16,356	16,924	Long-term operating lease liabilities	18,848	16,924
Noncurrent						
Total lease liabilities		<u>\$ 18,231</u>	<u>\$ 18,733</u>		<u>\$21,182</u>	<u>\$ 18,733</u>
Lease Term and Discount Rate						

Operating leases				
Weighted average remaining lease term (years)	8.5	8.7	7.9	8.7
Weighted average discount rate (%)	7.7	7.7	7.6	7.7

DallasNews Corporation Second Quarter 2024 on Form 10-Q 12

Table of Contents

The table below sets forth components of lease cost and supplemental cash flow information for the Company's leases. In the three and six months ended June 30, 2023, operating lease cost reflects a non-recurring lease cost benefit of \$556, reflected in other production, distribution and operating costs in the Consolidated Statements of Operations.

	Three Months Ended March 31,		Three Months Ended June 30, Six Months Ended June 30,			
			2024		2023	
	2024	2023	2024	2023	2024	2023
Lease Cost						
Operating lease cost	\$ 847	\$ 985	\$ 847	\$ 521	\$ 1,694	\$ 1,506
Short-term lease cost	10	6	27	18	37	24
Variable lease cost	143	189	135	243	278	432
Sublease income	(83)	(257)	(72)	(255)	(155)	(512)
Total lease cost	\$ 917	\$ 923	\$ 937	\$ 527	\$ 1,854	\$ 1,450
Supplemental Cash Flow Information						
Cash paid for operating leases included in operating activities	\$ 850	\$ 1,019			\$ 1,708	\$ 2,109
Right-of-use assets obtained in exchange for operating lease liabilities	—	810			3,537	2,908

The table below sets forth the remaining maturities of the Company's lease liabilities as of March 31, 2024 June 30, 2024.

Years Ending December 31,	Operating Leases	Operating Leases
2024	\$ 2,323	\$ 1,706
2025	3,504	4,282
2026	2,732	3,545
2027	2,377	3,226
2028	2,348	3,235
Thereafter	11,994	12,526
Total lease payments	25,278	28,520
Less: imputed interest	7,047	7,338
Total lease liabilities	\$ 18,231	\$ 21,182

DallasNews Corporation First Quarter 2024 on Form 10-Q 12

Table of Contents

Note 5: Income Taxes

The Company calculated the income tax provision (benefit) for the 2024 and 2023 interim periods using an estimated annual effective tax rate based on its expected annual loss before income taxes, adjusted for permanent differences, which it applied to the year-to-date loss income (loss) before income taxes and

specific events that are discretely recognized as they occur.

The Company recognized an income tax provision (benefit) of \$218 \$(241) and \$232 \$26 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$(23) and \$258 for the six months ended June 30, 2024 and 2023, respectively, due to the effect of the Texas franchise tax. Effective income tax rates were (19.0) (35.9) percent and (9.7) (8.0) percent for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

The Company expects income tax expense for the year ended December 31, 2024. The income tax benefit for the three and six months ended June 30, 2024, is due to the negative annual effective tax rate estimated for the 2024 year, applied to the June 30, 2024 year-to-date income before taxes.

The 2023 income tax expense was reduced by the release of a \$66 federal uncertain tax reserve, included in other liabilities, as a result of the statute of limitations lapsing in June 2023. In connection with the release of a federal uncertain tax reserve, the Company released a reserve for interest and penalties included in other liabilities and recognized \$36 in other income, net for the six months ended June 30, 2023.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 13

Table of Contents

Note 6: Pension and Other Retirement Plans

Defined Benefit Plans. The Company sponsors the DallasNews Pension Plans (the "Pension Plans"), which provide benefits to approximately 1,340 1,300 current and former employees of the Company. DallasNews Pension Plan I provides benefits to certain current and former employees primarily employed with *The Dallas Morning News* or the DallasNews corporate offices. DallasNews Pension Plan II provides benefits to certain former employees of The Providence Journal Company. This obligation was retained by the Company upon the sale of the newspaper operations of *The Providence Journal*. No additional benefits are accruing under the DallasNews Pension Plans, as future benefits were frozen.

No contributions are required to the DallasNews Pension Plans in 2024 under the applicable tax and labor laws governing pension plan funding; however, certain events or circumstances that in most instances are beyond the Company's control could result in future mandatory contributions. The Company continues to evaluate the feasibility of de-risking strategies based on the economic benefits to the Company.

Net Periodic Pension Benefit

The Company's estimates of net periodic pension expense or benefit are based on the expected return on plan assets, interest on the projected benefit obligations and the amortization of actuarial gains and losses that are deferred in accumulated other comprehensive loss. Participation in and accrual of new benefits to participants has been frozen since 2007 and, accordingly, on-going service costs are not a component of net periodic pension benefit. For 2023, there were no unrecognized gains (losses) to amortize due to the total unrecognized gain (loss) falling below the amortization threshold.

The table below sets forth components of net periodic pension benefit, which is included in other income, net in the Consolidated Statements of Operations.

	Three Months Ended March 31,		Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Interest cost	\$ 1,882	\$ 1,993	\$ 1,882	\$ 1,993	\$ 3,764	\$ 3,986
Expected return on plans' assets	(2,468)	(2,219)	(2,469)	(2,218)	(4,937)	(4,437)
Amortization of actuarial loss	109	—	109	—	218	—
Net periodic pension benefit	\$ (477)	\$ (226)	\$ (478)	\$ (225)	\$ (955)	\$ (451)

Defined Contribution Plans. The DallasNews Savings Plan (the "Savings Plan"), a defined contribution 401(k) plan, covers substantially all employees of DallasNews. Participants may elect to contribute a portion of their pretax compensation as provided by the Savings Plan and the Internal Revenue Code. Employees can contribute up to 100 percent of their annual eligible compensation less required withholdings and deductions up to statutory limits. The Company provides an ongoing dollar-for-dollar match of eligible employee contributions, up to 1.5 percent of the employees' compensation. Aggregate expense for matching contributions to the Savings Plan was \$169 \$168 and \$201 \$180 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$337 and \$381 for the six months ended June 30, 2024 and 2023, respectively.

DallasNews Corporation First Quarter 2024 on Form 10-Q 13

Table of Contents

Note 7: Shareholders' Equity

Dividends. On December 7, 2023, the Company's board of directors declared a \$0.16 per share dividend to shareholders of record as of the close of business on February 9, 2024, paid on March 1, 2024. As previously announced on May 14, 2024, the Company's board of directors decided to suspend the declaration and payment of dividends until further notice.

Outstanding Shares. The Company had Series A and Series B common stock outstanding of 4,738,102 and 614,388, respectively, net of treasury shares at June 30, 2024. At December 31, 2023, the Company had Series A and Series B common stock outstanding of 4,737,852 and 614,638, respectively, net of treasury shares at March 31, 2024 and December 31, 2023. shares.

Accumulated Other Comprehensive Loss. Accumulated other comprehensive loss consists of actuarial gains and losses attributable to the DallasNews Pension Plans, gains and losses resulting from Pension Plans' amendments and other actuarial experience attributable to other post-employment benefit ("OPEB") plans. The Company records amortization of the components of accumulated other comprehensive loss in other income, net in its Consolidated Statements of Operations. Gains and losses are amortized over the weighted average remaining life expectancy of the OPEB plans and Pension Plans' participants.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 14

Table of Contents

The table below sets forth the changes in accumulated other comprehensive loss, net of tax, as presented in the Company's consolidated financial statements.

	Three Months Ended March 31,						Three Months Ended June 30,					
	2024			2023			2024			2023		
	Defined benefit pension	Other post-employment benefit plans	Total	Defined benefit pension	Other post-employment benefit plans	Total	Defined benefit pension	Other post-employment benefit plans	Total	Defined benefit pension	Other post-employment benefit plans	Total
	plans	benefit plans		plans	benefit plans		plans	benefit plans		plans	benefit plans	
Balance, beginning of period	\$ (40,247)	\$ (40,578)	\$ 331	\$ (41,380)	\$ (41,777)	\$ 397	\$(40,145)	\$(40,469)	\$ 324	\$(41,390)	\$(41,777)	\$ 387
Amortization	102	109	(7)	(10)	—	(10)	102	109	(7)	(10)	—	(10)
Balance, end of period	\$ (40,145)	\$ (40,469)	\$ 324	\$ (41,390)	\$ (41,777)	\$ 387	\$(40,043)	\$(40,360)	\$ 317	\$(41,400)	\$(41,777)	\$ 377

	Six Months Ended June 30,					
	2024			2023		
	Defined benefit pension	Other post-employment benefit plans	Total	Defined benefit pension	Other post-employment benefit plans	Total
	plans	benefit plans		plans	benefit plans	
Balance, beginning of period	\$ (40,247)	\$ (40,578)	\$ 331	\$ (41,380)	\$ (41,777)	\$ 397
Amortization	204	218	(14)	(20)	—	(20)
Balance, end of period	\$ (40,043)	\$ (40,360)	\$ 317	\$ (41,400)	\$ (41,777)	\$ 377

Note 8: Earnings Per Share

The table below sets forth the net loss income (loss) available to common shareholders and weighted average shares used for calculating basic earnings per share ("EPS"). The Company's Series A and Series B common stock equally share in the distributed and undistributed earnings.

	Three Months Ended March 31,		Three Months Ended June 30,			
			30,		Six Months Ended June 30,	
	2024	2023	2024	2023	2024	2023
Earnings (Numerator)						
Net loss available to common shareholders	\$ (1,363)	\$ (2,626)				
Net income (loss) available to common shareholders			\$ 1,450	\$ (868)	\$ 87	\$ (3,494)

Shares (Denominator)					
Weighted average common shares outstanding (basic)	5,352,490	5,352,490			
Weighted average common shares outstanding (1)			5,352,490	5,352,490	5,352,490
Loss Per Share					
Earnings Per Share					
Basic	\$ (0.25)	\$ (0.49)	\$ 0.27	\$ (0.16)	\$ 0.02
Diluted			\$ 0.27	\$ (0.16)	\$ 0.02

(1) There were no options or RSUs outstanding as of March 31, 2024, June 30, 2024 and 2023, that would result in dilution of shares or the calculation of EPS under the two-class method as prescribed under ASC 260 – Earnings Per Share.

DallasNews Corporation First Quarter 2024 on Form 10-Q 14

Table of Contents

Note 9: Contingencies

Legal proceedings. From time to time, the Company is involved in a variety of claims, lawsuits and other disputes arising in the ordinary course of business. Management routinely assesses the likelihood of adverse judgments or outcomes in these matters, as well as the ranges of probable losses to the extent losses are reasonably estimable. Accruals for contingencies are recorded when, in the judgment of management, adverse judgments or outcomes are probable and the financial impact, should an adverse outcome occur, is reasonably estimable. The determination of likely outcomes of litigation matters relates to factors that include, but are not limited to, past experience and other evidence, interpretation of relevant laws or regulations and the specifics and status of each matter. Predicting the outcome of claims and litigation and estimating related costs and financial exposure involves substantial uncertainties that could cause actual results to vary materially from estimates and accruals. In the opinion of management, liabilities, if any, arising from other currently existing claims against the Company would not have a material adverse effect on DallasNews' results of operations, liquidity or financial condition.

Note 10: Subsequent Events

The Company evaluates subsequent events at the date of the consolidated balance sheet as well as conditions that arise after the balance sheet date but before the consolidated financial statements are issued. To the extent any events and conditions exist, disclosures are made regarding the nature of events and the estimated financial effects for those events and conditions.

In May 2024, the Company terminated its short-term investments of \$9,909 in CD's without penalty, increasing available cash and cash equivalents, which will be reflected in the Consolidated Balance Sheet as of June 30, 2024.

On May 14, 2024, the Company announced it will streamline its printing operations, currently located in Plano, Texas, into a smaller, leased facility, and expects to make capital investments of approximately \$8,000 in a more efficient press and related equipment. The Company has entered into a letter of intent for a five-year lease for a 67,600 square-foot facility located in Carrollton, Texas. This transition will allow the Company to keep its operations in North Texas and continue to produce a seven-day print edition for the foreseeable future. The new facility is expected to be operational in early 2025, and until then, all operations will remain in the current facility. Once the transition is completed, the Company expects to benefit from annual expense savings of approximately \$5,000.

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 15

Table of Contents

Note 10: Segment Reporting

The Company's CODM, who is the Chief Executive Officer, wanted to analyze the agency services business and its overall profitability separate from the traditional TDMN print business. In the second quarter of 2024, the process to transition to reporting the businesses separately was completed. Based on the changes made in the reporting package used by the CODM for purposes of allocating resources and assessing performance, the Company determined it has two reportable segments. The two reportable segments are the following:

- TDMN is comprised of the Company's traditional print business that includes operating *The Dallas Morning News*. These operations generate revenue from subscriptions and retail sales of the Company's newspaper, sales of display and classified advertising within its newspaper and on related digital

platforms to local, regional or national businesses with local operations, affiliates or resellers, as well as commercial printing and distribution services primarily related to national newspapers.

- Agency is comprised of the Company's full-service agency, Medium Giant. These operations generate revenue from strategic and creative services, website management and content services, media services consisting of paid search, social and targeted digital advertising on third-party platforms (programmatic), as well as traditional media including direct mail, promotional products, out of market print inserts, and over-the-top advertising on streaming platforms. The revenue also includes subscriptions to the Company's multi-channel marketing solutions cloud-based software and services.

In addition to the reportable segments above, the Company has a Corporate and Other category that includes expenses not directly attributable to a specific reportable segment. These unallocated expenses primarily consist of broad corporate functions, including executive management, legal, human resources, corporate accounting and finance, and technology.

The CODM uses adjusted operating income (loss) for the purposes of evaluating performance and allocating resources. Adjusted operating income (loss) does not include depreciation or severance expense. Adjusted operating income (loss) is not a measure of financial performance under GAAP. Management believes that the non-GAAP measure presented is an important metric that provides a focus on the underlying ongoing operating performance of its businesses on a consistent basis across reporting periods. Adjusted operating income (loss) should not be considered in isolation or as a substitute for other comparable measures prepared in accordance with GAAP. Additionally, this non-GAAP measure may not be comparable to similarly-titled measures of other companies.

Asset information by segment is not a key measure of performance used by the CODM function. Accordingly, asset information by segment is not disclosed.

The table below sets forth summarized financial information for the Company's reportable segments, and corporate and other.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Revenue				
TDMN (1)	\$ 28,109	\$ 32,179	\$ 55,162	\$ 63,286
Agency	3,952	3,833	8,001	7,928
Total	<u>\$ 32,061</u>	<u>\$ 36,012</u>	<u>\$ 63,163</u>	<u>\$ 71,214</u>
Adjusted Operating Income (Loss)				
Attributable to Reportable Segments				
TDMN (1)	\$ 6,315	\$ 5,028	\$ 11,565	\$ 8,189
Agency	31	(505)	(371)	(944)
Total	<u>\$ 6,346</u>	<u>\$ 4,523</u>	<u>\$ 11,194</u>	<u>\$ 7,245</u>
Corporate and other	(5,173)	(4,778)	(10,801)	(9,666)
Total Adjusted Operating Income (Loss)	<u>\$ 1,173</u>	<u>\$ (255)</u>	<u>\$ 393</u>	<u>\$ (2,421)</u>
Excluded expenses:				
Depreciation	407	357	805	730
Severance expense	198	608	776	825
Operating Income (Loss)	<u>\$ 568</u>	<u>\$ (1,220)</u>	<u>\$ (1,188)</u>	<u>\$ (3,976)</u>
Other income, net	641	378	1,252	740
Income (Loss) Before Income Taxes	<u>\$ 1,209</u>	<u>\$ (842)</u>	<u>\$ 64</u>	<u>\$ (3,236)</u>

- (1) Includes \$3,870 and \$7,649 for the three and six months ended June 30, 2023, respectively, of revenue generated from the Company's shared mail program to deliver weekly preprints, as well as advertising in the print-only editions of its niche publications. At the end of August 2023, the Company made the strategic decisions to exit its shared mail program and discontinue print-only editions of its niche publications.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 16

[Table of Contents](#)

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

DallasNews Corporation ("DallasNews" or the "Company") intends for the discussion of its financial condition and results of operations that follows to provide information that will assist in understanding its financial statements, the changes in certain key items in those statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect its financial statements. The following information should be read in conjunction with the Company's consolidated financial statements and related notes filed as part of this report. All dollar amounts presented herein, except share and per share amounts, are in thousands, unless the context indicates otherwise.

This section and other parts of this Quarterly Report on Form 10-Q contain certain forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those statements. See [Forward-Looking Statements](#) of this Quarterly Report for further discussion.

OVERVIEW

DallasNews Corporation and its subsidiaries are referred to collectively herein as “DallasNews” or the “Company.” DallasNews was formed in February 2008 through a spin-off from its former parent company and is registered on The Nasdaq Stock Market LLC (Nasdaq trading symbol: DALN). DallasNews is the Dallas-based holding company of *The Dallas Morning News* and Medium Giant.

The Company operates *The Dallas Morning News* (“TDMN”)(dallasnews.com), Texas’ leading newspaper and winner of nine Pulitzer Prizes. These operations generate revenue from sales of advertising within the Company’s newspaper and digital platforms, subscriptions and retail sales of its newspaper, commercial printing and distribution services primarily related to national newspapers.

In addition, the Company has a full-service agency, Medium Giant, with capabilities including strategy, creative and media management with a focus on strategic and digital marketing, and data intelligence that provide a measurable return on investment to its clients.

The Company and its business partners are subject to risks and uncertainties caused by factors beyond its control, including macroeconomic factors such as inflation. If inflation remains at current levels, or increases, for an extended period, certain operating costs could increase or advertiser spending could be impacted. If a pandemic were to affect a significant number of the workforce employed in printing operations, the Company may experience delays or be unable to produce, print and deliver its publications and other third-party print publications on a timely basis.

The Company continues to evaluate for any future material impacts on its consolidated financial statements. Reportable Segments

In the first quarter of 2023, the Company invested \$10,500 in Certificates of Deposit (“CD’s”). In the first second quarter of 2024, based on \$10,000 matured and changes made in the reporting package used by the Company reinvested \$9,909 in CD’s with original maturities of more than 90 days but one year or less; see [Note 3 – Financial Instruments and Accounts Receivable, Net](#) for additional information.

DallasNews Corporation First Quarter 2024 on Form 10-Q 16

[Table of Contents](#)

RESULTS OF OPERATIONS

Consolidated Results of Operations (unaudited)

This section contains discussion and analysis of net operating revenue, operating costs and expense and other information relevant to an understanding of results of operations for the three months ended March 31, 2024 and 2023. Based on how the Company’s chief operating decision-maker Chief Operating Decision Maker (“CODM”) makes decisions about for purposes of allocating resources and assessing performance, the Company determined it has one two reportable segment. segments. The two reportable segments are TDMN and Agency:

- TDMN is comprised of the Company’s traditional print business that includes operating *The Dallas Morning News*. These operations generate revenue from subscriptions and retail sales of the Company’s newspaper, sales of display and classified advertising within its newspaper and on related digital platforms to local, regional or national businesses with local operations, affiliates or resellers, as well as commercial printing and distribution services primarily related to national newspapers.
- Agency is comprised of the Company’s full-service agency, Medium Giant. These operations generate revenue from strategic and creative services, website management and content services, media services consisting of paid search, social and targeted digital advertising on third-party platforms (programmatic), as well as traditional media including direct mail, promotional products, out of market print inserts, and over-the-top advertising on streaming platforms. The revenue also includes subscriptions to the Company’s multi-channel marketing solutions cloud-based software and services.

The table below sets forth the components of the Company’s operating loss. Company also has a Corporate and Other category that includes expenses not directly attributable to a specific reportable segment. The prior period information has been recast by segment to reflect current period presentation for comparative purposes. See [Note 10 - Segment Reporting](#).

Business Trends

	Three Months Ended March 31,		
	Percentage		
	2024	Change	2023
Advertising and marketing services	\$ 11,646	(23.9)%	\$ 15,309
Circulation	16,300	1.8 %	16,011

Printing, distribution and other	3,156	(18.7)%	3,882
Total Net Operating Revenue	31,102	(11.6)%	35,202
Total Operating Costs and Expense	32,858	(13.4)%	37,958
Operating Loss	\$ (1,756)	36.3 %	\$ (2,756)

Several industry trends have been considered when assessing the Company's business strategy:

- Traditionally, the Company's primary revenues are generated from advertising within its core newspaper and related websites, digital platforms, and from subscription and single copy sales of its printed newspaper. As a result of competitive and economic conditions, the newspaper industry has faced a significant revenue decline over the past decade. Therefore, the Company has sought to diversify its revenues through development and investment in new product offerings, increased circulation rates and leveraging of its existing assets to offer cost efficient commercial printing and distribution services. The Company continually evaluates the overall performance of its core products to ensure existing assets are deployed adequately to maximize return.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 17

Table of Contents

- The Company's advertising revenue from its core newspaper continues to be adversely affected by the shift of advertiser spending to other forms of media and the increased accessibility of free online news content, as well as news content from other sources, which resulted in declines in advertising and also adversely affects paid print circulation volumes and revenue. Decreases in print advertising categories are indicative of continuing trends by advertisers towards digital platforms, which are widely available from many sources. In the current environment, companies are allocating more of their advertising spending towards programmatic channels that provide digital advertising on multiple platforms with enhanced technology for targeted delivery and measurement. In addition, preprint advertising continues to experience a secular decline across the industry and may eventually become obsolete. In the third quarter of 2023, the Company made the strategic decision to exit its shared mail program to deliver weekly preprints, and inserts, as discussed below.
- In response to the decline in print revenue challenges, the Company built agency capabilities, including strategy, creative and media management with a focus on strategic and digital marketing, and data intelligence that provide a measurable return on investment to its clients. The Company leverages its news content to improve engagement on the Company's digital platforms that results in increased digital subscriptions and associated revenue. The Company also continues to diversify its revenue base by leveraging the available capacity of its existing assets to provide print and distribution services for newspapers and other customers requiring these services, by introducing new advertising and marketing services products, and by increasing circulation prices.
- Because of declining print circulation, the Company has developed broad digital strategies designed to provide readers with multiple platforms for obtaining online access to local news. The Company continues to obtain additional key demographic data from readers, which allows the Company to provide content desired by readers and to modify marketing and distribution strategies to target and reach audiences valued by advertisers. The Company has access to programmatic digital advertising platforms that provide digital ad placement and targeting efficiencies and increases utilization of digital inventory within the Company's websites, platforms. Additionally, in order to optimize owned and operated digital advertising revenue, the Company has adopted a holistic yield management approach powered by real-time bidding technologies and data analysis to ensure the optimal mix of direct sales and programmatic ad sales is achieved.

DallasNews Corporation First Quarter 2024 on Form 10-Q 17

Table of Contents

Advertising and marketing services revenue Macroeconomic Environment

Advertising The Company and marketing services revenue was 37.4 percent its business partners are subject to risks and 43.5 percent uncertainties caused by factors beyond its control, including macroeconomic factors such as inflation. If inflation were to increase, for an extended period, certain operating costs could increase or advertiser spending could be impacted. If a pandemic were to affect a significant number of total revenue the workforce employed in printing operations, the Company may experience delays or be unable to produce, print and deliver its publications and other third-party print publications on a timely basis. The Company continues to evaluate for the three months ended March 31, 2024 and 2023, respectively, any future material impacts on its consolidated financial statements.

Three Months Ended March 31,

	Percentage		
	2024	Change	2023
Print advertising	\$ 5,639	(39.3)%	\$ 9,296
Digital advertising and marketing services	6,007	(0.1)%	6,013
Advertising and Marketing Services	\$ 11,646	(23.9)%	\$ 15,309

Print advertising Overview of Significant Transactions

Print advertising On May 14, 2024, the Company announced it will streamline its printing operations, currently located in Plano, Texas, into a smaller, leased facility, and expects to make capital investments of approximately \$8,000 in a more efficient press and related equipment. The Company entered into a five-year lease that commenced on June 28, 2024, for a 67,600 square-foot facility located in Carrollton, Texas. This transition will allow the Company to keep its operations in North Texas and continue to produce a seven-day print edition for the foreseeable future. The new facility is primarily comprised of display expected to be operational in early 2025, and classified advertising revenue, which primarily represents sales of advertising space within the Company's core newspaper. Print advertising revenue decreased \$3,657 until then, all operations will remain in the three months ended March 31, 2024, primarily due to current facility. Once the transition is completed, the Company ending its program expects to distribute preprinted advertisements through the mail or through third-party distributors to households in targeted areas, at the end benefit from annual expense savings of August 2023. Display and classified advertising revenue was flat compared to the prior year period. approximately \$5,000.

Digital advertising and marketing services In May 2024, the Company

Digital advertising and marketing services revenue consists terminated, without penalty, its short-term investments of strategic marketing services, consulting, branding, paid media strategy and management, creative services, search optimization, direct mail, the sale \$9,909 in Certificates of promotional materials, and subscriptions to the Company's multi-channel marketing solutions cloud-based software and services. In addition, it includes digital sales of banner, classified and native advertisements on the Company's news websites, social media platforms and mobile apps, as well as targeted and multi-channel (programmatic) advertising placed on third-party platforms. Revenue was flat Deposit ("CD's") that were purchased in the three months ended March 31, 2024, primarily due to an increase in employment advertising on [dallasnews.com](#), offset by a decline in marketing services revenue resulting from certain contracts ending and new contracts slower to start than expected.

Circulation revenue

Circulation revenue was 52.4 percent and 45.5 percent of total revenue for the three months ended March 31, 2024 and 2023, respectively.

	Three Months Ended March 31,		
	Percentage		
	2024	Change	2023
Print circulation	\$ 11,756	(5.0)%	\$ 12,381
Digital circulation	4,544	25.2 %	3,630
Circulation	\$ 16,300	1.8 %	\$ 16,011

Print circulation

Revenue decreased \$625 or 5.0 percent in the three months ended March 31, 2024, primarily driven by a decline in print subscribers of 8,896 or 11.7 percent when compared to March 31, 2023, partially offset by rates increasing approximately 7.1 percent.

Digital circulation

Revenue increased \$914 or 25.2 percent in the three months ended March 31, 2024. Digital-only subscriptions decreased 6,616 or 9.6 percent when compared to March 31, 2023, primarily due to a change in strategy from volume to pricing. The Company reduced its introductory offer in the third first quarter of 2023 from three months to one month. This change is improving 2024. As of June 30, 2024, the revenue trajectory from digital subscriptions but negatively impacts volume Company had \$500 remaining in the short term. short-term investments for a CD that was purchased in 2023; see [Note 3 – Financial Instruments and Accounts Receivable, Net](#) for additional information.

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 18

[Table of Contents](#)

Printing, distribution and other revenue RESULTS OF OPERATIONS

Printing, distribution and other revenue was 10.2 percent and 11.0 percent Consolidated Results of total revenue for the three months ended March 31, 2024 and 2023, respectively.

	Three Months Ended March 31,		
	Percentage		
	2024	Change	2023
Printing, Distribution and Other	\$ 3,156	(18.7)%	\$ 3,882

Operations (unaudited)

Revenue decreased in This section contains discussion and analysis of net operating revenue, operating costs and expense and other information relevant to an understanding of results of operations for the three and six months ended March 31, 2024, primarily due to declines in revenue from commercial printing June 30, 2024 and distribution, and mailed advertisements for business customers.

Operating Costs and Expense 2023.

The table below sets forth the components of the Company's operating costs and expense. income (loss).

	Three Months Ended March 31,			Three Months Ended June 30,			Six Months Ended June 30,		
	Percentage			Percentage			Percentage		
	2024	Change	2023	2024	Change	2023	2024	Change	2023
Advertising and marketing services	\$12,784	(21.2)%	\$16,223	\$24,430	(22.5)%	\$31,532			
Circulation	16,181	1.2 %	15,996	32,481	1.5 %	32,007			
Printing, distribution and other	3,096	(18.4)%	3,793	6,252	(18.5)%	7,675			
Total Net Operating Revenue	\$32,061	(11.0)%	\$36,012	\$63,163	(11.3)%	\$71,214			
	Percentage			Percentage			Percentage		
	2024	Change	2023	2024	Change	2023	2024	Change	2023
	2024	Change	2023	2024	Change	2023	2024	Change	2023
Employee compensation and benefits	\$ 16,117	(7.2)%	\$ 17,373	14,738	(14.5)%	17,236	30,855	(10.8)%	34,609
Other production, distribution and operating costs	15,059	(16.5)%	18,028	15,046	(13.0)%	17,293	30,105	(14.8)%	35,321
Newsprint, ink and other supplies	1,284	(41.2)%	2,184	1,302	(44.5)%	2,346	2,586	(42.9)%	4,530
Depreciation	398	6.7 %	373	407	14.0 %	357	805	10.3 %	730
Total Operating Costs and Expense	\$ 32,858	(13.4)%	\$ 37,958	\$31,493	(15.4)%	\$37,232	\$64,351	(14.4)%	\$75,190
Operating Income (Loss)	\$ 568	146.6 %	\$ (1,220)	\$ (1,188)	70.1 %	\$ (3,976)			

Employee compensation and benefits – The Company continues to implement measures to optimize its workforce and evaluate strategies to reduce risk associated with future obligations for employee benefit plans. Employee compensation and benefits decreased \$1,256 in the three months ended March 31, 2024, primarily due to a headcount decrease of 121 or 18.6 percent when compared to March 31, 2023, resulting from the 2023 Voluntary Severance Program participants and additional first quarter headcount reductions. Revenues

Other production, distribution Advertising and operating costs – Expense decreased \$2,969 in the three months ended March 31, 2024, primarily due to reduced distribution expense associated with lower circulation, including discontinuing print-only editions of the Company's niche publications and ending its program to distribute preprinted advertisements. marketing services

Newsprint, ink Advertising and other supplies marketing services – Expense decreased \$900 in the three months ended March 31, 2024, due to reduced newsprint pricing revenue, including print, digital, and lower circulation. Newsprint consumption marketing and media services revenues, was 39.9 percent and 38.7 percent of total revenue for the three and six months ended March 31, 2024 June 30, 2024, respectively, and 2023, approximated 1,190 45.1 percent and 1,774 metric tons, respectively, at an average cost per metric ton 44.3 percent of \$674 total revenue for the three and \$824, six months ended June 30, 2023, respectively.

Depreciation Print advertising – Revenue is primarily comprised of display and classified advertising space within the Company's newspaper. – Expense increased slightly Display revenue results from sales of advertising space within the Company's newspaper to local, regional or national businesses with local operations, affiliates or resellers. Classified revenue, which includes automotive, real estate, employment, obituaries, immigration, and other, results from sales of advertising space in the three months ended March 31, 2024 classified and other sections of the Company's newspaper. At the end of August 2023, the Company exited its shared mail program to deliver weekly preprints and discontinued print-only editions of its niche publications.

Digital advertising – Revenue is generated by digital sales of banner, classified and native advertisements on the Company's news websites, social media platforms and mobile apps. Prior to the segment reporting change, digital advertising, and marketing and media services revenues were reported in aggregate. Prior period was recast in the revenue table below.

Marketing and media services – Revenue is primarily comprised of strategic and creative services, website management and content services, media services consisting of paid search, social and targeted digital advertising on third-party platforms (programmatic), primarily due as well as traditional media including direct mail, promotional products, out of market print inserts, and over-the-top advertising on streaming platforms. The revenue also includes subscriptions to production related assets that were put in-service, causing a higher depreciable asset base. the Company's multi-channel marketing solutions cloud-based software and services.

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 19

[Table of Contents](#)

Circulation

Circulation revenue, including print and digital revenues, was 50.4 percent and 51.4 percent of total revenue for the three and six months ended June 30, 2024, respectively, and 44.4 percent and 44.9 percent of total revenue for the three and six months ended June 30, 2023, respectively.

Print circulation – Revenue is generated primarily by selling home delivery subscriptions, including premium publications, and from single copy sales to non-subscribers. Home delivery revenue is recognized over the subscription period based on the days of actual delivery over the total subscription days and single copy revenue is recognized at a point in time when the paper is purchased. Revenue is directly reduced for any non-payment for the grace period of home delivery subscriptions where the Company recorded revenue for newspapers delivered after a subscription expired.

Digital circulation – Revenue is generated by digital-only subscriptions and is recognized over the subscription period based on daily or monthly access to the content in the subscription period.

Printing, distribution and other

Printing, distribution and other revenue was 9.7 percent and 9.9 percent of total revenue for the three and six months ended June 30, 2024, respectively, and 10.5 percent and 10.8 percent of total revenue for the three and six months ended June 30, 2023, respectively.

Revenue is primarily generated from printing and distribution of other newspapers, mailed advertisements for business customers, and sublease income.

Operating Expenses

Employee compensation and benefits – Includes labor and employee benefits costs, as well as severance expense that is not allocated to the two segments since management believes this expense is not indicative of each segment's core operations.

Other production, distribution and operating costs – Includes distribution and outside services expenses, as well as other miscellaneous expenses such as travel and entertainment, advertising and promotion, and lease cost.

Newsprint, ink and other supplies – Includes expenses for all printing supplies used for the TDMN segment, which includes operating *The Dallas Morning News*, as well as commercial printing primarily related to national newspapers. In addition, beginning in the latter half of 2023, the Agency segment began incurring costs associated with printing out of market inserts for media services clients.

Depreciation – This is not allocated to the two segments since management believes this expense is not indicative of each segment's core operations.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 20

[Table of Contents](#)

Other Non-Operating Components

The table below sets forth the other components of the Company's results of operations.

	Three Months Ended March 31,			Three Months Ended June					
				30,			Six Months Ended June 30,		
	Percentage			Percentage			Percentage		
	2024	Change	2023	2024	Change	2023	2024	Change	2023
Other income, net	\$ 611	68.8 %	\$ 362	\$ 641	69.6 %	\$ 378	\$ 1,252	69.2 %	\$ 740
Income tax provision	\$ 218	(6.0) %	\$ 232						
Income tax provision (benefit)				\$ (241)	N/M	\$ 26	\$ (23)	(108.9) %	\$ 258

N/M-not meaningful

Other income, net – Other income, net primarily includes net periodic pension and other post-employment benefit, and interest income.

Net periodic pension and other post-employment benefit was \$474 and \$225 \$224 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$948 and \$449 for the six months ended June 30, 2024 and 2023, respectively.

In the three months ended March 31, 2024 June 30, 2024 and 2023, the Company recorded \$111 \$48 and \$0, \$169, respectively, and \$159 and \$169 in the six months ended June 30, 2024 and 2023, respectively, of interest income from the Company's investment in CD's. CD's.

Income tax provision (benefit) –The Company calculated the income tax provision (benefit) for the 2024 and 2023 interim periods using an estimated annual effective tax rate based on its expected annual loss before income taxes. The Company recognized an income tax provision (benefit) of \$218 \$(241) and \$232 \$26 for the three months ended March 31, 2024 June 30, 2024 and 2023, respectively, and \$(23) and \$258 for the six months ended June 30, 2024 and 2023, respectively, due to the effect of the Texas franchise tax. Effective income tax rates were (19.0) (35.9) percent and (9.7) (8.0) percent for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively.

The Company expects income tax expense for the year ended December 31, 2024. The income tax benefit for the three and six months ended June 30, 2024, is due to the negative annual effective tax rate estimated for the 2024 year, applied to the June 30, 2024 year-to-date income before taxes.

The 2023 income tax expense was reduced by the release of a \$66 federal uncertain tax reserve, included in other liabilities, as a result of the statute of limitations lapsing in June 2023. In connection with the release of a federal uncertain tax reserve, the Company released a reserve for interest and penalties included in other liabilities and recognized \$36 in other income, net for the six months ended June 30, 2023.

Legal proceedings – From time to time, the Company is involved in a variety of claims, lawsuits and other disputes arising in the ordinary course of business. Management routinely assesses the likelihood of adverse judgments or outcomes in these matters, as well as the ranges of probable losses to the extent losses are reasonably estimable. Accruals for contingencies are recorded when, in the judgment of management, adverse judgments or outcomes are probable and the financial impact, should an adverse outcome occur, is reasonably estimable. The determination of likely outcomes of litigation matters relates to factors that include, but are not limited to, past experience and other evidence, interpretation of relevant laws or regulations and the specifics and status of each matter. Predicting the outcome of claims and litigation and estimating related costs and financial exposure involves substantial uncertainties that could cause actual results to vary materially from estimates and accruals. In the opinion of management, liabilities, if any, arising from other currently existing claims against the Company would not have a material adverse effect on DallasNews' results of operations, liquidity or financial condition.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 21

[Table of Contents](#)

Results of Operations by Reportable Segment (unaudited)

Advertising and marketing services revenue

The table below sets forth advertising and marketing services revenue by reportable segment. Prior period was recast as a result of the Company's change in segment reporting.

	Three Months Ended June 30,			Six Months Ended June 30,		
	Percentage		2023	Percentage		2023
	2024	Change	(Recast)	2024	Change	(Recast)
TDMN						
Print advertising	\$ 6,558	(36.3) %	\$ 10,294	\$ 12,197	(37.7) %	\$ 19,590
Digital advertising	2,274	0.8 %	2,255	4,232	(2.3) %	4,332
Agency						
Marketing and media services	3,952	7.6 %	3,674	8,001	5.1 %	7,610
Advertising and Marketing Services	\$ 12,784	(21.2) %	\$ 16,223	\$ 24,430	(22.5) %	\$ 31,532

TDMN

Print advertising revenue decreased \$3,870 and \$7,649 in the three and six months ended June 30, 2024, respectively, resulting from the Company's strategic decisions to exit its shared mail program and discontinue print-only editions of its niche publications at the end of August 2023. All remaining print advertising revenue improved \$134 and \$256 in the three and six months ended June 30, 2024, respectively, primarily due to an increase in classified advertisements.

Digital advertising revenue remained flat in the three months ended June 30, 2024, and decreased \$100 in the six months ended June 30, 2024, primarily due to a decline in digital advertisements on [dallasnews.com](#).

Agency

Marketing and media services revenue improved \$278 and \$391 in the three and six months ended June 30, 2024, respectively, primarily due to an increase in out of market print inserts for media services clients that began in the third quarter of 2023.

Circulation revenue

The table below sets forth circulation revenue all included in the TDMN segment.

	Three Months Ended June 30,			Six Months Ended June 30,		
	Percentage		2023	Percentage		2023
	2024	Change		2024	Change	
TDMN						
Print circulation	\$ 11,603	(4.5)%	\$ 12,144	\$ 23,359	(4.8)%	\$ 24,525
Digital circulation	4,578	18.8 %	3,852	9,122	21.9 %	7,482
Circulation	\$ 16,181	1.2 %	\$ 15,996	\$ 32,481	1.5 %	\$ 32,007

Print circulation revenue decreased \$541 and \$1,166 in the three and six months ended June 30, 2024, respectively, primarily driven by a decline in print subscriptions of 8,327 or 11.3 percent when compared to June 30, 2023, partially offset by rates increasing approximately 7.5 percent.

Digital circulation revenue increased \$726 and \$1,640 in the three and six months ended June 30, 2024, respectively. Digital-only subscriptions decreased 7,704 or 11.2 percent when compared to June 30, 2023, primarily due to a change in strategy from volume to pricing. This change is improving the revenue trajectory from digital subscriptions but negatively impacts volume in the short term.

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 2022

[Table of Contents](#)

Printing, distribution and other revenue

The table below sets forth printing, distribution and other revenue by reportable segment.

	Three Months Ended June 30,			Six Months Ended June 30,		
	Percentage		2023	Percentage		2023
	2024	Change		2024	Change	
TDMN	\$ 3,096	(14.8)%	\$ 3,634	\$ 6,252	(15.0)%	\$ 7,357
Agency	—	(100.0)%	159	—	(100.0)%	318
Printing, Distribution and Other	\$ 3,096	(18.4)%	\$ 3,793	\$ 6,252	(18.5)%	\$ 7,675

TDMN

The TDMN segment's printing, distribution and other revenue decreased \$538 and \$1,105 in the three and six months ended June 30, 2024, respectively, primarily due to declines in revenue from commercial printing and distribution, and mailed advertisements for business customers.

Agency

The Agency segment's printing, distribution and other revenue consisted only of sublease income from Medium Giant's former sales office that was partially subleased. The lease and sublease both ended in the third quarter of 2023.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 23

[Table of Contents](#)

Operating Costs and Expense

The table below sets forth the components of the Company's operating costs and expense by reportable segment, and corporate and other.

	Three Months Ended June 30,			Six Months Ended June 30,		
	Percentage		2023	Percentage		2023
	2024	Change		2024	Change	
TDMN						

Employee compensation and benefits	\$ 10,190	(13.2) %	\$ 11,736	\$ 20,783	(12.7) %	\$ 23,813
Other production, distribution and operating costs	10,442	(20.1) %	13,069	20,574	(23.1) %	26,754
Newsprint, ink and other supplies	1,162	(50.5) %	2,346	2,240	(50.6) %	4,530
Agency						
Employee compensation and benefits	2,108	(16.2) %	2,515	4,534	(10.9) %	5,087
Other production, distribution and operating costs	1,673	(8.2) %	1,823	3,492	(7.7) %	3,785
Newsprint, ink and other supplies	140	N/A	—	346	N/A	—
Corporate and Other						
Employee compensation and benefits (including severance)	2,440	(18.3) %	2,985	5,538	(3.0) %	5,709
Other production, distribution and operating costs	2,931	22.1 %	2,401	6,039	26.3 %	4,782
Depreciation	407	14.0 %	357	805	10.3 %	730
Total Operating Costs and Expense	\$ 31,493	(15.4) %	\$ 37,232	\$ 64,351	(14.4) %	\$ 75,190

Employee compensation and benefits – TDMN expense decreased \$1,546 and \$3,030 in the three and six months ended June 30, 2024, respectively, due to headcount reductions resulting from the 2023 Voluntary Severance Program (the "VSO"). Agency expense declined \$407 and \$553 in the three and six months ended June 30, 2024, respectively, as a result of first quarter headcount reductions at Medium Giant. Total Company employee headcount is 533, a decrease of 111 or 17.2 percent when compared to June 30, 2023, primarily resulting from the VSO, which also resulted in reduced Corporate and Other expense.

Other production, distribution and operating costs – TDMN expense decreased \$2,627 and \$6,180 in the three and six months ended June 30 2024, respectively, primarily due to reduced distribution expense associated with lower circulation, including discontinuing print-only editions of the Company's niche publications and ending its shared mail program to distribute preprinted advertisements. Agency expense decreased \$150 and \$293 in the three and six months ended June 30 2024, respectively, primarily due to lease cost for Medium Giant's former sales office lease that ended in the third quarter of 2023. In the three and six months ended June 30, 2023, Corporate and Other expense includes a non-recurring lease cost benefit of \$556.

Newsprint, ink and other supplies – TDMN expense decreased \$1,184 and \$2,290 in the three and six months ended June 30, 2024, respectively, due to reduced newsprint pricing and lower circulation. Beginning in the third quarter of 2023, the Agency segment began incurring costs associated with printing out of market inserts for media services clients. Newsprint consumption for the three months ended June 30, 2024 and 2023, approximated 1,187 and 1,781 metric tons, respectively, at an average cost per metric ton of \$649 and \$807, respectively. Newsprint consumption for the six months ended June 30, 2024 and 2023, approximated 2,377 and 3,555 metric tons, respectively, at an average cost per metric ton of \$661 and \$816, respectively.

Depreciation – Expense increased in the three and six months ended June 30, 2024, primarily due to print production related assets that were put in-service, causing a higher depreciable asset base.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 24

[Table of Contents](#)

Adjusted Operating Income (Loss) by Reportable Segment (unaudited)

The CODM uses adjusted operating income (loss) for the purposes of evaluating performance and allocating resources. Adjusted operating income (loss) does not include depreciation or severance expense. Adjusted operating income (loss) is not a measure of financial performance under GAAP. Management believes that the non-GAAP measure presented is an important metric that provides a focus on the underlying ongoing operating performance of its businesses on a consistent basis across reporting periods. Adjusted operating income (loss) should not be considered in isolation or as a substitute for other comparable measures prepared in accordance with GAAP. Additionally, this non-GAAP measure may not be comparable to similarly-titled measures of other companies.

The table below sets forth adjusted operating income (loss) by reportable segment, and corporate and other.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
TDMN				
Total net operating revenue	\$ 28,109	\$ 32,179	\$ 55,162	\$ 63,286
Adjusted operating expense	21,794	27,151	43,597	55,097
Adjusted Operating Income (Loss)	\$ 6,315	\$ 5,028	\$ 11,565	\$ 8,189
Agency				

Total net operating revenue	\$ 3,952	\$ 3,833	\$ 8,001	\$ 7,928
Adjusted operating expense	3,921	4,338	8,372	8,872
Adjusted Operating Income (Loss)	\$ 31	\$ (505)	\$ (371)	\$ (944)
Corporate and Other				
Total net operating revenue	\$ —	\$ —	\$ —	\$ —
Adjusted operating expense	5,173	4,778	10,801	9,666
Adjusted Operating Income (Loss)	\$ (5,173)	\$ (4,778)	\$ (10,801)	\$ (9,666)
Total Adjusted Operating Income (Loss)	\$ 1,173	\$ (255)	\$ 393	\$ (2,421)
Excluded expenses:				
Depreciation	407	357	805	730
Severance expense	198	608	776	825
Operating Income (Loss)	\$ 568	\$ (1,220)	\$ (1,188)	\$ (3,976)
Other income, net	641	378	1,252	740
Income (Loss) Before Income Taxes	\$ 1,209	\$ (842)	\$ 64	\$ (3,236)

TDMN

Adjusted operating income (loss) improved \$1,287 and \$3,376 for the three and six months ended June 30, 2024, respectively, primarily due to expense savings from the Company ending its shared mail program and print-only niche publications, as well as headcount reductions resulting from the VSO.

Print advertising revenue increased 3.5 percent and 2.3 percent for the three and six months ended June 30, 2024, respectively, excluding the preprint business and niche publications.

Circulation revenue improved 1.2 percent and 1.5 percent for the three and six months ended June 30, 2024, respectively, driven by the Company's pricing strategy. The Company continues to focus on finding a sustainable strategy that balances price with the ability to continue to grow its digital subscriber base.

Agency

Adjusted operating income (loss) improved \$536 and \$573 for the three and six months ended June 30, 2024, respectively, primarily due to expense savings related to the reorganization of Medium Giant resulting in first quarter headcount reductions.

Marketing and media services revenue grew 7.6 percent and 5.1 percent for the three and six months ended June 30, 2024, respectively, reflecting Medium Giant's focus on more relevant solutions for media services clients.

DallasNews Corporation Second Quarter 2024 on Form 10-Q 25

[Table of Contents](#)

Liquidity and Capital Resources

The Company's cash and cash equivalents as of March 31, 2024, June 30, 2024 and December 31, 2023, were \$7,946, \$16,601 and \$11,697, respectively. As of March 31, 2024, June 30, 2024, the Company had \$10,478 of \$500 remaining in short-term investments for a CD that was purchased in CD's, 2023, as discussed below.

The Company intends to hold the majority of existing cash for purposes of future investment opportunities, potential return of capital to shareholders and for contingency purposes. While the Company expects to have cash flow and expense reduction measures in place to help offset future revenue declines, the Company does expect to use cash to fund operating activities and capital spending.

On May 14, 2024, the Company announced it will streamline its printing operations, currently located in Plano, Texas, into a smaller, leased facility, and expects to make capital investments of approximately \$8,000 in a more efficient press and related equipment. The future approval Company entered into a five-year lease that commenced on June 28, 2024, for a 67,600 square-foot facility located in Carrollton, Texas. This operating lease resulted in a right-of-use asset and lease liability of \$3,537 in aggregate upon commencement. This transition will allow the Company to keep its operations in North Texas and continue to produce a seven-day print edition for the foreseeable future. The new facility is expected to be operational in early 2025, and until then, all operations will remain in the current facility. Once the transition is completed, the Company expects to benefit from annual expense savings of approximately \$5,000.

As previously announced on May 14, 2024, based on the required capital investments to support the transition of the print operations, the Company's board of directors decided to suspend the declaration and payment of dividends is dependent upon available cash after considering future operating and investing requirements and cannot be guaranteed, until further notice. The Company continues to have a board-authorized repurchase authority. However, the agreement to repurchase the Company's stock expired and was not renewed.

The following discusses the changes in cash flows by operating, investing and financing activities.

Operating Cash Flows

Net cash used for operating activities for the three six months ended March 31, 2024 June 30, 2024 and 2023, was \$3,208 \$1,660 and \$975, \$2,836, respectively. Cash flows used for operating activities increased decreased by \$2,233 \$1,176 during the three six months ended March 31, 2024 June 30, 2024, when compared to the prior year period, primarily due to improved operating income, partially offset by severance payments to 2023 Voluntary Severance Program the VSO participants that left the Company in the first quarter.

Investing Cash Flows

Net cash provided by (used for) investing activities was \$313 \$7,420 and \$(10,736) \$(11,348) for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively. In the first quarter of 2023, the Company invested \$10,500 in CD's. In the first quarter of 2024, \$10,000 matured and the Company reinvested \$9,909 \$9,909 in CD's, which the with original maturities Company terminated, without penalty, in the second quarter of one year or less, 2024. The Company received cash proceeds of \$323 in the first quarter \$440 from the return on the Company's investment in CD's. Cash flows used for investing activities also included \$101 \$3,020 and \$236 \$848 of capital spending in 2024 and 2023, respectively.

Financing Cash Flows

Net cash used for financing activities was \$856 and \$1,713 for the three six months ended March 31, 2024 June 30, 2024 and 2023, respectively, all attributable to dividend payments.

Financing Arrangements

None.

Contractual Obligations

The Company has contractual obligations for operating leases, primarily for office space and other distribution centers, some of which include escalating lease payments. See [Note 4 – Leases](#) for future lease payments by year.

Under the applicable tax and labor laws governing pension plan funding, no contributions to the DallasNews Pension Plans are required in 2024.

On December 7, 2023, the Company's board of directors declared a \$0.16 per share dividend to shareholders of record as of the close of business on February 9, 2024, paid on March 1, 2024.

Additional information related to the Company's contractual obligations is available in Company's Annual Report on Form 10-K for the year ended December 31, 2023, filed on March 6, 2024, with the Securities and Exchange Commission ("SEC").

DallasNews Corporation First Second Quarter 2024 on Form 10-Q 21 26

[Table of Contents](#)

Critical Accounting Policies and Estimates

No material changes were made to the Company's critical accounting policies as set forth in "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations", included in the Company's Annual Report on Form 10-K filed with the SEC for the year ended December 31, 2023.

Forward-Looking Statements

Statements in this Quarterly Report on Form 10-Q concerning DallasNews Corporation's planned transition of print operations, expected capital investments and expense savings related to the transition, the Company's business outlook or future economic performance, revenues, expenses, cash balance, capital expenditures, investments, impairments, business initiatives, pension plan contributions and obligations, working capital, dividends, future financings, and other financial and non-financial items that are not historical facts are "forward-looking statements" as the term is defined under applicable federal securities laws. Words such as "anticipate," "assume," "believe," "can," "could," "estimate," "forecast," "intend," "expect," "may," "project," "plan," "seek," "should," "target," "will," "would" and their opposites and similar expressions are intended to identify forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those set forth in forward-looking statements. Such risks, trends and uncertainties are, in most instances, beyond the Company's control, and include changes in advertising demand and other economic conditions; volatility in the North Texas real estate market; the timeline for transitioning print operations; consumers' tastes; newsprint and distribution prices; program costs; the Company's ability to successfully execute the Return to Growth Plan; the Company's ability to maintain compliance with the continued listing requirements of The Nasdaq Capital Market; the success of the Company's digital strategy; labor relations; cybersecurity incidents; and technological obsolescence. Among other risks, there can be no guarantee that the board of directors will approve dividends in the future or that the Company's financial projections are accurate, as well as other risks described in the Company's Annual Report on Form 10-K and in the Company's other public disclosures and filings with the Securities and Exchange Commission. Forward-looking statements, which are as of the date of this filing, are not updated to reflect events or circumstances after the date of the statement.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, are controls that are designed to ensure that information required to be disclosed by the Company in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including the Company's Chief Executive Officer and Principal Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing disclosure controls and procedures, management is required to apply its judgment in evaluating the cost-benefit relationship of possible disclosure controls and procedures. The design of any disclosure controls and procedures is also based, in part, upon certain assumptions about the likelihood of future events and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

The Company's management, with the participation of its Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the design and operation of its disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, as of **March 31, 2024** **June 30, 2024**, management concluded that the Company's disclosure controls and procedures were effective.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the **first** **second** fiscal quarter ended **March 31, 2024** **June 30, 2024**, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

DallasNews Corporation **First** **Second** Quarter 2024 on Form 10-Q **22** **27**

[Table of Contents](#)

PART II

Item 1. Legal Proceedings

A number of legal proceedings are pending against DallasNews. In the opinion of management, liabilities, if any, arising from these legal proceedings would not have a material adverse effect on DallasNews' results of operations, liquidity or financial condition. See [Note 9 – Contingencies](#) for additional information.

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

There were no unregistered sales of the Company's equity securities during the period covered by this report.

Issuer Purchases of Equity Securities

The Company continues to have a board-authorized repurchase authority. However, the agreement to repurchase the Company's stock expired and was not renewed.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

DallasNews Corporation **First** **Second** Quarter 2024 on Form 10-Q **23** **28**

[Table of Contents](#)

Item 6. Exhibits

Exhibits marked with an asterisk (*) are incorporated by reference to documents previously filed by the Company with the SEC, as indicated. In accordance with Regulation S-T, the XBRL-related information marked with a double asterisk (**) in Exhibit No. 101 to this Quarterly Report on Form 10-Q is deemed filed.

Exhibits marked with three asterisks (***) are furnished with this report. All other documents are filed with this report. Exhibits marked with a tilde (~) are management contracts, compensatory plan contracts or arrangements filed pursuant to Item 601(b)(10)(iii)(A) of Regulation S-K.

Exhibit Number Description

3.1 *	Certificate of Formation of A. H. Belo Corporation (successor to A. H. Belo Texas, Inc.) (Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on April 23, 2018)	
3.2 *	Certificate of Merger (Delaware) of A. H. Belo Corporation with and into A. H. Belo Texas, Inc. (Exhibit 3.3 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on July 2, 2018 (Securities and Exchange Commission File No. 001-33741) (the "July 2, 2018 Form 8-K"))	
3.3 *	Certificate of Merger (Texas) of A. H. Belo Corporation with and into A. H. Belo Texas, Inc. (Exhibit 3.4 to the July 2, 2018 Form 8-K)	
3.4 *	Certificate of Amendment to Certificate of Formation effective June 8, 2021 (Exhibit 3.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on June 8, 2021 (Securities and Exchange Commission File No. 001-33741))	
3.5 *	Certificate of Amendment to Certificate of Formation (changing Company name to DallasNews Corporation) effective June 29, 2021 (Exhibit 3.1 to the Company's Current Report of Form 8-K filed with the Securities and Exchange Commission on June 30, 2021 (Securities and Exchange Commission File No. 001-33741) (the "June 30, 2021 Form 8-K"))	
3.6 *	Certificate of Correction to Certificate of Amendment (Exhibit 3.2 to the June 30, 2021 Form 8-K)	
3.7 *	Amended and Restated Bylaws of DallasNews Corporation (Exhibit 3.3 to the June 30, 2021 Form 8-K)	
10.1 *	Compensatory plans and arrangements: Material Contracts	
	~ (1) * Amended and Restated DallasNews Corporation Incentive Compensation Plan; Lease Agreement for Carrollton Printing Facility dated February 29, 2024 June 24, 2024 (Exhibit 10.2 10.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on March 1, 2024 July 1, 2024 (Securities and Exchange Commission File No. 001-33741) (the "March (the "July 1, 2024 Form 8-K"))	
	~ (2) * Discretionary Cash Bonus Policy, adopted February 29, 2024 Guaranty of Lease dated June 24, 2024 (Exhibit 10.1 10.2 to the March 1, 2024 July 1, 2024 Form 8-K)	
	~ (3) Form of Incentive Compensation Plan and Cash Bonus Policy Letter	
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2		
	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	
32 ***		
		Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.INS **		Inline XBRL Taxonomy Extension Schema Document
101.SCH **		
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document	

		Inline	XBRL
		Taxonomy	Extension
		Definition	Linkbase
101.DEF**			Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document		
		Inline	XBRL
		Taxonomy	Extension
		Presentation	Linkbase
101.PRE**			Document
104 **	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)		

[Table of Contents](#)

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

—

DALLASNEWS CORPORATION

By: /s/ Catherine G. Collins
Catherine G. Collins
Chief Financial Officer
(Principal Financial Officer)

Dated: May 15, July 30, 2024

[Table of Contents](#)

EXHIBIT INDEX

Exhibit Number	Description
10.1(3)	Form of Incentive Compensation Plan and Cash Bonus Policy Letter
31.1	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32 ***	Certifications of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS **	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
101.SCH **	Inline XBRL Taxonomy Extension Schema Document
101.CAL **	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF **	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB **	Inline XBRL Taxonomy Extension Label Linkbase Document

In accordance with Regulation S-T, the XBRL-related information marked with a double asterisk (**) in Exhibit No. 101 to this Quarterly Report on Form 10-Q is deemed filed. Exhibits marked with three asterisks (***) are furnished with this report. All other documents are filed with this report.

DallasNews Corporation First Quarter 2024 on Form 10-Q 26

Exhibit 10.1(3)



TO: [REDACTED] DATE: [REDACTED]
 FROM: [REDACTED]
 RE: 202[X] Compensation

You are a participant in the Amended and Restated DallasNews Corporation's Incentive Compensation Plan ("ICP") for 202[X]. The ICP is designed to provide a competitive level of compensation to senior executives of the DallasNews Corporation (the "Company"). The ICP is administered by the Compensation and Management Development Committee (the "Committee") of the Board of Directors (the "Board") and annual bonus awards are made under the DallasNews Corporation Discretionary Cash Bonus Policy (the "Policy"). The plan year is January 1 through December 31 (the "Plan Year").

As a participant under the ICP and the Policy, the Committee has approved for you the following: Base annual salary \$_____ Annual Bonus Target

\$_____ Cash Long-Term Incentives Target
 \$_____ Please see Appendix A for a complete description of the bonus plan

design. Your 202[X] Individual Objectives are to be submitted to the Committee for approval by the end of January 202[X]. The Evidence of Grant in Appendix B contains additional information pertaining to the Cash Long-Term Incentives that have been granted to you. Please note that your participation in the ICP is subject to the fully executed binding arbitration agreement that the Company has on file for you. The Committee's decisions, taken collectively, are an essential investment in DallasNews Corporation's future and underscore the Board's commitment to the transformation you are helping lead. The directors and Management Committee are grateful for your steady and deep belief in DallasNews Corporation's purposes.

Appendix A Page 1 of 3

DallasNews Corporation Discretionary Cash Bonus Policy 202[X] Bonus Plan

Design OVERVIEW ANNUAL BONUS OPPORTUNITY Your annual bonus opportunity is based ___% on financial objectives and ___% on individual objectives. You are receiving specific information about your annual bonus opportunity, including how much your bonus will be if the established individual objectives provided below are met or exceeded. At the end of the performance year, actual results are compared to the performance objectives and your bonus will be determined accordingly in the Board's (or Committee's sole and absolute discretion. **TARGET BONUS** Your target bonus is stated as a dollar amount. **Individual Objectives** Individual Objectives are developed at the beginning of the applicable performance year and reflect the key objectives to be achieved by you during such year. These Individual Objectives must be expressed both as specific, quantifiable measures of performance in relation to key operating decisions for your business unit (e.g., sales, expense management, customer satisfaction, service levels, project completion) and as qualitative measures such as management and talent development. Individual Objectives may also have target dates for completion.

Award Calculation

The calculation of any award under the Policy is performed in the first few months following the end of the Plan Year.

- Your supervisor will rate the performance on each Individual Objective from ___% of target. However, the maximum aggregate payout for all individual objectives cannot exceed ___%.

- Financial achievement of financial targets will be calculated by the Finance department after the full year financials have been prepared. [The following Achievement Range and Payout Range will be applied.]

Revenue-related targets

	Achievement	Payout
Threshold	Range	Range
Minimum	%	%
Target	%	%
Maximum	%	%

Appendix A

Page 2 of 3

Expense-related targets

	Achievement	Payout
Threshold	Range	Range
Minimum	%	%
Target	%	%
Maximum	%	%

TIME AND FORM OF PAYMENT Any bonus payable to a participant pursuant to the ICP shall be paid in a single lump sum. Bonuses will be paid in March after the earnings release for the 202[X] performance-year, provided you are employed on such date. **TAX WITHHOLDING** The Company will withhold from any payment to you all federal, state, city or other taxes as may be required to be withheld pursuant to any law or governmental regulation or ruling. **RESPONSIBILITIES UNDER THE PLAN** As a participant in the Policy you and your supervisor have specific responsibilities: **YOUR RESPONSIBILITIES**

- Record Keeping** –You are responsible to keep information related to the listed objectives reflecting your completion of each objective. This information will be reviewed by your supervisor, along with the supervisor's corresponding notes, as part of the process to determine how successfully you achieved your Individual Objectives.
- Modifications to Objectives** –Circumstances change and an Individual Objective may be adjusted by your supervisors throughout the Plan Year to reflect those changes. Any change must be approved in writing by your Management Committee leader. You are responsible to be sure your supervisor is made aware of any circumstances which suggests your Individual Objectives should be adjusted when impact to the Objectives is recognized, not when the Objectives become due.

SUPERVISOR'S RESPONSIBILITIES

- Plan Documentation** –The supervisor will communicate the Policy details to each participant at or near the beginning of the Plan Year, and complete and distribute the completed Individuals Objectives template.

Appendix A Page 3 of 3

- Record Keeping** – The supervisor will keep information related to the Individual Objectives for each participant in the Policy. This information, along with information collected by the individual Plan participants, will be used by your supervisor to determine how successfully each participant achieves his or her objectives.

- **Modifications to Objectives** – In the event an Individual Objective is no longer relevant due to a change in the Company's priorities, the supervisor may modify in writing an Individual Objective and submit to their Management Committee leader for written approval. These modifications must be done timely during the Plan Year and in writing and not after the objectives becomes due.
- **Assignment of Objectives** – Individual Objectives should include goals that reflect achievement beyond the typical expectations associated with the participant's job and responsibilities.

BOARD AND COMMITTEE DISCRETIONThe Committee may, in its discretion, modify any of the performance objectives provided above. Further, the Board (or the Committee), in its sole and absolute discretion, reserves the right to modify, amend, or terminate the annual bonus opportunity at any time for any reason.

Appendix B Page 1 of 2

DallasNews Corporation Cash Long-Term Incentive 202[X] Evidence of Grant

Participant: _____

Date of Grant: _____

You have been granted a cash long-term incentive ("Cash LTI") for 202[X], payable if you meet certain requirements. This Evidence of Grant sets forth the terms and conditions of your Cash LTI, including the requirements that you must meet in order to receive payment of your Cash LTI, as determined in the sole discretion of the Company and subject to the terms of the IC**Cash Long-Term Incentive Grant**

Target Amount of

\$ _____

Cash LTI:

Vesting:

\$ _____ ([50]% of total grant) will become vested on or before December 31, 202[X], provided you have remained in the continuous employ of the Company and its subsidiaries up to and through such vesting date, except as provided in the termination guidelines below.

\$ _____ ([50]% of total grant) will become vested on or before December 31, 202[X], provided you have remained in the continuous employ of the Company and its subsidiaries up to and through such vesting date, except as provided in the termination guidelines below.

Payment date:

The portion of your Cash LTI that becomes vested on a scheduled vesting date will be paid in a cash lump sum as soon as practical following such vesting date.

Termination of EmploymentYour right, if any, to a payout with respect to your Cash LTI upon your termination of employment with the Company and its subsidiaries is set forth in the termination guidelines below. **Tax Withholding**The Company will withhold from any payment to you all federal, state, city or other taxes as may be required to be withheld pursuant to any law or governmental regulation or ruling. **General Information**Your right to receive a Cash LTI grant or any payment with respect thereto will not be transferrable or assignable by you, other than with respect to a transfer upon your death by will or the laws of descent and distribution if you are entitled to payment of a vested portion of your Cash LTI that has not been paid as of the date of your death.

Appendix B

Page 2 of 2

Nothing contained in this Evidence of Grant will confer upon you any right to be employed by or remain employed by the Company or any of its subsidiaries or affiliates, or limit or affect in any manner the right of the Company and its subsidiaries and affiliates to terminate your employment or modify your compensation. **This document will in all respects be interpreted, governed by and construed in accordance with the laws of the State of Texas, without regard to its conflict of laws rules.**

The following guidelines will determine the effect of a Cash LTI grant recipient's termination of employment on his or her unpaid Cash LTI, subject to the terms of the ICP.

Termination Reason All Participants (Regardless of Retirement¹ Eligibility)	Cash LTIs
Discharge for Cause ²	Unvested Cash LTI is forfeited immediately
Death or Long-Term Disability ³	Unvested Cash LTIs fully vest and are paid as soon as practicable
Termination Reason Participants Who Are Not Retirement¹ Eligible	Cash LTIs
Voluntary Resignation	Unvested Cash LTI is forfeited immediately
Discharge Without Cause ²	Unvested Cash LTI is forfeited immediately
Termination Reason Retirement¹ Eligible Participants (Age 55+ and 7-Years of Service)	Cash LTIs
Voluntary Resignation	Unvested Cash LTIs fully vest and are paid as soon as practicable
Discharge Without Cause ²	Unvested Cash LTIs fully vest and are paid as soon as practicable

¹ Retirement means that you have incurred a separation from service within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), other than due to death, long-term disability or discharge for cause, after attaining age 55 and completing seven years of service as determined under the DallasNews Corporation Savings Plan.² Cause is determined by the Committee.³ Long-Term Disability means disability within the meaning of Section 409A of the Code. If you have any questions regarding these termination guidelines, please contact _____ at _____.

Exhibit 31.1

SECTION 302 CERTIFICATION I, Grant S. Moise, Chief Executive Officer of DallasNews Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DallasNews Corporation;
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(s) 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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Grant S. Moise
Grant S. Moise
Chief Executive Officer

Date: May 15, July 30, 2024

Exhibit 31.2

SECTION 302 CERTIFICATIONI, Catherine G. Collins, Chief Financial Officer of DallasNews Corporation, certify that:

1. I have reviewed this quarterly report on Form 10-Q of DallasNews Corporation;
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(s) 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(s) 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 the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Catherine G. Collins
Catherine G. Collins
Chief Financial Officer

Date: May 15, July 30, 2024

Exhibit 32

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002In connection with the Quarterly Report of DallasNews Corporation (the "Company") on Form 10-Q for the period ended

March 31, 2024 June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned, Grant

S. Moise, Chief Executive Officer of the Company, and Catherine G. Collins, Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report 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/ Grant S. Moise
Grant S. Moise
Chief Executive Officer

Date: May 15, July 30, 2024

By: /s/ Catherine G. Collins
Catherine G. Collins
Chief Financial Officer

Date: May 15, July 30, 2024

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2024, Refinitiv. All rights reserved. Patents Pending.