



**ANNUAL INFORMATION FORM  
POSTMEDIA NETWORK CANADA CORP.**

November 24, 2023

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**SCHEDULE "A" CHARTER OF THE AUDIT COMMITTEE**

## GLOSSARY OF TERMS

In this Annual Information Form, the following terms will have the meanings set forth below, unless otherwise indicated. Words importing the singular include the plural and vice versa and words importing any gender include all genders.

**“ABL Collateral”** means the accounts receivable, cash, inventory and any related assets of Postmedia Network Inc. and the guarantors, which constitutes collateral for the ABL Facility on a first-priority basis, for the First-Lien Notes on a second-priority basis and for the Second-Lien Notes on a third-priority basis.

**“ABL Facility”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Annual Information Form”** means this annual information form.

**“ArrangeCo”** has the meaning ascribed to such term under *“Corporate Structure - Name, Address, Incorporation and Constatng Documents”*.

**“BNI”** has the meaning ascribed to such term under *“Corporate Structure - Name, Address, Incorporation and Constatng Documents”*.

**“BNI Acquisition”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Board”** means the board of directors of Postmedia.

**“Business Day”** means a day on which banks are open for business in Toronto, but does not include a Saturday, Sunday or a holiday in the Province of Ontario.

**“CAAT Pension Plan”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“CBCA”** means the *Canada Business Corporations Act*.

**“Canso”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Canso CRA”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Chatham”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Chatham LLC”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Consideration Shares”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Corporation”** or **“Postmedia”** means Postmedia Network Canada Corp. and, if the context requires, its subsidiary, Postmedia Network Inc.

**“Dollars”** or **“\$”** means Canadian dollars.

**“Financial Statements”** means Postmedia Network Canada Corp.’s consolidated financial statements for the years ended August 31, 2023 and 2022.

**“First-Lien Notes”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“First-Lien Notes Indenture”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Fiscal”** means the twelve-month period ending on August 31 of such year.

**“JDI”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“JDI CRA”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“JDI IRA”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“MD&A”** means Postmedia Network Canada Corp.’s management’s discussion and analysis for the years ended August 31, 2023 and 2022.

**“Meeting”** means the Corporation’s upcoming annual general meeting of Shareholders, currently scheduled for February 26, 2024.

**“National Post”** means the daily national newspaper published by the Corporation.

**“Non-Canadian”** has the meaning ascribed to such term under *“Description of Capital Structure – Voting Shares”*.

**“Postmedia Plans”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Postmedia Rights Plan”** means the amended and restated shareholder rights plan agreement dated as of January 11, 2018, entered into between Postmedia and Computershare Investor Services Inc., as rights agent.

**“Qualifying Public Corporation”** has the meaning ascribed to such term under *“Overview of the Business - Regulation”*.

**“Refinancing Transaction”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Second-Lien Notes”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Second-Lien Notes Indenture”** has the meaning ascribed to such term under *“Indebtedness - Second-Lien Notes Indenture”*.

**“SEDAR+”** means SEDAR+ operated by the Canadian Securities Administrators.

**“Shareholder”** means both registered and non-registered owners of the Shares.

**“Shares”** means, collectively, the Voting Shares and the Variable Voting Shares.

**“Subscription Agreement”** has the meaning ascribed to such term under *“Indebtedness – First-Lien Notes Indenture”*.

**“Tax Act”** means the *Income Tax Act* (Canada).

**“Toronto Head Office”** has the meaning ascribed to such term under *“Name, Address, Incorporation and Constatting Documents”*.

**“TSX”** means the Toronto Stock Exchange.

**“Unsecured Promissory Notes”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“Unsecured Revolving Promissory Notes”** has the meaning ascribed to such term under *“General Development of the Business – History of the Corporation”*.

**“US\$”** means United States dollars.

**“Variable Voting Shares”** means the Class NC variable voting shares in the capital of the Corporation which trade on the TSX under the symbol PNC.B.

**“Voting Shares”** means the Class C voting shares in the capital of the Corporation which trade on the TSX under the symbol PNC.A.

#### **CERTAIN REFERENCES, FORWARD-LOOKING STATEMENTS AND INDUSTRY INFORMATION**

The information in this Annual Information Form is stated as of August 31, 2023, unless otherwise indicated.

Capitalized terms, except as otherwise defined herein, are defined in the section entitled *“Glossary of Terms”*.

**Except as otherwise indicated or the context otherwise requires in this Annual Information Form, references to “Corporation”, “Company”, “we”, “us” and “our” refer to Postmedia Network Canada Corp. and, if the context requires, Postmedia Network Inc.**

This Annual Information Form includes statements that express our opinions, expectations, beliefs, plans, objectives, assumptions or projections regarding future events or future results, and therefore are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can generally be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “seeks”, “projects”, “intends”, “plans”, “may”, “will”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Information Form and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, expenditures, costs and the industry in which the Corporation operates. These statements reflect management’s current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risks, uncertainties and assumptions. Many factors could cause the Corporation’s actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in the “Risk Factors” section of the Corporation’s MD&A. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements could vary materially from those expressed or implied by the forward-looking statements contained in this Annual Information Form. Such risks include, but are not limited to: uncertainty related to liquidity risk including impact of Online News Act and government support; competition from digital and other forms of media; the Corporation’s ability to compete successfully in newspaper and online industries; the influence of prevailing economic conditions and the prospects of the Corporation’s advertising customers on advertising revenue; failure to maintain print and online newspaper readership and circulation levels; not being able to achieve a profitable balance between circulation levels and advertising revenues; growth of parcel business; not realizing anticipated cost savings from cost savings initiatives; variations in the cost and availability of newsprint; the negative impact of decreases in advertising revenue on results of operations; increases in distribution costs due to increases in fuel prices; competition with alternative emerging technologies; seasonal variations in revenue; the collectability of accounts receivable; increases in sales and other taxes; the failure to fulfill the Corporation’s strategy of building its digital media and online businesses; retaining and attracting sufficient qualified personnel; disruptions in information systems and technology and other manufacturing systems; equipment failure; labour disruptions; security breaches and other disruptions could compromise information and expose the Corporation to liability; financial difficulties of certain contractors and vendors; outsourcing certain aspects of the business to third-party vendors; the occurrence of natural or man-made disasters; multi-employer pension plan participation; controversial editorial content; unresolved litigation matters; disruptions in the credit markets; changes to the availability and terms of insurance policies; intellectual property rights; damage to the Corporation’s reputation; asset impairment charges; environmental, health and safety laws and regulations; failure to comply with “Canadian Newspaper” status for purposes of the Tax Act; failure to comply with *National Instrument 52-109 – Certification of Disclosure in Issuers’ Annual and Interim Filings*; failure to maintain effective internal controls; change of laws; the substantial indebtedness of the Corporation and the possibility that it may incur substantially more debt; the terms of the indentures that govern the First-Lien Notes and Second-Lien Notes may restrict the Corporation’s current and future operations; the possibility that the Corporation will not be able to generate sufficient cash to service all of its indebtedness; foreign exchange fluctuations; the lack of an active trading market for the Shares and the possibility that public listing of the Shares may not be maintained; volatility of the market price for Shares; the Corporation’s dual class share structure; Postmedia Network Canada Corp. having a holding company structure; future sales of Shares by directors and officers and risks relating to dilution. See the section entitled “Risk Factors” in the Corporation’s MD&A dated October 30, 2023 which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca), for a complete description of risks relating to an investment in the Corporation. These risk factors are incorporated in this Annual Information Form by reference. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risk factors should not be construed as exhaustive and should be read with the other cautionary statements in this Annual Information Form and with the risk factors described in the MD&A.

These risk factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the Corporation bases its forward-looking statements on assumptions that it believes were reasonable when made, which assumptions include, but are not limited to, the Corporation's future growth potential, results of operations, future prospects and opportunities, execution of the Corporation's business strategy, a stable workforce, no material variations in the current tax and regulatory environments, future levels of indebtedness and the ability to achieve future cost savings, the Corporation cautions the reader that forward-looking statements are not guarantees of future performance and that the Corporation's actual results of operations, financial condition and liquidity, and the development of the industry in which the Corporation operates, may differ materially from those made in or suggested by the forward-looking statements contained in this Annual Information Form. In addition, even if the Corporation's results of operations, financial condition and liquidity, and the development of the industry in which it operates are consistent with the forward-looking statements contained in this Annual Information Form, those results or developments may not be indicative of results or developments in subsequent periods.

Any forward-looking statements which are made in this Annual Information Form speak only as of the date of such statement, and the Corporation does not undertake, and specifically declines, except as required by applicable law, any obligation to update such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments. Comparisons of results for current and any prior periods are not intended to express any future trends or indications of future performance, unless expressed as such, and should only be viewed as historical data. All of the forward-looking statements made in this Annual Information Form are qualified by these cautionary statements.

The Corporation owns or has rights to use the trademarks, service marks and trade names that it uses in connection with its business, such as Postmedia Network and National Post. Each trademark, service mark and trade name of any other company appearing in this Annual Information Form is to the Corporation's knowledge, owned by such other company. Solely for convenience, the trademarks, service marks and trade names referred to in this Annual Information Form are listed without the ® and ™ symbols, but such references are not intended to indicate in any way that the Corporation will not assert, to the fullest extent under applicable law, its rights or the rights of the applicable licensors to these trademarks, service marks and trade names.

### **Industry Information**

This Annual Information Form includes market share, ranking, industry data and forecasts that the Corporation obtained from industry publications, surveys, public filings, documents and internal sources. Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of included information. The Corporation has not independently verified any of the data from third-party sources nor has it ascertained the underlying economic assumptions relied upon therein.

Unless otherwise stated herein:

- information regarding industry-wide newspaper size including revenue were obtained from News Media Canada, a partnership between the Canadian Newspaper Association and the Canadian Community Newspaper Association, which are not-for-profit industry associations representing publishers of Canadian daily newspapers and weekly newspapers, respectively;
- newspaper readership information was obtained from Vividata, the amalgamated organization of NADbank Inc. and Print Measurement Bureau (PMB), a not-for-profit research association of publishers, agencies and advertisers that provides audience measurement for magazines and newspapers to its members; and

- digital audience measurement information was obtained from comScore Media Metrix, the audience measurement division of comScore, Inc. ("**comScore**"), which defines "*total unique visitors*," a measure that the Corporation cites in this document, as "*the estimated number of different individuals (in thousands) that visited any content of a website or mobile platform (smartphone/tablet), a category, a channel, or an application during the reporting period*".

Statements as to the Corporation's market position and ranking are based in part on market data currently available and management's estimates and assumptions that have been made regarding the size of its markets within its industry. The Corporation believes data regarding the size of the markets and market share are inherently imprecise, but generally indicate size and position and market share within its markets. Although the Corporation is not aware of any misstatements regarding the industry data presented herein, the estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the section entitled "*Risk Factors*" in the Corporation's MD&A dated October 30, 2023. The Corporation cannot guarantee the accuracy or completeness of such information contained in this Annual Information Form.

## **CORPORATE STRUCTURE**

### **Name, Address, Incorporation and Constatng Documents**

7535538 Canada Inc. was incorporated pursuant to the CBCA on April 26, 2010. On June 25, 2010, the Corporation's Articles of Incorporation were amended to change its name to Postmedia Network Canada Corp. 7536321 Canada Inc. was incorporated pursuant to the CBCA on April 27, 2010. Its name was changed to Postmedia Network Inc. pursuant to Articles of Amendment filed on June 25, 2010 and it is a wholly-owned subsidiary of the Corporation. The Corporation's head and registered office is located at 365 Bloor Street East, 12<sup>th</sup> Floor, Toronto, Ontario, M4W 3L4 (the "**Toronto Head Office**").

On July 8, 2010, the Corporation's Articles of Incorporation were again amended to: (i) remove its Share transfer restrictions; and (ii) create an unlimited number of Voting Shares and Variable Voting Shares.

On June 14, 2011, the Corporation's Voting Shares and Variable Voting Shares were listed and began trading on the TSX under the symbols "*PNC.A*" and "*PNC.B*", respectively.

On October 24, 2013, the Board approved, and on January 9, 2014, the Shareholders ratified, amendments to the Corporation's by-laws to include advance notice provisions, the purpose of which is to require advance notice to be provided to the Corporation in circumstances where nominations of persons for election to the Board are made by Shareholders other than pursuant to: (i) a requisition of a meeting of Shareholders made pursuant to the provisions of the CBCA; or (ii) a Shareholder proposal made pursuant to the provisions of the CBCA.

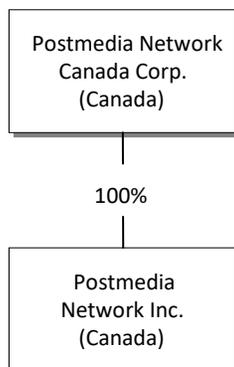
On April 13, 2015, the Corporation acquired all of the outstanding shares of 7717415 Canada Inc. which owned Sun Media Corporation's stable of more than 170 English-language newspapers and specialty publications as well as digital properties. Upon acquisition, 7717415 Canada Inc. and its subsidiary 8869332 Canada Inc. amalgamated to form a new corporation which subsequently amalgamated with Postmedia Network Inc.

On August 4, 2016, 9854711 Canada Limited ("**ArrangeCo**") was incorporated under the federal Laws of Canada for purposes of completing a plan of arrangement. On October 5, 2016, as the final step of the plan of arrangement, Postmedia Network Inc. and ArrangeCo amalgamated and continued as one corporation under the CBCA under the name "*Postmedia Network Inc.*".

On March 25, 2022, the Corporation acquired all of the outstanding shares of Brunswick News Inc. ("**BNI**"), which included all BNI's daily and weekly newspapers, digital properties and parcel delivery business. Upon acquisition, BNI amalgamated with Postmedia Network Inc. and continued as one corporation under the CBCA under the name "*Postmedia Network Inc.*".

## Intercorporate Relationships

The following chart illustrates Postmedia’s corporate structure.



## GENERAL DEVELOPMENT OF THE BUSINESS

### History of the Corporation

To provide an additional source of liquidity the Corporation has a senior secured asset-based revolving credit facility (“**ABL Facility**”) with Chatham Asset Management LLC (“**Chatham LLC**”) and certain investment funds or accounts for which Chatham LLC or its affiliates acts as an investment advisor, sub-advisor or manager (collectively, “**Chatham**”). On April 7, 2022, the Corporation entered into an agreement to extend the term of the ABL facility to October 1, 2025. On October 12, 2022, the Corporation obtained consent from the lender to increase the ABL Facility to \$25.0 million. On January 10, 2023, the Corporation obtained consent from Chatham to increase both the availability of the ABL Facility to the maximum amount of \$30.0 million under the First-Lien Notes indenture and the interest rate on amounts drawn to the bankers acceptance rate plus 8.0% and extended the maturity date to October 1, 2026. In addition, on January 10, 2023, the Corporation entered into \$5.0 million unsecured revolving promissory notes (“**Unsecured Revolving Promissory Notes**”) with Chatham at similar terms to the ABL Facility. On June 30, 2023, the Corporation repaid \$27.3 million of the ABL Facility through the issuance of \$27.3 million unsecured promissory notes with Chatham (“**Unsecured Promissory Notes**”). The Unsecured Promissory Notes bear interest at 1% paid-in-kind interest issued as additional Unsecured Promissory Notes semi-annually on January 31 and July 31 of each year with maturity on August 17, 2027.

On April 7, 2022, the Corporation completed a refinancing transaction (“**Refinancing Transaction**”) that included a voluntary redemption of \$15.0 million of 8.25% Senior Secured Notes due 2023 (“**First-Lien Notes**”) and accrued interest of \$0.5 million and extended the maturity of its First-Lien Notes and 10.25% Senior Secured Notes due 2024 (“**Second-Lien Notes**”) by approximately three and a half years to February 17, 2027 and August 17, 2027, respectively, on substantially similar terms to the existing terms of the First-Lien Notes and Second-Lien Notes. In connection with the extension of the maturity of the First Lien Notes, the Corporation agreed to issue 794,630 Variable Voting Shares to the holders of the First-Lien Notes with a fair value of \$1.4 million determined using an implied price of \$2.10 per Variable Voting Share as a fee for the extension and incurred \$0.4 million in debt issuance costs related to the Refinancing Transaction.

In respect of such Variable Voting Shares issued to Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages (collectively, “**Canso**”) in connection with the Refinancing Transaction, the Corporation and Canso entered into a conversion restriction agreement dated April 5, 2022 (the “**Canso CRA**”), which imposes certain restrictions on Canso’s ability to convert any of the Variable Voting Shares subject to the Canso CRA into voting shares of the Corporation and/or transfer any of the Variable Voting Shares subject to the Canso CRA, unless certain conditions are met. The Canso CRA also restricts the ability of the Corporation to issue shares from treasury to a Canadian (as defined in the Canso CRA) unless certain conditions are met. The Corporation, at its discretion, may choose to waive the restrictions under the Canso CRA at any time and from time to time.

On February 17, 2022, the Corporation entered into a purchase agreement with J. D. Irving, Limited (“**JDI**”) to purchase all of the issued and outstanding shares of BNI. The acquisition closed on March 25, 2022 and included BNI’s daily and weekly newspapers, digital properties and parcel delivery business (“**BNI Acquisition**”). The purchase price consisted of cash consideration of \$7.5 million and share consideration with a fair value of \$7.6 million of 4,282,920 Variable Voting Shares determined using an implied price of \$2.10 per share (“**Consideration Shares**”). At any given time, the Corporation could be engaged in discussions with respect to possible acquisitions and other transactions to expand its offerings and operations. There can be no assurance that any of these discussions will result in a definitive agreement, and, if they do, what the terms or timing of any acquisition or other transaction would be.

In connection with the BNI Acquisition and the issuance of the share consideration to JDI, JDI and the Corporation entered into a conversion restriction agreement dated March 25, 2022 (the “**JDI CRA**”) and an investor rights agreement dated March 25, 2022 (the “**JDI IRA**”). The JDI CRA restricts JDI’s ability to convert any of the Consideration Shares into voting shares of the Corporation and/or transfer any of the Consideration Shares to a Canadian (as defined in the JDI CRA) and restricts the ability of the Corporation to issue shares from treasury to a Canadian (as defined in the JDI CRA), in each case, unless certain conditions are met. The Corporation, at its discretion, may choose to waive the restrictions under the JDI CRA at any time and from time to time. The JDI IRA provides JDI with certain governance rights and imposes certain restrictions related to JDI’s ability to purchase and transfer shares of the Corporation and to exercise voting rights in respect of JDI’s Variable Voting Shares. Specifically, the JDI IRA includes (i) a standstill provision restricting JDI’s ability to acquire securities or assets of Postmedia, to solicit proxies of Shareholders, to seek to control or influence the management, the Board or policies of Postmedia, and to advise, assist or encourage any other persons to do any of the foregoing, and (ii) a voting covenant requiring JDI to vote its Shares in accordance with the Board’s recommendations.

The Tax Act contains measures specific to the Corporation’s industry including a journalism tax credit whereby qualifying news organizations may apply for a refundable labour tax credit applied to the qualified salaries of journalists as adjusted for other forms of assistance received including Canada Emergency Wage Subsidy (“**CEWS**”) described below. During the years ended August 31, 2023, 2022 and 2021, the Corporation recognized a recovery of compensation expense of \$7.1 million, \$8.3 million and \$6.9 million, respectively, related to the journalism tax credits and received \$7.7 million, \$6.8 million and \$12.2 million, respectively. As at August 31, 2023, the Corporation has an aggregate journalism tax credit receivable of \$6.3 million. Based on our current staffing levels and no other forms of assistance being received, the Corporation expects its per annum gross federal journalism tax credit entitlement to be between \$7 million and \$8 million and the Quebec journalism tax credit to be approximately \$1 million.

The COVID-19 pandemic resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel bans, self-imposed quarantine periods and social distancing that caused disruption to businesses resulting in an economic slowdown. On April 11, 2020, the Government of Canada passed CEWS to support employers facing financial hardship as measured by certain revenue declines as a result of the COVID-19 pandemic. CEWS provided a reimbursement of compensation expense in respect of periods up to October 23, 2021 provided the applicant met the applicable criteria. During the years ended August 31, 2022 and 2021, the Corporation recognized a recovery of compensation expense of \$1.6 million and \$23.0 million, respectively, related to CEWS and received nil, \$4.9 million and \$32.7 million, respectively.

On January 29, 2019, the Corporation entered into an agreement with the Colleges of Applied Arts & Technology Pension Plan (the “**CAAT Pension Plan**”), a multi-employer defined benefit plan, to merge the Corporation’s defined benefit pension plans (the “**Postmedia Plans**”), with the CAAT Pension Plan. Effective July 1, 2019, the Corporation received approval from Postmedia Plan members and became a participating employer under the CAAT Pension Plan and all members of the Postmedia Plans, as well as members of the Corporation’s defined contribution pension plan began accruing benefits under the DBplus provisions of the CAAT Pension Plan. DBplus is a defined benefit pension plan with a fixed contribution rate for members, matched dollar for dollar by employers. On October 8, 2020, the Corporation received consent from the Financial Services Regulatory Authority of Ontario (“**FSRA**”) to transfer the Postmedia Plans assets to the CAAT Pension Plan which was completed in November 2020. On completion of the asset transfer the CAAT Pension Plan assumed the defined benefit obligations of the Postmedia Plans and the Corporation commenced funding an obligation of \$11.0 million related to the transferred Postmedia Plans deficits payable over a term of ten years and recognized a non-cash gain on settlement of \$63.1 million in the year ended August 31, 2021 which is the difference between the closing defined benefit obligation of the Postmedia Plans and the obligation to the CAAT Pension Plan.

The Corporation continues to identify and undertake cost reduction and transformation initiatives in an effort to address revenue decline in the legacy print business and accelerate growth in key strategic areas of digital advertising, digital subscriptions and parcel services. During the three months ended August 31, 2022 the Corporation began implementing new cost reduction initiatives with the objective of reducing net operating costs in Fiscal 2023 which we expect will continue into Fiscal 2024 through a combination of operational efficiencies and restructuring. During Fiscal 2023, the Corporation implemented cost reductions which are expected to result in approximately \$76 million of net annualized cost savings. During Fiscal 2022, the Corporation implemented net annualized cost savings of approximately \$31 million. During Fiscal 2021, the Corporation implemented cost reduction initiatives with the objective of reducing operating expenses by the end of the fiscal year resulting in net annualized cost savings of approximately \$18 million.

## **OVERVIEW OF THE BUSINESS**

### **General**

Postmedia’s business consists of news and information gathering and dissemination operations, with products offered in local, regional and major metropolitan markets in Canada through multiple print, online and mobile platforms. Postmedia’s operations include an extensive distribution network, which also offers distribution services, for advertising flyers and parcels. Postmedia has the highest weekly print readership of newspapers in Canada, based on Vividata Fall 2023 survey data and is one of the largest news media companies in Canada reaching 17.5 million readers per month through the combination of print and digital platforms. The combination of these distribution platforms provides audiences with a variety of media through which to access and interact with Postmedia’s content. The breadth of Postmedia’s reach and the diversity of its content enable advertisers to reach their target audiences on a local, regional or national scale through the convenience of a single provider.

Postmedia had a weekly print readership of 4.9 million Canadian adults according to the Vividata Fall 2023 survey data. Its daily metropolitan newspaper brands are among the oldest in Canada dating back more than 100 years.

Postmedia has one operating segment, the Newsmedia segment. The Newsmedia segment publishes daily and non-daily newspapers and operates digital media and online assets.

The Corporation owns and operates the National Post, which is one of Canada’s two daily national newspapers, 15 daily metropolitan newspapers, 18 daily community newspapers in smaller markets, 63 non-daily community newspapers and non-daily shopping guides, and various specialty publications and newspaper-related publications. Its operations also include Flyer Force, a distribution service for advertising flyers and circulars for third parties.

In Fiscal 2021, the Corporation established Postmedia Parcel Services, which leverages the Corporation's extensive distribution network to expand its offerings to include trucking, sorting and distribution of small parcels beginning with a strategic commercial partnership with BNI in Alberta, Saskatchewan, Manitoba and certain regions of Ontario. As a result of the BNI Acquisition, the Corporation expanded its distribution network and acquired BNI's parcel delivery business, which includes BNI's proprietary distribution software.

Postmedia has an extensive portfolio of digital media and online assets. It owns and operates 130+ destination websites that make up the Postmedia digital network, one of Canada's leading online general news and information sources, covering its newspapers' websites, including vertical and classified websites and other online properties.

The Corporation has also developed its mobile network, which includes responsive design websites and mobile applications across various tablet and smartphone platforms. The Corporation's mobile applications include, but are not limited to, applications relating to its newspaper operations.

Postmedia's expertise in content production and digital product development allows for expanded service offerings to Canadian marketers and advertisers. National and local sales teams work collaboratively with clients to develop new programs on and off Postmedia's digital network.

Over the last several years, Postmedia has expanded its digital offerings to mid-sized businesses with a focus on digital marketing services and providing customized, full-service solutions to increase a business' overall revenue including website development, search engine optimization (SEO) and search engine marketing (SEM). Postmedia's sales force leverages a comprehensive suite of advertising opportunities that can help convert a business's web traffic into marketing leads. In addition, Postmedia has developed an in-house programmatic trading desk which provides a real-time bidding solution to help clients target the right audience, at the right time, within a brand safe environment.

## **Newsmedia Operations**

The Corporation publishes 15 daily metropolitan newspapers (nine broadsheets and six tabloids) in 11 markets, a national newspaper, and dozens of local community publications along with newspaper and destination websites. Postmedia's daily metropolitan newspapers are geographically diverse and located in major metropolitan centres across Canada, which provides the Corporation and its advertisers access to target audiences throughout Canada. Postmedia's daily newspapers are well-established in the communities that they serve, several dating back more than 100 years. Postmedia's combination of national reach and local presence makes the Corporation's brands attractive to both national and local advertisers.

According to Vividata Fall 2023 survey data, the Corporation has the highest readership among English-language newspapers based on average daily readership. In addition, in nine out of the eleven daily metropolitan newspaper markets in which the Corporation operates, it has the highest readership among English-language paid daily newspapers based on average daily readership.

The National Post, the Corporation's daily national newspaper, provides benefits to the Corporation's overall operations, including the provision of a newspaper with a national audience footprint. A daily section, 4 to 6 pages in length, of national and international news, commentary and analysis provided by the National Post is included in nine Postmedia newspapers (Vancouver Sun, Calgary Herald, Edmonton Journal, Windsor Star, Montreal Gazette, Regina Leader-Post, Saskatoon StarPhoenix, Ottawa Citizen and London Free Press). This section extends National Post's measurable readership and provides national and local advertising opportunities. In addition, the National Post contributes to the websites of all daily metropolitan newspapers with national, international and business news.

The following table provides details about the Corporation’s 15 metropolitan daily newspapers and daily national newspaper:

<u>Publication</u>	<u>Market</u>	<u>Year Established</u>	<u>Market Position<sup>(1)</sup></u>
<i>Daily Metropolitan Newspapers</i>			
Calgary Herald .....	Calgary	1883	1
Calgary Sun.....	Calgary	1980	2
Edmonton Journal .....	Edmonton	1903	1
Edmonton Sun.....	Edmonton	1978	2
London Free Press.....	London	1821	1
Ottawa Citizen.....	Ottawa	1845	1
Ottawa Sun.....	Ottawa	1988	2
Montreal Gazette.....	Montreal	1778	2 <sup>(2)</sup>
Regina Leader-Post .....	Regina	1883	1
Saskatoon StarPhoenix.....	Saskatoon	1902	1
Toronto Sun .....	Toronto	1971	2
The Province.....	Vancouver	1884	2
The Vancouver Sun .....	Vancouver	1886	1
Windsor Star .....	Windsor	1918	1
Winnipeg Sun .....	Winnipeg	1980	2
<i>Daily National Newspaper</i>			
National Post.....	National	1997	2

**Notes:**

- 1) Market position is determined by weekly print readership of paid daily newspapers in Canada, based on Vividata Fall 2023 survey data.
- 2) Number one English-language paid daily newspaper; number two overall among daily newspapers.

The following table provides a listing of the Corporation’s 18 daily community newspapers:

<u>Newspaper</u>	<u>Location</u>
The Intelligencer.....	Belleville, Ontario
The Expositor .....	Brantford, Ontario
The Recorder & Times .....	Brockville, Ontario
The Chatham Daily News.....	Chatham, Ontario
Cornwall Standard Freeholder .....	Cornwall, Ontario
The Daily Gleaner.....	Fredericton, New Brunswick
The Kingston Whig-Standard .....	Kingston, Ontario
The Times & Transcript.....	Moncton, New Brunswick
North Bay Nugget .....	North Bay, Ontario
The Sun Times.....	Owen Sound, Ontario
The Telegraph Journal.....	Saint John, New Brunswick
The Observer .....	Sarnia, Ontario
The Sault Star .....	Sault Ste. Marie, Ontario
St. Thomas Times-Journal .....	St. Thomas, Ontario
The Beacon Herald .....	Stratford, Ontario
The Sudbury Star .....	Sudbury, Ontario
The Daily Press.....	Timmins, Ontario
Sentinel-Review .....	Woodstock, Ontario

The Corporation also publishes 63 non-daily newspapers and shopping guides distributed in Ontario, Alberta, Manitoba, Saskatchewan and New Brunswick. Postmedia’s non-daily newspapers and shopping guides are generally delivered to every household in the respective communities in which they operate, thereby providing advertisers with substantial coverage of these community markets.

Postmedia seeks to grow its revenue by leveraging its industry leading print brands and strong customer relationships into its expanding digital media and online product offerings. The Corporation's digital media and online operations include the Postmedia digital network, websites for the Corporation's daily and community newspapers and online vertical and classified websites. In addition, Postmedia's digital media and online operations sell advertising on third-party websites. These agreements extend the reach of the Postmedia digital network and increase the Corporation's advertising sales opportunities.

The Postmedia digital network is a comprehensive 24/7 online news, entertainment and information network of content distributed through websites and mobile platforms that leverages the Corporation's content, brands and customer relationships. The Postmedia digital network is one of Canada's leading online general news and information sources that integrates Canadian news and specialty content. The Postmedia digital network hosts the websites and electronic editions of the Corporation's daily and community newspapers as well as other select websites. Being hosted on the Postmedia digital network offers these websites a platform to extend their audience reach and market, as well as to build and reinforce relationships with respect to both advertisers and audiences. The Postmedia digital network has also developed its mobile products and mobile applications across various smartphone platforms. The Postmedia digital network had 12.1 million average monthly unique visitors for the fourth quarter of Fiscal 2023.

Through the Corporation's proprietary content, as well as technology partners and third-party content providers, the Postmedia digital network provides a number of personalized online tools, including internet search and other services. The Postmedia digital network currently provides up-to-date international, national and local news coverage sourced from the Corporation's newspapers and third-party newswire services including text, photos, videos, audio, databases and interactive applications. The licensed content covers a broad range of topics, including sports, entertainment, automotive, recreation and travel from a variety of well-known content providers.

As part of its effort to grow its digital media and online business, Postmedia's newspapers deliver content across multiple platforms including desktop, tablet and mobile devices.

Through expertise in exporting electronic press pages intended for print editions to web-friendly formats, the daily newspapers publish page-by-page ePapers, complete with stories, columns, photos and advertising. The ePapers are available to print subscribers at no cost for broadsheet and tabloid publications. Readers of the ePapers are able to view page layouts, photos and advertisements exactly as they appear in the print edition of the newspaper. The experience is enhanced by a variety of digital features and tools, including search, aimed to ease navigation and add value. For non-print subscribers, users can subscribe at a lower introductory rate that steps up to full price over time.

Postmedia's print subscribers receive free access to all broadsheet and tabloid publication websites via desktop, tablet and mobile devices, each of which provides headlines, breaking news, analysis, commentary and selected stories from the daily newspaper editions. Non-print subscribers can access three stories for free, then register to gain access to four more free stories before being asked to subscribe after consuming seven stories every 30 days, or they can purchase a Digital Access subscription to obtain unlimited online access across the network.

The Corporation's newspapers' websites also serve as customer relationship tools, promoting subscriptions to the print, online and ePaper editions, allowing for the purchase or renewal of newspaper subscriptions, permitting notification of vacation stops and reactivations, and processing of billing inquiries.

Postmedia's digital audience ranked number one for average monthly unique visitors in the newspaper category based on the fourth quarter of Fiscal 2023 in Canada, according to comScore, and these sites reach 37% of all Canadians who visit newspaper websites.

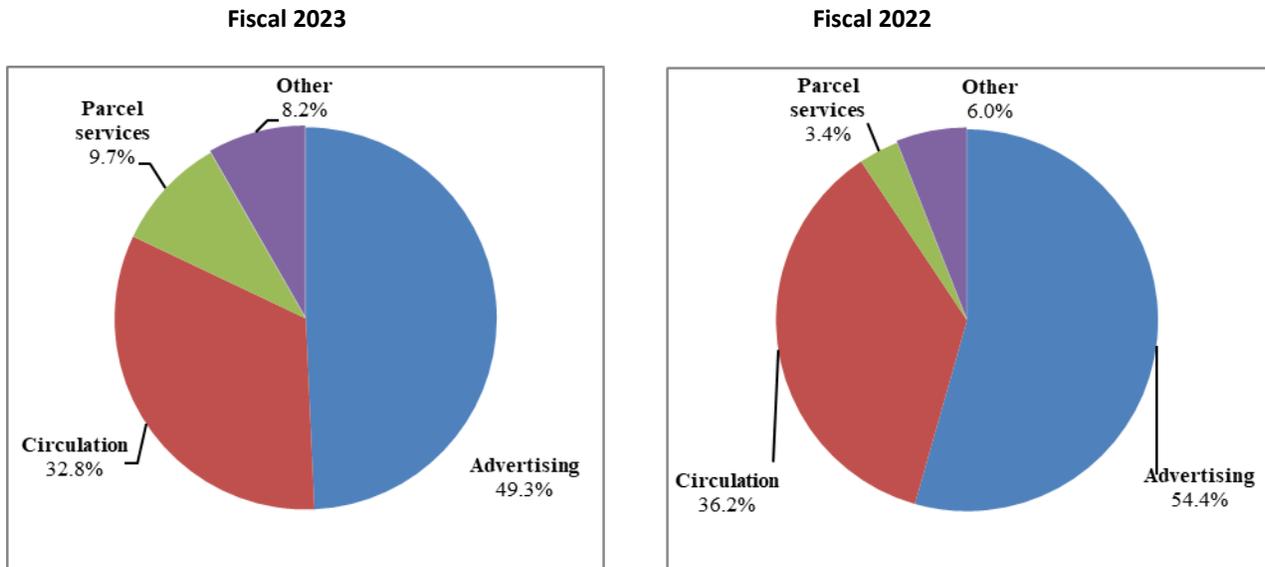
In addition, the Corporation generates revenue through electronic licensing of content and subscriptions for corporate financial data.

The Corporation continues to look to expand revenue streams, including digital marketing services, our in-house programmatic trading desk and content marketing which focuses on content creation, distribution and measurement for brands. In addition, the Corporation has entered into strategic commercial partnerships including marketing collaboration agreements with advertising partners.

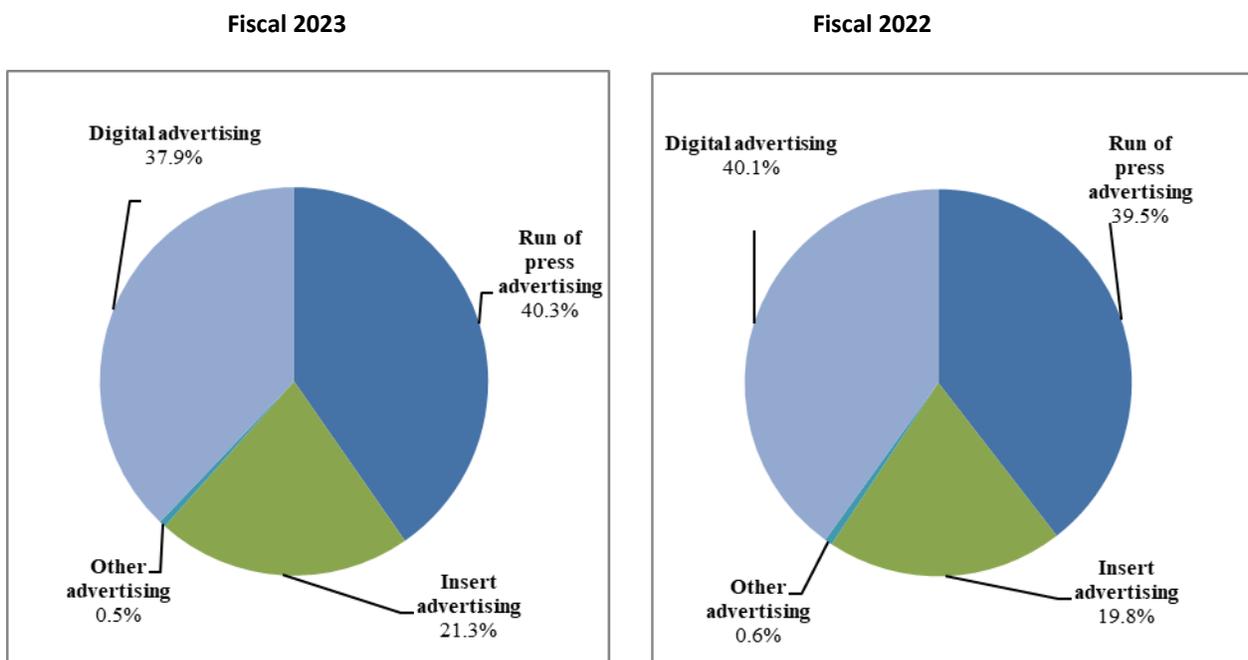
**Functional Operations**

Sales and Advertising

The following charts provide a breakdown of the Corporation’s revenue for Fiscal 2023 and Fiscal 2022:



The following charts provide a breakdown of the Corporation’s total advertising revenue for Fiscal 2023 and Fiscal 2022:



The Corporation offers advertisers extensive audience reach through a combination of circulation and readership of its newspapers, ePapers, unique visitors to its websites and various mobile and tablet products.

The Corporation's advertising is sold on a publication-by-publication and regional basis and with respect to digital advertising based on audience data as well as service contracts for digital marketing services. Each of the Corporation's newspapers has a locally-based sales team that sells advertising for both print and digital, principally to local businesses and organizations and, in certain markets where the Corporation does not have a newspaper digital-only advertising for small and medium sized advertisers. The majority of locally-based advertising relates to automotive, employment and real estate advertisements. The Corporation also uses an outsourced call centre to generate classified sales.

The sale of national advertisements is handled by a national sales group, which employs a dedicated sales team that services the Corporation's group of newspapers and digital properties and provides individual newspapers with advertising sales representation, insertion order processing and invoicing. The national sales group operates through offices in Calgary, Toronto, Montreal and Vancouver, in addition to one contract representative in the United States. National advertising takes the form of advertisements for both print and digital, primarily from large national and multi-region brands and media buying agencies. The major national advertising categories are automotive, food & drug, home and department stores, financial services and technology.

#### *Editorial*

Editorial content is generated across the Corporation's digital platforms and publications and Postmedia's infrastructure allows for sharing of its generated content among newspapers in an efficient and cost-effective manner. Generally, editorial policy is developed for each of the Corporation's newspapers by local newsroom management. This leadership ensures that each newspaper is responsive to local issues and meets the editorial needs of its readers. The Corporation's newspapers and digital platforms focus on readers of various ages and demographics and aim to reflect the values and interests of their respective markets. Each of the Corporation's markets has its own editorial staff that is responsible for producing local editorial content for the newspaper and digital platforms, supplemented by certain content that comes from Postmedia's centralized editorial services, other wire services and freelancers.

The Corporation owns or has the rights to use the editorial content that is produced by its employees and freelancers, which allows for sharing of information and editorial content among its various publications. Further, since the Corporation's newspapers operate across a broad geographic spectrum, reporters familiar with local issues can be assigned to cover national events in a particular region. Management believes that sharing of editorial content and expertise allows the Corporation to achieve substantial operating efficiencies compared to other publishers that own a smaller number of publications.

#### *Circulation and Distribution*

The Corporation's circulation revenue is generated from subscription revenue (both print and digital), single copy sales made through retailers and vending boxes, and corporate bulk sales. Newspapers are shipped from printing plants to depot drop locations or single copy retail outlets by independent trucking companies in the daily markets. Postmedia's newspaper distribution is carried out primarily by independent distributors and carriers that deliver newspapers to subscribers. These third-party distribution networks enable the Corporation to operate via short-term contracts and reduce supplier concentration issues. Postmedia's non-daily newspapers are generally delivered via Canada Post and independent carriers.

The Corporation benefits from agreements with distributors which provide for the delivery of newspapers from printing facilities to bulk locations, retailers, vending boxes and residential and corporate subscribers. Typically, a newspaper division is party to several distribution agreements, covering different stages of delivery and geographical areas.

In addition to distributing newspapers, Postmedia also offers three types of insert distribution services:

- paid subscriber base—distribution to existing newspaper subscribers;
- extended market coverage—distribution of flyers or other materials to non-subscriber households; and
- total market coverage—both subscriber and non-subscriber households for full coverage to specific areas.

These distribution options allow broader penetration of the Corporation's markets, allowing advertisers to target specific demographic and geographic segments through our 18 community daily newspaper markets, 15 daily metropolitan newspapers and one national newspaper. Extended market coverage and/or total market coverage distribution services are offered in the Corporation's 63 non-daily community newspapers and non-daily shopping guides. In addition, Flyer Force, a distribution service for advertising flyers, distributes insert packages to non-subscribers in Calgary, Edmonton, Ottawa and London, providing extended market coverage for their associated Postmedia newspapers.

Postmedia Parcel Services provides for a national distribution network for small parcel delivery which leverages and expands the Corporation's extensive distribution network and operates 364 days a year.

The Corporation offers pre-authorized monthly payment programs to its subscribers. These automatic credit card and bank debit payment programs lower the cost of collection and enhance subscriber retention.

#### *Printing*

Other than as described in "Overview of the Business - Outsourced Functions" below, in certain markets the Corporation owns manufacturing equipment for its newspapers and other publications, including printing presses and mailroom inserting equipment. In some markets, in order to improve the operating efficiency of its printing presses, the Corporation also uses its printing press capacity to print advertising inserts, flyers and other third-party publications.

#### *Outsourced Functions*

As part of Postmedia's ongoing focus on cost containment, various outsourcing initiatives have been implemented. Advertising production at the majority of its newspapers have been outsourced to suppliers in the Philippines and India. Subscriber customer service call centre operations are operated by third parties in Canada. These subscriber services include answering and handling customer calls, customer service inquiries and complaints. Information technology functions, including service desk, service management, local desk side services and network operations, have been outsourced to a third party in Canada. Postmedia has also outsourced its centralized classified call centre operations to a third party in the United States. In addition, printing operations have been outsourced for certain of its specialty publications and newspapers including the Edmonton Journal, the Edmonton Sun, the Calgary Herald, the Calgary Sun, the Montreal Gazette, The Vancouver Sun and The Province, as well as Alberta community newspapers and the National Post in most regions.

## Facilities

Postmedia owns 6 properties (inclusive of one property for which the building is accounted as a capital lease) which are either office, production or combined production and office facilities, the largest of which are listed below. All other activities of Postmedia are conducted in leased premises, including the Toronto Head Office.

<u>Location of Facilities</u>	<u>Office or Production</u>	<u>Area (Sq. Ft.)</u>
Edmonton, AB <sup>(1)</sup> .....	Office	133,250
Saskatoon, SK <sup>(2)</sup> .....	Combined facilities	110,884
Winnipeg, MB .....	Combined facilities	53,855

### Notes:

- 1) This property is subject to a sale lease-back agreement, whereby Postmedia owns the land and space above and has the right to repurchase the building in 2041. The Corporation has accounted for this lease as a capital lease on its Financial Statements.
- 2) This facility is currently for sale as of the date of this Annual Information Form.

## Competitive Conditions

The Corporation faces competition in each of its markets as information is now widely disseminated through many media platforms on a local, national and international basis. Participants in the newsmedia industry depend primarily upon advertising sales to generate revenue, while newspaper companies also rely on paid subscriptions and single copy newspaper and digital subscription sales. Competition for advertising, subscribers, readers and distribution is intense and comes primarily from digital media, as well as television; radio; local, regional and national newspapers; magazines; free publications; direct mail; telephone directories; and other communications and advertising and subscriber-based media that operate in these markets.

In recent years there has been a growing shift in advertising dollars from newspaper advertising to other advertising platforms, particularly digital media competitors such as search engines and social media websites. To date, the newsmedia industry has made limited progress in replacing print advertising revenue with digital advertising revenue.

Advertising on digital platforms is evolving rapidly, with technology driving innovations that make digital media a very effective competitor and substitute for advertising in print newspapers. The scope and pace of technological change has entrenched the role of the largest international players – U.S.-based technology companies such as Google, Microsoft, Apple, Facebook, Yahoo! and Amazon – in existing and rapidly expanding forms of digital advertising. The news media industry is under significant competitive pressures from these global technology companies resulting in the permanent closure of numerous traditional competitors. To address the competitive imbalance in the Canadian news media industry the Government of Canada recently passed the Online News Act which aims to ensure that dominant digital platforms compensate news businesses when their content is made available on their services.

The Corporation's digital competition is not limited to news sites. Digital advertising takes various forms, such as search-engine marketing, display advertising, online classified, online directories, mobile advertising and video advertising.

More and more content and related advertising is being communicated over social networks operated by companies such as Facebook and Twitter. As geo-tagging becomes more sophisticated, the recent increase in advertising on mobile platforms – driven by the adoption and penetration of smartphones and tablets – allows digital advertising to be targeted more locally, making it a more effective substitute for local advertising in daily newspapers.

In addition, there is increasing consolidation in the Canadian newsmedia industry, and competitors include market participants with interests in multiple media. These competitors may be more attractive than Postmedia to certain advertisers because they may be able to bundle advertising sales across newspaper, television and digital media platforms. Some of these competitors also have access to greater financial and other resources than Postmedia does.

In 2022, the Canadian newspaper industry was comprised of 68 paid daily English and French newspapers, six free dailies and two ethnic daily publications for a total of 76 daily newspapers as compared to 80 paid daily English and French newspapers and 10 free dailies for a total of 90 daily newspapers in 2017.

According to Vividata Fall 2023 survey data newspapers continue to play an important role in Canada reaching 53% of adults each week across print and digital platforms with 33% of Canadians getting their news from printed newspaper editions. The Canadian newspaper industry's advertising revenue was \$942 million in 2021, with 57% of that revenue derived from daily newspapers and 43% from community newspapers. For daily newspapers, 43% of advertising was derived from print and 57% from digital (web and mobile advertising), according to News Media Canada.

### **Components**

Newsprint is the principal raw material used in the production of Postmedia's daily newspapers and other print publications. It is a commodity that is generally subject to price volatility. Newsprint expenses fluctuate due to both changes in volume and changes in price as well as other factors influencing supplier profitability, including fluctuations in raw material and energy costs, and changes in trade agreements and arrangements.

Postmedia's cost of newsprint is influenced by its strong supplier relationships, volume purchasing power, proximity to Canadian paper mills and regional supply arrangements that reduce transportation costs. The Corporation opportunistically enters into newsprint purchase agreements with varying terms of up to six months depending on external factors such as foreign export demand, North American mill capacity, operating rates and inventory.

### **Intangible Properties**

Postmedia uses a number of trademarks, service marks and trade names to identify its products and services. Many of these trademarks are registered by the Corporation in Canada. In addition, the Corporation has legal rights in the unregistered marks arising from their use. Postmedia has taken affirmative legal steps to protect its trademarks, and it believes its trademarks are adequately protected.

The content of Postmedia's newspapers and digital media and online assets are protected by copyright. The Corporation owns copyrights in each of its publications as a whole and in all individual content items created by its employees in the course of their employment, subject to limited exceptions. Postmedia has entered into licensing agreements with wire services, freelancers and other content suppliers on terms that it believes are sufficient to meet the needs of its operations. Postmedia believes that it has taken appropriate and reasonable measures to secure, protect and maintain its rights or obtain agreements from licensees to secure, protect and maintain copyright protection of content produced or distributed by the Corporation.

Postmedia has registered a number of domain names, many of which constitute trademarks, under which it operates websites. As every Internet domain name is unique, its domain names cannot be registered by other entities as long as its registrations are valid.

Postmedia's intellectual property constitutes a significant part of the value of the Corporation. The Corporation relies on the trademark, copyright, internet/domain name and other laws of Canada and other countries, as well as nondisclosure and confidentiality agreements, to protect its intellectual property rights. However, the Corporation may be unable to prevent third-parties from using its intellectual property without its authorization, breaching any nondisclosure agreements with the Corporation, acquiring and maintaining domain names that infringe or otherwise decrease the value of its trademarks and other proprietary rights, or independently developing intellectual property that is similar to the Corporation's, particularly in those countries that do not protect the Corporation's proprietary rights as fully as in Canada.

Third-parties may challenge the validity or scope of Postmedia's intellectual property rights from time to time, and such challenges could result in the limitation or loss of intellectual property rights. Irrespective of their validity, such claims may result in substantial costs and diversion of resources, which could have an adverse effect on the Corporation's operations.

### **Cycles**

Advertisers' budgets tend to be cyclical, reflecting the general economic climate and consumers' buying habits. As a result, Postmedia's revenue has historically experienced, and is expected to continue to experience, seasonal fluctuations due to advertising patterns and influences on people's media consumption habits. Typically, the Corporation's revenue is lowest during the fourth quarter of its fiscal year, which ends in August, and highest during the first quarter, which ends in November, while expenses are relatively constant throughout the fiscal year. These seasonal variations may lead to short-term fluctuations in cash flow at certain times during the fiscal year.

### **Environmental Protection**

Postmedia's operations are subject to a variety of laws and regulations concerning, among other things, emissions to the air, water and land, sewer discharges, handling, storage and disposal of, or exposure to, hazardous substances and wastes, recycling, remediation of contaminated sites or otherwise relating to protection of the environment and employee health and safety. The Corporation uses and stores hazardous substances such as inks and solvents in connection with its operations at its printing facilities. Such hazardous substances have in the past been stored in underground storage tanks at some of the Corporation's properties. Some of its printing and other facilities are located in areas with a history of long-term industrial use, and may be impacted by past activities onsite or by contamination emanating from nearby industrial sites. In the past, a Postmedia predecessor has had contamination resulting from leaks and spills at some of its locations. Postmedia has incurred and will continue to incur costs to comply with environmental, health and safety requirements but, to date, such costs have not been material.

### **Employees**

As of August 31, 2023, the Corporation employed 1,552 full time equivalent employees. Approximately 34% of the Corporation's employees are unionized under 38 separate collective agreements as of August 31, 2023. In general, the Corporation's collective bargaining agreements cover operations at individual locations, rather than multiple locations.

### **Regulation**

The publication of newspapers in Canada is not directly regulated by federal or provincial laws. There are, however, indirect restrictions on the foreign ownership of Canadian newspapers by virtue of certain provisions of the Tax Act. The Tax Act limits the deductibility by Canadian taxpayers of expenditures for advertisements in issues of newspapers other than, except in limited circumstances, "*Canadian issues*" of "*Canadian newspapers*".

In order to qualify as a "*Canadian issue*", the issue generally must have its type set in Canada, be edited in Canada by individuals resident in Canada for purposes of the Tax Act and be printed and published in Canada. Issues of Postmedia's newspapers currently meet these criteria.

The test of whether a newspaper is a “*Canadian newspaper*” depends on the jurisdiction, governance, factual control and share ownership of the corporation which directly publishes the newspaper. Postmedia Network Inc. publishes its newspapers directly. In order to generally satisfy the requirements of a “*Canadian newspaper*” (subject to a statutory 12 month grace period), Postmedia must satisfy the following: (i) the corporation must be incorporated under the laws of Canada or a province thereof, (ii) the chairperson or other presiding officer and at least 75% of the directors or other similar officers of the corporation must be Canadian citizens, and (iii) the corporation must not be controlled, in fact, directly or indirectly, by citizens or subjects of a country other than Canada.

In addition, where the right to produce and publish a newspaper is held by a non-public corporation such as Postmedia Network Inc., at least 75% of the voting shares of such non-public corporation and shares having a fair market value in total of at least 75% of the fair market value of all issued shares of such non-public corporation, must be beneficially owned by either (i) Canadian citizens or (ii) one or more corporations incorporated in Canada each of which is a public corporation a class or classes of shares of which are listed on a designated stock exchange in Canada (which includes the TSX) other than a public corporation controlled by citizens or subjects of a country other than Canada (“**Qualifying Public Corporation**”). As Postmedia Network Inc. is a direct, wholly-owned subsidiary of Postmedia Network Canada Corp., Postmedia’s newspapers qualify as “*Canadian newspapers*”.

Issues of Postmedia’s newspapers therefore qualify as “*Canadian issues*” of “*Canadian newspapers*” (or otherwise fall outside of the limitation on deductibility of advertising expenses) and as a result advertisers currently have the right to deduct their advertising expenditures for Canadian tax purposes.

## **RISK FACTORS**

The Corporation is subject to a number of risks and uncertainties which are described in detail in its MD&A under the section entitled “*Risk Factors*” which section is incorporated by reference in this Annual Information Form. The risks and uncertainties described in the MD&A are those the Corporation currently believes to be material, but should not be considered exhaustive. If any of the risks, or any other risks and uncertainties that have not yet been identified or that are currently considered not to be material, actually occur or become material risks, the Corporation’s business, financial condition, results of operations and cash flows and consequently, the price of the Corporation’s securities, could be materially and adversely affected. The Corporation’s MD&A is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

## **DIVIDENDS**

The Corporation has not paid dividends and its current intention is not to declare dividends for the foreseeable future. Any future determination to pay cash dividends is at the discretion of the Board and will depend on Postmedia’s financial condition, results of operations, capital requirements and such other factors as the Board deems relevant. Pursuant to the CBCA, the Corporation may not declare or pay a dividend if there are reasonable grounds for believing that: (i) the Corporation is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the realizable value of its assets would thereby be less than the aggregate of its liabilities and stated capital of all classes. There are also certain restrictions in the agreements relating to the First-Lien Notes and the Second-Lien Notes which limit the ability of the Corporation to pay dividends.

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **General**

The Corporation’s authorized capital consists of two classes: Voting Shares and Variable Voting Shares. The Corporation is authorized to issue an unlimited number of Voting Shares and Variable Voting Shares. As of August 31, 2023, there were 70,767 Voting Shares and 98,747,082 Variable Voting Shares issued and outstanding. A summary of the rights attaching to the Voting Shares and Variable Voting Shares are set forth below.

## **Rights upon Liquidation, Dissolution or Winding-Up**

Subject to the rights, privileges, restrictions and conditions attaching to any future shares of the Corporation ranking senior to the Voting Shares, upon liquidation, dissolution or winding up of the Corporation or other distribution of the Corporation's assets among its Shareholders for the purpose of winding up its affairs, the holders of the Voting Shares and Variable Voting Shares shall be entitled to share equally, share for share, in all distributions of such assets.

## **Voting Shares**

### *Voting Rights*

Holders of the Voting Shares shall be entitled to receive notice of, and to attend and vote at, all meetings of the Shareholders of the Corporation (except where the holders of a specified class are entitled to vote separately as a class as provided in the CBCA), and each Voting Share shall entitle the holder to one vote on each item of business in person or by proxy at all meetings of Shareholders of the Corporation.

### *Dividends*

Subject to the rights, privileges, restrictions and conditions attaching to the shares of the Corporation of any future class ranking senior to the Voting Shares, the holders of the Voting Shares shall, at the discretion of the directors, be entitled to receive, out of monies, assets or property of the Corporation properly applicable to the payment of dividends, any dividends declared and payable by the Corporation on the Voting Shares. The Voting Shares shall rank equally as to dividends on a share-for-share basis with the Variable Voting Shares and all dividends declared in any fiscal year of the Corporation shall be declared in equal or equivalent amounts per share on all Voting Shares and Variable Voting Shares at the time outstanding, without preference or distinction.

### *Subdivision or Consolidation*

No subdivision or consolidation of the Voting Shares or the Variable Voting Shares shall occur unless, simultaneously, the shares of the other class are subdivided or consolidated in the same manner, so as to maintain and preserve the relative rights of the holders of the shares of each of the said classes.

### *Conversion*

An issued and outstanding Voting Share shall be converted into one Variable Voting Share, automatically and without any further act of the Corporation or the holder, if such Voting Share becomes held or beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by one or more persons who are citizens or subjects of a country other than Canada or one or more persons who are controlled by one or more citizens or subjects of a country other than Canada (collectively, "**Non-Canadians**"). In addition to such automatic conversion feature, a holder of Voting Shares shall have the option at any time to convert some or all of such shares into Variable Voting Shares on a one-for-one basis and to convert those shares back to Voting Shares on a one-for-one basis.

### *Constraints on Ownership of Shares*

The Voting Shares may only be beneficially owned and controlled, directly or indirectly, by persons that are not Non-Canadian.

## **Variable Voting Shares**

### *General*

The Variable Voting Shares have identical terms as the Voting Shares and rank equally with respect to voting, dividends and rights upon liquidation, distribution and winding up, except that Variable Voting Shares shall not carry one vote per Variable Voting Share if:

- (a) the number of issued and outstanding Variable Voting Shares exceeds 49.9% of the total number of all issued and outstanding Shares; or
- (b) the total number of votes that may be cast by or on behalf of holders of Variable Voting Shares present at any meeting of holders of Shares exceeds 49.9% of the total number of votes that may be cast by all holders of Shares present and entitled to vote at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically and without further act or formality, to equal the maximum permitted vote per Variable Voting Share as indicated below. Under the circumstance described in subparagraph (a) above, the Variable Voting Shares as a class cannot carry more than 49.9% of the aggregate votes. Under the circumstance described in subparagraph (b) above, the Variable Voting Shares as a class cannot, for the applicable Shareholders' meeting, carry more than 49.9% of the total number of votes that can be cast at the meeting.

### *Conversion*

Subject to any additional contractual restrictions agreed to by a holder of Variable Voting Shares, an issued and outstanding Variable Voting Share shall be converted into one Voting Share, automatically and without any further act of Postmedia or the holder if: (a) such Variable Voting Share is not, or ceases to be, beneficially owned or controlled, directly or indirectly, otherwise than by way of security only, by one or more Non-Canadians, unless such Variable Voting Share resulted from the exercise of a voluntary election to convert a Voting Share into a Variable Voting Share; or (b) (i) the foreign ownership restrictions of the Tax Act are repealed and not replaced with other similar restrictions in the Tax Act or other applicable legislation; and (ii) there is no Canadian federal or provincial law applicable to Postmedia prescribed for the purposes of subsection 46(1) or paragraph 174(1)(c) of the CBCA or any other similar provision in the CBCA or the CBCA Regulations.

### **Coattail Provision**

In the event that an offer is made to purchase Voting Shares or Variable Voting Shares and the offer is one which must, pursuant to applicable securities legislation or the rules of a stock exchange on which the Shares are then listed, be made to all or substantially all of the holders of the Shares of such class, and a concurrent offer at an equal price and with identical terms (subject to certain exceptions) is not made to purchase the Shares of such other class, each Variable Voting Share or Voting Share, as the case may be, shall become convertible at the option of the holder into one Share of the other class that shall be subject to the offer at any time while the offer is in effect. The conversion right may only be exercised in respect of Shares for the purpose of depositing the resulting Shares in response to the offer and a Canadian trustee designated by Postmedia shall deposit the resulting Shares on behalf of the participating Shareholder.

If the Shares resulting from the conversion and deposited pursuant to the offer are withdrawn from the offer or are not taken up by the offeror or if the offer is abandoned or withdrawn, the Shares resulting from the conversion shall be reconverted back into the original class automatically and without further act from the Corporation or the holder.

## **Declaration as to Canadian Status**

Under the Corporation's Articles of Incorporation, the directors may, prior to the issuance of any Shares or the registration or transfer of any Shares, require that there be submitted to the Corporation and/or its transfer agent, a declaration setting forth the name of the person who beneficially will own or control such Shares and whether or not such person is a Non-Canadian, as well as such other information as the Board considers relevant for purposes of determining whether that person is in compliance with the restrictions on issue or transfer of the Shares.

In order to ensure it complies with its share ownership restrictions, Postmedia has in place special operating procedures for monitoring share ownership that are designed to ensure that the share register of each of the Voting Shares and Variable Voting Shares remains accurate. These procedures establish that Computershare Investor Services Inc., the Corporation's transfer agent, will make periodic inquiries of intermediaries holding Voting Shares for non-registered holders to ensure compliance with shareholding ownership requirements.

## **SHAREHOLDER RIGHTS PLAN**

The Postmedia Rights Plan was amended and restated as of January 11, 2018, reconfirmed by the Shareholders at the annual general and special meeting held on February 9, 2023, and will remain in force until the earlier of the Termination Time (as defined in the Postmedia Rights Plan, and being the time at which the right to exercise rights will terminate pursuant to the Postmedia Rights Plan) or the annual general and special meeting in 2026 unless at or prior to such meeting the Shareholders reconfirm the continued existence of the Postmedia Rights Plan.

The following is a summary of the key features of the Postmedia Rights Plan. This summary does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Postmedia Rights Plan, the full text of which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Capitalized terms used in this section not otherwise defined herein have the meaning attributed to them in the Postmedia Rights Plan.

### *Issuance of Rights*

One Right has been issued by Postmedia in respect of each Voting Share and Variable Voting Share outstanding at the Record Time and will continue to be issued in respect of each Voting Share and Variable Voting Share issued thereafter and prior to the earlier of the Separation Time (as defined below) and the Expiration Time. Each Right entitles the registered holder thereof, from and after the Separation Time and prior to the Expiration Time, to purchase from Postmedia one Voting Share or Variable Voting Share, as the case may be. Subject to adjustment, according to the Postmedia Shareholder Rights Plan, the Exercise Price under the Postmedia Rights Plan; (a) until the Separation Time, is an amount equal to three times the Market Price, from time to time, per Voting Share or Variable Voting Share, as the case may be; and (b) from and after the Separation Time, is an amount equal to three times the Market Price as the Separation Time, per Voting Share or Variable Voting Share, as the case may be. If a Flip-In Event (as defined below) occurs, each Right will entitle the registered holder to receive, upon payment of the relevant Exercise Price, the number of Voting Shares or Variable Voting Shares, as applicable, having an aggregate Market Price on the date of consummation or occurrence of such Flip-In Event equal to 100 times the relevant Exercise Price for an amount in cash equal to the relevant Exercise Price.

Under the Postmedia Rights Plan, Postmedia is not required to issue or deliver Rights, or securities issuable upon the exercise of Rights, to Persons outside of Canada, where such issuance or delivery would be unlawful without registration of the relevant Persons or securities. If the Postmedia Rights Plan would require compliance with securities laws or comparable legislation of a jurisdiction outside of Canada, Postmedia may establish procedures for the issuance to a Canadian resident fiduciary of such securities, to hold such Rights or other securities in trust for the Persons beneficially entitled to them, to sell such securities, and to remit the proceeds to such Persons.

### *Trading of Rights*

Until the Separation Time (or the earlier termination or expiration of the Rights), the Rights will be evidenced by the certificates representing Voting Shares or Variable Voting Shares, as the case may be, and will be transferable only together with such associated shares. From and after the Separation Time and prior to the Expiration Time, separate certificates evidencing the Rights ("**Rights Certificates**"), together with a disclosure statement describing the Rights, will be mailed to holders of record of Voting Shares and Variable Voting Shares (other than an Acquiring Person) as of the Separation Time. Rights Certificates will also be issued in respect of Voting Share and Variable Voting Share issued prior to the Expiration Time, to each holder (other than an Acquiring Person) converting, after the Separation Time, securities ("**Convertible Securities**") convertible into or exchangeable for Voting Shares or Variable Voting Shares. The Rights will trade separately from the Voting Shares and Variable Voting Shares, as the case may be, after the Separation Time.

### *Separation Time*

The Separation Time is the close of business on the tenth Business Day after the earlier of (i) the Share Acquisition Date, which is generally the first date of public announcement of facts indicating that a Person has become an Acquiring Person; and (ii) the date of the commencement of, or first public announcement of the intent of any Person (other than Postmedia or any Subsidiary of Postmedia) to commence a Take-over Bid (other than a Permitted Bid, so long as such bid continues to satisfy the requirements of a Permitted Bid). In either case, the Separation Time can be such later date as may be determined by the Board acting in good faith. If a Take-over Bid expires, is cancelled, terminated or otherwise withdrawn prior to the Separation Time, it will be deemed never to have been made.

### *Acquiring Person*

In general, an "*Acquiring Person*" is a Person who is the Beneficial Owner of 20% or more of the outstanding Voting Shares or Variable Voting Shares. Excluded from the definition of "*Acquiring Person*" are Postmedia and its Subsidiaries, and any Person who becomes the Beneficial Owner of 20% or more of the outstanding Voting Shares or Variable Voting Shares as a result of one or more or any combination of an acquisition or redemption by Postmedia of Shares, a Permitted Bid Acquisition, an Exempt Acquisition, a Convertible Security Acquisition, a *Pro Rata* Acquisition and a Grandfathered Person.

The definitions of "*Permitted Bid Acquisition*", "*Exempt Acquisition*", "*Convertible Security Acquisition*", "*Pro Rata Acquisition*" and "*Grandfathered Person*" are set out in the Postmedia Rights Plan. However, in general:

- (a) a "*Permitted Bid Acquisition*" means an acquisition of Voting Shares or Variable Voting Shares made pursuant to a Permitted Bid;
- (b) a "*Share Reduction*" means an acquisition or redemption by Postmedia or a Subsidiary of Postmedia of Voting Shares or Variable Voting Shares or the automatic or optional conversion of Variable Voting Shares into Voting Shares or vice versa (other than, for greater certainty, the automatic or optional conversion of shares Beneficially Owned by such Person) pursuant to the Corporation's Constatting Documents and the share provisions contained therein that, by reducing the number of Voting Shares or Variable Voting Shares outstanding, increases the percentage of outstanding Voting Shares or Variable Voting Shares Beneficially Owned by such Person to 20% or more of the Voting Shares or Variable Voting Shares, as the case may be, then outstanding;

- (c) an “*Exempt Acquisition*” means a Voting Share or Variable Voting Share acquisition: (A) in respect of which the Board has waived the application of the Postmedia Rights Plan pursuant to certain provisions of the Postmedia Rights Plan; (B) pursuant to a dividend reinvestment plan of Postmedia; (C) pursuant to the receipt or exercise of rights issued by Postmedia to all holders of Voting Shares and Variable Voting Shares (other than holders resident in a jurisdiction where such dividend is restricted or impracticable as a result of applicable law) to subscribe for or purchase Voting Shares, Variable Voting Shares or Convertible Securities, provided that such rights are acquired directly from Postmedia and not from any other person and provided that the Person does not thereby acquire a greater percentage of Voting Shares, Variable Voting Shares or Convertible Securities so offered than the Person’s percentage of Voting Shares, Variable Voting Shares or Convertible Securities beneficially owned immediately prior to such acquisition or exercise; or (D) pursuant to a distribution by Postmedia of Voting Shares, Variable Voting Shares or Convertible Securities by way of prospectus or private placement by Postmedia, provided that the Person does not thereby acquire (or is not thereby deemed to Beneficially Own) a greater percentage of Voting Shares or Variable Voting Shares so offered than the Person’s percentage of Voting Shares or Variable Voting Shares Beneficially Owned immediately prior to such acquisition;
- (d) a “*Pro Rata Acquisition*” means an acquisition of Voting Shares, Variable Voting Shares or Convertible Securities: (i) as a result of a stock dividend, a stock split or other event pursuant to which such Person receives or acquires Voting Shares, Variable Voting Shares or Convertible Securities on the same pro rata basis as all other holders of securities of the same class or series of Postmedia; (ii) pursuant to a regular dividend reinvestment or other plan of Postmedia made available by Postmedia to all holders of Voting Shares and Variable Voting Shares (other than holders resident in any jurisdiction where participation in any such plan is restricted or impractical as a result of applicable law), where such plan permits the holder to direct that the dividends paid in respect of such Voting Shares and Variable Voting Shares be applied to the purchase from Postmedia of Voting Shares, Variable Voting Shares or Convertible Securities; or (iii) pursuant to the receipt or exercise of rights (other than the Rights) issued by Postmedia to all of the holders of a series or class of Voting Shares and Variable Voting Shares (other than holders resident in any jurisdiction where participation in any such plan is restricted or impractical as a result of applicable law) on a pro rata basis to subscribe for or purchase Voting Shares, Variable Voting Shares or Convertible Securities, provided, however, that such Person does not thereby acquire a greater percentage of Voting Shares or Variable Voting Shares, as applicable, than the percentage of Voting Shares or Variable Voting Shares Beneficially Owned by that Person immediately prior to such acquisition;
- (e) a “*Convertible Security Acquisition*” means an acquisition of Voting Shares or Variable Voting Shares upon the exercise, conversion or exchange of Convertible Securities received by such Person pursuant to a Permitted Bid Acquisition, Exempt Acquisition or a Pro Rata Acquisition; and

- (f) a “*Grandfathered Person*” means a Person who is (x) the Beneficial Owner of 20% or more of the outstanding Voting Shares or Variable Voting Shares determined as at the Record Time, or (y) Chatham and any purchaser of the Voting Shares or Variable Voting Shares held by Chatham, provided that such purchaser is a Non-Canadian who, at the time of such purchase, holds either no Voting Shares or Variable Voting Shares or a de minimis number of Voting Shares or Variable Voting Shares and, as a result of such purchase, would otherwise have been an “Acquiring Person” for purposes of the Postmedia Rights Plan, provided, however, that this exception shall not be, and shall cease to be, applicable to a Grandfathered Person in the event that such Grandfathered Person shall, after the Record Time (in the case of (x) above), or after the Effective Date (in the case of Chatham) or the applicable time of purchase (in the case of a purchaser in (y) above), become the Beneficial Owner of any additional Voting Shares or Variable Voting Shares, other than through one or any combination of a Permitted Bid Acquisition, an Exempt Acquisition, a Share Reduction, a Pro Rata Acquisition or a Convertible Security Acquisition: provided, however, that for greater certainty and notwithstanding anything else contained herein, the Canso Group shall be an “Acquiring Person” upon the conversion by the Canso Group of any of the Variable Voting Shares beneficially owned by the Canso Group or over which any member of the Canso Group exercises control or direction over into Voting Shares, which, together with any Voting Shares beneficially owned by members of the Canso Group or over which members of the Canso Group exercise control or direction, represent in the aggregate 20% or more of the outstanding Voting Shares on a post-conversion basis (excluding all Variable Voting Shares not being converted and other securities convertible into, exercisable into or exchangeable for Voting Shares).

Also excluded from the definition of “*Acquiring Person*” is an underwriter or member of a banking or selling group that becomes the Beneficial Owner of 20% or more of Voting Shares or Variable Voting Shares in connection with a distribution of securities by way of prospectus or private placement.

#### *Beneficial Ownership*

In general, a Person is deemed to Beneficially Own Voting Shares or Variable Voting Shares actually held by others in circumstances where those holdings are or should be grouped together for purposes of the Postmedia Rights Plan. Included are holdings by the Person’s Affiliates (generally, a person that controls, is controlled by, or is under common control with another person) and Associates (generally, relatives sharing the same home). Also included are securities which the Person or any of the Person’s Affiliates or Associates has the right to acquire within 60 days (other than (i) customary agreements with and between underwriters or banking group or selling group members with respect to a public offering or private placement of securities; or (ii) pursuant to a pledge of securities in the ordinary course of the pledgee’s business); provided, however, that a Non-Canadian who holds Variable Voting Shares will not be deemed to be the “*Beneficial Owner*” of, have “*Beneficial Ownership*” of or “*Beneficially Own*” any Voting Shares into which the Variable Voting Shares owned by such Person are convertible.

A Person is also deemed to “*Beneficially Own*” any securities that are Beneficially Owned (as described in “*Beneficial Ownership*”) by any other Person with which the Person is acting jointly or in concert (a “**Joint Actor**”). A Person is a Joint Actor with any Person who is a party to any agreement, arrangement or understanding with the first Person or an Associate or Affiliate thereof for the purpose of acquiring or offering to acquire Shares or exercising voting rights attaching to any securities of Postmedia.

### *Institutional Shareholder Exemptions from Beneficial Ownership*

The definition of “*Beneficial Ownership*” contains several exclusions whereby a Person is not considered to “*Beneficially Own*” a security. There are exemptions from the deemed “*Beneficial Ownership*” provisions for institutional investors acting in the ordinary course of business. These exemptions apply to: (i) an investment manager (“**Investment Manager**”) which holds securities in the ordinary course of business in the performance of its duties for the account of any other Person (a “**Client**”), including the acquisition or holding of securities for non-discretionary accounts held on behalf of a Client by a broker or dealer registered under applicable securities law, provided, however, that for greater certainty, Investment Manager does not include a hedge fund, a private equity fund or similar fund or entity or any Person who manages any of the foregoing; (ii) a licensed trust company (“**Trust Company**”) acting as trustee or administrator or in a similar capacity in relation to the estates of deceased or incompetent persons (each an “**Estate Account**”) or in relation to other accounts (each an “**Other Account**”) and which holds such security in the ordinary course of its duties for such accounts; (iii) the administrator or the trustee (a “**Plan Trustee**”) of one or more pension funds or plans (a “**Pension Plan**”) registered under applicable law; (iv) a Person who is a Pension Plan or is a Person established by statute (the “**Statutory Body**”), and its ordinary business or activity includes the management of investment funds for employee benefit plans, pension plans, insurance plans or various public bodies; or (v) a Crown agent or agency. The foregoing exemptions only apply so long as the Investment Manager, the Trust Company, the Plan Trustee, the Pension Plan, the Statutory Body or the Crown agent or agency is not then making or has not then announced an intention to make a Take-over Bid alone or acting jointly or in concert with any other Person, other than an Offer to Acquire Voting Shares or Variable Voting Shares or other securities pursuant to a distribution by Postmedia or by means of ordinary market transactions.

A Person will not be deemed to “*Beneficially Own*” a security because (i) the Person is a Client of the same Investment Manager, an Estate Account or an Other Account of the same Trust Company, or Pension Plan with the same Plan Trustee as another Person or Pension Plan on whose account the Investment Manager, Trust Company or Plan Trustee, as the case may be, holds such security; or (ii) the Person is a Client of an Investment Manager, Estate Account, Other Account or Pension Plan, and the security is owned at law or in equity by the Investment Manager, Trust Company or Plan Trustee, as the case may be.

### *Flip-In Event*

A Flip-In Event occurs when any Person becomes an Acquiring Person. In the event that, prior to the Expiration Time, a Flip-In Event which has not been waived by the Board (whether before or after the occurrence of such Flip-In Event) occurs (see “*Waiver of Flip-In Events*” below), each Right (except for Rights Beneficially Owned or which may thereafter be Beneficially Owned by an Acquiring Person or a transferee of such a Person, which Rights will become null and void) will constitute the right to purchase from Postmedia, upon exercise thereof in accordance with the terms of the Postmedia Rights Plan, that number of Voting Shares or Variable Voting Shares, as applicable, having an aggregate Market Price on the date of the Flip-In Event equal to one hundred times the Exercise Price, for the Exercise Price (such Right being subject to anti-dilution adjustments).

### *Permitted Bid and Competing Permitted Bid*

A Permitted Bid is a Take-over Bid made by way of a Take-over Bid circular and which complies with the following additional provisions:

- (a) the Take-over Bid is made for all of the Voting Shares and Variable Voting Shares and is made to all holders of record of Voting Shares and Variable Voting Shares, other than the Offeror, its Affiliates, Associates and Joint Actors;

- (b) the Take-over Bid contains irrevocable and unqualified conditions that:
- i. no security will be taken up or paid for pursuant to the Take-over Bid prior to the close of business on a date which is not less than 60 days following the date of the Take-over Bid and the provisions for the take-up and payment for Voting Shares and Variable Voting Shares tendered or deposited thereunder will be subject to such irrevocable and unqualified condition;
  - ii. unless the Take-over Bid is withdrawn, securities may be deposited pursuant to the Take-over Bid at any time prior to the close of business on the date of first take-up or payment for securities and securities deposited pursuant to the Take-over Bid may be withdrawn at any time prior to the close of business on such date;
  - iii. not less than 50% of each of the outstanding Voting Shares and Variable Voting Shares held by Independent Shareholders must be deposited to the Take-over Bid and not withdrawn at the close of business on the date of first take-up or payment for securities; and
  - iv. in the event that not less than 50% of all of the outstanding Voting Shares and Variable Voting Shares, on an aggregate basis, held by Independent Shareholders have been deposited to the Take-over Bid and not withdrawn as at the date of first take-up or payment for securities under the Take-over Bid, the Offeror will make a public announcement of that fact and the Take-over Bid will remain open for deposits and tenders of securities for not less than 10 Business Days from the date of such public announcement.

A Competing Permitted Bid is a Take-over Bid that is made after a Permitted Bid or another Competing Permitted Bid has been made but prior to its expiry, satisfies all the requirements of a Permitted Bid as described above, except that a Competing Permitted Bid is not required to remain open for 60 days so long as it is open until the later of (i) the earliest date on which securities may be taken-up or paid for under any earlier Permitted Bid or Competing Permitted Bid that is in existence; and (ii) 35 days (or such other minimum period of days as may be prescribed by applicable law in Ontario) after the date of the Take-over Bid constituting the Competing Permitted Bid.

#### *Redemption and Termination of Rights*

- (a) Redemption of Rights on Approval of Holders of Shares and Rights. The Board may, at any time prior to the occurrence of a Flip-In Event, elect to redeem all but not less than all of the outstanding Rights at a redemption price of \$0.000001 per Right, appropriately adjusted for anti-dilution as provided in the Postmedia Rights Plan (the “**Redemption Price**”).
- (b) Deemed Redemption. Where a Person acquires, pursuant to a Permitted Bid or a Competing Permitted Bid, outstanding Voting Shares or Convertible Securities, the Board shall be deemed to have elected to redeem the Rights at the Redemption Price

- (c) Redemption of Rights on Withdrawal or Termination of Bid. Where a Take-over Bid that is not a Permitted Bid or a Competing Permitted Bid expires, is terminated or is otherwise withdrawn after the Separation Time and prior to the occurrence of a Flip-In Event, the Board may elect to redeem all of the outstanding Rights at the Redemption Price. In such event, all the provisions of the Postmedia Rights Plan shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Voting Shares and Variable Voting Shares as of the Separation Time had not been mailed to each such holder and, for all purposes of the Postmedia Rights Plan, the Separation Time shall be deemed not to have occurred and Rights shall remain attached to the outstanding Voting Shares and Variable Voting Shares.

If the Board is deemed to have elected or elects to redeem the Rights as described above, the right to exercise the Rights will thereupon, without further action and without notice, terminate and the only right thereafter of the holders of Rights will be to receive the Redemption Price. Within 10 Business Days of any such election or deemed election to redeem the Rights, Postmedia shall give notice of redemption to the holders of the Shares or, after the Separation Time, the holders of the Rights.

#### *Waiver of Flip-In Events*

The Board may waive the application of the events that occur under a Flip-In Event (see “*Shareholder Rights Plan – Flip-In Event*” above) to any Flip-In Event by written notice delivered to the Rights Agent and in the event of such waiver, the Flip-In Event shall be deemed never to have occurred and, if such waiver is provided after the Separation Time, all the provisions of Postmedia Rights Plan shall continue to apply as if the Separation Time had not occurred and Rights Certificates representing the number of Rights held by each holder of record of Voting Shares and Variable Voting Shares as of the Separation Time had not been mailed to each such holder, and the Separation Time shall be deemed not to have occurred and Rights shall remain attached to the outstanding Voting Shares and Variable Voting Shares.

#### *Anti-Dilution Adjustments*

The Exercise Price of a Right, the number and kind of securities subject to purchase upon exercise of a Right, and the number of Rights outstanding, will be adjusted in certain events, including, without limitation:

- (i) if there is: (A) a declaration of a dividend on its Voting Shares or Variable Voting Shares payable in Voting Shares or Variable Voting Shares (or Convertible Securities) other than pursuant to any mandatory or optional share dividend reinvestment program, (B) a subdivision or change of the then outstanding Voting Shares or Variable Voting Shares into a greater number of shares, (C) a combination or change of the then outstanding Voting Shares or Variable Voting Shares into a smaller number of shares, or (D) an issuance of Voting Shares or Variable Voting Shares (or Convertible Securities) in lieu of or in exchange for existing shares; or
- (ii) if Postmedia fixes a record date for a distribution to all holders of Voting Shares and Variable Voting Shares of certain rights, options or warrants to acquire Voting Shares or Variable Voting Shares or Convertible Securities, or for the making of a distribution to all holders of Voting Shares or Variable Voting Shares of evidences of indebtedness or assets (other than regular periodic cash dividends or a distribution payable in Voting Shares or Variable Voting Shares, but including any distribution payable in securities other than Voting Shares or Variable Voting Shares).

### *Supplements and Amendments*

Subject to certain limitations, Postmedia may at any time, amend, supplement, vary or delete any of the provision of the Postmedia Rights Plan. Any such amendment, supplement, variation or deletion shall be effective from the date of the resolution of the Board adopting such amendment, supplement, variation or deletion or such earlier or later date as the Board may otherwise determine. The implementation of any such amendment, supplement, variation or deletion will be subject to receipt of any necessary regulatory approval including that of any securities regulatory authority or stock exchange.

## **INDEBTEDNESS**

### *First-Lien Notes Indenture*

On September 9, 2019, Postmedia Network Inc. issued the First-Lien Notes to Canso pursuant to a subscription agreement entered into between Canso and Postmedia Network Inc. (the “**Subscription Agreement**”). Canso committed in its capacity as portfolio manager to purchase all of the First-Lien Notes. The First-Lien Notes were issued under an indenture dated as of September 9, 2019 with Computershare Trust Company of Canada, as trustee and as collateral agent and the Corporation, as guarantor (the “**First-Lien Notes Indenture**”). In connection with the Refinancing Transaction, the First-Lien Notes Indenture was amended such that the maturity date was extended by approximately three and a half years to February 17, 2027, pursuant to the first supplemental indenture dated February 17, 2022 among the Corporation, Postmedia Network Inc. and Computershare Trust Company of Canada. The First-Lien Notes are secured on a first-priority basis by the First-Lien Notes Collateral, and on a second-priority basis by the ABL Collateral. The First-Lien Notes Indenture contains covenants that, among other things, restrict the issuer’s ability to incur additional indebtedness, pay dividends or make other distributions or repurchase or redeem certain indebtedness or capital stock, make loans and investments, sell assets, incur certain liens, enter into certain transactions with affiliates, alter the businesses it conducts, enter into agreements restricting its subsidiaries’ ability to pay dividends and consolidate, merge or sell all or substantially all of its assets.

### *Second-Lien Notes Indenture*

On October 5, 2016, Postmedia Network Inc. issued US\$88.6 million (\$115.5 million) in aggregate principal amount of Second-Lien Notes for net proceeds of US\$84.4 million (\$110.0 million). The Second-Lien Notes were issued under an indenture dated as of October 5, 2016 with Computershare Trust Company of Canada as trustee and as collateral agent and with the Corporation, as guarantor (the “**Second-Lien Notes Indenture**”). The Second-Lien Notes Indenture was amended such that the maturity date was extended by six months to January 15, 2024 pursuant to the second supplemental indenture dated September 9, 2019 among the Corporation, Postmedia Network Inc. and Computershare Trust Company of Canada. In connection with the Refinancing Transaction, the Second-Lien Notes Indenture was further amended such that the maturity date was extended by approximately three and a half years to August 17, 2027, pursuant to the third supplemental indenture dated February 17, 2022 among the Corporation, Postmedia Network Inc. and Computershare Trust Company of Canada. The Second-Lien Notes are secured on a second-priority basis by the First-Lien Notes Collateral and on a third-priority basis by the ABL Collateral. The covenants contained in the Second-Lien Notes Indenture are substantially similar to the covenants contained in the First-Lien Notes Indenture described above.

### *ABL Facility*

In Fiscal 2017, the Corporation initially entered into a senior secured asset-based revolving credit facility with associated companies of Chatham. On August 10, 2020, the Corporation entered into an agreement effective October 1, 2020 to extend the term of the ABL Facility to October 1, 2022. On April 7 2022, the Corporation entered into an agreement to further extend the term of the ABL Facility to October 1, 2025. On October 12, 2022, the Corporation had \$15.0 million drawn on the ABL Facility and obtained consent of the lender to increase the ABL Facility to \$25.0 million. On January 10, 2023, the Corporation obtained consent from Chatham to increase both the availability of the ABL Facility to the maximum amount of \$30.0 million under the First-Lien Notes indenture and the interest rate on amounts drawn to the bankers acceptance rate plus 8.0% and extended the maturity date to October 1, 2026. The ABL Facility is secured on a third-priority basis by the First-Lien Notes Collateral and on a first-priority basis by the ABL Collateral. In addition, on January 10, 2023, the Corporation entered into \$5.0 million Unsecured Revolving Promissory Notes with Chatham at similar terms to the ABL Facility. On June 30, 2023, the Corporation repaid \$27.3 million of the ABL Facility through the issuance of Unsecured Promissory Notes with Chatham. The Unsecured Promissory Notes bear interest at 1% paid-in-kind interest issued as additional Unsecured Promissory Notes semi-annually on January 31 and July 31 of each year with maturity on August 17, 2027.

### *Ratings*

Moody's Corporation ("**Moody's**") rates debt instruments with ratings ranging from "Aaa", which represent the highest quality of securities, to "C", which represent securities that are usually in payment default. The Corporation engages Moody's to provide a credit rating for nominal fees. On September 10, 2019, the Corporation was assigned a corporate rating of "Caa1" with a negative outlook and a rating of "B2" for the First-Lien Notes. As a result of the COVID-19 pandemic, on April 10, 2020, Moody's downgraded the Corporation's corporate family rating to "Caa3" and the first-lien debt to "B3" while changing the ratings outlook to negative. Moody's issued a further update to its credit analysis on September 24, 2020, April 1, 2021 and August 20, 2021 which did not result in a change to the Corporation's rating. Upon announcement of the BNI Acquisition, Moody's put the Corporation's corporate family rating under review and in April 2022, Moody's upgraded the Corporation's corporate family rating to "Caa2" from "Caa3". Moody's issued a further update to its credit analysis on March 30, 2023 which did not result in a change to the Corporation's rating of Caa2. The ratings provide investors with an independent view of credit quality. Those ratings established by Moody's are based on quantitative and qualitative considerations relevant to the Corporation. They are intended to indicate the degree of risk that the Corporation will not satisfy its obligations on a timely basis and disregards certain factors such as market risk or price risk. These ratings are not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time.

## MARKET FOR SECURITIES

### Trading Price and Volume

The outstanding Voting Shares and Variable Voting Shares of the Corporation trade on the TSX under the symbols “PNC.A” and “PNC.B”, respectively. The following table sets forth the reported high and low closing prices and the trading volume for the periods indicated:

#### PNC.A

Month	Toronto Stock Exchange		
	High	Low	Volume
September 2022	\$1.95	\$1.25	52,815
October 2022	\$1.75	\$1.30	31,967
November 2022	\$1.60	\$1.29	5,366
December 2022	\$1.53	\$1.25	4,239
January 2023	\$1.70	\$1.25	27,972
February 2023	\$1.70	\$1.47	3,513
March 2023	\$1.55	\$1.44	1,914
April 2023	\$1.59	\$1.45	5,839
May 2023	\$1.45	\$1.25	319
June 2023	\$2.08	\$1.25	58,791
July 2023	\$2.00	\$1.53	11,881
August 2023	\$1.93	\$1.25	33,295

#### PNC.B

Month	Toronto Stock Exchange		
	High	Low	Volume
September 2022	\$2.02	\$1.27	12,786
October 2022	\$1.68	\$1.40	5,530
November 2022	\$1.54	\$1.29	801
December 2022	\$1.58	\$1.25	5,371
January 2023	\$1.76	\$1.33	2,114
February 2023	\$1.71	\$1.55	1,002
March 2023	\$1.61	\$1.51	304
April 2023	\$1.70	\$1.30	2,800
May 2023	\$1.42	\$1.35	205
June 2023	\$2.00	\$1.30	39,272
July 2023	\$1.85	\$1.43	850
August 2023	\$1.68	\$1.38	14,001

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The following table identifies the name and city of residence of those individuals who are directors and executive officers of the Corporation as of November 24, 2023, their current positions with the Corporation, the date on which they first became a director and/or executive officer of the Corporation and their principal occupations. The term of each of the directors expires on the date of the Corporation's upcoming annual general meeting of Shareholders, currently scheduled for February 26, 2024 (the "**Meeting**"), or until the election of his or her successor, unless he or she resigns or his or her office becomes vacant by reasons of his or her death, removal or other cause.

Name and Residence	Position with Postmedia	Director / Executive Officer Since	Principal Occupation if Different from Position Held with Postmedia
Peter Sharpe <sup>(1)(2)(4)(5)(6)</sup> Toronto, Ontario, Canada	Chair	June 17, 2010	Corporate Director
Janet Ecker <sup>(2)(3)(5)</sup> Ajax, Ontario, Canada	Director	May 16, 2017	Corporate Director
Vincent Gasparro <sup>(2)(3)(4)</sup> Toronto, Ontario Canada	Director	February 10, 2021	Corporate Director
Wendy Henkelman <sup>(2)(3)(5)(6)</sup> Canmore, Alberta, Canada	Director	January 13, 2016	Corporate Director
Mary Junck <sup>(2)(3)(4)(6)</sup> Clayton, Missouri, USA	Director	October 5, 2016	Chairman of Lee Enterprises, Incorporated
Daniel Rotstein <sup>(4)</sup> Plantation, Florida, USA	Director	October 5, 2016	Director of Human Resources/Risk Management, City of Pembroke Pines
Andrew MacLeod Kitchener, Ontario, Canada	President and Chief Executive Officer and Director	July 7, 2014 April 11, 2019	-
Gillian Akai Toronto, Ontario, Canada	Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary	July 12, 2010	-
John Bode <sup>(7)</sup> Naples, Florida, USA	Executive Vice President, Chief Financial Officer and Chief Transformation Officer <sup>(6)</sup>	October 25, 2018 <sup>(8)</sup>	-

#### Notes:

- (1) Mr. Sharpe transitioned from the position of Lead Director to Interim Chair of the Board of Directors on June 22, 2023, and became Chair of the Board of Directors on November 21, 2023.
- (2) Independent member of the Board
- (3) Member of the Audit Committee.
- (4) Member of the Compensation and Human Resources Committee.
- (5) Member of the Corporate Governance and Nominating Committee.
- (6) Member of the Special Committee
- (7) On October 6, 2023, Mr. Bode was appointed Executive Vice President, Chief Financial Officer and Chief Transformation Officer following the resignation of Mary Anne Lavallee. In connection with his appointment, Mr. Bode resigned as a director of the Corporation.
- (8) Prior to his resignation as a director on October 6, 2023, Mr. Bode had been a director of the Corporation since October 25, 2018.

As a group, the directors and executive officers of the Corporation, as of November 24, 2023, beneficially own or exercise control or direction, directly or indirectly, over 166 Voting Shares (representing 0.23% of the total Voting Shares issued and outstanding) and 998 Variable Voting Shares (representing 0.00% of the total Variable Voting Shares issued and outstanding). These figures do not include any ownership of securities that are convertible into Shares.

## **Biographies**

The following are brief profiles of our directors and executive officers, including a description of each individual's principal occupation within the past five years.

### ***Peter Sharpe (Chair)***

Mr. Sharpe retired as President and Chief Executive Officer of Cadillac Fairview Corporation in 2010, having served with the company for over 25 years. Mr. Sharpe is currently a director of Morguard Corporation and Clifton Blake Asset Management. Mr. Sharpe is also a past Chairman and current Trustee of the International Council of Shopping Centers.

### ***Janet Ecker (Director)***

Ms. Ecker is a Corporate Director who recently retired from the role of President and Chief Executive Officer of Toronto Financial Services Alliance, having served in the role for nearly 13 years. Ms. Ecker served as a Member of Provincial Parliament in Ontario from 1995 to 2003 and held the portfolios of Minister of Finance, Minister of Education, Minister of Community and Social Services and Government House Leader. In 2002 she was the first woman to deliver a budget in Ontario. In November 2016, Ms. Ecker was named a Member of the Order of Canada for being a leader in the financial industry.

### ***Vincent Gasparro (Director)***

Mr. Gasparro has served as a Corporate Director on the Postmedia Board of Directors for 3 years. He has held senior roles for large financial institutions including as Managing Director & Head, Sustainable Finance at Roynat Capital Inc. Prior to that, he was Managing Director, Corporate Development & Clean Energy Finance, at Vancity Community Investment Bank where he led the Clean Energy Finance business for Canada's largest credit union. From November 2018 to March 2020, he was the Principal Secretary in the Office of the Mayor of Toronto where he had specific public policy responsibilities including matters related to Toronto Hydro, Toronto Parking Authority, Toronto Global and Toronto Community Housing to name a few. Prior to that, Mr. Gasparro had various roles in private equity with Lynx Equity Ltd. and affiliates thereof, and from 2003 to 2006, he served as Special Assistant in the Office of the Prime Minister of Canada. Mr. Gasparro has a BA from York University, an MSc from the London School of Economics and an MBA from the Villanova School of Business in Philadelphia.

***Wendy Henkelman (Director)***

Ms. Henkelman is a Corporate Director with extensive experience in finance including accounting, treasury, taxation, information systems, internal controls and risk management. She has held executive positions in major oil and gas companies including Vice President, Treasury and Compliance with Penn West Exploration and Country Tax Manager at Shell Canada Limited. Ms. Henkelman has chaired major pension trusts of public corporations, was a board member on public and non-profit corporations and is the past President of the Canadian Petroleum Tax Society. Ms. Henkelman currently sits on the boards of ATB Financial, where she is a member of the Governance and Human Resources Committee, and Trisummit Utilities, where she chairs the Audit Committee.

***Mary Junck (Director)***

Ms. Junck is Chairman of Lee Enterprises, Incorporated, a leading provider of local news, information and advertising in 74 primarily midsize markets in the United States. Ms. Junck began her career at the Charlotte Observer in 1972 as marketing research manager. She later held senior executive positions at the former Times Mirror Company, as Executive Vice President of Times Mirror and President of Times Mirror Eastern Newspapers. Ms. Junck is the retired Chairman of the board of directors of the Associated Press, the world's oldest and largest newsgathering organization and served on the board of Augustana College in Rock Island, Illinois, a private liberal arts college.

***Daniel Rotstein (Director)***

Mr. Rotstein serves as the Assistant City Manager/Director of Human Resources/Risk Management for the City of Pembroke Pines, Florida and provides human resources, risk management, mergers and acquisitions and administrative consulting services to companies in various industries, including a360 media, LLC (formerly, American Media, Inc.). Prior to that, Mr. Rotstein was the Executive Vice President, Human Resources and Administration, for American Media, LLC. Mr. Rotstein also serves as the Vice Chairperson of the City of Pembroke Pines Investment Committee which oversees several hundred million dollars of city funds and pension/retirement plans. Mr. Rotstein has over 35 years of experience holding human resources management positions in the manufacturing, financial services and retail services industries and has successfully assisted organizations in all facets of human resources, risk management and administration.

***Andrew MacLeod (President and Chief Executive Officer and Director)***

Mr. MacLeod was appointed President and Chief Executive Officer in January 2019 and a Director of Postmedia in April 2019, after serving as President and Chief Operating Officer since 2017, Executive Vice President and Chief Operating Officer since 2016 and Executive Vice President and Chief Commercial Officer since July 2014. Prior to that, he held a number of senior executive positions in the technology industry, including serving as the Senior Vice President & Regional Managing Director of North America at BlackBerry Limited. Mr. MacLeod currently serves as a director on the board for Waterfront Toronto, Communtech and Invest Ontario.

***Gillian Akai (Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary)***

Ms. Akai was appointed Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary in February 2018 after serving as Executive Vice President, General Counsel and Corporate Secretary of Postmedia since November 2016, Senior Vice President, Assistant General Counsel and Corporate Secretary since July 2016 and Vice President, Legal Affairs and Corporate Secretary since July 2010. Previously she served as Director, Legal Affairs/Legal Counsel for Canwest Media Inc. from April 2006 to July 2010. Ms. Akai was previously in private legal practice in the Toronto office of Fraser Milner Casgrain LLP (now Dentons LLP).

***John Bode (Executive Vice President, Chief Financial Officer and Chief Transformation Officer)***

Mr. Bode was appointed Executive Vice President, Chief Financial Officer and Chief Transformation Officer on October 6, 2023 after serving as a Director since October 2018. Mr. Bode serves on the board of The McClatchy Company, LLC which owns and operates a group of newspapers in the United States of America. Previously, Mr. Bode served as Chief Operating Officer of ReaderLink Distribution Services, LLC and as Chief Financial Officer at Tribune Publishing.

**Cease Trade Orders, Bankruptcies or Plans of Arrangement**

Other than as described below, no director, nominee or executive officer of Postmedia is, or within ten years before the date hereof, has been a director, chief executive officer or chief financial officer of any company (including Postmedia) that, (i) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) was subject to an order that was issued after the director or officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer. For the purposes of the preceding sentence, “order” means; (a) a cease trade order; (b) an order similar to a cease trade order; or (c) an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days.

Other than as described below, to the knowledge of the Corporation, no director, nominee or executive officer, or Shareholder holding a sufficient number of securities to affect materially the control of Postmedia: (a) is at the date hereof, or has been within ten years before the date hereof, a director or executive officer of any company (including Postmedia) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (b) has, or within ten years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or Shareholder.

During a recapitalization transaction completed in the year ending August 31, 2017, Mr. Sharpe and Ms. Henkelman were directors of the Corporation and Mr. MacLeod and Ms. Akai were executive officers of the Corporation.

**Penalties or Sanctions**

To the knowledge of the Corporation, other than as set forth below, no director or executive officer or Shareholder holding a sufficient number of securities to affect materially the control of Postmedia, has been subject to: (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

On April 3, 2023, the Securities and Exchange Commission (“SEC”) announced the filing of an administrative order (the “Order”) finding that Chatham LLC and Anthony Melchiorre had violated Section 206(2) of the Investment Advisers Act of 1940 and aided and abetted and caused violations of the Investment Company Act of 1940. Chatham LLC and Melchiorre consented to entry of the Order without admitting or denying its findings. The Order found that Chatham LLC engaged in transactions in certain debt securities that resulted in one Chatham LLC-advised fund selling bonds and a different Chatham LLC-advised fund purchasing the same bonds, through various broker-dealers (the “Rebalancing Trades”). The Order stated that Chatham LLC engaged in the Rebalancing Trades to address portfolio constraints such as industry or issuer fund concentration limits, to meet investor redemptions, and to allocate capital inflows and outflows. According to the Order, over time, the prices at which Chatham LLC and Melchiorre traded the securities in the Rebalancing Trades increased at a significantly higher rate than the prices of similar securities, which, in turn, resulted in higher fees charged to the respective Chatham LLC-advised funds.

As part of the settlement, Chatham LLC and Melchiorre agreed to pay approximately \$19.3 million in combined disgorgement, prejudgment interest, and civil penalties. Chatham LLC and Melchiorre also agreed to prohibitions from serving in certain positions at a registered investment company, pursuant to the Investment Company Act.

### **Conflicts of Interest**

Chatham is located at 26 Main Street, Suite 204, Chatham, New Jersey, USA 07928. Chatham owns 62,319,049 Variable Voting Shares and a significant portion of the Second-Lien Notes. Chatham’s combined debt and equity holdings, along with Mr. Rotstein’s relationship with Chatham, and in particular, Mr. Rotstein’s nomination to the Board pursuant to Chatham’s nominating rights under a support agreement dated July 7, 2016 (which rights have since expired), may give rise to a potential conflict of interest. Mr. Rotstein is also currently engaged as a consultant with an associated company of Chatham.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

### **Legal Proceedings**

The Corporation is involved in various legal claims arising in the ordinary course of its newspaper and digital media and online businesses. The majority of these claims are brought pursuant to defamation legislation in the province of publication. The Corporation maintains a multi-media liability insurance policy in respect of defamation claims. Subject to the terms and conditions of that policy, and the insurer’s coverage position in respect of individual claims, the resolution of these matters is not expected to have a material adverse effect on the Corporation’s consolidated financial position, results of operations or cash flows.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Other than as disclosed in this Annual Information Form, including the agreements described below, to the knowledge of the directors and executive officers of Postmedia, no “informed person” (as defined in *National Instrument 51-102 - Continuous Disclosure Obligations*) or any associate or affiliate of any informed person, as of the date of this Annual Information Form has had any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any material transaction with the Corporation since September 1, 2020 or has any such interest in any proposed transaction that has materially affected or would materially affect Postmedia or its subsidiaries.

## Chatham

### Registration Rights Agreement

Following the implementation of a recapitalization transaction in Fiscal 2017, Postmedia entered into a registration rights agreement with Chatham LLC. Under the agreement, Chatham LLC was granted demand registration rights pursuant to which Chatham LLC may require Postmedia to file a prospectus with the Canadian securities administrators qualifying the Shares owned by Chatham LLC for sale in Canada. The agreement also grants piggyback registration rights to Chatham LLC in the event that Postmedia proposes to distribute Shares by way of a prospectus, which rights allow Chatham LLC to require Postmedia in certain circumstances to include Shares owned by Chatham LLC in such prospectus distribution.

### Second-Lien Notes

Chatham owns a significant portion of the Variable Voting Shares and a significant portion of the Second-Lien Notes (see *“Directors and Officers – Conflicts of Interest”*).

### TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal offices located in Toronto, Ontario.

### MATERIAL CONTRACTS

The following are the material contracts, other than contracts in the ordinary course of business, and material contracts in the ordinary course of business required to be listed, that the Corporation or a subsidiary of the Corporation has entered into within the financial year ended August 31, 2023 or prior thereto but still in effect:

- (a) The Canso CRA referred to under *“General Development of the Business – History of the Corporation”*.
- (b) The JDI CRA referred to under *“General Development of the Business – History of the Corporation”*.
- (c) The JDI IRA referred to under *“General Development of the Business – History of the Corporation”*.
- (d) The First-Lien Notes Indenture and related supplemental indentures, referred to under *“Indebtedness – First-Lien Notes Indenture”*.
- (e) The Second-Lien Notes Indenture and related supplemental indentures, referred to under *“Indebtedness – Second-Lien Notes Indenture”*.
- (f) The Subscription Agreement, referred to under *“Indebtedness – First-Lien Notes Indenture”*.
- (g) The registration rights agreement, referred to under *“Interest of Management and Others in Material Transactions”*.
- (h) The amended and restated shareholder rights plan agreement, referred to under *“Shareholder Rights Plan”*.
- (i) The Collateral Trust and Agency Agreement dated October 5, 2016 among the Corporation, Postmedia Network Inc., the other initial guarantors named on the signature pages thereto, Computershare Trust Company of Canada and each other secured debt representative party thereto from time to time.

## INTERESTS OF EXPERTS

The Corporation's independent auditors are PricewaterhouseCoopers LLP who have issued an independent auditors' report dated October 30, 2023 in respect of the Corporation's consolidated statements of financial position as at August 31, 2023 and 2022 and the consolidated statements of operations, consolidated statements of comprehensive loss, consolidated statements of changes in deficiency and consolidated statements of cash flows for the years ended August 31, 2023 and 2022. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Manitoba.

## AUDIT COMMITTEE INFORMATION

### *Audit Committee Charter*

The text of the Audit Committee's charter is attached as Schedule A.

### *Composition of the Audit Committee*

The members of the Corporation's Audit Committee as at August 31, 2023 are:

Wendy Henkelman (Chair)	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Janet Ecker	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Vincent Gasparro	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>
Mary Junck	Independent <sup>(1)</sup>	Financially literate <sup>(2)</sup>

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### Notes:

- (1) Pursuant to NI 52-110, a member of an audit committee is Independent if the member has no direct or indirect material relationship with the Corporation, which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

### *Relevant Education and Experience*

In addition to each member's general business experience, the education and experience of each member of the Audit Committee that is relevant to the performance of their responsibilities as a member of the Audit Committee are set forth below:

- **Wendy Henkelman (Chair)** – Ms. Henkelman has held executive positions in major oil and gas companies including the Vice President, Treasury and Compliance with Penn West Exploration and Country Tax Manager at Shell Canada. She began her career with KPMG LLP, progressing from the audit function to manager in the income tax group. Ms. Henkelman currently sits on the boards of ATB Financial and Trisumit Utilities, where she chairs the Audit Committee. Ms. Henkelman is a Chartered Professional Accountant, Chartered Accountant (Institute of Chartered Professional Accountants of Alberta) and holds a B.Comm from the University of Alberta.
- **Janet Ecker** – Ms. Ecker held the role of President and Chief Executive Officer of Toronto Financial Services Alliance for nearly 13 years. Ms. Ecker served as a Member of Provincial Parliament in Ontario from 1995 to 2003 and in 2002 she was the first woman to deliver a budget in Ontario. Ms. Ecker is a Member of the Order of Canada for her leadership in the financial industry.

- **Vincent Gasparro** –Mr. Gasparro has a BA from York University, an MSc from the London School of Economics and an MBA from the Villanova School of Business in Philadelphia. Mr. Gasparro has previously served on Finance and Audit committees at Toronto Community Housing Corporation and Terrace Global Inc.
- **Mary Junck** - Ms. Junck is Chairman of Lee Enterprises, Incorporated and former President of the Times Mirror Eastern Newspapers. In each of these roles she had responsibility for all finance functions. Ms. Junck holds a B.A. from Valparaiso University and a Master’s degree in Journalism from the University of North Carolina at Chapel Hill.

*Pre-Approval Policies and Procedures*

We have adopted a policy requiring Audit Committee pre-approval of audit and non-audit services. Specifically, the Audit Committee is required to pre-approve all audit and non-audit services (including any internal control-related services) provided by the independent auditor (subject to any restrictions on such non-audit services imposed by applicable legislation, regulatory requirements and policies), with such responsibility delegated to the Chair of the Audit Committee to pre-approve up to \$250,000 of audit fees beyond the approved annual audit fee if approval of such fees is required between meetings of the Audit Committee.

*External Auditor Service Fees*

The following table summarizes the fees billed by the Corporation’s external auditors for Fiscal 2022 and Fiscal 2021 for audit and non-audit related services provided to the Corporation and its subsidiaries:

<u>Year</u>	<u>Audit Fees</u>	<u>Audit Related Fees</u>	<u>Tax Fees</u>	<u>All Other Fees</u>
Fiscal 2023	\$556,200	\$92,000 <sup>(1)</sup>	\$61,700	-
Fiscal 2022	\$515,000	\$107,500 <sup>(2)</sup>	\$88,965	-

**Notes:**

- (1) Includes fees incurred with respect to new auditing standards and the integration of BNI.
- (2) Includes fees incurred with respect to specified procedures on internal controls and the BNI Acquisition including the purchase price allocation for the year ended August 31, 2022.

**ADDITIONAL INFORMATION**

Additional information relating to the Corporation may be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

Other information, including information on the remuneration and indebtedness of directors and officers, the principal holders of Postmedia’s securities, securities authorized for issuance under equity compensation plans, where applicable, is contained in the management information circular prepared in connection with the Meeting for the year ended August 31, 2023. Additional financial information is provided in the Corporation’s Financial Statements and MD&A which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).

**SCHEDULE "A"**  
**CHARTER OF THE AUDIT COMMITTEE**

**POSTMEDIA NETWORK CANADA CORP.**  
(the "Company")

**AUDIT COMMITTEE CHARTER**

**PURPOSE**

The audit committee of the Company (the "**Audit Committee**") is appointed by the board of directors of the Company (the "**Board of Directors**") to assist the Board of Directors in its oversight and evaluation of:

- the quality and integrity of the financial statements of the Company;
- the compliance by the Company with legal and regulatory requirements in respect of financial disclosure;
- the qualification, independence and performance of the Company's independent auditor;
- the assessment, monitoring and management of the financial, reporting and compliance risks of the Company's business (the "**Risks**");
- oversight and coordination of the enterprise risk management process; and
- the performance of the Company's Executive Vice President, Chief Financial Officer and Chief Transformation Officer.

In addition, the Audit Committee provides an avenue for communication between the independent auditor, the Company's Executive Vice President, Chief Financial Officer and Chief Transformation Officer and other financial senior management, other employees and the Board of Directors concerning accounting, auditing and Risk management matters.

The Audit Committee is directly responsible for the recommendation of the appointment and retention (and termination) and for the compensation and the oversight of the work of the independent auditor (including oversight of the resolution of any disagreements between senior management and the independent auditor regarding financial reporting) for the purpose of preparing audit reports or performing other audit, review or attest services for the Company.

The Audit Committee is not responsible for:

- planning or conducting audits, or
- certifying or determining the completeness or accuracy of the Company's financial statements or that those financial statements are in accordance with the International Accounting Standards issued by the International Accounting Standards Board ("**IFRS**").

Each member of the Audit Committee shall be entitled to rely in good faith upon:

- financial statements of the Company represented to him or her by senior management of the Company or in a written report of the independent auditor to present fairly the financial position of the Company in accordance with IFRS; and

- any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

“**Good faith reliance**” means that the Audit Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by senior management or the expert is reasonable. Generally, good faith reliance does not require that the member question the honesty, competence and integrity of senior management or the expert unless there is a reason to doubt their honesty, competence and integrity.

The fundamental responsibility for the Company’s financial statements and disclosure rests with senior management. It is not the duty of the Audit Committee to conduct investigations, to itself resolve disagreements (if any) between senior management and the independent auditor or to assure compliance with applicable legal and regulatory requirements.

In discharging its obligations under this Charter, the Audit Committee shall act in accordance with its fiduciary duties.

## REPORTS

The Audit Committee shall report to the Board of Directors on a regular basis and, in any event, before the public disclosure by the Company of its quarterly and annual financial results. The reports of the Audit Committee shall include any issues of which the Audit Committee is aware with respect to the quality or integrity of the Company’s financial statements, its compliance with legal or regulatory requirements, the performance and independence of the Company’s independent auditor and changes in Risks.

The Audit Committee also shall prepare, as required by applicable law, any audit committee report required for inclusion in the Company's publicly filed documents.

## COMPOSITION

The members of the Audit Committee shall be three or more independent individuals who are appointed (and may be replaced) by the Board of Directors on the recommendation of the Company's Corporate Governance and Nominating Committee. The appointment of members of the Audit Committee shall take place after a meeting of shareholders at which directors are elected, provided that if the appointment of members of the Audit Committee is not so made, the directors who are then serving as members of the Audit Committee shall continue as members of the Audit Committee until their successors are appointed. The Board of Directors may appoint a member to fill a vacancy that occurs in the Audit Committee between elections of directors. Any member of the Audit Committee may be removed from the Audit Committee by a resolution of the Board of Directors. Unless the chair of the Audit Committee (the “**Chair**”) is appointed by the Board of Directors, the members of the Audit Committee may designate a Chair by majority vote of the members of the Audit Committee.

Each of the members of the Audit Committee shall meet the independence requirements of any applicable legislation, regulatory requirements and policies, including, but not limited to, the independence requirements set out in section 1.4 and 1.5 of *National Instrument 52-110 – Audit Committees* and shall be financially literate (or acquire that familiarity within a reasonable period after appointment) in accordance with applicable legislation and stock exchange requirements. No member of the Audit Committee shall:

- accept (directly or indirectly) any consulting, advisory or other compensatory fee from the Company or any of its subsidiaries<sup>1</sup> (other than remuneration for acting in his or her capacity as a director or committee member) or be an “*affiliated person*”<sup>2</sup> of the Company or any of its subsidiaries; or
- concurrently serve on the audit committee of more than three other public companies without the prior approval of the Audit Committee, the Corporate Governance and Nominating Committee and the Board of Directors and their determination that such simultaneous service would not impair the ability of the member to effectively serve on the Audit Committee.

## RESPONSIBILITIES

### Independent Auditor

The Audit Committee shall:

- recommend the appointment and the compensation of, and, if appropriate, the termination of the independent auditor, to the Board of Directors for shareholder approval as is required under applicable legislation and stock exchange requirements;
- obtain confirmation from the independent auditor that it ultimately is accountable, and will report directly, to the Audit Committee and the Board of Directors;
- oversee the work of the independent auditor, including the resolution of any disagreements between senior management and the independent auditor regarding financial reporting;
- pre-approve all audit and non-audit services (including any internal control-related services) provided by the independent auditor (subject to any restrictions on such non-audit services imposed by applicable legislation, regulatory requirements and policies), with such responsibility delegated to the Chair to pre-approve up to \$250,000 of audit fees beyond the approved annual audit fee if approval of such fees is required between meetings of the Audit Committee;
- adopt such policies and procedures as it determines appropriate for the pre-approval of the retention of the independent auditor by the Company and any of its subsidiaries for any audit or non-audit services, including procedures for the delegation of authority to provide such approval to one or more members of the Audit Committee;
- provide notice to the independent auditor of every meeting of the Audit Committee;

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<sup>1</sup> A company is a subsidiary of another company if it is controlled, directly or indirectly, by that other company (through one or more intermediaries or otherwise).

<sup>2</sup> An “affiliate” of a person is a person that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with the first person.

- approve all engagements for accounting advice prepared to be provided by an accounting firm other than independent auditor in respect of any such engagement that is reasonably expected to result in fees in excess of \$25,000, with such responsibility delegated to the Chair if approval of such engagements is required between meetings of the Audit Committee; and
- at least annually, review the qualifications, performance and independence of the independent auditor. In doing so, the Committee should, among other things, undertake the measures set forth in **Appendix “A”** to this Charter.

### **The Audit Process, Financial Statements and Related Disclosure**

The Audit Committee shall:

- meet with senior management and/or the independent auditor to review and discuss:
  - the planning and staffing of the audit by the independent auditor;
  - before public disclosure, the Company’s annual audited financial statements and quarterly financial statements, financial information in the annual information form and prospectuses, the Company’s accompanying disclosure of Management’s Discussion and Analysis and earnings press releases and the reports of the Disclosure Committee with respect thereto, and make recommendations to the Board of Directors as to their approval and dissemination of those statements and disclosure;
  - if applicable, forward looking financial information and earnings guidance provided to analysts or market participants;
  - any significant financial reporting issues and judgments made in connection with the preparation of the Company’s financial statements, including any significant changes in the selection or application of accounting principles, any major issues regarding auditing principles and practices, and the adequacy of internal controls that could significantly affect the Company’s financial statements;
  - all critical accounting policies and practices used;
  - all alternative treatments of financial information within IFRS that have been discussed with senior management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
  - the use of “*pro forma*” or “*adjusted*” non-IFRS information;
  - the effect of new accounting pronouncements;
  - the effect of any material off-balance sheet structures, transactions, arrangements and obligations (contingent or otherwise) on the Company’s financial statements;
  - any disclosures concerning any weaknesses or any deficiencies in the design or operation of internal controls or disclosure controls made to the Audit Committee in connection with certification of forms by the President and Chief Executive Officer and/or the Executive Vice President, Chief Financial Officer and Chief Transformation Officer for filing with applicable securities regulators; and
  - the adequacy of the Company’s internal accounting controls and management information systems and its financial, auditing and accounting organizations and personnel (including any fraud involving an individual with a significant role in internal controls or management information systems) and any special steps adopted in light of any material control deficiencies.

- review in advance public disclosure of financial information extracted or derived from the Company's financial statements;
- review with the independent auditor:
  - the quality, as well as the acceptability, of the accounting principles that have been applied;
  - any problems or difficulties the independent auditor may have encountered during the provision of its audit services, including any restrictions on the scope of activities or access to requested information and any significant disagreements with senior management, any management letter provided by the independent auditor or other material communication (including any schedules of unadjusted differences) to senior management and the Company's response to that letter or communication; and
  - any changes to the Company's significant auditing and accounting principles and practices suggested by the independent auditor or members of senior management.
- review and assess annually the adequacy of the Disclosure Committee's charter and position description for its chair and approve any improvements to the Disclosure Committee charter or the position description that the Disclosure Committee determines to be appropriate and report any such amendments to the Board of Directors at its next regular meeting.

## Risks

The Audit Committee shall:

- recommend to the Board of Directors a formalized, disciplined and integrated enterprise risk management process (the "**ERM Process**") that is developed by senior management to monitor, manage and report principal Risks;
- at least semi-annually, obtain from senior management a report specifying the management of the financial, reporting and compliance risks of the Company including compliance with the ERM Process;
- review with senior management the Company's tolerance for financial Risk and senior management's assessment of the significant financial Risks facing the Company;
- discuss with senior management, at least annually, the guidelines and policies utilized by senior management with respect to financial Risk assessment and management, and the major financial Risk exposures and the procedures to monitor and control such exposures in order to assist the Audit Committee to assess the completeness, adequacy and appropriateness of financial Risk disclosure in Management's Discussion and Analysis and in the financial statements; and
- review the adequacy of insurance coverages maintained by the Company.

## Compliance

The Audit Committee shall:

- obtain certification from senior management of the Company that all amounts required to be withheld and remitted or paid by the Company under applicable laws and regulations for which directors may be statutorily liable, including, without limitation, all employee payroll taxes, have been remitted or paid;
- review with senior management and the independent auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports, which raise material issues regarding the Company's financial statements or accounting policies;

- review senior management’s written representations to the independent auditor;
- receive and review reports from senior management of the Company as to compliance with financial covenants stipulated in the debt instruments of the Company;
- review at least semi-annually with the Company’s Executive Vice President, Chief Administrative Officer and General Counsel legal matters that may have a material impact on the financial statements and any material reports or inquiries received from regulators or governmental agencies;
- review periodically, on the initiative of the Disclosure Committee, the Company’s disclosure compliance policies, including the Timely Disclosure, Confidentiality and Insider Trading Policy and recommend such policies to the Board of Directors for approval; and
- establish procedures for:
  - the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters, and
  - the confidential, anonymous submission by employees of the Company with concerns regarding any accounting or auditing matters.

## MEETINGS

The Audit Committee shall meet at least quarterly and more frequently as circumstances require. All members of the Audit Committee should strive to be at all meetings.

The Audit Committee shall meet separately, periodically, with senior management and the independent auditor and may request any member of the Company’s senior management or the Company’s outside counsel or independent auditor to attend meetings of the Audit Committee or with any members of, or advisors to, the Audit Committee. The Audit Committee also may meet with the investment bankers, financial analysts and rating agencies that provide services to, or follow, the Company. The Audit Committee will also meet *in camera* at each of its regularly scheduled meetings. The Chair of the Audit Committee or the Board of Directors will determine whether it is necessary for the Audit Committee to meet *in camera* after any of its non-regularly scheduled meetings.

Quorum for the transaction of business at any meeting of the Audit Committee shall be a majority of the number of members of the Audit Committee or such greater number as the Audit Committee shall by resolution determine. The powers of the Audit Committee may be exercised at a meeting at which a quorum of the Audit Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Audit Committee. Each member (including the Chair) is entitled to one (but only one) vote in Audit Committee proceedings.

Meetings of the Audit Committee shall be held from time to time and at such place as a member of the Audit Committee or the independent auditor may request upon 48 hours prior notice. The notice period may be waived by a quorum of the Audit Committee.

Except as otherwise provided in this Charter, the Audit Committee may form and delegate authority to individual members and subcommittees of the Audit Committee where the Audit Committee determines it is appropriate to do so.

## **INDEPENDENT ADVICE**

In discharging its mandate, the Audit Committee shall have the authority to retain (and authorize the payment by the Company of) and receive advice from special legal, accounting or other advisors as the Audit Committee determines to be necessary to permit it to carry out its duties.

## **EVALUATION**

At least once in each two year period in the case of (a) below and annually in the case of (b) below, or more frequently at the request of the Executive Vice President, Chief Administrative Officer and General Counsel as a result of legislative or regulatory changes, the Audit Committee shall, in a manner it determines to be appropriate:

- Conduct a review and evaluation of the performance of the Audit Committee and its members, including the compliance of the Audit Committee with this Charter; and
- Review and assess the adequacy of its Charter and the position description for its Chair and recommend to the Board of Directors any improvements to this Charter or the position description that the Audit Committee determines to be appropriate, except for minor technical amendments to this Charter, authority for which is delegated to the Executive Vice President, Chief Administrative Officer and General Counsel, who will report any such amendments to the Board of Directors at its next regular meeting.

## APPENDIX A

### QUALIFICATIONS, PERFORMANCE AND INDEPENDENCE OF INDEPENDENT AUDITOR

- Review the experience and qualifications of the senior members of the independent auditor's team;
- Discuss with the independent auditor its internal quality-control procedures;
- Confirm with the independent auditor that it is in compliance with applicable legal, regulatory and professional standards relating to auditor independence;
- Confirm with the independent auditor that it is a participating audit firm of the Canadian Public Accountability Board in compliance with all restrictions or sanctions imposed on it (if any);
- Review and approve clear policies for the hiring by the Company of partners, employees and former partners and employees of the present and former independent auditor;
- Review periodic reports from the independent auditor regarding its independence and consider whether there are any non-audit services or relationships that may affect the objectivity and independence of the independent auditor and, if so, recommend that the Board of Directors take appropriate action to satisfy itself of the independence of the independent auditor; and
- Obtain and review such report(s) from the independent auditor as may be required by applicable legal and regulatory requirements.