



# ANNUAL REPORT

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## A Message from the Chair

**My Fellow Shareholders,**

**In 2025, Postmedia continued to navigate a complex and often unpredictable environment, while remaining focused on building long-term stability and value for our shareholders. The year underscored both the challenges facing the media industry and the importance of strong governance in guiding our company's future.**

This year, we welcomed Jason Kenney and Terrie O'Leary to our Board of Directors, adding breadth of expertise and strengthening our collective ability to provide oversight and strategic direction. These appointments reflect our ongoing commitment to ensuring that Postmedia benefits from diverse perspectives and experiences at the highest level of decision-making.

Financially, Postmedia was disciplined and aggressive. Operating expenses were reduced year-over-year, debt repayment advanced, and investments were directed toward strategic priorities that will help sustain the company through ongoing shifts in the industry, allowing the company to build on its revenue diversification efforts.

While traditional revenue streams remain under pressure, revenue has begun to stabilize as Postmedia has moved decisively to adapt and diversify. Expansions in parcel delivery,

new collaborations in journalism, and platform modernization efforts are all critical components of this transformation.

The Board's role is to provide oversight, accountability, and guidance as management executes on strategy. We remain confident in the leadership team's ability to manage near-term challenges while positioning Postmedia for long-term resilience. The company's focus on journalistic excellence, strengthening customer relationships through innovation, and revenue diversification reflects a strategy that balances pragmatism with ambition.

On behalf of the Board, I want to thank you for your trust and support. We recognize the responsibility you place in us, and we are committed to safeguarding your investment while ensuring Postmedia continues to play its vital role in Canadian society.

With strong governance, clear priorities, and a dedicated team, we look forward to building on the progress of 2025 and to advancing Postmedia's position as Canada's voice.

A handwritten signature in blue ink, reading "L. A. Sharpe".

**Peter Sharpe**  
Chair, Postmedia



## A Message from the President & CEO

**This past year has been a defining and promising one for Postmedia as we continue to solidify our role as Canada's voice. As we rolled out in our editorial mission statement, this is a company that connects communities, tells the stories of Canadians, and delivers trusted journalism that strengthens our national identity.**

The launch of that new editorial mission statement was an important milestone in this journey. It highlights our commitment to journalistic excellence and reinforces the central role our newsrooms play in inspiring and harnessing Canadian ambition. This clarity of purpose in our editorial function supports Postmedia's broader position as a stable, national voice for Canadians.

We made significant progress on the business front in what remains a challenging environment for media companies worldwide. Through disciplined management, we achieved year-over-year reductions in operating expenses and continued to pay down debt, reflecting our commitment to strengthening Postmedia's financial foundation. While we continue to face headwinds, we are adapting our business model by diversifying into growth areas. Parcel delivery, for example, expanded this year into Newfoundland and Saskatchewan, reinforcing our national reach and providing a new revenue stream with strong potential.

Our partnership with the Investigative Journalism Bureau has already demonstrated the power of collaborative, fact-based reporting, including coverage that prompted government attention and action on medical testing practices in Ontario. We also continue to invest in the transformation of our platforms to

meet Canadians where they are and where they are headed. From short-form video to newsletters to new digital products, we are responding to evolving customer preferences while ensuring that our core values of credibility and trust remain unchanged.

We know the challenges are real. Disruption from generative AI, ongoing shifts in consumer behaviour, and economic pressures all create uncertainty. But we are not standing still. We are adapting, modernizing, and building a self-sustaining model that places our readers, audiences, and customers at the centre of everything we do.

Looking ahead, Postmedia's future rests on three priorities: strengthening Canadian journalism, modernizing the customer experience, and diversifying revenue to ensure long-term sustainability. With the dedication of our teams, the trust of our partners and audiences, and the resilience we continue to demonstrate, I am confident in our path forward.

To our employees, shareholders, partners, and readers, thank you for your support. Together, we are ensuring that Canadian journalism continues to thrive and that Postmedia remains Canada's voice for generations to come.

**Andrew MacLeod**  
President & CEO, Postmedia

## Our Brands



NATIONAL POST

FINANCIAL POST



The Province

The Gazette

TELEGRAPH-JOURNAL



+ DOZENS OF WEEKLY COMMUNITY AND SPECIALTY PUBLICATIONS ACROSS CANADA.



Healthing



THE GrowthOp

canoe



canada.com



WORKING.COM

Driving

LIVES Told



POSTMEDIA  
PARCEL SERVICES  
Canada's Delivery Network



POSTMEDIA SOLUTIONS

# Our Communities

## British Columbia

**Prince George Post**  
Prince George, British Columbia

**The Province**  
Vancouver, British Columbia

**Vancouver Sun**  
Vancouver, British Columbia

## Alberta

**Airdrie Echo**  
Airdrie, Alberta  
**Bow Valley Crag & Canyon**  
Banff, Alberta  
**Calgary Herald**  
Calgary, Alberta  
**Calgary Sun**  
Calgary, Alberta  
**Cochrane Times**  
Cochrane, Alberta  
**Daily Herald Tribune**  
Grande Prairie, Alberta  
**Devon Dispatch**  
Devon, Alberta

**Edmonton Examiner**  
Edmonton, Alberta  
**Edmonton Journal**  
Edmonton, Alberta  
**Edmonton Sun**  
Edmonton, Alberta  
**Fort McMurray Today**  
Fort McMurray, Alberta  
**La Nouvelle Beaumont News**  
Beaumont, Alberta  
**Leduc Representative**  
Leduc, Alberta  
**Peace River Record-Gazette**  
Peace River, Alberta

**Pincher Creek Echo**  
Pincher Creek, Alberta  
**The Cold Lake Sun**  
Cold Lake, Alberta  
**The Drayton Valley Western Review**  
Drayton, Alberta  
**The Fairview Post**  
Fairview, Alberta  
**The Grove Examiner**  
Spruce Grove, Alberta  
**The Hanna Herald**  
Hanna, Alberta  
**The High River Times**  
High River, Alberta

**The Leduc-Wetaskiwin County Market**  
Leduc, Alberta  
**The Mayerthorpe Freelancer**  
Mayerthorpe, Alberta  
**The Nanton News**  
Nanton, Alberta  
**The Peace Country Sun**  
Grande Prairie, Alberta  
**The Record**  
Fort Saskatchewan, Alberta  
**The Sherwood Park News**  
Sherwood Park, Alberta

**The Stony Plain Reporter**  
Stony Plain, Alberta  
**The Vulcan Advocate**  
Vulcan, Alberta  
**The Wetaskiwin Times**  
Wetaskiwin, Alberta  
**The Whitecourt Star**  
Whitecourt, Alberta  
**Vermilion Standard**  
Vermilion, Alberta

## Saskatchewan

**Regina Leader-Post**  
Regina, Saskatchewan

**Saskatoon StarPhoenix**  
Saskatoon, Saskatchewan

**The Journal**  
Melfort/Nipawin, Saskatchewan

## Ontario

**Chatham-Kent This Week**  
Chatham, Ontario  
**Clinton News-Record**  
Clinton, Ontario  
**Cochrane Times-Post**  
Cochrane, Ontario  
**Community Press**  
Belleville, Ontario  
**Exeter Lakeshore Times-Advance**  
Exeter, Ontario  
**Gananoque Reporter**  
Gananoque, Ontario  
**Goderich Signal-Star**  
Goderich, Ontario  
**Grey Bruce This Week**  
Owen Sound, Ontario  
**Kenora Miner & News**  
Kenora, Ontario  
**Kingston & Frontenac This Week**  
Kingston, Ontario  
**Kingston Whig-Standard**  
Kingston, Ontario  
**The London Free Press**  
London, Ontario

**Lucknow Sentinel**  
Lucknow, Ontario  
**Mitchell Advocate**  
Mitchell, Ontario  
**Napanee Guide**  
Napanee, Ontario  
**Norfolk & Tillsonburg News**  
Tillsonburg, Ontario  
**North Bay Nugget**  
North Bay, Ontario  
**Northern News This Week**  
Kirkland Lake, Ontario  
**Ontario Farmer**  
London, Ontario  
**Ottawa Citizen**  
Ottawa, Ontario  
**Ottawa Sun**  
Ottawa, Ontario  
**Paris Star**  
Paris, Ontario  
**Pembroke Observer & News**  
Pembroke, Ontario  
**Sarnia This Week**  
Sarnia, Ontario

**Sault This Week**  
Sault Ste. Marie, Ontario  
**Seaforth Huron Expositor**  
Seaforth, Ontario  
**Sentinel-Review**  
Woodstock, Ontario  
**Shoreline Beacon**  
Port Elgin, Ontario  
**Simcoe Reformer**  
Simcoe, Ontario  
**St. Thomas Times-Journal**  
St. Thomas, Ontario  
**Standard Freeholder**  
Cornwall, Ontario  
**Strathroy Age Dispatch**  
Strathroy, Ontario  
**The Beacon Herald**  
Stratford, Ontario  
**The Chatham Daily News**  
Chatham, Ontario  
**The County Weekly News**  
Picton, Ontario  
**The Courier Press**  
Wallaceburg, Ontario

**The Daily Press**  
Timmins, Ontario  
**The Expositor**  
Brantford, Ontario  
**The Intelligencer**  
Belleville, Ontario  
**The Kincardine News**  
Kincardine, Ontario  
**The Londoner**  
London, Ontario  
**The Mid-North Monitor**  
Espanola, Ontario  
**The Observer**  
Sarnia, Ontario  
**The Post**  
Hanover, Ontario  
**The Recorder & Times**  
Brockville, Ontario  
**The Sault Star**  
Sault Ste. Marie, Ontario  
**The Standard**  
Elliot Lake, Ontario  
**The Sudbury Star**  
Sudbury, Ontario

**The Sun Times**  
Owen Sound, Ontario  
**The Timmins Times**  
Timmins, Ontario  
**The Trentonian**  
Trenton, Ontario  
**Today's Farmer**  
London, Ontario  
**Today's Farmer**  
Chatham, Ontario  
**Toronto Sun**  
Toronto, Ontario  
**West Elgin Chronicle**  
West Elgin, Ontario  
**Warton Echo**  
Warton, Ontario  
**Windsor Star**  
Windsor, Ontario

## Quebec

**Montreal Gazette**  
Montreal, Quebec

## New Brunswick

**Bugle-Observer**  
Woodstock, New Brunswick  
**Info Weekend**  
Edmundston, New Brunswick

**Kings County Record**  
Sussex, New Brunswick  
**L'Étoile**  
Acadian Coast, New Brunswick

**Miramichi Leader**  
Miramichi, New Brunswick  
**Telegraph-Journal**  
Saint John, New Brunswick

**The Daily Gleaner**  
Fredericton, New Brunswick  
**The Northern Light**  
Bathurst, New Brunswick

**The Tribune**  
Campbellton, New Brunswick  
**Times & Transcript**  
Moncton, New Brunswick

## Prince Edward Island

**The Guardian**  
Charlottetown, Prince Edward Island

**Journal Pioneer**  
Summerside, Prince Edward Island

## Nova Scotia

**Annapolis Valley Register**  
Annapolis Valley, Nova Scotia  
**The Chronicle Herald**  
Halifax, Nova Scotia

**Cape Breton Post**  
Sydney, Nova Scotia  
**The Tri-County Vanguard**  
Digby, Shelburne & Yarmouth, Nova Scotia

**Valley Journal Advertiser**  
West Hants, Nova Scotia  
**The News**  
New Glasgow, Nova Scotia

**Truro News**  
Truro, Nova Scotia

## Newfoundland & Labrador

**The Telegram**  
St. John's, Newfoundland & Labrador

**POSTMEDIA NETWORK CANADA CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Approved for issuance: November 20, 2025



**NOVEMBER 20, 2025**

## MANAGEMENT'S DISCUSSION AND ANALYSIS

*This management's discussion and analysis of financial condition and results of operations of Postmedia Network Canada Corp. ("PNCC") as well as its direct and indirect subsidiaries, including Postmedia Network Inc. ("PMNI"), PNI Maritimes GP Inc. ("PNI Maritimes GP"), PNI Maritimes LP (collectively, "we", "our", "us", the "Company" or "Postmedia") should be read in conjunction with the audited consolidated financial statements and related notes of Postmedia for the years ended August 31, 2025 and 2024. The audited consolidated financial statements of Postmedia for the years ended August 31, 2025 and 2024 are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

*All amounts are expressed in Canadian dollars unless otherwise noted. The audited consolidated financial statements of Postmedia for the years ended August 31, 2025 and 2024 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards"). We applied the going concern basis of accounting in preparing the financial statements which is dependent upon our ability to generate sufficient profits and cash flows to ensure we have sufficient liquidity to meet our obligations as they fall due. Management is satisfied that cash flow forecasts, taking into account any reasonably possible changes in results and other uncertainties, will provide sufficient liquidity for at least the next twelve months.*

*This management's discussion and analysis is dated November 20, 2025 and does not reflect changes or information subsequent to this date. Additional information in respect of Postmedia is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

### **Caution Regarding Forward-Looking Statements**

*Certain statements contained in this MD&A and documents referenced herein constitute "forward-looking information" and "forward-looking statements" within the meaning of applicable Canadian securities laws (collectively referenced herein as "forward-looking statements"), including the provincial securities legislation in Canada. These statements relate to future events or future performance and reflect the Company's expectations and assumptions regarding the growth, results of operations, performance and business prospects and opportunities of the Company and its subsidiaries. Forward-looking statements are often, but not always, identified by the use of the words such as "may", "would", "could", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "pursue", "continue", "seek" or the plural or negative of these terms or other similar expressions concerning matters that are not historical facts. In particular, statements regarding the Company's or any of its subsidiary's objectives, plans and goals, including those related to future operating results, financial performance, and the markets and industries in which the Company and its subsidiaries operate are or involve forward-looking statements. Specific forward-looking statements in this document include, but are not limited to:*

- *the Company's business strategies, operational activities and strategic priorities;*
- *the Company's strategy and operations with respect to Saltwire's publications;*
- *the Company's business strategies, operational activities and strategic priorities;*
- *the Company's strategy and operations with respect to Saltwire's publications;*
- *the future growth opportunities for digital revenue and parcel revenue;*
- *print and digital advertising market trends;*
- *circulation revenue trends;*
- *the price of newsprint;*
- *newspaper circulation volume and production trends;*
- *seasonal advertising patterns and seasonal influence on media consumption habits;*



- the Company's cost savings and transformation initiatives; and
- the Company's cash on hand and cash flows from operations, including the receipt of the Canadian journalism tax credits as described below under the heading "Recent Developments", and available borrowings under our ABL Facility.

Forward-looking statements are based on several factors and assumptions that management believes are reasonable at the time they are made, but which may lead to actual results that differ materially from our expectations expressed in, or implied by, such forward-looking statements. As a result, we cannot guarantee that any forward-looking statement will materialize and we caution you against relying on any of these forward-looking statements. Forward-looking statements are included in this MD&A for the purpose of assisting investors and others in understanding our business strategies, objectives and plans. Readers are cautioned that such information may not be appropriate for other purposes. In making certain forward-looking statements, we have made certain assumptions, including, without limitation, assumptions about:

- the Company's future operating results;
- the future general economic and market conditions;
- the impact of increasing competition on the Company and industry mergers and acquisitions on the Company;
- changes in the industries and changes in laws and regulations related to the industries in which the Company operates;
- consumer and customer preferences;
- the ability of the Company to execute on and integrate acquisition and other growth strategies and opportunities and realize the expected benefits therefrom;
- changes in the markets and industries in which the Company operates and the ability of the Company to adapt to such changes;
- the current geopolitical landscape;
- general economic and industry growth rates;
- the economic impact of any potential recession on consumer behavior and advertising sales;
- that we will be able to successfully integrate, and realize synergies from, the businesses and assets that we acquired in the Saltwire Asset Purchase Transaction;
- that general economic conditions in Canada will not deteriorate significantly further;
- that we will be able to attract and retain key personnel in key positions;
- that we will be able to continue implementing and/or implement additional cost savings and transformation initiatives;
- assumptions and estimates regarding the timing and amounts of future revenues, expenses, and cost reduction and transformation initiatives and their impact on liquidity, which includes the use of the ABL Facility;
- assumptions including the discount rate and mortality rates, among others to measure the net defined benefit obligation;
- the market multiples used to calculate fair value less costs of disposal;

Forward-looking statements are also based upon the assumption that none of the identified risk factors that could cause actual results to differ materially from the anticipated or expected results described in the forward-looking information and statements will occur.

*Forward-looking statements are inherently subject to risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections, or conclusions will not prove to be accurate, that assumptions may not be correct, and that objectives, strategic goals and priorities will not be achieved. A number of known and unknown risks, uncertainties, and other factors, many of which are beyond the control of the Company, could cause actual events, performance or results to differ materially from what is projected in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to: liquidity risks; competition from digital and other forms of media may impair our ability to generate advertising and circulation revenue; our failure to maintain our print and online newspaper readership and circulation levels would limit our ability to generate advertising and circulation revenue, in addition to changes in the economic environment; we compete with alternative emerging technologies and may have to invest a significant amount of capital to address continued technological development; failure to fulfill our strategy of building our digital media and online businesses would adversely affect our business prospects; the integration of the assets acquired in the Saltwire Asset Purchase Transaction (as hereinafter defined) may not occur as planned; risks related to our indebtedness (including, without limitation: the risk that our substantial indebtedness could adversely affect our financial condition; despite our current level of indebtedness, we may be able to incur substantially more debt, which could further exacerbate the risks to our financial condition described; the terms of the First-Lien Notes and the Second-Lien Notes restrict our current and future operations, particularly our ability to respond to changes or to take certain actions; we may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful; and we may be adversely affected by foreign exchange fluctuations).*

*In evaluating forward-looking statements in this document or in the documents referenced herein, investors and prospective investors should specifically consider the foregoing and various other risks, uncertainties and other factors which may cause actual events, performance, or results to differ materially from any forward-looking statement.*

*This is not an exhaustive list of the factors that may affect any of the Company's forward-looking statements. Please refer to a discussion of the above and other risk factors related to the business of the Company and the industry in which it operates that will continue to apply to the Company, which are discussed in our annual management's discussion and analysis for the years ended August 31, 2024 under the heading "Risk Factors" and the Company's Annual Information Form ("AIF") for the year ended August 31, 2024 available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca).*

*These forward-looking statements are made as of the date of this MD&A or, in the case of documents referenced herein, as of the date of such documents, and the Company does not intend, and does not assume any obligation, to update or revise them to reflect new events or circumstances, except in accordance with applicable securities laws. Investors and prospective investors are cautioned not to place undue reliance on forward-looking statements.*

## Additional IFRS Accounting Standards Measure

We use operating income before depreciation, amortization, impairment and restructuring and other as presented in the audited consolidated financial statements for the years ended August 31, 2025 and 2024, to assist in assessing our financial performance. Management and the Board of Directors of Postmedia use this measure to evaluate consolidated operating results and to assess Postmedia's ability to incur and service debt. In addition, this measure is used to make operating decisions as it is an indicator of performance including of how much cash is being generated by Postmedia and assists in determining the need for additional cost reductions as well as the evaluation of personnel and resource allocation decisions. Operating income before depreciation, amortization and restructuring is referred to as an additional IFRS Accounting Standards measure and may not be comparable to similarly titled measures presented by other companies. The most directly comparable IFRS Accounting Standards financial measure is net loss.

## Overview and Background

Our business consists of news and information gathering and dissemination operations, with products offered in local, regional and major metropolitan markets in Canada through print, online and mobile platforms. Our operations include an extensive distribution network, which also offers distribution services, for advertising flyers and parcels. The combination of these distribution platforms provides audiences with a variety of media through which to access and interact with our content. The breadth of our reach and the diversity of our content enable advertisers to reach their target audiences on a local, regional or national scale through the convenience of a single provider. We have the highest weekly print readership of newspapers in Canada, based on Vividata Spring 2025 survey data and represent more than 140 brands across multiple print, online, and mobile platforms.

For financial reporting purposes we have one operating segment, the Newsmedia segment, which publishes daily and non-daily newspapers and operates digital media and online assets including each newspaper's online website. The Newsmedia segment's revenue is primarily from print and digital advertising and circulation/subscription revenue.

## Recent Developments

### ***Saltwire Asset Purchase Transaction***

On August 25, 2024, PNI Maritimes LP completed the purchase (the "Saltwire Asset Purchase Transaction") of certain businesses and assets of Saltwire Network Inc. and The Halifax Herald Limited (collectively, "Saltwire"), pursuant to an Asset Purchase Agreement dated July 25, 2024 (the "Saltwire Purchase Agreement"). The acquisition was a result of a successful bid by PNI Maritimes LP submitted in accordance with the sales and investment solicitation process, conducted in respect of certain businesses and assets of Saltwire pursuant to proceedings commenced in respect of Saltwire under the Companies' Creditors Arrangement Act (the "Saltwire CCAA Proceedings"). The Saltwire Purchase Agreement and the Saltwire Asset Purchase Transaction were approved by the Supreme Court of Nova Scotia on August 8, 2024. Postmedia intends to continue certain operations of Saltwire's publications, leveraging existing Postmedia newsmedia back-office resources and operational infrastructure to ensure there continues to be reliable and high-quality local news provided to the affected communities. The acquisition included Saltwire's daily and weekly papers, and parcel delivery business.

The consideration in respect of the Saltwire Asset Purchase Transaction is summarized below:

Cash consideration	1,000
Contingent consideration	3,099
<b>Acquisition Consideration</b>	<b>4,099</b>

In connection with the Saltwire Asset Purchase Transaction, PNI Maritimes LP entered into a Debt Repayment Agreement dated August 24, 2024 (the "Debt Repayment Agreement") with certain creditors of Saltwire. Under the Debt Repayment Agreement, PNI Maritimes agreed to contribute to the repayment of certain liabilities of Saltwire, including certain outstanding liabilities owing by Saltwire to such creditors under existing credit agreements (the "Existing Saltwire Credit Agreements") to which Saltwire was and remained a party post-closing of the Saltwire Asset Purchase Transaction and the debtor-in-possession financing (the "Saltwire DIP Facility") provided to Saltwire in connection with the CCAA Proceedings, in each case on an unguaranteed basis. Pursuant and subject to the terms and conditions of the Debt Repayment Agreement, the amount contributed by PNI Maritimes LP to the repayment of certain liabilities of Saltwire under the Existing Saltwire Credit Agreements and Saltwire DIP Facility will be based on the net earnings of PNI Maritimes LP post-closing of the Saltwire Asset Purchase Transaction, net of any proceeds from the disposition of or realization by Saltwire's creditors or trustees on the residual assets of Saltwire that PNI Maritimes LP did not acquire. As at August 24, 2024, PNI Maritimes LP's maximum contingent consideration exposure under the Debt Repayment Agreement was approximately \$33.5 million under the Existing Saltwire Credit Agreements and approximately \$7 million under the Saltwire DIP Facility, or approximately \$40.5 million in total. As at August 31, 2025, PNI Maritimes LP's maximum contingent consideration exposure under the Debt Repayment Agreement was approximately \$32.5 million under the Existing Saltwire Credit Agreements and approximately \$5.2 million under the Saltwire DIP Facility, or approximately \$37.7 million in total.

The contingent consideration of \$3.1 million as at August 31, 2024 was valued using a discounted cash flow approach of the expected performance of PNI Maritimes, consisting of the acquired businesses and assets of Saltwire, adjusting for factors applicable for a general market participant in accordance with IFRS 9. As at August 31, 2025, the contingent consideration increased to \$20.1 million. The increase primarily reflects revised forecasts of the performance of PNI Maritimes operated by the Company using a discounted cash flow model.

During the year ended August 31, 2025, the Company repaid \$2.1 million (2024 - \$nil) of the contingent consideration. The Company is required to remit contingent consideration payments quarterly, based on the net earnings of the acquired business as defined in the Debt Repayment Agreement.

Changes to the Company's contingent consideration for the years ended August 31, 2025 and 2024 are as follows:

	<b>Contingent Consideration</b>
August 31, 2023	-
Acquisition	3,099
August 31, 2024	3,099
Repayments	(2,082)
Accretion expense	320
Revaluation of estimate	18,924
August 31, 2025	20,261
Current	3,508
Long-term	16,753
August 31, 2025	20,261

During the year ended August 31, 2025, to ensure the success of historical local brands, the Company continued integrating the newly acquired newspapers from the purchase of certain businesses and assets (the "Saltwire Assets Purchase Transaction") into existing operations. This includes The Guardian, Cape Breton Post, The Chronicle Herald, The Telegram, The Newfoundland Wire, The Casket, Annapolis Valley Register, Valley Journal Advertiser, South Shore Breaker, The News, Truro News, The Tri-County Vanguard, The Valley Wire, and Journal Pioneer.

### ***Financing Transactions***

During the year ended August 31, 2024, we completed a refinancing transaction ("Refinancing Transaction") that included the following: (i) the issuance of US\$14.9 million of 10.5% First-Lien Senior Secured Notes, maturing November 30, 2028, at an interest rate of 10.5% if paid in cash or 11.5% if paid-in-kind ("New First-Lien Notes"), (ii) the redemption in full of our 8.25% Senior Secured Notes due 2027 ("First-Lien Notes") with the proceeds of the aforementioned issuance of First-Lien Notes; (iii) the partial repayment of \$4.7 million of unsecured promissory notes ("Unsecured Promissory Notes") with proceeds from the aforementioned issuance of New First-Lien Notes and (iv) the entering into of a new 3 year asset-based lending facility (the "New ABL Facility") with an aggregate commitment equal to the lesser of US\$40 million and a borrowing base, with an advance at closing to be used to repay our existing asset-based lending facility ("ABL Facility") of \$14.5 million in full and other transaction fees and expenses. We are subject to specific debt ratios related to the New First-Lien Notes and New ABL Facility, which impact variable interest rates and the method of interest payment, whether in cash or in kind; however, these ratios do not render the debt callable. As at August 31, 2025, we have US\$1.9 million (\$2.7 million) available on the New ABL Facility. We determined that the refinancing of the First-Lien Notes was an extinguishment of original terms and as a result we recognized a loss on debt refinancing of \$0.4 million in the year ended August 31, 2024. The unsecured revolving promissory notes at a balance of nil were terminated as part of the Refinancing Transaction.

### ***Asset and Property Sales***

On December 19, 2024, the Company sold the Saskatoon property with a carrying value of \$2.6 million for net proceeds of \$5.6 million, which was used to repay US\$3.4 million (\$5.0 million) principal amount of New First-Lien Notes.

On April 8, 2025, the Company sold the Winnipeg property with a carrying value of \$3.0 million for net proceeds of \$2.9 million which was used to repay US\$2.0 million (\$2.7 million) principal amount of New First-Lien Notes.

### ***Product Launches and Collaborations***

On June 26, 2025, we launched Lives Told, a digital product developed to help people memorialize their loved ones through professionally crafted life stories that combine permanence, beauty, and editorial expertise. Lives Told is now available across Canada through Postmedia's national network of trusted media brands. The platform is also being introduced in select U.S. cities, allowing American families to access the service through participating local outlets or directly at [LivesTold.com](https://LivesTold.com).

On May 22, 2025, VEEPS, the leading global platform for live-streamed concerts and entertainment, announced a strategic relationship with Postmedia Studios, a part of Postmedia Network Inc, to bring VEEPS All Access to Canada for the first time. VEEPS All Access is the first music subscription service to offer unlimited viewing of premium quality concerts and live music entertainment for a monthly or annual fee. This collaboration between VEEPS and Postmedia Studios will deliver unparalleled access to live entertainment for audiences across the country, from major cities to small towns, both live and on-demand.

On March 20, 2025, we launched Postmedia Ad Manager (P.A.M.), a self-serve advertising platform that enables businesses of all sizes to streamline their digital and print advertising efforts across one of Canada's largest network of news brands. Postmedia Ad Manager streamlines the ad buying process, giving advertisers enhanced flexibility and control over their campaigns. Although it caters to businesses of all sizes, it was specifically designed with small businesses in mind. With P.A.M., small businesses gain access to an affordable advertising solution, enabling them to connect with highly engaged local audiences across Postmedia's trusted network of publications.

### **Online News Act**

The federal *Online News Act* (Canada) (the “Online News Act”), commonly known as Bill C-18, is intended to help Canadian news organizations reach fair commercial agreements with the largest online platforms, such as search engines and social media sites. The Online News Act received Royal Assent on June 22, 2023 and subsequently came into force on December 15, 2024. On November 29, 2023, the Department of Canadian Heritage announced an agreement with Google LLC (Google) under which Google would contribute \$100 million to Canadian news organizations annually, indexed to inflation. Google held an open call to news organizations that wish to receive compensation under the Online News Act which ended on April 30, 2024. In 2024, Postmedia submitted required applications for eligibility of receipt of related contributions and is awaiting results of the distribution allocation. During the three months and year ended August 31, 2025, we recognized revenues from the Online News Act, commonly known as Bill C-18 of \$0.7 million and \$9.0 million respectively. As at August 31, 2025, \$5.0 million has yet to be received.

### **Impairment of Technology Assets**

During the year ended August 31, 2025, the Company determined the carrying amount of certain intangible assets should be impaired. The Company estimated the recoverable amount of certain intangible assets to be \$nil and recognized impairment losses on intangible assets of \$13.1 million. These impairment losses were primarily due to reassessments of strategic projects and changes in the expected future economic benefits of certain technology assets.

### **Legal**

In 2024, Postmedia, alongside other news media companies, commenced legal action against OpenAI Inc. in an effort to address OpenAI’s use of our intellectual property for their own commercial gain, which is an inappropriate and illegal use of Canadian content. This is the first case in Canada to address the use of copyrighted content to train AI systems.

### **Journalism Tax Credits**

The *Income Tax Act* (Canada) contains measures specific to our 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. During the three months and year ended August 31, 2025, the Company recognized a recovery of compensation expense of \$2.7 million and \$13.1 million, respectively, related to the journalism tax credits (2024 – \$11.3 million and \$16.7 million respectively). As at August 31, 2025, the net aggregate journalism tax credit receivable of \$11.9 million is included in trade and other receivables on the audited consolidated statement of financial position (August 31, 2024 - \$11.7 million). During the three and year ended August 31, 2025, the Company received nil and \$12.9 million, respectively, of the aggregate journalism tax credit receivable. The recognition of the journalism tax credits receivable is based on the Company’s interpretation of the federal budget and the related legislation. Actual amounts received may differ from the amounts currently recorded based on future CRA and/or Revenue Québec interpretations of eligibility, qualifications and determination of the tax credits. We currently record benefits under the Journalism Tax Credit support program based on the regulations in place at the beginning of the fiscal year.

### **Selected Annual Info**

	For the years ended August 31,		
	2025	2024	2023
Revenues	431,476	395,921	448,499
Net loss attributable to equity holders of the Company	(77,255)	(49,662)	(72,568)
Net loss per share attributable to equity holders of the Company			
Basic and diluted	\$ (0.78)	\$ (0.50)	\$ (0.73)
Total assets	128,025	148,924	169,378
Total long-term financial liabilities	388,964	352,638	292,524



## Key Factors Affecting Operating Results

Revenue is earned primarily from advertising, circulation and parcel services sources. Advertising revenue is a function of the volume, lineage or impressions, of advertising sold and rates charged. Circulation revenue is derived from subscriptions for newspapers, including All Access Subscriptions (across the four platforms of print, web, tablet and smartphone), ePaper and Digital Access subscriptions, single copy sales at retail outlets and vending machines and is a function of the number of newspapers sold and the price per copy. Parcel services revenue consists of revenue from our distribution network, which offers distribution services for advertising flyers and parcels.

Our major advertising categories are print and digital advertising. Advertising is influenced by both the overall strength of the economy and significant structural changes in the newspaper industry and media in general. The continuing shift in advertising dollars from print advertising to advertising in other formats, particularly online and other digital platforms including search and social media websites, combined with periods of economic uncertainty have contributed to significant declines in print advertising and a competitive digital advertising market. We continue to believe digital revenue represents a future growth opportunity for Postmedia and as a result we are focused on various products and initiatives in this area including digital marketing services that provide customized, full-service solutions to increase a business' overall revenue including website development, search engine optimization (SEO) and search engine marketing (SEM). We anticipate the print and digital advertising markets to remain challenging and expect the current quarter trends to continue in fiscal 2026.

In the year ended August 31, 2025, PNI Maritimes LP continued the integration of the Saltwire Assets Purchase Transaction which continued to expand the Company's circulation and parcel markets.

Our principal expenses consist of compensation, newsprint, distribution and production. As a result of the continuing trends in the legacy print business, we continue to pursue additional cost reduction initiatives.

Our operating results are affected by variations in the cost and availability of newsprint. Newsprint is the principal raw material used in the production of our newspapers and other print publications. It is a commodity that is generally subject to price volatility. We take advantage of the purchasing power that comes with the large volume of newsprint we purchase, as well as our proximity to paper mills across Canada, to minimize our total newsprint expense.

Our distribution is primarily outsourced to third-party suppliers. The key drivers of our distribution expenses are fuel costs and circulation, insert and parcel volumes.

Our production expenses include the costs related to outsourced production of our newspapers, digital advertising production costs and ink and other production supplies.

## **Other Factors**

### ***Seasonality***

Revenue has experienced, and is expected to continue to experience, seasonality due to seasonal advertising patterns and seasonal influences on media consumption habits. Historically, our advertising revenue and accounts receivable is typically highest in the first and third fiscal quarters, while expenses are relatively constant throughout the fiscal year.

### ***Critical accounting estimates and presentation***

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. Although these estimates, assumptions and judgements are based upon management's knowledge of the amount, event or actions; actual results could differ from those estimates, assumptions and judgements.

The company completes forecasting models that are used to assess our going concern assumption and liquidity needs. The forecasting models use considerable judgment applied by management and includes key assumptions and estimates regarding the timing and amounts of future revenues, expenses, and cost reduction and transformation initiatives and their impact on liquidity. The forecasting models and estimates of expected liquidity needs are sensitive to these assumptions. If, over the course of the next year, market conditions deteriorate further than anticipated, costs are higher than projected, and/or income as a result of the Online News Act and retroactive changes to the Canadian Journalism tax credit is different in amount or timing from management's forecasts, the Company may need to implement additional cost savings and transformation initiatives and/or seek additional sources of financing to ensure that the Company can continue to meet its liquidity needs.

The following significant areas require management to use assumptions and to make estimates:

#### **Future cash flow forecasts**

The estimate of future cash flows in our forecasts used in the going concern assumption takes into consideration the strength of the economy including inflationary pressures on us and its advertisers and subscribers as well as competition from other forms of media and technology companies. The news media industry is under significant competitive pressures from 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. Our cash flow forecast contains the impact of the Online News Act as well as transformation initiatives to address revenue declination in the legacy print business and key growth areas of digital advertising, digital subscriptions and parcel delivery. The cash flow forecast uses considerable judgement applied by management and includes key assumptions and estimates regarding the timing and amounts of future revenues, expenses, and cost reduction and transformation initiatives and their impact on liquidity, which includes the use of the ABL Facility. The cash flow forecast and estimates of expected liquidity needs are sensitive to these assumptions.

## **Impairment of long lived assets**

We test indefinite life intangible assets for impairment annually, or more frequently if there are indicators that an impairment may have arisen. In testing for impairment, assets including indefinite life intangible assets and other long-lived assets, are grouped into a cash generating unit ("CGU" or "CGUs") which represents the lowest level for which there are separately identifiable cash inflows. Goodwill acquired through a business combination is allocated to the CGU (or group of CGUs) that are expected to benefit from the synergies of the business combination. The recoverable amount of each CGU or group of CGUs is based on the higher of value in use and FVLCD calculations. During the years ended August 31, 2025 and 2024, the Company computed the FVLCD for each CGU by applying a market multiple model using a multiple range of 2.5 to 3.5 times the adjusted trailing twelve month operating income before depreciation, amortization, impairment and restructuring, less disposal costs. Management determined this key assumption based on an average of market multiples for comparable entities. Additional information on the Company's impairment testing is contained in note 6 of our audited consolidated financial statements. In addition, estimates were required in the determination of FVLCD for the Company's held-for-sale assets

## **Employee future benefits**

The cost of defined benefit post-retirement benefit plans and other long-term employee benefit plans and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions including the discount rate and mortality rates, among others to measure the net defined benefit obligation. Due to the complexity of the actuarial valuations and the long-term nature of employee future benefits, the corresponding obligation is highly sensitive to changes in assumptions. Discount rates are reviewed at each reporting date and corresponding adjustments to the net defined benefit obligation are recognized in other comprehensive income and deficit. A change in the discount rate used in the valuation of net defined benefit obligations, affects the reported funded status of our plans as well as the net benefit cost in subsequent fiscal years. As at August 31, 2025, a 50 basis-point decrease or increase in the discount rate would increase or decrease our defined benefit obligations by \$0.7 million or \$0.7 million, respectively. Refer to note 8 of our audited consolidated financial statements for the years ended August 31, 2025 and 2024 for more details about the methods and assumptions used in estimating the cost of our defined benefit post-retirement benefit plans and other long-term employee benefit plans.

## **Fair value of contingent consideration**

The fair value of contingent consideration paid as part of the acquisition (the "Saltwire Asset Purchase Transaction") of certain business and assets of Saltwire Network Inc. and The Halifax Herald Limited (collectively, "Saltwire") was determined using significant estimates, where actual performance may vary significantly. Significant judgements were required in areas such as timing and amounts of future revenues and expenses associated with the businesses and assets acquired pursuant to the Saltwire Asset Purchase Transaction, the realization of synergies resulting from the Saltwire Asset Purchase Transaction, relevant discount rates, and assessing synergies that we expect to realize by operating the business. The fair value of contingent consideration is revalued at every reporting period using a discounted cash flow model based off the performance of PNI Maritimes operating by the Company. The discount rate used in the reflects the applicable market cost of debt.

The following areas require management to use significant judgements apart from those involving estimates:

**Determination of useful lives for the depreciation and amortization of assets with finite lives**

For each class of assets with finite lives, management has to determine over which period we will consume the asset's future economic benefits. The determination of such periods and if necessary, the subsequent revision of such periods, involves judgement and has an impact on the depreciation and amortization recorded in the consolidated statements of operations. We take into account industry trends and company specific factors, including changing technologies and expectations for the in-service period of assets, when determining their respective useful lives.

**Determination of the measurement of government grants and tax credits**

Judgement is required in determining when government grants and tax credits are recognized. Government grants and tax credits are recognized when there is reasonable assurance that we have complied with the conditions associated with the relevant government program. The determination of reasonable assurance involves judgement due to the complexity of the programs and related claim and review processes. The recognition of the journalism tax credits receivable is based on our interpretation of the federal budget, related legislation and correspondence with relevant tax authorities. Actual amounts received may differ from the amounts currently recorded based on future CRA and/or Revenue Québec interpretations of eligibility, qualifications and determination of the tax credits.

## Operating Results

**Postmedia's operating results for the three months ended August 31, 2025 as compared to the three months ended August 31, 2024**

	2025	2024
<b>Revenues</b>		
Advertising	46,363	43,115
Circulation	33,939	32,079
Parcel services	15,711	12,146
Other	5,211	5,817
<b>Total revenues</b>	<b>101,224</b>	<b>93,157</b>
<b>Expenses</b>		
Compensation	29,212	19,734
Newsprint	2,428	2,825
Distribution	38,034	34,214
Production	10,286	8,881
Other operating	16,618	15,288
<b>Operating income before depreciation, amortization, impairment and restructuring and other</b>	<b>4,646</b>	<b>12,215</b>
Depreciation	3,127	3,772
Amortization	561	517
Impairment	14,996	-
Restructuring and other	19,738	3,843
<b>Operating (loss) income</b>	<b>(33,776)</b>	<b>4,083</b>
Interest expense	10,509	9,965
Foreign currency exchange (gains) losses	332	(3,589)
Net financing expense relating to employee benefit plans	288	343
Loss on disposal of property, plant and equipment and assets held-for-sale, and right of use assets	140	295
(Gain) loss on derivative financial instruments and financial assets at fair value through profit and loss	(357)	146
<b>Net loss after income taxes</b>	<b>(44,688)</b>	<b>(3,077)</b>

### Revenue

#### Advertising

Advertising revenue increased \$3.2 million, or 7.5%, to \$46.4 million for the three months ended August 31, 2025 as compared to the same period in prior year, as a result of increases from print advertising of 11.1% an increase in digital advertising of 0.5%. The increase in print advertising was primarily due to increases in insert advertising of 24.2%, partially offset by a decrease in run of paper advertising of 3.9%. The increase in digital advertising was primarily as a result of increases in programmatic and digital marketing services advertising of 24.7% and 0.3%, respectively, partially offset by a decrease in direct owned and operated digital advertising 3.3%. Excluding the impact of the Saltwire Assets Purchase Transaction, advertising revenue decreased \$0.8 million, or 1.8%, for the three months ended August 31, 2025 as compared to the same period in prior year.

#### Circulation

Circulation revenue increased \$1.9 million, or 5.8%, to \$34.0 million for the three months ended August 31, 2025 as compared to the same period in the prior year. The increase in circulation revenue was a result of an increase in newspaper prices and the integration of the Saltwire Assets Purchase Transaction into PNI Maritimes operations. Excluding the impact of the Saltwire Assets Purchase Transaction, circulation revenue decreased \$1.5 million, or 4.6%, for the three months ended August 31, 2025 as compared to the same period in prior year.

### *Parcel services*

Parcel services revenue increased \$3.6 million, or 29.4%, to \$15.7 million for the three months ended August 31, 2025, as compared to the same period in the prior year. The increase in parcel services revenue was a result of increases in parcel volumes.

### *Other*

Other revenue decreased by \$0.6 million, or 10.4% to \$5.2 million for the three months ended August 31, 2025, as compared to the same period in the prior year. The decrease was a result of a decrease in commercial print and sundry revenues. Excluding the impact of the Saltwire Assets Purchase Transaction, other revenue decreased \$1.8 million, or 30.5%, for the three months ended August 31, 2025 as compared to the same period in prior year.

## **Expenses**

### *Compensation*

Compensation expenses increased \$9.5 million, or 48.0%, to \$29.2 million for the three months ended August 31, 2025, as compared to the same period in the prior year. The increase in compensation expense is primarily as a result of the integration of PNI Maritimes operations, and legislation changes to the journalism tax credit as described earlier in “Recent Developments”. The changes led to a decrease in the journalism tax credit for the three months ended August 31, 2025, as compared to the same period in the prior year. Excluding the impact of the journalism tax credits, compensation expenses increased \$1.5 million, or 4.9%, to \$32.9 million for the three months ended August 31, 2025 as compared to the same period in the prior year. Excluding the impact of the Saltwire Assets Purchase Transaction, compensation expenses increased \$7.6 million, or 38.3%, for the three months ended August 31, 2025 as compared to the same period in prior year, which is primarily as a result of the integration of PNI Maritimes operations and journalism tax credit legislation changes, as mentioned above.

### *Newsprint*

Newsprint expenses decreased \$0.4 million, or 14.1%, to \$2.4 million for the three months ended August 31, 2025 as compared to the same period in the prior year primarily as a result of a decrease in newsprint consumption, a decrease to newspaper page counts and circulation volumes, and continued usage reduction efforts. Excluding the impact of the Saltwire Assets Purchase Transaction, newsprint expenses decreased \$0.5 million, or 17.2%, for the three months ended August 31, 2025 as compared to the same period in prior year.

### *Distribution*

Distribution expenses increased \$3.8 million, or 11.2%, to \$38.0 million for the three months ended August 31, 2025, as compared to the same period in the prior year. Excluding the impact of the Saltwire Assets Purchase Transaction, distribution expenses decreased \$2.1 million, or 6.1%, for the three months ended August 31, 2025 as compared to the same period in prior year.



### *Production*

Production expenses increased \$1.4 million, or 15.8%, to \$10.3 million for the three months ended August 31, 2025, as compared to the same period in the prior year. The increase was primarily a result of increases in outside printing, outside and other production costs which is in line with increases in inserts and programmatic advertising revenue, respectively, as discussed above. Excluding the impact of the Saltwire Assets Purchase Transaction, production expenses increased \$0.7 million, or 7.4%, to \$9.5 million for the three months ended August 31, 2025 as compared to the same period in prior year.

### *Other operating*

Other operating expenses increased \$1.3 million, or 8.7%, to \$16.6 million for the three months ended August 31, 2025, as compared to the same period in the prior year. The increase in other operating expenses was primarily related to increases in technology, bad debts allowances and readership expenses, partially offset by decreases in marketing and promotion expenses. Excluding the impact of the Saltwire Assets Purchase Transaction, other operating expenses decreased \$0.1 million, or 0.5%, for the three months ended August 31, 2025 as compared to the same period in prior year.

### ***Operating income before depreciation, amortization, impairment and restructuring and other***

Operating income before depreciation, amortization, impairment and restructuring and other decreased \$7.5 million to \$4.7 million for the three months ended August 31, 2025 as compared to the same period in the prior year. The decrease was as a result of increases in compensation, distribution, production and other operating expenses, partially offset by an increase in advertising, circulation and parcel services revenue, all as discussed above. Excluding the impact of the Saltwire Assets Purchase Transaction, operating income before depreciation, amortization and restructuring and other decreased \$10.2 million for the three months ended August 31, 2025 as compared to the same period in prior year.

### *Depreciation*

Depreciation expense decreased \$0.6 million to \$3.1 million for the three months ended August 31, 2025 as compared to the same period in the prior year. The decrease was primarily as a result of assets and right-of-use assets that were fully depreciated during the year ended August 31, 2025.

### *Amortization*

Amortization expense increased a nominal amount to \$0.6 million for the three months ended August 31, 2025 as compared to the same period in the prior year.

### *Impairment*

Impairment expenses increased \$15.0 million for the three months ended August 31, 2025 as compared to the same period in the prior year. The increase was primarily a result of write downs on capitalized software costs related to McClatchy as described earlier in "Recent Developments" and write downs on certain intangible assets related to domain names and mastheads.

### *Restructuring and other*

Restructuring expenses increased \$15.9 million, or 413.6%, to \$19.7 million for the three months ended August 31, 2025 as compared to the same period in the prior year. Restructuring expenses includes both involuntary terminations and voluntary buyouts and revaluation of contingent consideration, as described earlier in "Recent Developments". Other expenses decreased a nominal amount for the three months ended August 31, 2025 as compared to the same period in the prior year.

### ***Operating (loss) income***

Operating loss was \$33.8 million for the three months ended August 31, 2025, as compared to an operating income of \$4.1 million for the same period in the prior year. The increase in operating loss in the three months ended August 31, 2025 was primarily the result of a decrease in operating income before depreciation, amortization and restructuring and other and an increase in impairment expense and restructuring and other expenses all as discussed above. Excluding the impact of the Saltwire Assets Purchase Transaction, operating loss decreased \$21.4 million for the three months ended August 31, 2025 as compared to the same period in prior year.

### ***Interest expense***

Interest expense increased \$0.5 million to \$10.5 million for the three months ended August 31, 2025, as compared to the same period in the prior year. Interest expense primarily relates to interest on our long-term debt that was recognized using the effective interest rate method, which amortizes the initial debt issuance costs and includes both cash and non-cash interest. The increase in interest was primarily due to an increase in the paid-in-kind interest on our 10.25% Senior Secured Notes due 2027 ("Second-Lien Notes"), partially offset by a decrease in the paid-in-kind interest on our New First-Lien Notes.

### ***Foreign currency exchange gains***

Foreign currency exchange gains for the three months ended August 31, 2025 were \$0.3 million as compared to a gain of \$3.6 million in the same period in the prior year. The decrease in foreign currency exchange gains was primarily due to fluctuations in the Canadian dollar relative to the US dollar and the impact on our US dollar denominated long term debt.

### ***Net financing expense relating to employee benefit plans***

Net financing expense relating to employee benefit plans decreased a nominal amount to \$0.3 million for the three months ended August 31, 2025, as compared to the same period in the prior year.

### ***Loss on disposal of property, plant and equipment, assets held-for-sale, and right-of-use assets***

During the three months ended August 31, 2025 we disposed of right-of-use assets and realized a nominal loss of \$0.1 million. During the three months ended August 31, 2024, we disposed of right-of-use assets and realized a loss of \$0.5 million, disposed of assets held-for-sale and realized a gain of \$0.1 million, and recognized a gain on disposal of property and equipment of \$0.1 million.

### ***(Gain) loss on derivative financial instruments and financial assets at fair value through profit and loss***

The gain on derivative financial instruments and financial assets at fair value through profit and loss for the three months ended August 31, 2025 was \$0.3 million as compared to a loss of \$0.1 million during the same period in the prior year. The gain in the three months ended August 31, 2025 and loss in the three months ended August 31, 2024 relate to the revaluation of shares and warrants of Mogo Inc.

### ***Net loss after income taxes***

Net loss after income taxes increased \$41.6 million to \$44.7 million for the three months ended August 31, 2025, as compared to the same period in the prior year. The increase in net loss after income taxes was primarily the result of an increase in operating loss, impairment expense, interest expense and a decrease in foreign currency exchange gains, partially offset by an increase in gain on derivative financial instruments and financial assets at fair value through profit and loss, in each case as described in further detail above.

**Postmedia's operating results for the year ended August 31, 2025 as compared to the year ended August 31, 2024**

	2025	2024
<b>Revenues</b>		
Advertising	207,841	185,134
Circulation	140,751	130,183
Parcel services	55,380	51,016
Other	27,504	29,588
<b>Total revenues</b>	<b>431,476</b>	<b>395,921</b>
<b>Expenses</b>		
Compensation	134,060	124,780
Newsprint	10,581	11,597
Distribution	148,730	137,922
Production	44,407	40,405
Other operating	68,475	66,398
<b>Operating income before depreciation, amortization, impairment and restructuring and other</b>	<b>25,223</b>	<b>14,819</b>
Depreciation	12,930	16,272
Amortization	2,248	2,240
Impairment	16,497	-
Restructuring and other	24,255	9,144
<b>Operating loss</b>	<b>(30,707)</b>	<b>(12,837)</b>
Interest expense	42,439	37,179
Foreign currency exchange losses (gains)	6,048	(1,177)
Net financing expense relating to employee benefit plans	1,154	1,376
(Gain) loss on disposal of property and equipment, assets held-for-sale, right of use assets and other assets	(2,567)	156
Gain on derivative financial instruments and financial assets at fair value through profit and loss	(526)	(1,076)
Loss on debt refinancing	-	367
<b>Net loss after income taxes</b>	<b>(77,255)</b>	<b>(49,662)</b>

**Revenue**

*Advertising*

Advertising revenue increased \$22.7 million, or 12.3%, to \$207.8 million for the year ended August 31, 2025 as compared to the same period in prior year, which includes increases from print advertising of 12.4% and digital advertising of 11.9%. The increase in print advertising was primarily due to increases in insert advertising of 37.2%, partially offset by a decrease in run of paper advertising of 7.8%. The increase in digital advertising was primarily as a result of increases in both programmatic and direct owned and operated digital advertising of 48.4% and 15.1%, respectively, partially offset by a decrease of digital marketing services of 3.2%. Excluding the impact of the Saltwire Assets Purchase Transaction, advertising revenue increased \$5.0 million, or 2.7%, for the year ended August 31, 2025 as compared to the same period in prior year.

*Circulation*

Circulation revenue increased \$10.6 million, or 8.1%, to \$140.8 million for the year ended August 31, 2025 as compared to the same period in the prior year. The increase in circulation revenue was a result of an increase in newspaper prices and the integration of PNI Maritimes operations. Excluding the impact of the Saltwire Assets Purchase Transaction, circulation revenue decreased \$4.9 million, or 3.8%, for the year ended August 31, 2025 as compared to the same period in prior year.

*Parcel services*

Parcel services revenue increased \$4.4 million, or 8.6%, to \$55.4 million for the year ended August 31, 2025, as compared to the same period in the prior year. The increase in parcel services revenue was a result of increases in parcel volumes.

## *Other*

Other revenue decreased by \$2.0 million, or 7.0% to \$27.5 million for the year ended August 31, 2025, as compared to the same period in the prior year. The decrease was a result of a decrease in commercial print revenues as a result of the divestiture and sale of our Winnipeg properties, partially offset by an increase in Google licensing revenues related to the Canadian Journalism Collective. Excluding the impact of the Saltwire Assets Purchase Transaction, other revenue decreased \$4.3 million, or 14.4%, for the year ended August 31, 2025 as compared to the same period in prior year.

## **Expenses**

### *Compensation*

Compensation expenses increased by \$9.3 million, or 7.4%, to \$134.1 million for the year ended August 31, 2025, as compared to the same period in the prior year. The increase in compensation expense is primarily as a result of the integration of PNI Maritimes operations, an increase in bonuses, and legislation changes to the journalism tax credit as described earlier in "Recent Developments". The changes led to a decrease in the journalism tax credit for the year ended August 31, 2025, as compared to the same period in the prior year. Excluding the impact of the journalism tax credits, compensation expenses increased \$6.4 million, or 4.5%, for the year ended August 31, 2025 as compared to the same period in the prior year. Excluding the impact of the Saltwire Assets Purchase Transaction, compensation expenses increased \$1.2 million, or 1.0%, for the year ended August 31, 2025 as compared to the same period in prior year.

### *Newsprint*

Newsprint expenses decreased \$1.0 million, or 8.8%, to \$10.6 million for the year ended August 31, 2025 as compared to the same period in the prior year primarily as a result of a decrease in newsprint consumption, a decrease to newspaper page counts and circulation volumes, and continued usage reduction efforts. Newsprint expenses include newsprint purchased for production at both our owned and outsourced production facilities. Excluding the impact of the Saltwire Assets Purchase Transaction, newsprint expenses decreased \$1.7 million, or 14.5%, for the year ended August 31, 2025 as compared to the same period in prior year.

### *Distribution*

Distribution expenses increased \$10.8 million, or 7.8%, to \$148.7 million for the year ended August 31, 2025, as compared to the same period in the prior year as a result of the integration of PNI Maritimes operations. Excluding the impact of the Saltwire Assets Purchase Transaction, distribution expenses decreased \$12.7 million, or 9.3%, for the year ended August 31, 2025 as compared to the same period in prior year.

### *Production*

Production expenses increased \$4.0 million, or 9.9%, to \$44.4 million for the year ended August 31, 2025, as compared to the same period in the prior year. The increase was primarily a result of increases in outside printing and outside production costs, partially offset by a decrease in other supplies and production costs, which overall is in line with increases in inserts and programmatic advertising revenue, as discussed above. Excluding the impact of the Saltwire Assets Purchase Transaction, production expenses increased by \$0.7 million, or 1.7%, for the year ended August 31, 2025 as compared to the same period in prior year.

### *Other operating*

Other operating expenses increased \$2.1 million, or 3.1%, to \$68.5 million for the year ended August 31, 2025, as compared to the same period in the prior year. The increase in other operating expenses was primarily related to increases in outside services expenses, consulting fees and bad debt allowances, partially offset by a decrease in rent and occupancy costs. Excluding the impact of the Saltwire Assets Purchase Transaction, other operating expenses decreased \$4.6 million, or 6.9%, to \$61.5 million for the year ended August 31, 2025 as compared to the same period in prior year.

### ***Operating income before depreciation, amortization, impairment and restructuring and other***

Operating income before depreciation, amortization, impairment and restructuring and other increased \$10.4 million to \$25.2 million for the year ended August 31, 2025 as compared to the same period in the prior year. The increase was primarily as a result of an increase in advertising, circulation, and parcel revenue, partially offset by increases in compensation, distribution, production and other operating expenses, all as discussed above. Excluding the impact of the Saltwire Assets Purchase Transaction, operating income before depreciation, amortization, impairment and restructuring and other increased \$2.3 million for the year ended August 31, 2025 as compared to the same period in prior year.

#### ***Depreciation***

Depreciation expense decreased \$3.3 million to \$12.9 million for the year ended August 31, 2025 as compared to the same period in the prior year. The decrease is primarily as a result of assets and right-of-use assets that were fully depreciated during the year ended August 31, 2025.

#### ***Amortization***

Amortization expense increased a nominal amount to \$2.2 million for the year ended August 31, 2025 as compared to the same period in the prior year.

#### ***Impairment***

Impairment expenses increased \$16.5 million for the year ended August 31, 2025 as compared to the same period in the prior year. The increase was as a result of the write down on certain property, plant and equipment of \$1.5 million and on certain intangible assets related to domain names, mastheads and capitalized software costs of \$15.0 million as described earlier in "Recent Developments".

#### ***Restructuring and other***

Restructuring expenses increased \$15.1 million, or 165.3%, to \$24.3 million for the year ended August 31, 2025 as compared to the same period in the prior year. Restructuring expenses includes both involuntary terminations and voluntary buyouts and revaluation of contingent consideration, as described earlier in "Recent Developments". Other expenses decreased \$1.5 million, or 63.8% to \$2.9 million for the year ended August 31, 2025 as compared to the same period in the prior year. Other expenses included non-operating costs pertaining to the strategic exit of certain assets.

### ***Operating loss***

Operating loss was \$30.7 million for the year ended August 31, 2025, as compared to an operating loss of \$12.8 million for the same period in the prior year. The decrease in operating loss in the year ended August 31, 2025 is primarily the result of an increase in operating income before depreciation, amortization and restructuring and other and a decrease in depreciation, amortization, and restructuring and other expenses, partially offset by an increase in impairment expenses, all as discussed above. Excluding the impact of the Saltwire Assets Purchase Transaction, operating loss decreased \$5.4 million for the year ended August 31, 2025 as compared to the same period in prior year.

#### ***Interest expense***

Interest expense increased \$5.3 million to \$42.4 million for the year ended August 31, 2025, as compared to the same period in the prior year. Interest expense primarily relates to interest on our long-term debt that is recognized using the effective interest rate method, which amortizes the initial debt issuance costs and includes both cash and non-cash interest. The increase in non-cash interest is primarily due to an increase in the paid-in-kind interest on our Second-Lien Notes, New First-Lien Notes and New ABL Facility.

#### *Foreign currency exchange losses (gains)*

Foreign currency exchange losses for the year ended August 31, 2025 were \$6.0 million as compared to a foreign currency exchange gain of \$1.2 million in the same period in the prior year. The increase in foreign currency exchange losses was primarily due to fluctuations in the Canadian dollar relative to the US dollar and the impact on our US dollar denominated long term debt.

#### *Net financing expense relating to employee benefit plans*

Net financing expense relating to employee benefit plans decreased \$0.2 million to \$1.2 million for the year ended August 31, 2025, as compared to the same period in the prior year.

#### *(Gain) loss on disposal of property, plant and equipment, assets held-for-sale, right of use assets and other assets*

During the year ended August 31, 2025, we disposed of assets held-for-sale and realized a gain of \$3.1 million, partially offset by a loss on the disposal of right of use assets of \$0.5 million. During the year ended August 31, 2024, we disposed of assets held-for-sale and realized a gain of \$0.2 million, disposed of other assets and realized a gain of \$0.9 million, disposed of property and equipment and realized a gain of \$0.1 million, partially offset by a loss of \$1.4 million realized on disposal of right-of-use assets.

#### *Gain on derivative financial instruments and financial assets at fair value through profit and loss*

The gain on derivative financial instruments and financial assets at fair value through profit and loss for the year ended August 31, 2025 was \$0.5 million as compared to a gain of \$1.1 million during the same period in the prior year. The gain in the year ended August 31, 2025 and August 31, 2024 relate to the revaluation of shares and warrants of Mogo Inc.

#### **Loss after income taxes**

Loss after income taxes increased \$27.6 million to \$77.3 million for the year ended August 31, 2025, as compared to the same period in the prior year. The increase in loss after income taxes is primarily the result of an increase in interest expense and foreign currency exchange losses, partially offset by an decrease in operating loss and gain on disposal of property, plant and equipment, assets held-for-sale, right of use assets and other assets, all as described above.



**Postmedia's operating results for the year ended August 31, 2024 as compared to the year ended August 31, 2023**

	2024	2023
<b>Revenues</b>		
Advertising	185,134	221,019
Circulation	130,183	147,043
Parcel services	51,016	43,257
Other	29,588	37,180
<b>Total revenues</b>	<b>395,921</b>	<b>448,499</b>
<b>Expenses</b>		
Compensation	124,780	155,455
Newsprint	11,597	17,636
Distribution	137,922	129,999
Production	40,405	56,135
Other operating	66,398	78,620
<b>Operating income before depreciation, amortization and restructuring</b>	<b>14,819</b>	<b>10,654</b>
Depreciation	10,431	12,894
Amortization	8,081	9,411
Restructuring	9,144	25,784
<b>Operating loss</b>	<b>(12,837)</b>	<b>(37,435)</b>
Interest expense	37,179	33,988
Net financing expense relating to employee benefit plans	1,376	1,398
Loss (gain) on disposal of property and equipment, assets held-for-sale, right-of-use assets and other assets	156	(8,242)
(Gain) loss on derivative financial instruments and financial assets at fair value through profit and loss	(1,076)	470
Loss on debt refinancing	367	-
Foreign currency exchange (gains) losses	(1,177)	7,519
<b>Net loss after income taxes attributable to equity holders of the Company</b>	<b>(49,662)</b>	<b>(72,568)</b>

## Revenue

Revenue decreased \$52.6 million, or 11.7%, to \$395.9 million for the year ended August 31, 2024 as compared to the same period in the prior year. The decrease is driven by decreases in advertising, circulation and other revenue of 16.2%, 11.5%, and 20.4%, respectively, partially offset by an increase in parcel revenues of 17.9%. Excluding the impact of the Saltwire Assets Purchase Transaction, revenue decreased \$53.6 million, or 12.0%, for the year ended August 31, 2024 as compared to the same period in prior year.

## Expenses

Operating expenses decreased \$56.7 million, or 13%, to \$381.1 million for the year ended August 31, 2024 as compared to the same period in the prior year. The decrease is driven by decreases in compensation, newsprint, production and other expenses of 19.7%, 34.2%, 28.0%, and 15.5% respectively, partially offset by an increase in distribution expenses of 6.1%. Excluding the impact of the Saltwire Assets Purchase Transaction, expenses decreased \$57.4 million, or 13.1%, for the year ended August 31, 2024 as compared to the same period in prior year.

## Operating Loss

Operating loss was \$12.8 million for the year ended August 31, 2024, as compared to \$37.4 million for the same period in the prior year. The decrease in operating loss in the year ended August 31, 2024 is primarily the result of a decrease in depreciation, amortization and restructuring expenses, and an increase in operating income before depreciation, amortization and restructuring. Excluding the impact of the Saltwire Assets Purchase Transaction, operating loss decreased \$24.2 million, or 64.6%, for the year ended August 31, 2024 as compared to the same period in prior year.

### Net loss after income taxes attributable to equity holders of the Company

Net loss after income taxes attributable to equity holders of the Company decreased \$22.9 million to \$49.7 million for the year ended August 31, 2024, as compared to the same period in the prior year. The decrease in net loss after income taxes attributable to equity holders of the Company is primarily the result of a decrease in operating loss, increase in gain on derivatives and financial assets, and increase in foreign currency exchange gains, partially offset by an increase in interest expense, an increase in losses on disposal of property and equipment, right-of-use assets, and assets held-for-sale.

### Consolidated quarterly financial information

(\$ in thousands of Canadian dollars, except per share information)	Fiscal 2025				Fiscal 2024			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenues	101,224	109,162	110,820	110,270	93,157	100,812	97,338	104,614
Net (loss) income	(44,688)	7,905	(15,987)	(24,485)	(3,077)	(15,880)	(20,097)	(10,608)
Net (loss) earnings Basic and diluted	\$ (0.45)	\$ 0.08	\$ (0.16)	\$ (0.25)	\$ (0.03)	\$ (0.16)	\$ (0.20)	\$ (0.11)
Cash flows (used in) from operating activities	(2,919)	2,537	2,905	9,490	(8,909)	(4,237)	1,147	(5,009)

### Liquidity and capital resources

Our principal uses of funds are for working capital requirements, debt servicing and capital expenditures. Based on our current and anticipated level of operations, we believe that our cash on hand and cash flows from operations, which includes the receipt of the journalism tax credits and Online News Act funds as described above under the heading “Recent Developments”, and available borrowings under our ABL Facility will enable us to meet our working capital, debt servicing, capital expenditure and other funding requirements for the next twelve months. However, our ability to fund our working capital needs, debt servicing and other funding requirements depends on our future operating performance and cash flows. There are a number of factors which may adversely affect our operating performance and our ability to meet these obligations as described above under the heading “Key Factors Affecting Operating Results”. Our cash flows from operating activities may be impacted by, among other things, the overall strength of the economy, competition from digital media and other forms of media as well as competition from technology companies. The news media industry is under significant competitive pressures from 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* (Canada) which aims to help ensure that dominant digital platforms compensate news businesses when their content is made available on their services.

As at August 31, 2025, we had US\$1.9 million (\$2.7 million) million available on the New ABL Facility. In addition, 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”) has committed to provide further financial support of up to \$30 million, if needed for a period to December 31, 2026.

### ***Cash flows (used in) from operating activities***

Our principal sources of liquidity are cash flows from operating activities. For the three months and year ended August 31, 2025, our operating cash flows were outflows of \$2.9 million and inflows of \$12.0 million respectively (2024 – outflows of \$8.9 million and \$17.0 million, respectively). The increase in cash inflows in the three months ended August 31, 2025 related to operating activities were \$6.0 million, related to a positive net change in working capital, an increase in non-cash foreign currency exchange losses, an increase in change in fair value of contingent consideration, and an increase in impairment, partially offset by an increase in net loss after income taxes, an increase in gains on derivative financial instruments and financial assets at fair value through profit and loss, and decreases in depreciation and amortization. The increase in cash inflows in the year ended August 31, 2025 related to operating activities were \$29.0 million due to a positive net change in working capital, an increase in non-cash foreign currency exchange losses, an increase in change in fair value of contingent consideration, and an increase in impairment, partially offset by an increase in net loss after income taxes.

As at August 31, 2025 we had cash of \$3.3 million (August 31, 2024 - \$2.5 million).

### ***Cash flows (used in) from investing activities***

For the three months and year ended August 31, 2025, our investing cash flows were outflows of \$0.9 million and inflows of \$5.9 million, respectively (2024 – inflows of \$1.4 million and inflows of \$3.3 million respectively). The cash inflows from investing activities during the three months ended August 31, 2025 included outflows from capital expenditures related to property and equipment of \$0.3 million and intangible assets of \$0.7 million. The cash inflows from investing activities during the year ended August 31, 2025 included inflows related to the sale of assets held-for-sale and other assets of \$8.5 million, partially offset by capital expenditures related to property and equipment of \$0.8 million and intangible assets of \$1.8 million.

### ***Cash flows from (used in) financing activities***

For the three months and year ended August 31, 2025, our financing cash flows were inflows of \$3.8 million and outflows of \$17.1 million (2024 – inflows of \$8.5 million and \$10.0 million, respectively). Net cash inflows from financing activities during the three months ended August 31, 2025 consisted of advances from the asset-based lending facility. Net cash outflows from financing activities during the year ended August 31, 2025 consisted of the repayment of the asset-based lending facility, first lien senior secured notes, and short term promissory note partially offset by advances from the asset-based lending facility.

### ***Indebtedness***

As at August 31, 2025, we had US\$11.2 million New First-Lien Notes outstanding, US\$232.7 million Second-Lien Notes outstanding, \$23.1 million Unsecured Promissory Notes and US\$23.5 million drawn on the New ABL Facility (August 31, 2024 – \$15.5 million New First-Lien Notes, US\$208.6 million Second-Lien Notes, \$22.9 million Unsecured Promissory Notes outstanding, \$5.0 million Short Term-Promissory Note, and US\$18.2 million drawn on New ABL Facility). As at August 31, 2025, the Company's weighted average cost of borrowing was 11.14%.

The following tables set out the principal and carrying amount of our long-term debt outstanding As at August 31, 2025 and August 31, 2024. The first column of the table translates, where applicable, our US dollar debt to the Canadian equivalent based on the closing foreign exchange rate on August 31, 2025 of US\$1:\$1.3738 (August 31, 2024 – US\$1:\$1.3491).

As at August 31, 2025				As at August 31, 2024		
(\$ in thousands of Canadian dollars)						
	Principal Outstanding	Financing fees, discounts and other	Carrying Value	Principal Outstanding	Financing fees, discounts and other	Carrying Value
First-Lien Notes	15,342	(681)	14,661	20,916	(787)	20,129
Second-Lien Notes	319,714	(86)	319,628	281,426	(113)	281,313
ABL Facility	32,232	(657)	31,575	24,509	(1,183)	23,326
Short-Term Promissory Note	-	-	-	5,000	-	5,000
Unsecured Promissory Note	23,100	-	23,100	22,870	-	22,870
Total	390,387	(1,424)	388,963	354,721	(2,083)	352,638

### Financial Position As at August 31, 2025 and August 31, 2024

	As at August 31, 2025	As at August 31, 2024
(\$ in thousands of Canadian dollars)		
Current assets	70,511	69,785
Total assets	128,025	148,924
Current liabilities	78,434	64,512
Total liabilities	527,010	470,745
Deficiency	(398,985)	(321,821)

The increase in our current assets was primarily due to increases in trade receivables and receivables related to Bill C-18, partially offset by decreases in assets held-for-sale and prepaid expenses. Total assets decreased as a result of the decrease in property and equipment, right of use assets and intangible assets. Current liabilities increased as a result of increases in accounts payable and accrued liabilities and current portion of long-term debt, partially offset by decreases in provisions and contract liabilities. The increase in total liabilities was a result of an increase in current liabilities, increases in other long-term liabilities and the carrying value of long-term debt, partially offset by a decrease in lease obligations and employee benefit obligations.

### Related Party Transactions

As at August 31, 2025 Chatham owns 62,331,849, or approximately 63%, of the Company's shares and 31% of the outstanding voting rights. We previously had an ABL Facility and undrawn Unsecured Revolving Promissory Notes with associated companies of Chatham. The ABL Facility was fully repaid and replaced with the New ABL Facility, and the Unsecured Revolving Promissory Notes were terminated during the year ended August 31, 2024.

The associated companies of Chatham hold the New First-Lien Notes, the Second-Lien Notes, and the Unsecured Promissory Note. During the year ended August 31, 2025, we incurred \$nil of interest expense and paid \$nil of interest on the ABL Facility (2024 – incurred \$0.6 million of interest expense and paid \$1.1 million of interest). During the year ended August 31, 2025, the Company incurred expenditures of \$0.1 million on behalf of Chatham (2024 - \$0.1 million) related to transaction related costs pertaining to our long-term debt.

Related party transactions payable to Chatham for the year ended August 31, 2025 were US\$7.9 million (\$10.9 million). These transactions are in accordance with a services agreement with The McClatchy Company, an affiliate of Chatham which was terminated in the current year primarily due to reassessments of strategic projects and changes in the expected future economic benefits of certain technology assets.

## **Financial Instruments and Financial Instruments Risk Management**

Our activities expose us to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

Current risk management techniques utilized include monitoring fair value of derivative financial instruments and financial assets at fair value through profit and loss, fair value of publicly traded debt, foreign exchange rates and interest rates with respect to interest rates and foreign currency risk, aging analysis and credit reviews for credit risk and cash flow projections for liquidity risk. Our enterprise risk management process is managed by a risk oversight committee composed of senior executives of Postmedia.

### ***Foreign currency risk***

As at August 31, 2025, approximately 94% of the outstanding principal on the Company's long-term debt was payable in US dollars (August 31, 2024 – 92%). As at August 31, 2025, the Company was exposed to foreign currency risk on the US\$232.7 million of Second-Lien Notes, US\$11.2 million of New First-Lien Notes and US\$23.5 million on the New ABL Facility outstanding (August 31, 2024 - US\$208.7 million of Second-Lien Notes, US\$15.5 million of New First-Lien Notes and US\$18.2 million on the New ABL Facility outstanding).

#### **Interest rate risk**

The New ABL Facility bears interest at floating rates while the First-Lien Notes, Second-Lien Notes and Unsecured Promissory Notes bear interest at fixed rates. Therefore, changes in interest rates only expose the Company to cash flow interest rate risk on the portions of the ABL Facility that is drawn, at the time of the interest rate change.

### ***Credit risk***

Credit risk is the risk of financial loss if a customer or counterparty to a financial asset fails to meet its contractual obligations. As at August 31, 2025, no individual balance represented a significant portion of our accounts receivable. We establish an allowance for expected credit loss based on the specific credit risk of our customers and historical trends. The allowance for expected credit loss amounted to \$4.0 million as at August 31, 2025 (August 31, 2024 – \$5.1 million).

The decrease in the allowance for expected credit loss is primarily related to the decrease in advertising revenue and related accounts receivable, excluding the impact of receivables from the Online News Act. We continuously monitor the financial condition of our customers, review the credit history of each customer, review the aging of accounts receivable, evaluate significant individual credit risk accounts and utilize each customer's historical experience in order to both grant credit and set up our allowance for expected credit loss. If such collectability estimates prove inaccurate, adverse adjustments to future operating results could occur and could be material.

### ***Liquidity risk***

Liquidity risk is the risk that we will encounter difficulties in meeting our financial obligations associated with existing and future financial liabilities that are and will be settled by delivering cash or another financial asset as they come due. Our financial obligations include long-term debt which requires principal repayments and interest payments.

We believe that our cash on hand, cash flows from operations and undrawn available credit facilities will be sufficient to fund our projected cash flow requirements over at least the next twelve months. Cash flows from operations have been and could continue to be negatively impacted by the current economic environment and structural factors related to our industry. The news media industry is under significant competitive pressures from global technology companies resulting in the permanent closure of numerous traditional competitors. In addition, we expect to receive allocated compensation pertaining to the Online News Act as discussed above under the heading "Recent Developments". These factors could impact liquidity risk which is the risk that we will not be able to meet our financial obligations associated with existing and future financial liabilities. We manage this risk by monitoring cash flow forecasts, implementing transformation initiatives, deferring or eliminating certain discretionary spending, monitoring and maintaining compliance with terms of long-term debt, identifying and selling redundant assets including certain real estate assets and utilizing the ABL Facility to provide additional liquidity, and obtaining a commitment to provide further financial support from Chatham of up to \$30 million, if needed through the period ending December 31, 2026.

During the year ended August 31, 2024, we completed the Refinancing Transaction as discussed in Recent Developments. Subsequent to August 31, 2025, we extended the maturity of the new ABL Facility to September 30, 2028.

As at August 31, 2025, we have US\$23.5 million (\$32.2 million) drawn on the new ABL Facility and availability of US\$1.9 million (\$2.7 million) (August 31, 2024 – US\$18.2 million (\$24.5 million) and US\$3.6 million (\$4.9 million), respectively).

If, over the course of the next year, market conditions deteriorate further than anticipated or costs are higher than projected, we may need to implement additional cost savings and transformation initiatives or seek additional sources of financing to ensure that we can continue to meet our liquidity needs.

Our obligations under firm contractual arrangements, including commitments for future payments under leases and long-term debt agreements as at August 31, 2025 are as follows:

	2026	2027	2028	2029	2030	Thereafter
Lease obligations	7,742	7,575	4,481	1,852	904	728
Operating leases and other	4,220	151	-	-	-	-
Other long-term liabilities <sup>(1)</sup>	1,109	1,185	1,266	1,353	711	-
Long-term debt	-	375,046	-	15,342	-	-
Interest on long-term debt <sup>(2)</sup>	1,173	1,173	1,173	392	-	-
	14,243	385,129	6,919	18,938	1,615	728

<sup>(1)</sup> Cash funding obligation to the Colleges of Applied Arts & Technology Pension Plan ("CAAT Pension Plan"). In addition, we expect to contribute \$4 million to our multi-employer pension plans during the year ending August 31, 2025.

<sup>(2)</sup> Interest payments on long-term debt relate to the New First-Lien Notes and are based on fixed contractual interest rates.



## Guarantees and Off-Balance Sheet Arrangements

We do not have any significant guarantees or off-balance sheet arrangements.

## Risk Factors

The risks and uncertainties described below are those we currently believe to be material, but should not be considered exhaustive. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, financial condition, results of operations and cash flows and consequently the value of our shares, the New First-Lien Notes and Second-Lien Notes could be materially and adversely affected.

### Risks Relating to Our Business

*We are subject to liquidity risk.*

We believe that our cash on hand, cash flows from operations and undrawn available credit facilities will be sufficient to fund our projected cash flow requirements over at least the next 12 months. Cash flows from operations have been and could continue to be negatively impacted by the current economic environment and structural factors related to our industry. The news media industry is under significant competitive pressures from 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 passed the Online News Act as discussed in “Recent Developments”. These factors could impact liquidity risk which is the risk that we will not be able to meet our financial obligations associated with existing and future financial liabilities that are and will be settled by delivering cash or another financial asset as they come due. We manage liquidity risk by monitoring cash flow forecasts, implementing transformation initiatives, deferring or eliminating certain discretionary spending, monitoring and maintaining compliance with terms of long-term debt, identifying and selling redundant assets including certain real estate assets, utilizing the New ABL Facility to provide additional liquidity, and obtaining a commitment to provide further financial support from Chatham, if needed for a period of no less than twelve months from the date of approval of the audited consolidated financial statements for the years ended August 31, 2024 and 2023.

If, over the course of the next year, market conditions deteriorate further than anticipated or costs are higher than projected, we may need to implement additional cost savings and transformation initiatives or seek additional sources of financing to ensure that we can continue to meet our liquidity needs.

*Competition from digital and other forms of media may impair our ability to generate advertising and circulation revenue.*

Participants in the newspaper publishing industry depend primarily upon advertising sales, paid subscriptions and single copy newspaper sales in order to generate revenue. 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 addition, in recent years there has been a growing shift in advertising dollars from newspaper advertising to other advertising platforms, including digital media competitors such as search and social media. Participants in the digital media industry also depend upon the sale of advertisements and paid subscriptions in order to generate revenue. The digital media industry experiences additional competitive challenges because barriers to entry are low and geographic location is less relevant.

Participants in digital media platforms may improve their ability to target specific audiences and therefore become an even more attractive media for advertisers. These circumstances could result in our newspaper online media not being as competitive as they are currently in relation to these other forms of media. In order to respond to changing circumstances, the costs of producing or promoting editorial content may increase, or we may need to reduce our advertising and/or subscription rates, either of which could adversely affect our financial performance. Increased competition could also lead to additional expenditures for editorial content and marketing.

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

*Our ability to continue to compete successfully in the newspaper and online media industries and to attract advertising dollars, subscribers and readers will depend upon a number of factors, including:*

- our continued ability to offer high-quality editorial content;
- the variety, quality and attractiveness of our products and services;
- the pricing of our products and services;
- the platforms on which our products and services are offered;
- the manner in which we market and promote our products and services;
- the effectiveness of the distribution of our products and services;
- our customer service; and
- the emergence of technologies resulting in further shifts from newspaper advertising to advertising in other formats, including new media outlets.

These factors are largely dependent upon on our ability to:

- identify and successfully respond to changes in technology, customer trends and preferences and online digital platforms such as search and social media;
- develop new products across our business lines;
- protect our intellectual property and avoid infringing the intellectual property rights of others;
- avoid damage to our brands or reputation;
- appeal to many demographics; and
- expand into new distribution channels, particularly with respect to digital media and online products.

There can be no assurance that existing and future competitors will not pursue or be capable of achieving similar or competitive business strategies. In addition, there can be no assurance that we will be able to compete successfully with existing or potential competitors, or that increased competition will not have an adverse effect on our business, financial condition or results of operations.

*Advertising revenue is the largest component of our revenues and our advertising revenue is influenced by prevailing economic conditions and the prospects of our advertising customers.*

Advertising revenue is affected in part by prevailing economic conditions. Adverse economic conditions generally, and downturns in the Canadian economy specifically, have a negative impact on the Canadian advertising industry and, consequently, on our financial prospects. Current government regulation, including the Online News Act, aims to ensure the Canadian news media industry is fairly compensated, although there can be no guarantees. Excluding impacts of the COVID-19 pandemic we have been experiencing a decline in total advertising revenue from 2009 to 2024, but have recently seen advertising revenue increases in 2025.

Our advertising revenue is also dependent on the prospects of our advertising customers. Certain of our advertising customers operate in industries that may be cyclical or sensitive to general economic conditions, such as the automobile, financial, employment, technology, retail, food and beverage, telecommunications, travel, packaged goods and entertainment industries. Advertising customers could alter their spending priorities and reduce their advertising budgets in the event of a downturn in their business or prospects which would have an adverse effect on the revenue we generate from advertising. In addition, because a substantial portion of our revenue is derived from retail advertisers, our business, financial condition and results of operations would also be adversely affected by a further downturn in the retail sector.

A reduction in advertising revenues could result from:

- the continuing shift from newspaper advertising to advertising in other formats, including new media outlets;
- a decline in economic conditions;
- a decline in the circulation volume of our newspapers, which appears to be permanent;
- a decline in popularity of our editorial content or perceptions about our brands;
- a change in the demographic makeup of the populations to which our newspapers are targeted;
- the activities of our competitors, including increased competition from other forms of advertising-based media (e.g., magazines, radio and television broadcasters, streaming services, cable television, direct mail and electronic media), and online digital platforms such as search and social media; and
- a decline in the amount spent on advertising in general or in particular industries such as those discussed above.

To the extent the economic conditions worsen and the structural shifts in advertising revenue and circulation continue, our business and advertising revenues will continue to be adversely affected, which would in turn adversely impact our operations and cash flows.

*Our failure to maintain our print and online newspaper readership and circulation levels would limit our ability to generate advertising and circulation revenue.*

Our ability to attract advertisers and thereby generate revenue and profits is dependent in large part upon our success in attracting readership of the newspapers and online publications that we publish. Readership and to a lesser extent circulation volume are the key drivers of advertising prices and revenue in the Canadian news and newspaper information industry.

We believe reader acceptance is a function of the editorial and advertising content being offered and is influenced by a number of factors, including:

- the availability of alternative forms of news and other editorial content;
- the availability of alternative forms of media technologies, such as the internet and other new media formats, that are often free for users;
- a growing preference among some customers to receive all or a portion of their news from sources other than from a newspaper;
- increases in subscription and newsstand rates;
- general economic conditions, including the resulting decline in consumer spending on discretionary items such as newspapers;
- reviews of critics, promotions, the quality and acceptance of other competing editorial content in the marketplace;
- public tastes and perceptions generally; and
- other intangible factors.

Circulation volumes of our newspapers have been declining in both the home delivery and single copy distribution channels. The rate of circulation decline could increase due to changing media consumption patterns of our readers or other factors, and these declines appear to be permanent. If we are unable to stop these declines or if the rate of decline were to accelerate, it will result in lower readership and circulation levels and, consequently, may lead to decreased advertising and other revenues.

Although we make significant investments in the editorial content of our newspapers, there can be no assurance provided that our newspapers will maintain satisfactory readership or circulation levels and any decrease in such levels may be permanent. In addition, factors affecting our readership levels could change rapidly, and many of the changes may be beyond our control and permanent. Loss of readership could have a material adverse effect on our ability to generate advertising and circulation revenue.

*We may not be able to achieve a profitable balance between circulation levels and advertising revenues.*

We must balance our circulation levels with our advertising revenue objectives. This balancing necessitates a continuous effort that varies by publication and requires effective management of the circulation rate, the addition of new subscribers through cost-effective marketing methods and effective advertising operations. To maintain our readership and circulation rates, it may be necessary to incur additional costs that we may not be able to recover through circulation and advertising revenues. No assurance can be provided that we will be able to add and retain a sufficient number of newspaper subscribers in an economically efficient manner. Failure to do this could require reductions of our circulation rate or the elimination of certain products, which would negatively affect our advertising revenues and could materially and adversely affect our results of operations and financial condition.

*We may not realize our anticipated cost savings from cost savings initiatives and any failure to manage costs would hamper profitability.*

The level of our expenses impacts our profitability. Because of general economic and industry conditions and our operating results, we strive to steps to lower operating costs by implementing cost reduction and transformation initiatives.

Estimates of cost savings are inherently uncertain, and we may not be able to achieve cost savings or expense reductions within the time frame we have projected or at all. Our ability to successfully realize savings and the timing of any realization may be affected by factors such as the need to ensure continuity in our operations, labour and other contracts, regulations and/or statutes governing employee/employer relationships, and other factors. In particular, certain of our collective bargaining agreements limit our ability to achieve operating efficiencies by limiting our ability to implement strategic initiatives. In addition, our implementation of these initiatives has and is expected to require upfront costs. There can be no assurance that we will be able to successfully contain our expenses or that even if our savings are achieved that implementation or other expenses will not offset any such savings. Our estimates of the future expenditures necessary to achieve the savings we have identified may not prove accurate, and any increase in such expenditures may affect our ability to achieve our anticipated savings. If these cost-control efforts do not reduce costs in line with our expectations, our financial position, results of operations and cash flows will be negatively affected.

*We may be adversely affected by variations in the cost and availability of newsprint.*

Newsprint is a commodity and, as such, price varies considerably from time to time as a result of, among other factors, foreign currency exchange fluctuations and supply shortfalls. The price of newsprint can increase as a result of various factors, including consolidation in the newsprint industry, which has resulted in a smaller number of suppliers and reduced competition on price among them, and declining newsprint supply as a result of mill closures and conversions to other grades of paper. Changes in newsprint prices can significantly impact our operating results. There can be no assurance that we will not be exposed to increased newsprint costs, which could have a material adverse effect on our business, financial condition or results of operations. In addition, if newspaper suppliers experience labour unrest, transportation difficulties or other supply disruptions, our ability to produce and deliver newspapers could be impaired and the cost of the newsprint could increase, both of which would negatively affect our operating results.

*Because a high percentage of our operating expenses are fixed, a decrease in advertising revenue could have a negative impact on our results of operations.*

Newspaper publishing is both capital and labour intensive and, as a result, newspapers have relatively high fixed cost structures. Advertising revenue, on which we rely for a majority of our revenue, may fluctuate due to a variety of factors whereas our expenses do not vary significantly with the increase or decrease in advertising revenue. As a result, a relatively small change in advertising revenue could have a disproportionate effect on our results of operations. For example, during periods of economic contraction, our advertising revenue may decline while most costs remain fixed, resulting in decreased earnings, as has been evident in the current economic environment.

*Our distribution costs could increase due to increases in fuel prices.*

Although we do not incur significant fuel related distribution costs directly, our third-party distributors are adversely affected by rising fuel costs. Significant increases in fuel prices could result in increased fees paid to our distributors in the form of fuel subsidies or surcharges. Significant increases in fuel prices could result in material increases to our distribution expenses which could result in an adverse effect to our financial condition and results of operations.

*We compete with alternative emerging technologies and may have to invest a significant amount of capital to address continued technological development.*

The media industry is experiencing rapid and significant technological changes that have resulted in the development of alternative means of editorial content distribution. The continued growth of the internet has presented alternative content distribution options that compete with traditional media for advertising revenue. We may not be able to compete successfully with existing or newly developed alternative distribution technologies, or may be required to acquire, develop or integrate new technologies in order to compete. The cost of the acquisition, development or implementation of any such new technologies could be significant, and our ability to fund such implementation may be limited. In addition, even if we were able to fund such an implementation, we may be unable to implement any such technologies successfully. Any such event could have a material adverse effect on our business, financial condition or results of operations.

In addition, the continuing growth and technological expansion of internet-based services has increased existing competitive pressure on our businesses. As web-based and digital formats grab an increasingly larger share of consumer readership, we may lose customers or fail to attract new customers if we are not able to transition and update our publications and other products to these new and evolving formats. Furthermore, to the extent that advertisers continue to shift advertising dollars to new media outlets, advertising revenues will decrease even if we are able to maintain our current share of print media advertising dollars. The increased competition may have a material adverse effect on our business and financial results.

*Our revenue, which is generated primarily from advertisers, is subject to seasonal variations, which may increase our borrowing needs at various points in the year.*

Our revenue has experienced, and is expected to continue to experience, seasonal variances due to seasonal advertising patterns and seasonal influences on media consumption habits. Historically, our revenue is typically lowest during the fourth quarter of our fiscal year, which ends in August, and highest during the first and third quarters, which end in November and May, respectively, while expenses are relatively constant throughout the fiscal year. These seasonal variations may lead to short-term fluctuations in cash flow, which could consequently leave us in a more constrained liquidity position.

*The collectability of accounts receivable could deteriorate to a greater extent than provided for in our financial statements.*

In the normal course of business, we are exposed to credit risk for accounts receivable from our customers. Our accounts receivable are carried at net realizable value and our allowance for doubtful accounts has been determined based on several factors, including the aging of accounts receivable, evaluation of significant individual credit risk accounts and historical experience. If such collectability estimates prove inaccurate, adverse adjustments to future operating results could occur and could be material.

*Increases in sales and other taxes could reduce our revenues and impact profit and cash flows.*

In the markets in which we operate, some or all of our products are subject to local and national sales taxes and other taxes such as value-added taxes. Increases in taxes may have a negative effect on the sales of our products. Higher taxes may reduce profit margins on our products if we are unable to pass on the increase to our customers.

*Failure to fulfill our strategy of building our digital media and online businesses would adversely affect our business prospects.*

The competitive environment in which we operate demands, and our future growth strategies incorporate, the development of our digital media and online businesses. We believe the consumer preference for digital media and online products will accelerate as younger, more technologically savvy customers make up a greater portion of our potential customer base. In order for our digital media and online businesses to succeed, we must invest time and significant resources in them, to, among other things:

- accelerate the evolution of existing products (such as local newspaper websites and national content channels);
- develop new digital media and online products (such as redesigned classified sites in automotive, employment and real estate categories);
- develop new content channels (such as mobile optimized formats, online video capabilities and content for tablet devices);
- attract and retain talent for critical positions;
- transform our organization and operating model to grow our digital media and online business;
- continue to develop and upgrade our technologies and supporting processes to distinguish our products and services from those of our competitors;
- sell advertising in significant markets, and be a compelling choice for advertisers online;
- attract and retain a base of frequent, engaged visitors to our websites; and
- continuously advance our digital offerings based on fast-moving trends that may pose opportunities as well as risks (such as tablets and mobile applications).

No assurance can be provided that we will be successful in achieving these and other necessary objectives or that our digital media and online businesses will be profitable or successful. Our failure to adapt to new technology or delivery methods, or our choice of one technological innovation over another, may have an adverse impact on our ability to compete for new customers or to meet the demands of our existing customers. If our digital media and online businesses are not successful, we could lose significant opportunities for new advertising revenue from digital sources while also losing advertising revenue from traditional sources due to the reallocation from print to digital advertising currently taking place. If we are not successful in achieving our digital media and online objectives, our business, financial condition and prospects would be materially adversely affected.



*Our business may suffer if we are not able to retain and attract sufficient qualified personnel, including key managerial, editorial, technical, marketing and sales personnel.*

We operate in an industry where there is intense competition for experienced personnel. We depend on our ability to identify, recruit, hire, train, develop and retain qualified and effective personnel. Our future success depends in large part upon the continued contribution of our senior management and other key employees. A loss of a significant number of skilled managerial, editorial or technical personnel would have a negative effect on the quality of our products. Similarly, a loss of a significant number of experienced and effective marketing and sales personnel would likely result in fewer sales of our products and could materially and adversely affect our results of operations and financial condition. Our ability to identify, recruit, hire, train, develop and retain qualified and effective personnel depends on numerous factors, including factors that we cannot control, such as competition and conditions in the local employment markets in which we operate. The loss of the services of any of our senior management or other key employees could harm our business and materially and adversely affect our ability to compete in our markets. Although we have employment agreements with certain members of senior management and key employees, those individuals may choose to terminate their respective employment at any time, and any such termination may have a material adverse effect on our business.

*We rely upon information systems and technology and other manufacturing systems, disruptions to which could adversely affect our operations.*

Our newspaper and digital media and online operations rely upon information technology systems, and other complex manufacturing systems, in order to produce and distribute our products. Our information technology and manufacturing systems may be vulnerable to unauthorized access, computer viruses, system failures, human error, natural disasters, fire, power loss, communications failure or acts of sabotage or terrorism. If a significant disruption or repeated failure were to occur, our business or revenue could be adversely affected. There may also be significant costs incurred as a result of such disruptions or failures that adversely affect our financial performance or capital expenditure levels.

*Equipment failure may have a material adverse effect.*

There is a risk of equipment failure, primarily related to our printing facilities, due to wear and tear, latent defect, design error or operator error, among other things, which could have a material adverse effect on us. Although our printing facilities have generally operated in accordance with expectations, there can be no assurance that they will continue to do so. There may also be significant costs incurred as a result of such disruptions or failures that adversely affect our financial performance or capital expenditure levels.

*Our operations could be adversely affected by labour disruptions, and labour agreements could potentially limit our ability to achieve operating efficiencies.*

As at August 31, 2025 approximately 31% of our staff are employed under one of 35 separate collective agreements some of which include provisions that could impede restructuring efforts, including work force reduction, centralization and outsourcing. There can be no assurance that these collective agreements will be renewed on similar or more satisfactory terms or that we will not experience additional organizing activities, resulting in higher ongoing labour costs and reduced flexibility in running our operations. In addition, labour disruptions, including strikes or lockouts, grievances and complaints may affect our ability to operate efficiently and have an adverse on our business, financial condition or results of our operations.

*Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.*

In the ordinary course of our business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers, suppliers and business partners, as well as personally identifiable information of our customers (including credit card information) and employees, on our networks. The secure processing, maintenance and transmission of this information is critical to our operations and business strategy. Despite our security measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance or other disruptions. Any such breach could compromise our networks and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disrupt our operations and the services we provide to customers, damage our reputation, and cause a loss of confidence in our products and services, which could adversely affect our business, financial condition, results of operations and cash flows.

*The financial difficulties of certain of our contractors and vendors could have a negative impact on our results of operations.*

The financial difficulties that some of our contractors and vendors may face, including one or more contractor or vendor bankruptcies due to poor economic conditions, may cause them to fail to provide us with products and/or services or may increase the cost of the products and services that they provide us. We may be unable to procure replacement products and/or services from other contractors or vendors in a timely and efficient manner and on acceptable terms, or at all. In addition, certain contractor or vendor relationships may have a degree of economic or geographic dependence. Any material change in these relationships, such as increased pricing, could have a material adverse effect on our business, financial condition, results of operations, liquidity and cash flow.

*We outsource certain aspects of our business to third-party vendors that may fail to reduce costs and may subject us to risks, including disruptions in our business and increased costs.*

We continuously seek to make our cost structure more efficient and to focus on our core strengths. These efforts include contracting with other companies to perform functions or operations that, in the past, we have performed ourselves. We currently rely on partners or third-party service providers for services such as the provision of advertising production, call centre services, and certain of our printing operations, and we may outsource additional business functions in the future. Although we believe that outsourcing will result in lower costs and increased efficiencies, this may not be the case. Because these third parties may not be as responsive to our needs as we might be ourselves or they experience problems to their own operations beyond our control, outsourcing increases the risk of disruption to our operations. If we are unable to effectively utilize, or integrate with, our outsource providers, or if these partners or third-party service providers experience business difficulties or are unable to provide business services as anticipated, we may need to seek alternative service providers or resume providing these business processes internally, which could be costly and time-consuming and have a material adverse effect on our business and results of operations.

*The occurrence of natural or man-made disasters could disrupt the marketing and promotion and delivery of our products and services, and adversely affect our financial condition and results of operation.*

The success of our businesses is largely contingent on the availability of direct access to customers. As a result, any event that disrupts or limits our direct access to customers or disrupts our ability to rely on delivery services would materially and adversely affect our business. We are exposed to various risks arising out of natural disasters, as well as man-made disasters, including acts of terrorism and military actions. The threat of terrorism and ongoing military actions may cause significant volatility in global financial markets, and a natural or man-made disaster could trigger an economic downturn in the areas directly or indirectly affected by the disaster. These consequences could, among other things, result in a decline in business from those areas. Disasters also could disrupt public and private infrastructure, including communications and financial services, which could disrupt our normal business operations. In addition, increased energy costs, strikes and other labour-related supply chain disruptions could adversely affect our business. A natural or man-made disaster also could disrupt the operations of our counterparties or result in increased prices for the products and services they provide to us.

*Our CAAT Pension Plan liability or our inability to make required cash contributions to our multi-employer pension plans could have a material adverse effect on us, our business, cash flows, operations and financial condition.*

On January 29, 2019, we entered into an agreement with the CAAT Pension Plan to merge the Postmedia Plans, with the CAAT Pension Plan. Effective July 1, 2019, we 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 our defined contribution pension plan and most employees hired after this date began accruing benefits under the DBplus provisions of the CAAT Pension Plan. On October 8, 2020, we received consent from the Financial Services Regulatory Authority of Ontario 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 we commenced funding an obligation of \$11.0 million related to the transferred Postmedia Plans deficits payable over a term of ten years. The carrying value of this obligation as at August 31, 2025 is \$5.6 million. There is a risk that we may be required to contribute additional funds under certain circumstances, including in the event of a breach of certain representations and covenants pursuant to the agreement between ourselves and the CAAT Pension Plan. In addition, participating in a multiemployer plan such as the CAAT Pension Plan requires us to make periodic contributions and as a participating employer we do not have the ability to reduce these contributions, and a failure to make the required contributions could subject us to penalties including interest on unpaid contributions. A breach of the agreement with the CAAT Pension Plan could also subject us to the risk of termination of participation in the CAAT Pension Plan. In addition, in the event of a distressed wind-up of the CAAT Pension Plan with a deficiency, there is a risk to us of residual liability in respect of our members.

*Our editorial content may be controversial and may result in litigation.*

We have had, in the ordinary course of our business, and expect to continue to have, litigation claims filed against us, most of which are claims for defamation arising from the publication of our editorial content. While we maintain insurance in respect of claims for defamation, some claims made against us may not be insured or may result in costs above our coverage limits. In the event that a judgement is rendered against us, there can be no assurance that our insurance coverage will cover that particular loss.

*We are currently involved in unresolved litigation matters.*

We are involved in various legal claims arising in the ordinary course of our newspaper and digital media and online businesses. The majority of these claims are brought pursuant to defamation laws in the province of publication. We maintain 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 our consolidated financial position, results of operations or cash flows.

*Disruptions in the credit markets could adversely affect the availability and cost of short-term funds for liquidity requirements, and could adversely affect our access to capital or our ability to obtain financing at reasonable rates and refinance existing debt at reasonable rates or at all.*

If internal funds are not available from our operations, we may be required to rely on the banking and credit markets to meet our financial commitments and short-term liquidity needs. Disruptions in the capital and credit markets could adversely affect our ability to access additional funds in the capital markets or draw on or refinance our existing or any future credit facilities. Although we believe that our operating cash flow and access to capital and credit markets will give us the ability to meet our financial needs for the foreseeable future, there can be no assurance provided that continued or increased volatility and disruption in the capital and credit markets will not impair our liquidity. If this should happen, we may not be able to put alternative credit arrangements in place or without a potentially significant increase in our cost of borrowing.

*We may be adversely affected by the availability and terms of our insurance policies.*

We carry liability, property and casualty insurance and director and officer liability insurance coverage subject to certain deductibles, limits and exclusions which we believe are customary or reasonable given the cost of procuring insurance and current operating conditions. However, there can be no assurance that: (i) such insurance coverage will continue to be offered on economically feasible terms, (ii) all events which could give rise to a loss or liability will be insurable, or (iii) the amounts of insurance coverage will at all times be sufficient to cover each and every material loss or claim which may occur involving our assets or operations.

*Our intellectual property rights are valuable, and any inability to protect them or liability for infringing the intellectual property rights of others could reduce the value of our services and our brands.*

We rely on the trademark, copyright, internet/domain name, trade secret and other laws of Canada and other countries, as well as nondisclosure and confidentiality agreements, to protect our intellectual property rights. However, we may be unable to prevent third parties from using our intellectual property without our authorization, breaching any nondisclosure agreements with us, acquiring and maintaining domain names that infringe or otherwise decrease the value of our trademarks and other proprietary rights, or independently developing intellectual property that is similar to ours, particularly in those countries that do not protect our proprietary rights as fully as in Canada. The use of our intellectual property by others could reduce or eliminate any competitive advantage we have developed, cause us to lose sales or otherwise harm our businesses. If it became necessary to litigate to protect these rights, any proceedings could be burdensome and costly, and we may not prevail.

We have obtained and applied for several Canadian and foreign service mark and trademark registrations, and will continue to evaluate the registration of additional service marks and trademarks, as appropriate. We cannot guarantee that any of our pending applications will be approved by the applicable governmental authorities. Moreover, even if the applications are approved, third parties may seek to oppose or otherwise challenge these registrations. A failure to obtain trademark registrations in Canada and in other countries could limit our ability to protect our trademarks and impede our marketing efforts in those jurisdictions.

We cannot be certain that our intellectual property does not and will not infringe the intellectual property rights of others. We may be subject to legal proceedings and claims in the ordinary course of our business, including claims of alleged infringement of the trademarks, copyrights and other intellectual property rights of third parties. Any such claims, whether or not meritorious, could result in costly litigation and divert resources and the efforts of our personnel. Moreover, should we be found liable for infringement, we may be required to enter into licensing agreements (if available on acceptable terms, or at all) or to pay damages and to cease using certain trademarks or copyrights or making or selling certain products, or to redesign or rename some of our products or processes to avoid future infringement liability. Any of the foregoing could cause us to incur significant costs.

*We maintain many well-known mastheads, consumer brands and trademarks, damage to the reputation of any of which could have an adverse impact upon our business, financial performance or results of operations.*

The mastheads, brand names and trademarks that we own are well-known to consumers and are important in maintaining existing business and sourcing new business, as our ability to attract and retain customers is in part dependent upon our external perceptions, the quality of our products and services and our integrity. Damage to the reputation of any of these brands or negative publicity or perceptions about us could have an adverse impact upon the business, financial performance or results of operations.

*We may have additional asset impairments.*

We conduct annual impairment testing to determine if we will be able to recover all or a portion of the carrying value of indefinite life intangible assets. In addition, we are required to review indefinite life intangible assets for impairment more frequently if impairment indicators arise. If the recoverable amount is less than the carrying amount of our indefinite life intangible assets, we may be required to record a non-cash charge to the statement of operations. As disclosed in our audited consolidated financial statements for the years ended August 31, 2025 and 2024, we determined that there was impairment on our Vancouver Province indefinite life intangible assets. We monitor impairment indicators on a quarterly basis. Significant changes in market conditions and estimates, or a reduction in carrying value, may give rise to impairments in the period that the change becomes known and such impairments could have a material adverse effect on our results of operations.

*We are subject to environmental, health and safety laws and regulations, which could subject us to liabilities, increase our costs or restrict our business or operations in the future.*

We are subject to a variety of laws and regulations concerning emissions to the air, water and land, sewer discharges, handling, storage and disposal of, or exposure to, hazardous substances and wastes, recycling, remediation and management of contaminated sites, or otherwise relating to protection of the environment and employee health and safety. Environmental laws and regulations and their interpretation have become increasingly more stringent, and we may incur additional expenses to comply with existing or future requirements. If we fail to comply with environmental or health and safety requirements we could incur monetary fines, civil or criminal sanctions, third-party claims or cleanup obligations or other costs. In addition, our compliance with environmental and health and safety requirements could restrict our ability to expand our operations or require us to install costly pollution control equipment, incur other significant expenses or modify our printing processes.

We use and store hazardous substances such as inks and solvents in conjunction with our operations at our printing facilities. Such hazardous substances have in the past been stored in underground storage tanks at some of our properties. Some of our printing and other facilities are located in areas with a history of long-term industrial use, and they may be impacted by past activities onsite or by contamination emanating from nearby industrial sites. In the past, we have had contamination resulting from leaks and spills at some of our locations. We have not conducted environmental site assessments with respect to all of our owned and leased facilities, and where such assessments have been conducted, they may not have identified all potential causes of environmental liability. There can be no assurance provided that remediation costs or potential claims for personal injury or property or natural resource damages resulting from any newly-occurring or newly-discovered contamination will not be material, or that a material environmental condition does not otherwise exist at any of our properties.

*The continuous integration of the assets acquired in the Saltwire Asset Purchase Transaction may not occur as planned.*

The Saltwire Asset Purchase Transaction was undertaken by us with the expectation that operating and other synergies will be realized from the acquisition, resulting in cost savings. The achievement of these anticipated benefits will depend in part on whether the businesses and assets acquired, including systems and personnel, can continue to be integrated into Postmedia's existing business in an efficient and effective manner. It is possible that the cost savings and synergies expected from the Saltwire Asset Purchase Transaction will not be realized. The performance of Postmedia after completion of the Saltwire Asset Purchase Transaction could be adversely affected if this integration does not occur as anticipated.

We are also liable for various contingent repayments pursuant to the Debt Repayment Agreement as discussed above under the heading "Recent Developments" pending the performance of PNI Maritimes LP. Although our operating performance and associated repayments are unguaranteed, the amount that PNI Maritimes LP contributes to the repayment of certain liabilities of Saltwire under the Saltwire Existing Credit Agreements and Saltwire DIP Facility pursuant to the Debt Repayment Agreement may vary based on the creditors' or trustee's ability to realize adequate proceeds from the disposition of or realization on Saltwire's residual assets that were not acquired by PNI Maritimes LP pursuant to the Saltwire Asset Purchase Transaction.

In addition, to continue effectively integrate the assets acquired, we must establish appropriate administrative, finance and management systems and controls relating to those assets. This will require substantial attention from our management team. This diversion of management attention, as well as any other difficulties which we may encounter in completing the transition and integration process, could have a material adverse impact on our business.

*Postmedia content may not be adequately compensated due to generative AI capabilities*

Generative artificial intelligence ("AI") has the ability to reconstruct and disseminate Postmedia content while bypassing Postmedia's legitimate distribution systems, thus not compensating Postmedia for our content. Third party search engines can re-direct viewership and advertising traffic to non-Postmedia properties. As a result, generative AI could negatively impact our revenues.

*Postmedia content may be unintentionally authored or disseminated using generative AI and violates applicable laws*

Postmedia content is required to author original content without the use of generative AI. Doing so could violate copyright or other applicable laws causing reputational, financial or other harm.

## Risks Relating to Regulatory Compliance

*Failure to comply with “Canadian newspaper” status would materially affect our financial results and our business prospects.*

Under the Tax Act, generally no deduction is allowed for an outlay or expense for advertising space in an issue of a newspaper for an advertisement directed primarily to a market in Canada, unless the issue is a “Canadian issue” of a “Canadian newspaper.”

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 our 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. We publish our newspapers directly. In order to satisfy the requirements of a “Canadian newspaper” (subject to a statutory 12 month grace period), we 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 persons or partnerships who could not themselves hold the right to produce and publish issues of a “Canadian newspaper”, including by citizens or subjects of a country other than Canada.

In addition, under the share ownership requirements, at least 75% of a non-public corporation’s voting shares and shares having a fair market value in total of at least 75% of the fair market value of all issued shares of a non-public corporation, must be beneficially owned by either (i) Canadian citizens or (ii) one or more Qualifying Public Corporations (as defined in the Tax Act). Upon the listing of PNCC’s shares on the TSX, it became a Qualifying Public Corporation. As PMNI is a direct, wholly-owned subsidiary of PNCC, and PNI Maritimes LP is an indirect, wholly-owned subsidiary of PNCC, our newspapers qualify as “Canadian newspapers”. For more information regarding risks relating to the listing of our shares on the TSX, see the section below entitled “Risks Relating to Our Shares”.

Issues of our 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.

There can be no assurance that issues of the newspapers published or produced by us will continue to be “Canadian issues” of “Canadian newspapers” under the Tax Act, or that Canadian federal income tax laws respecting the treatment of deductibility of advertising expenses incurred in relation to “Canadian issues” of “Canadian newspapers” will not be changed in a manner which adversely affect us.

If our newspapers cease to be “Canadian newspapers” for purposes of the Tax Act, it is expected that our advertising revenue will decline significantly, which would have a material adverse effect on our business, financial condition and results of operations.



*We are subject to the requirements of Regulation 52-109 on Certification of Disclosure in Issuers' Annual and Interim Filings and must devote time and resources to maintain compliance.*

Our shares are listed on the TSX and as a result we are subject to the requirements of Regulation 52-109, which requires, among other things, public companies to maintain disclosure controls and procedures to ensure timely disclosure of material information, and, to have management review the effectiveness of those controls on an annual basis. These requirements may place a strain on our systems and resources. Regulation 52-109 also requires public companies to have and maintain internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements and to have management review the effectiveness of those controls on an annual basis following the filing of a company's first annual report. In order to maintain and improve our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight are required. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

*If we fail to maintain an effective system of internal controls, we may not be able to provide timely and reliable financial reports.*

We are responsible for establishing and maintaining adequate internal control over financial reporting, which is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

*Regulatory pressures are increasing resulting in increasing compliance requirements and our business could be adversely affected by additional changes in laws.*

Regulatory pressures are increasing as new and evolving regulations and compliance standards are established in respect of various areas, including without limitation, cyber security, data protection, privacy and advertising. These regulations and standards require expensive and time-consuming compliance measures and we incur increased costs in order to comply with such regulations and standards and we may pay penalties for any failure to comply.

Changes to the laws, regulations and policies governing our operations, the introduction of new laws, regulations or policies and changes to the treatment of the tax deductibility of advertising expenditures could have a material effect on our business, financial condition, prospects and results of operations. In addition, we may incur increased costs in order to comply with existing and newly adopted laws and regulations or pay penalties for any failure to comply. It is difficult to predict in what form laws and regulations will be adopted or how they will be construed by the relevant courts, or the extent to which any changes might adversely affect us.

## Risks Related to our Indebtedness

*Our substantial indebtedness could adversely affect our financial condition.*

The availability on the ABL Facility is dependent on a borrowing base, which is calculated as 85% of current accounts receivable plus 50% of inventory.

Subject to the limits contained in the indenture that governs the First-Lien Notes and the indenture that governs the Second-Lien Notes, we may be able to incur substantial additional debt from time to time to finance working capital, capital expenditures, investments or acquisitions, or for other purposes. If we do so, the risks related to our high level of debt could intensify. Specifically, our high level of debt could have important consequences, including the following:

- making it more difficult for us to satisfy our obligations with respect to the First-Lien Notes and Second-Lien Notes;
- limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements;
- requiring a substantial portion of our cash flows to be dedicated to debt service payments instead of other purposes, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions and other general corporate purposes;
- increasing our vulnerability to general adverse economic and industry conditions;
- exposing us to the risk of increased interest rates if of our borrowings are at variable rates of interest;
- limiting the flexibility in planning for and reacting to changes in the industry in which we compete;
- placing us at a disadvantage compared to other, less leveraged competitors; and
- increasing our cost of borrowing.

In addition, the indenture that governs the First-Lien Notes and the indenture that governs the Second-Lien Notes contain restrictive covenants that limit our ability to engage in activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debts.

*Despite our current level of indebtedness, we may be able to incur substantially more debt. This could further exacerbate the risks to our financial condition described above.*

Our operating subsidiary may be able to incur significant additional indebtedness in the future. Although the indenture that governs the First-Lien Notes and the indenture that governs the Second-Lien Notes contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and the additional indebtedness incurred in compliance with these exceptions could be substantial. We may be able to issue additional First-Lien Notes under the indenture under certain circumstances, and may be able to incur other indebtedness that ranks equally with the First-Lien Notes. These borrowings would be secured indebtedness. If new debt is added to our current debt levels, the related risks that we and our operating subsidiary now face could intensify.

*The terms of the First-Lien Notes and the Second-Lien Notes restrict our current and future operations, particularly our ability to respond to changes or to take certain actions.*

The indenture that governs the First-Lien Notes and the indenture that governs the Second-Lien Notes contain a number of restrictive covenants that impose significant operating and financial restrictions on us and may limit our ability to engage in acts that may be in our long-term best interests, including, among other things, restrictions on our 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 transactions with affiliates;
- alter the businesses we conduct;
- enter into agreements restricting any subsidiary's ability to pay dividends; and
- consolidate, merge or sell all or substantially all of our assets.

A breach of the covenants under the indenture that governs the First-Lien Notes and the indenture that governs the Second-Lien Notes could result in an event of default under the applicable indebtedness. Such default may allow our creditors to accelerate the repayment of the related debt and may result in the acceleration of any other debt to which a cross-acceleration or cross-default provision applies. Furthermore, if we are unable to repay the amounts due and payable under First-Lien Notes or the Second-Lien Notes, the applicable lenders could proceed against the collateral granted to such lenders to secure the indebtedness under the applicable facility. As a result of these restrictions, we may be:

- limited in how we conduct our business;
- unable to raise additional debt or equity financing to operate during general economic or business downturns; or
- unable to compete effectively or to take advantage of new business opportunities.

These restrictions may affect our ability to grow in accordance with our plans.

*We may not be able to generate sufficient cash to service all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.*

Our ability to make scheduled payments on or to refinance our debt obligations depends on our financial condition and operating performance, which are subject to prevailing economic and competitive conditions and to certain financial, business, legislative, regulatory and other factors beyond our control. We may be unable to maintain a level of cash flows from operating activities sufficient to permit us to pay the future amounts due on our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we could face substantial liquidity problems and could be forced to reduce or delay investments and capital expenditures or to dispose of material assets or operations, seek additional debt or equity capital or restructure or refinance indebtedness. We may not be able to affect any such alternative measures, if necessary, on commercially reasonable terms, or at all and, even if successful, such alternative actions may not allow us to meet our scheduled debt service and derivative financial instrument obligations. The indenture that governs the First-Lien Notes and the indenture that governs the Second-Lien Notes restrict our ability to dispose of assets and use the proceeds from any such dispositions and may also restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due. We may not be able to consummate those dispositions or to obtain proceeds in an amount sufficient to meet any debt service and derivative financial instrument obligations then due.

Our inability to generate sufficient cash flows to satisfy our debt and derivative financial instrument obligations, or to refinance indebtedness on commercially reasonable terms, or at all, would materially and adversely affect our business, financial position and results of operations, and our ability to satisfy such obligations.

If we cannot make scheduled payments on our debt, we will be in default and, as a result, holders of the First-Lien Notes and Second-Lien Notes could declare all outstanding principal and interest to be due and payable. In addition, our secured lenders could foreclose on or exercise other remedies against the assets securing such borrowings on a basis senior to the First-Lien Notes and we could be forced into bankruptcy, liquidation or other insolvency proceedings.

*We may be adversely affected by foreign exchange fluctuations.*

As of August 31, 2025, approximately 94% of the outstanding principal of our long-term debt is denominated in US dollars and interest on such borrowings must be paid in US dollars (August 31, 2024 – 92%). Canadian currency is volatile and may retain the same or higher levels of volatility in the coming years. As a result, we have significant exposure to foreign exchange rate risk. We currently have not undertaken any hedging initiatives to mitigate such risk.

### **Risks Relating to Our Shares**

*An active trading market for our shares may not exist and the public listing of our shares may not be maintained.*

Our Class C voting shares (“Voting Shares”) and our Class NC variable voting shares (“Variable Voting Shares”) (collectively, the “Shares”) trade on the TSX and there may or may not be an active trading market for the Shares. The TSX has broad discretion regarding delisting. If the TSX determines that we no longer meet the applicable listing requirements, including with respect to the public distribution or liquidity of the Shares, there is a risk that the TSX may delist the Shares. In addition, see the risk factor above related to “Canadian newspaper” status under “Risks Relating to Regulatory Compliance”.

*Volatile market price for the Shares.*

The market price for the Shares may be volatile and subject to wide fluctuations in response to numerous factors, many of which are beyond our control, including the following:

- the lack of liquidity in the trading of our Shares;
- actual or anticipated fluctuations in our quarterly results of operations;
- changes in estimates of future results of operations by ourselves or securities research analysts;
- changes in the economic performance or market valuations of other companies that investors deem comparable to us;

- addition or departure of our executive officers and other key personnel;
- release or other transfer restrictions on outstanding Shares;
- sales or perceived sales of additional Shares;
- our dual class share structure;
- significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving ourselves or our competitors; and
- news reports relating to trends, concerns or competitive developments, regulatory changes and other related issues in our industry or target markets.

Financial markets are susceptible to significant price and volume fluctuations that may affect the market prices of equity securities of companies and may be unrelated to the operating performance, underlying asset values or prospects of such companies. Accordingly, the market price of the Shares may decline even if our operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values which may result in impairment losses. As well, certain institutional investors may base their investment decisions on consideration of our environmental, governance and social practices and performance against such institutions' respective investment guidelines and criteria, and failure to meet such criteria may result in a limited or no investment in the Shares by those institutions, which could adversely affect the trading price of the Shares. There can be no assurance that continuing fluctuations in price and volume will not occur. If such increased levels of volatility and market turmoil continue, our operations could be adversely impacted and the trading price of the Shares may be adversely affected.

*We have a dual class share structure.*

Our authorized capital consists of two classes: Voting Shares and Variable Voting Shares. The Voting Shares may only be beneficially owned by persons that are Canadian. If a Canadian acquires Variable Voting Shares, such Shares will be automatically converted into Voting Shares. A holder of Voting Shares, however, has the option at any time to convert some or all of such Shares into Variable Voting Shares and to convert those Shares back to Voting Shares. Given these conversion features and the fact that we will not know whether a purchaser of Variable Voting Shares is a Canadian unless such person completes a declaration provided by our transfer agent, the transfer agent's records of the amount of Voting Shares and Variable Voting Shares outstanding at any one time may not be accurate. As we believe that the issued and outstanding Variable Voting Shares as at August 31, 2025 represent more than 99% of the outstanding Shares, if a Canadian acquires Variable Voting Shares such Shares would automatically convert into a larger percentage of the outstanding Voting Shares and would provide the purchaser with a larger percentage of the votes than such purchaser would have through the ownership of Variable Voting Shares. Depending on the number of Voting Shares acquired, such an acquisition could give rise to the requirement to make certain filings and/or could result in the purchaser being a "control person", in each case under applicable securities laws. In certain circumstances, such an acquisition may constitute an indirect take-over bid under applicable securities laws and require the offeror to make a formal take-over bid for the outstanding Voting Shares or, alternatively, rely on certain exemptions from the formal take-over bid requirements under applicable securities laws. Purchasers of our Shares should consider applicable take-over bid laws as well as the Postmedia Rights Plan prior to purchasing Shares that may represent more than 20% of any class. For purposes of determining beneficial ownership under the Postmedia Rights Plan, Variable Voting Shares beneficially owned or controlled by a person or subject of Canada are deemed to also include the Voting Shares into which such Variable Voting Shares could be converted. In addition, one class of Shares may be less liquid than the other and the classes of Shares may have different trading prices.

*Postmedia Network Canada Corp. is a holding company.*

PNCC is a holding company and a substantial portion of its assets are the capital stock of its direct and indirect subsidiaries, including PMNI, PNI Maritimes GP, and PNI Maritimes LP. As a result, investors in PNCC are subject to the risks attributable to PMNI and PNI Maritimes Inc. As a holding company, PNCC conducts substantially all of its business through PMNI and PNI Maritimes LP, which generates substantially all of its revenues. Consequently, PNCC's cash flows and ability to complete current or desirable future enhancement opportunities are dependent on the earnings of PMNI and PNI Maritimes LP and the distribution of those earnings to PNCC. The ability of PMNI and PNI Maritimes LP to pay dividends and other distributions will depend on its operating results and will be subject to applicable laws and regulations which require that solvency and capital standards be maintained, and contractual restrictions contained in the instruments governing its debt. In the event of a bankruptcy, liquidation or reorganization of PMNI and PNI Maritimes LP, holders of indebtedness and trade creditors will generally be entitled to payment of their claims from the assets of the subsidiary before any assets are made available for distribution to PNCC.

*Future sales of Shares by directors and executive officers.*

Subject to compliance with applicable securities laws, officers and directors and their affiliates may sell some or all of their Shares in the future. No prediction can be made as to the effect, if any, such future sales of Shares will have on the market price of the Shares prevailing from time to time. However, the future sale of a substantial number of Shares by our officers and directors and their affiliates, or the perception that such sales could occur, could adversely affect prevailing market prices for the Shares.

*Dilution and future sales of Shares may occur.*

Our articles permit the issuance of an unlimited number of Shares, and shareholders will have no pre-emptive rights in connection with such further issuances. Our directors have the discretion to determine the price and the terms of issue of further issuances of Shares.

## **Internal Controls**

Disclosure controls and procedures within Postmedia have been designed to provide reasonable assurance that all relevant information is identified to its management, including the President and Chief Executive Officer ("CEO") and the Executive Vice President, Chief Financial Officer and Chief Transformation Officer ("CFO"), as appropriate, to allow required disclosures to be made in a timely fashion.

Internal controls over financial reporting have been designed by management, under the supervision of and with the participation of the CEO and CFO, to provide reasonable assurance regarding the reliability of Postmedia's financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards.

The CEO and CFO have evaluated whether there were changes to Postmedia's internal control over financial reporting during the three months and year ended August 31, 2025, that have materially affected, or are reasonably likely to materially affect, internal control over financial reporting. There were no changes expected to have a material effect on internal control over financial reporting identified during their evaluation.

Management previously limited the scope of the design of internal controls over financial reporting to exclude the controls, policies and procedures related to the Saltwire Assets Purchase Transaction, which we acquired on August 25, 2024, the operating results of which are included in the consolidated financial statements of Postmedia for the three months and year ended August 31, 2025. The scope limitation was in accordance with Section 3.3 of National Instrument 52-109, Certification of Disclosure in Issuer's Annual and Interim filings, which allows an issuer to limit its design of internal controls over financial reporting, policies and procedures to exclude the controls, policies and procedures of a company acquired not more than 365 days after the acquisition date. For the year ended August 31, 2025, the internal controls over financial reporting and disclosure controls and procedures are in scope related to the Saltwire Assets Purchase Transaction.

**Share Capital**

As at market open on November 20, 2025 we had the following number of shares and options outstanding:

Class C voting shares.....	293,722
Class NC variable voting shares.....	<u>98,749,479</u>
Total shares outstanding.....	<u>99,043,201</u>
Total options and restricted share units outstanding <sup>(1)</sup> .....	<u>7,214,969</u>

<sup>(1)</sup> The total options and restricted share units outstanding are convertible into 7,214,969 Variable Voting Shares. The total options and restricted share units outstanding include 6,115,704 that are vested and 1,099,265 that are unvested.



**POSTMEDIA NETWORK CANADA CORP.**  
**CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

Approved for issuance: November 20, 2025

## Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Postmedia Network Canada Corp. (the "Company") and its subsidiaries are the responsibility of management and have been approved by the Board of Directors of Postmedia Network Canada Corp.

Management is responsible for the preparation of these consolidated financial statements in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board, the selection of accounting policies and making significant accounting estimates, assumptions and judgements. Management is also responsible for establishing and maintaining adequate internal control over financial reporting which includes those policies and procedures that provide reasonable assurance over the completeness, fairness and accuracy of the consolidated financial statements and other financial items.

The Board of Directors fulfills its responsibility for the consolidated financial statements principally through its Audit Committee, which is composed of independent external directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The Audit Committee meets with the Company's management and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and formulates the appropriate recommendations to the Board of Directors. The auditor appointed by the shareholders has full access to the Audit Committee, with or without management being present.

The external auditors appointed by the Company's shareholders, PricewaterhouseCoopers LLP, conducted an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and express their opinion thereon. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

*Signed*

**Andrew MacLeod**

President and Chief Executive Officer

*Signed*

**John Bode**

Executive Vice President, Chief Financial Officer and Chief Transformation Officer

Toronto, Canada  
November 20, 2025



## Independent auditor's report

To the Shareholders of Postmedia Network Canada Corp.

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### Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Postmedia Network Canada Corp. and its subsidiaries (together, the Company) as at August 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

#### What we have audited

The Company's consolidated financial statements comprise:

- the consolidated statements of operations;
- the consolidated statements of comprehensive loss;
- the consolidated statements of financial position;
- the consolidated statements of changes in deficiency;
- the consolidated statements of cash flows; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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### Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.



## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended August 31, 2025. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b>Assessment of liquidity risk</b></p> <p><i>Refer to note 2 – Material accounting policies, note 9 – Long-term debt and note 22 – Financial instruments and financial risk management to the consolidated financial statements.</i></p> <p>For the year ended August 31, 2025, the Company reported a net loss of \$77.3 million. As at August 31, 2025, the Company had a cash balance of \$3.3 million and had drawn \$32.2 million on the asset-based lending facility (New ABL Facility) with remaining availability of \$2.7 million.</p> <p>The Company manages its liquidity by monitoring cash flow forecasts, implementing cost reduction and transformation initiatives, utilizing the New ABL Facility and obtaining a commitment to provide further financial support from Chatham Asset Management LLC (Chatham) of up to \$30 million, if needed.</p> <p>Management used considerable judgement in developing the cash flow forecast. Management's future cash flow forecast included key assumptions and estimates regarding the timing and amounts of future revenues, expenses and the use of the New ABL Facility.</p> <p>We considered this a key audit matter due to the considerable judgement made by management in developing the cash flow forecast, including key assumptions. This led to a high degree of auditor judgement, subjectivity and audit effort in performing procedures to evaluate the cash flow forecast and the Company's liquidity risk.</p>	<p>Our approach to addressing the matter included the following procedures, among others:</p> <ul style="list-style-type: none"><li>• Evaluated management's assessment of the Company's liquidity risk, which included the following:<ul style="list-style-type: none"><li>– Tested the reasonableness of the key assumptions underlying the cash flow forecast, including the timing and amounts of future revenues and expenses by considering current and past performance of the Company and industry information or other supporting information, including Board approved budgets, as applicable.</li><li>– Performed sensitivity and scenario analyses to assess the possible impact of changes to the key assumptions used by management in developing the cash flow forecast.</li><li>– Assessed the borrowing base of the New ABL Facility.</li><li>– Assessed the commitment from Chatham to provide further financial support, if needed, by obtaining the letter of support.</li><li>– Tested the underlying data used by management in developing the cash flow forecast and recalculated the mathematical accuracy of the cash flow forecast.</li></ul></li><li>• Assessed the consolidated financial statement disclosures related to the Company's liquidity risk.</li></ul>



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## **Other information**

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Desiree Paulsen.

**/s/PricewaterhouseCoopers LLP**

Chartered Professional Accountants

Winnipeg, Manitoba  
November 20, 2025



# POSTMEDIA NETWORK CANADA CORP.

## CONSOLIDATED STATEMENTS OF OPERATIONS

**FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**  
(In thousands of Canadian dollars, except per share amounts)

	2025	2024
		(note 2)
<b>Revenues</b>		
Advertising	207,841	185,134
Circulation	140,751	130,183
Parcel services	55,380	51,016
Other	27,504	29,588
<b>Total revenues</b>	<b>431,476</b>	<b>395,921</b>
<b>Expenses</b>		
Compensation (note 5)	134,060	124,780
Newsprint	10,581	11,597
Distribution	148,730	137,922
Production	44,407	40,405
Other operating	68,475	66,398
<b>Operating income before depreciation, amortization, impairment, restructuring and other</b>	<b>25,223</b>	<b>14,819</b>
Depreciation (note 12, 14)	12,930	16,272
Amortization (note 2, 13)	2,248	2,240
Impairment (note 6)	16,497	-
Restructuring and other (note 7)	24,255	9,144
<b>Operating loss</b>	<b>(30,707)</b>	<b>(12,837)</b>
Interest expense (note 4, 8, 9, 14)	42,439	37,179
Foreign currency exchange losses (gains)	6,048	(1,177)
Net financing expense relating to employee benefit plans (note 8)	1,154	1,376
(Gain) Loss on disposal of assets held for sale, property plant and equipment, and right of use assets	(2,567)	156
Gain on derivative financial instruments and financial assets at fair value through profit and loss	(526)	(1,076)
Loss on debt refinancing (note 9)	-	367
<b>Net loss after income taxes</b>	<b>(77,255)</b>	<b>(49,662)</b>
<b>Loss per share</b>		
Basic and diluted	\$ (0.78)	\$ (0.50)

The notes constitute an integral part of the consolidated financial statements.

**POSTMEDIA NETWORK CANADA CORP.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

(In thousands of Canadian dollars)

	<b>2025</b>	<b>2024</b>
<b>Net loss after income taxes</b>	(77,255)	(49,662)
<b>Amounts not subsequently reclassified to the statement of operations</b>		
Loss on employee benefit plans (note 8)	(358)	(667)
Other comprehensive loss	(358)	(667)
<b>Comprehensive loss</b>	<b>(77,613)</b>	<b>(50,329)</b>

The notes constitute an integral part of the consolidated financial statements.

# POSTMEDIA NETWORK CANADA CORP.

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

**AS AT AUGUST 31, 2025 AND 2024**

(In thousands of Canadian dollars)

	2025	2024
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	3,278	2,454
Trade and other receivables (note 5)	59,169	53,931
Assets held-for-sale (note 12)	-	2,560
Inventory (note 11)	1,615	2,318
Prepaid expenses and other assets	6,449	8,522
<b>Total current assets</b>	<b>70,511</b>	<b>69,785</b>
<b>Non-Current Assets</b>		
Property and equipment (note 12)	22,986	35,089
Intangible assets (note 13)	15,313	19,868
Right of use assets (note 14)	14,543	19,783
Derivative financial instruments and other assets	4,672	4,399
<b>Total assets</b>	<b>128,025</b>	<b>148,924</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (note 15)	53,312	38,509
Provisions (note 16)	1,253	1,514
Contract liabilities (note 17)	16,127	16,716
Current portion of lease obligations (note 14)	7,742	7,773
<b>Total current liabilities</b>	<b>78,434</b>	<b>64,512</b>
<b>Non-Current Liabilities</b>		
Long-term debt (note 9)	388,964	352,638
Employee benefit obligations (note 8)	30,084	33,034
Lease obligations (note 14)	12,775	19,345
Other long-term liabilities (note 4)	16,753	1,216
<b>Total liabilities</b>	<b>527,010</b>	<b>470,745</b>
<b>Deficiency</b>		
Capital stock (note 18)	820,357	820,357
Contributed surplus	19,960	19,511
Deficit	(1,239,302)	(1,161,689)
<b>Total deficiency</b>	<b>(398,985)</b>	<b>(321,821)</b>
<b>Total liabilities and deficiency</b>	<b>128,025</b>	<b>148,924</b>

Commitments (note 23)

On November 20, 2025, the Board of Directors (the "Board") approved the consolidated financial statements.

On behalf of the Board,

*Signed*  
**Peter Sharpe**  
Chair

*Signed*  
**Wendy Henkelman**  
Director

The notes constitute an integral part of the consolidated financial statements.

**POSTMEDIA NETWORK CANADA CORP.**  
**CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY**

**FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

(In thousands of Canadian dollars)

<b>2025</b>				
	<b>Capital stock</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total Deficiency</b>
<b>Balance as at August 31, 2024</b>	820,357	19,511	(1,161,689)	(321,821)
Net loss after income taxes	-	-	(77,255)	(77,255)
Other comprehensive loss	-	-	(358)	(358)
<b>Comprehensive loss</b>	-	-	(77,613)	(77,613)
Share-based compensation plans (note 19)	-	449	-	449
<b>Balance as at August 31, 2025</b>	<b>820,357</b>	<b>19,960</b>	<b>(1,239,302)</b>	<b>(398,985)</b>
<b>2024</b>				
	<b>Capital stock</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total Deficiency</b>
<b>Balance as at August 31, 2023</b>	820,131	18,923	(1,111,360)	(272,306)
Net loss after income taxes	-	-	(49,662)	(49,662)
Other comprehensive loss	-	-	(667)	(667)
<b>Comprehensive loss</b>	-	-	(50,329)	(50,329)
Share-based compensation plans (note 19)	-	814	-	814
Shares issued (note 18)	226	(226)	-	-
<b>Balance as at August 31, 2024</b>	<b>820,357</b>	<b>19,511</b>	<b>(1,161,689)</b>	<b>(321,821)</b>

The notes constitute an integral part of the consolidated financial statements.

# POSTMEDIA NETWORK CANADA CORP.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024

(In thousands of Canadian dollars)

	2025	2024
<b>CASH GENERATED (UTILIZED) BY:</b>		
<b>OPERATING ACTIVITIES</b>		
Net loss after income taxes	(77,255)	(49,662)
Items not affecting cash:		
Depreciation	12,930	16,272
Amortization	2,248	2,240
Impairment (note 6)	16,497	-
Loss on debt refinancing	-	367
Gain on derivative financial instruments and financial assets at fair value through profit and loss	(526)	(1,076)
Non-cash interest	39,189	34,312
(Gain) loss on disposal of assets held for sale, property plant and equipment, and right of use assets	(2,567)	156
Change in fair value of contingent consideration	18,924	-
Non-cash foreign currency exchange losses (gains)	6,516	(3,028)
Share-based compensation plans (note 19)	449	814
Net financing expense relating to employee benefit plans (note 8)	1,154	1,376
Employee benefit plan funding in excess of compensation expense (note 8)	(3,424)	(3,169)
Net change in non-cash operating accounts (note 25)	(2,121)	(15,610)
<b>Cash flows from (used in) in operating activities</b>	<b>12,014</b>	<b>(17,008)</b>
<b>INVESTING ACTIVITIES</b>		
Net proceeds from the sale of assets held-for-sale and property plant and equipment (note 12)	8,530	6,125
Purchases of property and equipment (note 12)	(770)	(575)
Purchases of intangible assets (note 13)	(1,815)	(1,291)
Acquisition, net of cash acquired (note 4)	-	(1,000)
<b>Cash flows from investing activities</b>	<b>5,945</b>	<b>3,259</b>
<b>FINANCING ACTIVITIES</b>		
Advances from asset-based lending facility (note 9)	11,841	13,788
Repayment of asset-based lending facility (note 9)	(7,935)	(6,347)
Repayment of first lien senior secured notes (note 9)	(7,734)	(699)
Restricted cash	-	6,968
Issuance of short-term promissory note (note 9)	-	5,000
Repayment of short term promissory note (note 9)	(5,000)	-
Repayment of unsecured promissory notes (note 9)	-	(4,696)
Repayment of senior secured asset-based revolving credit facility (note 9)	-	(14,500)
Advances from senior secured asset-based revolving credit facility (note 9)	-	8,500
Repayment of senior secured notes (note 9)	-	(24,475)
Issuance of first lien senior secured notes (note 9)	-	20,158
Issuance of asset-based lending facility (note 9)	-	15,393
Debt issuance costs (note 9)	-	(2,307)
Repayment of contingent consideration	(2,082)	-
Lease payments (note 14)	(6,225)	(6,771)
<b>Cash flows (used in) from financing activities</b>	<b>(17,135)</b>	<b>10,012</b>
Net change in cash for the period	824	(3,737)
Cash at beginning of period	2,454	6,191
<b>Cash at end of period</b>	<b>3,278</b>	<b>2,454</b>
	<b>2025</b>	<b>2024</b>
<b>Supplemental disclosure of operating cash flows</b>		
Interest paid	3,250	3,541

The notes constitute an integral part of the consolidated financial statements.

## **POSTMEDIA NETWORK CANADA CORP.**

### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **FOR THE YEARS ENDED AUGUST 31, 2025 AND 2024**

(In thousands of Canadian dollars, except as otherwise noted)

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#### **1. DESCRIPTION OF BUSINESS**

Postmedia Network Canada Corp. ("Postmedia" or the "Company") is a holding company that has a 100% interest in its subsidiary Postmedia Network Inc. ("Postmedia Network"), which in turn has a 100% interest in PNI Maritimes LP (Postmedia Network has a 99% interest in PNI Maritimes LP through its direct ownership of limited partnership units of PNI Maritimes LP and an indirect 1% interest in PNI Maritimes LP through its 100% ownership of common shares of PNI Maritimes GP Inc, which in turn has a 1% interest of PNI Maritimes LP through its ownership of a general partnership unit in PNI Maritimes LP). The Company was incorporated in April 2010, pursuant to the *Canada Business Corporations Act* (Canada). PNI Maritimes GP Inc. was incorporated, and PNI Maritimes LP was formed in August 2024 pursuant to *The Corporations Act* (Manitoba) and *The Partnership Act* (Manitoba), respectively. The Company's head office and registered office is 365 Bloor Street East, 12<sup>th</sup> Floor, Toronto, Ontario.

The Company's operations consist of news and information gathering and dissemination operations, with products offered in local, regional and major metropolitan markets in Canada through print and digital platforms. The Company's operations include an extensive distribution network, which offers distribution services, for advertising flyers and parcels. The Company supports these operations through a variety of centralized shared services.

The Company has one operating segment for financial reporting purposes, the Newsmedia segment. The Newsmedia segment's revenue is primarily from print and digital advertising and circulation/subscription revenue

#### **2. MATERIAL ACCOUNTING POLICIES**

The material accounting policies used in the preparation of these consolidated financial statements are described below.

##### **(a) Basis of presentation**

The Company prepares its consolidated financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

The Company has revised the depreciation and amortization presentation on the consolidated statement of operations and cash flow statement. The reclassification provides accurate information based on the Company's depreciation of right of use asset and is aligned with IFRS 16. This presentation change has no impact on operating loss. Comparative figures for the year ended August 31, 2024 have been reclassified to conform to the financial statement presentation adopted for the current year.

The Company applies the going concern basis of accounting in preparing its financial statements which is dependent upon its ability to generate sufficient profits and cash flows to ensure it has sufficient liquidity to meet its obligations as they fall due. Management is satisfied that the Company's cash flow forecasts along with the letter of support from Chatham Asset Management LLC ("Chatham"), taking into account any reasonably possible changes in results and other uncertainties, will provide sufficient liquidity for at least the next twelve months (note 22).

## **(b) Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of derivative financial instruments and financial assets to fair value, and certain assets classified as held-for-sale which were recorded at the lower of the carrying amount and fair value less costs of disposal ("FVLCD").

## **Principles of consolidation**

These consolidated financial statements include the accounts of the Company and Postmedia Network, along with its subsidiaries. A subsidiary is an entity which the Company controls, directly or indirectly. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions and balances have been eliminated on consolidation.

## **(c) Critical accounting estimates**

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. Although these estimates, assumptions and judgements are based upon management's knowledge of the amount, event or actions; actual results could differ from those estimates, assumptions and judgements.

The company completes forecasting models that are used to assess our going concern assumption and liquidity needs. The forecasting models use considerable judgment applied by management and includes key assumptions and estimates regarding the timing and amounts of future revenues, expenses, and cost reduction and transformation initiatives and their impact on liquidity. The forecasting models and estimates of expected liquidity needs are sensitive to these assumptions. If, over the course of the next year, market conditions deteriorate further than anticipated, costs are higher than projected, and/or cash flows as a result of the federal *Online News Act* (Canada) and retroactive changes to the Canadian Journalism tax credit is different in amount or timing from management's forecasts, the Company may need to implement additional cost savings and transformation initiatives and/or seek additional sources of financing to ensure that the Company can continue to meet its liquidity needs.

The following areas require management to use significant assumptions and to make estimates:

### **Future cash flow forecasts**

The estimate of future cash flows in the Company's forecasts used in the going concern assumption takes into consideration the strength of the economy including current inflationary pressures on the Company and its advertisers and subscribers as well as competition from other forms of media and alternative emerging technologies. The Company's cash flow forecast contains planned cost reduction and transformation initiatives to address revenue declination in the legacy print business and key growth areas of digital advertising, digital subscriptions and parcel delivery. The cash flow forecast uses considerable judgement applied by management and includes key assumptions and estimates regarding the timing and amounts of future revenues, expenses, which includes the use of the senior secured asset-based revolving credit facility ("ABL Facility") (note 22). The cash flow forecast and estimates of expected liquidity needs are sensitive to these assumptions.



### **Impairment of long lived assets**

The Company tests indefinite life intangible assets for impairment annually, or more frequently if there are indicators that an impairment may have arisen. In testing for impairment, assets including indefinite life intangible assets and other long lived assets, are grouped into a cash generating unit ("CGU" or "CGUs") which represents the lowest level for which there are separately identifiable cash inflows. Goodwill acquired through a business combination is allocated to the CGU (or group of CGUs) that are expected to benefit from the synergies of the business combination. The recoverable amount of each CGU or group of CGUs is based on the higher of value in use and FVLCD calculations. During the years ended August 31, 2025 and 2024, the Company computed the FVLCD for each CGU by applying a market multiple model using a multiple range of 2.5 to 3.5 times the adjusted trailing twelve month operating income before depreciation, amortization, impairment and restructuring, less disposal costs. Management determined this key assumption based on an average of market multiples for comparable entities. Additional information on the Company's impairment testing is contained in note 6. In addition, estimates were required in the determination of FVLCD for the Company's held-for-sale assets (note 12).

### **Employee future benefits**

The cost of defined benefit post-retirement benefit plans and other long-term employee benefit plans and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions including the discount rate and mortality rates, among others to measure the net defined benefit obligation. Due to the complexity of the actuarial valuations and the long-term nature of employee future benefits, the corresponding obligation is highly sensitive to changes in assumptions. Discount rates are reviewed at each reporting date and corresponding adjustments to the net defined benefit obligation are recognized in other comprehensive income and deficit. Additional information on the Company's employee benefit plans is contained in note 8.

### **Fair value of contingent consideration**

The fair value of contingent consideration paid as part of the acquisition ( the "Saltwire Asset Purchase Transaction") of certain business and assets of Saltwire Network Inc. and The Halifax Herald Limited (collectively, "Saltwire"; note 4) was determined using significant estimates, where actual performance may vary significantly. Significant judgements were required in areas such as timing and amounts of future revenues and expenses associated with the businesses and assets acquired pursuant to the Saltwire Asset Purchase Transaction, the realization of synergies resulting from the Saltwire Asset Purchase Transaction, relevant discount rates, and assessing synergies that we expect to realize by operating the business. The fair value of contingent consideration is revalued at every reporting period using a discounted cash flow model based off the performance of PNI Maritimes operating by the Company. The discount rate used in the reflects the applicable market cost of debt.

The following areas require management to use significant judgements apart from those involving estimates:

**Determination of useful lives for the depreciation and amortization of assets with finite lives**

For each class of assets with finite lives, management has to determine over which period the Company will consume the asset's future economic benefits. The determination of such periods and if necessary, the subsequent revision of such periods, involves judgement and has an impact on the depreciation and amortization recorded in the consolidated statements of operations. The Company takes into account industry trends and Company specific factors, including changing technologies and expectations for the in-service period of assets, when determining their respective useful lives and potential lease extension or renewal options.

**Determination of the measurement of government grants and tax credits**

Judgement is required in determining when government grants and tax credits are recognized. Government grants and tax credits are recognized when there is reasonable assurance that the Company has complied with the conditions associated with the relevant government program. The determination of reasonable assurance involves judgement due to the complexity of the programs and related claim and review processes.

**(d) Disposals of non-current assets and discontinued operations**

Non-current assets are classified as held-for-sale if the carrying amount will be recovered principally through a sale transaction rather than through continued use, they are available for sale in their present condition and such sale is considered highly probable. The criteria for a sale to be considered highly probable includes a firm decision by the appropriate level of management or the Board to dispose of a business or a group of assets, such business or group of assets must be actively marketed for a price that is reasonable in relation to their current market value and there must be an expectation that such disposal will be completed within a twelve-month period. Assets held-for-sale are carried at the lower of their carrying amount and FVLCD. Assets held-for-sale are classified as discontinued operations if the operations and cash flows can be clearly distinguished, both operationally and for financial reporting purposes, from the rest of the Company and they represent a separate major line of business or geographical area of operations, or are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired with the view to resell.

**(e) Foreign currency translation**

Unless otherwise indicated, these consolidated financial statements are presented in Canadian dollars, the Company's functional and reporting currency. As at the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the foreign currency exchange rate in effect at that date. Revenues and expense items are translated at the foreign currency exchange rate in effect when the transaction occurred. The resulting foreign currency exchange gains and losses are recognized in the statement of operations in foreign currency exchange (gains) losses.

**(f) Cash and restricted cash**

Cash is composed of cash on hand and current balances with banks. Pursuant to the indenture that governs the Company's first-lien debt, any net proceeds from an asset disposition in excess of \$0.1 million will be held in a collateral account by the noteholders and when the aggregate amount of the collateral account exceeds \$1.0 million it will be used to make an offer to redeem an equal amount of first-lien debt, unless a waiver is obtained. Such cash is classified as restricted cash on the statement of financial position.

#### (g) Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they are incurred in interest expense in the statement of operations.

#### (h) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and impairment. Historical cost includes purchase cost, expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and borrowing costs if applicable.

Depreciation is provided for on a straight-line basis over the following useful lives:

Assets	Estimated useful life
Buildings	10 - 40 years
Leaseholds	3 - 20 years
Computer hardware	3 - 5 years
Machinery and equipment	5 - 25 years

The depreciation method, estimates of useful lives and residual values assigned to property and equipment are reviewed at least at each financial year end and if necessary depreciation is adjusted on a prospective basis.

#### (i) Intangible assets

##### Finite life intangibles

###### *Software*

Costs of internally generated software are composed of all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Internally generated software consists primarily of internal costs in connection with the development of software to be used internally or for providing services to customers. All costs incurred during the research phase are expensed as incurred. Certain configuration and customization activities undertaken in implementing a cloud computing arrangement may give rise to a separate asset in limited circumstances where the Company controls the intellectual property of the underlying software code (e.g. the development of bridging modules to existing systems or bespoke additional software capability). In all other instances, configuration and customization costs are expensed as incurred.

Software costs are amortized using the straight-line method of amortization over their estimated useful lives, which range from 2 to 10 years. The amortization method and estimates of useful lives ascribed to software are reviewed at least at each financial year end and if necessary, amortization is adjusted on a prospective basis.

###### *Other identifiable intangible assets*

Other identifiable intangible assets are recorded at cost and are carried at cost less accumulated amortization and impairment. Other identifiable intangible assets with finite lives are amortized using the straight-line method of amortization over their estimated useful lives, as follows:

<b>Other identifiable intangible assets with finite lives</b>	<b>Estimated useful life</b>
Advertiser relationships	4 years
Customer relationships	4 years
Domain names	15 years

The amortization method and estimates of useful lives ascribed to other identifiable intangible assets are reviewed at least at each financial year end and if necessary, amortization is adjusted on a prospective basis.

Costs associated with purchasing and developing content are expensed as incurred, except for content development on the Company's websites which are capitalized when such costs meet the criteria for capitalization.

### **Indefinite life intangibles**

Intangible assets with indefinite lives are not amortized. These include newspaper mastheads and domain names related to the newspaper online websites. The assessment of indefinite life is reviewed each period to determine whether the indefinite life assumption continues to be supportable. If it is deemed unsupported the change in useful life from indefinite to finite life is made and amortization is adjusted on a prospective basis.

### **(j) Business combinations**

The Company uses the acquisition method of accounting to record business combinations. The acquisition method of accounting requires the Company to recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at the acquisition-date fair values. The consideration transferred shall be measured at fair value calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, the liabilities incurred to former owners and any equity interests issued by the Company. Contingent consideration is recognized as part of the consideration transferred. Goodwill as of the acquisition date is measured as the excess of the consideration transferred and the amount of any non-controlling interest acquired over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed, measured at fair value. Goodwill acquired through a business combination is allocated to the CGU (or group of CGUs) that are expected to benefit from the synergies of the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Acquisition related costs are expensed in the period they are incurred except for those costs to issue equity securities which are offset against the related equity instruments and those costs to issue debt which are offset against the corresponding debt and amortized using the effective interest method. Acquisition related costs include advisory, legal, accounting, valuation and other professional or consulting fees, and costs of registering and issuing debt and securities.

#### *Contingent consideration*

The Company measures contingent consideration at fair value at each reporting date with changes in fair value recognized in profit or loss. The Company classifies contingent consideration anticipated to be repaid within one year as a current liability and the remainder as other long-term liabilities.

### **(k) Impairment**

Impairment is recorded when the recoverable amount of an asset or CGU is less than its carrying amount. The Company's CGUs are primarily by newspapers. The recoverable amount of an asset or CGU is the higher of an asset or CGUs FVLCD or its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses, other than those relating to goodwill, are reviewed for potential reversals when events or changes in circumstances warrant such consideration.

(i) Non-financial assets

The carrying values of non-financial assets with finite lives, except inventories, are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, intangible assets with indefinite lives composed of mastheads and newspaper domain names are included in their related CGU and are tested annually for impairment or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (CGUs). Any corporate assets and cash flows are allocated to the respective CGUs. Non-financial assets other than goodwill that have incurred an impairment in previous periods are reviewed for the possible reversal of the impairment at each reporting date.

**(I) Revenue Recognition**

The Company has a number of different revenue streams, majority of which are derived from contracts with customers. Advertising revenue is primarily generated through print and digital advertisements in print publications, and on various digital platforms. Circulation revenue is generated by home delivery subscriptions; single copy sales at newsstands and vending machines; and digital subscriptions. Parcel services revenue consists of revenue from the Company's distribution network, which offers distribution services for advertising flyers and parcels. Other revenues are generated from commercial printing for external customers, content licensing, the Canadian Journalism Collective ("CJC") agreement, and the sale of other various products and services. Revenue is measured based on the consideration specified in a contract and the Company recognizes revenue when it transfers control of a product or provides a service to a customer. A corresponding receivable is recognized in instances where credit terms are extended as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. No element of financing is deemed present as normal credit terms are 30 days or less, upon delivery. The contracts with customers typically have no further separate performance obligations to which a portion of the transaction price should be allocated nor are they subject to variable consideration. When payment is received in advance of the criteria being met for recognition of revenue, a contract liability is recognized in deferred revenue which is typically a maximum period of one year. With respect to incremental costs such as sales commissions incurred in obtaining a contract, the Company has elected to apply the practical expedient to expense these costs when incurred as the term of the Company's contracts are one year or less.

*Advertising revenue*

Advertising revenue consists of print and digital advertising revenue. Revenue related to print advertising is recognized when a print advertisement or flyer is included in the newspaper and the newspapers are delivered. The majority of the Company's digital revenue is recognized when advertisements are placed on digital platforms and to a lesser extent when a user clicks on an advertisement, on a per click basis.

*Circulation revenue*

Circulation revenue from subscribers of print newspapers is recognized at the time of delivery of the newspaper to the subscriber. Revenue from single copy sales of print newspapers is recognized at the time of delivery of the newspaper to the newsstand net of a provision for returns based on historical rates of returns. Circulation revenue from digital subscribers is recognized proportionately over the term of the subscription. All Access, print and digital subscriptions represent a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer and are recognized over the term of the subscription.

*Parcel services revenue*

Parcel services revenue is recognized upon delivery of goods to the customer.

*Other revenue*

Other revenue is recognized upon delivery to or at the time that goods are made available to the customer and includes products printed for external customers. Other revenue related to the CJC agreement is recognized upon agreeing to the terms stated in the CJC agreement, including complying with the *Online News Act* (Canada), responding to reasonable requests from the CJC to determine eligibility, and using majority of the compensation to support the production of local, regional, and national news content.

#### **(m) Inventory**

Inventory, consisting primarily of printing materials, is valued at the lower of cost, using the first-in-first out cost formula, and net realizable value. Reversals of previous write-downs to net realizable value are required when there is a subsequent increase in the value of inventories.

#### **(n) Share-based compensation**

The Company uses share-based compensation that is settled through the issuance of shares of Postmedia or through cash at the option of the Company. The Company uses the graded vesting method to calculate compensation expense for all share-based compensation plans.

The Company recognizes compensation expense for all share options granted based on the fair value of the option on the date of grant, net of estimated forfeitures, using the Black-Scholes option pricing model. The fair value of the options is recognized as compensation expense over the vesting period of the options, with a corresponding credit to contributed surplus. The contributed surplus balance is reduced as options are exercised through a credit to capital stock when the options are exercised.

The Company recognizes compensation expense for all restricted share units granted based on the fair value of the Company's shares on the issuance date of each restricted share unit grant net of estimated forfeitures. The fair value of the restricted share units is recognized as compensation expense, over the vesting period of each restricted share unit grant, with a corresponding credit to contributed surplus. Compensation expense is not adjusted for subsequent changes in the fair value of the Company's shares. The contributed surplus balance is reduced as units are exercised through a credit to capital stock.

#### **(o) Financial instruments**

The Company classifies its financial assets in the following measurement categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income ("FVOCI")
- Equity instruments at fair value through profit and loss ("FVTPL")
- Financial assets at FVTPL

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow. The Company assesses the business model and cash flows of debt instruments application and the date of initial recognition thereafter. Equity instruments are generally classified as FVTPL, however for those that are not held for trading, the Company can make an irrevocable election on initial recognition to classify the instrument as FVOCI with no recycling of gains or losses to earnings on derecognition.

##### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of a financial asset carried at FVTPL are expensed in profit or loss.

##### *Debt instruments at amortized cost*

Debt instruments at amortized cost, includes cash, restricted cash, trade and other receivables and are held to collect contractual cash flows and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Debt instruments at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less a provision for impairment.

*Debt instruments at fair value through other comprehensive income ("FVOCI")*

Debt instruments are classified as fair value through other comprehensive income when the debt instrument meets the business model objective by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest. Debt instruments at fair value through other comprehensive income are initially recognized at fair value with changes in fair value recorded in other comprehensive income. Subsequent changes in fair value of investments in debt instruments designated as FVOCI are accumulated in other comprehensive income. The Company does not currently hold any debt instruments measured at fair value through other comprehensive income.

*Financial assets at FVTPL*

Financial assets at FVTPL are those not measured at amortized cost or at FVOCI. Assets in this category principally include warrants and shares held by the Company. Financial assets at FVTPL are carried at fair value with changes recognized in the statement of operations.

*Other financial liabilities*

Other financial liabilities, includes accounts payable and accrued liabilities, long-term debt and other non-current liabilities. Other financial liabilities are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

*Derecognition*

A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Company has transferred its rights to receive cash flows from the asset. A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expires.

*Impairment of financial assets*

For trade receivables the Company applies a simplified approach in calculating expected credit losses and recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

**(p) Derivative financial instruments and hedging**

The Company used derivative financial instruments to manage its exposure to fluctuations in foreign currency rates and interest rates. Derivative financial instruments are initially recognized at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument and the nature of the item being hedged. Non-performance risk, including credit risk, is considered when determining the fair value of derivative financial instruments. The Company does not hold or use any derivatives instruments for trading purposes.

The Company also enters into or is a party to the following types of derivative financial instruments:

*Warrants*

A warrant is a derivative financial instrument that grants the owner the right, but not the obligation, to buy or sell a security at a certain price before expiration and is measured at fair value in the statement of financial position. Changes in the fair value of warrants are recorded in the statement of operations in loss (gain) on derivative financial instruments.



## **(q) Provisions**

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the current best estimate required to settle the obligation and when necessary, estimation techniques are utilized. If the effect of the time value of money is material the provision is measured at the present value of the expected expenditures required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense in the statement of operations.

## **(r) Employee benefits**

### *Pension and post-retirement obligations*

The Company has a number of defined benefit post-retirement plans, participates in defined benefit multi-employer pension plans and prior to November 2020, had both defined benefit and defined contribution pension plans (note 8). For defined benefit plans, the defined benefit obligation associated with post-retirement benefits earned by employees is actuarially determined on an annual basis by independent actuaries. The determination of benefit expense requires assumptions such as the discount rate to measure the net defined benefit obligations, expected rate of future compensation increases, retirement ages of employees, expected health care cost trend rate, mortality rates, and other factors as applicable. The liability recognized in the statement of financial position is the present value of the defined benefit obligation at the end of the reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of Canadian corporate AA bonds that have terms to maturity which are similar to the terms of the related liability. All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation are recognized in other comprehensive income and then immediately transferred to deficit. Past service costs from plan amendments are recognized immediately in compensation expense in the statement of operations. The current service cost and past service cost of employee benefits expense is recorded in compensation expense in the statement of operations. The financing expense on the net defined benefit obligations is presented in net financing expense relating to employee benefit plans in the statement of operations. Gains and losses on curtailments or settlements are recognized in the period in which the curtailment or settlement occurs in the statement of operations.

Defined benefit multi-employer pension plans are accounted for as defined contribution plans as adequate information to account for the Company's participation in the plans is not available due to the size and number of contributing employers in the plans. For defined contribution plans and defined benefit multi-employer plans, the Company pays contributions to the plan on a contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an expense in the period when they are earned by the employees.

### *Other long-term benefits*

The Company maintains a number of other long-term employee benefit plans that are to be settled more than twelve months after the service was provided that entitled the employee to the benefit. These plans are accounted for similarly to the defined benefit post-retirement plans with the exception that actuarial gains and losses are recognized as incurred in the statement of operations.

#### *Termination benefits*

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary termination in exchange for these benefits. The Company recognises termination benefits when the Company has a detailed formal plan, approved by management, to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary termination, the termination benefits are measured based on the number of employees expected to accept the offer. If the effect of the time value of money is material, benefits falling due more than twelve months after the end of the reporting period are discounted to present value. Termination benefits expense is included in restructuring expense in the consolidated statement of operations and the amount payable is included in provisions in the consolidated statement of position.

### **(s) Income taxes**

Current income taxes are recognized with respect to amounts expected to be paid or recovered for current and prior periods under the tax rates and laws that have been enacted or substantively enacted as at the date of the statement of financial position.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the carrying amounts in the consolidated financial statements and the tax bases of assets and liabilities. However, deferred tax is not recognized if it arises from the initial recognition of goodwill, if the transaction gives rise to equal taxable and deductible temporary differences, or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable income or loss. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates, as at the date of the statement of financial position, in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in income in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be subsequently reduced, if necessary, to an amount that is probable of being realized. In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Tax expense or recovery is recognized in other comprehensive income or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are presented as non-current.

### **(t) Government grants and tax credits**

Government grants and refundable tax credits are recognized when there is reasonable assurance that the Company has complied with the conditions associated with the relevant government program. These programs are recorded as either a reduction to the carrying amount of the related asset or as a recovery in the statement of operations. Government grants and tax credits receivable are recorded in trade and other receivables in the statement of financial position.

## **(u) Leases**

The Company assesses at the inception of a contract whether a contract is or contains a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. Leases are recognized as a right of use asset and a corresponding lease obligation at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease obligations include the net present value of fixed payments, amounts expected to be paid and the exercise price of purchase options if reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any lease incentives receivable. These payments are discounted using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments are allocated between the liability and finance costs. The finance cost is charged to interest expense over the lease term, which contains the non-cancellable period of a lease and any periods covered by an option to extend the lease, if the Company is reasonably certain to exercise the option.

The lease obligation is measured at amortized cost using the effective interest method. It is remeasured if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company or if there is a change in the amount expected to be payable under a residual value guarantee. The lease obligation is also remeasured when the underlying lease contract is amended. When there is a decrease in contract scope, the lease liability and right of use asset will decrease relative to this change with the difference recorded in net earnings prior to the remeasurement of the lease liability. The remeasurement will use the applicable discount rate at the effective date of the lease modification.

The right of use asset is initially measured at cost, which is comprised of the initial amount of the lease obligation, any initial direct costs, and an estimate of costs to restore the asset less any lease payments made at or before the commencement date. The right of use asset is amortized, on a straight-line basis, over the estimated useful life of the asset or the lease term. The right of use asset may be adjusted for certain remeasurements of the lease obligation and impairments. Leases that have terms of less than twelve months or leases where the underlying asset is of low value are recognized as other operating expenses in the consolidated statement of operations on a straight-line basis over the lease term. Certain leases require the Company to make payments that relate to property taxes, maintenance and other operating costs which are typically variable and are not included in the calculation of the right-of-use asset or lease obligation.

### *Subleases*

For subleases where the Company is an intermediate lessor, the head lease and sub-lease interest are accounted for separately. The Company assesses the lease classification of a sublease as either an operating lease or a finance lease. The Company derecognizes the right-of-use asset relating to the head lease upon subleasing and recognizes the net investment in the sublease.

## **(v) Earnings per share**

Basic earnings per share are calculated using the daily weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated using the daily weighted average number of shares that would have been outstanding during the period had all potential common shares been issued at the beginning of the period, or when the underlying options were granted, if later. The treasury stock method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of the options to acquire shares provided the shares are not anti-dilutive.

### ***New accounting pronouncement adopted in 2025***

The Company has retrospectively adopted Amendments to IAS 1 - Presentation of Financial Statements to clarify the classification of liabilities as current or non-current. As a result of this adoption, the Company has reclassified the New ABL facility from current portion of long-term debt to long-term debt.

### ***Recent accounting pronouncements not yet adopted***

The IASB has issued the following new standard and amendments to existing standards that will become effective in future years:

- IFRS 18, Presentation and Disclosure in Financial Statements (replacing IAS 1, Presentation of Financial Statements), with an aim to improve how information is communicated in the financial statements, with a focus on information in the statement of income (January 1, 2027).
- Amendments to IFRS 9, Financial Instruments and IFRS 7, Financial Instruments Disclosures, clarifying both the classification of financial assets linked to environmental, social and governance as well as the timing in which a financial asset or financial liability is derecognized when using electronic payment systems (January 1, 2026)

We are assessing the impacts IFRS 18 and the amendments to IFRS 9 and IFRS 7 will have on our consolidated financial statements.

## **3. OPERATING INCOME BEFORE DEPRECIATION, AMORTIZATION, IMPAIRMENT, RESTRUCTURING AND OTHER**

The Company presents as an additional IFRS Accounting Standards measure, operating income before depreciation, amortization, impairment, restructuring and other, in the consolidated statement of operations, to assist users in assessing financial performance. The Company's management and Board use this measure to evaluate consolidated operating results and to assess the ability of the Company to incur and service debt. In addition, this measure is used to make operating decisions as it is an indicator of performance including how much cash is being generated by the Company and assists in determining the need for additional cost reductions as well as the evaluation of personnel and resource allocation decisions. Operating income before depreciation, amortization, impairment, restructuring and other is referred to as an additional IFRS Accounting Standards measure and may not be comparable to similarly titled measures presented by other companies.

## **4. BUSINESS ACQUISITION**

On August 25, 2024, PNI Maritimes LP completed the purchase (the "Saltwire Asset Purchase Transaction") of certain businesses and assets of Saltwire Network Inc. and The Halifax Herald Limited (collectively, "Saltwire"), pursuant to an Asset Purchase Agreement dated July 25, 2024 (the "Saltwire Purchase Agreement"). The acquisition was a result of a successful bid by PNI Maritimes LP submitted in accordance with the sales and investment solicitation process, conducted in respect of certain businesses and assets of Saltwire pursuant to proceedings commenced in respect of Saltwire under the Companies' Creditors Arrangement Act (the "Saltwire CCAA Proceedings"). The Saltwire Purchase Agreement and the Saltwire Asset Purchase Transaction were approved by the Supreme Court of Nova Scotia on August 8, 2024. Postmedia intends to continue operations of certain Saltwire publications, leveraging Postmedia's existing newsmedia back-office resources and operational infrastructure to ensure there continues to be reliable and high-quality local news provided to the affected communities. The acquisition included Saltwire's daily and weekly papers, and parcel delivery business.

The consideration in respect of the Saltwire Asset Purchase Transaction is summarized below:

Cash consideration	1,000
Contingent consideration	3,099
<b>Acquisition Consideration</b>	<b>4,099</b>

In connection with the Saltwire Asset Purchase Transaction, PNI Maritimes LP entered into a Debt Repayment Agreement dated August 24, 2024 (the "Debt Repayment Agreement") with certain creditors of Saltwire. Under the Debt Repayment Agreement, PNI Maritimes agreed to contribute to the repayment of certain liabilities of Saltwire, including certain outstanding liabilities owing by Saltwire to such creditors under existing credit agreements (the "Existing Saltwire Credit Agreements") to which Saltwire was and remained a party post-closing of the Saltwire Asset Purchase Transaction and the debtor-in-possession financing (the "Saltwire DIP Facility") provided to Saltwire in connection with the CCAA Proceedings, in each case on an unguaranteed basis. Pursuant and subject to the terms and conditions of the Debt Repayment Agreement, the amount contributed by PNI Maritimes LP to the repayment of certain liabilities of Saltwire under the Existing Saltwire Credit Agreements and Saltwire DIP Facility will be based on the net earnings of PNI Maritimes LP post-closing of the Saltwire Asset Purchase Transaction, net of any proceeds from the disposition of or realization by Saltwire's creditors or trustees on the residual assets of Saltwire that PNI Maritimes LP did not acquire. As at August 24, 2024, PNI Maritimes LP's maximum contingent consideration exposure under the Debt Repayment Agreement was approximately \$33.5 million under the Existing Saltwire Credit Agreements and approximately \$7 million under the Saltwire DIP Facility, or approximately \$40.5 million in total. As at August 31, 2025, PNI Maritimes LP's maximum contingent consideration exposure under the Debt Repayment Agreement was approximately \$32.5 million under the Existing Saltwire Credit Agreements and approximately \$5.2 million under the Saltwire DIP Facility, or approximately \$37.7 million in total.

The contingent consideration of \$3.1 million as at August 31, 2024 was valued using a discounted cash flow approach of the expected performance of PNI Maritimes, consisting of the acquired businesses and assets of Saltwire, adjusting for factors applicable for a general market participant in accordance with IFRS 9. As at August 31, 2025, the contingent consideration increased to \$20.1 million. The increase primarily reflects revised forecasts of the performance of PNI Maritimes operated by the Company using a discounted cash flow model.

During the year ended August 31, 2025, the Company repaid \$2.1 million (2024 - \$nil) of the contingent consideration. The Company is required to remit contingent consideration payments quarterly, based on the net earnings of the acquired business as defined in the Debt Repayment Agreement until the outstanding balance is fully repaid.

Significant judgements and estimates were used to derive the value of Saltwire's future cash flows, where actual performance of PNI Maritimes may vary significantly. Other judgements and estimates also exist pertaining to the expected proceeds to be realized of Saltwire's residual assets that Postmedia did not acquire.

The fair value of the purchased assets and assumed liabilities as of August 24, 2024, is as follows:

<b>Assets acquired</b>	
Accounts receivable	3,469
Inventory	220
Prepaid expenses	156
Property and equipment	72
Intangible assets	2,214
<b>Total assets acquired</b>	<b>6,131</b>
<b>Liabilities assumed</b>	
Accrued liabilities	220
Contract liabilities	1,812
<b>Total liabilities assumed</b>	<b>2,032</b>
<b>Net assets acquired at fair value</b>	<b>4,099</b>
<b>Acquisition Consideration</b>	
Acquisition Consideration	4,099
Net assets acquired at fair value	4,099
<b>Goodwill</b>	<b>0</b>

The revenue and net income as part of the acquisition of Saltwire for the period August 24, 2024 to August 31, 2024 was \$1.1 million and \$0.4 million, respectively. The revenue and net loss of the combined Company, as though the acquisition date was September 1, 2023 would have been \$436.3 million and \$57.0, respectively. Acquisition costs that were recorded in expenses \$nil (2024 - \$0.9 million).

Changes to the Company's contingent consideration for the years ended August 31, 2025 and 2024 are as follows:

	<b>Contingent Consideration</b>
August 31, 2023	-
Acquisition	3,099
August 31, 2024	3,099
Repayments	(2,082)
Accretion expense	320
Change in fair value	18,924
August 31, 2025	20,261
Current	3,508
Long-term	16,753
August 31, 2025	20,261

## 5. JOURNALISM TAX CREDITS

On June 21, 2019 the federal budget was approved which contained measures specific to the news media industry including a journalism tax credit whereby qualifying Canadian news organizations may apply for a refundable labour tax credit applied to the salaries of journalists. In December 2019, the Canada Revenue Agency (“CRA”) issued the Application for Qualified Canadian Journalism Organization Designation and guidance related to the eligibility, qualifications and determination of the refundable labour tax credit which was further clarified in April 2020. On November 19, 2020, the Company received its designation as a Qualified Canadian Journalism Organization.

On October 2, 2019, the Government of Quebec announced a similar refundable labour tax credit to be applied to the salaries of journalists in Quebec provided an entity receives an eligibility certificate issued by Investissement Québec.

On June 20, 2024, *Bill C-69, Budget Implementation Act, 2024, No. 1* (Canada) (“Bill C-69”) received Royal Assent and became enacted. Retroactively effective for calendar year 2023, Bill C-69 amended the Tax Act to increase the cap on labour expenditures per eligible newsroom employee from \$55,000 to \$85,000 and raises the Canadian journalism tax credit rate from 25% to 35% for the next four years.

During the year ended August 31, 2025, the Company recognized a recovery of compensation expense of \$13.1 million related to the journalism tax credits (2024 – \$16.7 million). As at August 31, 2025, the net aggregate journalism tax credit receivable of \$11.9 million is included in trade and other receivables on the consolidated statement of financial position (August 31, 2024 - \$11.7 million). During the year ended August 31, 2025, the Company received \$12.9 million of the aggregate journalism tax credit receivable. The recognition of the journalism tax credits receivable is based on the Company’s interpretation of the federal budget and the related legislation. Actual amounts received may differ from the amounts currently recorded based on future CRA and/or Revenue Québec interpretations of eligibility, qualifications and determination of the tax credits.

## 6. IMPAIRMENT OF LONG LIVED AND INTANGIBLE ASSETS

During the year ended August 31, 2025 and 2024, the Company completed its annual impairment testing of indefinite life intangible assets as well as interim impairment testing of indefinite life intangible assets. The recoverable amounts for all tests were based on FVLCD of the CGUs, which are primarily individual newspapers. The FVLCD was determined by applying a market multiple model using a multiple range of 2.5 to 3.5 times the adjusted trailing twelve month operating income before depreciation, amortization, impairment and restructuring less disposal costs. Management determined this key assumption based on an average of market multiples for comparable entities. The FVLCD measurements represent a Level 3 measurement within the fair value hierarchy due to the allocation of corporate costs and digital revenues, and the application of the comparable market multiples to each of the CGUs.

Based on the impairment tests, the Company determined that the Vancouver Province CGU recoverable amount was less than their carrying amount and as a result, recognized an impairment of \$1.9 million during the year ended August 31, 2025 of its domain names and masthead intangible assets. The carrying amounts of all other CGUs with indefinite life intangibles, Calgary Sun, Calgary Herald, Regina, and Vancouver Sun, were not impaired as the carrying amount did not exceed the recoverable amount.

	Mastheads	Domain Names	Total Carrying Amount
Vancouver Sun	2,525	915	3,440
Calgary Sun	1,227	513	1,740
Calgary Herald	2,160	179	2,339
Regina	2,000	361	2,361
	7,912	1,968	9,880



During the year ended August 31, 2025 the Company determined that the carrying amount of the Winnipeg land and property would be recovered principally through a sales transaction and as a result, classified the land and building as held-for-sale on the consolidated statement of financial position. The Company estimated the recoverable amount of the Winnipeg land and building based on an Offer to Purchase to be \$3.0 million, which is less than the carrying amount of \$4.5 million. Therefore, the carrying amount for the Winnipeg land and building is reduced to its recoverable amount of \$3.0 million and the Company recognized an impairment loss of \$1.5 million. During the year ended August 31, 2025, the Winnipeg land and property were sold for net proceeds of \$2.9 million.

During the year ended August 31, 2025, the Company determined the carrying amount of certain intangible assets should be impaired. The Company estimated the recoverable amount of certain intangible assets to be \$nil and recognized impairment losses on intangible assets of \$13.1 million (note 13). These impairment losses were primarily due to reassessments of strategic projects and changes in the expected future economic benefits of certain technology assets.

	2025	2024
<b>Impairment of long lived and intangible assets</b>		
Intangible assets - domain names	355	-
Intangible assets - mastheads	1,575	-
Intangible assets - software	13,066	-
Land and property	1,501	-
Impairment	16,497	-

## 7. RESTRUCTURING AND OTHER

During the year ended August 31, 2025, the Company continued restructuring initiatives and incurred restructuring expenses of \$24.3 million (2024 - \$9.2 million), which include both involuntary terminations and voluntary buyouts of \$2.5 million (2024 - \$4.8 million), as well as non-operating costs of \$2.9 million pertaining to the strategic exit of certain assets and acquisition related costs pertaining to PNI Maritimes LP (2024 - \$4.4 million) and \$18.9 million related to the change in fair value of the contingent consideration (2024 - \$nil).

## 8. EMPLOYEE BENEFIT PLANS

The Company has a number of unfunded defined benefit plans that include post-retirement benefits and other long-term employee benefits. The post-retirement benefit plans are non-contributory and include health and life insurance benefits available to eligible retired employees. The other long-term employee benefit plans are non-contributory and include disability, health and life insurance benefits available to eligible active employees. The Company participates in multi-employer defined benefit pension plans, including the Colleges of Applied Arts & Technology Pension Plan (the "CAAT Pension Plan"), which provides benefits upon retirement to eligible employees.

All current service costs, administration costs and net actuarial (gains) losses related to other long-term employee benefits are included in compensation expense in the consolidated statements of operations. Net financing expense is included in net financing expense relating to employee benefit plans in the consolidated statements of operations.

The net defined benefit plan obligation related to the Company's post-retirement benefit plans, other long-term employee benefit plans and other long-term liabilities recorded in employee benefit obligations and other liabilities on the consolidated financial position as at August 31, 2025 and 2024 are as follows:

	As at August 31, 2025	As at August 31, 2024
Post-retirement benefits	18,846	19,890
Other long-term employee benefits	5,615	6,483
Net defined benefit plans obligation	24,461	26,373
Payable to the CAAT Pension Plan	5,623	6,661
Employee benefit obligations	30,084	33,034

Changes to the Company's post-retirement benefit plans and other long-term employee benefit plans net defined benefit obligations for the years ended August 31, 2025 and 2024 are as follows:

	Post-retirement benefits		Other long-term employee benefits	
	2025	2024	2025	2024
<b>Change in net defined benefit obligations</b>				
Net defined benefit obligations, beginning of year	19,890	20,283	6,483	7,216
Current service cost	81	87	92	163
Interest cost	892	1,012	262	364
Actuarial losses	358	667	11	195
Benefits paid	(2,375)	(2,159)	(1,233)	(1,455)
<b>Net defined benefit plan obligations</b>	<b>18,846</b>	<b>19,890</b>	<b>5,615</b>	<b>6,483</b>

The net employee benefit plan costs related to the Company's pension benefit plans, post-retirement benefit plans and other long-term employee benefit plans reported in net loss in the consolidated statements of operations for the years ended August 31, 2025 and 2024 are as follows:

	Pension benefits		Post-retirement benefits		Other long-term employee benefits		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Current service cost	-	-	81	87	92	163	173	250
Net actuarial losses	-	-	-	-	11	195	11	195
Net financing expense	-	-	892	1,012	262	364	1,154	1,376
Net defined benefit plan expense <sup>(1)</sup>	-	-	973	1,099	365	722	1,338	1,821
Employer contributions to the multi-employer plans	4,487	3,795	-	-	-	-	4,487	3,795
<b>Total plan expense</b>	<b>4,487</b>	<b>3,795</b>	<b>973</b>	<b>1,099</b>	<b>365</b>	<b>722</b>	<b>5,825</b>	<b>5,616</b>

<sup>(1)</sup> All current service costs and net actuarial (gains) losses related to other long-term employee benefits are included in compensation expense in the consolidated statements of operations. Net financing expense is included in net financing expense relating to employee benefit plans in the consolidated statements of operations.

Gains (losses) related to the Company's post-retirement benefit plans recognized in the condensed consolidated statements of comprehensive loss for the years ended August 31, 2025 and 2024 are as follows:

	<b>Post-retirement</b>	
	<b>2025</b>	<b>2024</b>
Net actuarial losses recognized in other comprehensive loss	(358)	(667)

<sup>(1)</sup> The discount rate used in measuring the Company's benefit obligations as at August 31, 2025 was 4.65% for post-retirement benefits (August 31, 2024 – 4.95%).

The cumulative actuarial losses related to the Company's pension benefit plans and post-retirement benefit plans recognized directly in deficit in the consolidated statement of financial position are as follows:

	<b>Actuarial Losses</b>
August 31, 2024	(22,458)
Net actuarial gains recognized in other comprehensive income (loss) and deficit	(358)
August 31, 2025	(22,816)

Significant actuarial assumptions used in measuring the Company's benefit obligations as at August 31, 2025 and 2024 and employee benefit plan expense for the years ended August 31, 2025 and 2024 are as follows:

	<b>Post-retirement benefits <sup>(1)</sup></b>		<b>Other long-term employee benefits</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Benefit obligations <sup>(2)</sup></b>				
Discount rate <sup>(3)</sup>	4.65%	4.70%	4.00%	4.40%
Rate of compensation increase	2.50%	2.50%	N/A	N/A
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
<b>Benefit plan expense</b>				
Discount rate	4.70%	5.25%	4.40%	5.45%
Rate of compensation increase	2.50%	2.50%	N/A	N/A

<sup>(1)</sup> The assumed health care cost trend rates for the next year used to measure the expected cost of benefits covered for the post-retirement benefit health and life plans were 5.80% for medical for the next 4 years to 2030.

<sup>(2)</sup> As at August 31, 2025, the duration of the post-retirement and other long term employee benefit obligation was 8 and 4 years, respectively (August 31, 2024 – 8 and 4 years, respectively).

<sup>(3)</sup> A change in the discount rate used in the valuation of defined benefit obligations, affects the reported funded status of the Company's plans as well as the net benefit cost in subsequent years. As at August 31, 2025, a 50 basis-point decrease in the discount rate would increase the post-retirement and other long-term employee benefit obligations by \$0.8 million and \$0.1 million, respectively, and a 50 basis-point increase in the discount rate would decrease the post-retirement and other long-term employee defined benefit obligations by \$0.9 million and \$0.1 million, respectively.

The Company expects to contribute approximately \$4 million to the multi-employer pension plans during the year ending August 31, 2026.

## 9. LONG-TERM DEBT

					As at August 31, 2025	As at August 31, 2024
	Maturity	Principal (US\$)	Principal (CAD\$)	Financing fees, discounts and other	Carrying value of debt	Carrying value of debt
10.5% First Lien Senior Secured Notes	November 2028	11,168	15,342	(681)	14,661	20,129
10.25% Second Lien Secured Notes	August 2027	232,731	319,714	(86)	319,628	281,313
Asset-Based Lending Facility	November 2026	23,463	32,232	(657)	31,575	23,326
Short Term Promissory Note	August 2025	N/A	-	-	-	5,000
Unsecured Promissory Notes	August 2027	N/A	23,100	-	23,100	22,870
<b>Total long-term debt</b>		<b>267,362</b>	<b>390,388</b>	<b>(1,424)</b>	<b>388,964</b>	<b>352,638</b>

Changes to the Company's long-term debt for the years ended August 31, 2025 and 2024 are as follows:

	2025	2024
Balance, beginning of year	352,638	310,296
Repayment of senior secured notes	-	(24,475)
Repayment of first-lien senior secured notes	(7,734)	(699)
Issuance of first lien senior secured notes	-	20,158
Repayment of senior secured asset-based revolving credit facility	-	(14,500)
Advance from senior secured asset-based revolving credit facility	-	8,500
Repayment of asset-based lending facility	(7,935)	(6,347)
Advances from asset-based lending facility	11,841	13,788
Issuance of asset-based lending facility	-	15,393
Repayment of unsecured promissory notes	-	(4,696)
(Repayment) proceeds on issuance of short term promissory notes	(5,000)	5,000
Debt issuance costs	-	(2,307)
Loss on debt refinancing	-	367
Non-cash interest <sup>(1)</sup>	38,467	34,312
Non-cash foreign currency exchange (gains) losses	6,516	(3,028)
Other	171	876
<b>Balance, end of year</b>	<b>388,964</b>	<b>352,638</b>

<sup>(1)</sup> Non-cash interest in the year ended August 31, 2025 includes the issuance of additional Second-Lien Notes of US\$24.4 million (\$34.2 million), First-Lien Notes of US\$1.2 million (\$1.5 million), ABL facility of US\$2.0 million (\$2.6 million), and Promissory Note of \$0.2 million, related to paid-in-kind interest (2024 - Second-Lien Notes of US\$21.6 million (\$29.4 million), First-Lien Notes of US\$1.1 million (\$1.5 million), ABL facility of US\$1.4 million (\$1.9 million) and Promissory Note of \$0.2 million).

## **Refinancing Transaction – FY 2024**

On November 30, 2023, the Company completed a refinancing transaction (“Refinancing Transaction”) that included the following: (i) the issuance of US\$14.9 million of 10.5% First-Lien Senior Secured Notes, maturing November 30, 2028, at an interest rate of 10.5% if paid in cash or 11.5% if paid-in-kind (“New First-Lien Notes”), (ii) the redemption in full of the Company’s 8.25% Senior Secured Notes due 2027 (“First-Lien Notes”) with the proceeds of the aforementioned issuance of First-Lien Notes; (iii) the partial repayment of \$4.7 million of unsecured promissory notes (“Unsecured Promissory Notes”) with proceeds from the aforementioned issuance of non-cas-Lien Notes and (iv) the entering into of a new 3 year asset-based lending facility (the “New ABL Facility”) with an aggregate commitment equal to the lesser of US\$40 million and a borrowing base, with an advance at closing to be used to repay the Company’s existing asset-based lending facility (“ABL Facility”) of \$14.5 million in full and other transaction fees and expenses. The Company is subject to specific debt ratios related to the New First-Lien Notes and New ABL Facility, which impact variable interest rates and the method of interest payment, whether in cash or in kind; however, these ratios do not render the debt callable. The Company determined that the refinancing of the First-Lien Notes was an extinguishment of original terms and as a result the Company recognized a loss on debt refinancing of \$0.4 million in the year ended August 31, 2024. The unsecured revolving promissory notes at a balance of nil were terminated as part of the Refinancing Transaction.

### **10.5% Senior Secured Notes due 2028 (“New First-Lien Notes”)**

As at August 31, 2025, the Company has US\$11.2 million (\$15.3 million) of New First-Lien Notes outstanding (August 31, 2024 – US\$15.5 million (\$20.9 million)). As part of the Refinancing Transaction described above, the Company extended the maturity of the New First-Lien Notes by approximately one and a half years to November 2028 and accounted for this extension as a debt extinguishment.

During the year ended August 31, 2025, the Company redeemed US\$5.4 million (\$7.7 million) aggregate principal of New First Lien Notes related to the sale of property, plant, and equipment, issued additional New First Lien Notes of US\$1.2 million (\$1.5 million) related to paid-in-kind interest, and paid US\$0.2 million (\$0.3 million) in cash interest.

The New First-Lien Notes bear interest at 10.5% cash interest or 11.5% paid-in-kind interest, dependent on specific debt ratio calculations prior to May 30, 2025. Interest is payable in cash or issued as additional New First-Lien Notes semi-annually on January 31 and July 31 of each year. After May 30, 2025, interest is required to be paid in cash. The New First-Lien Notes are subject to semi-annual mandatory principal redemptions, effective February 28, 2025, up to 50% of excess cash flow, calculated as per the terms of the amended and restated New First-Lien Notes indenture. The effective interest rate of the First-Lien Notes which amortizes the aggregate initial financing fees based on the estimated initial cash flows is 12.8%. The New First-Lien Notes are secured on a first priority basis by substantially all of the assets of Postmedia Network and the assets of the Company (“New First-Lien Notes Collateral”).

The New First-Lien Notes are also subject to covenants that restrict the Company’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.

### **10.25% Senior Secured Notes due 2027 (“Second-Lien Notes”)**

As at August 31, 2025, Postmedia Network has US\$232.7 million (\$319.7 million) of Second-Lien Notes outstanding (2024 – US\$208.6 million (\$281.4 million)). As part of the Refinancing Transaction described above, the Company extended the maturity of the Second-Lien Notes by three and a half years to August 17, 2027 and accounted for this extension as a debt modification. The Second-Lien Notes bear interest at 10.25% cash interest or 11.25% paid-in-kind interest, at the option of the Company until maturity. Interest is payable in cash or issued as additional Second-Lien Notes semi-annually on January 31 and July 31 of each year. During the year ended August 31, 2025, the Company issued additional Second-Lien Notes of US\$24.4 million (\$34.2 million) related to paid-in-kind interest (2024 – US\$21.6 million (\$29.4 million)). The effective Interest rate of the Second-Lien Notes which amortizes the initial financing fees based on the estimated initial cash flows is 11.6%. There were no redemptions of Second-Lien Notes during the years ended August 31, 2025 and 2024. The Second-Lien Notes are secured on a second priority basis by the First-Lien Notes Collateral.

The Second-Lien Notes are subject to covenants that restrict the Company’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.

### **Senior Secured Asset-Based Revolving Credit Facility (“ABL Facility”)**

As at August 31, 2025, the Company has a nil balance of the ABL Facility outstanding (August 31, 2024 - \$nil). As part of the refinancing transaction described above, the Company redeemed the ABL Facility in full.

### **Asset-Based Lending Facility (“New ABL Facility”)**

On November 30, 2023, the Company entered into a New ABL Facility, for an aggregate commitment equal to the lesser of US\$40 million and a borrowing base. The New ABL Facility bears interest on amounts drawn of the secured overnight financing rate plus 1% and an applicable margin rate determined by the debt agreement.

As part of the refinancing transaction described above, the Company extended the maturity of the New ABL Facility by three years to November 30, 2026. The New ABL Facility is secured on a first-priority basis by trade and other receivables and inventory. Subsequent to August 31, 2025, the Company extended the maturity of the New ABL Facility to September 30, 2028.

As at August 31, 2025, the Company has US\$23.5 million (\$32.2 million) (2024 – US\$18.2 million (\$24.5 million)) drawn on the New ABL facility and has an availability of US\$1.9 million (\$2.7 million) (2024 – US\$3.6 million (\$4.9 million)) on the New ABL Facility.

As at November 20, 2025, the Company has US\$24.6 million (\$34.5 million) drawn and US\$1.3 million (\$1.9 million) available on the New ABL Facility.

### **Unsecured Promissory Notes (“Unsecured Promissory Notes”)**

As described in the refinancing transaction above, during the year ended August 31, 2024, the Company redeemed \$4.7 million of 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. During the year ended August 31, 2025, the Company issued additional Unsecured Promissory Notes of \$0.2 million related to paid-in-kind interest (2024 – \$0.2 million).

### **Short-Term Promissory Note (“Short-Term Promissory Note”)**

As at August 31, 2025, the Company has nil outstanding on the Short-Term Promissory Note (2024 - \$5.0 million). During the year ended August 31, 2025 the Company repaid the \$5 million Short-Term Promissory note in full plus accrued interest of \$0.1 million.

The following table provides principal undiscounted minimum payments of long-term debt, based upon terms and conditions existing at August 31, 2025.

2026	-
2027	375,046
2028	15,342
2029	-
2030	-
Thereafter	-
	<u>390,388</u>

Aggregate interest expense relating to long-term debt for the year ended August 31, 2025 was \$40.2 million (2024 - \$34.9 million).

## 10. RESTRICTED CASH

Changes to the Company's restricted cash for the years ended August 31, 2025 and 2024 are as follows:

	<b>Restricted Cash</b>
August 31, 2023	6,968
Net proceeds on sale of property and equipment, and other assets <sup>(1)</sup>	3,072
Settlement of first-lien notes related to refinancing transaction (note 14) <sup>(2)</sup>	(2,365)
Long-term debt repayment <sup>(3)</sup>	(7,675)
August 31, 2024	-
Net proceeds on sale of property and equipment <sup>(4)</sup>	8,063
Long-term debt repayment <sup>(5)</sup>	(7,734)
Accrued interest paid <sup>(5)</sup>	(329)
August 31, 2025	-

<sup>(1)</sup> During the year ended August 31, 2024, net proceeds related to the sale of property and equipment and other assets of \$3.1 million were received as restricted cash.

<sup>(2)</sup> During the year ended August 31, 2024, the Company settled \$2.4 million of first-lien notes as part of a refinancing transaction (note 9).

<sup>(3)</sup> During the year ended August 31, 2024, the Company used restricted cash to redeem \$6.8 million of first-lien debt and \$0.7 million of new first-lien debt and pay accrued interest of \$0.2 million.

<sup>(4)</sup> During the year ended August 31, 2025, net proceeds related to the sale of property and equipment of \$8.6 million were received as restricted cash.

<sup>(5)</sup> During the year ended August 31, 2025, the Company used restricted cash to redeem \$7.7 million of new first-lien debt and pay accrued interest of \$0.3 million.



## 11. INVENTORY

	As at August 31, 2025	As at August 31, 2024
Newsprint	728	1,271
Other	887	1,047
Total inventory	1,615	2,318

No inventories were carried at net realizable value at August 31, 2025 and 2024.

## 12. PROPERTY AND EQUIPMENT AND ASSET HELD-FOR-SALE

### Property and Equipment

	Land	Buildings and leaseholds	Computer hardware	Machinery and equipment	Total
<b>Cost</b>					
August 31, 2023	13,540	25,945	29,930	90,661	160,076
Additions	-	-	298	277	575
Acquisition (note 4)	-	-	-	72	72
Disposals	(1,420)	(5,693)	(2,345)	(1,882)	(11,340)
August 31, 2024	12,120	20,252	27,883	89,128	149,383
Additions	-	-	511	259	770
Transfer - assets held-for-sale	(933)	(4,924)	-	-	(5,857)
August 31, 2025	11,187	15,328	28,394	89,387	144,296
<b>Accumulated depreciation and impairment losses</b>					
August 31, 2023	(5,000)	(13,023)	(28,121)	(65,633)	(111,777)
Depreciation	-	(2,789)	(1,020)	(6,622)	(10,431)
Disposals	-	3,861	2,345	1,708	7,914
August 31, 2024	(5,000)	(11,951)	(26,796)	(70,547)	(114,294)
Depreciation	-	(1,372)	(600)	(6,401)	(8,373)
Impairments (note 6)	(297)	(1,204)	-	-	(1,501)
Transfer - assets held-for-sale	-	2,858	-	-	2,858
August 31, 2025	(5,297)	(11,669)	(27,396)	(76,948)	(121,310)
<b>Net carrying value</b>					
August 31, 2024	7,120	8,301	1,087	18,581	35,089
August 31, 2025	5,890	3,659	998	12,439	22,986

## Assets Held-for-Sale

	Assets Held-for-Sale
August 31, 2023	2,560
Transfer into assets held-for-sale	2,614
Sale of assets held-for-sale <sup>(1)</sup>	(2,614)
August 31, 2024	2,560
Transfer into assets held-for-sale	2,999
Sale of assets held-for-sale <sup>(2)(3)</sup>	(5,559)
August 31, 2025	-

<sup>(1)</sup> During the year ended August 31, 2024, the Company determined that the Leduc property's carrying amount of \$2.6 million would be recovered principally through a sales transaction, and sold the property for net proceeds of \$2.8 million, received in cash. The Company recognized \$0.2 million as gain on the sale of the Leduc property.

<sup>(2)</sup> During the year ended August 31, 2025, the Company sold the Saskatoon property for net proceeds of \$5.6 million, received in cash. The Company recognized \$2.9 million as gain on the sale of the Saskatoon property.

<sup>(3)</sup> During the year ended August 31, 2025, the Company determined that the Winnipeg property's carrying amount of \$3.0 million would be recovered principally through a sales transaction, and sold the property for net proceeds of \$2.9 million, received in cash.

## 13. INTANGIBLE ASSETS

	Finite Life					Indefinite Life		Total
	Software	Subscriber lists	Advertiser Relationships	Customer relationships	Domain names	Mastheads <sup>(2)</sup>	Domain names <sup>(3)</sup>	
<b>Cost</b>								
August 31, 2023	60,957	206,200	-	13,681	7,687	271,450	31,207	591,182
Additions	3,656	-	-	-	-	-	-	3,656
Acquisition (note 4)	-	-	2,214	-	-	-	-	2,214
Disposals	(2)	-	-	(830)	-	-	-	(832)
August 31, 2024	64,611	206,200	2,214	12,851	7,687	271,450	31,207	596,220
Additions	12,689	-	-	-	-	-	-	12,689
August 31, 2025	77,300	206,200	2,214	12,851	7,687	271,450	31,207	608,909
<b>Accumulated amortization and accumulated impairment losses</b>								
August 31, 2023	(58,647)	(206,200)	-	(12,167)	(7,085)	(261,963)	(28,884)	(574,946)
Amortization	(1,478)	-	-	(586)	(176)	-	-	(2,240)
Disposals	2	-	-	832	-	-	-	834
August 31, 2024	(60,123)	(206,200)	-	(11,921)	(7,261)	(261,963)	(28,884)	(576,352)
Amortization	(938)	-	(554)	(586)	(170)	-	-	(2,248)
Impairment (note 6) <sup>(1)</sup>	(13,066)	-	-	-	-	(1,575)	(355)	(14,996)
August 31, 2025	(74,127)	(206,200)	(554)	(12,507)	(7,431)	(263,538)	(29,239)	(593,596)
<b>Net carrying value</b>								
August 31, 2024	4,488	-	2,214	930	426	9,487	2,323	19,868
August 31, 2025	3,173	-	1,660	344	256	7,912	1,968	15,313

<sup>(1)</sup> During the year ended August 31, 2025, the Company recognized impairment losses on intangible assets of \$13.1 million. These impairment losses were primarily due to reassessments of strategic projects and changes in the expected future economic benefits of certain technology assets (note 6).

<sup>(2)</sup> Mastheads include \$1.2 million for the Calgary Sun CGU, \$2.2 million for the Calgary Herald CGU, \$2.0 million for the Regina CGU, and \$2.5 for the Vancouver Sun CGU as of August 31, 2025.

<sup>(3)</sup> Domain names include \$0.5 million for the Calgary Sun CGU, \$0.2 million for the Calgary Herald CGU, \$0.4 million for the Regina CGU, and \$0.9 million for the Vancouver Sun CGU as of August 31, 2025.

## 14. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

Changes to the Company's right of use assets and lease obligations for the years ended August 31, 2025 and 2024 are as follows:

	Right of use assets		Lease Liabilities	
	2025	2024	2025	2024
Balance, beginning of year	19,783	26,780	27,118	32,606
Depreciation	(4,557)	(5,841)	-	-
Additions	-	973	-	973
Terminations <sup>(1)</sup>	(683)	(2,129)	(376)	-
Adjustments	-	-	-	-
Interest expense	-	-	1,535	1,889
Interest payments	-	-	(1,535)	(1,889)
Principal payments	-	-	(6,225)	(6,461)
Balance, end of year	14,543	19,783	20,517	27,118
Lease obligations due within one year			(7,742)	(7,773)
Non-current lease obligations			12,775	19,345

<sup>(1)</sup> During the year ended August 31, 2025, the Company sub-leased a portion or entirety of various properties and consequently de-recognized \$0.7 million of right-of-use assets and \$0.4 million of lease liabilities.

## 15. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at August 31, 2025	As at August 31, 2024
Trade accounts payable	24,281	13,893
Accrued liabilities	22,372	19,866
Accrued interest on long-term debt	3,151	2,866
Contingent consideration (note 4)	3,508	1,884
Accounts payable and accrued liabilities	53,312	38,509

## 16. PROVISIONS

	<b>Restructuring</b>
Provisions as at August 31, 2023	10,201
Charges	9,144
Payments	(17,831)
Provisions as at August 31, 2024	1,514
Charges	2,450
Payments	(2,711)
Provisions as at August 31, 2025	1,253
Portion due within one year	(1,253)
Non-current provisions	-

During the year ended August 31, 2025, the Company continued restructuring initiatives and incurred restructuring expenses of \$2.5 million, which includes both involuntary terminations and voluntary buyouts (2024 – \$9.1 million).

## 17. CONTRACT LIABILITIES

	<b>As at August 31, 2025</b>	<b>As at August 31, 2024</b>
Circulation contract liability balance, beginning of year	15,988	13,325
Revenue deferred in previous year and recognized as revenue in current year	98,502	94,054
Net additions from contracts with customers	(99,885)	(91,391)
Circulation contract liability balance, end of year	14,605	15,988
Other contract liabilities	1,522	728
Total contract liability	16,127	16,716

## 18. CAPITAL STOCK AND LOSS PER SHARE

The Company's shares trade on the Toronto Stock Exchange ("TSX") under the symbols PNC.A for its Class C voting shares ("Voting Shares") and PNC.B for its Variable Voting Shares.

### Authorized capital stock

The Company's authorized capital stock consists of two classes; Voting Shares and Variable Voting Shares. The Company is authorized to issue an unlimited number of Voting Shares and Variable Voting Shares.

### Voting Shares

Holders of the Voting Shares shall be entitled to one vote at all meetings of shareholders of the Company. The Voting Shares and Variable Voting Shares rank equally on a per share basis in respect of dividends and distributions of capital.

A Voting Share shall be converted into one Variable Voting Share automatically if a Voting Share becomes held or beneficially owned or controlled, by a person who is a citizen or subject of a country other than Canada. In addition to the 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.

### Variable Voting Shares

The Variable Voting Shares have identical terms as the Voting Shares and rank equally with respect to voting, dividends and distribution of capital, 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 to equal the maximum permitted vote per Variable Voting Share.

### **Postmedia Rights Plan**

Under the Postmedia Rights Plan, one right has been issued by Postmedia in respect of each Voting Share and Variable Voting Share. A right shall become exercisable following the acquisition or attempted acquisition by a person (including such person's affiliates or associates or any person acting jointly or in concert with such parties) of beneficial ownership of 20% or more of any class of outstanding shares of Postmedia and/or public announcement of the intent of any person to commence a takeover bid without complying with the "Permitted Bid" provisions of the Postmedia Rights Plan. For purposes of determining beneficial ownership under the Postmedia Rights Plan, Variable Voting Shares beneficially owned or controlled by a citizen or subject of Canada are deemed to also include the Voting Shares into which such Variable Voting Shares could be converted. Should such an acquisition occur or be announced, subject to all other provisions of the Postmedia Rights Plan, each right will entitle the registered holder thereof to purchase from Postmedia one additional Voting Share or Variable Voting Share, as the case may be at a substantial discount to the prevailing market price. This purchase could cause significant dilution to the person or group of persons attempting to acquire control of Postmedia, other than by way of a Permitted Bid. The Board has discretion to waive the application of the Postmedia Rights Plan, and to amend the Postmedia Rights Plan at any time, or redeem all of the outstanding rights for \$0.000001 per right.

The Postmedia Rights Plan will remain in force until the earlier of the Termination Time (the time at which the right to exercise rights will terminate pursuant to the Postmedia Rights Plan) and the date of the next reconfirmation of the Postmedia Rights Plan by shareholders at the annual shareholder meeting to be held in 2026.

### **Issued and outstanding capital stock**

	Voting Shares		Variable Voting Shares		Total Shares	
	Number	\$ 000's	Number	\$ 000's	Number	\$ 000's
<b>August 31, 2023</b>	70,767	17,949	98,747,082	802,182	98,817,849	820,131
Shares issued <sup>(1)</sup>	-	-	225,352	226	225,352	226
Conversions	215,434	1,750	(215,434)	(1,750)	-	-
<b>August 31, 2024</b>	286,201	19,699	98,757,000	800,658	99,043,201	820,357
Shares issued	-	-	-	-	-	-
Conversions	4,021	33	(4,021)	(33)	-	-
<b>August 31, 2025</b>	290,222	19,732	98,752,979	800,625	99,043,201	820,357

<sup>(1)</sup> During the year ended August 31, 2024, 225,352 shares were issued as a result of exercising RSUs (note 24).

The following table provides a reconciliation of the denominators, which are presented in whole numbers, used in computing basic and diluted loss per share for the years ended August 31, 2025 and 2024. No reconciling items in the computation of net loss exist.

	2025	2024
Basic and diluted weighted average shares outstanding during the period	99,043,201	98,932,925
Options and restricted share units outstanding which are anti-dilutive	-	-

## 19. SHARE-BASED COMPENSATION PLANS

### Share option plan

The Company has a share option plan (the “Option Plan”) for its employees and officers to assist in attracting, retaining and motivating officers and employees. The Option Plan is administered by the Board.

The maximum number of options available for issuance under the Option Plan is 3.7 million and shall not exceed 10% of the Company’s issued and outstanding shares. The issued options entitle the holder to acquire one share of the Company at an exercise price no less than the fair value of a share at the date of grant, of which fair value is determined to be the volume-weighted average trading price of the Variable Voting Shares on the TSX for the five trading days immediately preceding the issuance of such options. The issued options vest as follows: 20% immediately with the remainder vesting evenly over 4 years ordinarily on the anniversary date of the date of grant. Each option may be exercised during a period not exceeding 10 years from the date of grant.

The following table provides details on the changes to the issued options, which are presented in whole numbers, for the years ended August 31, 2025 and 2024:

	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of year	1,793,750	\$ 1.02	1,956,723	\$ 1.03
Forfeited	(133,750)	\$ 1.01	(5,845)	\$ 1.06
Cancelled	-	\$ -	(157,128)	\$ 1.15
Balance, end of year	1,660,000	\$ 1.02	1,793,750	\$ 1.02
Vested options at end of year - exercisable	1,660,000	\$ 1.02	1,793,750	\$ 1.02

The company did not recognize any compensation expense related to the Option Plan in the year ended August 31, 2025 and 2024.

### Restricted share unit plan

The Company has a restricted share unit plan (the “RSU Plan”). The RSU Plan provides for the grant of restricted share units (“RSUs”) to participants, being current, part-time or full-time officers, employees or consultants of the Company. The maximum aggregate number of RSUs issuable pursuant to the RSU Plan at any time shall not exceed 7.5 million shares of the Company. The RSU Plan is administered by the Board.

Each RSU will be settled for one share, without payment of additional consideration, after such RSU has vested; however, at any time, a participant may request in writing, upon exercising vested RSUs, subject to the consent of the Company, that the Company pay an amount in cash equal to the aggregate current fair market value of the shares on the date of such exercise in consideration for the surrender by the participant to the Company of the rights to receive shares under such RSUs. The issued RSUs vest either; 20% immediately with the remainder vesting evenly over 4 years ordinarily on the anniversary of the grant date or 1/3 annually on the vesting date which is ordinarily on the anniversary of grant date. Each RSU may be exercised during a period not exceeding 10 years from the date of grant. The Board may in its sole discretion accelerate the vesting date for all or any RSUs for any participant at any time and from time to time and issue tandem awards that provide a choice to either exercise stock options or RSUs, which are accounted for as RSUs. RSUs are non-transferable. The terms and conditions of RSUs granted under the RSU Plan will be subject to adjustments in certain circumstances, at the discretion of the Board and contain certain conditions regarding the resignation, cessation and termination of participants.

During the year ended August 31, 2025, the Company granted 0.7 million RSUs (2024 – 0.7 million RSUs). The fair value of the RSUs granted was estimated by using a grant date fair value per share of \$1.30 (2024 - \$1.36). The fair value per share was based on the volume-weighted average trading price of the Variable Voting Shares for the five active trading days immediately preceding the issuance. As at August 31, 2025, the Company has 5.6 million RSUs outstanding (August 31, 2024 – 5.4 million RSUs including a 1.1 million tandem award). During the year ended August 31, 2025, the Company recorded compensation expense related to the RSU Plan of \$0.4 million with an offsetting credit to contributed surplus (2024 – \$0.8 million). The total unrecognized compensation expense is \$0.7 million, which is expected to be recognized over the next three years (2024 - \$0.6 million over the next three years).

## 20. INCOME TAXES

### Provision for income taxes

The provision for income taxes differs from the amount that would have resulted from applying the statutory tax rate to loss before income taxes for the years ended August 31, 2025 and 2024 as follows:

	2025	2024
Loss before income taxes	(77,255)	(49,662)
Statutory income tax rate based on combined federal and provincial rates	26.52%	24.79%
Tax recovery based on statutory tax rates	(20,488)	(12,311)
<b>Effects of:</b>		
Non-taxable portion of net capital gains	208	(246)
Net non-taxable income (non-deductible expenses)	4,758	127
Tax rate changes on deferred income taxes	1,079	951
Adjustments in respect of prior years	4,642	3,089
Change in unrecognized deferred income tax assets	9,801	8,396
Other	-	(6)
Provision for income taxes	-	-

The Company's applicable tax rate is the Canadian combined rates applicable in the jurisdictions in which the Company operates. The increase in the Company's effective tax rate is due to the change in allocation of income taxes to the various jurisdictions in which the Company operates.

No taxes have been recorded in other comprehensive loss as the associated deferred tax assets have not been recognized.

## Deferred income tax

As at August 31, 2025 and 2024, the Company has not recognized deferred tax assets in respect of the following:

	2025	2024
Total tax loss carryforwards	677,541	626,481
Other deductible temporary differences	191,596	198,356
Total deductible temporary differences	869,137	824,837
Deferred income tax rate	24.65%	24.79%
Deferred income tax assets	214,242	204,477
Deferred income tax liabilities	-	-
Net deferred income tax assets not recognized	214,242	204,477

As at August 31, 2025, the total non-capital losses, restricted interest and financing expenses, and net-capital losses with expiration dates are as follows:

Year	
Expires in 2028	78,758
Expires in 2029	86,123
Expires in 2030	12,945
Expires in 2031	25,346
Expires in 2032	21,536
Expires in 2034	68,969
Expires in 2036	62,603
Expires in 2037	23,861
Expires in 2038	19,129
Expires in 2039	5,143
Expires in 2040	20,750
Expires in 2041	28,110
Expires in 2042	31,022
Expires in 2043	65,747
Expires in 2044	63,691
Expires in 2045	3,561
Total non-capital losses	617,294
Total restricted interest and financing expenses (no expiry date)	39,899
Total net-capital losses (no expiry date)	20,348
Total loss carryforwards	677,541

## 21. CAPITAL MANAGEMENT

The Company's capital management objective is to maximize shareholder returns by (a) prioritizing capital expenditures related to the development of digital media products and expansion of its distribution network, and (b) utilizing the majority of remaining free cash flow for the repayment of debt. During the years ending August 31, 2025 and 2024, the Company's capital management strategy included reviewing alternatives to manage outstanding debt obligations and liquidity that resulted in the amendments to the New ABL Facility, New First-Lien Notes, issuance of Unsecured Promissory Notes and Short-Term Promissory Notes, and Refinancing Transaction (note 9).

The Company's capital structure is composed of deficiency and long-term debt, less assets related to derivative financial instruments and financial assets at FVTPL, restricted cash and cash. The capital structure as at August 31, 2025 and 2024 is as follows:



	2025	2024
Long-term debt (note 9)	388,964	352,638
Net assets related to derivative financial instruments and financial assets at FVTPL	(1,222)	(373)
Cash	(3,278)	(2,454)
Net liabilities	384,464	349,811
Deficiency	(398,985)	(321,821)
Total capital	(14,521)	27,990

The Company's capital structure decreased \$42.5 million in the year ended August 31, 2025, primarily as a result of an increase in long-term debt and deficiency, partially offset by an increase in cash.

## 22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed to credit risk, liquidity risk and market risks relating to foreign exchange and interest rate fluctuations. The enterprise risk management process is managed by a risk oversight committee composed of senior executives of the Company.

### (a) Fair value of financial instruments measured at fair value

The Company has considered the following fair value hierarchy that reflects the significance of the inputs used in measuring its financial instruments accounted for at fair value in the statement of financial position:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs that are not based on observable market data (unobservable inputs).

The financial instruments measured at fair value in the consolidated statement of financial position include warrants and shares of Mogo Inc. of \$0.8 million and \$0.4 million, respectively. The fair value of the warrants is determined by the Black-Scholes option pricing model using Level 2 market inputs, including exercise price, risk-free interest rate, expected life, dividend yield and expected volatility. The fair value of the shares is estimated based on quoted market prices (Level 1 inputs).

### (b) Financial instruments measured at amortized cost

Financial instruments that are not measured at fair value on the consolidated statement of financial position include cash, restricted cash, trade and other receivables and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

### (c) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations.

The maximum credit exposure to credit risk at the reporting date is the carrying value of cash, restricted cash and trade and other receivables in an asset position. No collateral is held from any of the counterparties to these financial assets.

### Trade and other receivables

In the normal course of business, the Company continuously monitors the financial condition of its customers and reviews the credit history of each new customer. The Company's sales are widely distributed and the largest amount due from any single customer as at August 31, 2025 is \$1.9 million or 4% of trade receivables (August 31, 2024 – \$2.3 million or 6%). For trade receivables only, the Company applies the simplified approach as permitted by IFRS 9 which requires lifetime expected credit losses to be recognized upon initial recognition of receivables. The allowance for expected credit loss amounted to \$4.0 million as at August 31, 2025 (August 31, 2024 - \$5.1 million). As at August 31, 2025, \$27.4 million or 57% (August 31, 2024 - \$23.4 million or 55%) of trade accounts receivable is considered past due as per the contractual credit terms and not yet impaired, which is defined as amounts outstanding beyond normal credit terms and conditions for respective customers. The amount past due relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables, the expected credit losses and expected credit loss ratio as at August 31, 2025 and 2024 are as follows:

	2025			2024		
Current	20,549	(297)	1%	19,261	(385)	2%
30 - 60 days	16,424	(266)	2%	13,977	(260)	2%
60 - 90 days	4,061	(239)	6%	4,183	(257)	6%
Greater than 90 days	6,960	(3,224)	46%	5,232	(4,152)	78%
Total	47,994	(4,026)		42,653	(5,054)	

Changes to the allowance for expected credit loss for the year ended August 31, 2025 and 2024 are as follows:

	2025	2024
Balance, beginning of year	(5,054)	(5,499)
Impairment provision	(802)	435
Write-offs	1,830	10
Balance, end of year	(4,026)	(5,054)

#### (d) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with existing and future financial liabilities that are and will be settled by delivering cash or another financial asset as they come due. The Company's financial obligations include long-term debt which requires principal repayments and interest payments (note 9).

The Company believes that its cash on hand, cash flows from operations and undrawn available credit facilities (note 9) will be sufficient to fund its projected cash flow requirements over at least the next 12 months. Cash flows from operations have been and could continue to be negatively impacted by the current economic environment and structural factors related to the industry. The news media industry is under significant competitive pressures from 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 federal *Online News Act* (Canada) which aims to ensure that dominant digital platforms compensate news businesses when their content is made available on their services. These factors could impact the Company's ability to generate sufficient operating cash flows to satisfy its existing and future financial liabilities. The Company manages this risk by monitoring cash flow forecasts, implementing cost reduction and transformation initiatives, deferring or eliminating discretionary spending, monitoring and maintaining compliance with the terms of the long-term debt, identifying and selling redundant assets including certain real estate assets, utilizing the new ABL Facility and Short-Term Promissory Note to provide additional liquidity, and obtaining a commitment to provide further financial support from Chatham Asset Management LLC ("Chatham") of up to \$30 million, if needed through the period ending December 31, 2026. During the year ended August 31, 2024, we completed a refinancing transaction ("Refinancing Transaction") that included the following: (i) the issuance of US\$14.9 million of 10.5% First-Lien Senior Secured Notes, maturing November 30, 2028, at an interest rate of 10.5% if paid in cash or 11.5% if paid-in-kind ("New First-Lien Notes"), (ii) the redemption in full of our 8.25% Senior Secured Notes due 2027 ("First-Lien Notes") with the proceeds of the aforementioned issuance of First-Lien Notes; (iii) the partial repayment of \$4.7 million of unsecured promissory notes ("Unsecured Promissory Notes") with proceeds from the aforementioned issuance of New First-Lien Notes and (iv) the entering into of a new 3 year asset-based lending facility (the "New ABL Facility") with an aggregate commitment equal to the lesser of US\$40 million and a borrowing base, with an advance at closing to be used to repay our existing asset-based lending facility ("ABL Facility") of \$14.5 million in full and other transaction fees and expenses. We are subject to specific debt ratios related to the New First-Lien Notes and New ABL Facility, which impact variable interest rates and the method of interest payment, whether in cash or in kind; however, these ratios do not render the debt callable. We determined that the refinancing of the First-Lien Notes was an extinguishment of original terms and as a result we recognized a loss on debt refinancing of \$0.4 million in the year ended August 31, 2024. The unsecured revolving promissory notes at a balance of nil were terminated as part of the Refinancing Transaction.

As at August 31, 2025, the Company has US\$23.5 million (\$32.2 million) drawn on the New ABL Facility and availability of US\$1.9 million (\$2.7 million) (August 31, 2024 – US\$18.2 million (\$24.5 million) and US\$3.6 million (4.9 million), respectively). As at November 20, 2025, the Company has US\$24.6 million (\$34.5 million) drawn and US\$1.3 million (\$1.9 million) available on the New ABL Facility.

If, over the course of the next year, market conditions deteriorate further than anticipated or costs are higher than projected, the Company may need to implement additional cost savings and transformation initiatives or seek additional sources of financing to ensure that the Company can continue to meet its liquidity needs.

Material contractual obligations related to financial instruments include debt repayments and interest payments on long-term debt. These contractual undiscounted obligations as well as accounts payable, accrued liabilities, provisions, lease obligations and other long-term liabilities and their maturities as at August 31, 2025, are as follows:

	Total	Less than 1 year	1-3 years	3-5 years	5 years or more
Accounts payable	24,281	24,281	-	-	-
Accrued liabilities	22,372	22,372	-	-	-
Provisions	1,253	1,253	-	-	-
Lease obligations	23,282	7,742	12,056	2,756	728
Contingent consideration (note 4)	20,261	3,508	5,329	5,587	5,837
Other long-term liabilities <sup>(1)</sup>	5,623	1,109	2,451	2,063	-
Long-term debt <sup>(2)</sup>	390,388	-	375,046	15,342	-
Cash Interest payments <sup>(3)</sup>	3,909	1,173	2,345	391	-
Paid-in-kind interest payments <sup>(4)</sup>	82,632	-	82,632	-	-
<b>Total</b>	<b>574,001</b>	<b>61,438</b>	<b>479,859</b>	<b>26,139</b>	<b>6,565</b>

(1) Cash funding obligation payable to the CAAT Pension Plan related to the transferred defined benefit plans (note 8).

(2) Principal repayments of long-term debt are based on the mandatory contractual payments.

(3) Cash interest payments on long-term debt relate to the New First-Lien Notes and are based on fixed contractual interest rates.

(4) Paid-in-kind interest payments on long-term debt relate to the Second-Lien notes and the Unsecured Promissory Notes and are based on fixed contractual interest rates.

#### (d) Market risk management

Market risk is the risk that changes in market prices due to foreign exchange rates and interest rates will affect the value of the Company's financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

##### *Foreign currency risk*

As at August 31, 2025, approximately 94% of the outstanding principal on the Company's long-term debt is payable in US dollars (August 31, 2024 – 92%). As at August 31, 2025, we are exposed to foreign currency risk on the US\$232.7 million of Second-Lien Notes, US\$11.2 million of New First-Lien Notes and US\$23.5 million on the New ABL Facility outstanding (August 31, 2024 - US\$208.7 million of Second-Lien Notes, US\$15.5 million of New First-Lien Notes and US\$18.2 million on the New ABL Facility outstanding).

Based on the long-term debt outstanding as at August 31, 2025, a \$0.01 change in the period-end exchange rate of a Canadian dollar per one US dollar, holding all other variables constant, would have resulted in a \$2.7 million increase or decrease to foreign currency exchange losses in the statement of operations.

##### *Interest rate risk*

The New ABL Facility bears interest at floating rates while the First-Lien Notes, Second-Lien Notes and Unsecured Promissory Notes bear interest at fixed rates. Therefore, changes in interest rates only expose the Company to cash flow interest rate risk on the portions of the ABL Facility and Unsecured Revolving Promissory Notes that is drawn, at the time of the interest rate change. Based on the New ABL Facility and Unsecured Revolving Promissory Notes outstanding at August 31, 2025, a 0.5% change in period-end interest rates, holding all other variables constant, would have resulted in a \$0.5 million increase or decrease in interest expense in the statement of operations.

## 23. COMMITMENTS

The Company has entered into various operating lease agreements for property, office equipment and vehicles and various other commitments. Aggregate future minimum payments under the terms of these commitments are as follows:

	Operating Leases	Other
2026	141	4,079
2027	48	102
2028	-	-
2029	-	-
2030	-	-
Thereafter	-	-

## 24. RELATED PARTY TRANSACTIONS

### (a) Transactions with key management personnel

Key management personnel include the Company's senior management and all members of the Board. Key management personnel compensation for the years ended August 31, 2025 and 2024 is as follows:

	2025	2024
Salaries and short-term benefits	5,110	3,619
Share-based compensation plans (note 19)	449	814
Total compensation	5,559	4,433

During the year ended August 31, 2025, no shares were issued to key management personnel as a result of exercising RSUs (2024 – 225,352).

### (b) Transactions with significant shareholder

As at August 31, 2025 Chatham owns 62,331,849, or approximately 63%, of the Company's shares and 31% of the outstanding voting rights. We previously had an ABL Facility and undrawn Unsecured Revolving Promissory Notes with associated companies of Chatham. The ABL Facility was fully repaid and replaced with the New ABL Facility, and the Unsecured Revolving Promissory Notes were terminated during the year ended August 31, 2024.

The associated companies of Chatham hold the New First-Lien Notes, the Second-Lien Notes and the Unsecured Promissory Note (Note 9). During the year ended August 31, 2025, we incurred \$nil of interest expense and paid \$nil of interest on the ABL Facility (2024 – incurred \$0.6 million of interest expense and paid \$1.1 million of interest). During the year ended August 31, 2025, the Company incurred expenditures of \$0.1 million on behalf of Chatham (2024 - \$0.1 million) related to transaction related costs pertaining to our long-term debt.

Related party transactions payable to Chatham for the year ended August 31, 2025 were US\$7.9 million (\$10.9 million). These transactions are in accordance with a services agreement with The McClatchy Company, an affiliate of Chatham which was terminated in the current year primarily due to reassessments of strategic projects and changes in the expected future economic benefits of certain technology assets.

## 25. STATEMENT OF CASH FLOWS

The following amounts compose the net change in non-cash operating accounts included in cash flows from operating activities in the consolidated statement of cash flows for the years ended August 31, 2025 and 2024:

	2025	2024
Trade and other receivables	(5,238)	(3,698)
Inventory	703	1,310
Prepaid expenses and other assets	2,326	52
Accounts payable, accrued liabilities and provisions	1,716	(9,366)
Contract liabilities	(589)	(2,937)
Other long-term liabilities	(1,039)	(971)
Changes in non-cash operating accounts	(2,121)	(15,610)

The following purchases of intangible assets occurred in the years ended August 31, 2025 and 2024:

	2025	2024
Additions of intangible assets	12,689	3,656
Changes in non-cash working capital related to capital expenditures and intangible assets	(10,266)	(2,365)
Capitalized interest	(608)	-
Purchases of intangible assets per cash flow	1,815	1,291

## 26. SEGMENT INFORMATION

The Company has one operating segment for financial reporting purposes, the Newsmedia segment. The Newsmedia segment publishes daily and non-daily newspapers and operates digital media and online assets including each newspaper's online website. Its revenue is primarily from advertising and circulation/subscription revenue.

The following table provides disaggregated revenue from contracts with customers for the years ended August 31, 2025 and 2024:

	2025	2024
<b>Revenues</b>		
Advertising		
Print	136,797	121,669
Digital	71,044	63,465
Total advertising	207,841	185,134
Circulation		
Print	126,847	119,425
Digital	13,904	10,758
Total Circulation	140,751	130,183
Parcel Services	55,380	51,016
Other		
Commercial Print	4,784	7,712
Online News Act	9,236	-
Other	13,484	21,876
Total Other	27,504	29,588
Revenues	431,476	395,921

# Corporate Information

## Board of Directors

**Peter Sharpe**, Chair

**Janet Ecker**

**Wendy Henkelman**

**Mary Junck**

**Jason Kenney**

**Andrew MacLeod**

**Terrie O'Leary**

## Officers

**Andrew MacLeod**

President & Chief Executive Officer

**John Bode**

Executive Vice President,  
Chief Financial Officer &  
Chief Transformation Officer

**Wendy Kelley**

Interim General Counsel &  
Corporate Secretary

## Stock Exchange Listings

**The Toronto Stock Exchange (TSX) Trading Symbols: PNC.A, PNC.B**

## Share Registrar & Transfer Agent

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