POSTMEDIA NETWORK CANADA CORP.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022
(UNAUDITED)

Approved for issuance: January 10, 2024

POSTMEDIA NETWORK CANADA CORP.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022
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POSTMEDIA NETWORK CANADA CORP.
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(UNAUDITED)

(In thousands of Canadian dollars)

	As at November 30, 2023	As at August 31, 2023
ASSETS		
Current Assets		
Cash	7,207	6,191

Subsequent Event (note 15)

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

POSTMEDIA NETWORK CANADA CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
(UNAUDITED)

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022
(In thousands of Canadian dollars)

Balance as at August 31, 2023	820,131	18,923	(1,111,360)	(272,306)
Net loss attributable to equity holders of the Company	-	-	(10,608)	(10,608)
Other comprehensive loss	-	-	(196)	(196)

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

POSTMEDIA NETWORK CANADA CORP.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

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POSTMEDIA NETWORK CANADA CORP.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2023 AND 2022
(In thousands of Canadian dollars, except as otherwise noted)

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"). The Company was incorporated on April 26, 2010, pursuant to the Canada Business Corporations Act. The Company's head office and registered office is 365 Bloor Street East, 12th 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, online and mobile 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. The Company's advertising revenue is seasonal. Historically, advertising revenue and accounts receivable are typically highest in the first and third fiscal quarters, while expenses are relatively constant throughout the fiscal year.

2. BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International nC Ş IU porting St &

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3. OPERATING INCOME BEFORE DEPRECIATION, AMORTIZATION AND RESTRUCTURING

The Company presents as an additional IFRS measure, operating income before depreciation, amortization and restructuring, in the condensed 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

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at November 30, 2023	As at August 31, 2023
Trade accounts payable	14,879	16,253
Accrued liabilities	22,001	15,728
Accrued interest on long-term debt	9,615	3,428
Accounts payable and accrued liabilities	46,495	35,409

7. PROVISIONS

	Restructuring [(a)]
Provisions as at August 31, 2023	10,201
Charges	1,561
Payments	(5,064)
Provisions as at November, 2023	6,698
Portion due within one year	(6,698)
Non-current provisions	-

During the year ended August 31, 2023, the Company began new restructuring initiatives and during the three months ended November 30, 2023 incurred restructuring expenses of $1.6 million, which include both involuntary terminations and voluntary buyouts (2022 -$1.6 million).

8. LONG-TERM DEBT

				As at November 30, 2023	As at August 31, 2023
	Maturity	Principal	Financing fees, discounts and other	Carrying value of debt	Carrying value of debt
10.5% First Lien Senior Secured Notes [(1)]	November 2028	20,245	(396)	19,849	N/A
10.25% Second Lien Secured Notes [(1)]	August 2027	253,951	(130)	253,821	252,863
Asset-Based Lending Facility [(1)]	November 2026	15,390	(1,344)	14,046	N/A
Unsecured Promissory Notes	August 2027	22,627	-	22,627	27,323
8.25% Senior Secured Notes	February 2027	-	-	-	24,110
Senior Secured Asset-Based Revolving Credit Facility	October 2026	-	-	-	6,000
Unsecured Revolving Promissory Notes	October 2026	N/A	N/A	N/A	-
Total long-term debt				310,343	310,296
Portion due within one year				(15,390)	(17,772)
Non-current long-term debt				294,953	292,524

The terms and conditions of long-term debt as at November 30, 2023 are the same as disclose0000091 Tm0.87 .9

Refinancing Transaction

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 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 the Company’s existing asset-based lending facility (“ABL Facility) of $14.5 million in full and other transaction fees and expenses. As at NovereWG[ )]TJETQq0.00000912 0 612 792 re W BT

Changes to the employee benefit obligations and other liabilities for the three months ended November 30, 2023 are as follows:

	Sub-total	Total

10. LOSS PER SHARE

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 three months ended November 30, 2023 and 2022. No reconciling items in the computation of net loss exist.

	2023	2022
Basic weighted average shares outstanding during the period	98,817,849	

(1) All outstanding options and restricted share units are anti-dilutive due to a net loss in three months ended November 30, 2023 and 2022.

11. 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. As at November 30, 2023, there are 1,950,878 options outstanding with a weighted average exercise price of $1.02 (August 31, 2023 – 1,956,723 options with a weighted average exercise price of $1.03).

During the three months ended November 30, 2023, the Company recorded compensation expense relating to the Option Plan of a nominal amount (2022 – compensation recovery of a nominal amount), with an offset to contributed surplus. The total unrecognized compensation expense is a nominal amount, which is expected to be recognized over the next year.

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 and as at November 30, 2023, there are 6.1 million RSUs including ah1e.2 milli