# FP NEWSPAPERS INC.

**FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2025 AND 2024

(These interim condensed financial statements have not been audited or reviewed by the independent external auditors, PricewaterhouseCoopers LLP.)

**FP Newspapers Inc.**
**Condensed Balance Sheets**
(unaudited, in thousands of Canadian dollars)

| | Note | | As at March 31, 2025 | | As at December 30, 2024 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | $ | 70 | $ | 120 |
| Accounts receivable | | | 3 | | 3 |
| Prepaid expenses | | | 7 | | 7 |
| Income taxes recoverable | | | 689 | | 689 |
| | | | 769 | | 819 |
| LONG-TERM ASSETS | | | | | |
| Investment in FP Canadian Newspapers LP | 3 | $ | 6,371 | $ | 6,119 |
| **TOTAL ASSETS** | | $ | 7,140 | $ | 6,938 |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | | $ | 41 | $ | 39 |
| Income taxes payable | | | 112 | | - |
| | | | 153 | | 39 |
| LONG-TERM LIABILITIES | | | | | |
| Deferred income tax liability | | | 280 | | 280 |
| TOTAL LIABILITIES | | | 433 | | 319 |
| SHAREHOLDERS' EQUITY | | | | | |
| Share capital | | | 71,373 | | 71,373 |
| Deficit | | | (64,666) | | (64,754) |
| TOTAL SHAREHOLDERS' EQUITY | | | 6,707 | | 6,619 |
| **TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** | | $ | 7,140 | $ | 6,938 |

(See accompanying notes)

**FP Newspapers Inc.**
**Condensed Statements of Income (Loss) and Comprehensive Income (Loss)**
(unaudited, in thousands of Canadian dollars except per share amounts)

| | Note | | For the three months ended March 31, 2025 | | 2024 |
|---|---|---|---|---|---|
| Equity interest in FP Canadian Newspapers LP Income (loss) | 3 | $ | 252 | $ | (153) |
| Administration expenses | | | (53) | | (52) |
| Other income | | | 1 | | 2 |
| Income (loss) before income taxes | | | 200 | | (203) |
| Current income tax (expense) recovery | | | (112) | | 114 |
| Income (loss) and comprehensive income (loss) for the period | | $ | 88 | $ | (89) |
| Weighted average number of Common Shares outstanding | | | 6,902,592 | | 6,902,592 |
| Income (loss) per share – basic and diluted | | $ | 0.013 | $ | (0.013) |

(See accompanying notes)

**FP Newspapers Inc.**
**Condensed Statements of Changes in Equity**
(unaudited, in thousands of Canadian dollars)

| | Share Capital | Deficit | Total Shareholders' Equity |
|---|---|---|---|
| At December 30, 2023 | $ 71,373 | $ (66,476) | $ 4,897 |
| Loss and comprehensive loss for the period | - | (89) | (89) |
| At March 31, 2024 | $ 71,373 | $ (66,565) | $ 4,808 |
| At December 30, 2024 | $ 71,373 | $ (64,754) | $ 6,619 |
| Income and comprehensive income for the period | - | 88 | 88 |
| At March 31, 2025 | $ 71,373 | $ (64,666) | $ 6,707 |

(See accompanying notes)

**FP Newspapers Inc.**
**Condensed Statements of Cash Flows**
(unaudited, in thousands of Canadian dollars)

| | Note | For the three months ended March 31, 2025 | 2024 |
|---|---|---|---|
| Cash provided by (used in): | | | |
| Operating activities | | | |
| Income (loss) for the period | | $ 88 | $ (89) |
| Items not affecting cash: | | | |
| Equity interest from Class A Units of FP Canadian Newspapers LP | 3 | (252) | 153 |
| Net change in non-cash working capital items | | 114 | (143) |
| Decrease in cash and cash equivalents | | $ (50) | $ (79) |
| Cash and cash equivalents – beginning of period | | 120 | 179 |
| Cash and cash equivalents – end of period | | $ 70 | $ 100 |
| Supplemental Cash Flow information: | | | |
| Income tax paid during the period | | $ - | $ - |

(See accompanying notes)

## 1. GENERAL INFORMATION

FP Newspapers Inc. ("FPI") owns securities entitling it to 49% of the distributable cash flow of FP Canadian Newspapers LP ("FPLP"). FPLP owns and operates the Winnipeg Free Press, along with other Manitoba based news and media publications that are available in both print and digital formats. The informative and engaging content FPLP produces has an extensive reach throughout the province of Manitoba. The breadth of our reach provides compelling platforms for those looking to effectively reach a Manitoba audience.

## 2. MATERIAL ACCOUNTING POLICIES

These interim condensed financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". Accordingly, these interim condensed financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 30, 2024. In management's opinion, the interim condensed financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented.

These interim condensed financial statements were approved by the Board of Directors of FPI on May 7, 2025.

### Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates. In preparation of the condensed interim financial statements the estimates and judgements made by management in applying the Company's accounting policies were the same as those that applied to the financial statements for the year ended December 30, 2024.

### a) NEW ACCOUNTING STANDARD ISSUED BUT NOT YET ADOPTED

The following is an overview of a new presentation and disclosure standard issued by the IASB that FPI will be required to adopt in future years.

***(i) Financial Performance Reporting – IFRS 18: "Presentation and Disclosure in Financial Statements"***
On April 9, 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* ("IFRS 18"), which will introduce three key new requirements on presentation and disclosures in the financial statements as follows:

• A focus on the structure of the income statement, which will include newly specified totals and subtotals.

• Disclosure of certain income statement-related management-defined performance measures that are reported outside of an entity's financial statements, such as Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA").

• Enhanced requirements for aggregation and disaggregation of financial information that apply to the primary financial statements and the notes. IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and result in consequential amendments to other accounting standards. Existing requirements of IAS 1 are expected to be brought forward into IFRS 18 or other IFRS Accounting Standards with only limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it will affect the way an entity presents and discloses information in those statements. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted, and also applies to comparative information. The Company is in the process of reviewing the standard to determine the full impact of its application on FPI's financial statements.

(unaudited, in thousands of Canadian dollars)

### 3. INVESTMENT IN FP CANADIAN NEWSPAPERS LP

FPI holds all of the Class A limited partner units of FPLP, which entitles it to 49% of the distributable cash, as defined in the Partnership Agreement of FPLP.

The investment in FPLP is summarized as follows:

| | | Class A limited partner units |
|---|---|---|
| Balance at December 30, 2023 | $ | 5,017 |
| Equity interest in net loss for the year ended December 30, 2024 | | 1,302 |
| Distributions received for the year ended December 30, 2024 | | (200) |
| Balance at December 30, 2024 | $ | 6,119 |
| Equity interest in net loss for the three months ended March 31, 2025 | | 252 |
| Balance at March 31, 2025 | $ | 6,371 |

The equity interest in net income (loss) from FPI's investment in Class A limited partner units is calculated as follows:

| | For the three months ended March 31, | | | |
|---|---|---|---|---|
| | | 2025 | | 2024 |
| Income (loss) and comprehensive income (loss) of FPLP | $ | 514 | $ | (312) |
| Interest attributable to FPI | | 49% | | 49% |
| Equity interest in net income (loss) of FPLP | $ | 252 | $ | (153) |

### 4. FINANCIAL INSTRUMENTS

The fair value of current assets and liabilities including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these financial instruments. FPI does not carry any assets or liabilities at fair value.

# FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP

**FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED March 31, 2025 AND 2024

(These interim condensed financial statements have not been audited or reviewed by the independent external auditors, PricewaterhouseCoopers LLP.)

**FP Canadian Newspapers Limited Partnership**
**Condensed Balance Sheets**
(unaudited, in thousands of Canadian dollars)

| | Note | | As at March 31, 2025 | | As at December 31, 2024 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | | $ | 4,790 | $ | 4,717 |
| Accounts receivable | | | 3,436 | | 3,287 |
| Due from related parties | 5 | | 2,718 | | 2,917 |
| Inventories | | | 556 | | 722 |
| Prepaid expenses and other assets | | | 394 | | 922 |
| | | | 11,894 | | 12,565 |
| LONG-TERM ASSETS | | | | | |
| Property, plant and equipment | | | 8,181 | | 8,414 |
| Right of use assets | | | 390 | | 453 |
| Intangible assets | | | 2,760 | | 2,401 |
| **TOTAL ASSETS** | | $ | 23,225 | $ | 23,833 |
| **LIABILITIES AND UNITHOLDERS' EQUITY** | | | | | |
| CURRENT LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | | $ | 4,067 | $ | 4,341 |
| Prepaid subscriptions and deferred revenue | | | 3,068 | | 3,292 |
| Lease obligation | | | 156 | | 191 |
| Term loan | 6 | | 2,264 | | 2,264 |
| | | | 9,555 | | 10,088 |
| LONG-TERM LIABILITIES | | | | | |
| Lease obligation | | | 234 | | 262 |
| Term loan | 6 | | 410 | | 971 |
| TOTAL LIABILITIES | | | 10,199 | | 11,321 |
| UNITHOLDERS' EQUITY | | | | | |
| Partner units | | | 98,280 | | 98,280 |
| Deficit | | | (85,254) | | (85,768) |
| TOTAL UNITHOLDERS' EQUITY | | | 13,026 | | 12,512 |
| **TOTAL LIABILITIES AND UNITHOLDERS' EQUITY** | | $ | 23,225 | $ | 23,833 |

(See accompanying notes)

**FP Canadian Newspapers Limited Partnership**
**Condensed Statements of Income (Loss) and Comprehensive Income (Loss)**
(unaudited, in thousands of Canadian dollars)

| | Note | For the three months ended March 31, 2025 | 2024 |
|---|---|---|---|
| Revenue | | | |
| Print Advertising | | $ 4,066 | $ 4,617 |
| Circulation | | 5,591 | 5,690 |
| Digital advertising and services | | 869 | 810 |
| Other | | 596 | 1,191 |
| TOTAL REVENUE | | 11,122 | 12,308 |
| Operating expenses | | | |
| Employee compensation | | 4,953 | 5,432 |
| Newsprint and other paper | | 784 | 794 |
| Delivery | | 1,965 | 2,133 |
| Production | | 949 | 1,596 |
| Other | | 1,156 | 1,255 |
| Depreciation and amortization | | 757 | 1,216 |
| OPERATING INCOME (LOSS) BEFORE UNDERNOTED ITEMS | | 558 | (118) |
| Restructuring charge | | (14) | (126) |
| OPERATING INCOME (LOSS) | | 544 | (244) |
| Other income | | 21 | 52 |
| Finance costs | 4 | (55) | (129) |
| Gain on disposal of property, plant, and equipment | | 4 | 9 |
| INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD | | $ 514 | $ (312) |

(See accompanying notes)

**FP Canadian Newspapers Limited Partnership**
**Condensed Statements of Changes in Equity**
(unaudited, in thousands of Canadian dollars)

| | Partner Units | Deficit | Total Unitholders Equity |
|---|---|---|---|
| UNITHOLDERS' EQUITY – DECEMBER 31, 2023 | $ 98,280 | $ (88,017) | $ 10,263 |
| Loss and comprehensive loss for the period | — | (312) | (312) |
| Partner contributions | 252 | — | 252 |
| Partner return of capital | (252) | — | (252) |
| UNITHOLDERS' EQUITY – MARCH 31, 2024 | $ 98,280 | $ (88,329) | $ 9,951 |
| | | | |
| UNITHOLDERS' EQUITY – DECEMBER 31, 2024 | $ 98,280 | $ (85,768) | $ 12,512 |
| Income and comprehensive income for the period | — | 514 | 514 |
| Partner contributions | 483 | — | 483 |
| Partner return of capital | (483) | — | (483) |
| UNITHOLDERS' EQUITY – MARCH 31, 2025 | $ 98,280 | $ (85,254) | $ 13,026 |

(See accompanying notes)

**FP Canadian Newspapers Limited Partnership**
**Condensed Statements of Cash Flows**
(unaudited, in thousands of Canadian dollars)

| | For the Three Months Ended March 31, 2025 | 2024 |
|---|---|---|
| **CASH PROVIDED BY (USED IN):** | | |
| OPERATING ACTIVITIES | | |
| Income (loss) for the year | $ 514 | $ (312) |
| Items not affecting cash: | | |
| Depreciation and amortization | 757 | 1,216 |
| Accretion of deferred financing costs | 5 | 5 |
| Gain on disposal of property, plant, and equipment | (4) | (9) |
| | 1,272 | 900 |
| Net change in non-cash working capital items | 247 | 352 |
| | 1,519 | 1,252 |
| INVESTING ACTIVITIES | | |
| Purchases of property, plant, and equipment | (191) | (38) |
| Purchases of intangibles | (630) | (673) |
| Proceeds from the sale of property, plant, and equipment | 4 | 9 |
| | (817) | (702) |
| FINANCING ACTIVITIES | | |
| Principal repayments of lease obligations | (63) | (73) |
| Principal repayment of term loan | (566) | (1,566) |
| | (629) | (1,639) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 73 | (1,089) |
| CASH AND CASH EQUIVALENTS - BEGINNING OF PERIOD | 4,717 | 5,951 |
| CASH AND CASH EQUIVALENTS - END OF PERIOD | $ 4,790 | $ 4,862 |
| Supplemental Cash Flow Information: | | |
| Interest paid during the year | $ 50 | $ 124 |
| Interest received during the year | 21 | 52 |

(See accompanying notes)

## 1. GENERAL INFORMATION

FP Canadian Newspapers Limited Partnership ("FPLP") is a limited partnership formed on August 9, 1999, in accordance with the laws of British Columbia. FPLP publishes, prints, and distributes daily and weekly newspapers and specialty publications, delivers advertising materials in the Manitoba market and provides commercial printing services. The address of the registered office of its managing general partner, FPCN General Partner Inc. is Suite 2900, P.O. Box 11583, 650 West Georgia Street, Vancouver, British Columbia.

These financial statements include the operating businesses owned by FPLP. The managing general partner of FPLP is FPCN General Partner Inc. ("FPGP"). These financial statements include only the assets, liabilities, revenues, and expenses of FPLP and its subsidiaries and do not include the other assets, liabilities, revenues, and expenses, including income taxes of the partners.

## 2. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICIES

These interim condensed financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 "Interim Financial Reporting". Accordingly, these financial statements do not include all of the financial statement disclosures required for annual financial statements and should be read in conjunction with the annual financial statements for the year ended December 31, 2024. In management's opinion, the financial statements reflect all adjustments that are necessary for a fair presentation of the results for the interim periods presented.

These interim condensed financial statements were approved by the Board of Directors of FPGP on May 7, 2025.

FPLP's advertising revenue is seasonal. Historically, advertising revenue and accounts receivable are highest in the second and fourth fiscal quarters, while expenses are relatively constant throughout the fiscal year.

### NEW ACCOUNTING STANDARD ISSUED BUT NOT YET ADOPTED

The following is an overview of a new presentation and disclosure standard issued by the IASB that FPLP will be required to adopt in future years.

(i) Financial Performance Reporting – IFRS 18: "Presentation and Disclosure in Financial Statements"
On April 9, 2024, the IASB issued IFRS 18, Presentation and Disclosure in Financial Statements ("IFRS 18"), which will introduce three key new requirements on presentation and disclosures in the financial statements as follows:

• A focus on the structure of the income statement, which will include newly specified totals and subtotals.

• Disclosure of certain income statement-related management-defined performance measures that are reported outside of an entity's financial statements, such as Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA").

• Enhanced requirements for aggregation and disaggregation of financial information that apply to the primary financial statements and the notes. IFRS 18 will replace IAS 1 Presentation of Financial Statements and result in consequential amendments to other accounting standards. Existing requirements of IAS 1 are expected to be brought forward into IFRS 18 or other IFRS Accounting Standards with only limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it will affect the way an entity presents and discloses information in those statements. IFRS 18 will be effective for annual reporting periods beginning on or after January 1, 2027, with early application permitted, and also applies to comparative information. The Partnership is in the process of reviewing the standard to determine the full impact of its application on FPLP's financial statements.

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

## 3. USE OF ESTIMATES

The preparation of financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates. In preparation of the condensed interim financial statements the estimates and judgements made by management in applying the Company's accounting policies were the same as those that applied to the financial statements for the year ended December 31, 2024.

## 4. FINANCE COSTS

| | Three Months Ended March 31, 2025 | 2024 |
|---|---|---|
| Finance Costs | | |
| Interest on lease obligations | 7 | 5 |
| Interest on term loan | 43 | 119 |
| Accretion of term loan related to financing costs | 5 | 5 |
| | $ 55 | $ 129 |

## 5. DUE FROM RELATED PARTIES

This balance relates to amounts owing from the general partners of FPLP and FPI. The general partners of FPLP have agreed to pay FPLP for their respective share of the refundable tax credit for qualifying Canadian Journalism Organizations that they receive. The refundable tax credit receivable at the end of March 31, 2025 was $2,718 (December 31, 2024 - $2,917).

## 6. LONG-TERM DEBT

FPLP amended and extended its existing credit facility with RBC (formerly HSBC Bank Canada) on July 6, 2022, providing a term loan of up to $15,585. The amended credit facility matures July 6, 2026, and is being amortized over a 7-year term. The term loan can be repaid anytime without penalty, in whole or in part. The term loan is subject to a variable based interest rate based on a trailing 12-month debt to EBITDA leverage ratio. The credit facility is secured by all assets of the business and is repayable in monthly instalments of $189 plus interest commencing January 31, 2023. Total principal repayment for the three months ended March 31, 2025, were $566 (2024 - $1,566). The loan facility is subject to a fixed charge ratio of 1.5 to 1.0 tested quarterly on a trailing 12-month basis. Covenants were met at March 31, 2025.

## 7. RELATED PARTY TRANSACTION

Total newsprint purchases from a related company for the three months ended March 31, 2025, were $544 (2024 - $626).

## 8. FINANCIAL INSTRUMENTS

FPLP's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, lease obligations and term-loan.

The fair value of current assets and liabilities including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these financial instruments. At March 31, 2025, the fair value of the RBC term loan was approximately $2,674 (December 31, 2024 - $3,235).