

Postmedia to Acquire Brunswick News Inc. and Extend Maturity of its First and Second Lien Notes

TORONTO--(BUSINESS WIRE)--February 17, 2022--Postmedia Network Canada Corp. (“Postmedia” or the “Company”) today announced it has entered into a definitive agreement with J. D. Irving, Limited (“JDI”) to purchase all of the issued and outstanding shares of Brunswick News Inc. (“BNI”). The proposed acquisition includes BNI’s daily and weekly newspapers, digital properties and parcel delivery business in exchange for consideration of \$7.5M in cash and \$8.6M in variable voting shares of Postmedia at an implied price of \$2.10 per variable voting share (subject to working capital adjustment).

The proposed transaction includes BNI’s proprietary distribution software powering its parcel delivery business. New Brunswick daily and weekly newspapers – including the Telegraph-Journal, Times Globe, Times & Transcript, The Daily Gleaner, Miramichi Leader, Woodstock Bugle-Observer, Bathurst Northern Light, Kings County Record, The Campbellton Tribune and The Victoria Star – will also join the Postmedia network of media properties.

“We are pleased that Postmedia, one of Canada’s largest media organizations, will acquire all of our newspapers and media products through the purchase of Brunswick News, which represents an exit from the media business by J.D. Irving, Limited. Postmedia is well positioned to make the transition to the digital world of providing New Brunswickers with a reliable source of local, regional and national news as well as access to much broader news coverage,” said Jim Irving, Co-CEO of J.D. Irving, Limited.

Upon the closing of the acquisition, Postmedia and JDI will enter into an investor rights agreement which will include standstill and voting covenants. Postmedia and JDI will also enter into a conversion restriction agreement pursuant to which JDI will be restricted from converting its variable voting shares of Postmedia into voting shares, subject to certain exceptions.

“Postmedia believes that BNI’s Eastern Canada operations are highly complementary to our existing business and strongly align with our strategic priorities,” said Andrew MacLeod, President and Chief Executive Officer, Postmedia. “These titles have a proud history of providing excellent journalism across New Brunswick and we look forward to continuing that legacy. The addition of BNI brands allows Postmedia to serve audiences and marketers from the Pacific to the Atlantic while we continue to build out a national distribution platform and network for our parcel delivery business.”

The proposed transaction is subject to various closing conditions, including approval of the Toronto Stock Exchange (the “TSX”).

Financing Extension

Postmedia also announced today that it has entered into definitive agreements, subject to customary closing conditions, providing for an extension of the maturity of its first lien notes and second lien notes (collectively, the “Notes”) by approximately three and a half years to February 17, 2027 and August 17, 2027, respectively on substantially similar terms to the existing terms including interest rates and extended the maturity of its asset-based revolving credit facility (“ABL Facility”) by three years to October 1, 2025. “These extensions demonstrate a vote of confidence from our key stakeholders and give us a longer runway for our digital transformation,” said Mr. MacLeod.

In connection with the extension, Postmedia will repay approximately \$15 million of principal amount of the first lien notes and holders of the first lien notes will receive 794,630 variable voting shares of Postmedia, which shares will be subject to certain restrictions on conversion into voting shares. The issuance of Postmedia shares and the extension of the maturity of the first lien notes and second lien notes will be subject to customary closing conditions, including approval of the TSX and, in the case of the extension of the maturity of the second lien notes, shareholder approval under the rules of the TSX. It is currently anticipated that such shareholder approval will be obtained through written shareholder consents. However, if approval is not obtained through written consents, it is currently expected that the approval will be sought by way of a shareholders meeting.

Advisors

Canaccord Genuity Corp. acted as financial advisor and Goodmans LLP acted as legal advisor to Postmedia with respect to the acquisition of BNI and the financing extension of the Notes.

Marcken Group Capital Partners acted as financial advisor and McCarthy Tétrault LLP acted as legal advisor to JDI.

Note: All dollar amounts are expressed in Canadian dollars

About Postmedia Network Canada Corp.

Postmedia Network Canada Corp. (TSX:PNC.A, PNC.B) is the holding company that owns Postmedia Network Inc., a Canadian newsmedia company representing more than 120 brands across multiple print, online, and mobile platforms. Award-winning journalists and innovative product development teams bring engaging content to millions of people every week whenever and wherever they want it. This exceptional content, reach and scope offers advertisers and marketers compelling solutions to effectively reach target audiences. For more information, visit www.postmedia.com.

Forward-Looking Information

This news release contains certain information that is “forward-looking information” concerning anticipated future events, results, circumstances, performance or expectations with respect to the Company and its operations. Forward-looking information includes statements that are predictive in nature, depend upon future events, trends, prospectus or conditions, or include words such as “believe,” “expect,” “intend,” “estimate,” “anticipate,” “may,” “will,” “could,” “would,” “should” and similar expressions and derivations thereof. Forward-looking statements in this news release include, but are not limited to, statements with respect to the closing of the acquisition of BNI, the acquisition of BNI and the anticipated benefits to Postmedia, including potential synergies, and the extension of the maturity dates of the first lien notes and second lien notes. Such forward-looking statements are based on a number of assumptions that may prove to be incorrect, including, but not limited to: the satisfaction or waiver of all closing conditions (including approval of the TSX and shareholder approval under the rules of the TSX) and the completion of the acquisition of BNI; the realization of potential synergies in connection with integrating the operations of BNI with the operations of Postmedia; and the completion of the extension of the maturity dates of the first lien notes and second lien notes. Forward-looking information is based on underlying assumptions and management’s beliefs, estimates and opinions, and are subject to inherent risks and uncertainties (many of which are beyond Postmedia’s control) surrounding future expectations generally that may cause actual results to vary from plans, targets and estimates. These risks and uncertainties include, among others: the possibility that the proposed transaction and/or the proposed extension of the Notes will not close (including, without limitation, as a result of the failure to gain regulatory approvals or satisfying applicable closing conditions) and the risks associated with the possible

failure to realize the anticipated synergies in integrating the operations of BNI with the operations of Postmedia, as well as the various risk factors described in the section entitled “Risk Factors” contained in our annual management’s discussion and analysis for the years ended August 31, 2021, 2020 and 2019. Although the Company bases such information and statements on assumptions believed to be reasonable when made, they are not guarantees of future performance and actual results of operations, financial condition and liquidity, and developments in the industry in which the Company operates, may differ materially from any such information and statements in this press release. Given these risks and uncertainties, undue reliance should not be placed on any forward-looking information or forward-looking statements, which speak only as of the date of such information or statements. Other than as required by law, the Company does not undertake, and specifically declines, any obligation to update such information or statements or to publicly announce the results of any revisions to any such information or statements.

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