Postmedia Reports Third Quarter Results

July 10, 2025 (TORONTO) – Postmedia Network Canada Corp. ("Postmedia" or the "Company") today released financial information for the three and nine months ended May 31, 2025.

"A highlight of our third quarter was the continued expansion of Postmedia Parcel Services in Western and Atlantic Canada," said Andrew MacLeod, Postmedia President and Chief Executive Officer. "Our decades of experience delivering to homes across Canada gives us the foundation and expertise to build a best in class in last-mile delivery platform across Canada."

"While the media industry continues to evolve, we remain focused on strengthening our connection to readers and partners," said MacLeod. "Disciplined execution and long-term sustainability efforts ensure that we are well positioned to deliver trusted journalism and essential services to communities across the country."

Third Quarter Operating Results

Revenue for the quarter was $109.2 million as compared to $100.8 million in the same period in the prior year, representing an increase of $8.4 million (8.3%). The revenue increase was primarily due to increases in advertising revenue of $6.9 million (14.5%), circulation revenue of $3.2 million (9.7%) and parcel revenue of $0.9 million (7.2%), partially offset by decreases in other revenue of $2.6 million (31.9%). Excluding the impact of the Saltwire asset acquisition, advertising revenue for the quarter increased by 5.2%.

Total operating expenses excluding depreciation, amortization and restructuring increased $4.6 million, or 4.6%, for the quarter ended May 31, 2025, relative to the same period in the prior year. The increase relates to increases in distribution and production expense, partially offset by decreases in compensation and other operating expense. Excluding the impact of the Saltwire asset acquisition, total operating expenses excluding depreciation, amortization and restructuring decreased $6.0 million or 6.1%.

Operating income before depreciation, amortization and restructuring in the quarter was $5.3 million, an increase of $3.8 million relative to the same period in the prior year. The increase in operating income before depreciation, amortization and restructuring is due to an increase in total revenue, partially offset by an increase in operating expenses excluding depreciation, amortization and restructuring. Excluding the impact of the Saltwire asset acquisition, operating income before depreciation, amortization and restructuring in the quarter was $3.2M.

Net income in the quarter ended May 31, 2025 was $7.9 million, as compared to a net loss of $15.9 million in the same period in the prior year. The increase in net income was primarily the result of a decrease in depreciation, amortization, restructuring, and an increase in foreign currency exchange gains, partially offset by an increase in interest expense, and a decrease in gains on derivative financial instruments.

Year to Date Operating Results

Revenue for the nine months ended May 31, 2025 was $330.3 million as compared to $302.8 million in the same period in the prior year, representing an increase of $27.5 million (9.1%). The revenue increase was primarily due to increases in advertising revenue of $19.5 million (13.7%), circulation revenue of $8.7 million (8.9%), parcel revenue of $0.8 million (2.1%), partially offset by decreases in other revenue of $1.5 million (6.2%). Excluding the impact of the Saltwire asset acquisition, advertising revenue for the nine months ended May 31, 2025 increased by 4.2%.

Total operating expenses excluding depreciation, amortization and restructuring increased $9.5 million, or 3.2%, for the nine months ended May 31, 2025, relative to the same period in the prior year. The increase relates to increases in distribution, production and other operating expenses, partially offset by a decrease in compensation and newsprint expenses. Excluding the impact of the Saltwire asset acquisition, total operating expenses excluding depreciation, amortization and restructuring decreased $22.7 million or 7.6%.

Operating income before depreciation, amortization and restructuring for the nine months ended May 31, 2025 was $20.6 million, an increase of $18.0 million relative to the same period in the prior year. The increase in operating income before depreciation, amortization and restructuring is due to an increase in total revenues, partially offset by an increase in operating expenses excluding depreciation, amortization, impairment and restructuring. Excluding the impact of the Saltwire asset acquisition, operating income before depreciation, amortization and restructuring in the nine months ended May 31, 2025 was $15.1 million.

Net loss in the nine months ended May 31, 2025 was $32.6 million, as compared to a net loss of $46.6 million in the same period in the prior year. The decrease in net loss was primarily the result of a decrease in depreciation, amortization, restructuring, net financing expense and an increase in gains on disposal of assets held for sale and other assets, partially offset by an increase in interest expense, foreign currency exchange losses and a decrease in gain on derivative financial instruments.

Additional Information

Additional information, including financial statements and management's discussion and analysis can be found on the Company's website at **www.postmedia.com** or on SEDAR+ at **www.sedarplus.ca**.

Note: All dollar amounts are expressed in Canadian dollars unless otherwise specified.

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 130 brands across multiple print and digital 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. Our expertise in home delivery and expanding distribution network powers Postmedia Parcel Services. For more information, visit www.postmedia.com, www.postmediasolutions.com and www.postmediaparcelservices.com.

Forward-Looking Information

This news release may include information that is “forward-looking information” under applicable Canadian securities laws. The Company has tried, where possible, to identify such information and statements by using words such as “believe,” “expect,” “intend,” “estimate,” “anticipate,” “may,” “will,” “could,” “would,” “should” and similar expressions and derivations thereof in connection with any discussion of future events, trends or prospects or future operating or financial performance. Forward-looking statements in this news release include statements with respect to the implementation and results of the Company’s transformation initiatives, continued benefits of historical results into future periods, the realization of anticipated cost savings, the identification and undertaking of ongoing cost savings initiatives. By their nature, forward-looking information and statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks and uncertainties include, among others: competition from digital and other forms of media; the effect of economic conditions on advertising revenue; the ability of the Company to build out its digital media and online businesses; the failure to maintain current print and online newspaper readership and circulation levels; the realization of anticipated cost savings; possible damage to the reputation of the Company’s brands or trademarks; possible labour disruptions; possible environmental liabilities, litigation and pension plan obligations; fluctuations in foreign exchange rates and the prices of newsprint and other commodities.

For a complete list of our risk factors please refer to the section entitled “Risk Factors” contained in our annual management’s discussion and analysis for the years ended August 31, 2024 and 2023. 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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Postmedia Network Canada Corp.
Consolidated Statements of Operations
(UNAUDITED)

(In thousands of Canadian dollars, except per share amounts)	**For the three months ended**		**For the nine months ended**	
	May 31, 2025	**May 31, 2024**	**May 31, 2025**	**May 31, 2024**
Revenues				
Advertising	54,962	48,015	161,478	142,019
Circulation	35,826	32,651	106,812	98,104
Parcel services	12,764	11,909	39,669	38,870
Other	5,610	8,237	22,293	23,771
Total revenues	**109,162**	**100,812**	**330,252**	**302,764**
Expenses				
Compensation	35,052	35,272	104,848	105,046
Newsprint	2,769	2,710	8,153	8,772
Distribution	36,179	34,323	110,696	103,708
Production	13,089	9,910	34,121	31,524
Other operating	16,754	17,073	51,857	51,110
Operating income before depreciation, amortization, impairment and restructuring	**5,319**	**1,524**	**20,577**	**2,604**
Depreciation	2,037	2,270	6,358	8,036
Amortization	1,703	2,014	5,132	6,187
Impairment	-	-	1,501	-
Restructuring and other	1,016	2,021	4,517	5,301
Operating income (loss)	**563**	**(4,781)**	**3,069**	**(16,920)**
Interest expense	10,703	9,444	31,930	27,214
Foreign currency exchange (gains) losses	(18,191)	1,543	5,716	2,412
Net financing expense relating to employee benefit plans	289	344	866	1,033
Loss (gain) on disposal of assets held for sale, property plant and equipment, right of use assets, and other assets	119	859	(2,707)	(139)
Gain on derivative financial instruments and financial assets at fair value through profit and loss	(262)	(1,091)	(169)	(1,222)
Loss on debt refinancing	-	-	-	367
Net income (loss) after income taxes	**7,905**	**(15,880)**	**(32,567)**	**(46,585)**

Earning (loss) per share				
Basic and diluted	$0.08	$(0.16)	$(0.33)	$(0.47)

Postmedia Network Canada Corp.
Consolidated Statements of Financial Position
(UNAUDITED)

(In thousands of Canadian dollars)	**As at May 31, 2025**	**As at August 31, 2024**
Assets		
Current Assets		
Cash	3,260	2,454
Trade and other receivables	57,870	53,931
Assets held-for-sale	-	2,560
Inventory	1,647	2,318
Prepaid expenses and other assets	7,567	8,522
Total current assets	**70,344**	**69,785**
Non-Current Assets		
Property and equipment	24,845	35,089
Intangible assets	26,713	19,868
Right of use assets	15,768	19,783
Derivative financial instruments and other assets	4,406	4,399
Total assets	**142,076**	**148,924**
Liabilities and Deficiency		
Current Liabilities		
Accounts payable and accrued liabilities	62,360	38,509
Provisions	942	1,514
Contract Liabilities	15,786	16,716
Current portion of lease obligations	7,604	7,773
Current portion of long-term debt	24,947	29,509
Total current liabilities	**111,639**	**94,021**
Non-Current Liabilities		
Long-term debt	338,892	323,129
Employee benefit obligations and other liabilities	31,119	34,250
Lease obligations	14,659	19,345
Total liabilities	**496,309**	**470,745**
Deficiency		
Capital stock	820,357	820,357
Contributed surplus	19,923	19,511
Deficit	(1,194,513)	(1,161,689)
Total deficiency	**(354,233)**	**(321,821)**
Total liabilities and deficiency	**142,076**	**148,924**

Postmedia Network Canada Corp.
Consolidated Statements of Cash Flows
(UNAUDITED)

(In thousands of Canadian dollars)	For the three months ended		For the nine months ended	
	May 31, 2025	May 31, 2024	May 31, 2025	May 31, 2024
Cash Generated (Utilized) by:				
Operating Activities				
Net income (loss) after income taxes	7,905	(15,880)	(32,567)	(46,585)
Items not affecting cash:				
Depreciation	2,037	2,270	6,358	8,036
Amortization	1,703	2,014	5,132	6,187
Impairment	-	-	1,501	-
Loss on debt refinancing	-	-	-	367
Gain on derivative financial instruments and financial assets at fair value through profit and loss	(262)	(1,091)	(169)	(1,222)
Non-cash interest	9,970	8,909	29,736	24,758
Loss (Gain) on disposal of assets held for sale, property plant and equipment, right of use assets, and other assets	119	859	(2,707)	(139)
Non-cash foreign currency exchange (gains) losses	(17,744)	2,226	6,363	2,968
Share-based compensation plans	162	220	412	600
Net financing expense relating to employee benefit plans	289	344	866	1,033
Employee benefit plan funding in excess of compensation expense	(904)	(920)	(2,461)	(2,392)
Net change in non-cash operating accounts	(738)	(3,188)	2,468	(1,710)
Cash flows from (used in) operating activities	**2,537**	**(4,237)**	**14,982**	**(8,099)**
Investing Activities				
Net proceeds from the sale of assets held-for-sale and other assets	2,900	-	8,530	3,072
Purchases of property and equipment	(170)	(52)	(517)	(449)
Purchases of intangible assets	(43)	(421)	(1,165)	(747)
Cash flows from (used in) investing activities	**2,687**	**(473)**	**6,848**	**1,876**
Financing activities				
Advances from asset-based lending facility	1,665	4,835	5,406	8,791
Repayment of asset-based lending facility	(4,783)	(2,177)	(7,935)	(6,347)
Repayment of first lien senior secured notes	(2,804)	-	(7,734)	(699)
Restricted cash	-	-	-	6,968
Repayment of short term promissory note	-	-	(5,000)	-
Repayment of unsecured promissory notes	-	-	-	(4,696)
Repayment of senior secured asset-based revolving credit facility	-	-	-	(14,500)
Advances from senior secured asset-based revolving credit facility	-	-	-	8,500
Repayment of senior secured notes	-	-	-	(24,475)
Issuance of first lien senior secured notes	-	-	-	20,158
Issuance of asset-based lending facility	-	-	-	15,393
Debt issuance costs	-	-	-	(2,418)
Repayment of contingent consideration	(371)	-	(1,043)	-
Lease payments	(1,539)	(1,920)	(4,668)	(5,129)
Cash flow (used in) from financing activities	**(7,832)**	**738**	**(20,097)**	**1,546**
Net change in cash for the period	(2,608)	(3,972)	806	(4,677)
Cash at beginning of period	5,868	5,486	2,454	6,191
Cash at end of period	**3,260**	**1,514**	**3,260**	**1,514**
Supplemental disclosure of operating cash flows				
Interest paid	733	419	2,194	3,126