

POSTMEDIA NETWORK CANADA CORP.
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2025 AND 2024
(UNAUDITED)

Approved for issuance: January 12, 2026

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

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2025 AND 2024

(In thousands of Canadian dollars, except per share amounts)

	Note	2025	2024
Revenues			
Advertising		56,437	56,473
Circulation		33,720	35,936
Parcel services		16,706	13,149
Other		5,012	4,712
Total revenues		111,875	110,270
Expenses			
Compensation	3	36,007	35,608
Newsprint		2,542	2,872
Distribution		39,127	37,514
Production		11,919	10,639
Other operating		17,185	18,167
Operating income before depreciation, amortization, impairment, restructuring and other		5,095	5,470
Depreciation	2	3,128	3,419
Amortization	2	560	556
Impairment		188	-
Restructuring and other	4	1,055	2,026
Operating income (loss)		164	(531)
Interest expense		11,458	10,743
Foreign currency exchange losses	10	8,201	12,914
Net financing expense relating to employee benefit plans	5	262	289
Loss on disposal of right of use assets		110	250
Loss (gain) on derivative financial instruments and financial assets at fair value through profit and loss		512	(242)
Net loss after income taxes		(20,379)	(24,485)
Loss per share			
Basic and diluted		\$ (0.21)	\$ (0.25)

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

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

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2025 AND 2024
(In thousands of Canadian dollars)

	Note	2025	2024
Net loss after income taxes		(20,379)	(24,485)
Amounts not subsequently reclassified to the statement of operations			
Loss on employee benefit plans	5	(502)	(582)
Other comprehensive income loss		(502)	(582)
Comprehensive loss		(20,881)	(25,067)

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

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

(In thousands of Canadian dollars)

	Note	As at November 30, 2025	As at August 31, 2025
ASSETS			
Current Assets			
Cash		5,330	3,278
Trade and other receivables		66,671	59,169
Inventory		1,497	1,615
Prepaid expenses and other assets		6,439	6,449
Total current assets		79,937	70,511
Non-Current Assets			
Property and equipment		21,206	22,986
Intangible assets		15,101	15,313
Right of use assets		13,833	14,543
Derivative financial instruments and other assets		4,103	4,672
Total assets		134,180	128,025
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	7	73,341	53,312
Provisions		1,124	1,253
Contract liabilities		15,256	16,127
Current portion of lease obligations		7,753	7,742
Total current liabilities		97,474	78,434
Non-Current Liabilities			
Long-term debt	6	398,470	388,964
Employee benefit obligations	5	29,933	30,084
Lease obligations		11,672	12,775
Other long-term liabilities		16,046	16,753
Total liabilities		553,595	527,010
Deficiency			
Capital stock		820,357	820,357
Contributed surplus		20,411	19,960
Deficit		(1,260,183)	(1,239,302)
Total deficiency		(419,415)	(398,985)
Total liabilities and deficiency		134,180	128,025

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, 2025 AND 2024

(In thousands of Canadian dollars)

2025					
	Note	Capital stock	Contributed surplus	Deficit	Total Deficiency
Balance as at August 31, 2025		820,357	19,960	(1,239,302)	(398,985)
Net loss after income taxes		-	-	(20,379)	(20,379)
Other comprehensive loss		-	-	(502)	(502)
Comprehensive loss		-	-	(20,881)	(20,881)
Share-based compensation plans	9	-	451	-	451
Balance as at November 30, 2025		820,357	20,411	(1,260,183)	(419,415)
2024					
	Note	Capital stock	Contributed surplus	Deficit	Total Deficiency
Balance as at August 31, 2024		820,357	19,511	(1,161,689)	(321,821)
Net loss after income taxes		-	-	(24,485)	(24,485)
Other comprehensive loss		-	-	(582)	(582)
Comprehensive loss		-	-	(25,067)	(25,067)
Share-based compensation plans	9	-	168	-	168
Balance as at November 30, 2024		820,357	19,679	(1,186,756)	(346,720)

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

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

FOR THE THREE MONTHS ENDED NOVEMBER 30, 2025 AND 2024
(In thousands of Canadian dollars)

	Note	2025	2024
CASH GENERATED (UTILIZED) BY:			
OPERATING ACTIVITIES			
Net loss after income taxes		(20,379)	(24,485)
Items not affecting cash:			
Depreciation		3,128	3,419
Amortization		560	556
Impairment		188	-
Loss (gain) on derivative financial instruments and financial assets at fair value through profit and loss		512	(242)
Non-cash interest		10,935	9,822
Loss on disposal of right of use assets		110	250
Non-cash foreign currency exchange losses		7,758	12,951
Share-based compensation plans	9	451	168
Net financing expense relating to employee benefit plans	5	262	289
Employee benefit plan funding in excess of compensation expense	5	(646)	(761)
Net change in non-cash operating accounts	11	1,599	7,523
Cash flows from operating activities		4,478	9,490
INVESTING ACTIVITIES			
Purchases of property and equipment		(242)	(127)
Purchases of intangible assets	11	(348)	(376)
Cash flows used in investing activities		(590)	(503)
FINANCING ACTIVITIES			
Advances from asset-based lending facility	6	2,105	1,376
Repayment of asset-based lending facility	6	(1,422)	-
Repayment of short term promissory note		-	(5,000)
Repayment of contingent consideration		(920)	-
Lease payments		(1,599)	(1,614)
Cash flows used in financing activities		(1,836)	(5,238)
Net change in cash for the period		2,052	3,749
Cash at beginning of period		3,278	2,454
Cash at end of period		5,330	6,203
		2025	2024
Supplemental disclosure of operating cash flows			
Interest paid		523	921

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

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

FOR THE THREE ENDED NOVEMBER 30, 2025 AND 2024
(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"), 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, 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 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. BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34 – Interim Financial Reporting. Except for the changes in presentation as described below, the accounting policies applied in the preparation of these interim condensed consolidated financial statements are the same as those used in the Company's annual consolidated financial statements. In addition, these interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements and accordingly should be read in conjunction with the Company's consolidated financial statements for the years ended August 31, 2025 and 2024.

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 three months ended November 30, 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 12 months (note 10).

These interim condensed consolidated financial statements were approved by the Board of Directors (the "Board") on January 12, 2026.

Revenue recognition

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. As at November 30, 2025, the CJC receivable of \$nil million is included in trade and other receivables on the condensed consolidated statement of financial position (August 31, 2025 – \$5.0 million)

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 critical accounting estimates are not materially different from those disclosed in the Company's consolidated financial statements for the years ended August 31, 2025 and 2024.

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* (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.

Additional IFRS accounting standards measure

The Company presents as an additional IFRS Accounting Standards 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 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 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.

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 (effective for annual periods beginning on or after January 1, 2027).
- “Amendments to the classification and measurement of financial instruments - 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 (effective for annual periods beginning on or after 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. GOVERNMENT ASSISTANCE

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 three months ended November 30, 2025, the Company recognized a recovery of compensation expense of \$3.1 million related to the journalism tax credits (2024 – \$3.0 million). As at November 30, 2025, the net aggregate journalism tax credit receivable of \$15.0 million is included in trade and other receivables on the condensed consolidated statement of financial position (August 31, 2025 - \$11.9 million). During the three months ended November 30, 2025, the Company received \$nil 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.

4. RESTRUCTURING AND OTHER

During the three months ended November 30, 2025, the Company continued restructuring initiatives and incurred restructuring and other expenses of \$1.1 million (2024 - \$2.0 million), which include both involuntary terminations and voluntary buyouts of \$0.4 million (2024 – \$0.7 million), as well as non-operating costs of \$0.7 million pertaining to the strategic exit of certain assets (2024 – \$1.3 million).

5. 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 condensed consolidated statements of operations. Net financing expense is included in net financing expense relating to employee benefit plans in the condensed consolidated statements of operations.

The net defined benefit plan costs related to the Company's post-retirement benefit plans and other long-term employee benefit plans reported in net loss in the condensed consolidated statement of operations for the three months ended November 30, 2025 and 2024 are as follows:

For the three months ended November 30, 2025 and 2024								
	Pension benefits		Post-retirement benefits		Other long-term employee		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Current service cost	-	-	9	20	32	23	41	43
Net actuarial losses	-	-	-	-	69	98	69	98
Net financing expense	-	-	210	223	52	66	262	289
Net defined benefit plan expense	-	-	219	243	153	187	372	430
Employer contributions to the multi-employer plan	1,230	1,063	-	-	-	-	1,230	1,063
Total plan expense	1,230	1,063	219	243	153	187	1,602	1,493

Losses related to the Company's post-retirement benefit plans recognized in the condensed consolidated statements of comprehensive loss for the three months November 30, 2025 and 2024 are as follows:

For the three months ended November 30, 2025 and 2024		
	Post-retirement benefits	
	2025	2024
Net actuarial losses recognized in other comprehensive income	502	582

(1) The discount rate used in measuring the Company's benefit obligations as at November 30, 2025 was 4.40% for post-retirement benefits (November 30, 2024 – 4.40%).

Changes to the employee benefit obligations and other liabilities for the three months ended November 30, 2025 are as follows:

	Post-retirement benefits	Other long-term employee benefits	Sub-total	Other long-term liabilities	Total
Employee benefit obligations and other liabilities as at August 31, 2025	18,846	5,615	24,461	5,623	30,084
Amounts recognized in the statement of operations	219	153	372	92	464
Amounts recognized in other comprehensive income	502	-	502	-	502
Amounts reclassified to current liabilities	-	-	-	-	-
Employer contributions to the plans	(484)	(271)	(755)	-	(755)
Payments to the CAAT Pension Plan	-	-	-	(362)	(362)
Employee benefit obligations and other liabilities as at November 30, 2025	19,083	5,497	24,580	5,353	29,933

6. LONG-TERM DEBT

					As at November 31, 2025	As at August 31, 2025
	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	15,664	(647)	15,017	14,661
10.25% Second Lien Secured Notes	August 2027	232,731	326,437	(75)	326,362	319,628
Asset-Based Lending Facility	September 2028	24,608	34,517	(526)	33,991	31,575
Unsecured Promissory Notes	August 2027	N/A	23,100	-	23,100	23,100
Total long-term debt		268,507	399,718	(1,248)	398,470	388,964

The terms and conditions of long-term debt as at November 30, 2025 are the same as disclosed in the consolidated financial statements for the years ended August 31, 2025 and 2024 except as described below.

During the three months ended November 30, 2025, the Company had net drawings of US\$0.5 million (\$0.7 million) from the ABL Facility and the Company extended the maturity of the ABL Facility to September 30, 2028.

During the three months ended November 30, 2025, the Company incurred and paid in-kind interest on the ABL Facility of US\$0.6 million (\$0.8 million) (2024 - US\$0.5 million (\$0.7 million)).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at November 30, 2025	As at August 31, 2025
Trade accounts payable	27,742	24,281
Accrued liabilities	29,285	22,372
Accrued interest on long-term debt	12,807	3,151
Contingent consideration	3,507	3,508
Accounts payable and accrued liabilities	73,341	53,312

8. 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, 2025. No reconciling items in the computation of net loss exist. All outstanding options and restricted share units are anti-dilutive due to a net loss in three months ended November 30, 2025 and 2024.

	For the three months ended November 30,	
	2025	2024
Basic and diluted weighted average shares outstanding during the period	99,043,201	99,043,201

9. 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. Changes to the number of issued and outstanding options during the three months ended November 30, 2025 are as follows:

	Options	Weighted average exercise price
August 31, 2025	1,660,000	\$ 1.02
Forfeited	-	\$ -
November 30, 2025	1,660,000	\$ 1.02

During the three months ended November 30, 2025, the Company did not recognize any compensation expense relating to the Option Plan (2024 - compensation expense of nominal amounts). The total unrecognized compensation expense is nil as of November 30, 2025.

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. As at November 30, 2025, there are 5.6 million RSUs (August 31, 2025 – 5.6 million RSUs). Changes to the number of issued and outstanding RSUs during the three months ended November 30, 2025 are as follows:

	RSUs
August 31, 2025	5,554,969
Granted	-
Exercised	-
Forfeited	-
Cancelled	-
November 30, 2025	5,554,969

During the three months ended November 30, 2025, the Company recorded compensation expense related to the RSU Plan of \$0.5 million with an offsetting credit to contributed surplus (2024 - \$0.2 million). The total unrecognized compensation expense is \$0.4 million, which is expected to be recognized over the next three years.

10. FINANCIAL RISK MANAGEMENT

Liquidity Risk

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 6).

The Company believes that its cash on hand, cash flows from operations and undrawn available credit facilities (note 6) 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 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 for a period to December 31, 2026.

As at November 30, 2025, the Company has US\$24.6 million (\$34.5 million) drawn on the ABL Facility and availability of US\$1.5 million (\$2.1 million) (August 31, 2025 – US\$ 23.5 million (\$32.2 million) and US\$1.9 million (\$2.7 million), respectively). As at January 12, 2026, the Company has US\$27.2 million (\$37.7 million) drawn and US\$2.3 million (\$3.2 million) available on the 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 November 30, 2025, are as follows:

	Total	Less than 1 year	1-3 years	3-5 years	5 years or more
Accounts payable	27,742	27,742	-	-	-
Accrued liabilities	29,285	29,285	-	-	-
Provisions	1,124	1,124	-	-	-
Lease obligations	21,353	7,753	12,233	845	522
Contingent consideration	19,553	3,507	5,329	5,587	5,130
Other long-term liabilities ⁽¹⁾	5,353	1,127	2,492	1,734	-
Long-term debt ⁽²⁾	399,718	-	399,718	-	-
Cash interest payments ⁽³⁾	3,910	1,173	2,345	392	-
Paid-in-kind interest payments ⁽⁴⁾	82,484	-	82,484	-	-
Total	590,522	71,711	504,601	8,558	5,652

(1) Cash funding obligation payable to the CAAT Pension Plan related to the transferred defined benefit plans (note 5).

(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.

Foreign currency risk

As at November 30, 2025, approximately 94% of the outstanding principal on the Company's long-term debt is payable in US dollars (August 31, 2025 – 94%). As at November 30, 2025, the Company is exposed to foreign currency risk on the US\$232.7 million of Second-Lien Notes, US\$11.2 million of First-Lien Notes and US\$24.6 million on the ABL Facility outstanding (August 31, 2025 - US\$232.7 million of Second-Lien Notes, US\$11.2 million of First-Lien Notes and US\$23.5 million on the ABL Facility outstanding). For the three months ended November 30, 2025, the Company incurred foreign exchange losses on long term debts of \$7.8 million (2024 - \$13.0 million). Based on the long-term debt outstanding as at November 30, 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 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. Based on the ABL Facility outstanding at November 30, 2025, a 0.5% change in period-end interest rates, holding all other variables constant, would have resulted in a \$0.2 million increase or decrease in interest expense in the statement of operations.

11. 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 condensed consolidated statements of cash flows for three months ended November 30, 2025 and 2024:

	For the three months ended November 30,	
	2025	2024
Trade and other receivables	(7,502)	(5,059)
Inventory	118	345
Prepaid expenses and other assets	67	1,198
Accounts payable, accrued liabilities and provisions	10,975	11,609
Contract liabilities	(871)	(317)
Other long-term liabilities	(1,188)	(253)
Changes in non-cash operating accounts	1,599	7,523
	2025	2024
Additions of intangible assets	348	2,700
Changes in non-cash working capital related to capital expenditures and intangible assets	-	(2,324)
Purchases of intangible assets per cash flow	348	376

12. RELATED PARTY TRANSACTIONS

As at November 30, 2025, 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”) owns 62,331,849, or approximately 63%, of the Company’s shares and 31% of the outstanding voting rights. As at November 30, 2025, the Company has \$15.7 million (US\$11.2 million) of First-Lien Notes, \$326.4 million (US\$232.7 million) of Second-Lien Notes and \$23.1 million Unsecured Promissory Notes with Chatham.

Related party transactions payable to Chatham outstanding as at November 30, 2025 were US\$7.9 million (\$11.1 million) with no activity for the three months ended November 30, 2025. These transactions are in accordance with a services agreement with The McClatchy Company, an affiliate of Chatham which was terminated during the year ended August 31, 2025 primarily due to reassessments of strategic projects and changes in the expected future economic benefits of certain technology assets.