NEWS RELEASE

FP Newspapers Inc. reports first quarter 2020 results

Winnipeg, June 25, 2020 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended March 31, 2020. FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

First quarter operating results of FPI

FPI reported net income of $0.1 million for the three months ended March 31, 2020, unchanged from the same period last year.

First quarter operating results of FPLP

FPLP's revenue for the three months ended March 31, 2020 was $14.2 million, a decrease of $1.3 million or 8.2% from the same three months in the prior year. FPLP's print advertising revenues for the three months ended March 31, 2020 were $6.8 million, a $1.2 million or 15.5% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $3.3 million, a decrease of $1.1 million or 24.9% from the same period in the prior year, primarily due to decreased spending in almost all categories, mostly due to the challenges associated with the economic conditions caused by the COVID-19 pandemic. Classified advertising revenues for the first quarter decreased by $0.1 million or 3.8% compared to the same period last year, primarily due to lower spending in the employment and real estate categories, partly offset by increased spending in the obituary category. Flyer distribution revenues decreased by $0.1 million or 4.6% compared to the first quarter in 2019, primarily due to a decrease in flyer volumes delivered.

Circulation revenue remained at relatively the same level compared to the same quarter last year, primarily due to an increase in digital subscriptions, offsetting print circulation unit reductions. Digital advertising revenues were $0.6 million, at relatively the same level compared to the first quarter of 2019.

Operating expenses for the three months ended March 31, 2020 were $13.9 million, a decrease of $1.2 million or 7.9% compared to the same quarter last year. Employee compensation costs for the first quarter decreased by $0.7 million or 9.8% from the same period in the prior year, primarily due to a $0.3 million tax credit from the federal government's support for Canadian journalism program as well as staff reductions from voluntary resignations and retirements. Newsprint expense for FPLP's own publications for the first quarter decreased by $0.2 million or 17.0% compared to the same period in the prior year, primarily due to lower printing volumes, partly offset by higher newsprint prices. Delivery expenses for the three months ended March 31, 2020 decreased by $0.2 million or 5.8%, primarily due to a lower number of circulation subscriptions and flyers delivered and initiatives implemented to improve delivery route efficiency. Other expenses for the three months ended March 31, 2020 decreased by $0.1 million, primarily due to the replacement of third-party copy editing and page layout services by internal resources.

EBITDA(1) for the three months ended March 31, 2020 was $1.0 million compared to $1.2 million for the same period last year, a decrease of 11.3%. EBITDA(1) margin for the three months ended March 31, 2020 was 7.3%, compared to 7.6% in the same period last year. The changes in EBITDA(1) were due to the factors described above.

Finance costs for the three months ended March 31, 2020 decreased by $0.1 million, due to the lower level of debt outstanding and lower interest rates.

FPLP's net income was $0.2 million for the three months ended March 31, 2020, which was unchanged from the prior year.

Outlook

Advertising revenues were significantly lower following the start of the government measures for physical distancing and the closure of non-essential businesses resulting from the COVID-19 pandemic in mid-March. Print advertising revenues in April and May were lower by approximately 50 percent compared to the same weeks last year. As a result of strong community support for social distancing regulations and corresponding low confirmed case counts of COVID-19, the Manitoba government started easing restrictions on May 4, 2020 and phase 2 of the re-opening of the economy started on June 1, 2020. While we have seen a modest improvement in print advertising revenues following the re-opening steps taken to date, there remains a significant gap from the levels we were experiencing prior to the start of the business closures resulting from the pandemic.

Typical of Manitoban's responses to crisis situations, combined with the power of our brand, our publications received strong support from subscribers of both print and digital versions. While we did not reverse the long-term trend of lower print circulation sales, there were improvements in the level of decline. On the digital side we did put our COVID-19 coverage outside the paywall and we experienced strong increases in user traffic counts. In addition to increased website traffic we have seen significant increases in digital subscriptions during the second quarter. Digital only subscriptions increased by 36 percent from the end of the prior year to June 18, 2020. We are anticipating that overall circulation revenue will remain relatively stable throughout the second quarter and a ten percent print subscription increase effective July 1, 2020 should allow us to see some modest circulation revenue growth in the second half of the year. Digital advertising and commercial printing revenues were also lower so far in the second quarter primarily due to the COVID-19 business closures.

The cooperation of our employees and the union representing them to implement wage reductions effective April 5, 2020 is a testament to the dedication to the businesses we operate and recognition of the important service we provide to the communities we serve. Monthly compensation expense reductions were in the range of $0.4 million up to the June 21,2020 full reinstatement of all the reductions following the company's receipt of the first payment under the federal government's wage subsidy program (CEWS). During the second quarter FPLP did receive a total of three payments under this program combining for $3.0 million of federal support. The Government of Canada announced a twelve-week extension of the CEWS program and based on eligibility criteria and expected results, we believe FPLP will see additional support payments under the program up to the currently scheduled August 29, 2020 program end date.

As a result of lower advertising volumes, fewer overall pages are being printed and we will be seeing a corresponding decrease in newsprint expense. Similarly, lower flyer delivery volumes will result in a decrease in the delivery expense line in the second quarter and beyond while flyer volumes are lower than pre-COVID-19 shutdown levels.

COVID-19

While Manitoba has fared better to-date than many other Provinces, the short and long-term impact on the local and national economies is uncertain and is expected to remain this way for the unforeseeable future. The overall impact on our businesses as a result of COVID-19 cannot be predicted with any reliability. While we believe swift actions taken to reduce and defer costs together with meaningful direct support by the federal government has resulted in us being in a relatively stable financial position currently, this could deteriorate quickly if the overall economy does not improve or worsens from the present state.

Additional Information

Additional information including financial statements and management's discussion and analysis can be found on the Company's website at www.fpnewspapers.com or on SEDAR at www.sedar.com.

Caution Regarding Forward-looking Statements

Certain statements in this news release may constitute forward-looking statements within the meaning of applicable securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements regarding management's intent, belief or current expectations with respect to market and general economic conditions, future costs and operating performance. Generally, but not always, forward-looking statements will be indicated by words such as "may", "will", "intend", "anticipate", "expect", "believe", "plan", "is budgeting for" or similar terminology.

Forward-looking statements are subject to known and unknown risks and uncertainties that may cause the actual results, performance or achievements of FPI or FPLP, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, but are not limited to, the current general economic uncertainty, FPLP's ability to effectively manage growth and maintain its profitability, FPLP's ability to operate in a highly competitive industry, FPLP's ability to compete with other forms of media, FPLP's ability to attract advertisers, FPLP's reliance upon key personnel, FPLP's relatively high fixed costs, FPLP's dependence upon particular advertising customer segments, indebtedness incurred in making acquisitions, the availability of financing for capital improvements, the availability of an extension on refinancing of FPLP's term loan facilities, costs related to capital expenditures, cyclical and seasonal variations in FPLP's revenues, the risk of acts of terrorism, the cost of newsprint, the potential for labour disruptions, the risk of equipment failure, and the effect of Canadian tax laws. Additional information about these and other factors is discussed in our Annual Management Discussion and Analysis dated May 15, 2020, which is available at www.sedar.com.

In addition, although the forward-looking statements contained in this news release are based upon assumptions that management of FPI and FPLP believe to be reasonable, such assumptions may prove to be incorrect.

Forward-looking statements speak only as of the date hereof and, except as required by law, FPI and FPLP assume no obligation to update or revise them to reflect new events or circumstances. Because forward-looking statements are inherently uncertain, readers should not place undue reliance on them.

About FPI

FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP"). FPLP owns the Winnipeg Free Press, the Brandon Sun, and their related businesses, as well as the Canstar Community News division, the publisher of six community newspapers in the Winnipeg region, The Carillon in Steinbach with its related commercial printing operations. The businesses employ approximately 364 full-time equivalent people in Winnipeg, Brandon, Steinbach, Manitoba.

Further information can be found at www.fpnewspapers.com and in disclosure documents filed by FP Newspapers Inc. with the securities regulatory authorities, available at www.sedar.com.

Non-IFRS financial measures

(1) EBITDA

FPLP believes that in addition to net earnings as reported on FPLP's interim condensed consolidated statements of earnings, EBITDA is a useful supplemental measure as it is a measure used by many of FPLP's Unitholders, creditors and analysts as a proxy for the amount of cash generated by FPLP's operating activities and is not a recognized measure of financial performance under IFRS. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings determined in accordance with IFRS as an indicator of FPLP`s performance. FPLP's method of calculating EBITDA may differ from that used by other issuers and, accordingly, EBITDA as calculated by FPLP may not be comparable to similar measures used by other issuers. FPLP's method of calculating EBITDA is detailed in the Management's Discussion and Analysis for the quarter ended March 31, 2020 on FPI's website www.fpnewspapers.com or on SEDAR at www.sedar.com.

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

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 112	$ 120
Administration expenses	(43)	(36)
Other income	-	1
Net income before income taxes	69	85
Current income tax (expense)	(12)	(33)
Deferred income tax recovery	3	2
Net income for the period	**$ 60**	**$ 54**
Items that will not be reclassified to net income:		
Equity interest of other comprehensive (loss) income from FP Canadian Newspapers Limited Partnership	(1,595)	385
Deferred income tax recovery (expense)	431	(103)
Comprehensive (loss) income for the period	**$ (1,104)**	**$ 336**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592
Net income per share	$ 0.009	$ 0.008

FP Canadian Newspapers Limited Partnership

Condensed Consolidated Statements of Income and Comprehensive Income (Loss)

(unaudited, in thousands of Canadian dollars)

	Three Months Ended March 31,	
	2020	**2019**
Revenue		
Print Advertising	$ 6,776	$ 8,017
Circulation	5,883	5,884
Commercial Printing	851	839
Digital advertising	562	602
Promotion and services	146	151
TOTAL REVENUE	14,218	15,493
Operating expenses		
Employee compensation	6,545	7,261
Newsprint and other paper	1,106	1,315
Delivery	2,563	2,720
Other	2,960	3,026
Depreciation and amortization	681	721
OPERATING INCOME BEFORE RESTRUCTURING	363	450
Restructuring charge	(5)	-
OPERATING INCOME	358	450
Other income	14	16
Finance costs	(145)	(222)
NET INCOME FOR THE PERIOD	**$ 227**	**$ 244**
Items that will not be reclassified subsequently to net income		
Remeasurements for defined benefit pension plan	(3,256)	786
COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	**$ (3,029)**	**$ 1,030**