NEWS RELEASE

FP Newspapers Inc. reports third quarter 2020 results

Winnipeg, November 19, 2020 – FP Newspapers Inc. ("FPI") announces financial results for the quarter ended September 30, 2020. FPI owns securities entitling it to 49% of the distributable cash of FP Canadian Newspapers Limited Partnership ("FPLP").

Third quarter operating results of FPI

FPI reported net income of $0.1 million for the three months ended September 30, 2020, compared to net income of $0.1 million for the same period last year.

Third quarter operating results of FPLP

FPLP's revenue for the three months ended September 30, 2020 was $12.9 million, a decrease of $2.2 million or 14.8% from the same three months in the prior year. FPLP's print advertising revenues for the three months ended September 30, 2020 were $5.6 million, a $1.9 million or 25.7% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $2.6 million, a decrease of $1.1 million or 28.7% from the same period in the prior year, primarily due to the business closures due to the COVID-19 pandemic. Classified advertising revenues for the third quarter decreased by $0.1 million or 9.0% compared to the same period last year, primarily due to COVID-19 business closures. Flyer distribution revenues decreased by $0.8 million or 30.6% compared to the third quarter in 2019, once again, primarily due the business closures as a result of COVID-19.

Circulation revenues for the three months ended September 30, 2020 were $6.2 million, virtually the same as the third quarter of 2019, with a small increase in home delivery rates offset by slightly lower print home delivery volumes and lower single copy revenues due to the business closures resulting from the COVID-19 pandemic. Commercial services revenue decreased by $0.3 million primarily due to the cancellation of printing as a result of COVID-19 closures.

Operating expenses for the three months ended September 30, 2020 were $12.2 million, a decrease of $2.3 million or 15.9% compared to the same quarter last year. Employee compensation costs for the third quarter decreased by $1.7 million or 24.5% from the same period in the prior year, primarily the result of government support from the Canada Emergency Wage Subsidy ("CEWS") and the Federal Journalism Tax Credit Program. Newsprint expense for FPLP's own publications for the third quarter decreased by $0.2 million or 17.1% compared to the same period in the prior year, primarily due to lower page counts as a result of the decrease in print advertising due to the COVID-19 pandemic in addition to slightly lower overall newsprint prices. Newsprint for commercial use decreased by 37.5% due to the decrease in commercial print jobs resulting from the business closures from the COVID-19 pandemic. Delivery expenses for the three months ended September 30, 2020 decreased by $0.2 million or 6.7%, primarily due to reduced flyer volumes as a result of the business closures from the COVID-19 pandemic. Other expenses decreased by $0.1 million or 4.1% as we reduced every possible expense in an effort to lessen the impact of lower advertising revenues resulting from the COVID-19 pandemic.

FPLP's revenue for the nine months ended September 30, 2020 was $39.0 million, a decrease of $8.6 million or 18.1% from the same period in the prior year. Print advertising revenues for the nine months ended September 30, 2020 were $17.4 million, a $7.3 million or 29.4% decrease compared to the same period last year. FPLP's largest advertising revenue category, display advertising including colour, was $8.3 million, a decrease of $4.5 million or 35.3% from the same period in the prior year, primarily due to the business closures as a result of the COVID-19 pandemic. Classified advertising revenues for the nine months ended September 30, 2020 were $3.8 million, a decrease of $0.5 million or 11.5% compared to the same period in 2019, primarily due to the COVID-19 business closures. Flyer distribution revenues decreased by $2.2 million or 29.5% compared to the first nine months of 2019, primarily due to COVID-19 related business closures.

For the nine months ended September 30, 2020, circulation revenues were $18.0 million, a decrease of $0.3 million or 1.7% from the same period of 2019, primarily due to slightly lower print home delivery volumes and lower single copy revenues in the third quarter due to the business closures resulting from the COVID-19 pandemic. Commercial services revenue decreased by $0.7 million primarily due to business closures in the third quarter due to COVID-19. Digital revenues for the first nine months of 2020 decreased by $0.3 million or 14.8%, primarily due the business closures as a result of COVID-19.

Operating expenses for the nine months ended September 30, 2020 were $34.0 million, a decrease of $10.7 million or 23.9% compared to the same period last year. Employee compensation costs for the nine months decreased by $7.8 million or 36.9% from the same period in the prior year, primarily due to government support from CEWS, the Federal Journalism Tax Credit Program wage reductions and lower staffing levels implemented in response to the lower advertising revenues due to the COVID-19 pandemic. Newsprint expense for FPLP's own publications for the nine months ended September 30, 2020 decreased by $0.7 million or 22.1% compared to the same period in the prior year, primarily due to lower page counts resulting from the print advertising decline from COVID-19 in addition to lower average newsprint prices. Newsprint for commercial use decreased by 27.4% due primarily to a decrease in commercial print jobs in the third quarter resulting from the business closures due to the COVID-19 pandemic. Delivery expenses for the nine months ended September 30, 2020 decreased by $0.8 million or 9.2%, primarily due to the decrease in flyer delivery volumes resulting from the business closures due to COVID-19. Other expenses for the nine months ending September 30, 2020 decreased by $1.1 million or 11.4% resulting from the cost reductions implemented to respond to the lower advertising revenues as a result of the COVID-19 business closures.

EBITDA[(1)] for the three and nine months ended September 30, 2020 was $1.3 million and $7.0 million compared to $1.2 million and $5.0 million for the same periods last year, an increase of 2.6% and 38.3%, respectively. EBITDA[(1)] margin for the three and nine months ended September 30, 2020 was 9.9% and 17.8%, compared to 15.5% and 11.7% in the same periods last year. The changes in EBITDA[(1)] were due to the revenue and operating expense paragraphs above.

Finance costs for the three and nine months ended September 30, 2020 decreased by $0.1 million and $0.3 million respectively compared to the same periods in 2019, due to the lower level of debt outstanding and lower average interest rates.

FPLP's net income was $0.5 million and $4.6 million for the three and nine months ended September 30, 2020, compared to net income of $0.4 million and $2.3 million for the same periods last year.

Outlook

We are continuing to address the current challenges related to the COVID-19 pandemic but are seeing gradual improvements in advertising and commercial print revenues month over month since the Province began allowing businesses to re-open in July. This trend is expected to continue through the balance of the year, subject to Provincial restrictions being reinstated for prolonged periods of time. Recently, restrictions have been intermittently reinstated in certain parts of the Province, yet we have continued to see gradual improvements in advertising revenues.

The Canada Emergency Wage Subsidy ("CEWS") program continued to provide financial relief. We applied for CEWS for the period from July 1 to September 30, 2020 and during the three months and nine months ended September 30, 2020, recognized a recovery of compensation expense of $1.1 million and $5.0 million, respectively. The CEWS program, as drafted, is scheduled to provide financial support for companies negatively impacted by the pandemic and is set to run to December 19, 2020. On September 23, 2020, the Government of Canada announced they will extend CEWS to the summer of 2021. We will continue to monitor our eligibility under the CEWS program.

The Manitoba Pension Superintendent's office completed its review of the Colleges of Applied Arts & Technology Pension Plan (the "CAAT" Pension Plan) merger and a formal transfer of assets is anticipated to the CAAT Pension Plan to be completed on December 14, 2020.

Despite the fact that the impact of the COVID-19 pandemic remains unpredictable, we expect to generate positive cash flow.

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 June 30, 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

(unaudited, in thousands of Canadian dollars except per share amounts)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	$ 256	$ 176	$ 2,270	$ 1,146
Administration expenses	(50)	(46)	(126)	(120)
Other income	-	1	-	4
Net income before income taxes	206	131	2,144	1,030
Current income tax (expense)	(97)	(6)	(648)	(180)
Deferred income tax recovery (expense)	17	(58)	34	(93)
Net income for the period	**126**	**67**	**1,530**	**757**
Items that will not be reclassified to net income (loss):				
Equity interest of other comprehensive income (loss) from FP Canadian Newspapers Limited Partnership	758	4	(709)	(962)
Deferred income tax (expense) recovery	(205)	(1)	190	260
Comprehensive income for the period	**$ 679**	**$ 70**	**$ 1,011**	**$ 55**
Weighted average number of Common Shares outstanding	6,902,592	6,902,592	6,902,592	6,902,592
Net income per share – basic and diluted	$ 0.018	$ 0.010	$ 0.222	$ 0.110

FP Canadian Newspapers Limited Partnership

Condensed Consolidated Statements of Income and Comprehensive Income

(unaudited, in thousands of Canadian dollars)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	**2019**	**2020**	**2019**
Revenue				
Print advertising	$ 5,614	$ 7,559	$ 17,402	$ 24,654
Circulation	6,238	6,215	18,026	18,341
Commercial printing	471	763	1,768	2,514
Digital advertising	463	465	1,445	1,693
Promotion and services	99	127	344	391
TOTAL REVENUE	12,885	15,129	38,985	47,593
Operating expenses				
Employee compensation	5,265	6,986	13,271	21,036
Newsprint and other paper	966	1,216	2,990	3,941
Delivery	2,540	2,723	7,539	8,297
Other	2,805	2,924	8,142	9,194
Depreciation and amortization	662	708	2,009	2,144
OPERATING INCOME BEFORE RESTRUCTURING	647	572	5,035	2,981
Restructuring charge	(37)	(40)	(68)	(80)
OPERATING INCOME	610	532	4,967	2,901
Other (loss) income	(11)	12	(13)	40
Finance costs	(76)	(184)	(322)	(602)
NET INCOME FOR THE PERIOD	$ 523	$ 360	$ 4,632	$ 2,339
Items that will not be reclassified to net Income:				
Remeasurements for defined benefit pension plan	1,547	9	(1,447)	(1,964)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	$ 2,070	$ 369	$ 3,185	$ 375