

FP NEWSPAPERS INC.

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

Approved for issuance: November 19, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

This management’s discussion and analysis is dated **November 19, 2025**, and does not reflect changes or information subsequent to this date. Additional regulatory filings for FP NEWSPAPERS INC. (“FPI”) can be found on the SEDAR+ website at www.sedarplus.ca.

The following discussion and analysis is supplementary to, and should be read in conjunction with our financial statements for the three and nine months ended September 30, 2025.

Forward-Looking Statements

Certain statements in this discussion and analysis may constitute forward-looking statements that reflect management’s expectations regarding future growth, financial performance and business opportunities that are not historical facts. Such forward-looking statements are subject to risks and uncertainties set out below under the heading “Caution Regarding Forward-Looking Statements”. All such forward-looking statements are made pursuant to the “safe harbour” provisions of applicable Canadian securities legislation. These statements reflect current expectations of management regarding future events and operating performance and speak only as of the date of this discussion and analysis. They are provided for the purpose of providing information about management’s current expectations and plans relating to the future. Readers are cautioned that reliance on such information may not be appropriate for other purposes.

Interim Financial Statements

Our interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34 – Interim Financial Reporting. Because interim financial statements do not include the same information and disclosures that are required for annual financial statements, this discussion and analysis should also be read in conjunction with our most recent audited financial statements for the year ended December 30, 2024, which are available on the SEDAR+ website.

All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars.

OVERVIEW AND BACKGROUND

FP NEWSPAPERS INC. has no active business. It owns securities entitling it to 49% of the distributable cash flow of FP CANADIAN NEWSPAPERS LP (“FPLP”). FPLP owns and operates the Winnipeg Free Press, along with several other Manitoba based news and media publications that are available in both print and digital formats. The informative and engaging content we produce has an extensive reach throughout the province of Manitoba. The breadth of our reach provides compelling platforms for those looking to effectively reach a Manitoba audience.

OPERATING RESULTS

A discussion of our quarterly operating results

<i>(\$ in 000's)</i>	For the Three Months Ended September 30, 2025		For the Nine Months Ended September 30, 2025		2024			
Equity interest in FP Canadian Newspapers LP Income (Loss)	\$	221	\$	(37)	\$	1,047	\$	635
Administration expenses		(53)		(51)		(162)		(199)
Other income		3		3		5		7
Income (loss) before income taxes		171		(85)		890		443
Current income tax (expense) recovery		(331)		85		(473)		334
Income (loss) and comprehensive income (loss) for the period		(160)		-		417		777
Weighted average number of Common Shares outstanding		6,902,592		6,902,592		6,902,592		6,902,592
Income (loss) per share – basic and diluted	\$	(0.023)	\$	-	\$	0.060	\$	0.113

Equity interest in FP Canadian Newspapers LP Income (Loss)

FPI's proportionate share of FPLP comprehensive income (loss) for the three and nine months ended September 30, 2025, were \$0.2 million and \$1.0 million respectively as compared to \$(0.04) million and \$0.6 million in the same periods of the prior year. See the supplemental management discussion and analysis of FPLP included herein.

Administrative Expenses

Administrative expenses primarily include salaries and investor relations costs.

Income Taxes

Current income taxes include FPI's proportionate share of FPLP's non-conterminous taxable income resulting in fluctuations of FPI's effective tax rate.

Income (Loss) and Comprehensive Income (Loss)

Income (loss) and comprehensive income (loss) for the period reflects FPI's investment in FPLP and its underlying performance for the period. Income (loss) and comprehensive income (loss) for the three and nine months ended September 30, 2025, were \$(0.1) million and \$0.4 million respectively as compared to income and comprehensive income of \$nil and \$0.8 million for the same periods in the prior year.

SUMMARY OF QUARTERLY PERFORMANCE

A summary view of our quarterly financial performance

The following table presents selected financial information for each of the nine most recently completed quarters:

(\$ in '000's, except share \$)	Quarter Ended								
	2025 Sep - 30	2025 Jun - 30	2025 Mar - 31	2024 Dec - 30	2024 Sep - 30	2024 Jun - 30	2024 Mar - 31	2023 Dec - 30	2023 Sep - 30
FP CANADIAN NEWSPAPERS LP									
Revenue	\$ 11,243	12,028	11,122	13,070	11,301	11,784	12,308	13,070	12,896
Income (loss) and comprehensive income (loss)	\$ 451	1,171	514	1,361	(75)	1,683	(312)	428	360
Proportionate % of Income (loss) and comprehensive Income (Loss) attributable to FP NEWSPAPERS INC	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%	49.0%
Income (loss) and comprehensive income (loss) attributable to FP NEWSPAPERS INC	\$ 221	574	252	667	(37)	825	(153)	210	177
FP NEWSPAPERS INC.									
Income (loss) and comprehensive income (loss)	\$ (160)	489	88	945	-	866	(89)	165	140
Income (loss) and comprehensive income (loss) per Share	\$ (0.023)	0.071	0.013	0.137	-	0.125	(0.013)	0.024	0.020
Outstanding Shares	# 6,902.6	6,902.6	6,902.6	6,902.6	6,902.6	6,902.6	6,902.6	6,902.6	6,902.6

INTERNAL CONTROL OVER FINANCIAL REPORTING

A discussion of our disclosure controls and internal controls over financial reporting

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issue Basic Certificate with respect to the financial information contained in the financial statements for the quarter ended September 30, 2025, and this accompanying MD&A. This can be found on SEDAR+.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A description of accounting estimates that are critical to determining our financial results

The accounting policies adopted in preparation of the interim condensed financial statements are consistent with those followed in the preparation of our most recent annual financial statements.

SUPPLEMENTAL DISCLOSURE BY FP NEWSPAPERS INC. OF

FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP

INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

OPERATING RESULTS

A discussion of our quarterly operating results

(\$ in 000's)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Revenue				
Print advertising	\$ 3,914	\$ 4,241	\$ 12,521	\$ 13,425
Circulation	5,969	5,819	17,601	17,343
Digital advertising and services	723	595	2,377	2,038
Other	638	646	1,895	2,586
TOTAL REVENUE	11,244	11,301	34,394	35,392
Operating expenses				
Employee compensation	5,090	5,273	15,069	14,647
Newsprint and other paper	776	761	2,397	2,417
Delivery	1,994	2,048	5,995	6,304
Production	944	1,346	2,782	4,236
Other	1,232	1,121	3,622	3,613
Depreciation and amortization	745	728	2,255	2,637
OPERATING INCOME BEFORE UNDERNOTED ITEMS	463	24	2,274	1,538
Restructuring charge	-	(45)	(78)	(262)
OPERATING INCOME (LOSS)	463	(21)	2,196	1,276
Other income	15	32	56	127
Finance costs	(28)	(86)	(128)	(319)
Gain on disposal of property, plant, and equipment	1	-	12	212
INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ 451	\$ (75)	2,136	1,296

Revenue

Revenue decreased \$0.1 million or 0.5% to \$11.2 million and decreased \$1.0 million or 2.8% to \$34.4 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year. The decrease for both the three and nine months ended reflects a decrease in print advertising and commercial business partially offset by higher circulation and digital services revenue.

Print Advertising

Print Advertising revenues decreased \$0.3 million or 7.7% to \$3.9 million and decreased \$0.9 million or 6.7% to \$12.5 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year. Classified advertising revenues decreased \$0.1 million or 10.5% to \$1.0 million and decreased \$0.2 million or 5.5% to \$3.4 for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year. Display advertising revenues decreased \$0.2 million or 8.6% to \$1.9 million and \$0.5 million or 8.0% to \$6.1 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year. Flyer distribution revenues decreased \$0.2 million or 5.6% to \$3.0 million for the nine months ended September 30, 2025, as compared to the same period in the prior year and were flat for the quarter.

Circulation

Overall circulation revenue increased \$0.2 million or 2.6% to \$6.0 million and \$0.3 million or 1.5% to \$17.6 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year. Digital subscription revenue increased \$0.1 million and \$0.3 for the three and nine months ended September 30, 2025, respectively as compared to the prior year, a result of increased readership.

Digital Advertising and Services

Digital Advertising and Services revenues increased \$0.1 million or 21.5% to \$0.7 million and \$0.3 million or 16.6% to \$2.4 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year. This was primarily due to the Online News Act accruals.

Other

Other revenues were comparatively flat for the quarter and decreased \$0.7 million or 26.7% to \$1.9 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year. Other revenues decreased as a result of decreased commercial business compared to the same period in the prior year.

Expenses

Operating expenses decreased \$0.5 million or 4.4% to \$10.8 million and \$1.7 million or 5.1% to \$32.1 million for the three and nine months ended September 30, 2025, respectively, as compared to the same periods in the prior year. Excluding labour and depreciation, direct expenses for the quarter decreased \$0.3 million or 6.3% to \$4.9 million and decreased \$1.8 million or 10.7% to \$14.8 million for the three and nine months ended September 30, 2025, respectively.

Employee Compensation

Employee compensation costs decreased by \$0.2 million or 3.5% to \$5.1 million and increased \$0.4 million or 2.9% to \$15.1 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year.

Employee compensation costs are offset by the federal government's Canadian Journalism Labour Tax Credit program ("JTC"). The JTC accrual for the nine months ended September 30, 2025, was \$1.5 million (2024 - \$2.3 million). During the prior year management also accrued \$0.8 million to reflect the retroactive enhanced portion of the JTC relating to the 2023 fiscal year.

Excluding the JTC accruals, employee compensation costs decreased \$0.2 million or 3.2% and \$0.4 million or 2.3% for the three and nine months ended September 30, 2025, respectively, as compared to the prior year.

Newsprint and Other Paper

Newsprint expenses were relatively flat for both the three and nine months ended September 30, 2025, as compared to the prior year.

Delivery

Delivery expenses decreased \$0.1 million or 2.6% to \$2.0 million and decreased \$0.3 million or 4.9% to \$6.0 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year due to fewer open delivery routes and consolidation of delivery routes.

Production

Production expenses decreased \$0.4 million or 29.9% to \$0.9 million and \$1.5 million or 34.3% to \$2.8 million for the three and nine months ended September 30, 2025, respectively as compared to the same periods in the prior year, the result of a licensing agreement entered with a third party.

Other

Other operating expenses increased \$0.1 million or 10.0% to \$1.2 million for the three months ended September 30, 2025, as compared to the same period in the prior year. Other expenses were comparatively flat to last year for the nine months ended September 30, 2025.

Depreciation and Amortization

Depreciation and amortization were comparatively flat to last year for the three months ended September 30, 2025, and decreased \$0.4 million or 14.5% to \$2.3 million for the nine months ended September 30, 2025, as compared to the same periods in the prior year. The decrease during the nine months ended is a result of accelerated depreciation on assets in the prior year, whose useful lives had been reassessed.

EBITDA

EBITDA was \$1.2 million for the three months ended September 30, 2025, compared to \$0.7 million for the same period in the prior year. EBITDA was \$4.5 million for the nine months ended September 30, 2025, compared to \$3.9 million for the same period in the prior year or an increase of 13.7%.

EBITDA margin for the three and nine months ended September 30, 2025, were 10.7% and 12.9% respectively as compared to 6.3% and 11.1% for the same periods in the prior year.

Finance Costs

Finance costs decreased \$0.1 million and \$0.2 million for the three and nine months ended September 30, 2025, respectively, as compared to the same periods in the prior year and relate primarily to interest payments due on the existing RBC credit facility.

Income (Loss) and Comprehensive Income (Loss)

Income (loss) and comprehensive income (loss) of \$0.5 million and \$2.1 million was reflected for the three and nine months ended September 30, 2025, respectively as compared to a loss of \$(0.1) million and income of \$1.3 million for the same periods in the prior year. The income for the three and nine months ended September 30, 2025, is as described above.

SUMMARY OF QUARTERLY PERFORMANCE

A summary view of our quarterly financial performance

The following table presents selected financial information for each of the nine most recently completed quarters:

(\$ in '000's)	Quarter Ended								
	2025 Sep - 30	2025 Jun - 30	2025 Mar - 31	2024 Dec - 31	2024 Sep - 30	2024 Jun - 30	2024 Mar - 31	2023 Dec - 31	2023 Sep - 30
Revenue	\$ 11,244	12,028	11,122	13,070	11,301	11,784	12,308	13,070	12,896
EBITDA	\$ 1,208	1,942	1,301	2,127	707	2,235	972	1,124	1,138
Income (Loss) and Comprehensive Income (Loss)	\$ 451	1,171	514	1,361	(75)	1,683	(312)	428	360
Distributions	\$ -	300	-	-	-	408	-	-	-
Restructuring	\$ -	64	14	6	45	90	125	121	221
Capital Expenditures	\$ 677	863	821	195	161	110	711	260	50

LIQUIDITY AND CAPITAL RESOURCES

A discussion of our cash flow and liquidity

Cash and cash equivalents at September 30, 2025, were \$2.8 million, compared to \$4.7 million at December 31, 2024. Our principal uses of funds are for working capital requirements, debt servicing and capital expenditures. Based on our current and anticipated level of operations, we believe that our cash on hand and cash flows from operations, which include the receipt of the journalism tax credits and Online News Act distribution payments will enable us to meet our working capital, debt service, capital expenditure and other funding requirements for the next twelve months.

However, our ability to fund our working capital needs, debt service and other funding requirements depends on our future operating performance and cash flows. Our cash flows from operating activities may be impacted by, among other things, the overall strength of the economy, competition from digital media and other forms of media as well as competition from alternative emerging technologies. In recent years there has been a growing shift in advertising dollars from print advertising to other advertising formats. We manage this risk by monitoring cash flow forecasts, implementing cost reduction initiatives, deferring, or eliminating discretionary spending and monitoring debt obligation compliance terms.

Cash Flow from Operating Activities

During the three and nine months ended September 30, 2025, cash generated from operating activities was \$0.2 million and \$3.2 million respectively as compared to \$0.3 million and \$2.3 million for the same periods in the prior year. The net change in non-cash working capital items was \$(0.9) million and \$(1.2) million for the three and nine months ended September 30, 2025, respectively as compared to \$(0.4) million and \$(1.4) million for the same periods in the prior year. This change is a result of the timing differences between recording of JTC and Online News Act amounts and receipt of funds.

Cash Flow from Investing Activities

Capital and intangible asset additions were \$(0.7) million and \$(2.4) million for the three and nine months ended September 30, 2025, respectively, as compared to \$(0.2) million and \$(1.0) million for the same periods in the prior year. Capital and intangible asset additions consist of computer software and hardware as well as improvements made to the building and press.

Cash Flow from Financing Activities

Financing activities used \$0.6 million and \$2.8 million for the three and nine months ended September 30, 2025, respectively, compared to using \$0.6 million and \$3.3 million for the same periods in the prior year. The quarter consisted of normal principal repayments while the nine months ended included an additional lump sum payment of \$0.6 million. Distributions to partners for the nine months ended September 30, 2025, were \$0.3 million (2024 - \$0.4 million).

COMMITMENTS AND CONTINGENCIES

A description of changes to our material contractual obligations

There have been no significant changes to contractual obligations since December 31, 2024.

RELATED PARTY TRANSACTIONS

A description of our material transactions with related parties

Virtually all newsprint is purchased from the Alberta Newsprint Company, a related party. Total newsprint purchases for the three and nine months ended September 30, 2025, were \$0.9 and \$2.2 million respectively, (2024 - \$0.6 and \$1.7 million).

INTERNAL CONTROL OVER FINANCIAL REPORTING

A discussion of our disclosure controls and internal controls over financial reporting

In connection with National Instrument 52-109 (Certificate of Disclosure in Issuer's Annual and Interim Filings), the Chief Executive Officer and Chief Financial Officer of the Company have filed a Venture Issue Basic Certificate with respect to the financial information contained in the financial statements for the quarter ended and this accompanying MD&A. This can be found on SEDAR+.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

A description of accounting estimates that are critical to determining our financial results

The accounting policies adopted in preparation of the interim condensed financial statements are consistent with those followed in the preparation of our most recent annual financial statements.

NON-IFRS MEASURES

A description of how we determine EBITDA and distributable cash flow used by management

(1) Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”)

EBITDA is often referred to as a useful proxy for operating cash flows of a business. EBITDA is not the actual cash provided by operating activities and is not a recognized measure of financial performance under IFRS. Readers are therefore cautioned against using this as an alternative to net earnings determined in accordance with IFRS as an indicator of our operating performance. Readers are similarly cautioned that our method for calculating EBITDA, may differ from those of other issuers and may not allow for direct comparisons to be made. Our calculation of EBITDA is the operating income as presented on the statement of income excluding depreciation, amortization, finance costs, other income, and gain on disposal of property, plant, and equipment.

(\$ in 000's)	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2025	2024	2025	2024
Income (loss) for the period	\$ 451	\$ (75)	\$ 2,136	\$ 1,296
Add (subtract):				
Depreciation and amortization	745	728	2,255	2,637
Finance costs	28	86	128	319
Other income	(15)	(32)	(56)	(127)
Gain on disposal of property, plant, and equipment	(1)	-	(12)	(212)
EBITDA	\$ 1,208	\$ 707	\$ 4,451	\$ 3,913

OUTLOOK

The outlook for our business

We anticipate the print advertising market to remain challenging, with a continuing shift in advertising dollars from print into other advertising formats, particularly online, digital search, and social media platforms.

On June 22, 2023, the Government of Canada enacted Bill C-18, commonly referred to as the “Online News Act” (“the Act”), whereby allowing Canadian news organizations the right to reach fair commercial agreements with the largest online platforms, such as search engines and social media sites for access to their news content. Management of FPLP expects to continue to participate in all the benefits of collective bargaining mandated by the Act and amounts for the period ended September 30, 2025, have been estimated and accrued for. FPLP has received the first tranche of payments relating to the 2024 fiscal year.

We anticipate circulation to remain challenging, with a continuing decline in subscriber volume and shifting dollars from print into digital subscriptions. Historically price increases have mitigated declines in overall circulation volumes that we have experienced over the last few years, and we expect this trend to continue. As our audience transitions, we are focused on various initiatives to remain relevant and accommodate our audience.

The uncertainty of the political landscape continues to impact the newspaper industry. The impact of which may necessitate cost reduction initiatives to address the continued revenue decline and reliance on government subsidies. Management of FPLP believe that despite the ever-growing immediate challenges in the newspaper industry, as well as ever changing market conditions, the business will continue to run, without issue, with existing press equipment and production infrastructure.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

An elaboration on the above noted title

Certain statements in this management's discussion and analysis may constitute "forward-looking information" under applicable Canadian securities laws. All statements other than statements of historical fact are forward-looking statements. These statements include but are not limited to statements using words such as "anticipate," "believe," "budgeted," "could," "expect," "estimate," "intend," "may," "will," "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. 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 to build out digital media and online businesses; the failure to maintain current print and online newspaper readership and audience 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. While both FPI and FPLP base 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 they operate, 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, FPI and FPLP 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.