



FP Newspapers Inc.

Financial Statements

FOR THE YEARS ENDED DECEMBER 30, 2020 AND 2019



Independent auditor's report

To the Shareholders of FP Newspapers Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FP Newspapers Inc. (the Company) as at December 30, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Company's financial statements comprise:

- the balance sheets as at December 30, 2020 and 2019;
- the statements of income and other comprehensive income for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Nicole Murray.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
April 21, 2021

FP Newspapers Inc.
Balance Sheets
(in thousands of Canadian dollars)

	Note	As at December 30, 2020	As at December 30, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 61	\$ 32
Prepaid expenses and other assets		5	4
Income taxes recoverable		-	74
		66	110
LONG-TERM ASSETS			
Investment in FP Canadian Newspapers Limited Partnership	3	8,116	5,617
TOTAL ASSETS		\$ 8,182	\$ 5,727
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities		\$ 48	\$ 54
Income taxes payable		406	-
		454	54
LONG-TERM LIABILITIES			
Deferred income tax liability	7	781	661
TOTAL LIABILITIES		1,235	715
SHAREHOLDERS' EQUITY			
Share capital	5	71,373	71,373
Deficit		(64,426)	(66,361)
TOTAL SHAREHOLDERS' EQUITY		6,947	5,012
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		\$ 8,182	\$ 5,727

(See accompanying notes)

Approved by the Board of Directors

ROBERT SILVER
Director

STEPHEN DEMBROSKI
Director

FP Newspapers Inc.
Statements of Income and Comprehensive Income
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars except per share amounts)

	Note	2020	2019
Equity interest from FP Canadian Newspapers Limited Partnership Class A limited partner units	3	\$ 5,608	\$ 2,172
Write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	3	-	(3)
Administration expenses		(156)	(173)
Other income		1	4
Net income before income taxes		5,453	2,000
Current income tax (expense)	7	(593)	(188)
Deferred income tax (expense)	7	(876)	(368)
Net income for the year		\$ 3,984	\$ 1,444
Items that will not be reclassified to net income (loss):			
Equity interest of other comprehensive (loss) from FP Canadian Newspapers Limited Partnership	3	(2,805)	(1,056)
Deferred income tax recovery	7	756	285
Comprehensive income for the year		\$ 1,935	\$ 673
Weighted average number of Common Shares outstanding	5	6,902,592	6,902,592
Net income per share – basic and diluted		\$ 0.577	\$ 0.209

(See accompanying notes)

FP Newspapers Inc.
Statements of Changes in Equity
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars)

	Share Capital	Deficit	Total Shareholders' Equity
At December 30, 2018	\$ 71,373	\$ (67,034)	\$ 4,339
Net income for the year	-	1,444	1,444
Other comprehensive loss for the year	-	(771)	(771)
Comprehensive income for the year	-	673	673
At December 30, 2019	\$ 71,373	\$ (66,361)	\$ 5,012
Net income for the year	-	3,984	3,984
Other comprehensive loss for the year	-	(2,049)	(2,049)
Comprehensive income for the year	-	1,935	1,935
At December 30, 2020	\$ 71,373	\$ (64,426)	\$ 6,947

(See accompanying notes)

FP Newspapers Inc.
Statements of Cash Flows
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars)

	Note	2020	2019
Cash provided by (used in):			
Operating activities			
Net income for the year		\$ 3,984	\$ 1,444
Items not affecting cash:			
Equity interest from Class A Units of FP Canadian Newspapers Limited Partnership	3	(5,608)	(2,172)
Non-cash write-down of investment in FP Canadian Newspapers Limited Partnership	3	-	3
Deferred income tax expense	7	876	368
Distributions received on Class A Units of FP Canadian Newspapers Limited Partnership		304	304
Net change in non-cash working capital items		473	(333)
Increase (decrease) in cash and cash equivalents		29	(386)
Cash and cash equivalents – beginning of year		32	418
Cash and cash equivalents – end of year		\$ 61	\$ 32
Supplemental Cash Flow information:			
Income tax paid during the year		\$ 114	\$ 529

(See accompanying notes)

FP Newspapers Inc.
Statements of Cash Flows
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars)

1. GENERAL INFORMATION

FP Newspapers Inc. ("FPI"), which was incorporated under the Canada Business Corporations Act on March 17, 2010, is the successor to the business of FP Newspapers Income Fund (the "Fund"). FPI's year end is December 30. The Fund was an unincorporated limited-purpose trust established under the laws of Ontario on May 15, 2002 to invest in securities issues by FP Canadian Newspapers Limited Partnership ("FPLP"). In response to changes in the tax treatment of income trusts, the trustees of the Fund determined that it would be in the best interests of the Fund and its unitholders to convert the Fund from a trust to a corporation pursuant to a plan of arrangement (the "conversion"). Effective on December 31, 2010, all of the outstanding units of the Fund were exchanged on a one-for-one basis for common shares of FPI which were listed on the Toronto Stock Exchange under the symbol FP until November 21, 2016. Effective November 22, 2016 FPI's shares commenced trading on the TSX Venture Exchange after voluntary delisting of its shares from the Toronto Stock Exchange. FPI owns securities entitling it to 49% of the distributable cash as defined in the partnership agreement of FPLP. FPLP is a limited partnership formed under the laws of British Columbia on August 9, 1999. It owns the Winnipeg Free Press, the Brandon Sun and other newspapers, printing and media businesses. The address of FPI's registered office is Suite 2900, P.O. Box 11583, 650 West Georgia Street, Vancouver, British Columbia.

During the year, the outbreak of the novel strain of coronavirus, identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. FPLP is considered an essential service and has continued to operate to service its customers. Governments have started to roll out mass vaccination campaigns and management expects FPI to be able to meet its financial obligations in the foreseeable future, but it is still difficult to predict the duration and potential impact of the pandemic.

2. SIGNIFICANT ACCOUNTING POLICIES

FPI prepares its financial statements in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") – Part 1 as set out in the CPA Canada Handbook – Accounting ("CPA Handbook"). Part 1 of the CPA Handbook incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

These financial statements were approved by the Board of Directors of FPI on April 21, 2021.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying FPI's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise noted.

a) BASIS OF MEASUREMENT

The financial statements have been prepared under the historical cost convention.

b) INVESTMENTS IN ASSOCIATES

Associates are entities over which FPI has significant influence, but not control. The financial results of investments in its associates are included in FPI's results according to the equity method of accounting. Subsequent to the acquisition date, FPI's share of profits or losses of associates is recognized in the statement

FP Newspapers Inc.
Statements of Cash Flows
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars)

of income and its share of other comprehensive income of associates is included in other comprehensive income.

Unrealized gains on transactions between FPI and an associate are eliminated to the extent of FPI's interest in the associate. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Dilution gains and losses arising from changes in interests in investments in associates are recognized in the statement of income.

FPI assesses at each reporting date whether there is any objective evidence that its interests in associates are impaired. If impaired, the carrying value of the investment in an associate is written down to its estimated recoverable amount (being the higher of fair value less cost of disposal and value in use) and charged to the statement of income (loss). A reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

c) CASH AND CASH EQUIVALENTS

Cash equivalents comprise only highly liquid investments with maturities at acquisition of less than 90 days and which are subject to insignificant risk of changes in value and are recorded at amortized cost, which approximates market value.

d) FINANCIAL INSTRUMENTS

All financial assets are included in the measurement category of amortized cost as such financial assets are with a business model to collect contractual cash flows and those cash flows are solely payments of principal and interest on the principal outstanding. Accordingly, cash and cash equivalents are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities are also measured at amortized cost using the effective interest method.

e) INCOME TAXES

The income tax expense for the year comprises current and deferred tax. Tax is recognized in the statements of earnings (loss), except to the extent that it relates to items recognized in other comprehensive income (loss) or directly in equity. In this case the tax is also recognized in other comprehensive income (loss) or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. FPI establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authority.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The income tax basis for the investment in FPLP and FPCN General Partner Inc. is determined in a manner that is consistent with its expected recovery. As FPI expects to recover the investment by receiving distributions from the investee, the tax basis represents the sum of the investor's share of the tax bases of the underlying assets and liabilities of the investee.

f) DIVIDENDS

Dividends are recognized in FPI's financial statements in the period in which the dividends are approved by the Board of Directors.

FP Newspapers Inc.
Statements of Cash Flows
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars)

g) **SHARE CAPITAL**

FPI share capital is classified as equity. Incremental costs directly attributable to their issuance are recognized as a deduction from equity.

h) **EARNINGS PER SHARE**

Basic earnings per share are calculated by dividing the net earnings for the period attributable to equity owners of FPI by the weighted average number of shares outstanding during the year. Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding and corresponding earnings impact for dilutive instruments. No dilutive instruments were outstanding during the years presented.

3. INVESTMENT IN FP CANADIAN NEWSPAPERS LIMITED PARTNERSHIP

FPI holds all of the Class A limited partner units of FPLP, which entitles it to 49% of the distributable cash, as defined in the Partnership Agreement of FPLP.

The investment in FPLP is summarized as follows:

	Class A limited partner units
Balance at December 30, 2018	\$ 4,808
Equity interest in net income and comprehensive income for the year ended December 30, 2019	1,116
Non-cash write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	(3)
Distributions received for the period ended December 30, 2019	(304)
Balance at December 30, 2019	\$ 5,617
Equity interest in net income and comprehensive income for the year ended December 30, 2020	2,803
Non-cash write-down of investment in FP Canadian Newspapers Limited Partnership Class A limited partner units	-
Distributions received for the period ended December 30, 2020	(304)
Balance at December 30, 2020	\$ 8,116

The equity interest from FPI's investment in Class A limited partner units and the equity interest in the other comprehensive income (loss) of FPLP are calculated as follows:

	2020	2019
Net income of FPLP	\$ 11,445	\$ 4,427
Add back impairment of intangible assets recorded by FPLP	-	6
Net income of FPLP before intangible assets impairment charge	11,445	4,433
Interest attributable to FPI	49%	49%
Equity interest in net income of FPLP before intangible assets impairment charge	5,608	2,172
Other comprehensive (loss) of FPLP	(5,725)	(2,155)
Interest attributable to FPI	49%	49%

FP Newspapers Inc.
Statements of Cash Flows
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars)

Equity interest in other comprehensive (loss) of FPLP	\$ (2,805)	\$ (1,056)
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FPLP has a year-end of December 31, 2020. FPI has FPLP as at and for the year ended December 31, 2020 for convenience purposes and the impact was not material.

FPI determined that no objective evidence of impairment existed in its investment in FPLP. The recoverable amount, based on fair value less costs to dispose, of the investment was determined by applying a market multiple of 4.0 to the trailing twelve month EBITDA of FPLP at December 31, 2020 and the resulting recoverable amount exceeds the carrying amount. The market multiple was considered to be a level 3 input within the IFRS 13 fair value hierarchy.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these financial statements requires FPI to use judgment in applying its accounting policies and make estimates and assumptions about future events. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that FPI has made in the preparation of the financial statements:

Investment in FPLP

FPI has determined that the most significant estimates involve transactions, balances and impairment considerations related to its investment in FPLP (note 3). The equity interest from FPI's Class A limited partner units depends on the accuracy of the estimates made in the preparation of the financial statements of FPLP. The method which FPI bases its impairment assessment of FPLP is described in note 3.

5. SHARE CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE INCOME

The articles of incorporation of FPI provide that an unlimited number of common shares and one voting preferred share may be issued. Each common share is transferable and represents an equal undivided beneficial interest in any dividends of FPI and in the net assets of FPI in the event of termination or winding up of FPI. All common shares have equal rights and privileges. Each common share entitles the holder thereof to participate equally in the allocations and distributions and to one vote at all meetings of FPI shareholders for each share held. The common shares issued are not subject to future calls or assessments. As at December 30, 2020, 6,902,592 Common Shares were issued with a paid-up share capital amount of \$71,373,000. The preferred share is held by FPCN Media Management Ltd. ("FPCN"). The preferred share entitles the holder the right to elect one-third of FPI's directors but does not entitle the holder thereof to any economic rights as a common shareholder of FPI. If and when Canstar Publications Ltd. and Kimberley Anne Holdings Ltd. (the General Partners of FPLP) cease to own at least ten percent of the outstanding partnership units of FPLP, the preferred share held by FPCN will automatically be redeemed by FPI for a redemption price of \$1.00 and be cancelled.

6. INDEMNIFICATIONS

FPI has agreed to indemnify its current and former trustees and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the trustees and officers as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which the trustees and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of such indemnification prevents FPI from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. FPI has directors' and officers' liability insurance coverage, pursuant to a joint policy covering FPCN General Partner Inc., FPLP and FPI, of up to \$10 million in joint coverage.

FP Newspapers Inc.
Statements of Cash Flows
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars)

7. INCOME TAXES

Income tax expense is made up of the following:

	2020	2019
Current income tax (expense)	\$ (593)	\$ (188)
Deferred income tax (expense)	(876)	(368)
Income tax (expense) recognized in net income	(1,469)	(556)
Deferred income tax recovery recognized in OCI	756	285

The income tax (expense) recovery reflects an effective income tax rate which differs from its combined Canadian federal and provincial statutory income tax rate as follows:

	2020	2019
Income tax (expense) at combined Canadian statutory income tax rate of 27.0% (2019 27.0%)	\$ (1,472)	\$ (540)
Permanent difference on investment in FPLP	-	(1)
Adjustments in respect of prior year	-	(29)
Other	3	14
Total income tax (expense)	\$ (1,469)	\$ (556)

Deferred taxes

Based on FPI's assets and liabilities as at December 30, 2020 and 2019, and its share of the assets and liabilities of its investment in FPLP, FPI's deferred tax assets and liabilities and the movement during the year are attributable to the following:

	December 30, 2019	Recognized in Net income	Recognized in other comprehensive income	December 30, 2020
Property, plant and equipment	\$ 1,841	\$ (232)	\$ -	\$ 1,609
Intangible assets	287	(32)	-	255
Goodwill	(1,488)	146	-	(1,342)
Pension benefit obligation	(133)	889	(756)	-
Other	154	105	-	259
Total deferred income tax liabilities (asset)	\$ 661	\$ 876	\$ (756)	\$ 781
	December 30, 2018	Recognized in Net loss	Recognized in other comprehensive income (loss)	December 30, 2019
Property, plant and equipment	\$ 2,018	\$ (177)	\$ -	\$ 1,841
Intangible assets	319	(32)	-	287
Goodwill	(1,645)	157	-	(1,488)
Pension benefit obligation	(125)	277	(285)	(133)
Other	11	143	-	154
Total deferred income tax liabilities (asset)	\$ 578	\$ 368	\$ (285)	\$ 661

FP Newspapers Inc.
Statements of Cash Flows
For the Years Ended December 30, 2020 and 2019
(in thousands of Canadian dollars)

Unrecognized deferred tax assets

Deferred tax assets in the amount of \$8,748,000 (December 30, 2019 \$8,824,000) have not been recognized in respect of FPI's investment in FPLP as it is not probable that the temporary difference will reverse in the foreseeable future.

8. CAPITAL MANAGEMENT

FPI was established for the purpose of investing in the securities of FPLP which entitle it to 49% of the distributable cash, as defined in the partner agreement of FPLP. FPI does not have a capital management program given its limited purpose.

9. FINANCIAL INSTRUMENTS

The fair value of current assets and liabilities including cash and cash equivalents and accounts payable and accrued liabilities approximates their carrying value due to the short-term nature of these financial instruments. FPI does not carry any assets or liabilities at fair value, and therefore does not prepare a fair value hierarchy.



FP Canadian Newspapers Limited Partnership

Consolidated Financial Statements

FOR THE YEARS ENDED DECEMBER 31, 2020 and 2019



Independent auditor's report

To the Unitholders of FP Canadian Newspapers Limited Partnership

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of FP Canadian Newspapers Limited Partnership and its subsidiaries (together, the Partnership) as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Partnership's consolidated financial statements comprise:

- the consolidated balance sheets as at December 31, 2020 and 2019;
- the consolidated statements of income and other comprehensive income for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

PricewaterhouseCoopers LLP
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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Partnership to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
April 21, 2021

FP Canadian Newspapers Limited Partnership
Consolidated Balance Sheets
(in thousands of Canadian dollars)

	Note	As at December 31, 2020	As at December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	\$ 5,300	\$ 4,389
Accounts receivable	15	3,139	5,029
Due from related parties	6	1,904	1,082
Inventories		969	965
Prepaid expenses and other assets		1,190	1,137
		12,502	12,602
LONG-TERM ASSETS			
Property, plant and equipment	3	19,471	21,711
Right of use assets	4	287	165
Intangible assets	5	2,257	2,475
TOTAL ASSETS		\$ 34,517	\$ 36,953
LIABILITIES AND UNITHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	15	\$ 5,951	\$ 5,220
Prepaid subscriptions and deferred revenue		3,014	2,855
Lease obligation	4	75	104
Mortgage loan	7	733	57
Term loan	7, 16	1,000	15,500
		10,773	23,736
LONG-TERM LIABILITIES			
Accrued pension benefit liability	8	-	969
Lease obligation	4	212	61
Mortgage loan	7	-	695
Term loan	7, 16	6,940	-
TOTAL LIABILITIES		17,925	25,461
UNITHOLDERS' EQUITY			
Partner units	9	100,184	99,362
Deficit		(83,592)	(87,870)
TOTAL UNITHOLDERS' EQUITY		16,592	11,492
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY		\$ 34,517	\$ 36,953

(Commitments and contingencies Note 12)

(See accompanying notes)

Approved by the Board of Directors of the Managing General Partner

ROBERT SILVER
Director

STEPHEN DEMBROSKI
Director

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Income and Comprehensive Income
For the Years Ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

	Note	2020	2019
Revenue			
Print Advertising		\$ 24,370	\$ 33,172
Circulation		24,157	24,509
Commercial Printing		2,403	3,380
Digital advertising		2,039	2,227
Promotion and services		461	532
TOTAL REVENUE		53,430	63,820
Operating expenses			
Employee compensation	6, 18	19,977	27,667
Newsprint and other paper		4,115	5,221
Delivery		10,282	11,140
Production		4,440	5,456
Other		6,832	6,968
Depreciation and amortization	3, 4, 5	2,653	2,839
OPERATING INCOME BEFORE UNDERNOTED ITEMS		5,131	4,527
Impairment of intangible assets	5	-	(6)
Restructuring charge	19	(68)	(198)
Pension curtailment gain	8	-	833
Pension settlement gain	8	6,799	-
OPERATING INCOME		11,862	5,156
Other (loss) income	10	(25)	52
Finance costs	10	(392)	(781)
NET INCOME FOR THE YEAR		\$ 11,445	\$ 4,427
Items that will not be reclassified subsequently to net income (loss)			
Remeasurements for defined benefit pension plan	8	(5,725)	(2,155)
COMPREHENSIVE INCOME FOR THE YEAR		\$ 5,720	\$ 2,272

(See accompanying notes)

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Changes in Equity
For the years ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

	Partner Units	Deficit	Total Unitholders' Equity
<hr/>			
UNITHOLDERS' EQUITY –			
DECEMBER 31, 2018	\$ 98,280	\$ (88,440)	\$ 9,840
Net income for the year	-	4,427	4,427
Other comprehensive loss for the year	-	(2,155)	(2,155)
Comprehensive income for the year	-	2,272	2,272
Partner contributions	1,082	-	1,082
Partner distributions	-	(1,702)	(1,702)
UNITHOLDERS' EQUITY –			
DECEMBER 31, 2019	\$ 99,362	\$ (87,870)	\$ 11,492
Net income for the year	-	11,445	11,445
Other comprehensive loss for the year	-	(5,725)	(5,725)
Comprehensive income for the year	-	5,720	5,720
Partner contributions	822	-	822
Partner distributions	-	(1,442)	(1,442)
UNITHOLDERS' EQUITY –			
DECEMBER 31, 2020	\$ 100,184	\$ (83,592)	\$ 16,592
<hr/>			

(See accompanying notes)

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

	Note	2020	2019
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net income for the year		\$ 11,445	\$ 4,427
Items not affecting cash:			
Depreciation and amortization	3, 4, 5	2,653	2,839
Accretion of deferred financing costs	10	26	36
Impairment of intangibles	5	-	6
Loss on disposal of property, plant and equipment		51	4
Pension curtailment gain		-	(833)
Pension settlement gain	8	(6,799)	-
Excess of pension contributions over accounting expense		105	(1,257)
		7,481	5,222
Net change in non-cash working capital items		1,901	(107)
		9,382	5,115
INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(187)	(64)
Purchase of intangibles		(1)	(18)
Proceeds from sale of property, plant and equipment		48	-
		(140)	(82)
FINANCING ACTIVITIES			
Distributions paid to partners		(620)	(620)
Principal repayments of lease obligations		(106)	(739)
Principal repayments of mortgage loan		(19)	(55)
Term loan refinancing costs		(86)	
Principal repayment of term loan		(7,500)	(3,500)
		(8,331)	(4,914)
INCREASE IN CASH AND CASH EQUIVALENTS		911	119
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR		4,389	4,270
CASH AND CASH EQUIVALENTS - END OF YEAR		\$ 5,300	\$ 4,389
Supplemental Cash Flow Information:			
Interest paid during the year		\$ 420	\$ 772
Interest received during the year		25	55

(See accompanying notes)

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

1. GENERAL INFORMATION

FP Canadian Newspapers Limited Partnership ("FPLP") is a limited partnership formed on August 9, 1999 in accordance with the laws of British Columbia. FPLP publishes, prints and distributes daily and weekly newspapers and specialty publications, delivers advertising materials in the Manitoba market and provides commercial printing services. The address of the registered office of its managing general partner, FPCN General Partner Inc. is Suite 2900, P.O. Box 11583, 650 West Georgia Street, Vancouver, British Columbia.

These consolidated financial statements include the operating businesses owned by FPLP. The managing general partner of FPLP is FPCN General Partner Inc. ("FPGP"). These consolidated financial statements include only the assets, liabilities, revenues and expenses of FPLP and its subsidiaries and do not include the other assets, liabilities, revenues and expenses, including income taxes of the partners.

During the year, the outbreak of the novel strain of coronavirus, identified as COVID-19, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. FPLP is considered an essential service and has continued to operate to service its customers. Governments have started to roll out mass vaccination campaigns and management expects FPLP to be able to meet its financial obligations in the foreseeable future, but it is still difficult to predict the duration and potential impact of the pandemic.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") – Part 1 as set out in the CPA Canada Handbook – Accounting ("CPA Handbook"). Part 1 of the CPA Handbook incorporates International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements were approved by the Board of Directors of FPGP on April 21, 2021.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying FPLP's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in section q.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise noted.

a) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared under the historical cost convention.

b) PRINCIPLES OF CONSOLIDATION AND SPECIAL PURPOSE ENTITIES

The consolidated financial statements include the operating businesses owned by FPLP and its subsidiary. A subsidiary is an entity (including structured entities) which FPLP controls. FPLP controls an entity when it is exposed to, or has the rights to, variable returns from its investment in the entity and has the ability to affect these returns through its power over that entity. Subsidiaries are fully consolidated from the date on which control is obtained and are de-consolidated from the date that control ceases. All significant inter-company and intra-company transactions and balances have been eliminated.

c) REVENUE RECOGNITION

Revenue is recognized when control of the promised goods is transferred to the customer or when the services are performed, in an amount that reflects the consideration to be received upon exchange of those goods or services. Advertising revenue, net of agency commissions, where applicable, is recognized when the

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

advertisements are published. Circulation revenue is recognized based on the date of publication which is also the delivery date. Subscription revenue is recognized as earned over the term of the subscription on a straight-line basis. Digital revenue is recognized when advertisements are placed on the Company's websites or when an ad-network places FPLP's customer's ads on other websites. Other digital revenue includes contract term services which are recognized on a straight-line basis. Other revenue is recognized when the related service has been performed or promised goods transferred to the customer. Amounts received relating to services to be performed in future periods are recorded as deferred revenue on the balance sheet.

d) INVENTORIES

Inventories, primarily newsprint and printing supplies, are stated at the lower of cost and net realizable value. Cost is determined using the on a first-in, first-out method. Net realizable value is the estimated selling price in the normal course of business, less estimated selling expenses. If carrying value exceeds net realizable amount, a write-down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it to no longer exist.

e) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to FPLP and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statement of income during the period in which they are incurred.

Depreciation on property, plant and equipment is calculated on the straight-line basis over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings	40 years
Building improvements	10 years
Leasehold improvements	Over remaining term of the lease
Machinery and equipment	7 - 25 years
Computer equipment, furniture and fixtures, and vehicles	4 - 10 years

FPLP allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant components and depreciates separately each such component. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Right of use assets are depreciated over the lease term.

f) RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

FPLP recognizes assets and liabilities for all leases with a lease term of more than 12 months. FPLP assesses at the inception of a contract whether a contract is or contains a lease based on whether the contract conveys the right to control the use of an underlying asset for a period of time in exchange for consideration. FPLP recognizes a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurements include non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if FPLP is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. FPLP uses a single discount rate for a portfolio of leases with reasonably similar characteristics.

g) INTANGIBLE ASSETS

Intangible assets which are considered to have finite lives are initially recorded at cost and are subsequently amortized on a straight-line basis in the statements of income over the period of their expected useful lives as follows:

Subscriber base	15 years
News archives	10 years

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Software

4 years

Residual values, method of amortization and useful lives of the assets are reviewed annually and adjusted if appropriate.

Mastheads are considered to have an indefinite life and are therefore recorded at cost and not amortized. The assessment of indefinite life is reviewed each period to determine whether the indefinite life assumption continues to be supportable. If it is deemed unsupportable the change in the useful life from indefinite to finite life is made and amortization is recognized on a prospective basis.

h) IMPAIRMENT OF NON-FINANCIAL ASSETS

Property, plant and equipment and intangible assets are tested for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived assets that are not amortized are subject to an annual impairment test or more frequently if events or conditions indicate that the asset might be impaired. For the purpose of measuring recoverable amounts, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units or CGUs). The recoverable amount is the higher of an asset's or CGU's fair value less costs to dispose and value in use. An impairment loss is recognized for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. FPLP has identified each individual newspaper as a CGU, as each newspaper has separately identifiable independent cash inflows.

FPLP evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

i) PENSION PLANS

FPLP maintains defined contribution pension plans and maintained a defined benefit plan for certain of its employees. In December 2020, the defined benefit plan was settled (note 8).

A defined contribution plan is a pension plan under which FPLP pays fixed contributions to a separate fund, the cost of which is shared between the participants and FPLP. Defined benefit multi-employer pension plans are accounted for as defined contribution plans as adequate information to account for FPLP's participation in the plans is not available due to the size and number of contributing employers in the plans. For defined contribution plans and defined benefit multi-employer plans, FPLP pays contributions to the plan on a contractual basis. FPLP has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognized as an expense in the period when they are earned by the employees.

For defined benefit plans, the benefit is based on a set percentage of the participants' earnings, the costs of which is shared between the participants and FPLP. The level of benefit provided is based on the length of service and earnings of the participant. The defined benefit obligation associated with pension is actuarially determined on an annual basis by independent actuaries using the projected unit credit method. The determination of benefit expense requires assumptions such as the discount rate to measure the net defined benefit obligations, expected rate of future compensation increases, retirement ages of employees, and other factors as applicable. The asset or liability recognized in the balance sheet is the present value of the defined benefit obligation less the fair value of plan assets at the end of the reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on high quality corporate bonds that have terms to maturity which are similar to the terms of the related liability. The estimate of the expected long-term rate of return on plan assets is based on the discount rate of the defined benefit obligation. All actuarial gains and losses that arise in calculating the present value of the defined benefit obligation and the fair value of plan assets are recognized in other comprehensive income and deficit immediately without recycling to the statements of income in subsequent periods. Past service costs from plan amendments are recognized immediately in compensation expense in the statement of income. The current and past service cost of employee benefits expense is recorded in employee compensation expense in the statement of income. The financing expense on the net defined benefit obligations are presented in net financing expense relating to employee benefit plans in the statement of income. Gains and

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
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losses on curtailments or settlements are recognized in the period in which the curtailment or settlement occurs in the statement of income.

The Company's defined benefit pension plans are subject to minimum funding requirements. The liability in respect of minimum funding requirements is determined using the projected minimum funding requirements based on management's best estimates of the actuarially determined funded status of the plan, market discount rates and salary escalation estimates. In addition, a net defined benefit asset is limited to the plan surplus and the asset ceiling, or the present value of any economic benefits available in the form of refunds from the plan or future contributions to the plan. The liability related to the minimum funding requirements and asset ceiling and any subsequent re-measurement of that liability or asset is recognized immediately in other comprehensive income and then immediately transferred to deficit without subsequent reclassification to the statement of income.

j) CASH AND CASH EQUIVALENTS

For the purposes of the consolidated statements of cash flows, cash includes cash and short-term investments with maturities at the date of purchase of up to 90 days and which are subject to insignificant changes in value and are recorded at amortized cost, which approximates market value.

k) INCOME TAXES

FPLP is not a taxable entity, and accordingly, no provision for income taxes relating to FPLP is included in the consolidated financial statements since all income, deductions, gains, losses and credits are reportable on the tax returns of its partners.

l) PROVISIONS

Provisions for restructuring costs and legal claims are recognized when FPLP has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Restructuring provisions are primarily comprised of employee termination payments. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

m) FINANCIAL INSTRUMENTS

All financial assets are included in the measurement category of amortized cost as such financial assets are with a business model to collect contractual cash flows and those cash flows are solely payments of principal and interest on the principal outstanding. Accordingly, cash and cash equivalents and accounts receivable are measured at amortized cost using the effective interest method. Accounts payable and accrued liabilities, lease obligations, mortgage loan and term loan are also measured at amortized cost using the effective interest method.

FPLP applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information based on macroeconomic factors affecting the ability of the customers to settle the receivables.

n) GOVERNMENT GRANTS

Government grants and refundable tax credits are recognized when there is reasonable assurance that FPLP has complied with the conditions associated with the relevant government program. These programs are recorded as either a reduction to the carrying amount of the related asset or as a recovery in the

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

statement of operations. Government grants and tax credits receivable are recorded in accounts receivables in the statement of financial position.

o) UNITHOLDERS' EQUITY

General Partner Units and Class A limited partner Units are classified as equity. Incremental costs directly attributable to their issuance are recognized as a deduction from equity.

p) DISTRIBUTIONS

Distributions to partners are recognized in FPLP's financial statements in the period in which the distributions are approved by the Board of Directors of the FPGP.

q) USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ significantly from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. The following discusses the most significant accounting judgements and estimates that management has made in the preparation of the financial statements.

The COVID-19 pandemic is affecting economic and financial markets and virtually all industries are facing challenges associated with the economic conditions resulting from efforts to address it. Reactions and responses to COVID-19 continue to evolve and change, and developments are highly uncertain and cannot be accurately predicted. New information which may emerge concerning the severity, duration and actions by government authorities to contain the outbreak or manage its impact increase the possibility that circumstances may arise which cause actual results to differ from the estimates applied in these consolidated financial statements and such differences may effect FPLP's future financial position, liquidity and operating results.

Impairment testing requires predicting future revenues and cash flows in addition to other forecasted information. The outbreak of COVID-19 has resulted in significantly increased risks with respect to predicting future operating results used in FPLP's impairment testing at December 31, 2020.

Long Lived Assets

FPLP has estimated the useful life of property, plant and equipment, finite life intangible assets and the fair value of indefinite life intangible assets, based on historical customer patterns, industry trends and existing competitive factors. Significant unfavourable long-term changes to these factors could result in a material impairment of the carrying value of such assets.

FPLP tests at least annually whether indefinite lived intangible assets have suffered any impairment loss, in accordance with its accounting policy. The recoverable amounts have been determined based on the higher of fair value less cost to dispose and value-in-use calculations. The principal assumptions and impairment assessments are included in note 5.

Employee Benefits

The cost of defined benefit pension benefit plans and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions including the discount rate and mortality rates, among others to measure the net defined benefit obligation. Due to the complexity of the actuarial valuations and the long-term nature of employee future benefits, the corresponding obligation is highly sensitive to changes in assumptions. Discount rates are reviewed at each reporting date and corresponding adjustments to the net defined benefit obligation are recognized in other comprehensive income and deficit. A change in the discount rate used in the valuation of net defined benefit obligations, affects the reported funded status of our plans as well as the net benefit cost in subsequent fiscal years. Refer to note 8 for details about the methods and assumptions used in estimating the cost of our defined benefit pension benefit plans.

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

Curtailment gains and losses are recognized in the statement of income under employee compensation expense in the year a plan amendment occurs.

3. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Machinery and equipment	Computer equipment and other	Total
At December 31, 2018				
Cost	11,343	62,939	5,462	79,744
Accumulated depreciation	(4,011)	(46,390)	(5,225)	(55,627)
Net book value	7,331	16,549	237	24,117
Balance at beginning of year	7,331	16,549	237	24,117
Additions	-	19	45	64
Disposals – cost	-	(16)	-	(16)
Disposals – accumulated depreciation	-	12	-	12
Depreciation for the year	(278)	(2,090)	(98)	(2,466)
At December 31, 2019	7,053	14,474	184	21,711
At December 31, 2019				
Cost	11,343	62,942	5,507	79,792
Accumulated depreciation	(4,290)	(48,468)	(5,323)	(58,081)
Net book value	7,053	14,474	184	21,711
Balance at beginning of year	7,053	14,474	184	21,711
Additions	-	48	139	187
Disposals – cost	(108)	(25)	(30)	(163)
Disposals – accumulated depreciation	26	10	28	64
Depreciation for the year	(275)	(1,987)	(66)	(2,328)
At December 31, 2020	6,696	12,520	255	19,471
At December 31, 2020				
Cost	11,235	62,965	5,616	79,816
Accumulated depreciation	(4,539)	(50,445)	(5,361)	(60,345)
Net book value	6,696	12,520	255	19,471

FP Canadian Newspapers Limited Partnership
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019
(in thousands of Canadian dollars)

4. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

	Right of Use Assets	Lease Obligations
Opening balance on transition, January 1, 2019		
Right-of-use assets recognized on adoption of IFRS 16	\$ 252	\$ 252
Additions	15	15
Amortization	(102)	-
Principal payments on lease obligation	-	(109)
Interest		7
Closing balance, December 31, 2019	165	165
Lease obligations current portion		(104)
Non-current lease obligations		61
At December 31, 2019		
Cost	267	
Accumulated amortization	(102)	
Net book value	165	
Balance at beginning of year	165	165
Amortization	(105)	-
Additions	274	274
Terminations	(229)	-
Adjustments	182	(46)
Principal payments on lease obligation	-	(110)
Interest	-	4
Closing balance, December 31, 2020	287	287
Lease obligations current portion		75
Non-current lease obligations		212
At December 31, 2020		
Cost	312	
Accumulated amortization	(25)	
Net book value	287	

FP Canadian Newspapers Limited Partnership
Notes to Consolidated Financial Statements for the Years ended December 31, 2020 and 2019
(tabular amounts in thousands of Canadian dollars)

5. INTANGIBLE ASSETS

	Subscriber base and Archives	Computer Software	Mastheads	Total Intangible Assets
At December 31, 2018				
Cost	5,252	3,914	2,207	11,373
Accumulated amortization	(5,193)	(3,446)	-	(8,639)
Net book value	59	468	2,207	2,734
Year ended December 31, 2019				
Opening net book value	59	468	2,207	2,734
Additions	-	18	-	18
Retirements	-	-	-	-
Impairment of goodwill and intangibles	(6)	-	-	(6)
Amortization	(6)	(265)	-	(271)
At December 31, 2019	47	221	2,207	2,475
At December 31, 2019				
Cost	5,246	3,932	2,207	11,385
Accumulated amortization	(5,199)	(3,711)	-	(8,910)
Net book value	47	221	2,207	2,475
Year ended December 31, 2020				
Opening net book value	47	221	2,207	2,475
Additions	-	1	-	1
Retirements	-	(2)	-	(2)
Impairment of goodwill and intangibles	-	-	-	-
Retirement accumulated depreciation	-	2	-	2
Amortization	(5)	(214)	-	(219)
At December 31, 2020	47	8	2,207	2,257
At December 31, 2020				
Cost	5,246	3,931	2,207	11,384
Accumulated amortization	(5,204)	(3,923)	-	(9,127)
Net book value	42	8	2,207	2,257

Due to continued declines in revenue, FPLP performed an impairment analysis of its indefinite lived intangible assets, at its cash generating unit which represents the single operating segment of FPLP. The CGU includes all mastheads related primarily to the Winnipeg Free Press. The recoverable amount of the CGU is determined based on the higher of fair value less cost to dispose and value-in-use. The recoverable amount was determined based on management's fair value less cost to dispose assessment by applying market multiples to FPLP's EBITDA.

The recoverable amount of the CGU was determined by applying a market multiple of 4.0 to the trailing twelve-month EBITDA of FPLP at December 31, 2020. The market multiple was considered to be a level 3 input within the IFRS 13 fair value hierarchy.

As a result of such impairment testing based on the fair value less cost to dispose methodology, FPLP determined that no impairment existed.

FP Canadian Newspapers Limited Partnership**Notes to Consolidated Financial Statements for the Years ended December 31, 2020 and 2019**

(tabular amounts in thousands of Canadian dollars)

6. DUE FROM RELATED PARTIES

This balance relates to amounts owing from the general partners of FPLP who have agreed to pay FPLP for their respective shares of the refundable tax credit for qualifying Canadian Journalism Organizations that they receive. The eligible amount of the credit in 2020 was \$822,000 (2019 \$1,082,000) and has been recorded as a reduction to employee compensation costs within the statement of income.

7. LONG-TERM DEBT

Effective January 31, 2020 FPLP completed a long-term debt renewal agreement with HSBC Bank Canada. As part of the renewal agreement FPLP repaid \$2,000,000 of principal bringing the outstanding principal to \$13,500,000. The loan includes annual principal repayments of \$1,000,000 due on June 1 along with a cash sweep to be paid no later than 90 days after the end of each fiscal year. The cash sweep is equal to 20% of FPLP's annual distributable cash as defined in the agreement. The new loan agreement matures on January 31, 2023. Similar to the original facility, the renewal facility includes negative covenants which must be observed in order to avoid an accelerated termination of the agreement. The fixed charge coverage ratio cannot fall below 1.5 to 1. The ratio calculation is defined in the agreement and measured quarterly on a trailing 12 month basis. The loan is secured by all of the assets of the businesses other than the Derksen Printers land and building and additionally a mortgage registered on FPLP's Winnipeg land and building. The variable interest rate is based on a grid determined by the trailing 12 month leverage ratio and at prevailing market rates ranges from 2.55% to 3.55%. At December 31, 2020 FPLP is in compliance with all covenants.

During 2020 FPLP repaid an additional \$5.5 million in principal, reducing the outstanding principal to \$8 million at December 31, 2020.

In 2016, a mortgage refinancing agreement was completed for the Derksen Printers real estate assets. The refinanced loan has a carrying value of \$733,000 at December 31, 2020 (\$752,000 at December 31, 2019) and carries a five year variable interest rate, at 3.25% at December 31, 2020 (4.75% at December 31, 2019). Due to the economic impact of the COVID-19 pandemic, FPLP's mortgage lender extended an offer to defer principal and interest payments for six months and FPLP accepted this offer. At the end of the 6-month period, the accrued interest was added to the outstanding principal of the mortgage. Payments will resume on the same frequency for the same amount and amortization will be extended accordingly.

8. EMPLOYEE FUTURE BENEFIT PLANS

FPLP maintains defined contribution pension plans and maintained a defined benefit plan for certain of its employees. In December 2020, the defined benefit plan was settled. The defined benefit pension plan provided benefits based on a set percentage of participants' earnings, the cost of which was shared between the participants and FPLP.

On September 26, 2019 FPLP entered into an agreement with the Colleges of Applied Arts & Technology Pension Plan (the "CAAT Pension Plan"), a multi-employer defined benefit plan, to merge FPLP's defined benefit pension and the Retirement Plan for Employees of Winnipeg Free Press ("FPLP's Plans") with the CAAT Pension Plan. Effective December 29, 2019, FPLP received approval from FPLP's Plan members and effective January 1, 2020 FPLP became a participating employer under the CAAT Pension Plan and all members of the FPLP Plans began accruing benefits under the DBplus provisions of the CAAT Pension Plan. DBplus is a defined benefit pension plan with a fixed contribution rate for members, matched dollar for dollar by employers. The Company received consent from the Manitoba Office of the Superintendent – Pension Commission to transfer the defined benefit plan assets to the CAAT Pension Plan. The transfer of assets was completed on December 14, 2020 at which time the CAAT Pension Plan assumed the defined benefit obligations of the defined benefit plan.

On December 31, 2019, due to the CAAT Pension Plan merger, the FPLP Plans were amended to cease all service accruals as of that date. As a result of this amendment during the year ended December 31, 2019, FPLP recognized a curtailment gain in the Consolidated Statements of Income of \$833,000. As a result of the

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transfer of defined benefit plan asset to the CAAT Pension Plan, FPLP recognized a settlement gain in the Consolidated Statements of Income of \$6,799,000.

FPLP measured its accrued benefit obligation and the fair value of plan assets for accounting purposes as at December 31 of each year to December 14, 2020. The last actuarial funding valuation report for funding purposes was at December 31, 2019.

Information on FPLP's defined benefit pension plan is as follows:

	2020	2019
	\$	\$
PLAN ASSETS		
Fair value - beginning of year	58,517	53,165
Interest income	1,776	2,190
Return on plan assets, excluding amounts included in interest income	2,023	3,956
Employer contributions	-	2,589
Employee contributions	-	905
Benefit payments	(2,002)	(4,199)
Administration expenses	(137)	(89)
Transfer of plan assets	(60,177)	-
Fair value - end of year	-	58,517
PLAN OBLIGATIONS		
Accrued benefit obligation - beginning of year	59,486	54,069
Interest expense	1,808	2,186
Current service cost	-	1,276
Benefit payments	(2,002)	(4,199)
Loss/(gain) from change in financial assumptions	7,442	6,131
Experience (gains) losses	242	(49)
Employee contributions	-	905
Decrease in obligation due to curtailment gain	-	(833)
Obligation settlement gain	(6,799)	-
Transfer of plan obligations	(60,177)	-
Accrued benefit obligation - end of year	-	59,486

FPLP's accrued pension liability is determined as follows:

	2020	2019
	\$	\$
Fair value of plan assets	-	58,517
Accrued benefit obligation	-	59,486
Accrued pension benefit liability	-	(969)

FPLP's pension plan expense is determined as follows:

	2020	2019
	\$	\$
Current service cost	-	1,276
Administration expenses	73	60
Interest expense	1,808	2,186
Interest income	(1,776)	(2,190)
Pension expense – defined benefit pension plan, excluding curtailment and settlement gains	105	1,332
Employer contributions to defined contribution pension plans	407	379
Total pension expense, excluding curtailment gain and settlement gain recognized in employee compensation	512	1,711

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FPLP's components of employee benefits recognized in other comprehensive income are as follows:

	2020 \$	2019 \$
Remeasurements for defined benefit pension plan	(5,725)	(2,155)

Cumulative actuarial (losses) recognized in other comprehensive income and deficit for the year ended December 31, 2020 were (\$23,032,000) (December 31, 2019 (\$17,306,000)).

Significant actuarial assumptions in measuring FPLP's accrued benefit obligations are as follows:

	2020 %	2019 %
Discount rate	2.65	3.40
Rate of compensation increase	-	0.00

Significant actuarial assumptions in measuring FPLP's benefit costs are as follows:

	2020 %	2019 %
Discount rate	3.40	4.10
Rate of compensation increase	-	0.00

9. SHARE CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE INCOME

FPLP may issue an unlimited number of general partner and limited partner Units.

	2020		2019	
	Number of Units	\$	Number of Units	\$
FPCN General Partner Inc. - managing general partner	10	10	10	10
Canstar Publications Ltd. and Kimberley Anne Holdings Inc.	7,184,321	32,056	7,184,321	31,793
FP Newspapers Inc. - Class A limited partner Units	6,902,592	68,118	6,902,592	67,559
	14,086,923	100,184	14,086,923	99,362

FPLP's net earnings are allocated to the general partners in respect of the general partner Units and the limited partners in respect of the Class A limited partner Units in proportion to the distributions made to the partners in the year. Under the exchange agreement entered into between the holders of the general partner Units, the Class A limited partner Units and FP Newspapers Inc. ("FPI"), each general partner Unit may, at any time, at the option of the holder, be exchanged for an equal number of FPI's shares, subject to the exchange ratio and other provisions of the exchange agreement.

The Class A limited partner Units and the general partner Units are entitled to receive cash distributions equal to 49% and 51%, respectively, of FPLP's distributable cash flow as defined in the limited partnership agreement. Partner contributions were \$822,000 (2019 \$1,082,000). Partner distributions were \$1,442,000 (2019 \$1,702,000) during the year.

10. OTHER INCOME (LOSS) AND FINANCE COSTS

	2020 \$	2019 \$
Other income (loss)		
Interest income	23	56
(Loss)/gain on sale of property, plant and equipment	(48)	(4)

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Total other income (loss)	(25)	52
Finance Costs		
Interest on lease obligations	3	13
Interest on mortgage loan	27	37
Interest on term loan	336	695
Accretion of term loan related to financing costs	26	36
Total finance costs	392	781

11. INCOME TAXES

The deferred income tax expense for income taxes differs from the expense that would be obtained by applying Canadian combined statutory tax rates as a result of the following:

	2020 \$	2019 \$
Net income (loss) before income taxes	11,445	4,427
Canadian combined statutory tax rate	27.0%	27.0%
Income tax expense at the Canadian combined statutory tax rate	(3,090)	(1,195)
Income taxed in the hands of the partners	3,090	1,195
Income tax expense	-	-

12. COMMITMENTS**a) OTHER COMMITMENTS**

FPLP has entered into other commitments. Aggregate future minimum payments under the terms of these long-term commitments are as follows:

	\$
2021	-
2022	120
2022	-
Total payments	120

FPLP is a steward under the Multi Material Stewardship Manitoba (MMSM) program. FPLP and other paid newspapers in the province of Manitoba since 1993 have had a formal arrangement with the province of Manitoba to pay recycling fees on their behalf from the provincial taxation of newspaper subscriptions. In May 2017, the province of Manitoba announced it was unilaterally cancelling the payment of such fees on behalf of all paid newspapers effective August 2017 and requested that paid newspapers and MMSM work together to determine how the requirements of the regulation will be met going forward. FPLP has not accrued any of the recycling fees subsequent to May 2017 as it has determined it is not liable for payments based on the historical understanding with the various parties and the inability to agree on a mutually compatible agreement with MMSM. Management is currently in discussions with the province of Manitoba to resolve this matter.

b) LEGAL MATTERS

FPLP is involved in various legal actions arising in the ordinary course of business. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on FPLP's financial position, results of operations or cash flows.

13. RELATED PARTY TRANSACTION

FPLP is directly controlled by FPGP, which is ultimately controlled indirectly by Ronald Stern. FPLP incurs transactions with related parties in the normal course of operations. All related party transactions are with entities directly or indirectly controlled or significantly influenced by FPLP's controlling general partners.

For the year, total newsprint purchases from Alberta Newsprint Company, a company controlled indirectly by Ronald Stern, for 2020 were \$2,850,000 (2019 \$3,840,000). FPLP also reimbursed related parties for administration costs amounting to \$11,000 (2019 \$20,000). At December 31, 2020, accounts payable to related parties totalled \$249,000 (2019 \$254,000). Total advertising sales to related parties were \$3,000 (2019 \$10,500) and at December 31, 2020 there were no accounts receivable from related parties (2019 nil).

Transactions with key management personnel

FPLP's key management personnel have authority and responsibility for overseeing, planning, directing and controlling the activities of FPLP and consist of the Board of Directors of FPCN General Partner Inc., the managing general partner of FPLP and FPLP's senior executive management team.

Total compensation expense for key management personnel, and the composition thereof is as follows:

	2020 \$	2019 \$
Salaries and bonuses	637	676
Post-retirement pension benefits	63	36
	700	712

14. SEGMENT REPORTING

FPLP has determined that it operates in one operating segment which includes the publishing, printing and distribution of daily and weekly newspapers and specialty products, and advertising materials in Manitoba.

15. FINANCIAL INSTRUMENTS

FPLP's financial assets and liabilities are comprised of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, lease obligations and long-term debt which include the term-loan and mortgage loan.

FPLP is exposed to financial risks arising from its financial assets and liabilities. The financial risks include credit risk, interest rate risk and liquidity risk.

a. CREDIT RISK

Credit risk is the risk a customer will fail to perform an obligation or fail to pay amounts due, causing a financial loss. Credit risk primarily arises from cash and cash equivalents and accounts receivable. The maximum exposure to credit risk is the carrying value of these financial assets. Cash and cash equivalents are all held at large chartered Canadian banks or Canadian subsidiaries of large international banks and FPLP does not expect the counterparties to fail to meet their obligations.

As FPLP is in the business of publishing newspapers and performing printing services for third parties, included in the accounts receivable are primarily amounts owed from advertisers and advertising agencies, circulation customers and commercial print clients. FPLP does not hold collateral as security for these balances. FPLP's credit risk relating to these accounts receivable is spread over a large number of national and local advertising clients and advertising agencies, in addition to many circulation retail customers and third-party printing clients. FPLP manages credit risk on a customer-by-customer basis and establishes a reasonable allowance for expected credit losses, with this allowance netted against accounts receivable on the consolidated balance sheet. The adequacy of the allowance is reviewed on a regular basis and is estimated based on past experience, specific risks associated with the customers and other relevant information. The 10 largest receivable amounts total \$1,473,000 (2019 \$1,673,000) and approximately 90%

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(2019 83%) of these balances are owed from national advertising agencies. The largest amount due from a single national agency is \$373,000 (2019 \$519,000) which represents 7% (2019 8%) of total receivables.

The loss allowance as at December 31, 2020 was determined as follows for trade receivables:

	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	More than 120 days past due	More than 180 days past due	Total
December 31, 2020							
Gross carrying amount	1,826	1,180	306	93	(8)	3	3,400

The following table summarizes the changes in the allowance for doubtful accounts for trade receivables:

	2020 \$	2019 \$
Opening loss allowance at beginning of year	172	158
Increase in loss allowance recognised in profit or loss during the year	107	121
Receivables written-off during the year – uncollectible	(3)	(85)
Unused amounts reversed	(15)	(22)
Balance at end of year	261	172

b. INTEREST RATE RISK

Interest rate risk is the risk that the fair value (fair value interest rate risk) or future cash flows (cash flow interest rate risk) of a financial instrument will fluctuate because of changes in market interest rates primarily related to the HSBC credit facility (see note 7). FPLP is exposed to cash flow interest rate risk due to fluctuations in interest rates as the amounts borrowed under the HSBC credit facility are in the form of a variable prime rate loan.

An assumed 1% increase in FPLP's short term borrowing rates during the year ended December 31, 2020 would have decreased net income by \$15,000 (2019 \$60,000), with an equal but opposite effect for an assumed 1% decrease in short term borrowing rates.

c. LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting 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 most significant financial obligation relates to its long-term debt which was renewed in January 2020 (note 7). FPLP believes that it has access to sufficient capital through current cash and cash equivalent balances, future internally generated cash flows and external sources (bank credit markets and debt capital markets) to meet current cash flow forecasts for 2021.

The following are the contractual maturities of the financial liabilities:

	Total	Less than 1 year	1 – 3 years	4 – 5 years	After 5 years
	\$	\$	\$	\$	\$
At December 31, 2020					
Accounts payable and accrued liabilities	5,951	5,951	-	-	-
Mortgage loan principal and interest	756	756	-	-	-
Lease obligations principal and interest	314	88	136	90	-
Long-term debt principal and interest	8,303	1,188	7,115	-	-
Total	15,324	7,983	7,251	90	-

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At December 31, 2019

Accounts payable and accrued liabilities	5,220	5,220	-	-	-
Mortgage loan principal and interest	809	92	717	-	-
Lease obligations principal and interest	170	108	62	-	-
Long-term debt principal and interest	15,557	15,557	-	-	-
Total	21,756	20,977	779	-	-

d. FAIR VALUES, INCLUDING VALUATION METHODS AND ASSUMPTIONS**Fair value hierarchy**

Financial assets and liabilities are classified in a hierarchy that is based on significance of the inputs used in making the measurements and ultimately are reflected in the fair value hierarchy based on the lowest level input. The levels in the hierarchy are:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial assets and liabilities whose fair values are disclosed

The fair value of current assets and liabilities including cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities and lease obligations approximates their carrying value due to the short-term nature of these financial instruments. The fair value of the HSBC term loan, based on Level 3 fair value hierarchy inputs, is approximately \$8,000,000 (2019 \$16,000,000). The fair value of the mortgage loan, based on Level 3 fair value hierarchy inputs, approximates its carrying value.

The fair value of long-term debt and mortgage loan has been calculated by discounting the expected cash flows of each debt using a discount rate of 3.25% and 4.75%, respectively. The discount rate is determined using a risk free benchmark bond yield for instruments of similar maturity adjusted for the Company's specific credit risk. In determining the adjustment for credit risk, the Company considers market conditions, the underlying values of properties and other assets secured by the associated loan and other indicators of the Company's credit worthiness.

FPLP does not carry any assets or liabilities at their fair value.

16. CAPITAL MANAGEMENT

FPLP's objective for managing the capital structure is to take advantage of leverage with the prudent use of debt, while maintaining flexibility through historically setting distribution levels that are less than the cumulative amounts available for distribution. There are no set quantitative targets established for monitoring the capital structure. Management continuously monitors capital markets in the context of the general economic environment, FPLP's financial position and outlook, and strategic development plans. FPLP can alter the mix within the capital structure by repaying debt, increasing debt, adjusting distributions to partners or raising additional equity capital.

During 2015, in response to the uncertainty regarding print revenues, FPCN General Partner Inc., managing general partner of FPLP, determined that FPLP will discontinue regular distributions but will continue to make distributions required for income taxes and administrative costs of its limited and general partners. The Board feels that at this time it is in the best interest of the limited and general partners to have the continuing free cash generated by FPLP be available for increasing FPLP's long-term debt repayments, new strategic investments and/or restructuring initiatives which improve the returns generated by the businesses going forward.

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FPLP's capital consists of cash and cash equivalents, debt and Unitholders' equity. The components at December 31, 2020 and December 31, 2019 were as follows:

	2020	2019
	\$	\$
Term loan and interest	8,303	15,557
Lease obligation and mortgage loan and interest	1,070	979
Cash and cash equivalents	(5,300)	(4,389)
External net debt	4,073	12,147
Unitholders' equity	16,592	11,492
Total capitalization	20,665	23,639

The HSBC credit facility includes negative covenants which must be observed in order to avoid an accelerated termination of the agreement. These covenants include certain restrictions on paying distributions, the sale of assets, the purchase of investments and acquisitions, share capital, allowing encumbrances and certain issuances of loans or financial assistance. FPLP is restricted from making distributions which exceed distributable cash, as defined in the credit agreement, by more than \$1,000,000 annually. The fixed charge coverage ratio cannot fall below 1.5 to 1. The ratio calculation is defined in the agreement and measured quarterly on a trailing 12 month basis. Financial amounts used in the calculations are specifically defined in the credit agreement, but are substantially equivalent to the corresponding terms used in the external financial reports filed by FPLP. The financial ratios are calculated in accordance with the HSBC credit agreement on a quarterly basis and at December 31, 2020 FPLP was in compliance with all the terms and conditions of its debt agreement.

17. INDEMNIFICATION

The managing general partner and FPLP have agreed to indemnify FPLP's current and former directors and officers to the extent permitted by law against any and all charges, costs, expenses, amounts paid in settlement and damages incurred by the directors and officers as a result of any lawsuit or any other judicial, administrative or investigative proceeding in which the directors and officers are sued as a result of their service. These indemnification claims will be subject to any statutory or other legal limitation period. The nature of such indemnification prevents the partnership from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. The general partner has directors' and officers' liability insurance coverage, pursuant to a joint policy covering FPGP, FPLP and FPI, of up to \$10,000,000 in joint coverage.

18. EMPLOYEE COMPENSATION

A summary of the government support, recorded as a reduction to employee compensation costs within the statement of income, for the year ended December 31, 2020 and 2019 is as follows:

	2020	2019
Canada Emergency Wage Subsidy	\$ 5,382	\$ -
Journalism Tax Credit	822	1,082
	\$ 6,204	\$ 1,082

In April, the federal government announced a wage subsidy program for eligible Canadian employers whose business has been affected by COVID-19. The Canada Emergency Wage Subsidy ("CEWS") provided a subsidy based on a prescribed formula retroactive to March 15, 2020. On September 23, 2020, the Government of Canada announced they will extend CEWS to the summer of 2021. The Canadian Journalism Tax Credit amount has been reduced by the amount received under the CEWS program for qualifying employees.

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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. The general partners of FPLP have been and will continue to be allocated the Government of Canada's Canadian Journalism Labour Tax Credit. The general partners have agreed to contribute the amounts received to FPLP up until 2023.

19. RESTRUCTURING CHARGE

FPLP incurred a restructuring charge of \$68,000 (2019 \$198,000) consisting of severance payments in relation to employee reductions primarily achieved through a combination of retirements, voluntary and involuntary layoffs. During 2020, the full amount of the restructuring charge was paid, and the provision was nil at December 31, 2020 (\$90,000 at December 31, 2019).