POSTMEDIA NETWORK CANADA CORP.
CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

Approved for issuance: October 21, 2021

Management's Responsibility for Consolidated Financial Statements

The accompanying consolidated financial statements of Postmedia Network Canada Corp. (the "Company") and its subsidiaries are the responsibility of management and have been approved by the Board of Directors of Postmedia Network Canada Corp.

Management is responsible for the preparation of these consolidated financial statements in conformity with International Financial Reporting Standards, as issued by the International Accounting Standards Board, the selection of accounting policies and making significant accounting estimates, assumptions and judgements. Management is also responsible for establishing and maintaining adequate internal control over financial reporting which includes those policies and procedures that provide reasonable assurance over the completeness, fairness and accuracy of the consolidated financial statements and other financial items.

The Board of Directors fulfills its responsibility for the consolidated financial statements principally through its Audit Committee, which is composed of independent external directors. The Audit Committee reviews the Company's annual consolidated financial statements and recommends their approval to the Board of Directors. The Audit Committee meets with the Company's management and external auditors to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, and formulates the appropriate recommendations to the Board of Directors. The auditor appointed by the shareholders has full access to the Audit Committee, with or without management being present.

The external auditors appointed by the Company's shareholders, PricewaterhouseCoopers LLP, conducted an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and express their opinion thereon. Those standards require that the audit is planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

Signed
Andrew MacLeod
President and
Chief Executive Officer

Signed
Mary Anne Lavallee
Executive Vice President, Chief Operating
Officer and Interim Chief Financial Officer

Toronto, Canada
October 21, 2021

Independent auditor's report

To the Shareholders of Postmedia Network Canada Corp.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Postmedia Network Canada Corp. and its subsidiary (together, the Company) as at August 31, 2021 and 2020, 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 consolidated financial statements comprise:

- the consolidated statements of financial position as at August 31, 2021 and 2020;
- the consolidated statements of operations for the years then ended;
- the consolidated statements of comprehensive income (loss) for the years then ended;
- the consolidated statements of changes in deficiency 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 Company 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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T: +1 204 926 2400, F: +1 204 944 1020

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended August 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of indefinite life intangible assets *Refer to note 2 – Significant accounting policies, note 6 – Impairment of long-lived assets and note 10 – Intangible assets to the consolidated financial statements.* The Company had indefinite life intangible assets consisting of mastheads and domain names amounting to $19.7 million as at August 31, 2021. Management performs an impairment assessment annually, or more frequently if there are indicators that an impairment may have arisen. In testing for impairment, assets including indefinite life intangible assets are grouped into cash generating units (CGUs). An impairment loss is recorded when the recoverable amount of a CGU is less than its carrying amount. The recoverable amounts were determined based on a fair value less cost of disposal method using a market multiple model. The key assumption used in the model is the range of multiples which is derived from an average of market multiples for comparable entities. The range of multiples is applied to an adjusted trailing twelve months operating income before depreciation, amortization, impairment, settlement gain and restructuring less disposal costs. For the year ended August 31, 2021, management recognized an impairment charge of $14.9 million on indefinite life intangible assets. We considered this a key audit matter due to the significance of the indefinite life intangible asset balance and the significant judgment made by	Our approach to addressing the matter involved the following procedures, among others: • Evaluated how management determined the recoverable amounts of the CGUs, which included the following: – Utilized professionals with specialized skills and knowledge in the field of valuation to assist in the evaluation of the reasonability of the range of multiples used by management and the appropriateness of the market multiple model. – Tested the mathematical accuracy of the market multiple model prepared by management. – Reconciled the adjusted trailing twelve months operating income before depreciation, amortization, impairment and restructuring to evidence obtained in other areas of the audit. • Tested the disclosures made in the consolidated financial statements, including the impact of any sensitivity of the key assumption to the determined recoverable amounts.

Key audit matter	How our audit addressed the key audit matter
management in determining the recoverable amounts of the CGUs, including the determination of the range of multiples. This has resulted in a high degree of subjectivity and audit effort in performing audit procedures. Professionals with specialized skill and knowledge in the field of valuation assisted us in performing our procedures.	

Other information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the information, other than the consolidated financial statements and our auditor's report thereon, included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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 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 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 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 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 Company 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 Company 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.

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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
October 21, 2021

POSTMEDIA NETWORK CANADA CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(In thousands of Canadian dollars, except per share amounts)

		2021		2020
Revenues				
Print advertising		151,489		190,697
Print circulation		171,824		190,873
Digital		102,919		108,043
Other		16,111		18,793
Total revenues		442,343		508,406
Expenses				
Compensation (note 4)		155,182		151,180
Newsprint		17,506		22,903
Distribution		94,990		106,893
Production		60,486		63,807
Other operating (note 21)		77,126		95,892
Operating income before depreciation, amortization, impairment, settlement gain and restructuring (note 3)		37,053		67,731
Depreciation (note 8)		11,175		11,647
Amortization (notes 9 and 10)		9,778		14,324
Impairment (notes 6, 8 and 10)		26,164		13,307
Settlement gain (note 14)		(63,079)		-
Restructuring and other items expense (notes 12 and 14)		5,920		14,845
Operating income		47,095		13,608
Interest expense		30,407		30,628
Net financing expense relating to employee benefit plans (note 14)		1,324		2,436
Gain on disposal of property and equipment, assets held-for-sale and right of use assets (notes 8 and 9)		(507)		(928)
(Gain) loss on derivative financial instruments (note 19)		(11,930)		1,224
Foreign currency exchange gains		(5,925)		(3,599)
Earnings (loss) before income taxes		33,726		(16,153)
Provision for income taxes (note 17)		-		-
Net earnings (loss) attributable to equity holders of the Company		33,726		(16,153)
Earnings (loss) per share attributable to equity holders of the Company (note 15):				
Basic	$	0.36	$	(0.17)
Diluted	$	0.34	$	(0.17)

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

POSTMEDIA NETWORK CANADA CORP.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(In thousands of Canadian dollars)

	2021	2020
Net earnings (loss) attributable to equity holders of the Company	33,726	(16,153)
Amounts not subsequently reclassified to the statement of operations		
Losses on employee benefit plans, net of tax of nil (note 14)	(9,860)	(12,813)
Other comprehensive loss	(9,860)	(12,813)
Comprehensive income (loss) attributable to equity holders of the Company	23,866	(28,966)

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

POSTMEDIA NETWORK CANADA CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT AUGUST 31, 2021 AND 2020
(In thousands of Canadian dollars)

	2021	2020
ASSETS		
Current Assets		
Cash	61,996	49,795
Restricted cash (note 5)	437	3,402
Trade and other receivables (note 4)	41,255	65,548
Assets held-for-sale (note 8)	17,727	28,229
Inventory (note 7)	3,348	3,260
Prepaid expenses and other assets	8,697	10,338
Total current assets	133,460	160,572
Non-Current Assets		
Property and equipment (notes 6 and 8)	76,390	90,778
Right of use assets (note 9)	35,646	40,857
Derivative financial instruments and other assets (note 19)	6,914	3,338
Intangible assets (note 10)	23,791	41,334
Total assets	276,201	336,879
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 11)	49,599	48,041
Provisions (note 12)	2,257	6,856
Deferred revenue	22,351	24,369
Current portion of lease obligations (note 9)	8,120	9,482
Current portion of long-term debt (note 13)	7,409	20,372
Total current liabilities	89,736	109,120
Non-Current Liabilities		
Long-term debt (note 13)	248,262	252,983
Employee benefit obligations and other liabilities (note 14)	44,753	101,862
Lease obligations (note 9)	33,161	37,136
Total liabilities	415,912	501,101
Deficiency		
Capital stock (note 15)	810,861	810,861
Contributed surplus (note 16)	16,570	15,925
Deficit	(967,142)	(991,008)
Total deficiency	(139,711)	(164,222)
Total liabilities and deficiency	276,201	336,879

Commitments (note 20), Subsequent event (note 24)

On October 21, 2021, the Board of Directors (the “Board”) approved the consolidated financial statements.

On behalf of the Board,

Signed
Paul Godfrey
Executive Chairman

Signed
Peter Sharpe
Lead Director

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

POSTMEDIA NETWORK CANADA CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(In thousands of Canadian dollars)

	2021			
	Capital stock	**Contributed surplus**	**Deficit**	**Total Deficiency**
Balance as at August 31, 2020	810,861	15,925	(991,008)	(164,222)
Net earnings attributable to equity holders of the Company	-	-	33,726	33,726
Other comprehensive loss	-	-	(9,860)	(9,860)
Comprehensive income attributable to equity holders of the Company	-	-	23,866	23,866
Share-based compensation plans (note 16)	-	645	-	645
Balance as at August 31, 2021	**810,861**	**16,570**	**(967,142)**	**(139,711)**

	2020			
	Capital stock	**Contributed surplus**	**Deficit**	**Total Deficiency**
Balance as at August 31, 2019	810,861	14,770	(962,042)	(136,411)
Net loss attributable to equity holders of the Company	-	-	(16,153)	(16,153)
Other comprehensive loss	-	-	(12,813)	(12,813)
Comprehensive loss attributable to equity holders of the Company	-	-	(28,966)	(28,966)
Share-based compensation plans (note 16)	-	1,155	-	1,155
Balance as at August 31, 2020	**810,861**	**15,925**	**(991,008)**	**(164,222)**

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

POSTMEDIA NETWORK CANADA CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020
(In thousands of Canadian dollars)

	2021	2020
CASH GENERATED (UTILIZED) BY:		
OPERATING ACTIVITIES		
Net earnings (loss) attributable to equity holders of the Company	33,726	(16,153)
Items not affecting cash:		
Depreciation (note 8)	11,175	11,647
Amortization (notes 9 and 10)	9,778	14,324
Impairment (notes 6, 8 and 10)	26,164	13,307
(Gain) loss on derivative financial instruments (note 19)	(11,930)	1,224
Non-cash interest	23,363	26,490
Gain on disposal of property and equipment, assets held-for-sale and right of use assets (notes 8 and 9)	(507)	(928)
Non-cash foreign currency exchange gains	(5,880)	(3,672)
Share-based compensation plans (note 16)	645	1,155
Net financing expense relating to employee benefit plans (note 14)	1,324	2,436
Non-cash settlement gain relating to employee benefit plans (note 14)	(63,079)	-
Employee benefit plan funding in excess of compensation expense (note 14)	(3,558)	(3,323)
Net change in non-cash operating accounts (note 22)	17,800	(1,676)
Cash flows from operating activities	39,021	44,831
INVESTING ACTIVITIES		
Net proceeds from the disposal of property and equipment, assets held-for-sale and right of use assets (notes 8 ar	5,889	3,492
Purchases of property and equipment (note 8)	(2,475)	(2,457)
Purchases of intangible assets (note 10)	(449)	(613)
Net proceeds from the sale of derivative financial instruments (note 19)	10,675	-
Purchases of derviative financial instruments (note 19)	(1,696)	-
Cash flows from investing activities	11,944	422
FINANCING ACTIVITIES		
Proceeds from issuance of long-term debt (note 13)	-	95,235
Repayment of long-term debt (note 13)	(32,305)	(94,761)
Restricted cash (note 5)	2,965	(3,389)
Debt issuance costs (note 13)	-	(1,710)
Lease payments (note 9)	(9,424)	(6,297)
Cash flows used in financing activities	(38,764)	(10,922)
Net change in cash	12,201	34,331
Cash at beginning of year	49,795	15,464
Cash at end of year	**61,996**	**49,795**

	2021	2020
Supplemental disclosure of operating cash flows		
Interest paid	7,943	3,993
Income taxes paid	-	-

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

1. DESCRIPTION OF BUSINESS

Postmedia Network Canada Corp. (“Postmedia” or the “Company”) is a holding company that has a 100% interest in its subsidiary Postmedia Network Inc. (“Postmedia Network”). The Company was incorporated on April 26, 2010, pursuant to the Canada Business Corporations Act. The Company’s head office and registered office is 365 Bloor Street East, 12th Floor, Toronto, Ontario.

The Company’s operations consists of news and information gathering and dissemination operations, with products offered in local, regional and major metropolitan markets in Canada through print, online and mobile platforms. The Company supports these operations through a variety of centralized shared services.

The Company has one operating segment for financial reporting purposes, the Newsmedia segment. The Newsmedia segment’s revenue is primarily from print and digital advertising and circulation/subscription revenue.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

(a) Basis of presentation

The Company prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of derivative financial instruments to fair value, certain assets classified as held-for-sale which were recorded at the lower of the carrying amount and fair value less costs of disposal (“FVLCD”) and pension assets included in employee benefit obligations and other liabilities which are measured at fair value.

(c) Principles of consolidation

These consolidated financial statements include the accounts of the Company and Postmedia Network, along with its subsidiaries. Subsidiaries are all entities which the Company controls. For accounting purposes, control is established by an investor when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. All intercompany transactions and balances have been eliminated on consolidation.

(d) Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires management to make estimates, assumptions and judgements that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosures of contingent assets and liabilities. Although these estimates, assumptions and judgements are based upon management’s best knowledge of the amount, event or actions; actual results could differ from those estimates, assumptions and judgements.

The following significant areas require management to use assumptions and to make estimates:

Impairment of long lived assets

The Company tests indefinite life intangible assets for impairment annually, or more frequently if there are indicators that an impairment may have arisen. In testing for impairment, assets including indefinite life intangible assets and other long lived assets, are grouped into a cash generating unit ("CGU" or "CGUs") which represents the lowest level for which there are separately identifiable cash inflows. The recoverable amount of each CGU or group of CGUs is based on the higher of value in use and FVLCD calculations. During the years ended August 31, 2021 and 2020, the Company computed the FVLCD for each CGU using a market multiple model using a multiple range of 2.5 to 3.5 times the adjusted trailing twelve month operating income before depreciation, amortization, impairment and restructuring less disposal costs. Management determined this key assumption based on an average of market multiples for comparable entities. Additional information on the Company's impairment testing is contained in note 6. In addition, estimates were required in the determination of FVLCD for the Company's held-for-sale assets (note 8).

Employee future benefits

The cost of defined benefit pension benefit plans, post-retirement benefit plans and other long-term employee 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. Additional information on the Company's employee benefit plans is contained in note 14.

Future cash flow projections

The COVID-19 pandemic has caused a disruption to the economy and as a result the Company has incorporated its impact on future cash flow projections which includes making assumptions and estimates regarding the timing and amounts of future revenues and expenses and the ability to manage liquidity which includes the use of the senior secured asset-based revolving credit facility ("ABL Facility").

The following areas require management to use significant judgements apart from those involving estimates:

Determination of useful lives for the depreciation and amortization of assets with finite lives

For each class of assets with finite lives, management has to determine over which period the Company will consume the asset's future economic benefits. The determination of such periods and if necessary, the subsequent revision of such periods, involves judgement and has an impact on the depreciation and amortization recorded in the consolidated statements of operations. The Company takes into account industry trends and Company specific factors, including changing technologies and expectations for the in-service period of assets, when determining their respective useful lives.

Determination of the measurement of government grants and tax credits

Judgement is required in determining when government grants and tax credits are recognized. Government grants and tax credits are recognized when there is reasonable assurance that the Company has complied with the conditions associated with the relevant government program. The determination of reasonable assurance involves judgement due to the complexity of the programs and related claim and review processes.

(e) Disposals of non-current assets and discontinued operations

Non-current assets are classified as held-for-sale if the carrying amount will be recovered principally through a sale transaction rather than through continued use, they are available for sale in their present condition and such sale is considered highly probable. The criteria for a sale to be considered highly probable includes a firm decision by the appropriate level of management or the Board to dispose of a business or a group of assets, such business or group of assets must be actively marketed for a price that is reasonable in relation to their current market value and there must be an expectation that such disposal will be completed within a twelve month period. Assets held-for-sale are carried at the lower of their carrying amount and FVLCD. Assets held-for-sale are classified as discontinued operations if the operations and cash flows can be clearly distinguished, both operationally and for financial reporting purposes, from the rest of the Company and they represent a separate major line of business or geographical area of operations, or are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired with the view to resell.

(f) Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, the Company's functional and reporting currency. As at the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars using the foreign currency exchange rate in effect at that date. Revenues and expense items are translated at the foreign currency exchange rate in effect when the transaction occurred. The resulting foreign currency exchange gains and losses are recognized in the statement of operations in foreign currency exchange (gains) losses.

(g) Cash and restricted cash

Cash is composed of cash on hand and current balances with banks. Pursuant to the indenture that governs the Company's first-lien debt, any net proceeds from an asset disposition in excess of $0.1 million will be held in a collateral account by the noteholders and when the aggregate amount of the collateral account exceeds $1.0 million it will be used to make an offer to redeem an equal amount of first-lien debt. Such cash is classified as restricted cash on the statement of financial position.

(h) Borrowing costs

Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period they are incurred in interest expense in the statement of operations.

(i) Property and equipment

Property and equipment are carried at cost less accumulated depreciation and impairment. Historical cost includes purchase cost, expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, and borrowing costs if applicable.

Depreciation is provided for on a straight line basis over the following useful lives:

Assets	Estimated useful life
Buildings	10 - 40 years
Leaseholds	3 - 20 years
Computer hardware	3 - 5 years
Machinery and equipment	5 - 25 years

The depreciation method, estimates of useful lives and residual values assigned to property and equipment are reviewed at least at each financial year end and if necessary depreciation is adjusted on a prospective basis.

(j) Intangible assets

Finite life intangibles

Software
Costs of internally generated software are composed of all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Internally generated software consists primarily of internal costs in connection with the development of software to be used internally or for providing services to customers. All costs incurred during the research phase are expensed as incurred. Development costs that are attributable to the design and testing are recognized as intangible assets if the asset can be separately identified, it is probable the asset will generate future economic benefits, the development cost can be measured reliably, the project is technically feasible and the project will be completed with a view to use the asset.

Software costs are amortized using the straight line method of amortization over their estimated useful lives, which range from 2 to 10 years. The amortization method and estimates of useful lives ascribed to software are reviewed at least at each financial year end and if necessary amortization is adjusted on a prospective basis.

Other identifiable intangible assets
Other identifiable intangible assets are recorded at cost and are carried at cost less accumulated amortization and impairment. Other identifiable intangible assets with finite lives are amortized using the straight-line method of amortization over their estimated useful lives, as follows:

Other identifiable intangible assets with finite lives	Estimated useful life
Subscriber lists	5 years
Domain names	15 years

The amortization method and estimates of useful lives ascribed to other identifiable intangible assets are reviewed at least at each financial year end and if necessary amortization is adjusted on a prospective basis.

Costs associated with purchasing and developing content are expensed as incurred, except for content development on the Company's websites which are capitalized when such costs meet the criteria for capitalization.

Indefinite life intangibles

Intangible assets with indefinite lives are not amortized. These include newspaper mastheads and domain names related to the newspaper online websites. 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 useful life from indefinite to finite life is made and amortization is adjusted on a prospective basis.

(k) Impairment

Impairment is recorded when the recoverable amount of an asset or CGU is less than its carrying amount. The Company's CGUs are primarily geographical groups of newspapers by city or region, as applicable. The recoverable amount of an asset or CGU is the higher of an asset or CGUs FVLCD or its value in use, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses, other than those relating to goodwill, are reviewed for potential reversals when events or changes in circumstances warrant such consideration.

Non-financial assets
The carrying values of non-financial assets with finite lives, except inventories as well as employee benefit plan net assets, are assessed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Additionally, intangible assets with indefinite lives composed of mastheads and newspaper domain names are included in their related CGU, and are tested annually for impairment or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (CGUs). Any corporate assets and cash flows are allocated to the respective CGUs.

(l) Revenue recognition

The Company has a number of different revenue streams all of which are derived from contracts with customers. Print and digital advertising revenue is primarily generated through the provision of advertisements in print publications as well as on various digital platforms. Print and digital circulation/subscription revenue is generated by home delivery subscriptions; single copy sales at newsstands and vending machines; and digital subscriptions. Other revenues are generated from commercial printing for external customers as well as the sale of various products and services. Revenue is measured based on the consideration specified in a contract and the Company recognizes revenue when it transfers control of a product or provides a service to a customer. A corresponding receivable is recognized in instances where credit terms are extended as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. No element of financing is deemed present as normal credit terms are 30 days or less upon delivery. The contracts with customers typically have no further separate performance obligations to which a portion of the transaction price should be allocated nor are subject to variable consideration. When payment is received in advance of the criteria being met for recognition of revenue, a contract liability is recognized in deferred revenue which is typically a maximum period of one year. With respect to incremental costs such as sales commissions incurred in obtaining a contract, the Company has elected to apply the practical expedient to expense these costs when incurred as the term of the Company's contracts are one year or less.

Print advertising revenue
Revenue related to print advertising is recognized when a print advertisement or flyer is included in the newspaper and the newspapers are delivered.

Digital advertising revenue
The Company has a number of digital advertising revenue streams. The majority of the Company's digital revenue is recognized when advertisements are placed on digital platforms and to a lesser extent when a user clicks on an advertisement, on a per click basis.

Circulation/subscription revenue
Revenue from subscribers of print newspapers is recognized at the time of delivery of the newspaper to the subscriber. Revenue from single copy sales of print newspapers is recognized at the time of delivery of the newspaper to the newsstand net of a provision for returns based on historical rates of returns. Subscription revenue from digital subscribers is recognized proportionately over the term of the subscription. All Access, print and digital, subscriptions represent a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer and are recognized over the term of the subscription.

Other revenue
Other revenue is recognized upon delivery to or at the time that goods are made available to the customer and includes products printed for external customers where revenue is recognized at the time that such materials are made available to the customer.

(m) Inventory

Inventory, consisting primarily of printing materials, is valued at the lower of cost, using the first-in-first out cost formula, and net realizable value, where net realizable value is determined to be the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Reversals of previous write-downs to net realizable value are required when there is a subsequent increase in the value of inventories.

(n) Share-based compensation

The Company uses share-based compensation that is settled through the issuance of shares of Postmedia or through cash at the option of the Company. The Company uses the graded vesting method to calculate compensation expense for all share-based compensation plans.

The Company recognizes compensation expense for all share options granted based on the fair value of the option on the date of grant, net of estimated forfeitures, using the Black-Scholes option pricing model. The fair value of the options is recognized as compensation expense over the vesting period of the options, with a corresponding credit to contributed surplus. The contributed surplus balance is reduced as options are exercised through a credit to capital stock when the options are exercised.

The Company recognizes compensation expense for all restricted share units granted based on the fair value of the Company's shares on the issuance date of each restricted share unit grant net of estimated forfeitures. The fair value of the restricted share units is recognized as compensation expense, over the vesting period of each restricted share unit grant, with a corresponding credit to contributed surplus. Compensation expense is not adjusted for subsequent changes in the fair value of the Company's shares. The contributed surplus balance is reduced as units are exercised through a credit to capital stock.

(o) Financial instruments

The Company classifies its financial assets in the following measurement categories:
- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income ("FVOCI")
- Equity instruments at FVOCI
- Financial assets at fair value through profit loss ("FVTPL")

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow. The Company assesses the business model and cash flows of debt instruments on the date of initial application and the date of initial recognition thereafter. Equity instruments are generally classified as FVTPL, however for those that are not held for trading, the Company can make an irrevocable election on initial recognition to classify the instrument as FVOCI with no recycling of gains or losses to earnings on derecognition.

Measurement
At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of a financial asset carried at FVTPL are expensed in profit or loss.

Debt instruments at amortized cost
Debt instruments at amortized cost, includes cash, restricted cash, trade and other receivables and are held in order to collect contractual cash flows and the contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. Debt instruments at amortized cost are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less a provision for impairment.

Financial assets at FVTPL
Financial assets at FVTPL are those not measured at amortized cost or at FVOCI. Assets in this category principally include warrants held by the Company. Financial assets at FVTPL are carried at fair value with changes recognized in the statement of operations.

Other financial liabilities
Other financial liabilities, includes accounts payable and accrued liabilities, long-term debt and other non-current liabilities. Other financial liabilities are initially recognized at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method.

Derecognition
A financial asset is derecognized when the rights to receive cash flows from the asset have expired or when the Company has transferred its rights to receive cash flows from the asset. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

Impairment of financial assets
For trade receivables the Company applies a simplified approach in calculating expected credit losses and recognizes a loss allowance based on lifetime expected credit losses at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(p) Derivative financial instruments and hedging

The Company used derivative financial instruments to manage its exposure to fluctuations in foreign currency rates and interest rates. Derivative financial instruments are initially recognized at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative financial instrument is designated as a hedging instrument and the nature of the item being hedged. The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its strategy for using hedges and its risk management objectives. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. Non-performance risk, including credit risk, is considered when determining the fair value of derivative financial instruments. The Company does not hold or use any derivatives instruments for trading purposes.

The Company enters into or is a party to the following types of derivative financial instruments:

Warrants
A warrant is a derivative financial instrument that grants the owner the right, but not the obligation, to buy or sell a security at a certain price before expiration and is measured at fair value in the statement of financial position. Changes in the fair value of warrants are recorded in the statement of operations in loss (gain) on derivative financial instruments.

Shares
A share is a derivative financial instrument that represents an ownership share in a company and is measured at fair value in the statement of financial position. Changes in the fair value of shares are recorded in the statement of operations in loss (gain) on derivative financial instruments.

(q) Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company 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. Provisions are measured at the current best estimate required to settle the obligation and when necessary the use of estimation techniques are utilized. If the effect of the time value of money is material the provision is measured at the present value of the expected expenditures required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense in the statement of operations.

(r) Employee benefits

Pension and post-retirement obligations
The Company has a number of defined benefit post-retirement plans, participates in defined benefit multi-employer pension plans and prior to November 2020, had both defined benefit and defined contribution pension plans (note 14). For defined benefit plans, the defined benefit obligation associated with pension and post-retirement benefits earned by employees is actuarially determined on an annual basis by independent actuaries. 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, expected health care cost trend rate and other factors as applicable. The asset or liability recognized in the statement of financial position 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 of Canadian corporate AA 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 then immediately transferred to deficit. Past service costs from plan amendments are recognized immediately in compensation expense in the statement of operations. The current service cost and past service cost of employee benefits expense is recorded in compensation expense in the statement of operations. The financing expense on the net defined benefit obligations are presented in net financing expense relating to employee benefit plans in the statement of operations. Gains and losses on curtailments or settlements are recognized in the period in which the curtailment or settlement occurs in the statement of operations.

The Company's defined benefit pension plans were subject to minimum funding requirements. The liability in respect of minimum funding requirements was 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 was 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 was recognized immediately in other comprehensive income and then immediately transferred to deficit without subsequent reclassification to the statement of operations.

Defined benefit multi-employer pension plans are accounted for as defined contribution plans as adequate information to account for the Company'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, the Company pays contributions to the plan on a contractual basis. The Company has no further payment obligations once the contributions have been paid. The contributions are recognized as an expense in the period when they are earned by the employees.

Other long-term benefits
The Company maintains a number of other long-term employee benefit plans that are to be settled more than twelve months after the service was provided that entitled the employee to the benefit. These plans are accounted for similarly to the defined benefit pension and post-retirement plans with the exception that actuarial gains and losses are recognized as incurred in the statement of operations.

Termination benefits
Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary termination in exchange for these benefits. The Company recognises termination benefits when the Company has a detailed formal plan, approved by management, to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary termination, the termination benefits are measured based on the number of employees expected to accept the offer. If the effect of the time value of money is material, benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

(s) Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered for current and prior periods under the tax rates and laws that have been enacted or substantively enacted as at the date of the statement of financial position.

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated tax consequences attributable to differences between the carrying amounts in the consolidated financial statements and the tax bases of assets and liabilities. However, deferred tax is not recognized if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable income or loss. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates, as at the date of the statement of financial position, in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in income in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be subsequently reduced, if necessary, to an amount that is probable of being realized. In general, deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

Tax expense or recovery is recognized in other comprehensive income or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are presented as non-current.

(t) Government grants and tax credits

Government grants and refundable tax credits are recognized when there is reasonable assurance that the Company 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 statement of operations. Government grants and tax credits receivable are recorded in trade and other receivables in the statement of financial position.

(u) Leases

The Company 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. Leases are recognized as a right of use asset and a corresponding lease obligation at the date on which the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease obligations include the net present value of fixed payments, amounts expected to be paid and the exercise price of purchase options if reasonably certain to exercise that option, and payments of penalties for terminating the lease, less any lease incentives receivable. These payments are discounted using the Company's incremental borrowing rate when the rate implicit in the lease is not readily available. The Company uses a single discount rate for a portfolio of leases with reasonably similar characteristics. Lease payments are allocated between the liability and finance costs. The finance cost is charged to interest expense over the lease term.

The lease obligation is measured at amortized cost using the effective interest method. It is remeasured if there is a change in the assessment of whether the Company will exercise a purchase, extension or termination option that is within the control of the Company or if there is a change in the amount expected to be payable under a residual value guarantee. The lease obligation is also remeasured when the underlying lease contract is amended. When there is a decrease in contract scope, the lease liability and right of use asset will decrease relative to this change with the difference recorded in net earnings prior to the remeasurement of the lease liability. The remeasurement will use the applicable discount rate at the effective date of the lease modification.

The right of use asset is initially measured at cost, which is comprised of the initial amount of the lease obligation, any initial direct costs and an estimate of costs to restore the asset less any lease payments made at or before the commencement date. The right of use asset is amortized, on a straight-line basis, over the estimated useful life of the asset or the lease term. The right of use asset may be adjusted for certain remeasurements of the lease obligation and impairments. Leases that have terms of less than twelve months or leases where the underlying asset is of low value are recognized as an other operating expense in the consolidated statement of operations on a straight-line basis over the lease term. Certain leases require the Company to make payments that relate to property taxes, maintenance and other operating costs which are typically variable and are not included in the calculation of the right-of-use asset or lease obligation.

(v) Earnings per share

Basic earnings per share are calculated using the daily weighted average number of shares outstanding during the period.

Diluted earnings per share are calculated using the daily weighted average number of shares that would have been outstanding during the period had all potential common shares been issued at the beginning of the period, or when the underlying options were granted, if later. The treasury stock method is employed to determine the incremental number of shares that would have been outstanding had the Company used proceeds from the exercise of the options to acquire shares provided the shares are not anti-dilutive.

3. OPERATING INCOME BEFORE DEPRECIATION, AMORTIZATION, IMPAIRMENT, SETTLEMENT GAIN AND RESTRUCTURING

The Company presents as an additional IFRS measure, operating income before depreciation, amortization, impairment, settlement gain and restructuring, in the consolidated statement of operations, to assist users in assessing financial performance. The Company's management and Board use this measure to evaluate consolidated operating results and to assess the ability of the Company to incur and service debt. In addition, this measure is used to make operating decisions as it is an indicator of performance including how much cash is being generated by the Company and assists in determining the need for additional cost reductions as well as the evaluation of personnel and resource allocation decisions. Operating income before depreciation, amortization, impairment, settlement gain and restructuring is referred to as an additional IFRS measure and may not be comparable to similarly titled measures presented by other companies.

4. GOVERNMENT ASSISTANCE

Canada Emergency Wage Subsidy

On April 11, 2020, the Government of Canada passed the Canada Emergency Wage Subsidy ("CEWS") to support employers facing financial hardship as measured by certain revenue declines as a result of the COVID-19 pandemic. CEWS currently provides a reimbursement of compensation expense to October 23, 2021 provided the applicant has met the applicable criteria. During the year ended August 31, 2021 the Company recognized a recovery of compensation expense of $23.0 million related to CEWS (2021 – $40.3 million). As at August 31, 2021, the Company has an amount receivable related to CEWS of $0.6 million included in trade and other receivables on the consolidated statement of financial position (August 31, 2020 - $13.0 million).

Journalism Tax Credits

On June 21, 2019 the federal budget was approved which contained measures specific to the news media industry including a journalism tax credit whereby qualifying Canadian news organizations may apply for a refundable labour tax credit applied to the salaries of journalists. In December 2019, the Canada Revenue Agency ("CRA") issued the Application for Qualified Canadian Journalism Organization Designation and guidance related to the eligibility, qualifications and determination of the refundable labour tax credit which was further clarified in April 2020. On November 19, 2020, the Company received its designation as a Qualified Canadian Journalism Organization.

On October 2, 2019, the Government of Quebec announced a similar refundable labour tax credit to be applied to the salaries of journalists in Quebec provided an entity receives an eligibility certificate issued by Investissement Québec.

Both the federal and Quebec journalism tax credit legislation include provisions to reduce the qualifying salaries and wages eligible for the credit for other forms of assistance received including CEWS. During the year ended August 31, 2021, the Company recognized a recovery of compensation expense of $6.9 million related to the journalism tax credits (2021 – $4.5 million). As at August 31, 2021, the aggregate journalism tax credit receivable of $5.5 million is included in trade and other receivables on the consolidated statement of financial position (August 31, 2020 - $10.8 million). The recognition of the journalism tax credits receivable is based on the Company's interpretation of the federal budget and the related legislation. Actual amounts received may differ from the amounts currently recorded based on future CRA and/or Revenue Québec interpretations of eligibility, qualifications and determination of the tax credits.

5. RESTRICTED CASH

Changes to the Company's restricted cash for the years ended August 31, 2021 and 2020 are as follows:

	Restricted Cash
August 31, 2019	13
Returned (note 13)	(13)
Net proceeds on sale of assets [1]	3,402
August 31, 2020	3,402
Net proceeds on sale of property and equipment and assets held-for-sale [2]	6,266
Net proceeds on sale of shares [3]	8,979
Long-term debt repayment [4]	(18,210)
August 31, 2021	437

(1) During the year ended August 31, 2020, the Company sold the Barrie facility for net proceeds of $3.4 million and realized a gain on sale of $0.7 million (note 8).

(2) During the year ended August 31, 2021, proceeds of $1.1 million, related to the sale of property and equipment were received as restricted cash. In addition, during the year ended August 31, 2021 proceeds of $5.2 million related to the sale of the Calgary press facility, classified as held-for–sale on the consolidated statement of financial position, was received as restricted cash.

(3) During the year ended August 31, 2021, net proceeds of $9.0 million related to the purchase and sale of shares were received as restricted cash (note 19).

(4) On October 1, 2020, the Company used $3.4 million of restricted cash to redeem $3.3 million of first-lien debt and pay accrued interest of $0.1 million, on November 5, 2020 the Company used $5.2 million to redeem $5.2 million of first-lien debt and pay accrued interest of a nominal amount and on April 30, 2021 the Company used $9.6 million to redeem $9.6 million of first-lien debt. In aggregate during the year ended August 31, 2021, the Company used $18.2 million of restricted cash to redeem $18.1 million aggregate principal amount of first-lien debt and pay accrued interest of $0.1 million (note 13).

6. IMPAIRMENT OF LONG-LIVED ASSETS

Impairment for the years ended August 31, 2021 and 2020 are as follows:

	2021	2020
Impairment of long-lived assets		
Intangible assets - domain names (note 10)	2,614	1,263
Intangible assets - mastheads (note 10)	12,250	11,244
Property and equipment - land (note 11)	5,000	-
Other assets	500	-
Other impairments		
Assets held-for-sale - land and buildings (note 8)	5,800	800
Impairment	26,164	13,307

Impairment of long-lived assets

During the year ended August 31, 2021 and 2020, the Company completed its annual impairment testing of goodwill and indefinite life intangible assets as well as interim impairment testing of indefinite life intangible assets. The recoverable amounts for all tests were based on FVLCD of the CGUs, which are primarily geographical groups of newspapers by city or region, as applicable. The FVLCD was determined by applying a market multiple model using a multiple range of 2.5 to 3.5 times the adjusted trailing twelve month operating income before depreciation, amortization, impairment, settlement gain and restructuring less disposal costs. Management determined this key assumption based on an average of market multiples for comparable entities. The FVLCD measurements represent a Level 3 measurement within the fair value hierarchy due to required allocation of corporate costs and digital revenues and the estimated costs of disposal within the individual CGUs. Based on the impairment tests, the Company determined that certain of its CGUs recoverable amounts were less than their carrying amount and as a result during the year ended August 31, 2021, recognized an impairment of $20.4 million (2020 - $12.5 million). For CGUs with $16.3 million of indefinite life intangible assets remaining a reasonably possible reduction in the market multiple assumption of approximately 1.0 or a 33% decrease in the trailing twelve month operating income before depreciation, amortization, impairment, settlement gain and restructuring less disposal costs could result in the recoverable amount being less than its carrying amount, and as a result, certain of the indefinite life intangible assets may be further impaired. There were no tax impacts as a result of the impairment.

Other impairments

During the year ended August 31, 2021, the FVLCD of the Company's assets held-for-sale were reduced based on the estimated net proceeds resulting in impairment charges of $5.8 million, in the consolidated statement of operations (2020 - $0.8 million) and aggregate assets held-for-sale as at August 31, 2021 of $17.7 million (August 31, 2020 - $28.2 million).

7. INVENTORY

	As at August 31, 2021	As at August 31, 2020
Newsprint	2,460	2,343
Other	888	917
Total inventory	3,348	3,260

No inventories were carried at net realizable value at August 31, 2021 and 2020.

8. PROPERTY AND EQUIPMENT

	Land	Buildings and leaseholds	Computer hardware	Machinery and equipment	Total
Cost					
August 31, 2019	20,051	66,672	27,522	110,780	225,025
Additions	-	1,524	422	511	2,457
Disposals	(886)	(2,796)	(207)	(660)	(4,549)
Transfer - assets held-for-sale [(1)]	(1,020)	(4,350)	-	-	(5,370)
Transfer - right of use assets (note 9)	-	(25,834)	-	-	(25,834)
August 31, 2020	18,145	35,216	27,737	110,631	191,729
Additions	-	273	1,571	631	2,475
Disposals	(183)	(878)	(283)	(644)	(1,988)
August 31, 2021	17,962	34,611	29,025	110,618	192,216
Accumulated depreciation and impairment losses					
August 31, 2019	-	(36,575)	(24,487)	(54,103)	(115,165)
Depreciation	-	(2,180)	(1,482)	(7,985)	(11,647)
Disposals	-	670	207	660	1,537
Transfer - assets held-for-sale [(1)]	-	816	-	-	816
Transfer - right of use assets (note 9)	-	23,508	-	-	23,508
August 31, 2020	-	(13,761)	(25,762)	(61,428)	(100,951)
Depreciation	-	(1,931)	(1,376)	(7,868)	(11,175)
Disposals	-	373	283	644	1,300
Impairments (note 6)	(5,000)	-	-	-	(5,000)
August 31, 2021	(5,000)	(15,319)	(26,855)	(68,652)	(115,826)
Net carrying value					
August 31, 2020	18,145	21,455	1,975	49,203	90,778
August 31, 2021	12,962	19,292	2,170	41,966	76,390

(1) During the year ended August 31, 2020, as a result of an outsourcing agreement, the Company determined that the Edmonton press facility's carrying amount will be recovered principally through a sales transaction and as a result, classified this property at its carrying amount of $4.5 million as held-for-sale on the consolidated statement of financial position (note 6).

9. RIGHT OF USE ASSETS AND LEASE OBLIGATIONS

Changes to the Company's right of use assets and lease obligations for the years ended August 31, 2021 and 2020 are as follows:

	Right of use assets		Lease Liabilities	
	2021	2020	2021	2020
Balance, beginning of year	40,857	48,783	46,618	51,058
Amortization	(6,650)	(7,185)	-	-
Additions	1,838	107	1,838	107
Terminations [1]	(126)	(607)	(134)	(1,055)
Adjustments	(273)	(241)	(273)	(241)
Payments	-	-	(9,424)	(6,297)
Interest	-	-	2,656	3,046
Balance, end of year	35,646	40,857	41,281	46,618
Lease obligations due within one year			(8,120)	(9,482)
Non-current lease obligations			33,161	37,136

(1) During the year ended August 31, 2021, the Company paid a nominal amount to terminate certain leases resulting in a nominal gain which is included in gain on disposal of property and equipment, assets held-for-sale and right of use assets on the consolidated statement of operations (2020 –$0.2 million and $0.2 million, respectively).

10. INTANGIBLE ASSETS

	Finite Life				Indefinite Life		
	Software	Subscriber lists	Customer relationships	Domain names	Mastheads	Domain names	Total
Cost							
August 31, 2019	62,631	206,200	11,336	7,687	271,450	31,207	590,511
Additions	613	-	-	-	-	-	613
Disposals	(24)	-	-	-	-	-	(24)
August 31, 2020	63,220	206,200	11,336	7,687	271,450	31,207	591,100
Additions	449	-	-	-	-	-	449
Disposals	(4,303)	-	-	-	-	-	(4,303)
August 31, 2021	59,366	206,200	11,336	7,687	271,450	31,207	587,246
Accumulated amortization and accumulated impairment losses							
August 31, 2019	(53,440)	(203,403)	(11,336)	(6,389)	(232,079)	(23,497)	(530,144)
Amortization	(4,174)	(2,797)	-	(168)	-	-	(7,139)
Impairment (note 6)	-	-	-		(11,244)	(1,263)	(12,507)
Disposals	24	-	-	-	-	-	24
August 31, 2020	(57,590)	(206,200)	(11,336)	(6,557)	(243,323)	(24,760)	(549,766)
Amortization	(2,952)	-	-	(176)	-	-	(3,128)
Impairment (note 6)	-	-	-	-	(12,250)	(2,614)	(14,864)
Disposals	4,303	-	-	-	-	-	4,303
August 31, 2021	(56,239)	(206,200)	(11,336)	(6,733)	(255,573)	(27,374)	(563,455)
Net carrying value							
August 31, 2020	5,630	-	-	1,130	28,127	6,447	41,334
August 31, 2021	3,127	-	-	954	15,877	3,833	23,791

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	As at August 31, 2021	As at August 31, 2020
Trade accounts payable	11,990	11,574
Accrued liabilities	33,955	32,045
Accrued interest on long-term debt	3,654	4,422
Accounts payable and accrued liabilities	49,599	48,041

12. PROVISIONS

	Restructuring [(a)]	Unoccupied leases [(a)]	Other provisions [(b)]	Total
Provisions as at August 31, 2019	5,331	502	60	5,893
Charges	14,845	-	(60)	14,785
Payments	(13,320)	(502)	-	(13,822)
Provisions as at August 31, 2020	6,856	-	-	6,856
Charges	5,920	-	-	5,920
Payments	(10,519)	-	-	(10,519)
Provisions as at August 31, 2021	2,257	-	-	2,257
Portion due within one year	(2,257)	-	-	(2,257)
Non-current provisions	-	-	-	-

(a) Restructuring and unoccupied leases

During the year ended August 31, 2021, the Company began new restructuring initiatives and incurred restructuring expenses of $5.9 million, which include both involuntary terminations and voluntary buyouts. During the year ended August 31, 2020, the Company implemented restructuring initiatives which included additional cost saving measures as a result of the COVID-19 pandemic including the closure of 15 community publications in Manitoba and Ontario and incurred restructuring expense related to these initiatives of $14.8 million which included both involuntary terminations, voluntary buyouts and a provision for onerous leases.

(b) Other provisions

Other provisions included claims and grievances which have been asserted against the Company.

13. LONG-TERM DEBT

	Maturity	Principal	Financing fees, discounts and other	As at August 31, 2021 Carrying value of debt	As at August 31, 2020 Carrying value of debt
8.25% Senior Secured Notes	July 2023	66,858	(573)	66,285	97,934
10.25% Second Lien Secured Notes [(1)]	January 2024	189,529	(143)	189,386	175,421
Senior Secured Asset-Based Revolving Credit Facility	October 2022	-	-	-	-
Total long-term debt				255,671	273,355
Portion due within one year				(7,409)	(20,372)
Non-current long-term debt				248,262	252,983

(1) - US$ principal as at August 31, 2021 of US$150.2 million (August 31, 2020 - US$134.6 million) translated to the Canadian equivalent based on the foreign exchange rate on August 31, 2021 of US$1:$1.2617 (August 31, 2020 - US$1:$1.3042).

Changes to the Company's long-term debt for the years ended August 31, 2021 and 2020 are as follows:

	2021	2020
Balance, beginning of year	273,355	255,011
Repayment of long-term debt	(32,305)	(94,761)
Proceeds from issuance of long-term debt	-	95,235
Debt issuance costs	-	(1,710)
Non-cash interest [(1)]	20,632	23,394
Non-cash foreign currency exchange gains	(5,880)	(3,672)
Other	(131)	(142)
Balance, end of year	255,671	273,355

[(1)] Non-cash interest in the year ended August 31, 2021 includes the issuance of additional Second-Lien Notes of US$15.6 million ($19.6 million) related to paid-in-kind interest (2020 - US$14.0 million ($18.6 million)).

8.25% Senior Secured Notes due 2023 (“First-Lien Notes”)

As at August 31, 2021, Postmedia Network has $66.9 million of 8.25% Senior Secured Notes due 2023 (“First-Lien Notes”) outstanding (August 31, 2020 $99.2 million). The First-Lien Notes are subject to semi-annual mandatory principal redemptions equal to 50% of excess cash flow, calculated as per the terms of the amended and restated First- Lien Notes indenture, with a minimum of $5.0 million annually. During the year ended August 31, 2021, the Company redeemed $32.3 million, aggregate principal amount of First-Lien Notes which includes redemptions of $18.1 million related to the sale of assets (note 5), $6.9 million related to the excess cash flow redemption for the six months ended August 31, 2020 and $7.3 million related to the excess cash flow redemption for the six months ended February 28, 2021. On April 6, 2020, the Company received a waiver of certain terms related to the First-Lien Notes indenture which included the cash interest payment of $3.9 million due on April 30, 2020 being satisfied through the issuance of additional First-Lien Notes and the mandatory excess cash flow redemption related to the six months ended February 29, 2020 being waived in full. Subsequent to August 31, 2021, pursuant to the semi-annual excess cash flow requirement contained in the First-Lien Notes indenture the excess cash flow for the six months ended August 31, 2021 was $2.4 million which is expected to be used to redeem a portion of the First-Lien Notes and pay accrued interest on November 24, 2021 (note 24). The effective interest rate of the First-Lien Notes which amortizes the aggregate initial financing fees based on the estimated initial cash flows is 9.1%. The First-Lien Notes are secured on a first priority basis by substantially all of the assets of Postmedia Network and the assets of the Company (“First-Lien Notes Collateral”).

The First-Lien Notes are also subject to covenants that restrict the Company’s ability to incur additional indebtedness, pay dividends or make other distributions or repurchase or redeem certain indebtedness or capital stock, make loans and investments, sell assets, incur certain liens, enter into certain transactions with affiliates, alter the businesses it conducts, enter into agreements restricting its subsidiaries’ ability to pay dividends and consolidate, merge or sell all or substantially all of its assets.

Refinancing Transaction

On September 9, 2019, the Company completed a refinancing transaction (“Refinancing Transaction”) that included the redemption of $94.8 million aggregate principal amount of 8.25% Senior Secured Notes due 2021 (“Former First-Lien Notes”) at par, plus accrued interest of $2.8 million, and terminated the Former First-Lien Notes indenture. The Company financed the redemption through the issuance of $95.2 million aggregate principal amount of First-Lien Notes to Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages (collectively, “Canso”) for net proceeds of $93.5 million, after financing fees of $1.7 million. The First-Lien Notes have substantially similar terms to the Former First-Lien Notes with the exception of a reduction to the minimum annual excess cash flow redemption from $10.0 million to $5.0 million and was accounted for as an extinguishment. Upon close of the Refinancing Transaction, a nominal amount of restricted cash was released to the Company.

10.25% Senior Secured Notes due 2024 (“Second-Lien Notes”)

As at August 31, 2021, Postmedia Network has US$150.2 million ($189.5 million) of 10.25% Senior Secured Notes due 2024 (“Second-Lien Notes”) outstanding (2020 – US$134.6 million ($175.6 million)). As part of the Refinancing Transaction described above, the Company extended the maturity of the Second-Lien Notes by six months to January 15, 2024 and accounted for this extension as a debt modification. The Second-Lien Notes bear interest at 10.25% cash interest or 11.25% paid-in-kind interest, at the option of the Company until maturity subject to the conditions of no option to pay cash interest until the year ended August 31, 2020 unless the aggregate amount of First-Lien Notes, together with any other first-lien debt of the Company, was $112.5 million or less. Interest is payable in cash or issued as additional Second-Lien Notes semi-annually on January 31 and July 31 of each year. During the year ended August 31, 2021, the Company issued additional Second-Lien Notes of US$15.6 million ($19.6 million) related to paid-in-kind interest as per the terms of the Second-Lien Notes indenture (2020 – US$14.0 million ($18.6 million)). The effective interest rate of the Second-Lien Notes which amortizes the initial financing fees based on the estimated initial cash flows is 11.6%. There were no redemptions of Second-Lien Notes during the years ended August 31, 2021 and 2020. The Second-Lien Notes are secured on a second priority basis by the First-Lien Notes Collateral.

The Second-Lien Notes are subject to covenants that restrict the Company's ability to incur additional indebtedness, pay dividends or make other distributions or repurchase or redeem certain indebtedness or capital stock, make loans and investments, sell assets, incur certain liens, enter into certain transactions with affiliates, alter the businesses it conducts, enter into agreements restricting its subsidiaries' ability to pay dividends and consolidate, merge or sell all or substantially all of its assets.

Senior Secured Asset-Based Revolving Credit Facility ("ABL Facility")

On January 18, 2017, the Company entered into the ABL Facility for a term of two years with Chatham Asset Management LLC ("Chatham LLC") and certain investment funds or accounts for which Chatham LLC or its affiliates acts as an investment advisor, sub-advisor or manager (collectively, "Chatham"). On December 15, 2018, the Company entered into an agreement to extend the term of the ABL Facility to January 18, 2021 with Chatham, for an aggregate availability of up to $15.0 million, which may be increased by up to $10.0 million at the Company's request and with the consent of the lender. On August 10, 2020, the Company entered into an agreement with an effective date of October 1, 2020 to extend the term of the ABL Facility to October 1, 2022. The ABL Facility bears interest on amounts drawn at bankers acceptance rate plus 5.0% with a commitment fee of 0.5% on the amount of available borrowings. The ABL Facility is secured on a first-priority basis by trade and other receivables, cash, inventory and any related assets of the Company and on a third priority basis by the First-Lien Notes Collateral. As at August 31, 2021, the Company has no amount drawn on the ABL Facility and has availability of $15.0 million (August 31, 2020 – nil and $15.0 million, respectively) and during the year ended August 31, 2021, incurred interest expense of $0.1 million and paid interest of $0.1 million, respectively (2020 – $0.2 million and $0.2 million, respectively).

The following table provides principal undiscounted minimum payments of long-term debt, based upon terms and conditions existing at August 31, 2021.

2022	7,409
2023	59,449
2024	189,529
2025	-
2026	-
Thereafter	-
	256,387

Aggregate interest expense relating to long-term debt for the year ended August 31, 2021 was $27.4 million (2020 - $27.7 million).

14. EMPLOYEE BENEFIT PLANS

On January 29, 2019, the Company 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 the Company's defined benefit pension plans (the "Postmedia Plans"), with the CAAT Pension Plan. Effective July 1, 2019, the Company received approval from Postmedia Plan members and the Company became a participating employer under the CAAT Pension Plan and all members of the Postmedia Plans, as well as members of the Company's defined contribution pension plan, 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. On October 8, 2020, the Company received consent from the Financial Services Regulatory Authority of Ontario to transfer the Postmedia Plans assets to the CAAT Pension Plan which was completed in November 2020. On completion of the asset transfer the CAAT Pension Plan assumed the defined benefit obligations of the Postmedia Plans and the Company commenced funding an obligation of $11.0 million related to the transferred Postmedia Plans deficits payable over a term of ten years and recognized a non-cash gain on settlement of $63.1 million in the year ended August 31, 2021 which is included in settlement gain in the consolidated statement of operations.

The Company has a number of unfunded defined benefit plans that include post-retirement benefits and other long-term employee benefits. The post-retirement benefit plans are non-contributory and include health and life insurance benefits available to eligible retired employees. The other long-term employee benefit plans are non-contributory and include disability, health and life insurance benefits available to eligible active employees. Prior to the completion of the merger with the CAAT Pension Plan the Company had a number of funded defined benefit pension plans registered under the Ontario Pension Benefits Act that provided benefits upon retirement, termination or death based upon years of service and final average salary. The Company now pays contributions to multi-employer defined benefit pension plans which provides benefits upon retirement to eligible employees.

The net defined benefit plan obligation related to the Company's pension benefit plans, post-retirement benefit plans and other long-term employee benefit plans recorded in employee benefit obligations and other liabilities on the consolidated financial position as at August 31, 2021 and 2020 are as follows:

	As at August 31, 2021	As at August 31, 2020
Pension benefits	-	62,238
Post-retirement benefits	25,413	28,367
Other long-term employee benefits	9,948	11,257
Net defined benefit plans obligation	35,361	101,862
Payable to the CAAT Pension Plan	9,392	-
Employee benefit obligations and other liabilities	44,753	101,862

Changes to the Company's pension benefit plans, post-retirement benefit plans and other long-term employee benefit plans benefit obligations and the fair value of plan assets for the years ended August 31, 2021 and 2020 are as follows:

	Pension benefits		Post-retirement benefits		Other long-term employee benefits	
	2021	2020	2021	2020	2021	2020
Change in benefit obligations						
Benefit obligations, beginning of year	582,030	580,157	28,367	28,536	11,257	13,287
Current service cost	-	-	467	411	247	379
Interest cost	3,711	15,954	727	790	191	297
Actuarial losses (gains)	(3,654)	14,545	(1,452)	943	4	(608)
Benefits paid	(6,689)	(28,626)	(2,696)	(2,313)	(1,751)	(2,098)
Transfer [(1)]	(575,398)	-	-	-	-	-
Benefit obligations, end of year	-	582,030	25,413	28,367	9,948	11,257
Change in fair value of plan assets						
Fair value of plan assets, beginning of year	520,619	533,414	-	-	-	-
Expected return on plan assets [(2)]	3,305	14,605	-	-	-	-
Actuarial gains (losses)	(15,793)	2,132	-	-	-	-
Employer contributions	-	120	2,696	2,313	1,751	2,098
Benefits paid	(6,689)	(28,626)	(2,696)	2,313	(1,751)	(2,098)
Administration costs	(171)	(1,026)	-	-	-	-
Transfer [(1)]	(501,271)	-	-	-	-	-
Fair value of plan assets, end of year	-	520,619	-	4,626	-	-
Net defined benefit plan obligations						
Benefit obligations	-	582,030	25,413	28,367	9,948	11,257
Fair value of plan assets	-	520,619	-	-	-	-
Impact of asset ceiling	-	827	-	-	-	-
Net defined benefit plan obligations	-	62,238	25,413	28,367	9,948	11,257

(1) During the year ended August 31, 2021, the Company completed the CAAT Pension Plan merger transferring obligations and assets of $575.4 and $501.3 million, respectively, in exchange for an obligation of $11.0 million payable to the CAAT Pension Plan resulting in a non-cash gain on settlement of $63.1 million.

(2) The actual return on plan assets for the year ended August 31, 2021 was a loss of $12.5 million (2020 – gain of $16.7 million).

The investment strategy for pension plan assets was to utilize a balanced mix of equity and fixed income portfolios to earn a long-term investment return that would meet the Company's pension plan obligations. Active management and style diversification strategies were utilized for the equity portfolios in anticipation of realizing investment returns in excess of market indices. The Compensation and Pension Committee, composed of certain members of the Board oversaw and monitored the management and overall governance of the pension and retirement plans sponsored and administered by the Company. The Compensation and Pension Committee, among other things, oversaw the investment strategy for the pension plan assets, including adopting the Company's investment policy and monitoring compliance with the policy, appointing the investment fund managers and reviewing their performance. The utilization of investment fund managers who adopt different style mandates allowed the Company to achieve a diversified portfolio and reduce portfolio risks.

The Company's investment policy addressed the permitted and prohibited investments for the plan assets including restrictions on the fixed income quality, and quantity of investments in various asset classes as follows:

- The fixed income quality restrictions included a minimum rating of "BBB" from the Dominion Bond Rating Services or equivalent for bonds and debentures; a minimum rating of "R1" from the Dominion Bond Rating Services or equivalent for short-term investments; and a minimum rating of "P1" or equivalent for preferred stock.
- The quantity of investments allowed in various asset classes ranged from 0% to 45% and contained restrictions such that no single equity holding shall exceed 10% of the market value of plan assets, no single equity holding shall exceed 15% of the market value of an investment managers equity portfolio, no single equity holding will exceed 30% of the voting shares of any such corporation, no more than 10% of any investment managers bond portfolio may be invested in bonds of any company other than bonds of the federal government or bonds of any provincial governments with a minimum rating of AA and no more than 15% of the market value of any investment managers bond portfolio may be invested in bonds with a rating of BBB or equivalent.
- Investment managers were prohibited from making direct investments in resource properties, mortgages, venture capital financing, bonds of foreign issuers, investing in companies for the purposes of managing them, purchasing securities on margin or making short sales.
- The pension plans were not permitted to directly invest in debt or equity securities of the Company.

The pension benefit plans of the Company had an asset mix as at August 31, 2020 as follows:

	As at August 31, 2020	Target	Fair value hierarchy (note 21)
Canadian equities	31%	30%	Level 2
Foreign equities	33%	30%	Level 2
Fixed income	35%	40%	Level 2
Cash	1%	0%	Level 1

The net employee benefit plan costs related to the Company's pension benefit plans, post-retirement benefit plans and other long-term employee benefit plans reported in net earnings (loss) in the consolidated statements of operations for the years ended August 31, 2021 and 2020 are as follows:

	Pension benefits		Post-retirement benefits		Other long-term employee benefits		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Current service cost	-	-	467	411	247	379	714	790
Administration costs	171	1,026	-	-	-	-	171	1,026
Net actuarial (gains) losses	-	-	-	-	4	(608)	4	(608)
Settlement gain	(63,079)	-	-	-	-	-	(63,079)	-
Net financing expense	406	1,349	727	790	191	297	1,324	2,436
Net defined benefit plan expense (recovery) (1)	(62,502)	2,375	1,194	1,201	442	68	(60,866)	3,644
Employer contributions to multi-employer plans	4,433	4,773	-	-	-	-	4,433	4,773
Total plan expense (recovery)	(58,069)	7,148	1,194	1,201	442	68	(56,433)	8,417

(1) All current service costs, administration costs and net actuarial (gains) losses related to other long-term employee benefits are included in compensation expense in the consolidated statements of operations. Settlement gains are included in settlement gain in the consolidated statements of operations. Net financing expense is included in net financing expense relating to employee benefit plans in the consolidated statements of operations.

Gains (losses) related to the Company's pension benefit plans and post-retirement benefit plans recognized in the consolidated statements of comprehensive income (loss) for the years ended August 31, 2021 and 2020 are as follows:

	Pension benefits		Post-retirement benefits		Total	
	2021	2020	2021	2020	2021	2020
Net actuarial gains (losses) on employee benefit plans	(12,139)	(12,413)	1,452	(943)	(10,687)	(13,356)
Impact of asset ceiling	827	543	-	-	827	543
Gains (losses) recognized in other comprehensive income (loss)	(11,312)	(11,870)	1,452	(943)	(9,860)	(12,813)

The cumulative actuarial losses related to the Company's pension benefit plans and post-retirement benefit plans recognized directly in deficit in the consolidated statement of financial position are as follows:

	Actuarial Losses
August 31, 2020	(14,833)
Net actuarial losses recognized in other comprehensive loss and deficit	(10,687)
August 31, 2021	(25,520)

Significant actuarial assumptions used in measuring the Company's benefit obligations as at August 31, 2021 and 2020 and employee benefit plan expense for the years ended August 31, 2021 and 2020 are as follows:

	Pension benefits		Post-retirement benefits [1]		Other long-term employee benefits	
	2021	2020	2021	2020	2021	2020
Benefit obligations [2]						
Discount rate [3]	N/A	2.60%	3.05%	2.65%	2.05%	1.80%
Rate of compensation increase	N/A	2.50%	2.50%	2.50%	N/A	N/A
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Benefit plan expense						
Discount rate	2.60%	2.80%	2.65%	2.85%	1.80%	2.35%
Rate of compensation increase	2.50%	2.65%	2.50%	2.65%	N/A	N/A

(1) The assumed health care cost trend rates for the next year used to measure the expected cost of benefits covered for the post-retirement benefit health and life plans were 5.1 for medical for the next4 years to 2024.

(2) As at August 31, 2021, the duration of the post-retirement and other long term employee benefit obligation was 13 and 5 years, respectively (August 31, 2020 – 13 and 5 years, respectively).

(3) A change in the discount rate used in the valuation of defined benefit obligations, affects the reported funded status of the Company's plans as well as the net benefit cost in subsequent years. As at August 31, 2021, a 50 basis-point decrease in the discount rate would increase the post-retirement and other long-term employee benefit obligations by $1.8 million and $0.3 million, respectively, and a 50 basis-point increase in the discount rate would decrease the post-retirement and other long-term employee defined benefit obligations by $1.9 million and $0.2 million, respectively.

The Company expects to contribute approximately $4.0 million to the multi-employer pension plans during the year ending August 31, 2022.

15. CAPITAL STOCK AND EARNINGS (LOSS) PER SHARE

The Company's shares trade on the Toronto Stock Exchange ("TSX") under the symbols PNC.A for its Class C voting shares ("Voting Shares") and PNC.B for its Class NC variable voting shares ("Variable Voting Shares").

Authorized capital stock

The Company's authorized capital stock consists of two classes; Voting Shares and Variable Voting Shares. The Company is authorized to issue an unlimited number of Voting Shares and Variable Voting Shares.

Voting Shares

Holders of the Voting Shares shall be entitled to one vote at all meetings of shareholders of the Company. The Voting Shares and Variable Voting Shares rank equally on a per share basis in respect of dividends and distributions of capital.

A Voting Share shall be converted into one Variable Voting Share automatically if a Voting Share becomes held or beneficially owned or controlled, by a person who is a citizen or subject of a country other than Canada. In addition to the automatic conversion feature, a holder of Voting Shares shall have the option at any time to convert some or all of such shares into Variable Voting Shares on a one-for-one basis and to convert those shares back to Voting Shares on a one-for-one basis.

Variable Voting Shares

The Variable Voting Shares have identical terms as the Voting Shares and rank equally with respect to voting, dividends and distribution of capital, except that Variable Voting Shares shall not carry one vote per Variable Voting Share if:

(a) the number of issued and outstanding Variable Voting Shares exceeds 49.9% of the total number of all issued and outstanding shares; or

(b) the total number of votes that may be cast by, or on behalf of, holders of Variable Voting Shares present at any meeting of holders of shares exceeds 49.9% of the total number of votes that may be cast by all holders of shares present and entitled to vote at such meeting.

If either of the above-noted thresholds is surpassed at any time, the vote attached to each Variable Voting Share will decrease automatically to equal the maximum permitted vote per Variable Voting Share.

Postmedia Rights Plan

Under the Postmedia Rights Plan, one right has been issued by Postmedia in respect of each Voting Share and Variable Voting Share. A right shall become exercisable following the acquisition or attempted acquisition by an person (including such person's affiliates or associates or any person acting jointly or in concert with such parties) of beneficial ownership of 20% or more of any class of outstanding shares of Postmedia and/or public announcement of the intent of any person to commence a taker bid without complying with the "Permitted Bid" provisions of the Postmedia Rights Plan. For purposes of determining beneficial ownership under the Postmedia Rights Plan, Variable Voting Shares beneficially owned or controlled by a citizen or subject of Canada are deemed to also include the Voting Shares into which such Variable Voting Shares could be converted. Should such an acquisition occur or be announced, subject to all other provisions of the Postmedia Rights Plan, each right will entitle the registered holder thereof to purchase from Postmedia one additional Voting Share or Variable Voting Share, as the case may be at a substantial discount to the prevailing market price. This purchase could cause significant dilution to the person or group of persons attempting to acquire control of Postmedia, other than by way of a Permitted Bid. The Board has discretion to waive the application of the Postmedia Rights Plan, and to amend the Postmedia Rights Plan at any time, or redeem all of the outstanding rights for $0.000001 per right.

The Postmedia Rights Plan will remain in force until the earlier of the Termination Time (the time at which the right to exercise rights will terminate pursuant to the Postmedia Rights Plan) and the date of the next reconfirmation of the Postmedia Rights Plan by shareholders at the annual shareholder meeting to be held in 2023.

Issued and outstanding capital stock

	Voting Shares		Variable Voting Shares		Total Shares	
	Number	$ 000's	Number	$ 000's	Number	$ 000's
August 31, 2019	61,625	17,992	93,678,674	792,869	93,740,299	810,861
Conversions	(7,603)	(66)	7,603	66	-	-
August 31, 2020	54,022	17,926	93,686,277	792,935	93,740,299	810,861
Conversions	11,299	113	(11,299)	(113)	-	-
August 31, 2021	65,321	18,039	93,674,978	792,822	93,740,299	810,861

The following table provides a reconciliation of the denominators, which are presented in whole numbers, used in computing basic and diluted earnings (loss) per share for the years ended August 31, 2021 and 2020. No reconciling items in the computation of net earnings (loss) exist.

	2021	2020
Basic weighted average shares outstanding during the year	93,740,299	93,740,299
Dilutive effect of options and restricted share units	5,010,735	-
Diluted weighted average shares outstanding during the year	98,751,034	93,740,299
Options and restricted share units outstanding which are anti-dilutive [1]	1,688,734	-

[1] All outstanding options and restricted share units are anti-dilutive due to a net loss in the year ended August 31, 2020.

16. SHARE-BASED COMPENSATION PLANS

Share option plan

The Company has a share option plan (the “Option Plan”) for its employees and officers to assist in attracting, retaining and motivating officers and employees. The Option Plan is administered by the Board.

The maximum number of options available for issuance under the Option Plan is 3.7 million and shall not exceed 10% of the Company’s issued and outstanding shares. The issued options entitle the holder to acquire one share of the Company at an exercise price no less than the fair value of a share at the date of grant, of which fair value is determined to be the volume-weighted average trading price of the Variable Voting Shares on the TSX for the five trading days immediately preceding the issuance of such options. The issued options vest as follows: 20% immediately with the remainder vesting evenly over 4 years ordinarily on the anniversary date of the date of grant. Each option may be exercised during a period not exceeding 10 years from the date of grant.

During the year ended August 31, 2020, the Company granted a nominal amount of options. The fair value of the underlying options was estimated using the Black-Scholes option pricing model. The weighted average fair value of the issued options and key assumptions used in applying the Black-Scholes option pricing model were as follows:

		2020
Fair value	$	1.06
Key assumptions		
Exercise Price	$	1.77
Risk-free interest rate [1]		1.51%
Dividend yield		-
Volatility factor [2]		72.34%
Expected life of options		5 years

[1] Based on Bank of Canada five year benchmark bond yield in effect on the date of grant.
Based on the volatility of the Company and comparable companies shares due to the low liquidity of the Company’s shares.

The following table provides details on the changes to the issued options, which are presented in whole numbers, for the years ended August 31, 2021 and 2020:

	2021		2020	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Balance, beginning of year	2,576,723	$ 1.02	2,547,500	$ 1.01
Granted	-	$ -	29,223	$ 1.77
Forfeited	(34,750)	$ 1.00	-	$ -
Cancelled	(99,000)	$ 1.02	-	$ -
Balance, end of year	2,442,973	$ 1.02	2,576,723	$ 1.02
Vested options at end of year - exercisable	1,965,689	$ 1.02	1,558,345	$ 1.02

During the year ended August 31, 2021, the Company recorded compensation expense relating to the Option Plan of $0.1 million (2020 - $0.2 million), with an offsetting credit to contributed surplus. The total unrecognized compensation expense is a nominal amount, which is expected to be recognized over the next three years (2020 - $0.2 million over the next four years).

Restricted share unit plan

The Company has a restricted share unit plan (the "RSU Plan"). The RSU Plan provides for the grant of restricted share units ("RSUs") to participants, being current, part-time or full-time officers, employees or consultants of the Company. The maximum aggregate number of RSUs issuable pursuant to the RSU Plan at any time shall not exceed 7.5 million shares of the Company. The RSU Plan is administered by the Board.

Each RSU will be settled for one share, without payment of additional consideration, after such RSU has vested; however, at any time, a participant may request in writing, upon exercising vested RSUs, subject to the consent of the Company, that the Company pay an amount in cash equal to the aggregate current fair market value of the shares on the date of such exercise in consideration for the surrender by the participant to the Company of the rights to receive shares under such RSUs. The issued RSUs vest either; 20% immediately with the remainder vesting evenly over 4 years ordinarily on the anniversary of the grant date or 1/3 annually on the vesting date which is ordinarily on the anniversary of grant date . Each RSU may be exercised during a period not exceeding 10 years from the date of grant. The Board may in its sole discretion accelerate the vesting date for all or any RSUs for any participant at any time and from time to time and issue tandem awards that provide a choice to either exercise stock options or RSUs, which are accounted for as RSUs. RSUs are non-transferable. The terms and conditions of RSUs granted under the RSU Plan will be subject to adjustments in certain circumstances, at the discretion of the Board and contain certain conditions regarding the resignation, cessation and termination of participants.

During the year ended August 31, 2020, the Company had two RSU grants of a nominal amount and 0.7 million RSUs. The fair value of the RSUs granted was estimated by using a grant date fair value per share of $1.77 and $2.03, respectively. The fair value of $1.77 and $2.03 per share was based on the volume-weighted average trading price of the Variable Voting Shares for the five trading days immediately preceding the issuance. As at August 31, 2021, the Company has 4.3 million RSUs including a 1.2 million tandem award outstanding (August 31, 2020 – 4.4 million RSUs including a 1.2 million tandem award). During the year ended August 31, 2021, the Company recorded compensation expense related to the RSU Plan of $0.5 million with an offsetting credit to contributed surplus (2020 – $0.9 million). The total unrecognized compensation expense is $0.3 million, which is expected to be recognized over the next three years (2020 - $0.9 million over the next four years).

17. INCOME TAXES

Provision for income taxes

The provision for income taxes differs from the amount that would have resulted from applying the statutory tax rate to loss before income taxes for the years ended August 31, 2021 and 2020 as follows:

	2021	2020
Earnings (loss) before income taxes	33,726	(16,153)
Statutory income tax rate based on combined federal and provincial rates	26.20%	26.34%
Tax provision (recovery) based on statutory tax rates	8,836	(4,255)
Effects of:		
Non-taxable portion of net capital gains	(977)	(22)
Net non-taxable income (non-deductible expenses)	(374)	622
Non-deductible portion of impairments	766	-
Tax rate changes on deferred income taxes	(590)	61
Adjustments in respect of prior years	1,274	1,549
Change in unrecognized deferred income tax assets	(8,963)	2,038
Other	28	7
Provision for income taxes	-	-

The Company's applicable tax rate is the Canadian combined rates applicable in the jurisdictions in which the Company operates. The increase in the Company's effective tax rate is due to the change in allocation of income taxes to the various jurisdictions in which the Company operates.

No taxes have been recorded in other comprehensive loss as the associated deferred tax assets have not been recognized.

Deferred income tax

As at August 31, 2021 and 2020, the Company has not recognized deferred tax assets in respect of the following:

	2021	2020
Total tax loss carryforwards	446,776	432,538
Other deductible temporary differences	182,978	221,060
Total deductible temporary differences	629,754	653,598
Deferred income tax rate	25.98%	25.90%
Deferred income tax assets	163,610	169,282
Deferred income tax liabilities	(710)	-
Net deferred income tax assets not recognized	162,900	169,282

As at August 31, 2021, the total non-capital losses and net-capital losses with expiration dates are as follows:

Year	Tax losses
2031	78,758
2032	86,124
2033	12,946
2034	25,347
2035	21,537
2036	67,935
2037	62,020
2038	23,862
2039	19,133
2040	5,152
2041	20,884
Total non-capital losses	423,698
Total net-capital losses (no expiry date)	23,078
Total loss carryforwards	446,776

18. CAPITAL MANAGEMENT

The Company's capital management objective is to maximize shareholder returns by (a) prioritizing capital expenditures related to the development of digital media products with growth potential, and (b) utilizing the majority of remaining free cash flow for the repayment of debt. During the years ending August 31, 2021 and 2020, the Company's capital management strategy included reviewing alternatives to manage outstanding debt obligations that resulted in the Refinancing Transaction that was completed on September 9, 2019 (note 13).

The Company's capital structure is composed of deficiency and long-term debt, less assets related to derivative financial instruments, restricted cash and cash. The capital structure as at August 31, 2021 and 2020 is as follows:

	2021	2020
Long-term debt (note 13)	255,671	273,355
Net assets related to derivative financial instruments (note 19)	(4,739)	(1,788)
Cash	(61,996)	(49,795)
Restricted cash (note 5)	(437)	(3,402)
Net liabilities	188,499	218,370
Deficiency	(139,711)	(164,222)
Total capital	48,788	54,148

The Company's capital structure decreased $5.4 million in the year ended August 31, 2021, primarily as a result of a decrease in long-term debt and an increase in cash partially offset by comprehensive income as a result of the settlement gain.

19. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company is exposed to credit risk, liquidity risk and market risks relating to foreign exchange and interest rate fluctuations. The enterprise risk management process is managed by a risk oversight committee composed of senior executives of the Company.

(a) Fair value of financial instruments measured at fair value

The Company has considered the following fair value hierarchy that reflects the significance of the inputs used in measuring its financial instruments accounted for at fair value in the statement of financial position:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3: inputs that are not based on observable market data (unobservable inputs).

The financial instruments measured at fair value in the consolidated statement of financial position, categorized by level according to the fair value hierarchy that reflects the significance of the inputs used in making the measurements as at August 31, 2021 and 2020 are as follows:

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial instruments						
Warrants [1]	-	1,416	-	-	1,788	-
Shares [1]	3,323	-	-	-	-	-

[1] The Company participates in a marketing collaboration agreement with Mogo Finance Technology Inc. that provides the Company with revenue sharing and equity participation through warrants in Mogo Inc. (“Mogo”) in exchange for media promotional commitments. As at August 31, 2021 the Company owns 503,987 shares of Mogo as well as 233,333 warrants that entitle it to purchase additional common shares of Mogo at an exercise price of $1.292 (August 31, 2020 – 1,546,120 warrants). The warrants vest over time to February 2023 and expire in August 2023. During the year ended August 31, 2021, the Company exercised all of the 1,312,787 vested warrants for cash consideration of $1.7 million and subsequently sold 808,800 shares for proceeds of $10.7 million. Pursuant to the First-Lien Notes indenture net proceeds of the disposition of shares were used to redeem an equal amount of First-Lien Notes (note 13). During the year ended August 31, 2021, the Company recognized a gain of $11.9 million related to the shares and warrants which is included in (gain) loss on derivative financial instruments in the consolidated statements of operations (2020 – loss of $1.2 million).

The fair value of the warrants is determined by the Black-Scholes option pricing model using Level 2 market inputs, including exercise price, risk-free interest rate, expected life, dividend yield and expected volatility. The fair value of the shares is estimated based on quoted market prices (Level 1 inputs).

The Company’s policy is to recognize transfers in and out of the fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. During the years ended August 31, 2021 and 2020 there were no transfers within the fair value hierarchy.

(b) Financial instruments measured at amortized cost

Financial instruments that are not measured at fair value on the consolidated statement of financial position include cash, restricted cash, trade and other receivables and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short-term nature.

The financial carrying value and fair value of long-term debt as at as at August 31, 2021 and 2020 are as follows:

	2021		2020	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Other financial liabilities				
Long-term debt	255,671	279,767	273,355	287,553

The fair value of long-term debt is estimated based on quoted market prices (Level 1 inputs).

(c) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial asset fails to meet its contractual obligations.

The maximum credit exposure to credit risk at the reporting date is the carrying value of cash, restricted cash and trade and other receivables in an asset position. No collateral is held from any of the counterparties to these financial assets.

Trade and other receivables

In the normal course of business, the Company continuously monitors the financial condition of its customers and reviews the credit history of each new customer. The Company's sales are widely distributed and the largest amount due from any single customer as at August 31, 2021 is $2.3 million or 5% of trade receivables (August 31, 2020 – $2.3 million or 5%). The Company establishes an allowance for expected credit loss when collection is determined to be unlikely based on the specific credit risk of its customers, historical trends and the impact of COVID-19. The allowance for expected credit loss amounted to $11.3 million as at August 31, 2021 (August 31, 2020 - $10.2 million). As at August 31, 2021, $14.3 million or 33% (August 31, 2020 - $23.6 million or 48%) of trade accounts receivable is considered past due as per the contractual credit terms and not yet impaired, which is defined as amounts outstanding beyond normal credit terms and conditions for respective customers. The amount past due relates to a number of independent customers for whom there is no recent history of default. The aging analysis of these trade receivables, the expected credit losses and expected credit loss ratio as at August 31, 2021 and 2020 are as follows:

	2021			2020		
Current	18,237	(1,740)	9.5%	15,378	(157)	1.0%
30 - 60 days	12,890	(1,237)	9.6%	13,243	(156)	1.2%
60 - 90 days	3,814	(542)	14.2%	5,333	(149)	2.8%
Greater than 90 days	8,803	(7,742)	87.9%	15,104	(9,778)	64.7%
Total	43,744	(11,261)		49,058	(10,240)	

Changes to the allowance for expected credit loss for the year ended August 31, 2021 and 2020 are as follows:

	2021	2020
Balance, beginning of year	(10,240)	(4,532)
Impairment loss	(2,237)	(7,769)
Write-offs	1,216	2,061
Balance, end of year	(11,261)	(10,240)

(d) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulties in meeting its financial obligations associated with existing and future financial liabilities that are and will be settled by delivering cash or another financial asset as they come due. The Company's financial obligations include long-term debt which requires principal repayments and interest payments (note 13). Economic and structural factors related to the industry impact the Company's ability to generate sufficient operating cash flows to satisfy its existing and future financial liabilities, however, the Company manages this risk by monitoring cash flow forecasts, implementing cost reduction initiatives, deferring or eliminating discretionary spending, monitoring and maintaining compliance with the terms of the note indentures, identifying and selling redundant assets including certain real estate assets and utilizing the ABL Facility to provide additional liquidity during seasonal fluctuations of the business. During the year ended August 31, 2020, the Company completed a Refinancing Transaction which extended the maturities of long-term debt (note 13). The impact of the COVID-19 pandemic caused a disruption to the economy which could further impact the Company's liquidity risk and as a result the Company has incorporated its impact on future cash flow projections which includes making assumptions and estimates regarding the timing and amounts of future revenue and expenses and the ability to manage liquidity which includes the use of the ABL Facility. The COVID-19 pandemic has resulted in governments worldwide enacting emergency measures to combat the spread of the virus including travel bans, self-imposed quarantine periods and social distancing that have caused disruption to businesses resulting in an economic slowdown. The Company is generally exempt from mandates requiring closures of non-essential businesses and therefore has been able to continue operations, however, advertising revenues have declined as a result of the COVID-19 pandemic and related government measures.

Material contractual obligations related to financial instruments include debt repayments and interest payments on long-term debt. These contractual undiscounted obligations as well as accounts payable, accrued liabilities, provisions, lease obligations and other long-term liabilities and their maturities as at August 31, 2021 are as follows:

	Total	**Less than 1 year**	**1-3 years**	**3-5 years**	**5 years or more**
Accounts payable	11,990	11,990	-	-	-
Accrued liabilities	33,862	33,862	-	-	-
Provisions	2,257	2,257	-	-	-
Lease obligations	51,020	8,120	15,849	13,852	13,199
Other long-term liabilities [1]	12,437	1,449	2,898	2,898	5,192
Long-term debt [2]	314,948	2,456	312,492	-	-
Interest payments [3]	11,542	5,415	6,127	-	-
Total	438,056	65,549	337,366	16,750	18,391

(1) Cash funding obligation payable to the CAAT Pension Plan related to the transferred Postmedia Plans deficits (note 14).

(2) Principal repayments of long-term debt are based on the mandatory contractual payments and assumes paid-in-kind interest to maturity on the Second-Lien Notes translated to Canadian dollars based on the foreign exchange rate as at August 31, 2021 of US$1:$1.2617.

(3) Interest payments on long-term debt relate to the First-Lien Notes and are based on fixed contractual interest rates. Interest payments on the Second-Lien Notes are included in repayments of long-term debt due to the assumption of paid-in-kind interest to maturity.).

(e) Market risk management

Market risk is the risk that changes in market prices due to foreign exchange rates and interest rates will affect the value of the Company's financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

Foreign currency risk

As at August 31, 2021, approximately 74% of the outstanding principal on the Company's long-term debt is payable in US dollars (August 31, 2020 – 64%). As at August 31, 2021, the Company is exposed to foreign currency risk on the US$150.2 million of Second-Lien Notes outstanding (August 31, 2020 - US$134.6 million). Based on the long-term debt outstanding as at August 31, 2021, a $0.01 change in the period-end exchange rate of a Canadian dollar per one US dollar, holding all other variables constant, would have resulted in a $1.5 million increase or decrease to foreign currency exchange losses in the statement of operations.

Interest rate risk

The ABL Facility bears interest at floating rates while the First-Lien Notes and Second-Lien Notes bear interest at fixed rates. Therefore, changes in interest rates only exposes the Company to cash flow interest rate risk on the portion of the ABL Facility that is drawn, if any, at the time of the interest rate change.

20. COMMITMENTS

The Company has entered into various operating lease agreements for property, office equipment and vehicles and various other commitments. Aggregate future minimum payments under the terms of these commitments are as follows:

	Operating Leases	**Other**
2022	170	5,263
2023	32	1,994
2024	22	-
2025	-	-
2026	-	-
Thereafter	-	-

21. RELATED PARTY TRANSACTIONS

Key management personnel include the Company's senior management and all members of the Board. Key management personnel compensation for the years ended August 31, 2021 and 2020 is as follows:

	2021	2020
Salaries and short-term benefits	7,574	6,216
Share-based compensation plans (note 16)	422	682
Total compensation	7,996	6,898

As at August 31, 2021 Chatham owns 62,319,049, or approximately 66%, of the Company's shares and 33% of the outstanding voting rights. The Company had a consulting agreement with Chatham and during the year ended August 31, 2020 incurred an expense of $0.1 million, which is included in other operating expenses in the consolidated statement of operations. In addition, the Company has an ABL Facility with associated companies of Chatham and as at August 31, 2021, the Company has no amount drawn and availability of $15.0 million (August 31, 2020 – nil and $15.0 million, respectively) and during the year ended August 31, 2021 incurred $0.1 million of interest expense and paid $0.1 million of interest, respectively (2020 – $0.2 million and $0.2 million, respectively).

22. STATEMENT OF CASH FLOWS

The following amounts compose the net change in non-cash operating accounts included in cash flows from operating activities in the consolidated statement of cash flows for the years ended August 31, 2021 and 2020:

	2021	2020
Trade and other receivables	24,293	6,680
Inventory	(88)	294
Prepaid expenses and other assets	441	(669)
Accounts payable, accrued liabilities and provisions	(3,171)	(5,260)
Deferred revenue	(2,018)	(2,721)
Other long-term liabilities	(1,657)	-
Changes in non-cash operating accounts	17,800	(1,676)

23. SEGMENT INFORMATION

The Company has one operating segment for financial reporting purposes, the Newsmedia segment. The Newsmedia segment publishes daily and non-daily newspapers and operates digital media and online assets including each newspaper's online website. Its revenue is primarily from advertising and circulation/subscription revenue.

The following table provides disaggregated revenue from contracts with customers for the years ended August 31, 2021 and 2020:

	2021	2020
Revenues		
Print advertising		
Run of press	97,964	123,120
Insert	51,986	65,453
Other	1,539	2,124
Total print advertising	151,489	190,697
Print circulation	171,824	190,873
Digital		
Advertising	84,762	92,161
Subscription	18,157	15,882
Total digital	102,919	108,043
Other	16,111	18,793
Revenues	442,343	508,406

24. SUBSEQUENT EVENT

The excess cash flow related to the six months ended August 31, 2021 resulted in an excess cash flow redemption of $2.4 million which is expected to be used to redeem a portion of the First-Lien Notes on November24, 2021 (note 13).