

Postmedia Network Canada Corp.
Consolidated Statements of Operations
(UNAUDITED)

(In thousands of Canadian dollars, except per share amounts)	For the three months ended May 31,		For the nine months ended May 31,	
	2018	2017	2018	2017
Revenues				
Print advertising	78,580	93,352	239,776	290,679
Print circulation	54,816	59,349	166,441	179,370
Digital	29,890	27,873	87,551	79,147
Other	7,763	9,450	23,848	28,255
Total revenues	171,049	190,024	517,616	577,451
Expenses				
Compensation	63,525	74,049	179,236	235,601
Newsprint	9,880	11,554	29,738	35,314
Distribution	32,540	37,373	99,925	113,332
Production	21,895	18,781	62,895	55,439
Other operating	27,757	29,758	85,346	95,525
Operating income before depreciation, amortization, impairment and restructuring	15,452	18,509	60,476	42,240
Depreciation	5,490	5,171	16,016	17,157
Amortization	4,259	3,538	11,926	11,194
Impairment	9,400	4,166	9,400	25,758
Restructuring and other items	2,961	(16,691)	13,455	36,098
Operating income (loss)	(6,658)	22,325	9,679	(47,967)
Interest expense	6,343	8,029	20,696	23,912
Gain on disposal of operations	-	-	(4,676)	-
Gain on debt settlement	-	-	-	(78,556)
Net financing expense related to employee benefit plans	735	1,471	2,206	4,413
(Gain) loss on disposal of property and equipment and asset held-for-sale	46	184	(1,496)	119
(Gain) loss on derivative financial instruments	331	(512)	(204)	(1,668)
Foreign currency exchange losses	1,426	2,020	4,171	5,386
Earnings (loss) before income taxes	(15,539)	11,133	(11,018)	(1,573)
Provision for income taxes	-	-	-	-
Net earnings (loss) from continuing operations	(15,539)	11,133	(11,018)	(1,573)
Net earnings from discontinued operations, net of tax of nil	-	1,913	-	6,001
Net earnings (loss) attributable to equity holders of the Company	(15,539)	13,046	(11,018)	4,428
Earnings (loss) per share from continuing operations				
Basic	\$(0.17)	\$0.12	\$(0.12)	\$(0.01)
Diluted	\$(0.17)	\$0.12	\$(0.12)	\$(0.01)
Earnings per share attributable from discontinued operations				
Basic	\$ -	\$0.02	\$ -	\$0.05
Diluted	\$ -	\$0.02	\$ -	\$0.05
Earnings (loss) per share attributable to equity holders of the Company				
Basic	\$(0.17)	\$0.14	\$(0.12)	\$0.04
Diluted	\$(0.17)	\$0.14	\$(0.12)	\$0.04

Postmedia Network Canada Corp.
Consolidated Statements of Financial Position
(UNAUDITED)

(In thousands of Canadian dollars)	As at May 31, 2018	As at August 31, 2017
Assets		
Current Assets		
Cash	10,704	10,848
Restricted cash	5,711	67,751
Accounts receivable	94,028	74,180
Asset held-for-sale	10,622	8,292
Inventory	5,886	6,001
Prepaid expenses and other assets	7,708	11,502
Total current assets	134,659	178,574
Non-Current Assets		
Property and equipment	159,302	194,758
Derivative financial instruments	1,469	1,265
Other assets	-	1,508
Intangible assets	77,235	85,613
Total assets	372,665	461,718
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	59,602	59,778
Provisions	10,430	23,400
Deferred revenue	29,255	33,268
Current portion of long-term debt	18,070	79,502
Total current liabilities	117,357	195,948
Non-Current Liabilities		
Long-term debt	263,531	261,761
Employee benefit obligations and other liabilities	70,750	89,030
Provisions	659	1,097
Total liabilities	452,297	547,836
Deficiency		
Capital stock	810,836	810,836
Contributed surplus	13,294	10,412
Deficit	(903,762)	(907,366)
Total deficiency	(79,632)	(86,118)
Total liabilities and deficiency	372,665	461,718

Postmedia Network Canada Corp.
Consolidated Statements of Cash Flows
(UNAUDITED)

(In thousands of Canadian dollars)	For the three months ended May 28,		For the nine months ended May 28,	
	2018	2017	2018	2017
Cash Generated (Utilized) by:				
Operating Activities				
Net earnings (loss) attributable to equity holders of the Company	(15,539)	13,046	(11,018)	4,428
Items not affecting cash:				
Depreciation	5,490	5,171	16,016	17,157
Amortization	4,259	3,538	11,926	11,194
Impairment	9,400	4,166	9,400	25,758
Gain on disposal of operations	-	-	(4,676)	-
Gain on debt settlement	-	-	-	(78,556)
(Gain) loss on derivative financial instruments	331	(512)	(204)	(1,668)
Non-cash interest	3,786	3,410	11,263	9,366
(Gain) loss on disposal of property and equipment and asset held-for-sale	46	184	(1,496)	119
Non-cash foreign currency exchange losses	1,466	2,032	4,272	5,952
Non-cash backstop commitment fee	-	-	-	5,500
Share-based compensation plans and other long-term incentive plan expense	352	-	2,882	202
Net financing expense relating to employee benefit plans	735	1,471	2,206	4,413
Non-cash curtailment gain relating to employee benefit plans	-	(22,768)	-	(22,768)
Non-cash compensation expense of employee benefit plans	-	1,357	-	1,963
Employee benefit plan funding in excess of compensation expense	(1,452)	-	(5,252)	-
Net change in non-cash operating accounts	(7,646)	(22,363)	(34,705)	(20,233)
Cash flows from (used in) operating activities	1,228	(11,268)	614	(37,173)
Investing Activities				
Net proceeds from the sale of property and equipment and asset held-for-sale	(45)	2,054	9,784	3,996
Purchases of property and equipment	(336)	(1,802)	(619)	(3,053)
Purchases of intangible assets	(167)	(791)	(596)	(1,569)
Cash flows from (used in) investing activities	(548)	(539)	8,569	(626)
Financing activities				
Net proceeds from issuance of long-term debt	-	-	-	110,000
Repayment of long-term debt	(925)	(1,167)	(80,367)	(80,061)
Advances from (repayments of) ABL Facility	(3,000)	5,000	9,000	5,000
Restricted cash	(2)	(1,071)	62,040	2,995
Debt issuance costs	-	(30)	-	(1,016)
Share issuance costs	-	-	-	(190)
Cash flow from (used in) financing activities	(3,927)	2,732	(9,327)	36,728
Net change in cash for the period	(3,247)	(9,075)	(144)	(1,071)
Cash at beginning of period	13,951	25,143	10,848	17,139
Cash at end of period	10,704	16,068	10,704	16,068
Supplemental disclosure of operating cash flows				
Interest paid	5,533	9,222	14,436	43,206
Income taxes paid	-	-	-	-

