

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

(In thousands of Canadian dollars, except per share amounts)	<b>For the three months ended</b>		<b>For the year ended</b>	
	<b>August 31,</b>		<b>August 31,</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>				
Print advertising	57,466	68,781	259,409	308,557
Print circulation	51,125	53,965	206,665	220,406
Digital	31,232	28,871	125,066	116,422
Other	5,785	7,060	28,498	30,908
<b>Total revenues</b>	<b>145,608</b>	<b>158,677</b>	<b>619,638</b>	<b>676,293</b>
<b>Expenses</b>				
Compensation	49,452	62,599	223,965	241,835
Newsprint	8,414	9,382	36,168	39,120
Distribution	29,824	31,763	120,894	131,688
Production	19,062	21,155	78,356	84,050
Other operating	25,544	28,873	110,950	114,219
<b>Operating income before depreciation, amortization, impairment and restructuring</b>	<b>13,312</b>	<b>4,905</b>	<b>49,305</b>	<b>65,381</b>
Depreciation	3,775	5,142	16,915	21,158
Amortization	3,675	5,083	14,315	17,009
Impairment	710	-	7,310	9,400
Restructuring and other items	(9,602)	13,009	(5,347)	26,464
<b>Operating income (loss)</b>	<b>14,754</b>	<b>(18,329)</b>	<b>16,112</b>	<b>(8,650)</b>
Interest expense	7,658	6,831	28,485	27,527
Gain on disposal of operations	-	-	-	(4,676)
Net financing expense related to employee benefit plans	493	775	2,115	2,981
(Gain) loss on disposal of property and equipment and assets held-for-sale	761	(3,180)	(10,685)	(4,676)
(Gain) loss on derivative financial instruments	660	(1,010)	650	(1,214)
Foreign currency exchange (gains) losses	(2,721)	1,107	2,614	5,278
<b>Earnings (loss) before income taxes</b>	<b>7,903</b>	<b>(22,852)</b>	<b>(7,067)</b>	<b>(33,870)</b>
Provision for income taxes	-	-	-	-
<b>Net earnings (loss) from continuing operations</b>	<b>7,903</b>	<b>(22,852)</b>	<b>(7,067)</b>	<b>(33,870)</b>
Net earnings from discontinued operations, net of tax of nil	-	-	791	-
<b>Net earnings (loss) attributable to equity holders of the Company</b>	<b>7,903</b>	<b>(22,852)</b>	<b>(6,276)</b>	<b>(33,870)</b>
<b>Earnings (loss) per share from continuing operations</b>				
Basic	\$0.08	\$(0.24)	\$(0.08)	\$(0.36)
Diluted	\$0.08	\$(0.24)	\$(0.08)	\$(0.36)
<b>Earnings per share attributable from discontinued operations</b>				
Basic	\$ -	\$ -	\$0.01	\$ -
Diluted	\$ -	\$ -	\$0.01	\$ -
<b>Earnings (loss) per share attributable to equity holders of the Company</b>				
Basic	\$0.08	\$(0.24)	\$(0.07)	\$(0.36)
Diluted	\$0.08	\$(0.24)	\$(0.07)	\$(0.36)

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

(In thousands of Canadian dollars)	As at August 31, 2019	As at August 31, 2018 (revised)
<b>Assets</b>		
Current Assets		
Cash	15,464	26,037
Restricted cash	13	5,711
Trade and other receivable	72,228	68,069
Assets held-for-sale	24,475	6,827
Inventory	3,554	6,219
Prepaid expenses and other assets	10,269	9,561
<b>Total current assets</b>	<b>126,003</b>	<b>122,424</b>
Non-Current Assets		
Property and equipment	109,860	154,465
Derivative financial instruments and other assets	2,829	2,479
Intangible assets	60,367	73,895
<b>Total assets</b>	<b>299,059</b>	<b>353,263</b>
<b>Liabilities and Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities	54,122	62,833
Provisions	5,893	18,666
Deferred revenue	25,907	28,994
Current portion of long-term debt	5,000	8,718
<b>Total current liabilities</b>	<b>90,922</b>	<b>119,211</b>
Non-Current Liabilities		
Long-term debt	250,011	264,022
Employee benefit obligations and other liabilities	94,537	62,703
Provisions	-	526
<b>Total liabilities</b>	<b>435,470</b>	<b>446,462</b>
<b>Deficiency</b>		
Capital stock	810,861	810,836
Contributed surplus	14,770	13,589
Deficit	(962,042)	(917,624)
<b>Total deficiency</b>	<b>(136,411)</b>	<b>(93,199)</b>
<b>Total liabilities and deficiency</b>	<b>299,059</b>	<b>353,263</b>

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

(In thousands of Canadian dollars)	For the three months ended		For the year ended	
	August 31,		August 31,	
	2019	2018	2019	2018
<b>Cash Generated (Utilized) by:</b>				
<b>Operating Activities</b>				
Net earnings (loss) attributable to equity holders of the Company	7,903	(22,852)	(6,276)	(33,870)
Items not affecting cash:				
Depreciation	3,775	5,142	16,915	21,158
Amortization	3,675	5,083	14,315	17,009
Impairment	710	-	7,310	9,400
Gain on disposal of operations	-	-	-	(4,676)
(Gain) loss on derivative financial instruments	660	(1,010)	650	(1,214)
Non-cash interest	5,736	3,941	19,446	15,204
(Gain) loss on disposal of property and equipment and assets held-for-sale	761	(3,180)	(10,685)	(4,676)
Non-cash foreign currency exchange (gains) losses	(2,727)	1,124	2,678	5,396
Gain on sale of discontinued operations	-	-	(791)	-
Share-based compensation plans expense	230	295	1,181	3,177
Net financing expense relating to employee benefit plans	493	775	2,115	2,981
Non-cash curtailment gain relating to employee benefit plans	(9,660)	-	(9,660)	-
Non-cash compensation expense of employee benefit plans	35	-	674	-
Employee benefit plan funding in excess of compensation expense	-	(1,720)	-	(6,972)
Net change in non-cash operating accounts	(6,931)	38,590	(29,259)	3,885
<b>Cash flows from operating activities</b>	<b>4,660</b>	<b>26,188</b>	<b>8,613</b>	<b>26,802</b>
<b>Investing Activities</b>				
Net proceeds from the sale of property and equipment and assets held-for-sale	(52)	6,996	20,684	16,780
Purchases of property and equipment	(2,034)	(326)	(4,513)	(945)
Purchases of intangible assets	(156)	(1,743)	(1,497)	(2,339)
<b>Cash flows from (used in) investing activities</b>	<b>(2,242)</b>	<b>4,927</b>	<b>14,674</b>	<b>13,496</b>
<b>Financing activities</b>				
Repayment of long-term debt	-	-	(39,583)	(87,149)
Repayments of senior secured asset-based revolving credit facility	-	(9,000)	-	-
Restricted cash	-	(6,782)	5,698	62,040
Issuance of shares	-	-	25	-
<b>Cash flow used in financing activities</b>	<b>-</b>	<b>(15,782)</b>	<b>(33,860)</b>	<b>(25,109)</b>
Net change in cash for the period	2,418	15,333	(10,573)	15,189
Cash at beginning of period	13,046	10,704	26,037	10,848
<b>Cash at end of period</b>	<b>15,464</b>	<b>26,037</b>	<b>15,464</b>	<b>26,037</b>
<b>Supplemental disclosure of operating cash flows</b>				
Interest paid	19	298	10,219	14,734
Income taxes paid	-	-	-	-