

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

(In thousands of Canadian dollars, except per share amounts)	For the three months ended November 30,	
	2019	2018
Revenues		
Print advertising	64,143	77,091
Print circulation	50,327	53,451
Digital	35,586	32,747
Other	6,599	7,984
Total revenues	156,655	171,273
Expenses		
Compensation	52,283	58,324
Newsprint	7,477	9,760
Distribution	28,906	31,443
Production	20,939	20,921
Other operating	25,672	29,119
Operating income before depreciation, amortization and restructuring	21,378	21,706
Depreciation	3,011	4,999
Amortization	4,248	4,192
Restructuring and other items	8,569	2,678
Operating income	5,550	9,837
Interest expense	7,378	7,185
Net financing expense related to employee benefit plans	610	541
(Gain) loss on disposal of property and equipment	(3)	226
Loss on derivative financial instruments	519	557
Foreign currency exchange losses	46	2,747
Loss before income taxes	(3,000)	(1,419)
Provision for income taxes	-	-
Net loss attributable to equity holders of the Company	(3,000)	(1,419)
Loss per share attributable to equity holders of the Company		
Basic	\$(0.03)	\$(0.02)
Diluted	\$(0.03)	\$(0.02)

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

(In thousands of Canadian dollars)	As at November 30, 2019	As at August 31, 2019
Assets		
Current Assets		
Cash	13,546	15,464
Restricted cash	-	13
Trade and other receivables	88,969	72,228
Assets held-for-sale	29,029	24,475
Inventory	3,582	3,554
Prepaid expenses and other assets	11,018	10,269
Total current assets	146,144	126,003
Non-Current Assets		
Property and equipment	101,061	109,860
Right of use assets	46,958	-
Derivative financial instruments and other assets	2,310	2,829
Intangible assets	58,140	60,367
Total assets	354,613	299,059
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	63,400	54,122
Provisions	11,651	5,893
Deferred revenue	25,185	25,907
Current portion of lease obligations	7,321	-
Current portion of long-term debt	5,000	5,000
Total current liabilities	112,557	90,922
Non-Current Liabilities		
Long-term debt	248,795	250,011
Employee benefit obligations and other liabilities	66,247	94,537
Lease obligations	42,356	-
Total liabilities	469,955	435,470
Deficiency		
Capital stock	810,861	810,861
Contributed surplus	14,992	14,770
Deficit	(941,195)	(962,042)
Total deficiency	(115,342)	(136,411)
Total liabilities and deficiency	354,613	299,059

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

(In thousands of Canadian dollars)	For the three months ended November 30,	
	2019	2018
Cash Generated (Utilized) by:		
Operating Activities		
Net loss attributable to equity holders of the Company	(3,000)	(1,419)
Items not affecting cash:		
Depreciation	3,011	4,999
Amortization	4,248	4,192
Loss on derivative financial instruments	519	557
Non-cash interest	5,358	4,540
(Gain) loss on disposal of property and equipment	(3)	226
Non-cash foreign currency exchange (gains) losses	(51)	2,761
Share-based compensation plans expense	222	427
Net financing expense relating to employee benefit plans	610	541
Employee benefit plan funding in excess of compensation expense	(452)	(783)
Net change in non-cash operating accounts	(7,714)	(21,241)
Cash flows from (used in) operating activities	2,748	(5,200)
Investing Activities		
Net proceeds from the sale of property and equipment	33	391
Purchases of property and equipment	(1,122)	(166)
Purchases of intangible assets	(196)	(169)
Cash flows from (used in) investing activities	(1,285)	56
Financing activities		
Net proceeds from issuance of long-term debt	95,235	-
Repayment of long-term debt	(94,761)	(8,718)
Restricted cash	13	(393)
Debt issuance costs	(1,710)	-
Lease payments	(2,158)	-
Cash flow used in financing activities	(3,381)	(9,111)
Net change in cash for the period	(1,918)	(14,255)
Cash at beginning of period	15,464	26,037
Cash at end of period	13,546	11,782
Supplemental disclosure of operating cash flows		
Interest paid	3,948	5,510
Income taxes paid	-	-