

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

(In thousands of Canadian dollars, except per share amounts)	For the three months ended		For the six months ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
Revenues				
Print advertising	50,172	60,096	114,315	137,187
Print circulation	48,670	50,705	98,997	104,156
Digital	29,701	28,185	65,287	60,932
Other	5,624	6,713	12,223	14,697
Total revenues	134,167	145,699	290,822	316,972
Expenses				
Compensation	51,145	57,008	103,428	115,332
Newsprint	6,661	8,862	14,138	18,622
Distribution	27,334	29,432	56,240	60,875
Production	17,920	18,433	38,859	39,354
Other operating	25,671	27,292	51,343	56,411
Operating income before depreciation, amortization, impairment and restructuring	5,436	4,672	26,814	26,378
Depreciation	2,926	4,288	5,937	9,287
Amortization	4,045	3,329	8,293	7,521
Impairment	-	6,600	-	6,600
Restructuring and other items	1,136	1,095	9,705	3,773
Operating income (loss)	(2,671)	(10,640)	2,879	(803)
Interest expense	7,445	7,034	14,823	14,219
Net financing expense related to employee benefit plans	609	540	1,219	1,081
Gain on disposal of property and equipment and assets held-for-sale	(13)	(11,671)	(16)	(11,445)
Loss on derivative financial instruments	398	869	917	1,426
Foreign currency exchange (gains) losses	1,710	(1,542)	1,756	1,205
Loss before income taxes	(12,820)	(5,870)	(15,820)	(7,289)
Provision for income taxes	-	-	-	-
Net loss from continuing operations	(12,820)	(5,870)	(15,820)	(7,289)
Net earnings from discontinued operations, net of tax of nil	-	791	-	791
Net loss attributable to equity holders of the Company	(12,820)	(5,079)	(15,820)	(6,498)
Loss per share from continuing operations				
Basic	\$(0.14)	\$(0.06)	\$(0.17)	\$(0.08)
Diluted	\$(0.14)	\$(0.06)	\$(0.17)	\$(0.08)
Earnings per share attributable from discontinued operations				
Basic	-	\$0.01	-	\$0.01
Diluted	-	\$0.01	-	\$0.01
Loss per share attributable to equity holders of the Company				
Basic	\$(0.14)	\$(0.05)	\$(0.17)	\$(0.07)
Diluted	\$(0.14)	\$(0.05)	\$(0.17)	\$(0.07)

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

(In thousands of Canadian dollars)	As at February 29, 2020	As at August 31, 2019
Assets		
Current Assets		
Cash	15,467	15,464
Restricted cash	-	13
Trade and other receivables	74,592	72,228
Assets held-for-sale	29,029	24,475
Inventory	3,409	3,554
Prepaid expenses and other assets	10,900	10,269
Total current assets	133,397	126,003
Non-Current Assets		
Property and equipment	98,879	109,860
Right of use assets	45,053	-
Derivative financial instruments and other assets	2,799	2,829
Intangible assets	56,025	60,367
Total assets	336,153	299,059
Liabilities and Equity		
Current Liabilities		
Accounts payable and accrued liabilities	49,178	54,122
Provisions	9,581	5,893
Deferred revenue	25,161	25,907
Current portion of lease obligations	8,522	-
Current portion of long-term debt	5,000	5,000
Total current liabilities	97,442	90,922
Non-Current Liabilities		
Long-term debt	259,716	250,011
Employee benefit obligations and other liabilities	106,838	94,537
Lease obligations	40,815	-
Total liabilities	504,811	435,470
Deficiency		
Capital stock	810,861	810,861
Contributed surplus	15,141	14,770
Deficit	(994,660)	(962,042)
Total deficiency	(168,658)	(136,411)
Total liabilities and deficiency	336,153	299,059

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

(In thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	February 29, 2020	February 28, 2019	February 29, 2020	February 28, 2019
Cash Generated (Utilized) by:				
Operating Activities				
Net loss attributable to equity holders of the Company	(12,820)	(5,079)	(15,820)	(6,498)
Items not affecting cash:				
Depreciation	2,926	4,288	5,937	9,287
Amortization	4,045	3,329	8,293	7,521
Impairment	-	6,600	-	6,600
Loss on derivative financial instruments	398	869	917	1,426
Non-cash interest	5,437	4,580	10,795	9,120
Gain on disposal of property and equipment and assets held-for-sale	(13)	(11,671)	(16)	(11,445)
Non-cash foreign currency exchange (gains) losses	1,838	(1,525)	1,787	1,236
Gain on sale of discontinued operations	-	(791)	-	(791)
Share-based compensation plans	149	281	371	708
Net financing expense relating to employee benefit plans	609	540	1,219	1,081
Non-cash compensation expense of employee benefit plans	-	1,204	-	421
Employee benefit plan funding in excess of compensation expense	(663)	-	(1,115)	-
Net change in non-cash operating accounts	(1,874)	4,960	(5,840)	(16,281)
Cash flows from operating activities	3,780	7,585	6,528	2,385
Investing Activities				
Net proceeds from the sale of property and equipment and assets held-for-sale	63	20,344	96	20,735
Purchases of property and equipment	(794)	(1,279)	(1,916)	(1,445)
Purchases of intangible assets	(104)	(22)	(300)	(191)
Cash flows from (used in) investing activities	(835)	19,043	(2,120)	19,099
Financing activities				
Net proceeds from issuance of long-term debt	-	-	95,235	-
Repayment of long-term debt	-	(20,355)	(94,761)	(29,073)
Restricted cash	-	391	13	(2)
Debt issuance costs	-	-	(1,710)	-
Issuance of shares	-	25	-	25
Lease payments	(1,024)	-	(3,182)	-
Cash flow used in financing activities	(1,024)	(19,939)	(4,405)	(29,050)
Net change in cash for the period	1,921	6,689	3	(7,566)
Cash at beginning of period	13,546	11,782	15,464	26,037
Cash at end of period	15,467	18,471	15,467	18,471
Supplemental disclosure of operating cash flows				
Interest paid	17	380	3,965	5,890
Income taxes paid	-	-	-	-