

**A. H. Belo Corporation and Subsidiaries**  
**Consolidated Statements of Operations**

<i>In thousands, except share and per share amounts (unaudited)</i>	<i>Three Months Ended March 31,</i>	
	<i>2021</i>	<i>2020</i>
<b>Net Operating Revenue:</b>		
Advertising and marketing services	\$ 16,769	\$ 19,327
Circulation	16,022	16,414
Printing, distribution and other	4,024	4,602
Total net operating revenue	<u>36,815</u>	<u>40,343</u>
<b>Operating Costs and Expense:</b>		
Employee compensation and benefits	17,947	19,016
Other production, distribution and operating costs	19,090	20,992
Newsprint, ink and other supplies	2,341	3,271
Depreciation	1,074	1,765
Amortization	64	64
Gain on sale/disposal of assets, net	(1)	(5)
Total operating costs and expense	<u>40,515</u>	<u>45,103</u>
Operating loss	(3,700)	(4,760)
Other income, net	1,254	1,352
<b>Loss Before Income Taxes</b>	<u>(2,446)</u>	<u>(3,408)</u>
Income tax provision (benefit)	319	(1,787)
<b>Net Loss</b>	<u>\$ (2,765)</u>	<u>\$ (1,621)</u>
<b>Per Share Basis</b>		
Net loss		
Basic and diluted	\$ (0.13)	\$ (0.08)
Number of common shares used in the per share calculation:		
Basic and diluted	21,410,423	21,410,423

**A. H. Belo Corporation and Subsidiaries**  
**Consolidated Balance Sheets**

<i>In thousands (unaudited)</i>	<i>March 31, 2021</i>	<i>December 31, 2020</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 38,132	\$ 42,015
Accounts receivable, net	15,503	16,562
Notes receivable	22,775	22,775
Other current assets	8,678	6,754
Total current assets	<u>85,088</u>	<u>88,106</u>
Property, plant and equipment, net	10,932	11,959
Operating lease right-of-use assets	19,764	20,406
Intangible assets, net	—	64
Deferred income taxes, net	91	76
Other assets	2,213	2,604
Total assets	<u>\$ 118,088</u>	<u>\$ 123,215</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 7,381	\$ 7,759
Accrued compensation and other current liabilities	10,524	10,829
Contract liabilities	13,760	12,896
Total current liabilities	<u>31,665</u>	<u>31,484</u>
Long-term pension liabilities	17,119	18,520
Long-term operating lease liabilities	21,216	21,890
Other liabilities	4,941	4,913
Total liabilities	<u>74,941</u>	<u>76,807</u>
Total shareholders' equity	<u>43,147</u>	<u>46,408</u>
Total liabilities and shareholders' equity	<u>\$ 118,088</u>	<u>\$ 123,215</u>

**A. H. Belo Corporation - Non-GAAP Financial Measures**  
**Reconciliation of Operating Loss to Adjusted Operating Loss**

<i>In thousands (unaudited)</i>	<i>Three Months Ended March 31,</i>	
	<i>2021</i>	<i>2020</i>
Total net operating revenue	\$ 36,815	\$ 40,343
Total operating costs and expense	40,515	45,103
<b>Operating Loss</b>	<b>\$ (3,700)</b>	<b>\$ (4,760)</b>
Total net operating revenue	\$ 36,815	\$ 40,343
Addback:		
Advertising contra revenue	6,078	1,454
Circulation contra revenue	95	38
<b>Adjusted Operating Revenue</b>	<b>\$ 42,988</b>	<b>\$ 41,835</b>
Total operating costs and expense	\$ 40,515	\$ 45,103
Addback:		
Advertising contra expense	6,078	1,454
Circulation contra expense	95	38
Less:		
Depreciation	1,074	1,765
Amortization	64	64
Severance expense	208	186
Gain on sale/disposal of assets, net	(1)	(5)
<b>Adjusted Operating Expense</b>	<b>\$ 45,343</b>	<b>\$ 44,585</b>
Adjusted operating revenue	\$ 42,988	\$ 41,835
Adjusted operating expense	45,343	44,585
<b>Adjusted Operating Loss</b>	<b>\$ (2,355)</b>	<b>\$ (2,750)</b>

The Company calculates adjusted operating income (loss) by adjusting operating income (loss) to exclude depreciation, amortization, severance expense, (gain) loss on sale/disposal of assets, and asset impairments (“adjusted operating income (loss)”). The Company believes that inclusion of certain noncash expenses and other items in the results makes for more difficult comparisons between years and with peer group companies.

The Company adopted the new revenue guidance (Topic 606) using the modified retrospective approach as of January 1, 2018. While the Company adjusts operating revenue and expense for non-GAAP presentation, these adjustments have no effect on adjusted operating income (loss).

Adjusted operating income (loss) is not a measure of financial performance under generally accepted accounting principles (“GAAP”). Management uses adjusted operating income (loss) and similar measures in internal analyses as supplemental measures of the Company’s financial performance, and for performance comparisons versus its peer group of companies. Management uses this non-GAAP financial measure for the purposes of evaluating consolidated Company performance. The Company therefore believes that the non-GAAP measure presented provides useful information to investors by allowing them to view the Company’s business through the eyes of management and the Board of Directors, facilitating comparison of results across historical periods and providing a focus on the underlying ongoing operating performance of its business. Adjusted operating income (loss) should not be considered in isolation or as a substitute for net income (loss), cash flows provided by (used for) operating activities or other comparable measures prepared in accordance with GAAP. Additionally, this non-GAAP measure may not be comparable to similarly-titled measures of other companies.