

**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 June 30,</i>		<i>Six Months Ended June 30,</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
<b>Net Operating Revenue:</b>				
Advertising and marketing services	\$ 15,591	\$ 25,300	\$ 34,918	\$ 49,341
Circulation	15,723	17,013	32,137	34,286
Printing, distribution and other	4,101	4,802	8,703	10,077
Total net operating revenue	<u>35,415</u>	<u>47,115</u>	<u>75,758</u>	<u>93,704</u>
<b>Operating Costs and Expense:</b>				
Employee compensation and benefits	16,997	19,828	36,013	40,952
Other production, distribution and operating costs	18,659	23,845	39,651	46,029
Newsprint, ink and other supplies	2,271	4,022	5,542	8,769
Depreciation	1,802	2,333	3,567	4,719
Amortization	64	140	128	216
Gain on sale/disposal of assets, net	—	(25,908)	(5)	(25,908)
Total operating costs and expense	<u>39,793</u>	<u>24,260</u>	<u>84,896</u>	<u>74,777</u>
Operating income (loss)	<u>(4,378)</u>	<u>22,855</u>	<u>(9,138)</u>	<u>18,927</u>
Other income, net	1,331	1,133	2,683	1,962
<b>Income (Loss) Before Income Taxes</b>	<u>(3,047)</u>	<u>23,988</u>	<u>(6,455)</u>	<u>20,889</u>
Income tax provision (benefit)	367	7,460	(1,420)	6,496
<b>Net Income (Loss)</b>	<u>\$ (3,414)</u>	<u>\$ 16,528</u>	<u>\$ (5,035)</u>	<u>\$ 14,393</u>
<b>Per Share Basis</b>				
Net income (loss)				
Basic and diluted	\$ (0.16)	\$ 0.77	\$ (0.24)	\$ 0.67
Number of common shares used in the per share calculation:				
Basic and diluted	21,410,423	21,525,971	21,410,423	21,578,014

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

<i>In thousands (unaudited)</i>	<i>June 30, 2020</i>	<i>December 31, 2019</i>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 42,310	\$ 48,626
Accounts receivable, net	13,019	18,441
Notes receivable	22,775	—
Other current assets	11,610	7,737
Total current assets	<u>89,714</u>	<u>74,804</u>
Property, plant and equipment, net	15,181	18,453
Operating lease right-of-use assets	21,871	21,371
Intangible assets, net	191	319
Deferred income taxes, net	22	50
Long-term note receivable	—	22,400
Other assets	3,627	3,648
Total assets	<u>\$ 130,606</u>	<u>\$ 141,045</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 4,903	\$ 6,103
Accrued compensation and other current liabilities	12,092	13,337
Contract liabilities	14,012	12,098
Total current liabilities	<u>31,007</u>	<u>31,538</u>
Long-term pension liabilities	20,275	23,039
Long-term operating lease liabilities	23,051	23,120
Other liabilities	5,702	5,611
Total liabilities	<u>80,035</u>	<u>83,308</u>
Total shareholders' equity	<u>50,571</u>	<u>57,737</u>
Total liabilities and shareholders' equity	<u>\$ 130,606</u>	<u>\$ 141,045</u>

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

<i>In thousands (unaudited)</i>	<i>Three Months Ended June 30,</i>		<i>Six Months Ended June 30,</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
Total net operating revenue	\$ 35,415	\$ 47,115	\$ 75,758	\$ 93,704
Total operating costs and expense	39,793	24,260	84,896	74,777
<b>Operating Income (Loss)</b>	<b>\$ (4,378)</b>	<b>\$ 22,855</b>	<b>\$ (9,138)</b>	<b>\$ 18,927</b>
Total net operating revenue	\$ 35,415	\$ 47,115	\$ 75,758	\$ 93,704
Addback:				
Advertising contra revenue	934	3,084	2,388	5,736
Circulation contra revenue	63	145	101	320
<b>Adjusted Operating Revenue</b>	<b>\$ 36,412</b>	<b>\$ 50,344</b>	<b>\$ 78,247</b>	<b>\$ 99,760</b>
Total operating costs and expense	\$ 39,793	\$ 24,260	\$ 84,896	\$ 74,777
Addback:				
Advertising contra expense	934	3,084	2,388	5,736
Circulation contra expense	63	145	101	320
Less:				
Depreciation	1,802	2,333	3,567	4,719
Amortization	64	140	128	216
Severance expense	17	800	203	1,401
Gain on sale/disposal of assets, net	—	(25,908)	(5)	(25,908)
<b>Adjusted Operating Expense</b>	<b>\$ 38,907</b>	<b>\$ 50,124</b>	<b>\$ 83,492</b>	<b>\$ 100,405</b>
Adjusted operating revenue	\$ 36,412	\$ 50,344	\$ 78,247	\$ 99,760
Adjusted operating expense	38,907	50,124	83,492	100,405
<b>Adjusted Operating Income (Loss)</b>	<b>\$ (2,495)</b>	<b>\$ 220</b>	<b>\$ (5,245)</b>	<b>\$ (645)</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.