

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

Three months ended March 31, 2023 and 2022
(Unaudited)



NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102 "Continuous Disclosure Obligations", Part 4, Subsection 4.3(3a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor. These unaudited condensed interim consolidated financial statements have been prepared by and are the responsibility of the Company's management. The Company's independent auditor, PricewaterhouseCoopers LLP, has not performed a review of these financial statements in accordance with standards established by CPA (Chartered Professional Accountants) Canada for a review of interim financial statements by an entity's auditor.

TABLE OF CONTENTS

Interim Consolidated Statements of Operations..... 1
Interim Consolidated Statements of Comprehensive Loss 2
Interim Consolidated Balance Sheets 3
Interim Consolidated Statements of Changes in Equity..... 4
Interim Consolidated Statements of Cash Flows..... 5
Condensed Notes to the Interim Consolidated Financial Statements 6-18
Corporate Information 19

GLACIER MEDIA INC.
INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)
(UNAUDITED)

	Three months ended March 31,	
	2023	2022
	\$	\$
Revenue (Note 15)	39,218	42,232
Operational expenses before depreciation and amortization and other items		
Direct expenses (Note 16)	30,703	30,057
General and administrative (Note 16)	10,756	9,935
	(2,241)	2,240
Interest expense, net (Note 17)	295	411
Depreciation and amortization (Note 10)	2,972	3,045
Loss on disposal (Note 5)	5,982	-
Restructuring and other expenses (income) (net) (Note 18)	305	(488)
Share of earnings from joint ventures and associates (Note 6)	(98)	(369)
Net loss before income taxes	(11,697)	(359)
Income tax recovery (Note 19)	(2,843)	(570)
Net (loss) income for the period	(8,854)	211
Net (loss) income attributable to:		
Common shareholders	(5,217)	(666)
Non-controlling interests	(3,637)	877
Net loss attributable to common shareholder per share		
Basic and diluted	(0.04)	(0.01)
Weighted average number of common shares		
Basic and diluted	132,329,984	132,755,559

See accompanying notes to these condensed interim consolidated financial statements.

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)
(UNAUDITED)

	Three months ended March 31,	
	2023	2022
	\$	\$
Net (loss) income for the period	(8,854)	211
Other comprehensive (loss) income (net of tax) (Note 14)		
Actuarial loss on defined benefit pension plans ⁽¹⁾	(84)	(1,667)
Currency translation adjustment ⁽²⁾	9	145
Share of other comprehensive income from joint ventures and associates ⁽¹⁾ (Note 6)	81	1,107
Other comprehensive income (loss) (net of tax)	6	(415)
Total comprehensive loss	(8,848)	(204)
Total comprehensive (loss) income attributable to:		
Common shareholders	(5,215)	(1,158)
Non-controlling interests	(3,633)	954

⁽¹⁾ Recorded directly in deficit.

⁽²⁾ Recycled through the consolidated statement of operations in current and future periods.

See accompanying notes to these condensed interim consolidated financial statements.

GLACIER MEDIA INC.

INTERIM CONSOLIDATED BALANCE SHEETS

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)
(UNAUDITED)

	As at	
	March 31, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	15,619	19,636
Trade and other receivables	31,358	34,332
Inventory	1,908	3,054
Prepaid expenses	2,364	2,670
	<u>51,249</u>	<u>59,692</u>
Non-current assets		
Investments in joint ventures and associates (Note 6)	32,309	26,324
Other assets	26,676	26,556
Right-of-use assets (Note 7)	8,298	9,264
Property, plant and equipment (Note 8)	20,531	30,083
Intangible assets (Note 9)	34,535	37,485
Goodwill	27,137	27,141
Post-employment benefit asset	5,700	7,828
Deferred income taxes	16,187	13,184
	<u>222,622</u>	<u>237,557</u>
Liabilities		
Current liabilities		
Trade and other payables	26,744	29,515
Deferred revenue	11,380	11,611
Current portion of lease liabilities (Note 7)	3,058	3,192
Current portion of long term debt (Note 12)	369	456
Other current liabilities (Note 11)	2,991	2,982
	<u>44,542</u>	<u>47,756</u>
Non-current liabilities		
Non-current portion of deferred revenue	788	851
Lease liabilities (Note 7)	6,137	6,984
Other non-current liabilities (Note 11)	7,603	7,760
Long term debt (Note 12)	7,057	7,165
	<u>66,127</u>	<u>70,516</u>
Equity		
Share capital (Note 13)	224,388	224,538
Contributed surplus (Note 16)	24,235	24,098
Accumulated other comprehensive loss (Note 14)	(253)	(258)
Deficit	(98,951)	(97,445)
Total equity attributable to common shareholders	<u>149,419</u>	<u>150,933</u>
Non-controlling interests	7,076	16,108
	<u>156,495</u>	<u>167,041</u>
Total equity	<u>156,495</u>	<u>167,041</u>
Total liabilities and equity	<u>222,622</u>	<u>237,557</u>

See accompanying notes to these condensed interim consolidated financial statements.

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AMOUNTS)
(UNAUDITED)

	Attributable to common shareholders							
	Share capital		Contributed surplus	Accumulated other comprehensive loss	Retained earnings (deficit)	Total	Non-controlling interest	Total equity
	Shares	Amount						
		\$	\$	\$	\$	\$	\$	\$
Balance, January 1, 2022	132,755,559	224,970	21,120	(270)	(67,273)	178,547	17,913	196,460
Net income (loss) for the period	-	-	-	-	(666)	(666)	877	211
Other comprehensive (loss) income (net of tax)	-	-	-	68	(560)	(492)	77	(415)
Total comprehensive income for the period	-	-	-	68	(1,226)	(1,158)	954	(204)
Contributions from non-controlling interests	-	-	-	-	-	-	430	430
Distributions to non-controlling interests	-	-	-	-	-	-	(1,356)	(1,356)
Balance, March 31, 2022	132,755,559	224,970	21,120	(202)	(68,499)	177,389	17,941	195,330
Balance, January 1, 2023	131,629,429	224,538	24,098	(258)	(97,445)	150,933	16,108	167,041
Net loss for the period	-	-	-	-	(5,217)	(5,217)	(3,637)	(8,854)
Other comprehensive (loss) income (net of tax)	-	-	-	5	(3)	2	4	6
Total comprehensive (loss) income for the period	-	-	-	5	(5,220)	(5,215)	(3,633)	(8,848)
Repurchase of common shares (Note 13)	(437,831)	(150)	-	-	-	(150)	-	(150)
Stock base compensation (Note 16)	-	-	137	-	-	137	-	137
Repurchase of non-controlling interest	-	-	-	-	-	-	(19)	(19)
Disposal of subsidiaries with non-controlling interest	-	-	-	-	4,457	4,457	(4,457)	-
Disposal of subsidiaries with accumulated other comprehensive income	-	-	-	-	(743)	(743)	-	(743)
Distributions to non-controlling interests	-	-	-	-	-	-	(923)	(923)
Balance, March 31, 2023	131,191,598	224,388	24,235	(253)	(98,951)	149,419	7,076	156,495

See accompanying notes to these condensed interim consolidated financial statements.

GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS)
(UNAUDITED)

	Three months ended March 31,	
	2023	2022
	\$	\$
Operating activities		
Net (loss) income for the period	(8,854)	211
Items not affecting cash:		
Depreciation and amortization (Note 10)	2,972	3,045
Loss on disposal (Note 5)	5,982	-
Net gain on sale of assets	(117)	-
Employee future benefit expense (less than) in excess of of employer contributions	684	-
Deferred income tax recovery	(2,912)	(685)
Interest expense, net (Note 17)	295	429
Share of earnings from joint ventures and associates (Note 6)	(98)	(369)
Share-based compensation expenses (Note 16)	137	-
Other non-cash items	563	509
Cash flow from operations before changes in non-cash operating accounts	(1,348)	3,140
Changes in non-cash operating accounts		
Trade and other receivables	1,600	268
Inventory	(216)	274
Prepaid expenses	(25)	107
Trade and other payables	(1,041)	(1,267)
Deferred revenue	485	2,197
Cash (used in) generated from operating activities	(545)	4,719
Investing activities		
Net cash disposed of on disposal	(1,210)	-
Other investing activities	(291)	(355)
Proceeds from disposal of assets	241	-
Distributions received from joint ventures and associates (Note 6)	1,217	275
Purchase of property, plant and equipment	(234)	(428)
Purchase of intangible assets	(843)	(664)
Cash used in investing activities	(1,120)	(1,172)
Financing activities		
Distribution to non-controlling interests	(923)	(1,356)
Contribution from non-controlling interests	-	430
Repurchase of non-controlling interests	(19)	-
Repurchase of commons shares (Note 13)	(150)	-
Interest paid, debt	(108)	(309)
Interest paid, lease liabilities (Note 7)	(107)	(122)
Net repayment of long term debt	(195)	(110)
Principal payment of lease liabilities (Note 7)	(850)	(759)
Cash used in financing activities	(2,352)	(2,226)
Net cash (used) generated	(4,017)	1,321
Cash and cash equivalents, beginning of period	19,636	21,744
Cash and cash equivalents, end of period	15,619	23,065

See accompanying notes to these condensed interim consolidated financial statements.

GLACIER MEDIA INC.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

1. GENERAL BUSINESS DESCRIPTION

Glacier Media Inc. ("Glacier" or the "Company") is an information and marketing solutions company pursuing growth in sectors where the provision of essential information and related services provides high customer utility and value. The related "go to market" strategy is being implemented through two operational areas: content and marketing solutions and data, analytics and intelligence.

The Company is incorporated under the Canada Business Corporations Act, with common shares listed on the Toronto Stock Exchange ("TSX"). The address of its head office is 2188 Yukon Street, Vancouver, British Columbia. Glacier is controlled by Madison Venture Corporation.

2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as applicable to interim financial reports including International Accounting Standard ("IAS") 34 Interim Financial Reporting. Certain prior year comparative figures have been reclassified to conform to the current year's presentation. These reclassifications did not have an impact on the statement of operations or the balance sheet.

These condensed interim consolidated financial statements have been approved by the Board of Directors for issue on May 10, 2023.

3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied to the consolidated financial statements for the year ended December 31, 2022.

The policies applied are based on the International Financial Reporting Standards issued and outstanding as at the date the board of directors approved these consolidated financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND UNCERTAINTY

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparation of the condensed interim consolidated financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended December 31, 2022.

GLACIER MEDIA INC.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

5. DISPOSITIONS

- (a) Effective January 1, 2023, Alta Newspaper Group LP and Swift Current Holdings LP were accounted for as joint ventures. As the result of changes in the structure of the underlying shareholders agreements with the previous minority shareholders of certain print community media operations, it was determined that the Company no longer has the ability to exercise control over these operations. As such, the Company recorded a deemed disposition of the controlling interest in the subsidiaries and acquired an investment in the joint venture operations at fair market value resulting in a net non-cash loss on disposal of \$2.7 million. These entities, which in past years were consolidated, were equity accounted for effective January 1, 2023, and their earnings were recorded within equity earnings for the period ended March 31, 2023.
- (b) In February 2023, the Company completed the sale of its printing assets into two new joint venture operations resulting in a non-cash loss on disposal of \$3.3 million. These joint ventures were entered into to extend the profitability of these operations.

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Company's share of the joint ventures and associates consists of the following:

(thousands of dollars)	As at and for the period ended	
	March 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of period	26,324	44,604
Acquisition of investment in joint ventures and associates (Note 5)	7,023	-
Share of earnings (loss) for the period	98	(11,829)
Share of other comprehensive income (net of tax) (Note 14)	81	1,074
Distributions, dividends received and other equity movements	(1,217)	(2,425)
Impairment of investment in joint ventures and associates	-	(5,100)
Balance, end of period	32,309	26,324

The following is the summarized financial information for the Company's joint ventures and associates, reported in the Company's share of ownership. The results have been amended to reflect adjustments made by the Company when using the equity method, including modifications for differences in accounting policy.

GLACIER MEDIA INC.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(thousands of dollars)	Joint ventures		Associates		Total	
	Three months ended March 31,		Three months ended March 31,		Three months ended March 31,	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Revenue	7,404	4,134	3,399	3,430	10,803	7,564
Operating expenses before depreciation and amortization	6,781	3,443	3,316	3,311	10,097	6,754
	623	691	83	119	706	810
Interest expense, net	1	22	8	10	9	32
Depreciation and amortization	480	338	70	66	550	404
Impairment, restructuring and other expenses (income) expenses (net)	(3)	(29)	10	2	7	(27)
Net income (loss) before income taxes	145	360	(5)	41	140	401
Income tax expense	39	36	3	(4)	42	32
Net income (loss) for the period	106	324	(8)	45	98	369

(thousands of dollars)	Joint ventures		Associates		Total	
	March 31,	December 31,	March 31,	December 31,	March 31,	December 31,
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Assets	34,379	26,273	8,208	8,173	42,587	34,446
Liabilities	7,283	5,156	5,659	5,696	12,942	10,852
Net Assets	27,096	21,117	2,549	2,477	29,645	23,594

7. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES

The Company has various right-of-use assets including its lease arrangements of property and equipment.

(thousands of dollars)	As at March 31, 2023		
	Cost	Accumulated depreciation	Carrying amount
	\$	\$	\$
Property	16,734	(9,035)	7,699
Equipment	1,118	(519)	599
	17,852	(9,554)	8,298

(thousands of dollars)	As at December 31, 2022		
	Cost	Accumulated depreciation	Carrying amount
	\$	\$	\$
Property	18,006	(9,193)	8,813
Equipment	1,118	(667)	451
	19,124	(9,860)	9,264

GLACIER MEDIA INC.
CONDENSED NOTES TO THE INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

7. RIGHT-OF-USE-ASSETS AND LEASE LIABILITIES (CONTINUED)

The Company's lease liabilities are as follows:

(thousands of dollars)	March 31, 2023	December 31, 2022
	\$	\$
Current portion of lease liabilities	3,058	3,192
Long term lease liabilities	6,137	6,984
	9,195	10,176

Changes to the Company's lease liabilities were as follows:

(thousands of dollars)	As at and for the period ended	
	March 31, 2023	December 31, 2022
	\$	\$
Balance, beginning of period	10,176	10,910
New leases and lease renewals	75	2,307
Interest expense, lease liability (Note 17)	98	481
Interest paid, lease liability	(107)	(505)
Payment of principal portion of lease liabilities	(850)	(3,121)
Termination	(69)	(12)
Foreign exchange	19	116
Disposal of subsidiary	(147)	-
Balance, end of period	9,195	10,176

During the period ended March 31, 2023, the Company had short-term and low value lease expenses of less than \$0.1 million (2022: \$0.1 million).

GLACIER MEDIA INC.
CONDENSED NOTES TO THE INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

8. PROPERTY, PLANT AND EQUIPMENT

	As at March 31, 2023		
(thousands of dollars)	Cost	Accumulated depreciation and impairment	Carrying amount
	\$	\$	\$
Land and Land Improvements	12,127	(280)	11,847
Buildings	6,848	(2,574)	4,274
Production equipment	4,194	(3,196)	998
Office equipment and leaseholds	12,879	(9,467)	3,412
	36,048	(15,517)	20,531
	As at December 31, 2022		
(thousands of dollars)	Cost	Accumulated depreciation and impairment	Carrying amount
	\$	\$	\$
Land and Land improvements	13,219	(272)	12,947
Buildings	12,099	(4,709)	7,390
Production equipment	22,885	(17,315)	5,570
Office equipment and leaseholds	12,680	(8,504)	4,176
	60,883	(30,800)	30,083

GLACIER MEDIA INC.
CONDENSED NOTES TO THE INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

9. INTANGIBLE ASSETS

The Company has various intangible assets including customer relationships, mastheads, software, data and technology, websites and trademarks. Of these, certain mastheads and trademarks are considered to have an indefinite life and; therefore, are not amortized. Intangible assets are as follows:

(thousands of dollars)	As at March 31, 2023		
	Cost	Accumulated amortization and impairment	Carrying amount
	\$	\$	\$
Indefinite life			
Mastheads and trademarks	15,158	(500)	14,658
Finite life			
Customer relationships	13,525	(6,878)	6,647
Software, data and technology, and websites	31,821	(18,591)	13,230
	60,504	(25,969)	34,535

(thousands of dollars)	As at December 31, 2022		
	Cost	Accumulated amortization and impairment	Carrying amount
	\$	\$	\$
Indefinite life			
Mastheads and trademarks	17,613	(500)	17,113
Finite life			
Customer relationships	13,528	(6,531)	6,997
Software, data and technology, and websites	31,020	(17,645)	13,375
	62,161	(24,676)	37,485

10. DEPRECIATION AND AMORTIZATION

(thousands of dollars)	Three months ended March 31,	
	2023	2022
	\$	\$
Depreciation of property, plant and equipment	729	731
Depreciation of right-of-use assets	822	812
Amortization of intangible assets	1,421	1,502
Depreciation and amortization	2,972	3,045

GLACIER MEDIA INC.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

11. OTHER CURRENT AND NON-CURRENT LIABILITIES

As at March 31, 2023, other current and non-current liabilities was \$10.6 million (2022: \$10.7 million), which primarily relate to deferred payments from acquisition transactions in previous periods. Included in this amount are fixed, variable and contingent payments. These amounts are due in future periods; the amounts due in the next year are included in other current liabilities.

12. DEBT

As at March 31, 2023, the Company had \$7.4 million of current and long term mortgages and other loans outstanding.

Under the existing financing agreement, the Company is required to meet certain covenants. The Company was in compliance with all covenants at March 31, 2023 and 2022.

13. SHARE CAPITAL

In 2022, the Company entered into a Normal Course Issuer Bid ("NCIB") to buy back up to 5,300,000 common shares, for cancellation, between April 4, 2022 and April 3, 2023. Daily purchases of shares under the NCIB were limited to 20,016 shares, subject to certain exceptions. The Company also entered into an automatic securities purchase plan with a designated broker under the NCIB which would allow for the purchase of shares under the NCIB when the Company ordinarily would not be permitted to purchase shares due to regulatory restrictions and customary self-imposed blackout periods.

	Number of common shares	Amount \$
Balance, January 1, 2022	132,755,559	224,970
Shares issued	-	-
Balance, March 31, 2022	132,755,559	224,970
Balance, January 1, 2023	131,629,429	224,538
Shares repurchased	(437,831)	(150)
Balance, March 31, 2023	131,191,598	224,388

GLACIER MEDIA INC.
CONDENSED NOTES TO THE INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The components of other comprehensive income (loss), net of tax, are as follows:

(thousands of dollars)	Accumulated other comprehensive (loss) income	Retained deficit	Non-controlling interest	Total other comprehensive income (loss)
	Cumulative translation adjustment	Actuarial income (loss) on defined benefit plans		
	\$	\$	\$	\$
Balance, January 1, 2022	(270)	5,235	661	5,626
Actuarial loss on defined benefit plans	-	(1,667)	-	(1,667)
Cumulative translation adjustment	68	-	77	145
Share of other comprehensive income from joint ventures and associates	-	1,107	-	1,107
Other comprehensive income for the period	68	(560)	77	(415)
Balance, March 31, 2022	(202)	4,675	738	5,211
Balance, January 1, 2023	(258)	4,616	559	4,917
Actuarial loss on defined benefit plans	-	(84)	-	(84)
Cumulative translation adjustment	5	-	4	9
Share of other comprehensive income from joint ventures and associates (Note 6)	-	81	-	81
Other comprehensive income (loss) for the period	5	(3)	4	6
Disposal of subsidiary with defined benefit plan	-	(743)	(583)	(1,326)
Balance, March 31, 2023	(253)	3,870	(20)	3,597

Other comprehensive income (loss) items that do not recycle through the consolidated statement of operations in future periods are recorded directly in retained earnings (deficit).

Other comprehensive income (loss) items are reported net of the following tax effects:

(thousands of dollars)	Three months ended March 31,	
	2023	2022
	\$	\$
Income tax effect of:		
Actuarial loss (income) on defined benefit plans	31	617
Share of other comprehensive income from joint ventures and associates	(30)	(410)

GLACIER MEDIA INC.
CONDENSED NOTES TO THE INTERIM
CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

15. REVENUE BY CATEGORY

(thousands of dollars)	Three months ended March 31,	
	2023	2022
	\$	\$
Advertising	22,556	23,336
Subscription, data, services and events	15,352	17,239
Commercial printing and other	1,310	1,657
	<u>39,218</u>	<u>42,232</u>

16. EXPENSE BY NATURE

(thousands of dollars)	Three months ended March 31,	
	2023	2022
	\$	\$
Wages and benefits (b)	24,295	23,647
Newsprint, ink and other printing costs	3,043	2,479
Delivery costs	2,221	2,542
Rent, utilities and other property costs	885	1,146
Advertising, marketing and other promotion costs	1,249	1,238
Third party production, development and editorial costs	3,075	2,019
Legal, bank, insurance and professional services	2,461	2,757
Data services, system maintenance, telecommunications and software licences	2,960	2,533
Fees, licences and other services	815	964
Event costs	388	25
Other	67	642
	<u>41,459</u>	<u>39,992</u>
Direct expenses (a)	30,703	30,057
General and administrative expenses	10,756	9,935
	<u>41,459</u>	<u>39,992</u>

(a) The Company received grants from various government aid programs, including the Department of Canadian Heritage's Canada Periodical Fund's Aid to Publishers program, Special Measures for Journalism, which were treated as an offset to certain expenses above.

(b) Share-Based Compensation

The Company has Restricted Share Unit ("RSU") plans under which the Company, through its subsidiaries, may issue restricted share units in certain business units. The RSU plan allows the subsidiary's directors to issue up to 15% of the subsidiary's outstanding common shares or specified limits established by the subsidiary's directors as equity settled RSUs from time to time. The RSU plans have a time vesting component and a performance vesting component. The fair value of the RSU plans were determined using recent third-party transactions.

GLACIER MEDIA INC.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(AMOUNTS EXPRESSED IN THOUSANDS OF CANADIAN DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

16. EXPENSE BY NATURE (CONTINUED)

The Company, through its subsidiaries, granted a total of 2,248,609 equity settled RSUs to some employees pursuant to the terms of the RSU plans with fair value ranges from \$0.70 to \$2.96 per unit at grant the dates. 581,508 RSUs vested immediately and the remaining RSUs will vest over various terms between 1-6 years on each anniversary date of the grant and/or December 31 of each year.

As at March 31, 2023, the estimated fair value of the equity settled RSUs granted was \$4.5 million and will be recognized as an expense over the vesting period of the RSUs.

For the period ended March 31, 2023, a total of \$0.1 million was recorded as share-based compensation expense related to equity settled RSU, with an offset to contributed surplus. This is a non-cash expense in the period.

17. INTEREST EXPENSE, NET

(thousands of dollars)	Three months ended March 31,	
	2023	2022
	\$	\$
Interest income	(96)	(18)
Interest income, accretion on long-term assets	(115)	(88)
Interest expense, debt	108	112
Interest expense, leases	98	120
Interest expense, accretion on current and long-term liabilities	219	254
Interest expense, other	81	31
Interest expense, net	295	411

18. RESTRUCTURING AND OTHER EXPENSES (INCOME) (NET)

Restructuring and other expenses (income) (net) include the following:

- Restructuring expenses, including severance costs incurred as the Company restructured and reduced its workforce.
- Transaction and transition costs incurred related to its acquisitions and divestitures. These costs include both the costs of completing the transactions and the costs of integrating these new operations into the Company, including equity transactions with non-controlling interest. Transaction costs include legal, accounting, due diligence, consulting and general acquisition costs. Transition costs include information technology costs, transitional staffing requirements, service fees paid to the vendor during the transition period and other costs directly related to the operational integration of the newly acquired businesses, as well as any closing costs associated with the closure or divestiture of operations.
- Other expenses (income) which includes foreign exchanges gains and losses, amounts received from the government relating to the Canadian Emergency Rent Subsidy, amounts received from a company in which Glacier is a non-controlling interest, amounts received in excess of accrued deferred sales prices receivable and other income and expenses.

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19. INCOME TAXES

Income tax recovery is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rate used for the period ended March 31, 2023, was 27.0% (2022: 27.0%). The components of income tax recovery are shown in the following table:

(thousands of dollars)	Three months ended March 31,	
	2023	2022
	\$	\$
Current tax	69	115
Deferred tax	(2,912)	(685)
<u>Income tax recovery</u>	<u>(2,843)</u>	<u>(570)</u>

Refer to Note 21 regarding the contingency relating to the CRA reassessment.

20. SEGMENT DISCLOSURE

The Company operates in three distinct operating segments throughout Canada and the United States. These segments are Environmental and Property Information, Commodity Information and Community Media. Environmental and Property Information includes the Company's business to business content, marketing solutions and data information products which are environmental and property related. Commodity Information includes the Company's business to business content, marketing solutions and data information products which are agriculture and mining related. The Community Media segment includes the Company's community digital and print media operations.

During the first quarter of 2023, the Company revised its operating segments to reflect business and marketplace changes. During the quarter, the Company completed two transactions which resulted in three community media operations going from being included in the consolidated results to becoming joint ventures and associates which is included in the Company's share of earnings from joint ventures and associates. Previously, the Company had included its joint ventures and associates within in operating segments, which are all included in the Community Media segment. All the joint ventures and associates are predominately print community media operations.

The Company continues to evolve and align its operations with the long-term plan of focusing on digital media, data and information businesses, it was determined that a change in the segments was required.

The following segment information is for the periods ended March 31, 2023, and 2022:

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20. SEGMENT DISCLOSURE (CONTINUED)

Three months ended March 31, 2023 (thousands of dollars)	Environmental and Property Information	Commodity Information	Community Media	Corporate	Total
	\$	\$	\$	\$	\$
Revenue	10,937	11,105	17,146	30	39,218
Divisional earnings before interest, taxes, depreciation, and amortization	<u>(1,258)</u>	<u>497</u>	<u>(32)</u>	<u>(1,448)</u>	<u>(2,241)</u>
Interest expense, net					295
Depreciation and amortization					2,972
Loss on disposal					5,982
Restructuring and other expenses (income) (net)					305
Share of earnings from joint ventures and associates					(98)
Income tax recovery					<u>(2,843)</u>
Net loss for the period					<u>(8,854)</u>
Three months ended March 31, 2022 (thousands of dollars)	Environmental and Property Information	Commodity Information	Community Media	Corporate	Total
	\$	\$	\$	\$	\$
Revenue	12,104	10,685	19,443	-	42,232
Divisional earnings before interest, taxes, depreciation, and amortization	<u>862</u>	<u>1,266</u>	<u>1,607</u>	<u>(1,495)</u>	<u>2,240</u>
Interest expense, net					411
Depreciation and amortization					3,045
Restructuring and other (income) expense, net					(488)
Share of earnings from joint ventures and associates					(369)
Income tax recovery					<u>(570)</u>
Net income for the period					<u>211</u>

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CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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20. SEGMENT DISCLOSURE (CONTINUED)

The Company operates in the following main geographical areas:

(thousands of dollars)	Three months ended March 31,	
	2023	2022
	\$	\$
Canada	30,568	33,122
United States	8,650	9,110
Total revenue	39,218	42,232

21. CONTINGENCIES AND COMMITMENTS

During 2014-2018 an affiliate of the Company ("the affiliate") received, from the Canada Revenue Agency ("CRA") and provincial tax authorities, tax notices of reassessments and assessments relating to the taxation years 2008-2017. The notices deny the application of non-capital losses, capital losses, scientific research and experimental development ("SR&ED") pool deductions and SR&ED tax credits claimed. As a result, additional taxes payable including interest and penalties are assessed at approximately \$68.1 million. The affiliate has filed notices of objection with the CRA and provincial taxing authorities and has substantially paid the required deposits, which has been recorded in Other assets.

The Company, the affiliate and its counsel believe that the filing positions adopted by the affiliate in all years are appropriate and in accordance with the law. Accordingly, the Company has not recorded a liability in these consolidated financial statements for the reassessed taxes payable and related interest described. The affiliate intends to vigorously defend such positions. The ultimate outcome is uncertain.



GLACIER MEDIA INC. CORPORATE INFORMATION

BOARD OF DIRECTORS

Bruce W. Aunger
Sam Grippo
Hugh McKinnon

Mark Melville
Geoffrey L. Scott

OFFICERS

Sam Grippo, Chairman
Mark Melville, President & Chief Executive Officer
Orest Smysnuik, CA, Chief Financial Officer
Bruce W. Aunger, Secretary

TRANSFER AGENT

Computershare Trust Company of Canada
Toronto, Calgary and Vancouver

AUDITORS

PricewaterhouseCoopers LLP

STOCK EXCHANGE LISTING

The Toronto Stock Exchange
Trading symbol: GVC

INVESTOR RELATIONS

Institutional investors, brokers, security analysts and others requiring financial and corporate information about Glacier should visit our website www.glaciermedia.ca or contact: Orest Smysnuik, CA, Chief Financial Officer.

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