

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

Three and six months ended June 30, 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.

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GLACIER MEDIA INC.

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

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

	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Revenue (Note 15)	37,322	43,135	76,540	85,367
Operational expenses before depreciation and amortization and other items				
Direct expenses (Note 16)	28,920	31,999	59,623	62,056
General and administrative (Note 16)	11,639	10,500	22,395	20,435
	(3,237)	636	(5,478)	2,876
Interest expense, net (Note 17)	380	412	675	823
Depreciation and amortization (Note 10)	2,857	3,175	5,829	6,220
Loss on disposal (Note 5)	187	-	6,169	-
Restructuring and other expenses (income) (net) (Note 18)	2,455	148	2,760	(340)
Share of losses (earnings) from joint ventures and associates (Note 6)	631	(456)	533	(825)
Net loss before income taxes	(9,747)	(2,643)	(21,444)	(3,002)
Income tax recovery (Note 19)	(1,924)	(1,136)	(4,767)	(1,706)
Net loss for the period	(7,823)	(1,507)	(16,677)	(1,296)
Net (loss) income attributable to:				
Common shareholders	(8,186)	(2,386)	(13,403)	(3,052)
Non-controlling interests	363	879	(3,274)	1,756
Net loss attributable to common shareholder per share				
Basic and diluted	(0.06)	(0.02)	(0.10)	(0.02)
Weighted average number of common shares				
Basic and diluted	131,900,782	132,601,956	132,195,531	132,678,333

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Net loss for the period	(7,823)	(1,507)	(16,677)	(1,296)
Other comprehensive income (loss) (net of tax) (Note 14)				
Actuarial (loss) income on defined benefit pension plans ⁽¹⁾	30	287	(54)	(1,380)
Currency translation adjustment ⁽²⁾	246	(87)	255	58
Share of other comprehensive income from joint ventures and associates ⁽¹⁾ (Note 6)	122	25	203	1,132
Other comprehensive income (loss) (net of tax)	398	225	404	(190)
Total comprehensive loss	(7,425)	(1,282)	(16,273)	(1,486)
Total comprehensive (loss) income attributable to:				
Common shareholders	(7,892)	(2,120)	(13,107)	(3,278)
Non-controlling interests	467	838	(3,166)	1,792

⁽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	
	June 30, 2023	December 31, 2022
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	13,789	19,636
Trade and other receivables	28,056	34,332
Inventory	1,976	3,054
Prepaid expenses	3,068	2,670
	46,889	59,692
Non-current assets		
Investments in joint ventures and associates (Note 6)	30,901	26,324
Other assets	25,821	26,556
Right-of-use assets (Note 7)	8,297	9,264
Property, plant and equipment (Note 8)	19,773	30,083
Intangible assets (Note 9)	33,827	37,485
Goodwill	27,024	27,141
Post-employment benefit asset	5,777	7,828
Deferred income taxes	18,608	13,184
Total assets	216,917	237,557
Liabilities		
Current liabilities		
Trade and other payables	26,805	29,515
Deferred revenue	13,516	11,611
Current portion of lease liabilities (Note 7)	3,110	3,192
Current portion of long term debt (Note 12)	7,337	456
Other current liabilities (Note 11)	2,950	2,982
	53,718	47,756
Non-current liabilities		
Non-current portion of deferred revenue	622	851
Lease liabilities (Note 7)	6,064	6,984
Other non-current liabilities (Note 11)	7,686	7,760
Long term debt (Note 12)	-	7,165
Total liabilities	68,090	70,516
Equity		
Share capital (Note 13)	224,370	224,538
Contributed surplus (Note 16)	24,427	24,098
Accumulated other comprehensive loss (Note 14)	(111)	(258)
Deficit	(106,985)	(97,445)
Total equity attributable to common shareholders	141,701	150,933
Non-controlling interests	7,126	16,108
Total equity	148,827	167,041
Total liabilities and equity	216,917	237,557

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 (loss) income for the period	-	-	-	-	(3,052)	(3,052)	1,756	(1,296)
Other comprehensive (loss) income (net of tax)	-	-	-	22	(248)	(226)	36	(190)
Total comprehensive (loss) income for the period	-	-	-	22	(3,300)	(3,278)	1,792	(1,486)
Repurchase of common shares (Note 13)	(330,600)	(135)	-	-	-	(135)	-	(135)
Stock base compensation (Note 16)	-	-	2,111	-	-	2,111	-	2,111
Contributions from non-controlling interests	-	-	-	-	-	-	430	430
Distributions to non-controlling interests	-	-	-	-	-	-	(2,226)	(2,226)
Balance, June 30, 2022	132,424,959	224,835	23,231	(248)	(70,573)	177,245	17,909	195,154
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	-	-	-	-	(13,403)	(13,403)	(3,274)	(16,677)
Other comprehensive income (net of tax)	-	-	-	147	149	296	108	404
Total comprehensive (loss) income for the period	-	-	-	147	(13,254)	(13,107)	(3,166)	(16,273)
Repurchase of common shares (Note 13)	(497,831)	(168)	-	-	-	(168)	-	(168)
Stock base compensation (Note 16)	-	-	329	-	-	329	-	329
Repurchase of non-controlling interest	-	-	-	-	-	-	(19)	(19)
Disposal of subsidiaries with non-controlling interest (Note 5)	-	-	-	-	4,457	4,457	(4,507)	(50)
Disposal of subsidiaries with accumulated other comprehensive income (Note 5)	-	-	-	-	(743)	(743)	-	(743)
Sale of non-controlling interest in a subsidiary	-	-	-	-	-	-	100	100
Distributions to non-controlling interests	-	-	-	-	-	-	(1,390)	(1,390)
Balance, June 30, 2023	131,131,598	224,370	24,427	(111)	(106,985)	141,701	7,126	148,827

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Operating activities				
Net loss for the period	(7,823)	(1,507)	(16,677)	(1,296)
Items not affecting cash:				
Depreciation and amortization (Note 10)	2,857	3,175	5,829	6,220
Loss on disposal (Note 5)	187	-	6,169	-
Net (gain) loss on sale of assets	57	-	(60)	-
Employee future benefit expense (less than) in excess of of employer contributions	(35)	(5)	649	(5)
Deferred income tax recovery	(1,967)	(1,028)	(4,879)	(1,713)
Interest expense, net (Note 17)	380	436	675	865
Share of losses (earnings) from joint ventures and associates (Note 6)	631	(456)	533	(825)
Restructuring expenses (Note 18)	1,447	(19)	1,661	308
Share-based compensation expenses (Note 16)	192	2,111	329	2,111
Other non-cash items	383	(686)	411	(504)
Cash flow from operations before changes in non-cash operating accounts	(3,691)	2,021	(5,360)	5,161
Changes in non-cash operating accounts				
Trade and other receivables	566	848	2,166	1,116
Inventory	(717)	(1,500)	(933)	(1,226)
Prepaid expenses	(733)	(590)	(758)	(483)
Trade and other payables	(1,228)	(1,961)	(1,948)	(3,228)
Deferred revenue	2,228	2,319	2,713	4,516
Cash (used in) generated from operating activities	(3,575)	1,137	(4,120)	5,856
Investing activities				
Net cash disposed of on disposal	(108)	-	(1,318)	-
Other investing activities	3,078	3,312	2,787	2,957
Proceeds from disposal	558	-	799	-
Distributions received from joint ventures and associates (Note 6)	899	684	2,116	959
Purchase of property, plant and equipment	(223)	(165)	(457)	(593)
Purchase of intangible assets	(919)	(875)	(1,762)	(1,539)
Cash generated from investing activities	3,285	2,956	2,165	1,784
Financing activities				
Distribution to non-controlling interests	(467)	(870)	(1,390)	(2,226)
Contribution from non-controlling interests	-	-	-	430
Repurchase of non-controlling interests	-	-	(19)	-
Repurchase of commons shares (Note 13)	(18)	(135)	(168)	(135)
Interest paid, debt	(107)	(308)	(215)	(617)
Interest paid, lease liabilities (Note 7)	(98)	(126)	(205)	(248)
Sale of non-controlling interest in a subsidiary	100	-	100	-
Net repayment of long term debt	(89)	(108)	(284)	(218)
Principal payment of lease liabilities (Note 7)	(861)	(766)	(1,711)	(1,525)
Cash used in financing activities	(1,540)	(2,313)	(3,892)	(4,539)
Net cash (used) generated	(1,830)	1,780	(5,847)	3,101
Cash and cash equivalents, beginning of period	15,619	23,065	19,636	21,744
Cash and cash equivalents, end of period	13,789	24,845	13,789	24,845

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)
(UNAUDITED)

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 August 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
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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 during 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	
	June 30, 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 loss for the period	(533)	(11,829)
Share of other comprehensive income (net of tax) (Note 14)	203	1,074
Distributions, dividends received and other equity movements	(2,116)	(2,425)
Impairment of investment in joint ventures and associates	-	(5,100)
Balance, end of period	30,901	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)
(UNAUDITED)

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(thousands of dollars)	Joint ventures		Associates		Total	
	Three months ended		Three months ended		Three months ended	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Revenue	8,442	4,469	3,691	3,551	12,133	8,020
Operating expenses before depreciation and amortization	7,769	3,702	3,504	3,499	11,273	7,201
	673	767	187	52	860	819
Interest expense, net	1	18	7	12	8	30
Depreciation and amortization	531	339	64	64	595	403
Impairment, restructuring and other expenses (income) (net)	825	(127)	1	(3)	826	(130)
Net (loss) income before income taxes	(684)	537	115	(21)	(569)	516
Income tax expense (recovery)	53	69	9	(9)	62	60
Net (loss) income for the period	(737)	468	106	(12)	(631)	456

(thousands of dollars)	Joint ventures		Associates		Total	
	Six months ended		Six months ended		Six months ended	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Revenue	15,846	8,603	7,090	6,981	22,936	15,584
Operating expenses before depreciation and amortization	14,550	7,145	6,820	6,810	21,370	13,955
	1,296	1,458	270	171	1,566	1,629
Interest expense, net	2	40	15	22	17	62
Depreciation and amortization	1,011	677	134	130	1,145	807
Impairment, restructuring and other expenses (income) (net)	822	(156)	11	(1)	833	(157)
Net (loss) income before income taxes	(539)	897	110	20	(429)	917
Income tax expense (recovery)	92	105	12	(13)	104	92
Net (loss) income for the period	(631)	792	98	33	(533)	825

(thousands of dollars)	Joint ventures		Associates		Total	
	June 30,	December 31,	June 30,	December 31,	June 30,	December 31,
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Assets	32,963	26,273	8,315	8,173	41,278	34,446
Liabilities	7,230	5,156	5,536	5,696	12,766	10,852
Net Assets	25,733	21,117	2,779	2,477	28,512	23,594

GLACIER MEDIA INC.
 CONDENSED NOTES TO THE INTERIM
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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)	Cost	As at June 30, 2023	
		Accumulated depreciation	Carrying amount
	\$	\$	\$
Property	15,558	(7,793)	7,765
Equipment	1,021	(489)	532
	16,579	(8,282)	8,297

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

The Company's lease liabilities are as follows:

(thousands of dollars)	June 30, 2023	December 31, 2022
	\$	\$
Current portion of lease liabilities	3,110	3,192
Long term lease liabilities	6,064	6,984
	9,174	10,176

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

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

(thousands of dollars)	As at and for the period ended	
	June 30, 2023	December 31, 2022
	\$	\$
Balance, beginning of period	10,176	10,910
New leases and lease renewals	1,040	2,307
Interest expense, lease liability (Note 17)	204	481
Interest paid, lease liability	(205)	(505)
Payment of principal portion of lease liabilities	(1,711)	(3,121)
Termination	(7)	(12)
Foreign exchange	(45)	116
Disposal of subsidiary	(278)	-
Balance, end of period	9,174	10,176

During the quarter ended June 30, 2023, the Company had short-term and low value lease expenses of less than \$0.1 million (2022: \$0.1 million).

8. PROPERTY, PLANT AND EQUIPMENT

(thousands of dollars)	Cost	As at June 30, 2023	
		Accumulated depreciation and impairment	Carrying amount
	\$	\$	\$
Land and Land Improvements	12,116	(288)	11,828
Buildings	6,743	(2,720)	4,023
Production equipment	3,888	(3,240)	648
Office equipment and leaseholds	13,026	(9,752)	3,274
	35,773	(16,000)	19,773
(thousands of dollars)	Cost	As at December 31, 2022	
		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

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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 June 30, 2023		
	Cost	Accumulated amortization and impairment	Carrying amount
	\$	\$	\$
Indefinite life			
Mastheads and trademarks	15,152	(500)	14,652
Finite life			
Customer relationships	13,457	(7,218)	6,239
Software, data and technology, and websites	32,290	(19,354)	12,936
	60,899	(27,072)	33,827

(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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Depreciation of property, plant and equipment	599	741	1,328	1,472
Depreciation of right-of-use assets	862	864	1,684	1,676
Amortization of intangible assets	1,396	1,570	2,817	3,072
Depreciation and amortization	2,857	3,175	5,829	6,220

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11. OTHER CURRENT AND NON-CURRENT LIABILITIES

As at June 30, 2023, other current and non-current liabilities was \$10.6 million (2022: \$10.7 million), which primarily relates 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 June 30, 2023, the Company had \$7.3 million of current 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 June 30, 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	(330,600)	(135)
Balance, June 30, 2022	132,424,959	224,835
Balance, January 1, 2023	131,629,429	224,538
Shares repurchased	(497,831)	(168)
Balance, June 30, 2023	131,131,598	224,370

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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	-	(1,380)	-	(1,380)
Cumulative translation adjustment	22	-	36	58
Share of other comprehensive income from joint ventures and associates	-	1,132	-	1,132
Other comprehensive (loss) income for the period	22	(248)	36	(190)
Balance, June 30, 2022	(248)	4,987	697	5,436
Balance, January 1, 2023	(258)	4,616	559	4,917
Actuarial loss on defined benefit plans	-	(54)	-	(54)
Cumulative translation adjustment	147	-	108	255
Share of other comprehensive income from joint ventures and associates (Note 6)	-	203	-	203
Other comprehensive income for the period	147	149	108	404
Disposal of subsidiary with defined benefit plan (Note 5)	-	(743)	(583)	(1,326)
Balance, June 30, 2023	(111)	4,022	84	3,995

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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Income tax effect of:				
Actuarial loss (income) on defined benefit plans	(11)	(106)	20	511
Share of other comprehensive income from joint ventures and associates	(45)	(9)	(75)	(419)

GLACIER MEDIA INC.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

15. REVENUE BY CATEGORY

(thousands of dollars)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Advertising	19,875	23,950	42,431	47,286
Subscription, data, services and events	16,707	17,593	32,059	34,832
Commercial printing and other	740	1,592	2,050	3,249
	37,322	43,135	76,540	85,367

16. EXPENSE BY NATURE

(thousands of dollars)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Wages and benefits (b)	23,261	26,250	47,556	49,897
Newsprint, ink and other printing costs	2,890	2,515	5,933	4,994
Delivery costs	1,690	2,653	3,911	5,195
Rent, utilities and other property costs	963	1,146	1,848	2,292
Advertising, marketing and other promotion costs	1,201	1,528	2,450	2,766
Third party production, development and editorial costs	2,774	2,137	5,849	4,156
Legal, bank, insurance and professional services	3,423	2,171	5,884	4,928
Data services, system maintenance, telecommunications and software licences	2,885	2,477	5,845	5,010
Fees, licences and other services	960	944	1,775	1,908
Event costs	42	358	430	383
Other	470	320	537	962
	40,559	42,499	82,018	82,491
Direct expenses (a)	28,920	31,999	59,623	62,056
General and administrative expenses	11,639	10,500	22,395	20,435
	40,559	42,499	82,018	82,491

(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 and 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.

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 vests over various terms between 1-6 years on each anniversary date of the grant and/or December 31 of each year.

GLACIER MEDIA INC.

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16. EXPENSE BY NATURE (CONTINUED)

As at June 30, 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 three months ended June 30, 2023, a total of \$0.3 million (2022: \$2.1 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Interest income	(116)	(24)	(212)	(42)
Interest income, accretion on long-term assets	-	(115)	(115)	(203)
Interest expense, debt	107	123	215	235
Interest expense, leases	106	128	204	248
Interest expense, accretion on current and long-term liabilities	191	270	410	524
Interest expense, other	92	30	173	61
Interest expense, net	380	412	675	823

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

(thousands of dollars)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Restructuring expenses (a)	2,034	316	2,588	347
Transaction and transition costs (b)	30	23	32	27
Other expense (c)	317	51	338	19
Other income (c)	74	(242)	(198)	(733)
	2,455	148	2,760	(340)

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

- (a) Restructuring expenses, includes severance and other costs incurred as the Company restructures and closes operations and reduces its workforce. Other restructuring costs include the cost of maintaining redundant office space, dismantling and exiting terminated leases, early termination lease fees, costs associated with relocation of remaining operations, and other closure costs incurred.
- (b) 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 interests. Transaction costs include legal, accounting, due diligence, consulting and general acquisition costs. Transition costs include IT costs, transitional staffing requirements, 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 sale or disposal of operations.

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

- (c) Other expenses (income) which includes foreign exchanges gains and losses, 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.

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 June 30, 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 June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Current tax	43	(108)	112	7
Deferred tax	(1,967)	(1,028)	(4,879)	(1,713)
Income tax recovery	(1,924)	(1,136)	(4,767)	(1,706)

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 Q1 2023, the Company revised its operating segments to reflect business and marketplace changes. During the first 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 June 30, 2023, and 2022:

GLACIER MEDIA INC.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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20. SEGMENT DISCLOSURE (CONTINUED)

Three months ended June 30, 2023 (thousands of dollars)	Environmental and Property Information	Commodity Information	Community Media	Corporate	IFRS Total
	\$	\$	\$	\$	\$
Revenue	12,049	8,348	16,727	198	37,322
Divisional earnings before interest, taxes, depreciation, and amortization	<u>(545)</u>	<u>(1,144)</u>	<u>(42)</u>	<u>(1,506)</u>	<u>(3,237)</u>
Interest expense, net					380
Depreciation and amortization					2,857
Loss on disposal					187
Restructuring and other expense, net					2,455
Share of losses from joint ventures and associates					631
Income tax recovery					<u>(1,924)</u>
Net loss for the period					<u>(7,823)</u>
Three months ended June 30, 2022 (thousands of dollars)	Environmental and Property Information	Commodity Information	Community Media	Corporate	IFRS Total
	\$	\$	\$	\$	\$
Revenue	12,571	9,222	21,342	-	43,135
Divisional earnings before interest, taxes, depreciation, and amortization	<u>196</u>	<u>(145)</u>	<u>1,575</u>	<u>(990)</u>	<u>636</u>
Interest expense, net					412
Depreciation and amortization					3,175
Restructuring and other expense, net					148
Share of earnings from joint ventures and associates					(456)
Income tax recovery					<u>(1,136)</u>
Net loss for the period					<u>(1,507)</u>
Six months ended June 30, 2023 (thousands of dollars)	Environmental and Property Information	Commodity Information	Community Media	Corporate	Total
	\$	\$	\$	\$	\$
Revenue	22,986	19,453	33,873	228	76,540
Divisional earnings before interest, taxes, depreciation, and amortization	<u>(1,803)</u>	<u>(647)</u>	<u>(74)</u>	<u>(2,954)</u>	<u>(5,478)</u>
Interest expense, net					675
Depreciation and amortization					5,829
Loss on disposal					6,169
Restructuring and other expense, net					2,760
Share of losses from joint ventures and associates					533
Income tax recovery					<u>(4,767)</u>
Net loss for the period					<u>(16,677)</u>

GLACIER MEDIA INC.

CONDENSED NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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20. SEGMENT DISCLOSURE (CONTINUED)

Six months ended June 30, 2022 (thousands of dollars)	Environmental and Property Information	Commodity Information	Community Media	Corporate	Total
	\$	\$	\$	\$	\$
Revenue	24,675	19,907	40,785	-	85,367
Divisional earnings before interest, taxes, depreciation, and amortization	1,058	1,121	3,182	(2,485)	2,876
Interest expense, net					823
Depreciation and amortization					6,220
Restructuring and other income, net					(340)
Share of earnings from joint ventures and associates					(825)
Income tax recovery					(1,706)
Net loss for the period					(1,296)

The Company operates in the following main geographical areas:

(thousands of dollars)	Three months ended June 30,		Six months ended June 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Canada	28,357	34,177	58,925	67,299
United States	8,965	8,958	17,615	18,068
Total revenue	37,322	43,135	76,540	85,367

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 \$68.8 million. The affiliate has filed notices of objection with the CRA and provincial taxing authorities and has paid the required deposits of \$23.5 million, which have 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 above. If the entity is ultimately successful in defending its positions, deposits made plus applicable interest will be refunded. However, if the Company is not successful in defending its position, the remaining balance of income taxes outstanding plus accrued interest will have to be paid to the CRA. The Company presently does have the financial resources to meet this contingent obligation should it materialize. The ultimate outcome remains 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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