# MANAGEMENT DISCUSSION AND ANALYSIS

Three and six months ended June 30, 2023 and 2022

GLACIER MEDIA INC.

# SECOND QUARTER 2023 MANAGEMENT'S DISCUSSION & ANALYSIS ("MD&A")

## FORWARD-LOOKING STATEMENTS

In this MD&A, Glacier Media Inc. and its subsidiaries are referred to collectively as "Glacier", "us", "our", "we" or the "Company" unless the context requires otherwise.

The report is dated August 10, 2023, and includes information up to this date.

Glacier Media Inc.'s Interim Report, including this MD&A contains forward-looking statements that relate to, among other things, our objectives, goals, strategies, intentions, plans, beliefs, expectations and estimates and can generally be identified by the use of statements that include phrases such as "believe", "expected", "anticipate", "intend", "plan", "likely", "will", "may", "could", "should", "would", "suspect", "outlook", "estimate", "forecast", "objective", "continue" (or the negative thereof) or similar words or phrases. These forward-looking statements include, among other things, statements relating to our expectations regarding revenues, expenses, cash flows, future profitability and the effect of our strategic initiatives, including our expectations as to investment spending and in targeted key strategic areas and the scaling back of such spending; the expected effects of cost cutting measures and the targeted closure of print publications; the expected industry specific softness in 2023; our expectations as to timing of easing of interest rate increases; to generate sufficient cash flow from operations to meet anticipated working capital, capital expenditures, and debt service requirements, that future cash flow from operations and the availability under existing banking arrangements are believed to be adequate to support financial liabilities, our expectation that the Company can generate future profits operating at lower levels of revenue from its digital media, data and information operations; pressures from increased interest rates will ease toward the end of 2023; and that the Company expects to be successful in its objection with CRA. These forward-looking statements are based on certain assumptions, including continued economic growth and recovery and the realization of cost savings in a timely manner and in the expected amounts, which are subject to risks, uncertainties and other factors which may cause results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, and undue reliance should not be placed on such statements.

Important factors that could cause actual results to differ materially from these expectations include geopolitical risks and events, inflation and rising interest rates, failure to implement or achieve the intended results from our strategic initiatives, the failure to reduce debt and the other risk factors listed in our Annual Information Form under the heading "Risk Factors" and in our Interim MD&A under the heading "Business Environment and Risks", many of which are out of our control. These other risk factors include, but are not limited to, the ability of the Company to sell advertising and subscriptions related to its publications, foreign exchange rate fluctuations, the seasonal and cyclical nature of the agricultural and energy sectors, discontinuation of government programs, general market conditions in both Canada and the United States, changes in the prices of purchased supplies including newsprint, the effects of competition in the Company's markets, dependence on key personnel, integration of newly acquired businesses, technological changes, tax risk, financing risk, debt service risk and cybersecurity risk.

The forward-looking statements made in the Company's Interim Report, including this MD&A, relate only to events or information as of the date on which the statements are made. Except as required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

The Interim Report, this MD&A and the documents to which we refer herein should be read completely and with the understanding that our actual future results may be materially different from what we expect.

## BASIS OF DISCUSSION AND ANALYSIS

The following management discussion and analysis of the financial condition and results of operations of the Company and other information is dated as at August 10, 2023 and should be read in conjunction with the Company's condensed interim consolidated financial statements and notes thereto as at and for the period ended June 30, 2023. The 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") and in accordance with International Accounting Standard 34 - Interim Financial Reporting. These condensed interim consolidated financial statements include only significant events and transactions affecting the Company during the current fiscal period and do not include all disclosures normally provided in the Company's annual consolidated financial statements. As a result, these condensed interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2022 and related MD&A which can be obtained on the Company's website: www.glaciermedia.ca and on the System for Electronic Document Analysis and Retrieval ("SEDAR"). Interim results are not necessarily indicative of the results expected for the fiscal year.

## NON-IFRS FINANCIAL MEASURES

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA margin and EBITDA per share, are not generally accepted measures of financial performance under IFRS. Management utilizes EBITDA as a financial performance measure to assess profitability and return on equity in its decision making. In addition, the Company, its lenders and its investors use EBITDA to measure performance and value for various purposes. Investors are cautioned; however, that EBITDA should not be construed as an alternative to net income (loss) attributable to common shareholders determined in accordance with IFRS as an indicator of the Company's performance.

The Company's method of calculating these financial performance measures may differ from other companies and, accordingly, they may not be comparable to measures used by other companies. A quantitative reconciliation of these non-IFRS measures is included in the section entitled EBITDA Reconciliation with Per Share Amounts.

All financial references are in millions of Canadian dollars unless otherwise noted.

## OVERVIEW OF THE BUSINESS

Glacier operates as an information and marketing solutions company pursuing growth in sectors where the provision of information and related services provides high customer value. The Company's "go to market" strategy is being pursued through two operational areas:

1. Data, analytics and intelligence; and
2. Content and marketing solutions

The data, analytics and intelligence products provide essential information, analysis and context that customers need for decision making, marketing needs, business opportunity identification and other purposes.

The Company has focused on a select group of industries that offer large addressable markets, growth opportunities and the ability to leverage its brands.

The content and marketing solutions products and offerings are being evolved and developed to address the changing needs of media - including both audience demand for content and client demand for marketing solutions.

Through its brands and operations, Glacier serves its clients and information users in three segments: Environmental and Property Information, Commodity Information and Community Media.

## ENVIRONMENTAL AND PROPERTY INFORMATION

ERIS (Environmental Risk Information Services) provides environmental risk data and related products for commercial real estate properties across North America. This information is used by environmental consultants, CRE brokers, financial institutions and insurance companies to identify and assess environmental risks around commercial real estate transactions. ERIS is the #1 provider of CRE environmental data in the Canadian market and is #2 in the United States.

STP ComplianceEHS produces digital audit guides and compliance tools for use in environmental health and safety audits. Multi-national companies license STP's content for use throughout the United States and across more than forty countries worldwide.

REW is the leading residential real estate listings and property information marketplace in British Columbia and is expanding in Alberta and other parts of Canada. REW is now #1 in traffic and audience in B.C., after surpassing realtor.ca. The REW marketplace provides consumers with key real estate information and insights (e.g. assessed values, past sales prices) in order to make better informed decisions about their home. Agents, new home developers and third-party providers (e.g. mortgage brokers, home insurance companies) use a variety of REW advertising, lead generation and subscription products to market their offerings to home buyers and sellers.

## COMMODITY INFORMATION

Glacier FarmMedia ("GFM") is Canada's leading provider of agricultural information. GFM serves the Canadian grower and agricultural industry with digital media, listings, publications, exhibitions and weather and commodities marketing subscriptions. Well-known brands operated by GFM include the Western Producer, Alberta Farmer Express, Manitoba Co-Operator, Country Guide, Farmtario, Canada's Outdoor Farm Show ("COFS"), Ag In Motion ("AIM"), AgDealer, Global Auction Guide, MarketsFarm, and Weather Innovations.

The Northern Miner Group ("TNMG") provides essential data, analysis and training solutions that enable companies in the mining industry to innovate and prosper in fast-changing global markets. With significant operations in Vancouver and Toronto, TNMG produces databases, conferences, digital media and e-learning programs for the mining sector. Key brands include the Northern Miner, the Canadian Mining Journal, CostmineIntelligence, edumine, Mining.com and the Global Mining Symposium.

## COMMUNITY MEDIA

### DIGITAL MEDIA

Glacier Media Digital ("GMD") operations include local news, general community information and classifieds websites; digital marketing services; and specialty products and services. GMD brands include: Castanet Media, Vancouver Is Awesome, a partial interest in Village Media, Eastward Media (targeting the Asian market) and many others.

The Company's strategy is to build a standalone digital local media business with leading market positions in British Columbia and other Western Canadian markets. Glacier Media now has sufficient traffic, revenue and profit with Vancouver Is Awesome and its local websites and digital marketing services in the Lower Mainland to operate on a standalone basis.

Castanet is a digital only media business that has operated since 2000 and is the leading source of news and information in the Okanagan region of B.C. (Kelowna, Kamloops, Penticton and Vernon).

Village Media is a digital only news and information business that operates twenty-five of its own local websites in Ontario and operates websites for other media companies. It licenses its own proprietary community website platform software.

The Local News Collective (which includes Glacier's websites and network partners) is now one of the largest digital advertising networks in Canada as measured by page views.

The Company is expanding its offerings of digital products and marketing services to 1) attract more local audience and provide the content its readers desire and 2) fulfill its clients' marketing needs, which are becoming more comprehensive and complex. The Company is continuing to publish newspapers as they still provide value to readers and advertisers, content and sales resources that can be shared with its digital products, and cash flow. The sharing of these resources and the cash flow generated are assisting with the transformation to local digital media operations.

### COMMUNITY MEDIA NEWSPAPER GROUP

The Community Media newspaper group publishes local newspapers in communities across Western Canada. The group also owns partial interests in the U.S. Its brands include the Victoria Times-Colonist, North Shore News, Richmond News, Prince George Citizen, St. Albert Gazette, Estevan Mercury, Yorkton This Week and many others.

Additional information on Glacier's operations is included in the Company's Annual Information Form as filed on SEDAR (www.sedarplus.ca).

## Q2 2023 PERFORMANCE AND OUTLOOK

| | Revenue | | EBITDA | |
|---|---|---|---|---|
| | Three months ended June 30, | | | |
| (thousands of dollars) | 2023 | 2022 | 2023 | 2022 |
| | $ | $ | $ | $ |
| Environmental and Property Information | 12,049 | 12,571 | (545) | 196 |
| Commodity Information | 8,348 | 9,222 | (1,144) | (145) |
| Community Media | 16,727 | 21,342 | (42) | 1,575 |
| Centralized and corporate costs | 198 | - | (1,506) | (990) |
| Total IFRS | 37,322 | 43,135 | (3,237) | 636 |

| | Revenue | | EBITDA | |
|---|---|---|---|---|
| | Six months ended June 30, | | | |
| (thousands of dollars) | 2023 | 2022 | 2023 | 2022 |
| | $ | $ | $ | $ |
| Environmental and Property Information | 22,986 | 24,675 | (1,803) | 1,058 |
| Commodity Information | 19,453 | 19,907 | (647) | 1,121 |
| Community Media | 33,873 | 40,785 | (74) | 3,182 |
| Centralized and Corporate Costs | 228 | - | (2,954) | (2,485) |
| Total IFRS | 76,540 | 85,367 | (5,478) | 2,876 |

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (thousands of dollars, except share and per share a | 2023 | 2022 | 2023 | 2022 |
| EBITDA | $ (3,237) | 636 | $ (5,478) | 2,876 |
| EBITDA per share | $ (0.02) | $ 0.00 | $ (0.04) | $ 0.02 |
| Capital expenditures | $ 1,142 | $ 1,040 | $ 2,219 | $ 2,132 |
| Weighted average shares outstanding, net | 131,900,782 | 132,601,956 | 132,195,531 | 132,678,333 |

Consolidated revenue for the three months ended June 30, 2023, was $37.3 million, down $5.8 million or 13.5% from the same period in the prior year. Consolidated EBITDA for the period was a loss of $3.2 million, down $3.9 million from positive EBITDA of $0.6 million for the same period in the prior year. During Q1 2023, the Company completed two separate transactions that resulted in three operations being accounted for as joint ventures, compared to previously included in the consolidated results. The Company completed the sale of its printing assets into two new joint venture operations. Certain print community media operations were treated as joint ventures from January 1, 2023, as the result of changes made in the structure of the underlying shareholders agreements with the previous minority shareholders, and it was determined that Company no longer has the ability to exercise control and therefore can no longer treat these entities as subsidiaries. These transactions had the effect of reducing reported revenue and EBITDA as compared to the same period in the prior year and increasing equity earnings in the current period as compared to the same period in the prior year.

Organic revenue declines in print media were driven by lower demand for print media products; however, digital media revenues continue to grow. The environmental and property information operations, which are reliant on the commercial and residential real estate industry, had lower revenues resulting from higher interest rates, which is temporarily decreasing demand for real estate related products. The agricultural information operations also had declines in print related revenue but noted increased revenue in digital products and events. The agricultural information operations continue to be impacted by the industry consolidation and the declining demand for print products. The mining information operations continue to operate in a challenged industry, especially with respect to junior miners, which is resulting in lower advertising revenue.

EBITDA for the period decreased as the result of lower revenues in the operations as discussed above. Additionally, rising costs related to inflation, (e.g. increased employee costs, newsprint, and printing costs) compounded the effects of reduced revenue.

### Outlook and Operating Highlights

Despite the challenging environment, the Company continues to focus on a combination of generating long-term revenue gains in its growth businesses and cost management in its legacy businesses. Operational investments in key strategic development areas continue to be scaled back until the economic outlook becomes more certain. The Company is monitoring economic conditions and will respond accordingly.

The Company is taking action to reduce print operations where print products are no longer economically feasible. This transition has already been completed in a number of markets resulting in the closure of the related print publications. The targeted closure of print operations will continue to occur and allow the Company to focus on the transformation to digital products.

Higher interest rates continue to impact results. Softness in the residential and commercial real estate markets continued to negatively affect operations during the second quarter, though Q2 saw a marked improvement over Q1. Higher rates also continue to impact the junior mining market and their ability to raise capital, impacting advertising revenues at The Northern Miner Group. It is expected that industry specific softness will continue into the latter half of 2023 with overall economic uncertainty, inflation, and the impact of higher interest rates. Although uncertain, it is anticipated that the pressures from increased interest rates will begin to ease toward the end of 2023.

Long-term, the digital media, data, and information businesses offer growth potential for the future. The underlying fundamentals of these products have demonstrated their value in the face of the challenging market conditions.

- Environmental and Property Information revenues were down 4.2% as compared to the same quarter in the prior year. While still off of Q2 2022 revenue levels, the rate of decline slowed in Q2 2023 versus Q1 2023.
  - ERIS's revenues and profits were negatively affected by the higher interest rates which continue to affect the commercial real estate industry overall. There are some initial signs that the commercial real estate industry will begin to recover; however, the general softness is expected to continue into the latter half of 2023.
  - STP achieved revenue and operational growth in the quarter from its SAAS-based regulatory compliance product, RegHub, and other related product offerings.
  - REW's revenues and profits continue to be negatively affected by the higher interest rates and a softer residential real estate market in Canada. This softening trend in the market is expected to continue until there is some certainty around economic conditions and interest rates. Similar to commercial real estate, there are some early signs of improvement in the residential real estate industry.
- Commodity Information revenues were down 9.5% as compared to the same quarter in the prior year.
  - GFM print advertising revenues continued to decline from lower demand for print advertising products and agricultural specific industry consolidation resulting in fewer advertisers.
  - The Northern Miner Group's revenues were down for the quarter as the challenging mining industry persists.
- Local Digital Media advertising and services revenues were up 7.1% as compared to the same quarter in the prior year.
  - Continued efforts to build digital content, audience and revenues have proven successful in growing the Company's local digital news media and community information business.
- Organic print community media revenues decline 10.1% as compared to the same quarter in the prior year. Overall, print community media revenues were down 32.5% as compared to the same quarter in the prior year. During Q1 2023, the Company completed two separate transactions that resulted in three operations

prospectively being accounted for as joint ventures, compared to previously being included in the consolidated revenue. The change in accounting for these transactions resulted in the majority of the revenue decrease when compared to the same quarter in the prior year.

- Print revenues will continue to decline as consumers and advertisers make the shift to digital offering and as the Company completes the targeted closure of print publications. The decline in flyer distribution also resulted in lower revenues. Operating costs continue to be managed in response to the changes in revenue relating to the print industry. The federal government's Aid to Publishers and Special Measures for Journalism programs have helped to lengthen the life of the print publications.

Even with the challenging economic environment, some of the Company's operations continue to perform well. The Company is optimistic that many of its operations can and will continue to perform well in the long-term and will continue to generate strong cash flows and enhance shareholder value. The respective brands, market positions and value to customers have remained strong. The Company continues to focus on the long-term growth of its data and information and digital media operations. The targeted closure of print publications which are no longer economically feasible will help the transition to digital and support the long-term growth therein. Strategic investment spending in the core areas of focus has resulted in lower operating profits in the short term, with the goal of improved and more robust product offerings over time. This investment spending has become more targeted to strictly necessary spending and will continue to be scaled back until economic recovery is more certain. The Company has implemented and will continue to proactively implement cost cutting measures that will take effect throughout 2023.

The Company is working to reach the point where increases in the revenue, profit and cash flow from its data, analytics and intelligence products and digital media products exceeds the decline of its print advertising related profit and cash flow.

Financial Position. As at June 30, 2023, the Company had a cash balance of $13.8 million and $7.3 million of non-recourse mortgages and loans (the majority of which relates to farm show land in Saskatchewan and Ontario).

The Company has net $5.4 million of deferred purchase price obligations to be paid over the next two years. This amount is net of contributions from minority partners.

## Q2 2023 OPERATING RESULTS

### REVENUE

Glacier's consolidated revenue for the three months ended June 30, 2023, was $37.3 million compared to $43.1 million for the same period in the prior year, down 13.5%.

### ENVIRONMENTAL AND PROPERTY INFORMATION

The Environmental and Property Information group generated revenue of $12.0 million for the three months ended June 30, 2023, as compared to $12.6 million for the same period in the prior year, or a decrease of 4.2%.

ERIS and REW's revenues were negatively impacted as the result of higher interest rates and economic uncertainty affecting the commercial and residential real estate industry. This market trend is expected to continue into the latter months of 2023, though Q2 saw improvement over Q1. STP continued to benefit from increased sales of its new product offerings.

### COMMODITY INFORMATION

The Commodity Information group generated revenue of $8.3 million for the three months ended June 30, 2023, as compared to $9.2 million for the same period in the prior year, or a decrease of 9.5%. GFM's print revenues are being impacted by declining demand for print advertising and agricultural specific industry consolidation resulting in fewer advertisers. The Northern Miner Group's revenues were down for the quarter as the mining industry continues to be challenged, especially the junior sector.

### COMMUNITY MEDIA

The Community Media Group generated $16.7 million of revenue for the three months ended June 30, 2023, as compared to $21.3 million for the same period in the prior year, a decrease of 21.6%. During Q1, the Company completed the sale of its printing assets into two new joint venture operations. From January 1, 2023, certain print community media operations were accounted for as joint ventures as the result of changes in the structure of the underlying shareholders agreements with the previous minority shareholders, and it was determined that Company no longer has the ability to exercise control. These transactions had the effect of reducing reported revenue as compared to the same period in the prior year and increasing equity earnings in the current period as compared to the same period in the prior year.

Organic print community media revenues declined 10.1% as compared to the same quarter in the prior year. Print media revenues are expected to continue to decline over time. Overall, print revenues were down 21.7%, included in this decrease are the effects of the transactions mentioned above that resulted in three operations becoming joint ventures and associates, that were previously included in the consolidated revenue.

Partially offsetting the print declines was growth in digital media revenue. Local Digital Media advertising and services revenues were up 7.1%. Continued efforts to build digital content, audience and revenues have resulted in growing the Company's local news media and community information business.

### GROSS PROFIT

Glacier's consolidated gross profit, being revenues less direct expenses, was $8.4 million for the three months ended June 30, 2023, as compared to $11.1 million for the same period in the prior year. Gross profit decreased predominantly due to the decrease in revenues, increased operating costs, including increased personnel costs resulting from inflation, supply chain constraints, and the reallocation of costs within the operations between direct and administrative functions. Gross profit was also affected by the transactions in Q1 2023 that resulted in three operations being accounted for joint ventures in 2023 as compared to previously included in the consolidated results in the comparative period.

Gross profit as a percentage of revenues ("gross profit margin") for the three months ended June 30, 2023, was 22.5% as compared to 25.8% for the same period in the prior year. The decrease as compared to the comparative period is driven by the same factors affecting consolidated gross profit.

### GENERAL & ADMINISTRATIVE EXPENSES

Glacier's consolidated general and administrative expenses were $11.6 million for the three months ended June 30, 2023, up from $10.5 million for the same period in the prior year. The increase in administrative costs primarily related to inflation affecting operating costs, including increased personnel costs, the reallocation of costs within the operations between direct and administrative functions, and increased legal fees. This was partially offset by the one-time implementation costs of a share-based compensation plan within certain subsidiary business units in the comparative period. Administrative costs were also affected by the transactions in Q1 2023 that resulted in three operations being accounted for joint ventures in 2023 as compared to previously included in the consolidated results in the comparative period.

### EBITDA

EBITDA was a loss of $3.2 million for the three months ended June 30, 2023, as compared to positive EBITDA of $0.6 million for the same period in the prior year. The results are due to the various reasons stated under "Revenue, Gross Profit and General & Administrative Expenses".

## INTEREST EXPENSE, NET

Glacier's consolidated net interest expense for the three months ended June 30, 2023, was $0.4 million consistent with the same period in the prior year, resulting from a mix of increased interest income and lower interest expense. The Company extinguished a small mortgage on January 1, 2023, causing interest expense on debt to decrease. Certain leases are now recorded within the earnings from joint ventures and associates where previously included in interest expense on leases.

## DEPRECIATION AND AMORTIZATION

Depreciation and amortization expenses were $2.9 million down $0.3 million as compared to the same period in the prior year. The rate of depreciation and amortization is keeping pace with capital expenditures.

## RESTRUCTURING AND OTHER EXPENSES (INCOME) (NET)

Restructuring and other expenses (income) (net) for the three months ended June 30, 2023, was $2.5 million as compared to expenses of $0.2 million for the same period in the prior year. Restructuring and other expenses (income) (net) include restructuring costs (from the closure or divestiture of operations, or part of operations; including severance, redundant office costs and other direct closure costs during transition periods), transaction costs (including equity transactions with non-controlling interests), foreign exchange, and other income and other expenses.

## SHARE OF EARNINGS FROM JOINT VENTURES AND ASSOCIATES

Share of earnings from joint ventures and associates, which include the Company's share of Great West Media Limited Partnership ("GWMLP"), the Victoria Times-Colonist ("VTC"), Rhode Island Suburban Newspapers, Inc. ("RISN"), Village Media Inc. ("Village"), Alta Newspaper Group LP and Swift Current Holdings LP, Kodiak Press LP and Estevan Press LP, decreased by $1.1 million as compared to the same period in the prior year. The decrease is the result of lower net income in the joint ventures and associates, partially resulting from an impairment taken within one of the joint ventures, which was partially offset by the addition of joint venture investments acquired during Q1 2023.

Effective January 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, and it was determined that Company no longer has the ability to exercise control. These entities which in past years were consolidated, were equity accounted effective January 1, 2023, and their earnings were recorded within equity earnings during June 30, 2023.

In February 2023, the Company completed the sale of its printing assets into two new joint venture operations. These joint ventures were entered into to extend the profitability of these operations.

Aggregate operating results for the Company's joint ventures and associates, at the Company's proportionate share of the results, are as follows:

| | As at | |
|---|---|---|
| (thousands of dollars) | June 30, 2023 | December 31, 2022 |
| | $ | $ |
| Assets | 41,278 | 34,446 |
| Liabilities | 12,766 | 10,852 |
| Net assets | 28,512 | 23,594 |

| (thousands of dollars) | Three months ended June 30, 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Revenues | 12,133 | 8,020 |
| EBITDA | 860 | 819 |
| Net (loss) income for the period | (631) | 456 |

| (thousands of dollars) | Six months ended June 30, 2023 | 2022 |
|---|---|---|
| | $ | $ |
| Revenues | 22,936 | 15,584 |
| EBITDA | 1,566 | 1,629 |
| Net (loss) income for the period | (533) | 825 |

## NET (LOSS) INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS

Net (loss) income attributable to non-controlling interest was income of $0.4 million as compared to income of $0.9 million, the change mainly related to lower operating results in entities with non-controlling interests. Additionally, the Company completed a transaction in which a previously consolidated operation with non-controlling interests became a joint venture.

## NET LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS

For the three months ended June 30, 2023, net loss attributable to common shareholders was $8.2 million as compared to $2.4 million for the same period in the prior year. The change resulted from i) lower operating results of $3.9 million, ii) a loss on disposal of $0.2 million in the second quarter of 2023, iii) increased restructuring and net other expenses (income) of $2.3 million, and iv) increased share of losses from joint ventures and associates of $1.1 million. This was partially offset by i) lower depreciation and amortization of $0.3 million, ii) higher income tax recovery of $0.8 million, and iii) lower income attributable to non-controlling interests of $0.5 million.

## OTHER COMPREHENSIVE INCOME (LOSS) (NET OF TAX)

For the three months ended June 30, 2023, Glacier recognized other comprehensive income (net of tax) of $0.4 million. The income related to the mix of actuarial losses on defined benefit pension plans resulting from the change in actuarial assumptions, mainly the discount rate, and the change in the currency translation adjustment.

## CASH FLOW FROM OPERATIONS

Glacier's consolidated cash flow from operations was cash used of $3.7 million (before changes in non-cash operating accounts) for the three months ended June 30, 2023, as compared to cash generated of $2.0 million for the same period in the prior year. The change in cash flow from operations was primarily the result of the factors stated under "Revenue, Gross Profit, General & Administrative Expenses and EBITDA".

Capital expenditures were $1.1 million as compared to $1.0 million for the same period in the prior year. The majority of the current year expenditures relate the development and implementation of software websites and content, acquisition of data and technology, hardware, and leasehold improvements. Prior year capital expenditures primarily relate to the development and implementation of software and websites, content development, data and technology and leasehold improvements.

See "Summary of Financial Position, Financial Requirements and Liquidity" for further details.

## CONTINGENCY

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.

## SELECTED INTERIM FINANCIAL INFORMATION

The following outlines selected financial statistics and performance measures for Glacier, on an IFRS basis (other than the non-IFRS measures noted) for the three and six months ended June 30, 2023 and 2022:

| (thousands of dollars) except share and per share amounts | Three months ended June 30, 2023 | Three months ended June 30, 2022 | Six months ended June 30, 2023 | Six months ended June 30, 2022 |
|---|---|---|---|---|
| Revenue | $ 37,322 | $ 43,135 | $ 76,540 | $ 85,367 |
| Gross profit [2] | $ 8,402 | $ 11,136 | $ 16,917 | $ 23,311 |
| Gross margin | 22.5% | 25.8% | 22.1% | 27.3% |
| EBITDA [1] | $ (3,237) | $ 636 | $ (5,478) | $ 2,876 |
| EBITDA margin [1] | (8.7%) | 1.5% | (7.2%) | 3.4% |
| EBITDA per share [1] | $ (0.02) | $ 0.00 | $ (0.04) | $ 0.02 |
| Net loss attributable to common shareholders | $ (8,186) | $ (2,386) | $ (13,403) | $ (3,052) |
| Net loss attributable to common shareholders per share | $ (0.06) | $ (0.02) | $ (0.10) | $ (0.02) |
| Cash flow from operations | $ (3,691) | $ 2,021 | $ (5,360) | $ 5,161 |
| Cash flow from operations per share | $ (0.03) | $ 0.02 | $ (0.04) | $ 0.04 |
| Capital expenditures | $ 1,142 | $ 1,040 | $ 2,219 | $ 2,132 |
| Total assets | $ 216,917 | $ 272,161 | $ 216,917 | $ 272,161 |
| Total non-current financial liabilities | $ 13,750 | $ 27,002 | $ 13,750 | $ 27,002 |
| Equity attributable to common shareholders | $ 141,701 | $ 177,245 | $ 141,701 | $ 177,245 |
| Weighted average shares outstanding, net | 131,900,782 | 132,601,956 | 132,195,531 | 132,678,333 |

Notes:

(1) Refer to "Non-IFRS Measures" and "EBITDA Reconciliation" section for calculation of non-IFRS measures used in this table.

(2) Gross profit for these purposes excludes depreciation and amortization.

The main factors affecting the comparability between quarters include:

- Operating performance of the Company's various business units and general market conditions during the reported years.
- Revenues continue to be impacted by declining print advertising revenue and the cyclical nature of certain of Glacier's businesses, including the fluctuating conditions in the mining and agriculture industry.
- Fluctuations in restructuring expenses including severance payments, transaction and transition expenses.

- 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.

- Since January 2023, Alta Newspaper Group LP and Swift Current Holdings LP were accounted as joint ventures as the result of changes in the structure of the underlying shareholders agreements with the previous minority shareholders, and it was determined that Company no longer has the ability to exercise control. These entities, which were consolidated in past years, were equity accounted effective January 1, 2023, and their earnings were recorded within equity earnings during 2023. The net effect of the disposal of the subsidiary investment and acquisition of the joint venture investment resulted in a non-cash loss of $2.7 million.

## SUMMARY OF QUARTERLY RESULTS

The following outlines the significant financial performance measures for Glacier for the last eight quarters:

| (thousands of dollars) except share and per share amounts | Trailing 12 Months | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 |
|---|---|---|---|---|---|
| Revenue | $ 167,185 | $ 37,322 | $ 39,218 | $ 42,725 | $ 47,920 |
| EBITDA [1] | $ (5,271) | $ (3,237) | $ (2,241) | $ (1,630) | $ 1,837 |
| EBITDA margin [1] | (3.2%) | (8.7%) | (5.7%) | (3.8%) | 3.8% |
| EBITDA per share [1] | $ (0.04) | $ (0.02) | $ (0.02) | $ (0.01) | $ 0.01 |
| Net loss attributable to common shareholders | $ (39,904) | $ (8,186) | $ (5,217) | $ (25,753) | $ (748) |
| Net loss attributable to common shareholders per share | $ (0.30) | $ (0.06) | $ (0.04) | $ (0.19) | $ (0.01) |
| Cash flow from operations | $ (3,134) | $ (3,691) | $ (1,348) | $ (1,681) | $ 3,586 |
| Cash flow from operations per share | $ (0.02) | $ (0.03) | $ (0.01) | $ (0.01) | $ 0.03 |
| Capital expenditures | $ 5,032 | $ 1,142 | $ 1,077 | $ 1,327 | $ 1,486 |
| Equity attributable to common shareholders | $ 141,701 | $ 141,701 | $ 149,419 | $ 150,933 | $ 176,169 |
| Weighted average shares outstanding, net | 132,434,133 | 131,900,782 | 132,329,984 | 132,396,635 | 132,503,804 |

| | Trailing 12 Months | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 |
|---|---|---|---|---|---|
| Revenue | $ 169,419 | $ 43,135 | $ 42,232 | $ 43,841 | $ 40,211 |
| EBITDA [1] | $ 11,970 | $ 636 | $ 2,240 | $ 5,846 | $ 3,248 |
| EBITDA margin [1] | 7.1% | 1.5% | 5.3% | 13.3% | 8.1% |
| EBITDA per share [1] | $ 0.09 | $ 0.00 | $ 0.02 | $ 0.04 | $ 0.02 |
| Net (loss) income attributable to common shareholders | $ (7,761) | $ (2,386) | $ (666) | $ (4,784) | $ 75 |
| Net (loss) income attributable to common shareholders per share | $ (0.06) | $ (0.02) | $ (0.01) | $ (0.04) | $ 0.00 |
| Cash flow from operations | $ 12,379 | $ 2,021 | $ 3,140 | $ 4,052 | $ 3,166 |
| Cash flow from operations per share | $ 0.09 | $ 0.02 | $ 0.02 | $ 0.03 | $ 0.02 |
| Capital expenditures | $ 8,525 | $ 1,040 | $ 1,092 | $ 5,205 | $ 1,188 |
| Equity attributable to common shareholders | $ 177,245 | $ 177,245 | $ 177,389 | $ 178,547 | $ 182,186 |
| Weighted average shares outstanding, net | 132,717,263 | 132,601,956 | 132,755,559 | 132,755,559 | 132,755,559 |

Notes:
[1] Refer to "Non-IFRS Measures" and "EBITDA Reconciliation" section for calculation of non-IFRS measures used in this table.

The main factors affecting comparability of results over the last eight quarters are:

- Operating performance of the Company's various business units, including cost-reduction initiatives and general market conditions during the reported periods.

- Revenues continue to be impacted by declining print advertising revenue and the cyclical nature of certain of Glacier's businesses, including the fluctuating conditions in the mining and agriculture industry.

- Fluctuations in restructuring expenses including severance payments, transaction and transition expenses.

- 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.

- Since January 2023, Alta Newspaper Group LP and Swift Current Holdings LP were treated as joint ventures as the result of changes in the structure of underlying shareholders agreements with the previous minority shareholders, and it was determined that Company no longer has the ability to exercise control. These entities, which were consolidated in past years, were equity accounted effective January 1, 2023, and their earnings were recorded within equity earnings during 2023. The net effect of the disposal of the subsidiary investment and acquisition of the joint venture investment resulted in a non-cash loss of $2.7 million.

- In December 2022, the Company recorded an impairment charge of $15.5 million. There was no impairment charge in the year ended December 31, 2021.
- In December 2022, one of the Company's investments in joint ventures and associates took an impairment of goodwill, along with a valuation allowance on certain deferred tax assets, resulting in the Company recording a $13.8 million share of losses from joint ventures and associates. In December 2021, one of the Company's investments in joint ventures and associates took an impairment of goodwill and non-amortizing intangible assets, along with a valuation allowance on certain deferred tax assets, resulting in the Company recording $11.5 million share of losses from joint ventures and associates.
- In the third quarter of 2022, GFM's outdoor agricultural exhibition shows returned to full scale in-person shows after two years of scaled back virtual replacement shows as the result of COVID restrictions.
- In the second quarter of 2022, Company implemented a share-based compensation plan within certain subsidiary business units resulting in a non-cash implementation cost of $1.7 million.
- The $0.4 million of CEWS as an offset to wage expense for the three months ended December 31, 2021, and $1.4 million for the three months ended September 30, 2021. Other subsidies were also received, at varying levels throughout 2022, and 2021. Additionally, certain joint venture and associate entities also received CEWS and other government funding during these periods. There was no CEWS recorded in 2022 or 2023.

## EBITDA RECONCILIATION

The following table reconciles the Company's net (loss) income attributable to common shareholders as reported under IFRS to EBITDA, which is considered a non-GAAP measure.

| (thousands of dollars) | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| except share and per share amounts | 2023 | 2022 | 2023 | 2022 |
| Net loss attributable to common shareholders | $ (8,186) | $ (2,386) | $ (13,403) | $ (3,052) |
| Add (deduct): | | | | |
| Non-controlling interests | $ 363 | $ 879 | $ (3,274) | $ 1,756 |
| Interest expense, net | $ 380 | $ 412 | $ 675 | $ 823 |
| Depreciation and amortization | $ 2,857 | $ 3,175 | $ 5,829 | $ 6,220 |
| Loss on disposal | $ 187 | $ - | $ 6,169 | $ - |
| Restructuring and other expenses (net) | $ 2,455 | $ 148 | $ 2,760 | $ (340) |
| Share of earnings from joint ventures and associates | $ 631 | $ (456) | $ 533 | $ (825) |
| Income tax (recovery) | $ (1,924) | $ (1,136) | $ (4,767) | $ (1,706) |
| EBITDA [1] | $ (3,237) | $ 636 | $ (5,478) | $ 2,876 |
| Weighted average shares outstanding, net | 131,900,782 | 132,601,956 | 132,195,531 | 132,678,333 |
| Net loss attributable to common share holders per share | $ (0.06) | $ (0.02) | $ (0.10) | $ (0.02) |
| EBITDA per share [1] | $ (0.02) | $ 0.00 | $ (0.04) | $ 0.02 |

Notes:
[1] Refer to "Non-IFRS Measures" section of MD&A for discussion of non-IFRS measures used in this table.

## SUMMARY OF FINANCIAL POSITION, FINANCIAL REQUIREMENTS AND LIQUIDITY

Glacier generates sufficient cash flow from operations to meet anticipated working capital, capital expenditures, and debt service requirements.

As at June 30, 2023, Glacier had consolidated cash and cash equivalents of $13.8 million, current debt of $7.3 million, its share of net deferred purchase price obligations of $5.4 million to be paid over the next two years, and working capital of $6.7 million, excluding deferred revenue. Glacier's actual cash working capital is greater than reflected by the amounts indicated on the consolidated balance sheet due to deferred revenue relating to renewals and subscriptions that have been paid for by subscribers but not yet delivered; and the costs associated with the fulfillment of this liability are less than the amount indicated in current liabilities.

Capital expenditures were $1.1 million as compared to $1.0 million in the same period in the prior year. The majority of the current year expenditures relate the development and implementation of software websites and content, acquisition of data and technology, hardware, and leasehold improvements. Prior year capital expenditures primarily relate to the development and implementation of software and websites, content development, data and technology and leasehold improvements.

## CHANGES IN FINANCIAL POSITION

| | Three months ended June 30, | | Six months ended June 30, | |
|---|---|---|---|---|
| (thousands of dollars) | 2023 | 2022 | 2023 | 2022 |
| | $ | $ | $ | $ |
| Cash (used in) generated from: | | | | |
| Operating activities | (3,575) | 1,137 | (4,120) | 5,856 |
| Investing activities | 3,285 | 2,956 | 2,165 | 1,784 |
| Financing activities | (1,540) | (2,313) | (3,892) | (4,539) |
| (Decrease) increase in cash | (1,830) | 1,780 | (5,847) | 3,101 |

The changes in the components of cash flows during the three months ended 2023 and 2022 are detailed in the consolidated statements of cash flows of the financial statements. The more significant changes are discussed below.

## OPERATING ACTIVITIES

Glacier's cash flow from operations before changes in non-cash operating accounts was cash used of $3.7 million for the three months ended June 30, 2023, as compared to cash generated of $2.0 million for the same period in the prior year as the result of the factors stated under Revenue, Gross Profit, General & Administrative Expenses and EBITDA. Cash flow from operations after changes in non-cash working capital was cash used of $3.6 million for the three months ended June 30, 2023, as compared to cash generated of $1.1 million for the same period in the prior year.

## INVESTING ACTIVITIES

Cash generated from investing activities totalled $3.3 million for the three months ended June 30, 2023, as compared to cash generated of $3.0 million for the same period in the prior year. Investing activities included $1.1 million of capital expenditures, $0.9 million distributions received from joint ventures and associates, $3.1 million of other net investing activities, $0.6 proceeds from sale of assets, and $0.1 million of net cash disposed of on sale.

## FINANCING ACTIVITIES

Cash used in financing activities was $1.5 million for the three months ended June 30, 2023, as compared to $2.3 million for the same period in the prior year. The Company made distributions to non-controlling interests of $0.5 million repurchase of common shares through the NCIB of less than $0.1 million, interest paid on debt of $0.1 million, interest paid on lease liabilities of $0.1 million, sale of non-controlling interest in a subsidiary of $0.1 million, net repayment of debt of $0.1 million and principal payment of lease liabilities of $0.9 million.

## OUTSTANDING SHARE DATA

As at June 30, 2023, there were 131,131,598 common shares and 1,115,000 share purchase warrants outstanding.

The Company had 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. The total number of shares repurchased throughout the course of the NCIB was 1,623,961. Between January 1, 2023, and June 30, 2023, the Company repurchased 497,831 common shares at an average share price of $0.33 per share.

As at August 10, 2023, there were 131,131,598 common shares and 1,115,000 share purchase warrants outstanding. The warrants outstanding allow the holder to purchase one common share per warrant at $4.48 per share. The warrants expire on June 28, 2029, unless extended.

## CONTRACTUAL AGREEMENTS

As at June 30, 2023, the Company has an agreement with a major Canadian bank. The facility, which matures on May 31, 2024, is a revolving facility with no requirement for principal payments during the term.

In summary, the Company's contractual obligations due over the next five calendar years are as follows:

| (thousands of dollars) | Total | 2023 | 2024 | 2025 | 2026 | 2027 | Thereafter |
|---|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | $ | $ |
| Debt | 7,337 | 172 | 7,165 | - | - | - | - |
| Undiscounted lease liabilities | 9,448 | 1,882 | 2,828 | 1,485 | 892 | 662 | 1,699 |
| | 16,785 | 2,054 | 9,993 | 1,485 | 892 | 662 | 1,699 |

Under the existing agreement, the Company, its subsidiaries and its affiliates are required to meet certain covenants. The Company, its subsidiaries and its affiliates were fully in compliance with these covenants at June 30, 2023 and 2022.

## FINANCIAL INSTRUMENTS

The Company's activities result in exposure to a variety of financial risks, including risks relating to foreign exchange, credit, interest rate, and liquidity risk.

Certain of the Company's products are sold at prices denominated in U.S. dollars while the majority of its operational costs and expenses are incurred in Canadian dollars. An increase in the value of the Canadian dollar relative to the U.S. dollar reduces the revenue in Canadian dollar terms realized by the Company from sales made in U.S. dollars.

The Company also has foreign operations in the United States whose earnings are exposed to foreign exchange risk.

The Company sells its products and services to a variety of customers under various payment terms and therefore is exposed to credit risks from its trade receivables from customers. The Company has adopted policies and procedures designed to limit these risks. The carrying amounts for trade receivables are net of applicable expected credit loss allowances, which are determined using the expected credit losses ("ECL") model. Expected credit losses are measured as the present value of cash shortfalls from all possible default events, discounted at the effective interest rate of the financial asset. The Company is protected against any concentration of credit risk through its products, broad clientele, and geographic diversity.

The Company's interest rate risk mainly arises from the interest rate impact on cash and floating rate debt. The Company actively manages its interest rate risk through ongoing monitoring of market interest rates and the overall economic situation.

The Company is exposed to liquidity risk with respect to trade payables, debt, and contractual obligations. The Company manages liquidity by maintaining adequate cash balances and by having appropriate lines of credit available. In addition, the Company continuously monitors and reviews both actual and forecasted cash flows.

Management believes that future cash flow from operations and the availability under existing banking arrangements will be adequate to support its financial liabilities. Glacier's actual cash working capital is greater than reflected by the amounts indicated on the consolidated balance sheet due to deferred revenue relating to renewals and subscriptions that have been paid for by subscribers but not yet delivered; and the costs associated with the fulfillment of this liability are less than the amount indicated in current liabilities.

The carrying value of certain financial instruments maturing in the short-term approximates their fair value. These financial instruments include cash and cash equivalents, trade and other receivable, trade and other payables, debt and other current and non-current liabilities (classified as measured at amortized cost), and other investments (classified as measured at fair value through other comprehensive income or fair value through profit and loss). The fair values calculated approximate the amounts for which the financial instruments could be settled between consenting parties, based on current market data for similar instruments. Consequently, as estimates must be used to determine fair value, they must not be interpreted as being realizable in the event of an immediate settlement of the instruments.

## BUSINESS ENVIRONMENT AND RISKS

A comprehensive discussion of Risks and Uncertainties was included in the 2022 Annual Report and can be found on SEDAR. The discussion is applicable for the period ended June 30, 2023.

## DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company has established disclosure controls and procedures to ensure that the information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Audit Committee and Board.

The Company did not make any changes to its internal controls over financial reporting ("ICFR") during the most recent period ended June 30, 2023, which materially affected, or are reasonably likely to materially affect, the Company's ICFR.

# 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.

## CORPORATE OFFICE

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