

Condensed Interim Consolidated Financial Statements of

**GLACIER MEDIA INC.**

For the Three months ended March 31, 2018 and 2017  
(Unaudited)

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# GLACIER MEDIA INC.

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## Report to Shareholders

### Financial Performance

Glacier Media Inc.'s ("Glacier" or the "Company") financial results for the first quarter were consistent with recent quarters. The Company's growth segments continued solid growth while the mature operations experienced revenue and EBITDA declines.

Overall, adjusted<sup>(1)</sup> consolidated EBITDA, including the Company's share of its joint venture interests, decreased to \$6.5 million for the period ended March 31, 2018 compared to \$7.3 million for the same period in the prior year. Adjusted consolidated revenue was \$53.1 million for the quarter compared to \$55.4 million for the same period in the prior year.

The environmental, property and financial information operations continued to experience solid revenue growth in all operations. Adjusted revenues for the segment were \$7.5 million while adjusted EBITDA declined by 7.5% to \$1.5 million. The EBITDA decline was attributable to an increase in the level of operating investment in ERIS and the fast growing REW real estate portal.

The commodities sector continued its recovery, resulting in a strong quarter for the Company's commodity information segment. The mining information operations, in particular, experienced a very strong quarter, reaping the benefits of the continued recovery of the mining market. Overall, the segment's adjusted revenue declined 3.9% to \$14.1 million (largely due to last year's closure of the print energy publications) while adjusted EBITDA increased 7.2% to \$4.5 million.

The community media group continued to make progress in its efforts to evolve and build its digital media business while leveraging its traditional print and flyer content and offerings. Print advertising revenue continued to decline as expected, but was partially offset by growth in digital revenues and profits. In total, adjusted community media revenue declined by 6.8% to \$31.5 million while adjusted EBITDA declined by 21.1% to \$2.6 million. Digital revenues grew 30%, with good progress being made in the Company's portfolio of digital products and marketing solutions offerings.

<sup>(1)</sup> For a reconciliation of adjusted results to results in accordance with International Financial Reporting Standards ("IFRS"), refer to the "Reconciliation of IFRS to Adjusted Results" as presented in the Company's Management Discussion & Analysis.

### Operational Strategy and Focus

Glacier operates as an information and marketing solutions company pursuing growth in sectors where the provision of essential 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

Through its brands and operations, Glacier serves clients in three segments:

#### Environmental, Property and Financial Information

- |  |  |
|--|--|
| Environmental and Property Information | • Environmental Risk Information Services ("ERIS"), Specialty Technical Publishers ("STP"), and REW.ca |
| Financial Information                  | • Fundata (50% interest)   |

#### Commodity Information

- |                          |   |
|--------------------------|---|
| Agricultural Information | • Glacier FarmMedia ("GFM"): Western Producer, Farm Business Communications, Canada's Outdoor Farm Show, Ag In Motion, AgDealer and Weather INnovations ("WIN") |
| Energy and Mining        | • JuneWarren-Nickle's Energy Group (including CanOils) ("JWN"), Evaluate Energy,  |

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Information Northern Miner Group and Infomine (50% interest)

## Community Media

Community Media

- Local daily and weekly newspapers and related publications, websites and digital products in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and the United States (includes direct, joint venture and other interests)

## **Operational Overview**

### Environmental, Property and Financial Information

#### *Environmental and Property Information*

- ERIS continued to grow in both Canada and the U.S., with new customer additions and renewals. The Company continued to increase its operational investment in ERIS to support its growth and expansion.
- REW.ca, the Company's online real estate portal, continued to grow rapidly in terms of site features, traffic and revenues. Visits to the site increased by 45% as compared to Q1 2017. During the first quarter, REW signed a contract with BC Assessment to license their property information. Leveraging this data and proprietary information, REW launched "property pages" which offer consumers rich information including assessment value, past sales data and market stats for 1.1 million BC residential properties.
- STP continued to grow sales, with the majority of growth again coming through and in partnership with the large Environmental Management Information System vendors.

#### *Financial Information*

- Fundata experienced a strong quarter and continues to expand its product offerings and client base, including its point of sale product that helps clients meet the POS disclosure regulations.

#### Commodity Information

#### *Agricultural Information*

- Conditions in the agricultural markets have stabilized and the division had a solid first quarter. The Company continued to invest in its agricultural information operations in key growth areas such as outdoor exhibitions and online listings.

#### *Energy and Mining Information*

- The energy group continued to reap the benefits of the substantial restructurings enacted over the last two years. The energy information group is now focussed on 1) data, analytics and intelligence products and 2) digital media. In aggregate, these products experienced slight revenue growth versus the prior year. Stabilized revenues and the restructurings resulted in a substantial EBITDA increase as compared to Q1 2017.
- The mining market continues to recover. The Northern Miner Group and Infomine experienced very strong revenue growth in the first quarter.

#### Community Media

- Given the mature nature of consumer print media, as anticipated, revenues in the community media segment continued to decline. Overall revenue declines were consistent with the rate of decline in 2017.

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- The Company continues to respond to print revenue declines with operational restructurings and efficiency initiatives.
- Digital media operations continued to experience strong performance across a variety of products, such as local websites, retargeting services, website builds and Chinese digital marketing solutions. Community media digital revenues grew by over 30% in the quarter and profits grew proportionately as well.

### Investment and Value Creation

The Company is investing in a number of strategic areas in order to evolve, grow and create shareholder value.

As is the case for many companies, some of the Company's products and offerings are maturing, specifically its print media publications. In order to deal with this issue, the Company sold a number of its trade publications several years ago to reduce the number of verticals to evolve, then selected a smaller number of verticals to focus on and better deploy capital and resources.

Industry verticals were chosen that offer attractive growth opportunities, and where the Company can leverage its brands, market position, customer relationships and marketing reach.

In community media, where print declines have been the most significant, the Company felt it was better off to take a long-term view and use the cash flow to invest in the growth areas identified and create greater value versus selling the community media business at a low price.

So far, this strategy has been working. In each of the areas chosen for investment, progress is being achieved, as measured by revenue growth, digital traffic metrics, attendance at events and other measures relevant to the offerings being developed.

A significant amount of investment is being made that is classified as operating expenses and consequently reduced the Company's short-term EBITDA. It is also making capital investments related to the products and offerings being developed.

These investments and the value being created are not readily transparent in the Company's consolidated revenue and EBITDA in its financial statements.

Overall consolidated revenue has declined primarily because of a) the print advertising declines in community media and related restructurings (i.e. reduced frequency that results in some revenue loss but greater profitability), b) closures and sale of energy print advertising related products to focus on data, analytics and intelligence products and digital media and c) the impact of cyclical declines in the commodities sector related offerings, which are now reversing.

Most of the products and services being developed have higher margins and higher valuation multiples than the print publications that are declining. Consequently, the new revenue being created is not expected to, nor necessary, to fully replace the print revenue lost on a dollar-for-dollar basis. And as stated, operating costs have been increased to fund the development and growth-oriented investments.

### *Areas of Investment*

All of the businesses in the environmental, property and financial information segment continue to grow and are targeting large addressable markets. Investment will continue in these businesses particularly in new data and product development. Within agricultural information, a number of operations including WIN, the agricultural exhibitions and AgDealer are growing, and investment will continue to be made in these areas. The Company also continues to invest in and improve the value of its energy and mining database and subscription offerings, positioning itself as the cyclical downturn continues to reverse. The following provides some examples of the progress being made and value being created:

- Glacier FarmMedia (GFM). GFM acquired Canada's Outdoor Farm Show (COFS), then invested further in the show and its facilities, and used its marketing reach and customer relationships to grow the

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show. Revenue has more than doubled and profit tripled as a result. Glacier FarmMedia then launched Ag In Motion in Saskatchewan three years ago to build on the COFS success. This required both operating and capital investment. By the third annual show last year, attendance was 27,000. Investment is also being made to develop GFM's digital media, listings, market advisory and weather products.

- ERIS. Significant capital has been invested to expand ERIS in the U.S. and more than 30 staff have been added. This had the effect of reducing EBITDA initially. The investment paid off though, and in 2017 revenue grew substantially. Glacier also acquired TRS in 2016 in order to bring in-house the aerial maps it was purchasing for its Phase 1 environmental risk product and develop its own city directories information that it was also purchasing. The acquisition has resulted in a reduction of operating costs and secured ownership of important product data.
- REW. Significant capital has also been invested in the REW digital residential real estate listings offering through both capital investment and planned operating losses normal to the development and expansion of such a business. REW now offers listings in the Lower Mainland of B.C., Vancouver Island and Toronto. Traffic has grown exponentially and reached 20 million monthly page views. Revenue continues to grow but planned operating losses continue to be incurred in order to expand the business. REW already has significant enterprise value, well in excess of the cumulative investment made.
- Mining Group. Significant investments were made in 2017 to continue the development of mining intelligence and other digital products while revenues were depressed from the market downturn. A new Canadian Mining Symposium event was launched in London, England for the mining investment community, leveraging the Northern Miner brand. The show was well received and profitable in its first year. Revenues are now growing more than 30% for the mining group overall as a result of the investments made and the recovery of the market.
- Energy Group. Despite the severe downturn in the energy market over the last four years, the energy group continued to develop its Daily Oil Bulletin digital subscription offering and enrich its content, and improve its user experience and utility. The CanOils and Evaluate Energy products were acquired to provide richer energy production data and financial and operating insights. These product investments resulted in a much lower revenue decline in these paid subscription and data sales products than the advertising based products, and placed the energy group in a better position for the market recovery. As indicated, revenue is now recovering in the group's data, analytics, intelligence and digital media offerings.

It is also becoming apparent that a viable long-term digital community media business model exists where the Company can leverage its broad presence in local markets across Western Canada and offer local websites, web services and specialty digital products. The Company can augment its local content with its agriculture, energy and mining content, which is of interest to the people who live in the communities the Company serves in Western Canada.

The Company is investing prudently in these digital community media opportunities, with both revenue and cash flow growing rapidly while the investment is being made. It is also apparent that good print products still offer value to readers and advertisers and provide good cash flow to fund growth as described. If the Company's strategy is executed successfully, it is expected that its community media business will evolve with less revenue but greater value as the digital products grow.

### Financial Position

At March 31, 2018, senior debt was \$37.1 million. During the quarter, the Company made net repayments of \$0.8 million of senior debt. Further the Company's non-recourse, non-mortgage debt in its investment entities was reduced as a result of significant debt repayment. This will allow for increased distributions from these entities to the Company.

On an adjusted basis, Glacier's consolidated debt net of cash outstanding before deferred financing charges was 1.3x trailing 12-months adjusted EBITDA as at March 31, 2018.

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### **Outlook**

Markets important to the Company's operations continue to improve. The mining industry appears to have entered a growth phase and the energy and agriculture markets appear to have stabilized. Improvements in these markets should aid the Company's related information businesses as well as the Western Canadian communities that our community media operations serve. That said, given anticipated print advertising declines and continued near-term uncertainty and market risk, the Company will operate cautiously and evaluate cost reduction initiatives where appropriate in the affected businesses.

As outlined, the Company plans to continue to invest in strategic areas. The investments are critical to the Company's growth plan and are resulting in demonstrable value creation.

Management intends to build-on the progress of the last few years in strengthening the Company's financial position by further reducing debt. A strengthened balance sheet will mitigate risk while allowing the ongoing and planned operational and capital investments.

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## *2018 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 information in this report is as at May 11, 2018.

Glacier Media Inc.'s Interim Report, including this MD&A and the accompanying Report to Shareholders, 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 and restructuring, including our expectations to grow certain operations, to generate new revenues, to generate sufficient cash flow from operations to meet anticipated working capital, capital expenditures, and debt service requirements, to reduce debt levels and that reduced debt levels in investment entities will result in further distributions to the Company. 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 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 the Department of Canadian Heritage's Canada Periodical Fund's Aid to Publishers, 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 and the accompanying Report to Shareholders, 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 May 11, 2018 and should be read in conjunction with the Company's annual consolidated financial statements and notes thereto as at and for the year ended December 31, 2017. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

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financial statements should be read in conjunction with the Company's audited consolidated financial statements for the period ended December 31, 2017 and related MD&A which can be obtained on the Company's website: [www.glaciermedia.ca](http://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 Measures

Earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA margin, EBITDA per share, cash flow from operations, cash flow from operations per share, net income attributable to common shareholders before non-recurring items and net income attributable to common shareholders before non-recurring items per share are not generally accepted measures of financial performance under IFRS. In addition, certain results in this MD&A stated to be "adjusted" have been presented on an adjusted basis that includes the Company's shares of revenue, expenses, assets and liabilities from its joint venture operations, which reflects the basis on which management makes its operating decisions and performance evaluation. These adjusted measures are also not generally accepted measures of financial performance under IFRS. Management utilizes these financial performance measures 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 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, Cash Flow from Operations, Net Income Attributable to Common Shareholders before Non-Recurring Items and Net Income Attributable to Common Shareholders before Non-Recurring Items Reconciliation with Per Share Amounts and a reconciliation of the adjusted non-IFRS measures is included in the section entitled Reconciliation of IFRS to Adjusted Results in this MD&A.

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 essential 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

Through its brands and operations, Glacier serves clients in three segments:

### Environmental, Property and Financial Information

- |  |   |
|--|---|
| Environmental and Property Information | • Environmental Risk Information Services ("ERIS"), Specialty Technical Publishers ("STP") and REW.ca |
| Financial Information                  | • Fundata (50% interest)  |

### Commodity Information

- |                               |   |
|-------------------------------|---|
| Agricultural Information      | • Glacier FarmMedia ("GFM"): Western Producer, Farm Business Communications, Canada's Outdoor Farm Show, Ag In Motion, AgDealer and Weather INnovations Network ("WIN") |
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### *Community Media*

Community Media

- Local daily and weekly newspapers and related publications, websites and digital products in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec and the United States (includes direct, joint venture and other interests)

For additional information on Glacier's operations see the Company's Annual Information Form as filed on SEDAR ([www.sedar.com](http://www.sedar.com)).

### **Significant Developments in 2018 and Outlook**

Glacier Media Inc.'s ("Glacier" or the "Company") financial results for the first quarter were consistent with recent quarters. The Company's growth segments continued solid growth while the mature operations experienced revenue and EBITDA declines.

The environmental, property and financial information operations continued to experience solid revenue growth in all operations, though the growth was less than in recent quarters. In addition, EBITDA declined slightly which was attributable to the slightly lower revenue growth rate and the fact that the Company continued to increase the level of operating investment in ERIS and the fast growing REW real estate portal.

The commodities sector continued its recovery, resulting in a strong quarter for the Company's commodity information segment. The mining information operations, in particular, experienced a very strong quarter, reaping the benefits of the continued recovery of the mining market. Overall, the segment's adjusted revenue declined which was largely due to last year's closure of the energy publications while adjusted EBITDA increased.

The community media segment experienced a soft quarter. The expected decline in print advertising revenue was partially offset by the growth in digital revenues and profits.

Markets important to the Company's operations continue to improve. The mining industry appears to have entered a growth phase and the energy and agriculture markets appear to have stabilized. Improvements in these markets should aid the Company's related information businesses as well as the Western Canadian communities that our community media operations serve. That said, given anticipated print advertising declines and continued near-term uncertainty and market risk, the Company will operate cautiously and evaluate cost reduction initiatives where appropriate in the affected businesses.

The Company plans to continue to aggressively invest in strategic areas. All of the businesses in the environmental, property and financial information segment continue to grow and are targeting large addressable markets. Investment will continue in these businesses particularly in new data and product development. Within agricultural information, a number of operations including WIN, the agricultural exhibitions and AgDealer are growing, and investment will continue to be made in these areas. The Company also continues to invest in and improve the value of its energy and mining database and subscription offerings, positioning itself as the cyclical downturn continues to reverse. Lastly, the Company's digital community media operations are expanding and will receive ongoing investment.

Given the varied outlook, management plans to build-on the progress of the last few years in strengthening the Company's financial position by further reducing debt. A strengthened balance sheet will mitigate risk while allowing the ongoing and planned operational and capital investments. These investments are necessary to continue the evolution of the Company's products, services and operations, and to support the growth being realized in a number of the Company's businesses where substantial shareholder value is being created.

Subsequent to the period end, the Company acquired the remaining 50% interest in Infomine for \$3.2 million. In addition, the Company made an equity investment in a digital community media operation for \$1.5 million, payable over 18 months.

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## Reconciliation of IFRS to Adjusted Results and Non-IFRS Measures

The following table reconciles the Company's results as reported under IFRS to the results presented on an adjusted basis that includes the Company's shares of revenue, expenses, assets and liabilities from its joint venture operations, which reflects the basis on which management makes its operating decisions and performance evaluation.

(thousands of dollars) except share and per share amounts	Three months ended March 31, 2018			Three months ended March 31, 2017		
	Per IFRS	Differential	Adjusted <sup>(1)</sup>	Per IFRS	Differential	Adjusted <sup>(1)</sup>
Revenue	\$ 44,858	\$ 8,228	\$ 53,086	\$ 47,060	\$ 8,375	\$ 55,435
Gross profit <sup>(3)</sup>	\$ 13,611	\$ 4,072	\$ 17,683	\$ 14,390	\$ 4,155	\$ 18,545
Gross margin	30.3%		33.3%	30.6%		33.5%
EBITDA <sup>(1)(2)</sup>	\$ 3,747	\$ 2,709	\$ 6,456	\$ 4,492	\$ 2,759	\$ 7,251
EBITDA margin <sup>(1)</sup>	8.4%		12.2%	9.5%		13.1%
EBITDA per share <sup>(1)(2)</sup>	\$ 0.03	\$ 0.03	\$ 0.06	\$ 0.04	\$ 0.03	\$ 0.07
Net income attributable to common shareholders before non-recurring items <sup>(1)(2)</sup>	\$ 1,520	\$ (129)	\$ 1,391	\$ 1,811	\$ (120)	\$ 1,691
Net income attributable to common shareholders before non-recurring items per share <sup>(1)(2)</sup>	\$ 0.01	\$ -	\$ 0.01	\$ 0.02	\$ -	\$ 0.02
Net (loss) income attributable to common shareholders	\$ (48)	\$ (135)	\$ (183)	\$ 1,575	\$ (126)	\$ 1,449
Net (loss) income attributable to common shareholders per share	\$ 0.00	\$ -	\$ 0.00	\$ 0.01	\$ -	\$ 0.01
Cash flow from operations before non-recurring items <sup>(1)(2)</sup>	\$ 3,192	\$ 2,101	\$ 5,293	\$ 3,923	\$ 2,259	\$ 6,182
Cash flow from operations per share <sup>(1)(2)</sup>	\$ 0.03	\$ 0.02	\$ 0.05	\$ 0.04	\$ 0.02	\$ 0.06
Weighted average shares outstanding, net	109,828,731		109,828,731	109,828,731		109,828,731

Notes:

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

(2) IFRS net income attributable to common shareholders and cash flow from operations have been adjusted for non-recurring items. Refer to "EBITDA, Cash Flow from Operations and Net Income Attributable to Common Shareholders Before Non-Recurring Items Reconciliation".

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

## Adjusted Operational Performance <sup>(1)</sup>

Management believes that including its share of revenues, expenses and cash flows of its joint venture operations in the Company's results provides a more comprehensive basis for reflecting and assessing the overall operations of the Company. Management bases its operating decisions and performance evaluation using the adjusted results <sup>(1)</sup>. The following discussion adjusts the Company's reported results under IFRS to include the revenues, expenses and cash flows of its joint ventures.

Adjusted consolidated EBITDA decreased to \$6.5 million for the period ended March 31, 2018 compared to \$7.3 million in the prior year. Decreases in adjusted EBITDA were mainly the result of weaker agriculture market in Canada, along with print advertising declines in community media operations, which had an overall effect on Glacier's results.

Adjusted consolidated revenue was \$53.1 million for the period ended March 31, 2018 compared to \$55.4 million in the prior year. Revenue continues to be impacted by the maturing community media industry, along with weaker agriculture market.

For the period ended March 31, 2018, adjusted net income attributable to common shareholders before non-recurring items decreased to \$1.4 million from \$1.7 million in the prior year. Adjusted cash flow from operations before non-recurring items decreased to \$5.3 million from \$6.2 million in the prior year.

On an adjusted basis, Glacier's consolidated debt net of cash outstanding before deferred financing charges was 1.3x trailing 12-months adjusted EBITDA as at March 31, 2018.

The main factors affecting the comparability of the results for the year are detailed below under the IFRS Selected Financial Information.

Note:

<sup>(1)</sup> The adjusted consolidated financial results have been adjusted to include the Company's share of revenue, expenses, assets and liabilities from its joint venture operations on a proportionate accounting basis as this is the basis on which management bases its operating decisions and performance evaluation. IFRS does not allow for the inclusion of the joint ventures on a proportionate basis. These results include additional non-IFRS measures such as EBITDA, cash flow from operations and net income attributable to common shareholders before non-recurring items.

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The adjusted results are not generally accepted measures of financial performance under IFRS. 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. Please refer to the **Reconciliation of IFRS to Adjusted Results** for a reconciliation of these non-IFRS measures and adjusted results. Management reports its results adjusted to include its share of its joint ventures in the MD&A under the heading **Adjusted Operational Performance**. Management reports its results adjusted to include its share of its joint ventures in the Report to Shareholders.

## First Quarter IFRS Results and Overview of Operating Performance

### Selected 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 periods ended March 31, 2018 and 2017:

<i>(thousands of dollars)</i> <i>except share and per share amounts</i>	Three months ended March 31,	
	2018	2017
Revenue	\$ 44,858	\$ 47,060
Gross profit <sup>(2)</sup>	\$ 13,611	\$ 14,390
Gross margin	30.3%	30.6%
EBITDA <sup>(1)</sup>	\$ 3,747	\$ 4,492
EBITDA margin <sup>(1)</sup>	8.4%	9.5%
EBITDA per share <sup>(1)</sup>	\$ 0.03	\$ 0.04
Interest expense, net	\$ 572	\$ 601
Net income attributable to common shareholders before non-recurring items <sup>(1)</sup>	\$ 1,520	\$ 1,811
Net income attributable to common shareholder before non-recurring items per share <sup>(1)</sup>	\$ 0.01	\$ 0.02
Net (loss) income attributable to common shareholders	\$ (48)	\$ 1,575
Net (loss) income attributable to common shareholders per share	\$ 0.00	\$ 0.01
Cash flow from operations <sup>(1)</sup>	\$ 3,192	\$ 3,923
Cash flow from operations per share <sup>(1)</sup>	\$ 0.03	\$ 0.04
Capital expenditures	\$ 1,421	\$ 879
Total assets	\$ 234,123	\$ 251,333
Total non-current financial liabilities	\$ 38,838	\$ 46,947
Debt net of cash outstanding before deferred financing charges and other expenses	\$ 38,984	\$ 45,030
Equity attributable to common shareholders	\$ 132,037	\$ 135,718
Weighted average shares outstanding, net	109,828,731	109,828,731

Notes:

(1) Refer to "Non-IFRS Measures" and "EBITDA, Cash Flow from Operations and Net Income Attributable to Common Shareholders before Non-Recurring Items" 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 of the results for the quarter include:

- Operating performance of the Company's various business units and general market conditions during the reported years;
- Decreased revenues due to the weaker community media industry, the cyclical nature of certain of Glacier's businesses, including the low price of oil and general softness in the agriculture industry;
- Fluctuations in restructuring expenses including severance payments, transaction and transition expenses, and other amounts related to the closure and sale of certain community media assets;
- In the first quarter of 2017, the Company sold land and buildings in BC for net proceeds of \$2.2 million. The Company recognized a \$0.3 million gain on sale;

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### Revenue

Glacier's consolidated revenue for the period ended March 31, 2018 was \$44.9 million compared to \$47.1 million in the prior year.

#### *Environmental, Property and Financial Information*

The Environmental, Property and Financial Information group generated revenues of \$5.1 million for the period ended March 31, 2018, as compared to \$4.8 million in the prior year. ERIS continued to expand, experiencing revenue growth in both U.S. and the Canada. REW.ca, the Company's online real estate portal, continued to grow rapidly in terms of site features, traffic and revenues.

#### *Commodity Information*

The Commodity Information group generated revenues of \$14.1 million for the period ended March 31, 2018, as compared to \$14.6 million in the prior year. Conditions in the agricultural sector remain soft with low commodity prices and increasing industry consolidation among key customers. Market conditions in the energy sector appear to have stabilized in the oil sector, although natural gas prices remain weak. The mining market continues to show signs of recovery.

#### *Community Media*

The Community Media group generated \$25.7 million of revenue for the period ended March 31, 2018, as compared to \$27.7 million in the prior year. The revenue decline within the Community Media group was driven by the maturing nature of print advertising industry wide and the impact of continued weak commodity prices in many Western Canadian communities. Digital revenues experienced strong growth overall and across a number of product offerings including retargeting services, website builds and Chinese digital marketing solutions. Some of the general revenue declines were partially offset by ongoing operational efficiencies and the continued realization of savings from the restructurings.

### Gross Profit

Glacier's consolidated gross profit, being revenues less direct expenses, for the period ended March 31, 2018 was \$13.6 million compared to \$14.4 million in the prior year. The decrease in gross profit is largely attributable to the decrease in revenues, which is partially offset by the related decrease in direct expenses and operational efficiencies from restructurings and continued cost management.

Gross profit as a percentage of revenues ("gross profit margin") for the period ended March 31, 2018 was 30.3% as compared to 30.6% for the same period in the prior year.

### General & Administrative Expenses

Glacier's consolidated general and administrative expenses were \$9.9 million for the period ended March 31, 2018 compared to \$9.9 million in the prior year. While the Company continues to focus on reducing administration costs, the Company also continues to invest in resources within operations experiencing growth and with growth potential.

### EBITDA

EBITDA was \$3.7 million for the period ended March 31, 2018 as compared to \$4.5 million in the prior year. The results are due to the various reasons stated under **Revenue**, **Gross Profit** and **General & Administrative Expenses**.

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### Net Interest Expense

Glacier's consolidated net interest expense for the period ended March 31, 2018 was \$0.6 million as compared to \$0.6 million in the prior year.

### Depreciation and Amortization

Depreciation of property, plant and equipment for the period ended March 31, 2018 decreased \$0.1 million as compared to the prior year. Amortization of intangible and other assets decreased \$0.1 million as compared to the prior year mainly due to the disposition of intangible assets in December 2017.

### Restructuring and Other Expenses (Net)

Restructuring and other expenses (net) for the period ended March 31, 2018 were \$2.0 million compared to \$0.4 million in the prior year. These expenses include restructuring costs, foreign exchange, severance expense, 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 Fundata Canada Inc. ("Fundata"), Continental Newspapers Ltd. ("Continental"), Great West Newspapers Limited Partnership ("GWNLP"), the Victoria Times-Colonist, Rhode Island Suburban Newspapers, Inc. ("RISN") and other joint ventures and associates, decreased \$0.3 million as compared to the prior year.

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

(thousands of dollars)	As at	
	March 31, 2018	December 31, 2017
	\$	\$
Assets	78,868	82,392
Liabilities	20,104	21,976
Net assets	58,764	60,415

  

	For the three months ended	
	March 31, 2018	March 31, 2017
	\$	\$
Revenues	13,293	13,931
Net income for the year	1,231	1,522
Other comprehensive (loss) income	(236)	240

### Net Income Attributable to Common Shareholders

Net income attributable to common shareholders decreased by \$1.6 million compared to the same period in the prior year. The decrease resulted from i) lower operating results of \$0.7 million, ii) higher restructuring and other expenses of \$1.6 million, iii) lower share of earnings from joint venture of \$0.3 million. This was partially offset by i) lower amortization and depreciation expenses of \$0.2 million, iii) lower non-controlling interest of \$0.2 million, and iii) higher income tax recovery of \$0.6 million.

### Other Comprehensive Income (net of tax)

For the period ended March 31, 2018, Glacier recognized other comprehensive loss (net of tax) of \$0.6 million. The majority of the income related to the actuarial gain on defined benefit pension plans resulting from the change in actuarial assumptions, mainly the discount rate.

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### Cash Flow from Operations

Glacier's consolidated cash flow from operations was \$3.2 million (before changes in non-cash operating accounts and non-recurring items) for the period ended March 31, 2018 as compared to \$3.9 million in the prior year. The change in cash flow from operations resulted from the factors stated under **Revenue, Gross Profit, General & Administrative Expenses** and **EBITDA**.

Capital expenditures were \$1.4 million for the period ended March 31, 2018 compared to \$0.9 million in the prior year. The majority of the current year expenditures relate to software development, hardware costs and leasehold improvements. Prior year capital expenditures related to software development, IT infrastructure, and other sustaining capital expenditures.

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

### Related Party Transactions

During the period ended March 31, 2018, the Company and its affiliates recorded administration, consulting, interest and other expenses of \$0.2 million from Madison Venture Corporation ("Madison") and its subsidiaries. Madison is a shareholder of the Company and certain of its officers and directors are officers and directors of the Company.

Madison provides strategic, financial, transactional advisory services and administrative services to the Company on an ongoing basis. These services have been provided with the intention of maintaining an efficient and cost effective corporate overhead structure, instead of i) hiring more full-time corporate and administrative staff and thereby increasing fixed overhead costs and ii) retaining outside professional advisory firms on a more extensive basis.

These services were provided in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties. In addition, Madison was required to be the guarantor of a loan relating to the acquisition of interests in certain community newspapers in 2007.

### Contingency

During 2014-2017 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 2008-2016. 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 approximately \$55.8 million. The affiliate has filed notices of objection with the CRA and provincial taxing authorities and has paid the required deposits, which has been recorded in other assets.

The Company, the affiliate and its counsel believe that the filing positions adopted by the affiliate in all years are appropriate and in accordance with the law. The affiliate intends to vigorously defend such positions.

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## Summary of Selected Quarterly IFRS Results

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

<i>(thousands of dollars) except share and per share amounts</i>	Trailing 12 Months	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Revenue	\$ 188,969	\$ 44,858	\$ 48,690	\$ 46,402	\$ 49,019
EBITDA <sup>(1)</sup>	\$ 15,750	\$ 3,747	\$ 6,101	\$ 2,920	\$ 2,982
EBITDA margin <sup>(1)</sup>	8.3%	8.4%	12.5%	6.3%	6.1%
EBITDA per share <sup>(1)</sup>	\$ 0.14	\$ 0.03	\$ 0.06	\$ 0.03	\$ 0.03
Interest expense, net	\$ 2,579	\$ 572	\$ 775	\$ 644	\$ 588
Net income attributable to common shareholders before non-recurring items <sup>(1)</sup>	\$ 9,844	\$ 1,520	\$ 3,761	\$ 1,860	\$ 2,703
Net income attributable to common shareholders before non-recurring items per share <sup>(1)</sup>	\$ 0.09	\$ 0.01	\$ 0.03	\$ 0.02	\$ 0.02
Net (loss) income attributable to common shareholders	\$ (2,786)	\$ (48)	\$ (5,944)	\$ 1,043	\$ 2,163
Net (loss) income attributable to common shareholders per share	\$ (0.03)	\$ 0.00	\$ (0.05)	\$ 0.01	\$ 0.02
Cash flow from operations <sup>(1)</sup>	\$ 13,607	\$ 3,192	\$ 5,265	\$ 2,602	\$ 2,548
Cash flow from operations per share <sup>(1)</sup>	\$ 0.12	\$ 0.03	\$ 0.05	\$ 0.02	\$ 0.02
Capital expenditures	\$ 5,669	\$ 1,421	\$ 1,607	\$ 1,607	\$ 1,034
Debt net of cash outstanding before deferred financing charges and other expenses	\$ 38,984	\$ 38,984	\$ 40,256	\$ 41,601	\$ 44,096
Equity attributable to common shareholders	\$ 132,037	\$ 132,037	\$ 132,653	\$ 138,014	\$ 133,881
Weighted average shares outstanding, net	109,828,731	109,828,731	109,828,731	109,828,731	109,828,731

  

	Trailing 12 Months	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Revenue	\$ 196,521	\$ 47,060	\$ 48,840	\$ 49,603	\$ 51,018
EBITDA <sup>(1)</sup>	\$ 18,248	\$ 4,492	\$ 5,289	\$ 4,534	\$ 3,933
EBITDA margin <sup>(1)</sup>	9.3%	9.5%	10.8%	9.1%	7.7%
EBITDA per share <sup>(1)</sup>	\$ 0.18	\$ 0.04	\$ 0.05	\$ 0.04	\$ 0.04
Interest expense, net	\$ 3,319	\$ 601	\$ 1,056	\$ 745	\$ 917
Net income attributable to common shareholders before non-recurring items <sup>(1)</sup>	\$ 9,644	\$ 1,811	\$ 2,841	\$ 1,563	\$ 3,429
Net income attributable to common shareholders before non-recurring items per share <sup>(1)</sup>	\$ 0.10	\$ 0.02	\$ 0.03	\$ 0.01	\$ 0.04
Net income (loss) attributable to common shareholders	\$ 3,267	\$ 1,575	\$ (2,587)	\$ 1,784	\$ 2,495
Net income (loss) attributable to common shareholders per share	\$ 0.03	\$ 0.01	\$ (0.02)	\$ 0.02	\$ 0.03
Cash flow from operations <sup>(1)</sup>	\$ 16,474	\$ 3,923	\$ 4,156	\$ 4,713	\$ 3,682
Cash flow from operations per share <sup>(1)</sup>	\$ 0.17	\$ 0.04	\$ 0.04	\$ 0.04	\$ 0.04
Capital expenditures	\$ 4,765	\$ 879	\$ 1,835	\$ 1,232	\$ 819
Debt net of cash outstanding before deferred financing charges and other expenses	\$ 45,030	\$ 45,030	\$ 50,320	\$ 51,591	\$ 64,786
Equity attributable to common shareholders	\$ 135,718	\$ 135,718	\$ 133,351	\$ 131,986	\$ 115,586
Weighted average shares outstanding, net	99,342,554	109,828,731	109,828,731	109,152,243	89,083,105

Notes:

(1) Refer to "Non-IFRS Measures" and "EBITDA, Cash Flow from Operations Reconciliation and Net Income Attributable to Common Shareholders Before Non-Recurring Items" 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;
- Decreased revenues during the reported periods due to the structural changes in the community media industry and the cyclical nature of certain of Glacier's businesses, including softness in the energy and mining sectors;
- In the first quarter of 2017, the Company sold land and buildings in BC for net proceeds of \$2.2 million. The Company recognized a \$0.3 million gain on sale;

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**EBITDA, Cash Flow from Operations and Net Income Attributable to Common Shareholders before Non-Recurring Items Reconciliation**

The following tables reconcile the Company's net income attributable to common shareholders as reported under IFRS to EBITDA, cash flow from operations and net income attributable to common shareholders before non-recurring items.

<i>(thousands of dollars) except share and per share amounts</i>	Three months ended March 31,	
	2018	2017
<b>EBITDA <sup>(1)</sup></b>		
Net (loss) income attributable to common shareholders	\$ (48)	\$ 1,575
Add (deduct):		
Non-controlling interests	\$ 303	\$ 464
Net interest expense	\$ 572	\$ 601
Depreciation of property, plant and equipment	\$ 857	\$ 987
Amortization of intangible assets	\$ 1,760	\$ 1,834
Restructuring and other expenses (net)	\$ 1,983	\$ 385
Share of earnings from joint ventures and associates	\$ (1,131)	\$ (1,422)
Income tax recovery	\$ (549)	\$ 68
<b>EBITDA <sup>(1)</sup></b>	<b>\$ 3,747</b>	<b>\$ 4,492</b>
<b>Cash flow from operations <sup>(1)</sup></b>		
Net (loss) income attributable to common shareholders	\$ (48)	\$ 1,575
Add (deduct):		
Non-controlling interests	\$ 303	\$ 464
Depreciation of property, plant and equipment	\$ 857	\$ 987
Amortization of intangible assets	\$ 1,760	\$ 1,834
Employee future benefit expense less than employer contributions	\$ (39)	\$ (124)
Deferred income tax recovery	\$ (571)	\$ (154)
Interest expense	\$ 578	\$ 608
Share of earnings from joint ventures and associates	\$ (1,131)	\$ (1,422)
Other non-cash items	\$ 801	\$ (81)
Other income	\$ (64)	\$ -
Net gain on disposal	\$ -	\$ (245)
Restructuring costs (net of tax)	\$ 639	\$ 481
Transaction and transition costs (net of tax)	\$ 107	\$ -
<b>Cash flow from operations <sup>(1)</sup></b>	<b>\$ 3,192</b>	<b>\$ 3,923</b>

Notes:

<sup>(1)</sup> Refer to "Non-IFRS Measures" section for discussion of non-IFRS measures used in this table.

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<i>(thousands of dollars) except share and per share amounts</i>	Three months ended	
	March 31,	
	2018	2017
<b>Net income attributable to common shareholders before non-recurring items <sup>(1)</sup></b>		
Net (loss) income attributable to common shareholders	\$ (48)	\$ 1,575
Add (deduct) non-recurring items:		
Other expenses	\$ 338	\$ -
Other income	\$ (64)	\$ -
Net gain on disposal	\$ -	\$ (245)
Restructuring costs (net of tax)	\$ 1,187	\$ 481
Transaction and transition costs (net of tax)	\$ 107	\$ -
<b>Net income attributable to common shareholders before non-recurring items <sup>(1)</sup></b>	<b>\$ 1,520</b>	<b>\$ 1,811</b>
<b>Weighted average shares outstanding, net</b>	<b>109,828,731</b>	<b>109,828,731</b>
Net (loss) income attributable to common shareholders per share	\$ 0.00	\$ 0.01
EBITDA per share <sup>(1)</sup>	\$ 0.03	\$ 0.04
Cash flow from operations before non-recurring items per share <sup>(1)</sup>	\$ 0.03	\$ 0.04
Net income attributable to common shareholders before non-recurring items per share <sup>(1)</sup>	\$ 0.01	\$ 0.02

Notes:

<sup>(1)</sup> Refer to "Non-IFRS Measures" section 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 March 31 2018, Glacier had consolidated cash and cash equivalents of \$3.4 million, current and long-term debt of \$42.4 million before adjustment for deferred financing fees attributable directly to the issuance of long-term debt, and working capital of \$15.1 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 newspaper 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 \$1.4 million for the period ended March 31, 2018 compared to \$0.9 million the same period in the prior year. The majority of the current year expenditures related to software development, hardware costs and leasehold improvements. Prior year capital expenditures related to program development, IT infrastructure, and other sustaining capital expenditures.

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### Changes in Financial Position

(thousands of dollars)	Three months ended	
	March 31, 2018	2017
	\$	\$
Cash generated from (used in)		
Operating activities	2,310	2,956
Investing activities	(214)	3,102
Financing activities	(2,548)	(4,873)
(Decrease) Increase in cash	(452)	1,185

The changes in the components of cash flows during 2018 and 2017 are detailed in the consolidated statements of cash flows of the financial statements. The more significant changes are discussed below.

#### Operating Activities

Glacier generated cash from operations before non-recurring items and changes in non-cash operating accounts of \$3.2 million compared to \$3.9 million in the prior year as a result of the factors stated under **Revenue, Gross Profit, General & Administrative Expenses** and **EBITDA**. Cash flows from operations before non-recurring items and after change in non-cash working capital was \$3.0 million compared to \$3.2 million in the prior year.

#### Investing Activities

Cash used for investing activities totalled \$0.2 million for the period ended March 31, 2018 compared to cash generated from investing activity of \$3.1 million in the prior year. Investing activities included \$1.4 million of capital expenditures, distributions received of \$2.1 million, and cash used in other investing activities of \$0.9 million.

#### Financing Activities

Cash used for financing activities was \$2.5 million for the period ended March 31, 2018 compared to \$4.9 million in the prior year. The Company made net debt repayments of \$1.7 million for the quarter ended March 31, 2018 compared to \$4.1 million in the prior year. The Company distributed \$0.3 million to its non-controlling interests, and paid \$0.5 million in interest.

#### Outstanding Share Data

As at March 31, 2018 and May 11, 2018, there were 109,828,731 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, 2019, unless extended.

#### Contractual Agreements

As at March 31, 2018, the Company has agreements with a syndicate of major Canadian banks whereby the lenders provide a revolving loan facility with no required principal repayments during its term. The lenders also provide a term loan facility which requires annual principal payments of \$1.0 million, paid quarterly.

The Company has additional long-term debt with a major international bank which is held by Alta Newspaper Group Limited Partnership and is non-recourse to the Company.

The Company has entered into operating leases for premises and office equipment, which expire on various dates up to 2026.

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

(thousands of dollars)	Total	2018	2019	2020	2021	2022	Thereafter
	\$	\$	\$	\$	\$	\$	\$
Long-term debt	42,247	3,948	37,905	93	98	104	99
Operating leases	19,850	4,142	4,266	3,886	3,159	1,269	3,128
	62,097	8,090	42,171	3,979	3,257	1,373	3,227

The Company will renegotiate the debt facility before maturity.

Under various financing arrangements with its banks, 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 March 31, 2018 and 2017.

## 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.

A small portion 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 and the United Kingdom, 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 allowances for doubtful accounts, which are estimated based on past experience, specific risks associated with the customer and other relevant information. 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, long-term debt, derivatives 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 flows from operations and the availability under existing banking arrangements will be adequate to support its financial 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 receivables, trade payables and other current liabilities. The fair value of the other financial instruments is determined essentially by discounting cash flows or quoted market prices. 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. For fair value estimates relating to derivatives and available-for-sale securities, the Company classifies its fair value measurements within a fair value hierarchy, which reflects the significance of the inputs used in making the measurements. The fair value of all of the Company's available for sale financial instruments was determined using quoted prices in active markets.

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### **Business Environment and Risks**

A comprehensive discussion of Risks and Uncertainties was included in the 2017 Annual Report and can be found on SEDAR. The discussion is applicable for the period ended March 31, 2018.

### **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 the Board.

The Company did not make any changes to its internal controls over financial reporting ("ICFR") during the most recent period ended March 31, 2018 which materially affected, or are reasonably likely to materially affect, the Company's ICFR

### **Future Accounting Policies**

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The most significant impacts of IFRS 16 includes the lessee's recognition of the initial present value of future lease payments as lease assets and lease liabilities on the statement of financial position, except for those leases that meet a limited exception criteria. The presentation on the statement of operations and other comprehensive income will be affected by the new standard and will result in lease expenses being presented as depreciation and finance expenses. Net income is likely to be effected as the timing of expenses is accelerated when applying the new standard which uses a finance lease model compared to straight line recognition.

The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

### **Critical Accounting Estimates**

The preparation of the annual consolidated financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts recorded in the consolidated financial statements. Management regularly reviews these estimates, including impairment of goodwill and assets with indefinite and finite lives, retirement benefit assets/obligations, income taxes, fair value assessment of business combinations, and useful lives for depreciation and amortization of property, plant and equipment and finite life intangible assets. While it is reasonably possible that circumstances may arise which cause actual results to differ from these estimates, management does not believe it is likely that any such differences will materially affect Glacier's financial position.

**GLACIER MEDIA INC.****INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**

Three months ended March 31, 2018 and 2017

(Expressed in thousands of Canadian dollars)

(Unaudited)

	Three months ended March 31,	
	2018	2017
	\$	\$
<b>Revenue (Note 13)</b>	<b>44,858</b>	47,060
Expenses before depreciation and amortization		
Direct expenses (Note 14)	<b>31,247</b>	32,670
General and administrative (Note 14)	<b>9,864</b>	9,898
	<b>3,747</b>	4,492
Interest expense (net)	<b>572</b>	601
Depreciation of property, plant and equipment	<b>857</b>	987
Amortization of intangible assets	<b>1,760</b>	1,834
Restructuring and other expenses (net) (Note 15)	<b>1,983</b>	385
Share of earnings from joint ventures and associates (Note 7)	<b>(1,131)</b>	(1,422)
Net (loss) income before income taxes	<b>(294)</b>	2,107
Income tax (recovery) expense (Note 12)	<b>(549)</b>	68
<b>Net income for the period</b>	<b>255</b>	2,039
Net (loss) income attributable to:		
Common shareholders	<b>(48)</b>	1,575
Non-controlling interests	<b>303</b>	464
Net (loss) income per share attributable to common shareholders per share		
Basic and diluted	<b>(0.00)</b>	0.01
Weighted average number of common shares		
Basic and diluted	<b>109,828,731</b>	109,828,731

See accompanying condensed notes to these interim consolidated financial statements

**GLACIER MEDIA INC.****INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME**

Three months ended March 31, 2018 and 2017

(Expressed in thousands of Canadian dollars)

(Unaudited)

	Three months ended	
	March 31,	
	2018	2017
	\$	\$
<b>Net income for the period</b>	<b>255</b>	<b>2,039</b>
Other comprehensive (loss) income (net of tax) (Note 11)		
Actuarial (loss) gain on defined benefit pension plans <sup>(1)</sup>	<b>(414)</b>	560
Currency translation adjustment <sup>(2)</sup>	<b>65</b>	20
Share of other comprehensive (loss) income from joint ventures and associates <sup>(1)</sup> (Note 7)	<b>(237)</b>	237
<b>Other comprehensive (loss) income (net of tax)</b>	<b>(586)</b>	817
<b>Total comprehensive (loss) income</b>	<b>(331)</b>	<b>2,856</b>
Total comprehensive (loss) income attributable to:		
Common shareholders	<b>(616)</b>	2,367
Non-controlling interests	<b>285</b>	489

<sup>(1)</sup> Recorded directly in deficit.<sup>(2)</sup> Recycles through the consolidated statement of operations in current and future periods.

See accompanying condensed notes to these interim consolidated financial statements

**GLACIER MEDIA INC.****INTERIM CONSOLIDATED BALANCE SHEETS**

As at March 31, 2018 and December 31, 2017

(Expressed in thousands of Canadian dollars)

(Unaudited)

	As At	
	March 31, 2018	December 31, 2017
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	3,435	3,887
Trade and other receivables	34,432	35,224
Inventory	2,781	2,256
Prepaid expenses	2,033	2,280
	<b>42,681</b>	43,647
<b>Non-current assets</b>		
Investments in joint ventures and associates (Note 7)	66,667	67,684
Other assets (Note 18)	27,530	27,275
Post-employment benefit asset	2,985	3,509
Property, plant and equipment (Note 8)	27,715	28,222
Intangible assets (Note 9)	33,537	34,267
Goodwill	33,008	33,008
<b>Total assets</b>	<b>234,123</b>	237,612
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	22,492	25,021
Deferred revenue	11,879	9,659
Current portion of long-term debt (Note 10)	4,931	4,930
Other current liabilities	171	274
	<b>39,473</b>	39,884
<b>Non-current liabilities</b>		
Non-current portion of deferred revenue	1,032	996
Other non-current liabilities	1,522	1,608
Long-term debt (Note 10)	37,316	39,026
Deferred income taxes	3,080	3,803
<b>Total liabilities</b>	<b>82,423</b>	85,317
<b>Equity</b>		
Share capital	211,802	211,802
Contributed surplus	8,951	8,951
Accumulated other comprehensive loss (Note 11)	(62)	(125)
Deficit	(88,654)	(87,975)
<b>Total equity attributable to common shareholders</b>	<b>132,037</b>	132,653
Non-controlling interests	19,663	19,642
<b>Total equity</b>	<b>151,700</b>	152,295
<b>Total liabilities and equity</b>	<b>234,123</b>	237,612

See accompanying condensed notes to these interim consolidated financial statements

# GLACIER MEDIA INC.

## INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Three months ended March 31, 2018 and 2017

(Expressed in thousands of Canadian dollars, except share amounts)

(Unaudited)

	Attributable to common shareholders							Non-controlling interest	Total equity
	Share capital		Contributed surplus	Accumulated other comprehensive (loss) income	Retained earnings (deficit)	Total			
	Shares	Amount							
		\$	\$	\$	\$	\$	\$	\$	
Balance, December 31, 2017	109,828,731	211,802	8,951	(125)	(87,975)	132,653	19,642	152,295	
Net (loss) income for the period	-	-	-	-	(48)	(48)	303	255	
Other comprehensive (loss) income (net of tax)	-	-	-	63	(631)	(568)	(18)	(586)	
Total comprehensive income for the period	-	-	-	63	(679)	(616)	285	(331)	
Distributions to non-controlling interests	-	-	-	-	-	-	(264)	(264)	
<b>Balance, March 31, 2018</b>	<b>109,828,731</b>	<b>211,802</b>	<b>8,951</b>	<b>(62)</b>	<b>(88,654)</b>	<b>132,037</b>	<b>19,663</b>	<b>151,700</b>	
Balance, December 31, 2016	109,828,731	211,802	8,951	(15)	(87,387)	133,351	19,123	152,474	
Net income for the period	-	-	-	-	1,575	1,575	464	2,039	
Other comprehensive income (net of tax)	-	-	-	19	773	792	25	817	
Total comprehensive income for the period	-	-	-	19	2,348	2,367	489	2,856	
Distributions to non-controlling interests	-	-	-	-	-	-	(530)	(530)	
<b>Balance, March 31, 2017</b>	<b>109,828,731</b>	<b>211,802</b>	<b>8,951</b>	<b>4</b>	<b>(85,039)</b>	<b>135,718</b>	<b>19,082</b>	<b>154,800</b>	

See accompanying condensed notes to these interim consolidated financial statements

**GLACIER MEDIA INC.****INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

Three months ended March 31, 2018 and 2017

(Expressed in thousands of Canadian dollars)

(Unaudited)

	Three months ended March 31,	
	2018	2017
	\$	\$
<b>Operating activities</b>		
Net income	255	2,039
Items not affecting cash		
Depreciation of property, plant and equipment	857	987
Amortization of intangible assets	1,760	1,834
Employee future benefit expense less than of employer contributions	(39)	(124)
Deferred income tax recovery	(571)	(154)
Interest expense	578	608
Share of earnings from joint ventures and associates (Note 7)	(1,131)	(1,422)
Other non-cash items	801	(81)
Cash flow from operations before changes in non-cash operating accounts	2,510	3,687
Changes in non-cash operating accounts		
Trade and other receivables	887	37
Inventory	(525)	(1,384)
Prepaid expenses	247	369
Trade and other payables	(3,065)	(2,567)
Deferred revenue	2,256	2,814
Cash generated from operating activities	2,310	2,956
<b>Investing activities</b>		
Acquisitions, inclusive of assumed and related financing liabilities	-	(446)
Net cash acquired on acquisitions	-	50
Investments in joint ventures and associates (Note 7)	(178)	-
Other investing activities	(704)	(326)
Proceeds from disposal of assets (Note 8)	-	2,158
Distributions received from joint ventures and associates (Note 7)	2,089	2,591
Deposits paid (Note 18)	-	(46)
Purchase of property, plant and equipment	(350)	(503)
Purchase of intangible assets	(1,071)	(376)
Cash (used in) generated from investing activities	(214)	3,102
<b>Financing activities</b>		
Distribution to non-controlling interests	(263)	(202)
Interest paid	(555)	(558)
Net repayment of long-term debt (Note 10)	(1,730)	(4,113)
Cash used in financing activities	(2,548)	(4,873)
Net cash (used) generated	(452)	1,185
Cash and cash equivalents, beginning of period	3,887	3,612
<b>Cash and cash equivalents, end of period</b>	<b>3,435</b>	<b>4,797</b>

See accompanying condensed notes to these interim consolidated financial statements

## GLACIER MEDIA INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018 and 2017

(Amounts in tables 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.

#### 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") applicable to the preparation of interim consolidated financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2017, which have been prepared in accordance with IFRS as issued by the IASB.

These consolidated financial statements have been approved by the Board of Directors for issue on May 11, 2018.

#### 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, 2017, except for the adoption of new and amended standards as set out in Note 4.

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. New accounting standards

A number of new or amended standards became applicable for the current reporting period and the Company implemented new accounting policies to comply with the following new accounting standards:

- IFRS 9 Financial instruments, and
- IFRS 15 Revenue from Contracts with Customers.

The Company applied modified retrospective application of IFRS without restatement of comparative information. There was no material impact upon adoption, therefore, the Company has not recorded a transition adjustment for the cumulative effect of applying IFRS at January 1, 2018 as adjustment to the opening retained earnings is not material.

The new accounting policies for IFRS 15 and IFRS 9 are disclosed below.

(a) *IFRS 15 Revenue from Contracts with Customers*

*Advertising revenue*

Advertising revenue includes both digital and non-digital advertisement. The Company contracts with customers to publish advertisements in print or online which generally include one performance obligation. The Company has concluded that revenue from advertising should be recognized at the point in time when the advertisement is published. Revenue from these

## GLACIER MEDIA INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

contracts is recognized based on the price specified in the contracts and the payment is due immediately when the advertisement is published.

#### *Subscription, data and services revenue*

Subscription, data and services revenue includes subscription, digital products and services, and event revenues.

Subscription revenue: Subscription revenue includes both digital and non-digital subscriptions. The Company contracts with customers to provide ongoing monthly services or products. The contracts are generally not more than a year. The Company has concluded that revenue from subscriptions is recognized over the time of the subscription based on the price specified in the contracts. Payment is due at the beginning of the subscription period based on the fixed contract price. Subscription revenue for which consideration has been received in advance and is attributable to future access is deferred until such products or services are delivered.

Digital products and services: Digital products and services do not include digital subscription revenue. The Company contracts with customers to provide digital products and services, which include one performance obligation. The performance obligation is satisfied when the product is delivered or when the service is performed. Revenue from these contracts is thus recognized at a point in time based on the price specified in the contracts. Payments for these contracts are due immediately when performance obligations are satisfied.

Event revenue: The Company holds various events throughout the year. There is one performance obligation which is satisfied when the event is held. Payment is due when customers enter into the contract to attend the event. Revenue from these contracts is recognized based on the price specified in the contract when the event is held. Event revenue for which consideration has been received in advance is deferred until the event has taken place

#### *(b) IFRS 9 Financial Instruments*

From January 1, 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently through fair value (either through OCI, or through profit or loss), and
- those to be measured at amortized cost using the effective interest method

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flow.

For assets measured at fair value, gains and losses will be recorded directly in the statement of operations or OCI. For financial assets other than equities measured at FVOCI changes in the carrying amount will be recorded in OCI except for recognition of impairment losses, interest revenue and foreign exchange gain and losses on the instrument's amortized cost which are recognized in income. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity instrument at fair value through other comprehensive income (FVOCI).

When derecognized the cumulative gain or loss in OCI (on non-equity FVOCI financial assets) is reclassified from equity to income. Interest income is recognized on FVOCI financial assets using the effective interest method.

## GLACIER MEDIA INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

#### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. The transaction costs of a financial asset carried at FVPL are expensed in profit or loss

Debt instruments at amortized costs: debt instruments at amortized costs include cash and cash equivalent and trade and other receivables, and are included in current assets due to their short-term nature. Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized costs. When material, interest income from these financial assets are included in finance income using the effective interest rate method. Impairment losses are presented as a separate line item in the statement of operations.

Equity instruments: The Company subsequently measures all equity instruments at fair value. Dividends from such investments continue to be recognized in profit or loss as other income when the group's right to receive payments is established. Changes in the fair value of the financial assets at FVPL are recognized in other gains/(losses) in the statement of operations as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVPL are not reported separately from other changes in fair value.

#### *Impairment*

From January 1, 2018, the Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

## **5. Accounting standards issued but not yet applied**

In January 2016, the IASB issued IFRS 16, Leases, which supersedes IAS 17, Leases. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ("lessee") and the supplier ("lessor"). IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The most significant impacts of IFRS 16 includes the lessee's recognition of the initial present value of future lease payments as lease assets and lease liabilities on the statement of financial position, except for those leases that meet a limited exception criteria. The presentation on the statement of operations and other comprehensive income will be impacted by the new standard and will result in lease expenses being presented as depreciation and finance expenses. Net income is likely to be impacted as the timing of expenses is accelerated when applying the new standard which uses a finance lease model compared to straight line recognition.

The Company is still in the process of assessing the impact, if any, on the financial statements of this new standard.

## **6. Critical accounting estimates and judgements**

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 preparing these 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, 2017.

## GLACIER MEDIA INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

#### 7. Investments in joint ventures and associates

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

(thousands of dollars)	As at and for the period ended March 31, 2018	As at and for the year ended December 31, 2017
	\$	\$
Balance, beginning of period	67,684	67,240
Acquisition of investments in joint ventures and associates	178	16
Share of earnings for the period	1,131	9,980
Share of other comprehensive loss for the period (net of tax)	(237)	(179)
Distributions and dividends received and other equity movements	(2,089)	(9,373)
Balance, end of year	66,667	67,684

#### 8. Property, plant and equipment

(thousands of dollars)	As at March 31, 2018		
	Cost	Accumulated depreciation and impairment	Carrying amount
	\$	\$	\$
Land and Land Improvements	3,881	(137)	3,744
Buildings	12,129	(3,116)	9,013
Production equipment	30,356	(19,599)	10,757
Office equipment and leaseholds	26,840	(22,639)	4,201
	73,206	(45,491)	27,715

  

(thousands of dollars)	As at December 31, 2017		
	Cost	Accumulated depreciation and impairment	Carrying amount
	\$	\$	\$
Land and Land improvements	3,881	(133)	3,748
Buildings	12,119	(3,002)	9,117
Production equipment	30,293	(19,263)	11,031
Office equipment and leaseholds	26,556	(22,229)	4,327
	72,849	(44,627)	28,222

During the first quarter of 2017, the Company sold land and buildings with a net book value of \$1.9 million for net cash proceeds of \$2.2 million resulting in a gain of \$0.3 million. The assets were classified as held for sale in 2016.

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

Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

**9. Intangible assets**

The Company has various intangible assets including customer relationships, subscription lists, mastheads, software, websites, copyrights 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)	Cost	As at March 31, 2018	
		Accumulated amortization and impairment	Carrying amount
	\$	\$	\$
Indefinite life			
Mastheads and trademarks	50,538	(29,010)	21,528
Finite life			
Copyrights	10,242	(10,213)	29
Customer relationships	58,153	(51,905)	6,248
Subscription lists	3,996	(3,744)	252
Software and websites	27,998	(22,518)	5,480
	<b>150,927</b>	<b>(117,390)</b>	<b>33,537</b>

  

(thousands of dollars)	Cost	As at December 31, 2017	
		Accumulated amortization and impairment	Carrying amount
	\$	\$	\$
Indefinite life			
Mastheads and trademarks	50,532	(29,005)	21,527
Finite life			
Copyrights	10,242	(10,208)	34
Customer relationships	58,150	(50,736)	7,413
Subscription lists	3,996	(3,728)	268
Software and websites	26,979	(21,953)	5,026
	<b>149,898</b>	<b>(115,630)</b>	<b>34,267</b>

**GLACIER MEDIA INC.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

**10. Long-term debt**

The Company has the following long-term debt outstanding:

(thousands of dollars)	<b>As at March 31, 2018</b>	December 31, 2017
	\$	\$
<b>Current</b>		
ANGLP non-recourse debt	3,847	3,847
Term bank loan	1,000	1,000
Mortgages and other loans	84	83
	<b>4,931</b>	4,930
<b>Non-current</b>		
Revolving bank loan	30,765	31,265
Term bank loan	5,350	5,600
ANGLP non-recourse debt	912	1,865
Mortgages and other loans	461	483
Deferred financing costs	(172)	(187)
	<b>37,316</b>	39,026
	<b>42,247</b>	43,956

Changes to the Company's debt obligation were as follows:

(thousands of dollars)	<b>As at and for the period ended March 31, 2018</b>	As at and for the year ended December 31, 2017
	\$	\$
Balance, beginning of period	43,956	53,609
Financing charges (net)	21	154
Repayment of debt	(1,730)	(9,807)
Balance, end of period	<b>42,247</b>	43,956

Under various financing arrangements with its banks, the Company is required to meet certain covenants. The Company was in compliance with all covenants at March 31, 2018 and 2017.

## GLACIER MEDIA INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

#### 11. Other comprehensive (loss) income

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

(thousands of dollars)	<u>Accumulated other comprehensive income</u>	<u>Retained deficit</u>	Non- controlling interest	Total other comprehensive loss
	Cumulative translation adjustment	Actuarial (loss) gain on defined benefit plans		
	\$	\$	\$	\$
Balance, December 31, 2017	(125)	(410)	284	(251)
Actuarial (loss) on defined benefit plans	-	(401)	(13)	(414)
Cumulative translation adjustment	63	-	2	65
Share of other comprehensive loss from joint ventures and associates	-	(230)	(7)	(237)
Other comprehensive (loss) gain for the period	63	(631)	(18)	(586)
<b>Balance, March 31, 2018</b>	<b>(62)</b>	<b>(1,041)</b>	<b>266</b>	<b>(837)</b>
Balance, December 31, 2016	(15)	(985)	169	(831)
Actuarial gain on defined benefit plans	-	543	17	560
Cumulative translation adjustment	19	-	1	20
Share of other comprehensive gain from joint ventures and associates	-	230	7	237
Other comprehensive gain for the period	19	773	25	817
Balance, March 31, 2017	4	(212)	194	(14)

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

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

(thousands of dollars)	<b>Three months ended March 31,</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
Income tax effect of:		
Actuarial gain (loss) on defined benefit plans	<b>152</b>	(197)
Share of other comprehensive gain/(loss) from joint ventures and associates	<b>66</b>	(84)

#### 12. Income taxes

Income tax recovery is recognized based on management's estimate of the weighted average annual income tax rate expected for the full financial year. The estimated average annual rate used for the period ended March 31, 2018 was 27% (2017: 26.0%).

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

Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)**12. Income taxes (continued)**

The components of income tax recovery are shown in the following table:

(thousands of dollars)	Three months ended March 31,	
	2018	2017
	\$	\$
Current tax	22	222
Deferred tax	(571)	(154)
Income tax (recovery) expense	(549)	68

**13. Revenue by category**

(thousands of dollars)	Three months ended March 31,	
	2018	2017
	\$	\$
Advertising	32,763	33,883
Subscription, data and services	10,201	10,834
Commercial printing and other	1,894	2,343
	44,858	47,060

**14. Expense by nature**

(thousands of dollars)	Three months ended March 31,	
	2018	2017
	\$	\$
Wages and benefits	22,965	23,482
Newsprint, ink and other printing costs	4,512	5,085
Delivery costs	3,376	3,777
Rent, utilities and other property costs	1,931	1,900
Advertising, marketing and other promotion costs	1,903	1,828
Third party production and editorial costs	2,732	2,980
Legal, bank, insurance and professional services	1,473	1,300
Data services, system maintenance, telecommunications and software licences	1,417	1,360
Fees, licences and other services	486	536
Event costs	253	231
Other	63	89
	41,111	42,568
Direct expenses	31,247	32,670
General and administrative expenses	9,864	9,898
	41,111	42,568

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

Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

**15. Restructuring and other expenses (net)**

(thousands of dollars)	Three months ended	
	March 31, 2018	2017
	\$	\$
Restructuring expenses (a)	1,626	653
Transaction and transition costs (b)	149	-
Other expenses (income) (net) (c)	208	(23)
Net gain on sale of assets	-	(245)
	<b>1,983</b>	<b>385</b>

(a) Restructuring expenses

During the period ended March 31, 2018, restructuring expenses of \$1.6 million were recognized (2017: \$0.7 million). Restructuring expenses include severance costs incurred as the Company reduced its workforce.

(b) Transaction and transition costs

The Company incurred costs related to its acquisitions and divestitures completed in 2018 and 2017. These costs include both the costs of completing the transactions and the costs of integrating these new operations into the Company. Transaction costs include legal, accounting, due diligence, consulting and general acquisition costs. Transition costs include information technology costs, transitional staffing requirements, service fees paid to the vendor during the transition period and other costs directly related to the operational integration of the newly acquired businesses, as well as any closing costs associated with the closure or divestiture of operations.

(c) Other (income) expenses

Included in other expenses is \$0.3 million to reduce advances to an associated entity, representing the Company's share of associate's losses.

## GLACIER MEDIA INC.

### NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

#### 16. Related party transactions

During the period ended March 31, 2018, the Company and its affiliates recorded administration, consulting, interest and other expenses of \$0.2 million (2017: \$0.2 million) from Madison Venture Corporation ("Madison") and its subsidiaries. Madison is a shareholder of the Company and certain of its officers and directors are officers and directors of the Company.

Madison provides strategic, financial, transactional advisory services and administrative services to the Company on an ongoing basis. These services have been provided with the intention of maintaining an efficient and cost effective corporate overhead structure, instead of i) hiring more full-time corporate and administrative staff and thereby increasing fixed overhead costs and ii) retaining outside professional advisory firms on a more extensive basis.

These services were provided in the normal course of operations and were measured at the amount of consideration established and agreed to by the related parties. In addition, Madison was required to be the guarantor of a loan relating to the acquisition of interests in certain community newspapers in 2007.

#### 17. Segment disclosure

The Company and its subsidiaries operate in three distinct operating segments mainly throughout Canada and the United States. These segments are Environmental, Property and Financial Information, Commodity Information and Community Media. Environmental, Property and Financial Information includes the Company's business to business content, marketing solutions and data information products which are environmental, property and financial related. Commodity Information includes the Company's business to business content, marketing solutions and data information products which are agriculture, energy and mining related. The Community Media segment includes the Company's community media assets and related digital and printing operations. The Company's assets are mainly located in Canada, along with some operations in the United Kingdom and a joint venture located in the United States.

The Company's chief operating decision makers review operating results and base decisions on information that includes both its directly owned operations and its joint ventures. Therefore, the Company presents its segments based on its adjusted results which include its share of the revenues, expenses, assets and liabilities from its joint ventures. A reconciliation of the segment disclosure to the statements of operations and statements of cash flows is provided below.

# GLACIER MEDIA INC.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS Three months ended March 31, 2018 and 2017

(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

### 17. Segment disclosure (continued)

The following segment information is for the periods ended March 31, 2018 and 2017:

For the three months ended March 31, 2018

(thousands of dollars)	Environmental, Property and Financial Information	Commodity Information	Community Media	Total Operations	Differential <sup>(1)</sup>	IFRS Total
	\$	\$	\$	\$	\$	\$
Revenue						
Canada	4,382	13,923	29,227	47,532	(5,925)	41,607
United States	3,093	158	2,303	5,554	(2,303)	3,251
	<u>7,475</u>	<u>14,081</u>	<u>31,530</u>	<u>53,086</u>	<u>(8,228)</u>	<u>44,858</u>
Divisional earnings before interest, taxes, depreciation, and amortization	<u>1,549</u>	<u>4,503</u>	<u>2,578</u>	<u>8,630</u>	<u>(2,708)</u>	<u>5,922</u>
Centralized and corporate expenses				<u>2,175</u>	<u>-</u>	<u>2,175</u>
				<u>6,455</u>	<u>(2,708)</u>	<u>3,747</u>
Depreciation and amortization				<u>3,158</u>	<u>(541)</u>	<u>2,617</u>
Restructuring and other expense				<u>1,977</u>	<u>6</u>	<u>1,983</u>
Net interest expense				<u>612</u>	<u>(40)</u>	<u>572</u>
Share of loss (earnings) from joint ventures and associates				<u>705</u>	<u>(1,836)</u>	<u>(1,131)</u>
Income tax recovery				<u>(108)</u>	<u>(441)</u>	<u>(549)</u>
Net income for the period				<u>111</u>	<u>144</u>	<u>255</u>
Depreciation and amortization	<u>400</u>	<u>355</u>	<u>2,403</u>	<u>3,158</u>	<u>(541)</u>	<u>2,617</u>
Capital expenditures	<u>753</u>	<u>522</u>	<u>341</u>	<u>1,616</u>	<u>(195)</u>	<u>1,421</u>

<sup>(1)</sup> Represent the differential between the IFRS consolidated results and the consolidated results of the Company

For the three months ended March 31, 2017

(thousands of dollars)	Environmental, Property and Financial Information	Commodity Information	Community Media	Total Operations	Differential <sup>(1)</sup>	IFRS Total
	\$	\$	\$	\$	\$	\$
Revenue						
Canada	3,945	14,429	31,405	49,779	(5,936)	43,843
United States	2,998	219	2,439	5,656	(2,439)	3,217
	<u>6,943</u>	<u>14,648</u>	<u>33,844</u>	<u>55,435</u>	<u>(8,375)</u>	<u>47,060</u>
Divisional earnings before interest, taxes, depreciation, and amortization	<u>1,675</u>	<u>4,202</u>	<u>3,269</u>	<u>9,146</u>	<u>(2,759)</u>	<u>6,387</u>
Centralized and corporate expenses				<u>1,895</u>	<u>-</u>	<u>1,895</u>
				<u>7,251</u>	<u>(2,759)</u>	<u>4,492</u>
Depreciation and amortization				<u>3,401</u>	<u>(580)</u>	<u>2,821</u>
Restructuring and other expense				<u>405</u>	<u>(20)</u>	<u>385</u>
Net interest expense				<u>655</u>	<u>(54)</u>	<u>601</u>
Share of loss (earnings) from joint ventures and associates				<u>365</u>	<u>(1,787)</u>	<u>(1,422)</u>
Income tax expense (recovery)				<u>519</u>	<u>(451)</u>	<u>68</u>
Net income for the period				<u>1,906</u>	<u>133</u>	<u>2,039</u>
Depreciation and amortization	<u>342</u>	<u>666</u>	<u>2,393</u>	<u>3,401</u>	<u>(580)</u>	<u>2,821</u>
Capital expenditures	<u>351</u>	<u>186</u>	<u>461</u>	<u>998</u>	<u>(119)</u>	<u>879</u>

<sup>(1)</sup> Represent the differential between the IFRS consolidated results and the consolidated results of the Company including its share of its joint ventures.

## **GLACIER MEDIA INC.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

Three months ended March 31, 2018 and 2017

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(Amounts in tables expressed in thousands of Canadian dollars, except share and per share amounts)  
(Unaudited)

#### **18. Commitments and contingencies**

During 2014-2017 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 2008-2016. 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 approximately \$55.8 million. The affiliate has filed notices of objection with the CRA and provincial taxing authorities and has paid the required deposits, which has been recorded in other assets.

The Company, the affiliate and its counsel believe that the filing positions adopted by the affiliate in all years are appropriate and in accordance with the law. The affiliate intends to vigorously defend such positions.

#### **19. Subsequent event**

In April 2018, the Company acquired the remaining 50% interest in Infomine for \$3.2 million. In addition, the Company made an equity investment in a digital community media operation for \$1.5 million, payable over 18 months.

## GLACIER MEDIA INC.

### CORPORATE INFORMATION

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#### Board of Directors

Bruce W. Aunger\*

Sam Grippo

S. Christopher Heming

Jonathon J.L. Kennedy

Tim McElvaine\*

Geoffrey L. Scott\*

\*Member of the Audit Committee

#### Officers

Sam Grippo, Chairman

Jonathon J.L. Kennedy, 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](http://www.glaciermedia.ca) or contact: Orest Smysnuik, CA, Chief Financial Officer.

#### Corporate Office

2188 Yukon Street

Vancouver, BC V5Y 3P1

Phone: 604.872.8565

Fax: 604.879.1483

Glacier Media Inc.  
2188 Yukon Street, Vancouver, British Columbia, Canada V5Y 3P1  
Tel: 604.872.8565 Fax: 604.879.1483  
[www.glaciermedia.ca](http://www.glaciermedia.ca)