

Consolidated financial statements of

**TVA GROUP INC.**

Years ended December 31, 2024 and 2023

# Independent auditor's report

To the Shareholders of  
**TVA Group Inc.**

## Opinion

We have audited the consolidated financial statements of Groupe TVA Inc. and its subsidiaries [the "Group"], which comprise the consolidated balance sheets as at December 31, 2024 and 2023, and the consolidated statements of loss, consolidated statements of comprehensive loss, consolidated statements of equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ["IFRSs"].

## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

| <b>Key audit matter</b>   | <b>How our audit addressed the key audit matter</b>  |
|---|--|
| <p><b><i>Impairment of the Production &amp; Distribution CGU</i></b></p> <p>As described in Note 5 to the consolidated financial statements, during the second quarter of 2024, as a result of the industry's competitive environment and the downturn in its volume of activities, management performed an impairment test of the Production &amp; Distribution cash-generating unit ["CGU"]. The Group recorded an impairment of \$7.8 million, related to goodwill.</p> <p>Management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of the Production &amp; Distribution CGU.</p> | <p>To test the estimated recoverable amount of this CGU, our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"><li>• With the assistance of our valuation specialists, we evaluated the mathematical accuracy of management's model, the valuation methodology, and certain significant assumptions such as EBITDA multiples of comparable companies.</li><li>• We performed sensitivity analysis on significant assumptions, including maintainable EBITDA and EBITDA multiples, to evaluate changes in the recoverable amount of this CGU that would result in changes to the conclusion on the Production &amp; Distribution CGU impairment test.</li></ul> |



| <b>Key audit matter</b>  | <b>How our audit addressed the key audit matter</b>  |
|--|--|
| <p>Determining whether the carrying value is recoverable requires management to estimate the recoverable amount of the related CGU on the basis of the higher of its fair value less costs of disposal and its value-in-use. The Group discloses significant judgements, estimates and assumptions in Note 14 to the consolidated financial statements.</p> <p>Auditing management's Production &amp; Distribution CGU impairment test is complex, considering the degree of judgement and subjectivity in evaluating management's estimates and assumptions in determining the recoverable amount of the CGU and its respective allocated assets. Significant assumptions included maintainable earnings before interest, taxes, depreciation and amortization ["EBITDA"] and EBITDA multiples. There is also judgment in estimating the allocation of impairment to assets other than goodwill.</p>  | <ul style="list-style-type: none"> <li>• With the assistance of our valuation specialists, we assessed the allocation of impairment to assets other than goodwill, comprised mainly of audiovisual content, comparing its estimated fair value, which exceeded the carrying value of those assets, to anticipated economic benefits and performing sensitivity analysis.</li> <li>• We also assessed the adequacy of the disclosures included in Notes 5 and 14 of the accompanying consolidated financial statements in relation to this matter.</li> </ul>   |
| <p><b>Goodwill impairment assessment of the CGU for Film Production &amp; Audiovisual Services</b></p> <p>As described in note 14 to the consolidated financial statements, the carrying value of goodwill allocated to the Film Production &amp; Audiovisual Services CGU amounts to \$9.1 million at December 31, 2024. Management assesses at least annually, or at any time if an indicator of impairment exists, whether there has been an impairment loss in the carrying value of goodwill. Determining whether the carrying value of goodwill is recoverable requires management to estimate the recoverable amount of the related CGU on the basis of the higher of its fair value less costs of disposal and its value-in-use.</p> <p>When estimating the recoverable amount, the forecasted cash flows of the Film Production &amp; Audiovisual Services CGU can be volatile being driven, to a large extent, by the timing of significant movie productions. The recoverable amount of this CGU is based on its value-in-use and is sensitive to assumptions such as revenue growth rates, earnings growth rates, terminal growth rate and associated pre-tax discount rate. Given the relative sensitivity of these assumptions to the impairment testing process, and the complexity in auditing them, the valuation of the goodwill of this CGU is considered a key audit matter.</p> | <p>To test the estimated recoverable amount of this CGU, our audit procedures included, among others, the following:</p> <ul style="list-style-type: none"> <li>• With the assistance of our valuation specialists, we evaluated the mathematical accuracy of management's model, the valuation methodology, and certain significant assumptions such as the pre-tax discount rate.</li> <li>• We corroborated the terminal growth rate used with externally derived data, including financial information of comparable companies.</li> <li>• We assessed the historical accuracy of management's estimates of forecasted revenue growth rates and earnings growth rates by comparing management's past projections to actual historical performance.</li> <li>• We assessed the forecasted revenue growth rates and earnings growth rates by comparing to past performance for production and audiovisual services.</li> <li>• We performed sensitivity analysis on significant assumptions, including revenue and earnings growth rates, and pre-tax discount rate, to evaluate changes in the recoverable amount of this CGU that would result from changes in these assumptions.</li> <li>• We also assessed the adequacy of the disclosures included in Note 14 of the accompanying consolidated financial statements in relation to this matter.</li> </ul> |

## **Other information**

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Laury Paquette.

*Ernst & Young LLP*<sup>1</sup>

Montréal, Canada  
February 20, 2025

<sup>1</sup> CPA auditor, public accountancy permit no. A133686



# TVA GROUP INC.

## CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2024 and 2023

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### Consolidated financial statements

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# TVA GROUP INC.

## CONSOLIDATED STATEMENTS OF LOSS

Years ended December 31, 2024 and 2023

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

|  | Notes        | 2024               | 2023               |
|--|--------------|--------------------|--------------------|
| <b>Revenues</b>  | 2 and 24     | \$ 532,229         | \$ 545,197         |
| Purchases of goods and services  | 3 and 24     | 413,757            | 418,742            |
| Employee costs   |              | 107,351            | 131,886            |
| Depreciation and amortization  | 11,12 and 13 | 22,514             | 27,695             |
| Financial expenses   | 4            | 4,801              | 2,151              |
| Restructuring costs, impairment of assets and other                      | 5            | 7,601              | 28,825             |
| <b>Loss before income tax recovery and share of income of associates</b> |              | <b>(23,795)</b>    | <b>(64,102)</b>    |
| Income tax recovery  | 6            | (3,699)            | (15,715)           |
| Share of income of associates  |              | (753)              | (496)              |
| <b>Net loss attributable to shareholders</b>                             |              | <b>\$ (19,343)</b> | <b>\$ (47,891)</b> |
| <b>Basic and diluted loss per share attributable to shareholders</b>     |              | <b>\$ (0.45)</b>   | <b>\$ (1.11)</b>   |
| <b>Weighted average number of outstanding and diluted shares</b>         |              | <b>43,205,535</b>  | <b>43,205,535</b>  |

See accompanying notes to consolidated financial statements.

# TVA GROUP INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

Years ended December 31, 2024 and 2023  
(in thousands of Canadian dollars)

|   | Note | 2024               | 2023               |
|---|------|--------------------|--------------------|
| <b>Net loss</b>   |      | <b>\$ (19,343)</b> | <b>\$ (47,891)</b> |
| Other comprehensive income items that will not be reclassified to income: |      |                    |                    |
| Defined benefit plans:  |      |                    |                    |
| Re-measurement gain   | 23   | <b>12,609</b>      | 2,535              |
| Deferred income taxes   | 6    | <b>(3,340)</b>     | (672)              |
|   |      | <b>9,269</b>       | 1,863              |
| <b>Comprehensive loss attributable to shareholders</b>                    |      | <b>\$ (10,074)</b> | <b>\$ (46,028)</b> |

See accompanying notes to consolidated financial statements.



# TVA GROUP INC.

## CONSOLIDATED STATEMENTS OF EQUITY

Years ended December 31, 2024 and 2023  
(in thousands of Canadian dollars)

|  | Equity attributable to shareholders |                     |                   |  | Total equity      |
|--|-------------------------------------|---------------------|-------------------|--|-------------------|
|  | Capital stock (note 20)             | Contributed surplus | Retained earnings | Accumulated other comprehensive income-Defined benefit plans |                   |
| <b>Balance as at December 31, 2022</b> | \$ 207,280                          | \$ 581              | \$ 129,810        | \$ 55,705  | \$ 393,376        |
| Net loss                               | –                                   | –                   | (47,891)          | –  | (47,891)          |
| Other comprehensive income             | –                                   | –                   | –                 | 1,863  | 1,863             |
| <b>Balance as at December 31, 2023</b> | 207,280                             | 581                 | 81,919            | 57,568   | 347,348           |
| Net loss                               | –                                   | –                   | (19,343)          | –  | (19,343)          |
| Other comprehensive income             | –                                   | –                   | –                 | 9,269  | 9,269             |
| <b>Balance as at December 31, 2024</b> | <b>\$ 207,280</b>                   | <b>\$ 581</b>       | <b>\$ 62,576</b>  | <b>\$ 66,837</b>   | <b>\$ 337,274</b> |

See accompanying notes to consolidated financial statements.

# TVA GROUP INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2024 and 2023  
(in thousands of Canadian dollars)

|   | Notes         | 2024        | 2023        |
|---|---------------|-------------|-------------|
| <b>Cash flows related to operating activities</b>               |               |             |             |
| Net loss  |               | \$ (19,343) | \$ (47,891) |
| Adjustments for:  |               |             |             |
| Depreciation and amortization                                   | 11, 12 and 13 | 22,514      | 27,695      |
| Impairment of assets  | 5             | 7,781       | 8,096       |
| Gain on disposal and write-off of assets                        | 5             | (2,393)     | –           |
| Share of income of associates                                   |               | (753)       | (496)       |
| Deferred income taxes   | 6             | (409)       | (11,617)    |
| Other   |               | 88          | 105         |
|   |               | 7,485       | (24,108)    |
| Net change in non-cash balances related to operating activities | 7 a)          | 59,499      | (44,676)    |
| Cash flows provided by (used in) operating activities           |               | 66,984      | (68,784)    |
| <b>Cash flows related to investing activities</b>               |               |             |             |
| Additions to property, plant and equipment                      | 11            | (16,905)    | (2,158)     |
| Additions to intangible assets                                  | 12            | (4,311)     | (956)       |
| Disposal of property, plant and equipment                       | 5             | 2,920       | –           |
| Other   |               | 271         | 271         |
| Cash flows used in investing activities                         |               | (18,025)    | (2,843)     |
| <b>Cash flows related to financing activities</b>               |               |             |             |
| Net change in bank indebtedness                                 |               | 3,491       | (931)       |
| Net change in syndicated renewable credit facility              | 17            | –           | (8,970)     |
| Net change in debt due to the parent corporation                | 17            | (50,000)    | 84,000      |
| Repayment of lease liabilities                                  | 18            | (2,300)     | (2,405)     |
| Other   |               | (150)       | (67)        |
| Cash flows (used in) provided by financing activities           |               | (48,959)    | 71,627      |
| Net change in cash  |               | –           | –           |
| Cash at beginning of year                                       |               | –           | –           |
| <b>Cash at end of year</b>                                      |               | \$ –        | \$ –        |

See accompanying notes to consolidated financial statements.

# TVA GROUP INC.

## CONSOLIDATED BALANCE SHEETS

At December 31, 2024 and 2023  
(in thousands of Canadian dollars)

|                               | Note | December 31,<br>2024 | December 31,<br>2023 |
|-------------------------------|------|----------------------|----------------------|
| <b>Assets</b>                 |      |                      |                      |
| <b>Current assets</b>         |      |                      |                      |
| Accounts receivable           | 8    | \$ 134,835           | \$ 154,065           |
| Income taxes                  |      | 10,984               | 12,738               |
| Audiovisual content           | 9    | 101,195              | 140,696              |
| Prepaid expenses              |      | 2,291                | 3,408                |
|                               |      | <b>249,305</b>       | <b>310,907</b>       |
| <b>Non-current assets</b>     |      |                      |                      |
| Audiovisual content           | 9    | 82,517               | 80,373               |
| Investments                   | 10   | 12,724               | 12,242               |
| Property, plant and equipment | 11   | 147,397              | 141,899              |
| Intangible assets             | 12   | 8,934                | 9,060                |
| Right-of-use assets           | 13   | 7,519                | 6,784                |
| Goodwill                      | 14   | 9,102                | 16,883               |
| Defined benefit plan asset    | 23   | 50,550               | 39,867               |
| Deferred income taxes         | 6    | 6,578                | 8,495                |
|                               |      | <b>325,321</b>       | <b>315,603</b>       |
| <b>Total assets</b>           |      | <b>\$ 574,626</b>    | <b>\$ 626,510</b>    |

# TVA GROUP INC.

## CONSOLIDATED BALANCE SHEETS (CONTINUED)

At December 31, 2024 and 2023  
(in thousands of Canadian dollars)

|   | Notes     | December 31,<br>2024 | December 31,<br>2023 |
|---|-----------|----------------------|----------------------|
| <b>Liabilities and equity</b>                         |           |                      |                      |
| <b>Current liabilities</b>                            |           |                      |                      |
| Bank indebtedness                                     |           | \$ 3,667             | \$ 176               |
| Accounts payable, accrued liabilities and provisions  | 15        | 145,454              | 130,054              |
| Content rights payable                                |           | 28,835               | 42,417               |
| Deferred revenues                                     |           | 8,142                | 8,444                |
| Income taxes  |           | 653                  | 1,619                |
| Current portion of lease liabilities                  | 18        | 2,515                | 1,876                |
| Current portion of debt due to the parent corporation | 17        | 33,976               | –                    |
|   |           | <b>223,242</b>       | <b>184,586</b>       |
| <b>Non-current liabilities</b>                        |           |                      |                      |
| Debt due to the parent corporation                    | 17        | –                    | 83,883               |
| Lease liabilities                                     | 18        | 6,180                | 5,777                |
| Other liabilities                                     | 19        | 6,900                | 4,900                |
| Deferred income taxes                                 | 6         | 1,030                | 16                   |
|   |           | <b>14,110</b>        | <b>94,576</b>        |
| <b>Equity</b>   |           |                      |                      |
| Capital stock   | 20        | 207,280              | 207,280              |
| Contributed surplus                                   |           | 581                  | 581                  |
| Retained earnings                                     |           | 62,576               | 81,919               |
| Accumulated other comprehensive income                |           | 66,837               | 57,568               |
| Equity  |           | <b>337,274</b>       | <b>347,348</b>       |
| <b>Commitments, guarantees and contingencies</b>      | 16 and 25 |                      |                      |
| <b>Total liabilities and equity</b>                   |           | <b>\$ 574,626</b>    | <b>\$ 626,510</b>    |

See accompanying notes to consolidated financial statements.

On February 20, 2025, the Board of Directors approved the consolidated financial statements for the years ended December 31, 2024 and 2023.

On behalf of the Board of Directors,

[signed]

[signed]

**Sylvie Lalonde**, Chairwoman of the Board

**A. Michel Lavigne**, Chairman of the Audit and Risk Management Committee

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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TVA Group Inc. (“TVA Group” or the “Corporation”) is governed by the Quebec *Business Corporations Act*. TVA Group is a communications company engaged in broadcasting, film production & audiovisual services, production & international distribution of television content, and magazine publishing. The Corporation is a subsidiary of Quebecor Media Inc. (“Quebecor Media” or the “parent corporation”) and its ultimate parent corporation is Quebecor Inc. (“Quebecor”). The Corporation’s head office is located at 612 Saint-Jacques St., Montreal, Quebec, Canada. The Corporation’s direct and indirect ownership interests in its main subsidiaries are as follows:

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|                                      | <b>% of ownership</b> |
|--------------------------------------|-----------------------|
| TVA Publications inc.                | 100.0%                |
| MELS Studios and Postproduction G.P. | 100.0%                |
| Mels Dubbing Inc.                    | 100.0%                |
| Incendo Média inc.                   | 100.0%                |
| Communications Qolab inc.            | 100.0%                |
| TVA Productions inc.                 | 100.0%                |

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# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

#### (a) Basis of presentation

These consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”).

These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments (note 1(j)), the stock-based compensation liability (note 1(s)) and the net defined benefit asset or liability (note 1(t)), and are presented in Canadian dollars, which is the currency of the primary economic environment in which the Corporation and its subsidiaries operate (“functional currency”).

Certain comparative figures for the year ended December 31, 2023 have been restated to conform to the presentation adopted for the year ended December 31, 2024.

#### (b) Consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany balances and transactions were eliminated on consolidation.

A subsidiary is an entity controlled by the Corporation. The Corporation controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability to use its power over the entity to affect the amount of those returns.

Non-controlling interest in the net assets and results of consolidated subsidiaries is presented separately from the Corporation’s interest. Non-controlling interest in the equity of a subsidiary consists of the amount of non-controlling interest calculated at the date of the original business combination and its share of changes in equity since that date. Changes in non-controlling interest in a subsidiary that do not result in a loss of control by the Corporation are accounted for as equity transactions.

#### (c) Business combinations

A business combination is accounted for by the acquisition method. The cost of an acquisition is measured at the acquisition-date fair value of the consideration given in exchange for control of the acquiree. This consideration may comprise cash payments, asset transfers, financial instrument issues or future contingent payments. The identifiable assets acquired and liabilities assumed from the acquiree are recognized at acquisition-date fair value. The results of an acquiree’s operations are included in the Corporation’s consolidated financial statements from the date of the business acquisition. The expenses incurred for the acquisition and integration of the acquiree are included in the consolidated statement of loss under “Restructuring costs, impairment of assets and other.”

Non-controlling interest in an acquiree is presented in equity on the consolidated balance sheets, separately from equity attributable to shareholders, and is initially measured at fair value.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (d) Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated into the functional currency at the exchange rate in effect at the transaction date. Foreign currency transactions are translated into the functional currency at the exchange rate in effect on the transaction date. Translation gains and losses are included in the loss for the year under "Financial expenses."

#### (e) Revenue recognition

The Corporation recognizes revenues from a contract with a customer only when all of the following criteria are satisfied:

- the parties to the contract have approved the contract - in writing, orally or in accordance with other customary business practices - and are committed to performing their respective obligations;
- the Corporation can identify each party's rights regarding the goods or services to be transferred;
- the Corporation can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the Corporation's future cash flows is expected to change as a result of the contract); and
- it is highly probable that the Corporation will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

#### Advertising revenues

Revenues from the sale of advertising airtime and space on the Corporation's websites and mobile apps are recognized when the advertisement airs or is displayed online. Revenues from the sale of advertising space in magazines are recognized when the advertisement is published, i.e. at the magazine release date.

#### Subscription revenues

Revenues from specialty television channel subscriptions are recognized on a monthly basis when the service is rendered.

Amounts received for magazine subscriptions are accounted for as deferred revenues and are amortized over the subscription term at publication.

#### Revenues from soundstage, mobile and equipment rental

Revenues from soundstage, mobile and equipment rental are recognized on a linear basis over the term of the rental.

#### Postproduction revenues

Revenues from postproduction services are recognized when the service is rendered.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (e) Revenue recognition (continued)

##### Revenues from newsstand magazine sales

Revenues from newsstand magazine sales are recognized when the magazines are delivered to newsstands and are calculated using an amount of revenue less an allowance for future returns.

##### Revenues from production and distribution

Revenues from production and distribution are recognized when the production is completed, delivered and accepted by the customer in accordance with the terms of the license or the distribution agreement, and when the customer can begin to exploit and broadcast the content. Revenues from production services are recognized when the service is rendered.

#### (f) Impairment of assets

For the purposes of assessing impairment, assets are grouped in cash-generating units ("CGUs"), which are the smallest groups of assets that generate separately identifiable cash inflows. The Corporation reviews at each balance sheet date whether events or circumstances have occurred to indicate that the carrying amounts of long-lived assets with finite useful lives may be less than their recoverable amounts. Goodwill, intangible assets with indefinite useful lives, and intangible assets not yet available for use are tested for impairment each fiscal year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the asset or the CGU. Fair value less costs of disposal is the amount obtainable by an entity at the valuation date from the sale of an asset or a CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When the recoverable amount of a CGU to which goodwill has been allocated is lower than the CGU's carrying amount, the related goodwill is impaired first. Any excess amount of impairment is recognized and allocated to the assets in the CGU, prorated to the carrying amount of each asset in the CGU.



# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (g) Income taxes

Current income taxes are recognized with respect to amounts expected to be paid or recovered according to tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred taxes are accounted for using the liability method. Under this method, deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred tax assets and liabilities are valued at the enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in enacted or substantively enacted tax rates on deferred tax assets and liabilities is recognized in income in the period during which the substantive enactment date falls. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be subsequently reduced, if necessary, to the amount that is more probable than not to be realized. A deferred tax expense or benefit is recognized in other comprehensive loss or otherwise directly in equity to the extent that it relates to items that are recognized in other comprehensive loss or directly in equity in the same or a different period.

In the normal course of the Corporation's operations, there are a number of uncertain tax positions due to the complexity of certain transactions and continuous changes in related tax interpretations and legislation. When a tax position is uncertain, the Corporation recognizes an income tax benefit or reduces an income tax liability only when it is probable that the tax benefit will be realized in the future or the income tax liability is no longer probable.

#### (h) Loss per share

Loss per share is calculated based on the weighted average number of common shares outstanding during the year. The Corporation uses the treasury stock method to determine the dilutive effects of options when calculating diluted loss per share.

#### (i) Leases

For most of its leases, the Corporation recognizes a right-of-use asset and a lease liability on the balance sheet at the commencement of a lease. The right-of-use asset and the lease liability are initially measured at the present value of lease payments over the term lease, less incentive payment received, using the Corporation's incremental borrowing rate at that date. The term of the lease is comprised of the initial lease term and any additional period for which it is reasonably certain that the Corporation will exercise its extension option.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

Interest paid on lease liabilities is recorded in the consolidated statements of loss as a financial expense and principal payments on the lease liability are presented as part of financing activities in the consolidated statements of cash flows.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (j) Financial instruments

Financial assets and liabilities are classified as subsequently measured at amortized cost, except for certain investments that are presented at fair value in the consolidated statement of comprehensive loss.

#### (k) Financing costs

Financing costs related to debt are capitalized as a reduction of debt and are amortized using the effective interest method.

#### (l) Tax credits and government assistance

The Corporation is eligible for several government programs designed to support televisual product programming and production and magazine publishing in Canada. Government financial assistance is recognized as revenue or as a reduction in related costs, whether capitalized and amortized or expensed, in the year the costs are incurred and when management has reasonable assurance that the conditions of the government programs are met. In the Magazines segment, government assistance for the production and distribution of Canadian content in magazines is recognized as revenue. Government assistance is initially reported in deferred revenues and amortized over the number of issues.

#### (m) Trade receivables

Trade receivables are presented net of an allowance for expected credit losses. The Corporation uses the expected credit losses method to estimate that allowance. It is based on the specific credit risk of its customers, the expected life of the financial assets, historical trends and economic conditions. Individual trade receivables are written off when deemed uncollectible.

#### (n) Audiovisual content

##### Television productions

Television productions are accounted for at the lower of cost and net realizable value. The cost of productions includes direct charges for goods and services as well as labour and overhead for each production, and is charged to operating expenses at the time of broadcast or delivery using a method based on the manner in which future economic benefits will be generated.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (n) Audiovisual content (continued)

##### Broadcast rights

Broadcast rights are contractual rights allowing limited or unlimited broadcast of televisual products or films. The Corporation recognizes an acquired broadcast rights asset and records obligations incurred under broadcast rights acquisition contracts as a liability when the broadcast period begins and the contract conditions have been met.

Prior to all the asset recognition conditions being met, the amounts paid for broadcast rights are accounted for as prepaid broadcast rights under current or non-current "Audiovisual content", as the case may be.

Broadcast rights are classified as current or non-current, based on management's estimate of the broadcast period. These rights are charged to operating expenses when televisual products and films are broadcast over the contract period, using a method based on the manner in which future economic benefits from the rights will be generated.

##### Distribution rights

Distribution rights related to film and audiovisual product distribution activities include production costs or costs to acquire film distribution rights and costs incidental to such rights. The Corporation recognizes a distribution rights asset and records obligations incurred under distribution rights acquisition contracts as a liability when the audiovisual content is available for distribution and the contract conditions have been met.

Prior to all the asset recognition conditions in the contract being met, the amounts paid for distribution rights are accounted for as prepaid distribution rights under current or non-current "Audiovisual content," as the case may be.

Distribution rights are recognized in operating expenses using the individual-film-forecast-computation method. Under this method, each distribution right is expensed based on actual gross revenues relative to total anticipated economic benefits over a reasonable operating period.

##### Net realizable value

Estimates of future revenue, used to determine net realizable values of inventories related to broadcasting and distribution are reviewed periodically by management and revised as necessary. The carrying value of audiovisual content is reduced to net realizable value, as necessary, based on this assessment.

The amount of the impairment of audiovisual content may be reversed when the circumstances that previously caused the write-down expense no longer exist.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (o) Investments

Investments in companies over which the Corporation exercises significant influence are accounted for using the equity method. Under this method, the share of the income of associates is recorded in the consolidated statements of loss. Other investments are recorded at fair value in the consolidated statements of loss. Carrying values of investments are reduced to estimated fair values if there is objective evidence of impairment of the investment.

#### (p) Property, plant and equipment

Property, plant and equipment are initially stated at cost, which consists of acquisition costs, net of government grants and income tax credits, and/or development costs, including preparation, installation and testing costs. Expenditures, such as maintenance and repair costs, are recorded in operating expenses as incurred.

Depreciation is calculated on a straight-line basis over the following estimated useful lives:

| <b>Assets</b>                  | <b>Estimated useful life</b> |
|--------------------------------|------------------------------|
| Buildings and their components | 10-40 years                  |
| Equipment                      | 5-15 years                   |

Leasehold improvements are amortized over the shorter of the term of the lease or estimated useful life.

Depreciation methods, residual values and the useful lives of significant property, plant and equipment are reviewed at least once a year. Any change is accounted for prospectively as a change in accounting estimate.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (q) Goodwill and intangible assets

##### Goodwill

Goodwill arising from a business acquisition is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed. When the Corporation acquires less than 100% of equity interests in the acquiree at the acquisition date, goodwill attributable to the non-controlling interest is also recognized at fair value.

For impairment testing purposes (note 1(f)), goodwill is allocated to one or more CGUs as of the business acquisition date. Goodwill is allocated to the CGU or CGUs expected to benefit from the synergies of the business acquisition.

##### Intangible assets

Broadcasting licences, magazine operating licences and trademarks have indefinite useful lives and are not amortized.

Customer lists and non-compete clauses arising from business acquisitions are recognized at fair value at the acquisition date.

Software is initially recorded at cost. Internally developed intangible assets such as software and websites are mainly comprised of internal costs incurred for the development of these assets to be used internally or for providing services to customers. Those costs are capitalized when the development stage of the software application begins and costs incurred prior to that stage are recognized as expenses.

Intangible assets with finite useful lives are amortized on a straight-line basis over the following periods:

| <b>Assets</b>                              | <b>Estimated useful life</b> |
|--|------------------------------|
| Software, websites and mobile applications | 3-10 years                   |
| Customer lists and non-compete clauses     | 3-10 years                   |

Amortization methods, residual values, and the useful lives of significant intangible assets are reviewed at least once a year. Any change is accounted for prospectively as a change in accounting estimate.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (r) Provisions

Provisions are recognized when (a) the Corporation has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and when (b) the amount of the obligation can be reliably estimated.

Restructuring costs, including, among other things, termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation has been raised in those affected that the plan will be carried out.

Provisions are reviewed at each balance sheet date and changes in estimates are reflected in the consolidated statement of loss in the reporting period in which the remeasurement occurred.

#### (s) Stock-based compensation

Stock-based awards to officers or directors that call for settlement in cash, such as Deferred Stock Units (DSUs), or that call for settlement in cash or other assets at the holder's option, such as stock option awards, are accounted for at fair value and classified as a liability. The compensation cost is recognized in expenses over the vesting period. Changes in the fair value of stock-based awards between the grant date and the measurement date result in a change in the liability and compensation expense.

The fair value of the DSUs is based on the underlying share price as of the measurement date. Estimates of the fair value of stock options are determined by applying an option-pricing model, taking into account the terms and conditions of the grant. The main assumptions are discussed in note 21.

#### (t) Pension plans and postretirement benefits

The Corporation offers employees defined contribution pension plans and defined benefit pension plans.

##### Defined contribution pension plans

In accordance with its defined contribution pension plans, the Corporation pays fixed contributions to participating employees' pension plans and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognized as employee costs in the consolidated statements of loss when the contributions fall due.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (t) Pension plans and postretirement benefits (continued)

##### Defined benefit pension plans and postretirement benefits

Defined benefit pension plan costs are determined using actuarial methods and are accounted for using the projected unit credit method, which incorporates management's best estimates of future salary levels, other cost escalations, employee retirement ages and other actuarial factors. Defined benefit pension costs recognized in the consolidated statements of loss under employee costs primarily include the following:

- (i) services costs in exchange for employee services rendered during the year;
- (ii) past service costs recognized on the earlier of the following dates: (a) when the benefit plan is amended, or (b) when restructuring costs are recognized.

Interest on the net defined benefit asset or liability recognized in the consolidated statements of loss under financial expenses is determined by multiplying the net defined benefit asset or liability by the discount rate used to determine the defined benefit obligation.

Remeasurements of the net defined benefit asset or liability are recognized immediately in other comprehensive loss and recorded in accumulated other comprehensive income. Remeasurements include the following items:

- (i) actuarial gains and losses arising from changes in the financial and demographic actuarial assumptions used to determine defined benefit obligations or resulting from experience adjustments on liabilities;
- (ii) the difference between the actual rate of return on plan assets and the expected interest revenues on plan assets considered in the calculation of interest on net defined benefit asset or liability;
- (iii) changes in the net defined benefit asset limit or the minimum funding liability.

Recognition of a net benefit asset is limited under certain circumstances to the amount recoverable, which is primarily based on the extent to which the Corporation can unilaterally reduce future contributions to the plan. In addition, an adjustment to the net defined benefit asset or liability can be recorded to reflect a minimum funding liability in some of the Corporation's pension plans.

Under a former plan, the Corporation also offers life, health and dental insurance plans to some of its retired employees. This postretirement coverage is no longer offered to the Corporation's active employees. The cost of postretirement benefits is determined using an accounting methodology similar to that for defined benefit pension plans. The related expense is funded by the Corporation as the benefits fall due.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (u) Use of estimates

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities, related amounts of revenues and expenses, and disclosure of contingent assets and liabilities. These estimates are determined to the best of management's knowledge based on the information available at the measurement date. Actual results could differ from these estimates.

The following are the significant areas that require management to make the most difficult, subjective or complex estimates:

#### (i) Recoverable value of an asset or a CGU

When an impairment test is performed on an asset or CGU, management estimates the recoverable amount of the asset or the CGU on the basis of its fair value less costs of disposal or its value in use. These estimates are based on valuation models that require the use of certain assumptions, such as expected future cash flows, a pre-tax discount rate (WACC) and a perpetual growth rate, or the use of multiples of operating performance of comparable entities. Those assumptions materially affect the results of the impairment tests and the impairment expense recorded in the consolidated statement of loss, if any. Note 14 describes the key assumptions used in the goodwill impairment tests and presents a sensitivity analysis of recoverable amounts.

#### (ii) Audiovisual content

For the recognition of television rights, management uses assumptions to estimate future revenues for the purpose of determining net realizable value and the manner in which future economic benefits from the rights will be generated. These assumptions take into account, among other factors, viewership and subscriber statistics, the advertising market, the broadcast strategy and the type of content. The estimates can materially affect the audiovisual content costs recognized in the statement of loss and the carrying amount of audiovisual content recognized on the consolidated balance sheet.

#### (iii) Costs and obligations related to pension plans and postretirement benefits

Defined benefit pension plan costs and obligations and postretirement benefits are estimated on the basis of a number of assumptions, including the discount rate, future salary levels, the retirement age of employees, health care costs, and other actuarial factors. Some of these assumptions could materially affect the employee costs and financial expenses recognized in the consolidated statement of loss, the gain or loss on remeasurement of defined benefit plans recognized in the consolidated statement of comprehensive loss and the carrying amount of defined benefit assets and other liabilities recognized in the consolidated balance sheet. Note 23 describes the key assumptions and presents a sensitivity analysis of the discount rate.



# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

#### (u) Use of estimates (continued)

##### (iv) Provisions

Recognition of provisions requires management to estimate the payments required as of the valuation date to settle the existing obligation or transfer it to a third party. In particular, an assessment of the probable outcomes of legal disputes and other contingencies is also necessary. Management's assessment of the potential impact of the outcome of legal disputes is presented in note 16.

#### (v) Changes in accounting standards

On January 1, 2024, the Corporation adopted the following changes to accounting standards:

- Amendments to IAS 1, *Presentation of financial statements - Classification of liabilities as current or non-current*, to clarify the requirements for classifying liabilities as current or non-current;
- Amendments to IAS 1, *Presentation of financial statements - Non-current liabilities with covenants*, to clarify the classification, presentation and disclosure requirements for non-current liabilities with covenants;
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures - Supplier finance arrangements*, to add disclosure requirements that oblige entities to provide qualitative and quantitative information about supplier finance arrangements.

The adoption of these amendments to accounting standards had no material impact on the Corporation's consolidated financial statements.

#### (w) Future changes to accounting standards

The IASB has issued the following accounting standard that will become effective for the annual period beginning on January 1, 2027, with early adoption permitted:

- IFRS 18, *Presentation and disclosure in financial statements* (replacing IAS 1, *Presentation of financial statements*), sets out additional requirements and guidance in the presentation of financial statements especially on how the information is presented in the statement of income and the statement of cash flows.

The Corporation is currently assessing the impact on its consolidated financial statements related to the future adoption of this new standard.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 2. REVENUES

|   | 2024              | 2023              |
|---|-------------------|-------------------|
| Advertising services  | \$ 246,489        | \$ 262,873        |
| Carriage rates <sup>(1)</sup>   | 142,307           | 132,232           |
| Rental, postproduction and distribution services and other services rendered <sup>(2)</sup> | 93,655            | 88,111            |
| Product sales <sup>(3)</sup>  | 49,778            | 61,981            |
|   | <b>\$ 532,229</b> | <b>\$ 545,197</b> |

(1) During the fiscal year ended December 31, 2024, a favourable retroactive adjustment of \$10,184,000 was recorded for the period of September 1, 2017 to December 31, 2023 in connection with carriage rates for the "LCN" channel.

(2) Revenues from soundstage, mobile and equipment rental and rental space amounted to \$37,534,000 during the year ended December 31, 2024 (\$19,876,000 during the year ended December 31, 2023). Service revenues also include the activities of the Production & Distribution segment.

(3) Revenues from product sales include newsstand and subscription sales of magazines and sales of audiovisual content.

### 3. PURCHASES OF GOODS AND SERVICES

|   | 2024              | 2023              |
|---|-------------------|-------------------|
| Rights, audiovisual content and services rendered | \$ 305,031        | \$ 315,870        |
| Printing and distribution                         | 12,090            | 13,894            |
| Services rendered by the parent corporation:      |                   |                   |
| - Commissions on advertising sales                | 20,433            | 22,971            |
| - Other   | 12,953            | 8,984             |
| Building costs                                    | 15,498            | 16,349            |
| Marketing costs                                   | 15,953            | 16,406            |
| Other   | 31,799            | 24,268            |
|   | <b>\$ 413,757</b> | <b>\$ 418,742</b> |

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 4. FINANCIAL EXPENSES

|  | Note | 2024     | 2023     |
|--|------|----------|----------|
| Interest on debt <sup>(1)</sup>                  |      | \$ 6,153 | \$ 4,087 |
| Amortization of financing costs                  |      | 88       | 114      |
| Interest on lease liabilities                    |      | 416      | 390      |
| Interest income related to defined benefit plans | 23   | (1,577)  | (2,116)  |
| Other  |      | (279)    | (324)    |
|  |      | \$ 4,801 | \$ 2,151 |

(1) For the fiscal year ended December 31, 2024, interest totalling \$5,685,000 were recorded on the renewable credit facility with Quebecor Media (\$3,333,000 for the year ended December 31, 2023) (note 17).

### 5. RESTRUCTURING COSTS, IMPAIRMENT OF ASSETS AND OTHER

|   | 2024     | 2023      |
|---|----------|-----------|
| Restructuring costs                               | \$ 2,449 | \$ 20,775 |
| Impairment of assets                              | 7,781    | 8,096     |
| Gain on disposal of property, plant and equipment | (2,629)  | –         |
| Other   | –        | (46)      |
|   | \$ 7,601 | \$ 28,825 |

#### Restructuring costs

For the fiscal years ended December 31, 2024 and 2023, the Corporation recorded an operational restructuring charge in connection with the elimination of positions and the implementation of cost-reduction measures, mainly in the Broadcasting segment.

In 2023, against the backdrop of a global media industry crisis, the Corporation implemented a reorganization plan that refocuses on its mission as a broadcaster, restructures its news division and optimizes its real estate assets. When completed, the operating cost reduction plan will reduce the workforce by 547 employees. The majority of the Broadcasting segment's restructuring costs are associated with this plan and were recorded in the fourth quarter of 2023 and adjusted during the 2024 fiscal year.

#### Impairment of assets

During the second quarter of 2024, the Corporation performed an impairment test on the Production & Distribution CGU due to the competitive industry environment and the slowdown in its volume of activities. The Corporation concluded that the recoverable amount of the CGU, based on value in use, was less than its carrying amount. Accordingly, a \$7,781,000 goodwill impairment charge (without any tax consequences) was recognized (note 14).

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 5. RESTRUCTURING COSTS, IMPAIRMENT OF ASSETS AND OTHER (continued)

#### Impairment of assets (continued)

In the third quarter of 2023, unfavourable market conditions and changes in the television industry ecosystem led the Corporation to perform an impairment test on its Broadcasting CGU. The Corporation concluded that the recoverable amount based on fair value less costs of disposal was less than its carrying amount. Accordingly, a \$4,813,000 goodwill impairment charge (without any tax consequences) and a \$2,850,000 charge for impairment of certain trademarks were recognized (note 12). During 2023, the Corporation also recorded a \$433,000 charge related to the write-off of property, plant and equipment in the Broadcasting segment.

#### Gain on disposal of property, plant and equipment

During the fiscal year ended December 31, 2024, the Corporation closed the sale of a building in Saguenay to the parent corporation for proceeds on disposal of \$2,600,000, resulting in recognition of a gain on disposal of \$2,309,000. The Corporation also recognized gains on disposal of assets of \$320,000 in 2024.

### 6. INCOME TAXES

Income tax recovery is detailed as follows:

|          | 2024       | 2023        |
|----------|------------|-------------|
| Current  | \$ (3,290) | \$ (4,098)  |
| Deferred | (409)      | (11,617)    |
|          | \$ (3,699) | \$ (15,715) |

The following table reconciles income tax recovery at the Canadian statutory rate of 26.5% in 2024 and 2023 and income tax recovery reported on the consolidated statements of loss:

|   | 2024              | 2023               |
|---|-------------------|--------------------|
| Income tax recovery at the Canadian statutory tax rate        | \$ (6,306)        | \$ (16,987)        |
| Increase resulting from:                                      |                   |                    |
| Tax impact of non-deductible charges and non-taxable revenues | 1,987             | 1,289              |
| Other   | 620               | (17)               |
| <b>Income tax recovery</b>                                    | <b>\$ (3,699)</b> | <b>\$ (15,715)</b> |

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 6. INCOME TAXES (continued)

The significant items comprising the Corporation's net deferred income tax asset and their impact on deferred income tax recovery are as follows:

|  | Consolidated balance sheets |          | Consolidated statements of loss |             |
|--|-----------------------------|----------|---------------------------------|-------------|
|  | 2024                        | 2023     | 2024                            | 2023        |
| Loss carryforwards                                   | \$ 9,502                    | \$ 5,768 | \$ (3,734)                      | \$ (3,360)  |
| Defined benefit plans                                | (13,081)                    | (10,214) | (473)                           | (2,008)     |
| Property, plant and equipment                        | 4,151                       | 3,306    | (845)                           | (1,371)     |
| Goodwill and intangible assets                       | 4,213                       | 4,810    | 597                             | (1,850)     |
| Accounts payable, accrued liabilities and provisions | 2,749                       | 5,704    | 2,955                           | (3,953)     |
| Other  | (1,986)                     | (895)    | 1,091                           | 925         |
|  | \$ 5,548                    | \$ 8,479 | \$ (409)                        | \$ (11,617) |

Changes in net deferred income tax assets are as follows:

|  | 2024            | 2023            |
|--|-----------------|-----------------|
| Balance at beginning of year           | \$ 8,479        | \$ (2,466)      |
| Recognized in statement of loss        | 409             | 11,617          |
| Recognized in other comprehensive loss | (3,340)         | (672)           |
| <b>Balance at end of year</b>          | <b>\$ 5,548</b> | <b>\$ 8,479</b> |
| Deferred income tax assets             | 6,578           | 8,495           |
| Deferred income tax liabilities        | (1,030)         | (16)            |
|  | \$ 5,548        | \$ 8,479        |

The Corporation recorded no deferred tax liabilities with respect to its subsidiaries' retained earnings during the current year or in prior years because it does not expect to sell these investments or that these retained earnings will become taxable.

As at December 31, 2024, the Corporation had operating loss carryforwards for income tax purposes of approximately \$36,372,000 available to reduce its future taxable income. These loss carryforwards expire by 2044.

The Corporation also has \$165,614,000 in unrecognized loss carryforwards with no expiry to be used solely to reduce future capital gains.

Pillar Two legislation, which introduces new taxation mechanisms that could impose a minimum tax on income of the Corporation and its subsidiaries, was substantively enacted in Canada in 2024. The Corporation does not expect any impact related to the implementation of these new tax rules that became effective on January 1, 2024.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 7. SUPPLEMENTARY CASH FLOW INFORMATION

The following tables provide supplementary information regarding the consolidated statements of cash flows.

(a) Net changes in non-cash operating items are as follows:

|  | 2024      | 2023        |
|--|-----------|-------------|
| Accounts receivable                                  | \$ 19,230 | \$ 21,109   |
| Audiovisual content                                  | 37,357    | 2,194       |
| Accounts payable, accrued liabilities and provisions | 10,965    | 11,468      |
| Content rights payable                               | (11,351)  | (81,865)    |
| Income taxes   | 788       | (3,159)     |
| Defined benefit plans                                | 1,903     | 7,796       |
| Other  | 607       | (2,219)     |
|  | \$ 59,499 | \$ (44,676) |

(b) Net interest and income taxes paid (received) are classified in operating activities and are detailed as follows:

|   | 2024     | 2023     |
|---|----------|----------|
| Interest paid                           | \$ 6,687 | \$ 3,644 |
| Income taxes received (net of payments) | (4,078)  | (939)    |

### 8. ACCOUNTS RECEIVABLE

|  | Note   | 2024       | 2023       |
|--|--------|------------|------------|
| Trade receivables  | 26 (b) | \$ 68,336  | \$ 76,004  |
| Other receivables  |        | 22,823     | 25,442     |
| Trade and other receivables from companies under common control and associates |        | 40,114     | 47,077     |
| Tax credits and government assistance receivable                               |        | 3,562      | 5,542      |
|  |        | \$ 134,835 | \$ 154,065 |

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 9. AUDIOVISUAL CONTENT

The cost of inventories and expenses related to television productions, broadcast and distribution rights included in purchases of goods and services and employee costs amounted to \$368,671,000 for 2024 (\$389,247,000 for 2023). For 2024, a total of \$5,232,000 audiovisual content impairment charge was recorded in purchases of goods and services (\$3,307,000 for 2023).

### 10. INVESTMENTS

|   | 2024      | 2023      |
|---|-----------|-----------|
| Tele Inter-Rives Ltd., associate, 45% ownership interest    | \$ 12,169 | \$ 11,687 |
| Publications Senior inc., associate, 50% ownership interest | 500       | 500       |
| Other investments   | 55        | 55        |
|   | \$ 12,724 | \$ 12,242 |

Tele Inter-Rives is a company that operates four local television stations, including two that are affiliated with TVA Network. Its head office is in Rivière-du-Loup, Quebec, Canada.

Publications Senior inc. is a company that operates magazines and websites, primarily *Le Bel Âge* and *Good Times*. Its head office is in Montreal, Quebec, Canada.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 11. PROPERTY, PLANT AND EQUIPMENT

For the years ended December 31, 2024 and 2023, changes in the net carrying amount of property, plant and equipment are as follows:

|   | Land, buildings<br>and leasehold<br>improvements | Equipment         | Projects under<br>development | Total             |
|---|--|-------------------|-------------------------------|-------------------|
| <b>Cost:</b>  |  |                   |                               |                   |
| Balance as at December 31, 2022                     | \$ 204,840                                       | \$ 285,475        | \$ 12,754                     | \$ 503,069        |
| Acquisitions <sup>(1)</sup>                         | 712  | 790               | 2,168                         | 3,670             |
| Reclassification                                    | 282  | 562               | (844)                         | –                 |
| Write-offs and disposals                            | –  | (36,261)          | –                             | (36,261)          |
| Balance as at December 31, 2023                     | 205,834  | 250,566           | 14,078                        | 470,478           |
| Acquisitions <sup>(1)</sup>                         | 2,367  | 8,538             | 12,293                        | 23,198            |
| Reclassification                                    | 1,701  | 118               | (1,819)                       | –                 |
| Write-offs and disposals                            | (743)  | (1)               | (3)                           | (747)             |
| <b>Balance as at December 31, 2024</b>              | <b>\$ 209,159</b>                                | <b>\$ 259,221</b> | <b>\$ 24,549</b>              | <b>\$ 492,929</b> |
| <b>Accumulated depreciation<br/>and impairment:</b> |  |                   |                               |                   |
| Balance as at December 31, 2022                     | \$ 112,125                                       | \$ 233,160        | \$ –                          | \$ 345,285        |
| Depreciation  | 5,691  | 13,431            | –                             | 19,122            |
| Write-offs and disposals                            | –  | (35,828)          | –                             | (35,828)          |
| Balance as at December 31, 2023                     | 117,816  | 210,763           | –                             | 328,579           |
| Depreciation  | 5,420  | 11,986            | –                             | 17,406            |
| Write-offs and disposals                            | (452)  | (1)               | –                             | (453)             |
| <b>Balance as at December 31, 2024</b>              | <b>\$ 122,784</b>                                | <b>\$ 222,748</b> | <b>\$ –</b>                   | <b>\$ 345,532</b> |
| <b>Net carrying amount:</b>                         |  |                   |                               |                   |
| As at December 31, 2023                             | \$ 88,018  | \$ 39,803         | \$ 14,078                     | \$ 141,899        |
| <b>As at December 31, 2024</b>                      | <b>86,375</b>                                    | <b>36,473</b>     | <b>24,549</b>                 | <b>147,397</b>    |

<sup>(1)</sup> The net change in additions to property, plant and equipment funded by accounts payable, consisting primarily of equipment, was a \$6,293,000 increase for the year ended December 31, 2024 (\$1,512,000 increase for the year ended December 31, 2023).



# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 12. INTANGIBLE ASSETS

For the years ended December 31, 2024 and 2023, changes in the net carrying amount of licences and other intangible assets are as follows:

|  | Broadcasting<br>licences <sup>(1)</sup> | Software,<br>websites and<br>mobile<br>applications | Other<br>intangible<br>assets <sup>(1)</sup> | Projects under<br>development | Total             |
|--|---|---|--|-------------------------------|-------------------|
| <b>Cost:</b>                               |   |   |  |                               |                   |
| Balance as at<br>December 31, 2022         | \$ 92,569                               | \$ 69,378   | \$ 48,226                                    | \$ 482                        | \$ 210,655        |
| Acquisitions <sup>(2)</sup>                | –                                       | 14  | –  | 3,687                         | 3,701             |
| Reclassification                           | –                                       | 65  | –  | (65)                          | –                 |
| Write-offs and disposals                   | –                                       | (15,505)  | –  | –                             | (15,505)          |
| Balance as at<br>December 31, 2023         | 92,569                                  | 53,952  | 48,226                                       | 4,104                         | 198,851           |
| Acquisitions <sup>(2)</sup>                | –                                       | 343   | –  | 2,265                         | 2,608             |
| Reclassification                           | –                                       | 3,013   | –  | (3,013)                       | –                 |
| Write-offs and disposals                   | –                                       | –   | –  | (233)                         | (233)             |
| <b>Balance as at<br/>December 31, 2024</b> | <b>\$ 92,569</b>                        | <b>\$ 57,308</b>                                    | <b>\$ 48,226</b>                             | <b>\$ 3,123</b>               | <b>\$ 201,226</b> |

For the year ended December 31, 2024, the Corporation recognized additions to internally generated intangible assets totalling \$336,000 (\$348,000 for 2023).

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 12. INTANGIBLE ASSETS (continued)

|   | Broadcasting<br>licences <sup>(1)</sup> | Software,<br>websites and<br>mobile<br>applications | Other<br>intangible<br>assets <sup>(1)</sup> | Projects under<br>development | Total             |
|---|---|---|--|-------------------------------|-------------------|
| <b>Accumulated amortization<br/>and impairment:</b> |   |   |  |                               |                   |
| Balance as at<br>December 31, 2022                  | \$ 92,569                               | \$ 63,662   | \$ 39,753                                    | \$ –                          | \$ 195,984        |
| Amortization  | –                                       | 2,670   | 3,792  | –                             | 6,462             |
| Impairment charge (note 5)                          | –                                       | –   | 2,850  | –                             | 2,850             |
| Write-offs and disposals                            | –                                       | (15,505)  | –  | –                             | (15,505)          |
| Balance as at<br>December 31, 2023                  | 92,569                                  | 50,827  | 46,395                                       | –                             | 189,791           |
| Amortization  | –                                       | 1,870   | 631  | –                             | 2,501             |
| <b>Balance as at<br/>December 31, 2024</b>          | <b>\$ 92,569</b>                        | <b>\$ 52,697</b>                                    | <b>\$ 47,026</b>                             | <b>\$ –</b>                   | <b>\$ 192,292</b> |
| <b>Net carrying amount:</b>                         |   |   |  |                               |                   |
| As at December 31, 2023                             | \$ –                                    | \$ 3,125  | \$ 1,831                                     | \$ 4,104                      | \$ 9,060          |
| <b>As at December 31, 2024</b>                      | <b>–</b>                                | <b>4,611</b>  | <b>1,200</b>                                 | <b>3,123</b>                  | <b>8,934</b>      |

<sup>(1)</sup> Intangible assets with indefinite useful lives are not amortized. They include fully impaired broadcasting licences in the Broadcasting CGU and a fully impaired magazine operating licence. They also include trademarks in the Broadcasting CGU and the Magazines CGU with a net carrying amount of \$1,200,000 due to an impairment charge recorded in in 2023 (note 5).

<sup>(2)</sup> The net change in additions to intangible assets funded by accounts payable, consisting primarily of software, was a \$1,703,000 decrease for the year ended December 31, 2024 (\$2,745,000 increase for the year ended December 31, 2023).

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 13. RIGHT-OF-USE ASSETS

For the years ended December 31, 2024 and 2023, changes in the net carrying amount of right-of-use assets are as follows:

|   | Note | 2024             | 2023             |
|---|------|------------------|------------------|
| <b>Cost:</b>                                    |      |                  |                  |
| Balance at beginning of year                    |      | \$ 15,331        | \$ 16,817        |
| Acquisitions funded by lease liabilities        | 18   | 3,342            | 1,296            |
| Write-offs and other                            |      | (657)            | (2,782)          |
| <b>Balance at end of year</b>                   |      | <b>\$ 18,016</b> | <b>\$ 15,331</b> |
| <b>Accumulated depreciation and impairment:</b> |      |                  |                  |
| Balance at beginning of year                    |      | \$ 8,547         | \$ 9,218         |
| Depreciation                                    |      | 2,607            | 2,111            |
| Write-offs and other                            |      | (657)            | (2,782)          |
| <b>Balance at end of year</b>                   |      | <b>\$ 10,497</b> | <b>\$ 8,547</b>  |
| <b>Net carrying amount</b>                      |      | <b>7,519</b>     | <b>6,784</b>     |

The Corporation does not recognize right-of-use assets or lease liabilities for short-term contracts or for which the underlying assets are of little value.

The net carrying value for 2024 includes right-of-use assets with companies under common control in the amount of \$2,644,000 (\$204,000 for 2023) and a depreciation expense related to these contracts in the amount of \$687,000 (\$252,000 in 2023).

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 14. GOODWILL

The net carrying amount of goodwill is detailed as follows:

| CGUs                                   | Note | 2024     | 2023      |
|--|------|----------|-----------|
| Film Production & Audiovisual Services |      | \$ 9,102 | \$ 9,102  |
| Production & Distribution              | 5    | –        | 7,781     |
|  |      | \$ 9,102 | \$ 16,883 |

#### Recoverable amounts

Recoverable amounts of CGUs were determined based on the higher of value in use or fair value less costs of disposal with respect to the impairment tests performed. The Corporation uses the discounted cash flow method to estimate recoverable value, consisting of future cash flows derived primarily from the most recent budget and from the three-year strategic plan approved by the Corporation's management. These forecasts consider each CGU's past operating performance and market share as well as economic trends, along with specific market and industry trends and corporate strategies. In particular, specific assumptions are used for each type of revenue generated by a CGU or for each type of expense as well as for future property, plant and equipment and intangible assets expenditures. As such, assumptions take into account, among other things, the competitive landscape, evolving product and service offerings, proliferation of media platforms and changes in content spend requirements, technology and operating cost structures.

The perpetual growth rate is used for cash flows beyond the three-year period in the strategic plan. The discount rate used by the Corporation is a pre-tax rate derived from the weighted average cost of capital pertaining to each CGU, which reflects the current market assessment of (i) the time value of money, and (ii) the risk specific to the assets for which the future cash flow estimates have not been risk-adjusted. The perpetual growth rate was determined with regard to the specific markets of each CGU. In some cases, the Corporation can also estimate the fair value less costs of disposal with a market approach based on multiples of operating performance of comparable entities, transaction metrics and other available market information, instead of using primarily the discounted cash flow method.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 14. GOODWILL (continued)

Recoverable amounts (continued)

The following key assumptions were used to determine recoverable amounts in the most recent impairment tests:

| CGUs   | 2024                         |                       | 2023                         |                       |
|--|------------------------------|-----------------------|------------------------------|-----------------------|
|  | Pre-tax discount rate (WACC) | Perpetual growth rate | Pre-tax discount rate (WACC) | Perpetual growth rate |
| Film Production & Audiovisual Services <sup>(1)(2)</sup> | 11.1 %                       | 2.0 %                 | 13.0 %                       | 2.0 %                 |
| Production & Distribution <sup>(1)</sup>                 | 13.2 %                       | 1.0 %                 | 15.0 %                       | 1.0 %                 |

<sup>(1)</sup> The recoverable amounts of these CGUs are based on value in use.

<sup>(2)</sup> Any material variance in the pre-tax discount rate (WACC) or the perpetual growth rate used in the most recently performed test could result in the value in use being lower than the carrying amount of the CGU.

### 15. ACCOUNTS PAYABLE, ACCRUED LIABILITIES AND PROVISIONS

|   | 2024              | 2023              |
|---|-------------------|-------------------|
| Accounts payable and accrued liabilities                          | \$ 42,189         | \$ 41,592         |
| Employee salaries and benefits                                    | 15,116            | 23,695            |
| Accounts payable to companies under common control and associates | 80,402            | 49,991            |
| Provisions <sup>(1)</sup>   | 7,494             | 14,200            |
| Stock-based compensation  | 123               | 123               |
| Interest payable  | 130               | 453               |
|   | <b>\$ 145,454</b> | <b>\$ 130,054</b> |

<sup>(1)</sup> Mainly comprises a provision for severance payments and a provision for legal disputes.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 16. CONTINGENCIES

There are a number of pending legal proceedings brought by and against the Corporation and its subsidiaries. Lawsuits were brought by and against the Corporation, and against Quebecor and some of its subsidiaries, in connection with business disputes with a cable operator. At this stage in the proceedings, the management of the Corporation does not expect their outcome to have a material adverse effect on the Corporation's results or on its financial position.

Management of the Corporation, after taking legal advice, has established provisions for specific claims or actions considering the facts of each case. The Corporation cannot determine when and if a payment related to these provisions will be made.

### 17. LONG-TERM DEBT

|  | 2024            | 2023             |
|--|-----------------|------------------|
| Renewable credit facility – Quebecor Media       | \$ 34,000       | \$ 84,000        |
| Financing costs, net of accumulated amortization | (24)            | (117)            |
|  | <b>33,976</b>   | 83,883           |
| Less the current portion of debt                 | <b>(33,976)</b> | –                |
|  | <b>\$ –</b>     | <b>\$ 83,883</b> |

On June 28, 2023, the Corporation entered into a new \$120,000,000 secured renewable credit facility maturing on June 15, 2025, with Quebecor Media as lender. This renewable credit facility bears interest at the Canadian Overnight Repo Rate Average ("CORRA") or the Canadian prime rate, plus a premium based on the Corporation's debt leverage ratio.

Also on June 28, 2023, the Corporation entered into a new \$20,000,000 secured renewable credit facility, refundable on demand. This demand credit facility bears interest at the Canadian or U.S. prime rate, plus a premium based on the Corporation's debt leverage ratio.

Concurrently, on June 28, 2023, the Corporation terminated its \$75,000,000 syndicated renewable credit facility.

The two new credit facilities contain certain restrictive covenants as well as standard representations and warranties for this type of agreements.

As at December 31, 2024, \$382,000 was drawn on the demand credit facility, bearing interest at an effective rate of 6.95%, in addition to outstanding letters of credit for a total amount of \$2,573,000. At the same date, \$34,000,000 was drawn from the renewable credit facility with Quebecor Media; the loan bears interest at an effective rate of 6.09%. As at December 31, 2023, no amounts were drawn from the demand credit facility, whereas letters of credit were outstanding for a total amount of \$2,744,000. At the same date, \$84,000,000 was drawn from the renewable credit facility with Quebecor Media, including a \$45,000,000 loan bearing interest at an effective rate of 7.93%, and a loan of \$39,000,000 bearing interest at an effective rate of 7.92%.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 17. LONG-TERM DEBT (continued)

In December 2021, Investissement Québec granted Mels Studios and Postproduction G.P. an unsecured loan without interest for a maximum amount of \$25,000,000 to support the construction of a fourth production studio. The loan contains certain restrictive covenants as well as typical representations and warranties for such loans. The agreement provides for repayment of the loan in seven annual instalments starting on September 30, 2027. As at December 31, 2024 and 2023, no disbursements had been made on the loan by Investissement Québec.

As at December 31, 2024, the Corporation was in compliance with all the terms of its renewable credit facilities.

### 18. LEASE LIABILITIES

For the years ended December 31, 2024 and 2023, changes in lease liabilities are as follows:

|   | 2024     | 2023     |
|---|----------|----------|
| Balance at beginning of year                      | \$ 7,653 | \$ 8,771 |
| Lease liabilities funding the right-of-use assets | 3,342    | 1,296    |
| Repayments  | (2,300)  | (2,405)  |
| Write-offs and other                              | —        | (9)      |
|   | 8,695    | 7,653    |
| Less the current portion                          | (2,515)  | (1,876)  |
|   | \$ 6,180 | \$ 5,777 |

Lease liabilities due to companies under common control totalled \$3,027,000 at December 31, 2024 (\$214,000 at December 31, 2023).

Interest rates on lease liabilities ranged between 3.1% and 7.3% at December 31, 2024 and 2023.

Payments of lease liabilities due in the coming years are as follows:

|                     |          |
|---------------------|----------|
| 2025                | \$ 2,515 |
| 2026                | 1,648    |
| 2027                | 944      |
| 2028                | 810      |
| 2029                | 698      |
| 2030 and thereafter | 2,080    |
|                     | \$ 8,695 |

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 19. OTHER LIABILITIES

|                        | 2024            | 2023            |
|------------------------|-----------------|-----------------|
| Content rights payable | \$ 5,706        | \$ 3,475        |
| Other                  | 1,194           | 1,425           |
|                        | <b>\$ 6,900</b> | <b>\$ 4,900</b> |

### 20. CAPITAL STOCK

#### Authorized

An unlimited number of Class A common shares, participating, voting, without par value.

An unlimited number of Class B shares, participating, non-voting, without par value.

An unlimited number of preferred shares, non-participating, non-voting, with a par value of \$10 each, issuable in series.

|                                 | 2024              | 2023              |
|---------------------------------|-------------------|-------------------|
| Issued and paid up              |                   |                   |
| 4,320,000 Class A common shares | \$ 72             | \$ 72             |
| 38,885,535 Class B shares       | 207,208           | 207,208           |
|                                 | <b>\$ 207,280</b> | <b>\$ 207,280</b> |

### 21. STOCK-BASED COMPENSATION

#### (a) Class B stock option plan for officers

The plan specifies that the granting of options and the terms and conditions associated with the options granted are determined by the Corporation's Human Resources and Corporate Governance Committee. However, the purchase price of each Class B share under an option cannot be less than the closing price on the Toronto Stock Exchange on the last trading day before the option is granted. In addition, the option term cannot exceed ten years. The number of Class B shares issuable over the term of the Class B stock option plan for officers is 2,200,000.

When exercising options, holders may elect to receive from the Corporation a cash payment equal to the number of shares underlying the options exercised, multiplied by the difference between the market value and the subscription price of the shares under option or, subject to certain terms and conditions, subscribe for Class B shares of the Corporation at the subscription price. Market value is defined as the average closing market price of the shares over the last five trading days preceding the date on which the option was exercised. Option holders have undertaken to obtain the Corporation's consent before exercising their right to subscribe for the shares for which they wish to exercise their options.



# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 21. STOCK-BASED COMPENSATION (continued)

#### (a) Class B stock option plan for officers (continued)

Unless the Human Resources and Corporate Governance Committee decides otherwise, options vest over a five-year period according to one of the following schedules:

- (i) equally over five years, with the first 20% vesting on the first anniversary of the grant date;
- (ii) equally over four years, with the first 25% vesting on the second anniversary of the grant date;
- (iii) equally over three years, with the first 33⅓% vesting on the third anniversary of the grant date.

Since 2018, the Human Resources and Corporate Governance Committee has determined that the options would vest equally over three years with the first 33⅓% vesting on the third anniversary of the date of grant.

The following table provides details of changes to outstanding options granted as at December 31, 2024 and 2023:

|   | 2024           |                                 | 2023           |                                 |
|---|----------------|---------------------------------|----------------|---------------------------------|
|   | Number         | Weighted average exercise price | Number         | Weighted average exercise price |
| Balance at beginning of year              | 393,774        | \$ 2.42                         | 519,503        | \$ 2.29                         |
| Granted                                   | 312,000        | 1.35                            | 125,000        | 2.03                            |
| Exercised                                 | –              | –                               | (6,666)        | 1.40                            |
| Cancelled                                 | (20,000)       | 1.35                            | (244,063)      | 1.97                            |
| <b>Balance at end of year</b>             | <b>685,774</b> | <b>\$ 1.96</b>                  | <b>393,774</b> | <b>\$ 2.42</b>                  |
| <b>Options exercisable at end of year</b> | <b>175,390</b> | <b>\$ 2.59</b>                  | <b>134,527</b> | <b>\$ 2.87</b>                  |

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 21. STOCK-BASED COMPENSATION (continued)

#### (a) Class B stock option plan for officers (continued)

The following table provides summary information on stock options outstanding as at December 31, 2024:

| Range of exercise price | Outstanding options |                                    |                                 | Vested options |                                 |
|-------------------------|---------------------|------------------------------------|---------------------------------|----------------|---------------------------------|
|                         | Number              | Weighted average years to maturity | Weighted average exercise price | Number         | Weighted average exercise price |
| \$1.35 to \$6.85        | 685,774             | 7.39                               | \$ 1.96                         | 175,390        | \$ 2.59                         |

During the year ended December 31, 2024, no disbursements were made by the Corporation for the Corporation's stock options exercised (\$3,000 for 2023).

#### (b) Quebecor stock option plan

This stock option plan was established by Quebecor for directors, officers, senior managers and other key employees of Quebecor and its subsidiaries. Options may be exercised at a price equal to the weighted average price of Quebecor Class B Shares on the Toronto Stock Exchange for the last five trading days immediately preceding the grant date. Each option may be exercised during a period not exceeding 10 years after the grant date. Under the provisions of the plan, options normally vest as follows: 1/3 after one year, 2/3 after two years and 100% three years after the initial grant. The Board of Directors of Quebecor may, at its discretion, determine other terms and conditions of exercise at the time of each grant. Since 2018, the Board of Directors has determined that the options would vest over three years with the first 33 $\frac{1}{3}$ % vesting on the third anniversary of the date of grant. In addition, since 2023, options with performance criteria predetermined by senior management have been granted and these options may be exercised in equal part over three years if the performance criteria are met. Holders of options under the stock option plan have the following choices when exercising their options: acquire Quebecor Class B Shares at the exercise price of the option or receive a cash payment equal to the difference between the market value of the underlying shares and exercise price of the option. Option holders have undertaken to obtain Quebecor's consent before exercising their right to subscribe for the shares when they exercise their options.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 21. STOCK-BASED COMPENSATION (continued)

#### (b) Quebecor stock option plan (continued)

The following table provides details of changes to stock options granted to senior executives of the Corporation as at December 31, 2024 and 2023:

|   | 2024           |                                 | 2023          |                                 |
|---|----------------|---------------------------------|---------------|---------------------------------|
|   | Number         | Weighted average exercise price | Number        | Weighted average exercise price |
| Balance at beginning of year              | 85,656         | \$ 31.96                        | 244,216       | \$ 30.36                        |
| Granted                                   | 182,000        | 29.82                           | 135,000       | 33.28                           |
| Exercised                                 | –              | –                               | (43,084)      | 27.49                           |
| Cancelled                                 | (40,000)       | 29.82                           | (250,476)     | 31.88                           |
| <b>Balance at end of year</b>             | <b>227,656</b> | <b>\$ 30.63</b>                 | <b>85,656</b> | <b>\$ 31.96</b>                 |
| <b>Options exercisable at end of year</b> | <b>29,683</b>  | <b>\$ 32.23</b>                 | <b>17,798</b> | <b>\$ 32.13</b>                 |

The following table provides summary information on stock options outstanding as at December 31, 2024:

| Range of exercise price   | Outstanding options |                                    |                                 | Vested options |                                 |
|---------------------------|---------------------|------------------------------------|---------------------------------|----------------|---------------------------------|
|                           | Number              | Weighted average years to maturity | Weighted average exercise price | Number         | Weighted average exercise price |
| <b>\$27.85 to \$33.28</b> | <b>227,656</b>      | <b>8.34</b>                        | <b>\$ 30.63</b>                 | <b>29,683</b>  | <b>\$ 32.23</b>                 |

During the year ended December 31, 2024, no disbursements were made by the Corporation for the Quebecor stock options exercised (\$182,000 for 2023).

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 21. STOCK-BASED COMPENSATION (continued)

#### (c) Deferred stock unit (“DSU”) plan for directors

The Corporation has a DSU plan for directors. Under the terms of the DSU plan, each director who is not an officer of the Corporation must receive a minimum of \$15,000 per year in the form of DSUs (“mandatory portion”). Once the minimum ownership threshold described in the Directors’ Minimum Ownership Policy has been reached, the mandatory portion is lowered to a minimum of \$10,000 per year. Subject to certain conditions, each director may elect to receive up to 100% of the total cash compensation payable for his or her services as a director in the form of DSUs.

The value of a DSU is based on the weighted average trading price of the Corporation’s Class B non-voting shares on the Toronto Stock Exchange over the last five trading days immediately preceding the relevant date. DSUs entitle the holder to receive dividends, payable in the form of additional DSUs at the same rate as that which applies to the dividends paid from time to time on the Class B non-voting shares.

The DSU plan provides that all DSUs credited to a director’s account will be redeemed by the Corporation at the director’s request and their value will be paid to the director after he or she ceases to be a director of the Corporation. For the purposes of DSU redemption, the value of a DSU is determined on the basis of the closing price of the Class B non-voting shares on the Toronto Stock Exchange on the last trading day before the redemption date.

The following table details changes to outstanding units under the DSU plan for directors during the year ended December 31, 2024:

|                               | Outstanding units<br>Corporation stock units |
|-------------------------------|--|
| Balance at beginning of year  | 533,955                                      |
| Granted                       | 90,823                                       |
| Redeemed                      | (79,480)                                     |
| <b>Balance at end of year</b> | <b>545,298</b>                               |

During the year ended December 31, 2024, \$108,000 was disbursed by the Corporation to redeem DSUs (nil for 2023).

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 21. STOCK-BASED COMPENSATION (continued)

#### (d) Assumptions for estimating the fair value of stock options

The fair value of stock options under the Corporation's and Quebecor's stock option plans was estimated using the Black-Scholes option pricing model. The following weighted-average assumptions were used to estimate the fair value of all outstanding stock options under the Corporation and Quebecor stock option plans as at December 31, 2024 and 2023:

|                         | TVA Group |           | Quebecor  |           |
|-------------------------|-----------|-----------|-----------|-----------|
|                         | 2024      | 2023      | 2024      | 2023      |
| Risk-free interest rate | 3.00 %    | 4.00 %    | 3.09 %    | 3.47 %    |
| Dividend rate           | – %       | – %       | 4.14 %    | 3.81 %    |
| Expected volatility     | 56.00 %   | 47.00 %   | 22.40 %   | 23.05 %   |
| Expected remaining life | 3.7 years | 3.3 years | 4.4 years | 3.8 years |

The expected remaining life of options granted represents the period of time that options granted are expected to be outstanding. The risk-free rate over the expected remaining life of the option is based on the Government of Canada yield curve in effect at the time of the valuation. Dividend yield is based on the current average yield.

As at December 31, 2024 and 2023, the intrinsic value of liabilities for which options have vested was nil.

#### (e) Stock-based compensation expense

For the year ended December 31, 2024, a \$33,000 compensation expense was recognized in connection with all the stock-based compensation plans (\$367,000 reversal of the compensation expense for the year ended December 31, 2023).

### 22. TAX CREDITS AND GOVERNMENT ASSISTANCE

Revenues included \$7,224,000 (\$7,908,000 for 2023) in government assistance, primarily for producing and publishing Canadian content in magazines.

Tax credits in the amount of \$864,000 (\$1,344,000 for 2023) were recorded as a reduction of production costs in the Production & Distribution segment, which are included under "Audiovisual content" on the balance sheet.

Deferred revenues included \$1,741,000 (\$1,775,000 in 2023) in financial assistance for the creation and publishing of Canadian content in magazines.

Tax credits and government assistance amounting to \$37,000 (\$322,000 in 2023) were recorded as a reduction of operating expenses, primarily under program production expenses and film marketing costs.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 23. PENSION PLANS AND POSTRETIREMENT BENEFITS

Pension plans provided to the management and unionized employees of the Corporation include a defined benefit portion based on career earnings indexed before and after retirement, as well as a defined contribution portion. The Corporation offers some senior managers an end-of-career earnings pension plan indexed before and after retirement, as well as a non-indexed supplemental postretirement plan for which the benefits offset the tax limit effect. Certain employees are provided with a career-earnings pension plan indexed before and after retirement. The Corporation also offers other retirement benefits to eligible retired employees.

TVA Group pension plans are registered with a Quebec or federal regulatory authority. The Corporation's financing policy is to maintain its contributions at sufficient levels to fund benefit payments and to meet applicable regulatory requirements and provisions governing pension plan funding. These provisions require, among other things, the future payment of special solvency contributions when the funding of the retirement plans is insufficient under applicable Quebec and federal legislation. The contributions are determined by an actuarial valuation performed by an independent company at least once every three years or annually, according to the applicable legislation and the provisions of the plans.

By their design, the defined benefit plans expose the Corporation to certain specific risks, such as investment performance, changes to the discount rate used to value the obligations, longevity of plan members and future inflation. The plans are administered by the pension committees, which are composed of plan members, members of Corporation management and independent members, or by the Corporation, according to the provisions of the plans. Under the Corporation's rules of governance, approval and oversight of all policies related to defined benefit plans are the responsibility at different levels of the pension committees, the Corporation's senior management and the Audit and Risk Management Committee. Management of the risks associated with the pension plans is also performed under the control of these committees at various levels. Custody of securities and management of securities transactions are also performed by trustees under a mandate conferred by the Pension Committee or the Corporation, as the case may be. The policies include those dealing with investment objectives, risk mitigation strategies and the mandate to hire investment fund managers and oversee their work and their performance. The defined benefit plans are monitored on an ongoing basis to assess funding and investment policies, financial status and the funding requirements of the Corporation.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 23. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

The following table provides information on the defined benefit plans and reconciles the changes in the plans' accrued benefit obligations and the fair value of plan assets for the years ended December 31, 2024 and 2023:

|   | <b>Pension benefits and<br/>postretirement benefits</b> |                   |
|---|---|-------------------|
|   | <b>2024</b>   | <b>2023</b>       |
| <b>Change in benefit obligations</b>            |   |                   |
| Benefit obligations at beginning of year        | \$ 276,669  | \$ 249,025        |
| Service costs                                   | 2,967   | 2,569             |
| Interest costs                                  | 12,683  | 12,808            |
| Participant contributions                       | 2,309   | 2,538             |
| Actuarial (gains) losses arising from:          |   |                   |
| Financial assumptions                           | (2,450)   | 14,633            |
| Participant experience                          | 1,032   | 1,691             |
| Benefits paid                                   | (13,691)  | (13,036)          |
| Benefits paid following a liquidation           | (10,381)  | –                 |
| (Gain) loss on curtailment and settlement       | (419)   | 6,421             |
| Other   | –   | 20                |
| <b>Benefit obligations at end of year</b>       | <b>\$ 268,719</b>                                       | <b>\$ 276,669</b> |
| <b>Change in plan assets</b>                    |   |                   |
| Fair value of plan assets at beginning of year  | \$ 325,888  | \$ 305,015        |
| Actual return on plan assets                    | 35,498  | 31,726            |
| Employer contributions                          | 323   | 111               |
| Participant contributions                       | 2,309   | 2,538             |
| Transfers                                       | (336)   | (466)             |
| Benefits paid                                   | (13,691)  | (13,036)          |
| Benefits paid following a liquidation           | (10,381)  | –                 |
| <b>Fair value of plan assets at end of year</b> | <b>\$ 339,610</b>                                       | <b>\$ 325,888</b> |

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 23. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

As at December 31, 2024, the weighted average duration of defined benefit obligations was 11.8 years (12.0 years at December 31, 2023). The Corporation projects benefit payments in the amount of \$15,170,000 in 2025.

The Corporation's investment strategy for plan assets takes into consideration a number of factors, including the time horizon of plan obligations and investment risk. For each plan, an allocation range is developed for each asset category, in which a combination of equity securities and debt securities is used to optimize the risk-return profile of plan assets and mitigate any mismatch between assets and liabilities.

Plan assets are allocated as follows:

|                    | 2024    | 2023    |
|--------------------|---------|---------|
| Equity securities: |         |         |
| Canadian           | 17.7 %  | 16.6 %  |
| Foreign            | 38.6    | 37.5    |
| Debt securities    | 42.3    | 44.5    |
| Other              | 1.4     | 1.4     |
|                    | 100.0 % | 100.0 % |

The fair value of equity securities and debt securities is based on quoted prices in an active market, unlike the fair value of other investments.

Where funded plans have a net defined benefit asset, the Corporation determines if potential reductions in future contributions are permitted by applicable regulation and collective agreements. When a defined benefit asset is created, it may not exceed the future economic benefit that the Corporation may expect to derive from that asset. The future economic benefit represents the value of future contribution holidays and fees payable to the pension plan. It does not reflect potential future gains that could enable the Corporation to take contribution holidays. Where there is a minimum funding requirement, this may further limit the amount recognized on the balance sheet. The minimum funding requirement represents the present value of solvency contributions, based on the latest actuarial funding valuations filed.



# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 23. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

The reconciliation of funded status to the net amount recognized in the consolidated balance sheets is detailed as follows:

|   | Pension benefits<br>and postretirement benefits |                  |
|---|---|------------------|
|   | 2024  | 2023             |
| <b>Reconciliation of funded status</b>      |   |                  |
| Benefit obligations                         | \$ (268,719)                                    | \$ (276,669)     |
| Fair value of plan assets                   | 339,610   | 325,888          |
| Plan surplus                                | \$ 70,891                                       | \$ 49,219        |
| Asset limit                                 | (20,680)  | (9,714)          |
| <b>Net amount recognized <sup>(1)</sup></b> | <b>\$ 50,211</b>                                | <b>\$ 39,505</b> |

<sup>(1)</sup> The net amount recognized for 2024 comprises a \$50,550,000 asset reported under "Defined benefit plan asset" (\$39,867,000 as at December 31, 2023) and a \$339,000 liability reported under "Other liabilities" (\$362,000 as at December 31, 2023).

The re-measurement components are:

|   | Pension benefits<br>and postretirement benefits |                 |
|---|---|-----------------|
|   | 2024  | 2023            |
| Actuarial gain (loss) on benefit obligations  | \$ 1,418  | \$ (16,324)     |
| Actual return on plan assets, less interest income anticipated<br>in the interest calculation on the net defined benefit asset or liability | 21,710  | 16,777          |
| Asset limit   | (10,519)  | 2,082           |
| <b>Re-measurements recorded in comprehensive loss</b>   | <b>\$ 12,609</b>                                | <b>\$ 2,535</b> |

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 23. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

Components of the net benefit costs are as follows:

|  | Pension benefits<br>and postretirement benefits |                 |
|--|---|-----------------|
|  | 2024  | 2023            |
| Employee costs:                                    |   |                 |
| Service costs                                      | \$ 2,967  | \$ 2,569        |
| (Gain) loss on curtailment and settlement          | (419)   | 6,421           |
| Past service costs and other                       | 915   | 558             |
| Interest on net defined benefit asset or liability | (1,577)   | (2,116)         |
| <b>Net benefit costs</b>                           | <b>\$ 1,886</b>                                 | <b>\$ 7,432</b> |

The cost related to defined contribution pension plans for fiscal 2024 amounted to \$2,373,000 (\$2,743,000 for 2023).

The expected employer contributions to the Corporation's defined benefit pension plans and postretirement benefit plans for 2025 are \$130,000, based on the most recently filed actuarial report (contributions of \$323,000 were paid in 2024).

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 23. PENSION PLANS AND POSTRETIREMENT BENEFITS (continued)

#### Assumptions

The Corporation determines its assumption for the discount rate to be used for computing annual service and interest expense on the basis of an index of high-quality corporate bond yields and a matched-funding yield curve analysis as of the measurement date.

The actuarial assumptions used to determine the Corporation's retirement plan obligations as at December 31, 2024 and 2023 are as follows:

|                                 | Pension benefits and<br>postretirement benefits |        |
|---------------------------------|---|--------|
|                                 | 2024  | 2023   |
| <b>Benefit obligations</b>      |   |        |
| Rates as of year-end:           |   |        |
| Discount rate                   | 4.70 %  | 4.60 % |
| Rate of compensation increase   | 3.10  | 3.00   |
| <b>Periodic benefit costs</b>   |   |        |
| Rates as of preceding year-end: |   |        |
| Discount rate                   | 4.60 %  | 5.10 % |
| Rate of compensation increase   | 3.00  | 3.00   |

The average retirement age assumed for plan members varies with the plan and averaged 62 in 2024 and 2023.

For the purpose of calculating the postretirement benefit obligation, the annual rate of increase in healthcare costs was assumed to be 5.8% at the end of 2024. Based on forecasts, the cost is expected to decrease gradually over the next 14 years to 4.2%, and to remain at that level thereafter.

#### Sensitivity analysis

As at December 31, 2024, an increase of 10 basis points in the discount rate would have decreased the pension and postretirement benefits obligation by \$2,539,000.

There are limitations to this sensitivity analysis since it only considers the impacts of an increase of 10 basis points in the discount rate, without any change in the other assumptions. No sensitivity analysis was performed on the other assumptions, because similar changes in those assumptions would have no significant impact on the consolidated financial statements.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 24. RELATED-PARTY TRANSACTIONS

#### Compensation of key officers

The key officers are the senior executives and the members of the Board of Directors of the Corporation. Their compensation is as follows:

|                                  | 2024     | 2023     |
|----------------------------------|----------|----------|
| Salaries and short-term benefits | \$ 2,178 | \$ 2,467 |
| Stock-based compensation         | 33       | (367)    |
| Long-term benefits               | 16       | 31       |
|                                  | \$ 2,227 | \$ 2,131 |

#### Revenues and operating expenses

For the year ended December 31, 2024, the Corporation entered into the following transactions with related parties in the normal course of business. These transactions were accounted for at the consideration agreed between the parties.

- The Corporation sold advertising space and content, recognized subscription revenues and provided production, postproduction and other services to companies under common control and associates for an aggregate amount of \$119,129,000 (\$126,462,000 for 2023). The decrease was mainly due to lower revenues from commercial production, advertising, content and subscriptions from a company under common control, net of an increase in production and postproduction revenues from associates.
- The Corporation recorded content acquisition costs, telecommunications service costs, advertising space acquisition costs, professional service fees and commissions on sales and newsgathering services arising from transactions with companies under common control and associates totalling \$127,970,000 (\$114,574,000 for 2023). The increase was primarily due to higher content acquisition costs with associates, as well as higher fees for digital and technological services with companies under common control, net of a decrease in commissions on advertising sales with the parent corporation.
- In 2024, the Corporation also billed management fees to companies under common control in the amount of \$2,813,000 (\$5,824,000 for 2023). The decrease in management fees billed was mainly due to the transfer of certain services to the parent corporation, which enabled the Corporation to realize savings on employee costs. These fees are recorded as a reduction of operating expenses.
- The Corporation also assumed management fees of the parent corporation in the amount of \$8,954,000 (\$4,880,000 for 2023), as well as interest on the secured renewable credit facility in the amount of \$5,685,000 (\$3,333,000 in 2023) (note 17). The increase in management fees assumed was due to the transfer of certain services to the parent corporation, which enabled the Corporation to realize savings on employee costs.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 25. COMMITMENTS AND GUARANTEES

#### (a) Contracts for services and purchase agreements

The Corporation has commitments under contracts for services, broadcast and distribution rights, property, plant and equipment and intangible assets, calling for payments totalling \$258,313,000, including \$2,551,000 with related parties. Minimum payments for future years are as follows:

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|                     |    |         |
|---------------------|----|---------|
| 2025                | \$ | 165,385 |
| 2026 to 2029        |    | 88,128  |
| 2030 and thereafter |    | 4,800   |

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Commitments regarding rights include commitments arising from the agreement with Rogers Communications made by Quebecor Media and TVA Group in 2013 for Canadian French-language broadcast rights to National Hockey League games. Total commitments related to that agreement have been included in the Corporation's commitments.

#### (b) Guarantees

The Corporation has guaranteed a portion of the residual values of certain assets under lease for the benefit of the lessor. If the fair value of the assets at the end of their respective lease terms is less than their guaranteed residual value, the Corporation is required to compensate the lessor for a portion of the shortfall, subject to certain conditions. In previous years, the Corporation has made no payments in respect of these guarantees.

In the normal course of business, the Corporation enters into indemnification agreements with third parties as part of certain transactions, including acquisition contracts for goods, service agreements and leases. These indemnification agreements require the Corporation to compensate the third parties for costs incurred as a result of specific circumstances. The terms of these indemnification agreements vary from transaction to transaction, based on the contract terms. The nature of these indemnification agreements prevents the Corporation from making a reasonable estimate of the maximum potential amount it could be required to pay to third parties for all of its commitments.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Corporation's risk management policies have been established to identify and analyze the Corporation's risk exposures, set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and in the Corporation's activities.

As the Corporation and its subsidiaries use financial instruments, they are exposed to credit risk, liquidity risk and market risk related to foreign exchange and interest rate fluctuations.

#### (a) Fair value of financial instruments

In accordance with IFRS 13, *Fair Value Measurement*, the Corporation has considered the following fair value hierarchy. This hierarchy reflects the significance of the inputs used in measuring the financial instruments accounted for at fair value on the consolidated balance sheets:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs that are not based on observable market data (unobservable inputs).

The fair value of long-term debt is estimated based on a valuation model using Level 2 inputs. The fair value is based on discounted cash flows using year-end market yields or the market value of similar instruments with the same maturity.

The fair value of long-term debt corresponds to its carrying amount as at December 31, 2024 and 2023.

#### (b) Credit risk management

Credit risk is the risk of the Corporation incurring a financial loss on bad debts should a client or another party to the contract fail to meet its contractual obligations and arises principally from amounts receivable from clients.

The carrying amounts of financial assets represent the Corporation's maximum credit exposure. As at December 31, 2024, the gross carrying amount of trade receivables, excluding companies under common control and associates, was \$69,970,000 (77,594,000 as at December 31, 2023).

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk management (continued)

In the normal course of business, the Corporation regularly evaluates the financial position of its clients and reviews the credit history of each new client. The Corporation uses its clients' historical terms of payment and acceptable collection periods for each client class, as well as changes in its clients' credit profiles, to define default to collect amounts receivable from clients. As at December 31, 2024 and 2023, no clients had balances representing a significant portion of the Corporation's consolidated trade receivables. The Corporation uses the expected credit loss method to estimate the allowance. It is based on the specific credit risk of its clients, the expected life of the financial assets, historical trends and economic conditions. The Corporation has trade accounts receivable from numerous clients, primarily advertising agencies. As a result, the Corporation does not believe that it is exposed to an unusual or significant level of credit risk. As at December 31, 2024, 13.6% of trade receivables, excluding companies under common control and associates, had been outstanding for more than 90 days after the billing date (11.0% as at December 31, 2023), of which 18.6% were covered by an allowance for doubtful accounts (20.1% as at December 31, 2023).

The table below shows the variance in the allowance for expected credit losses for the years ended December 31, 2024 and 2023:

|                                   | 2024            | 2023            |
|-----------------------------------|-----------------|-----------------|
| Balance at beginning of year      | \$ 1,590        | \$ 1,452        |
| Changes in expected credit losses | 349             | 175             |
| Write-off                         | (305)           | (37)            |
| <b>Balance at end of year</b>     | <b>\$ 1,634</b> | <b>\$ 1,590</b> |

#### (c) Liquidity risk management

Liquidity risk is the risk that the Corporation and its subsidiaries will be unable to meet financial obligations as they fall due or will be required to meet them at excessive cost. The Corporation and its subsidiaries ensure that they have sufficient cash flows from continuing operations and available sources of financing to meet future cash requirements for long-term investments, working capital, interest payments and debt servicing, lease liabilities, income tax payments, pension plan contributions, dividends, share redemptions, commitments and guarantees.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### (c) Liquidity risk management (continued)

As at December 31, 2024, the obligations and maturities of significant financial liabilities of the Corporation are as follows:

|   | Total             | Less than<br>1 year | 1-3<br>years    | More than<br>3 years |
|---|-------------------|---------------------|-----------------|----------------------|
| Bank indebtedness                                     | \$ 3,667          | \$ 3,667            | \$ –            | \$ –                 |
| Accounts payable, accrued liabilities and provisions  | 145,977           | 145,977             | –               | –                    |
| Content rights payable                                | 34,541            | 28,835              | 5,706           | –                    |
| Lease liabilities                                     | 8,695             | 2,515               | 2,592           | 3,588                |
| Current portion of debt due to the parent corporation | 34,000            | 34,000              | –               | –                    |
| Interest payments <sup>(1)</sup>                      | 2,823             | 1,783               | 511             | 529                  |
| <b>Total</b>  | <b>\$ 229,703</b> | <b>\$ 216,777</b>   | <b>\$ 8,809</b> | <b>\$ 4,117</b>      |

<sup>(1)</sup> Interest is calculated on a constant debt level equal to that as at December 31, 2024 and includes standby fees on the secured renewable credit facility with Quebecor Media and interest on lease liabilities.

#### (d) Market risk

Market risk is the risk that changes in market prices due to fluctuations in foreign exchange rates and interest rates could affect the Corporation's revenues or the value of its financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

##### *Foreign exchange risk*

The Corporation is exposed to limited foreign exchange risk on revenues and expenses arising from transactions made in currencies other than the Canadian dollar. The most frequently used foreign currency is the U.S. dollar, which is primarily used for certain expenditures on property, plant and equipment and intangible assets and collect revenues from certain clients. In light of the low volume of foreign currency transactions, the Corporation rarely uses financial instruments to hedge its foreign exchange exposure. Accordingly, the Corporation has limited sensitivity to changes in foreign exchange rates.

##### *Interest rate risk*

The Corporation is exposed to interest rate risk associated with its secured renewable credit facilities. As at December 31, 2024, the Corporation's long-term debt consisted entirely of floating-rate debt.



# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 26. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

#### (e) Capital management

The Corporation's primary objectives in managing capital are to:

- safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders;
- maintain an optimal capital base in order to meet the capital requirements of its various operating segments, including growth opportunities and maintaining investor and creditor confidence.

The Corporation manages its capital structure in accordance with the characteristics of the risks associated with its segments' underlying assets and applicable requirements, if any. The Corporation manages its capital structure by issuing new debt or repaying existing debt with cash flows provided by operating activities, distributing amounts to shareholders through dividends or share redemptions or issuing capital stock in the marketplace and making adjustments to its capital expenditure program for property, plant and equipment and intangible assets. The Corporation's strategy remains unchanged from last year.

The Corporation's capital structure consists of shareholders' equity, bank indebtedness, short-term debt, long-term debt and lease liabilities.

The capital structure as at December 31, 2024 and 2023 was as follows:

|   | 2024       | 2023       |
|---|------------|------------|
| Bank indebtedness                                     | \$ 3,667   | \$ 176     |
| Current portion of debt due to the parent corporation | 34,000     | –          |
| Debt due to the parent corporation                    | –          | 84,000     |
| Lease liabilities                                     | 8,695      | 7,653      |
| Net liabilities                                       | 46,362     | 91,829     |
| Equity  | \$ 337,274 | \$ 347,348 |

The Corporation is not subject to any externally imposed capital requirements. As at December 31, 2024, the Corporation was in compliance with the terms of its renewable credit facilities.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

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### 27. SEGMENTED INFORMATION

The Corporation's operations consist of the following segments:

- The **Broadcasting segment**, which includes the operations of TVA Network, specialty services, the marketing of digital products associated with the various televisual brands, and commercial production and custom publishing services, including those of its Communications Qolab inc. subsidiary;
- The **Film Production & Audiovisual Services segment**, which provides soundstage, mobile and production equipment rental services, as well as dubbing and described video ("media accessibility services"), postproduction and virtual production services;
- The **Magazines segment**, which publishes magazines and markets digital products associated with the various magazine brands;
- The **Production & Distribution segment**, which through, among others, the companies in the Incendo group and the TVA Films division, produces and distributes television shows, movies and television series for the world market.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 27. SEGMENTED INFORMATION (continued)

Intersegment items represent the elimination of normal course business transactions between the Corporation's business segments regarding revenues and expenses.

The reportable segments determined by the Corporation's management are strategic operating units that provide various goods and services. They are managed separately because, among other reasons, each segment requires different marketing strategies.

The segments' accounting policies are the same as those used by the Corporation as a whole (see note 1).

|  | <b>2024</b>         |   |                  |  |                               |                    |
|--|---------------------|---|------------------|--|-------------------------------|--------------------|
|  | <b>Broadcasting</b> | <b>Film<br/>Production &amp;<br/>Audiovisual<br/>Services</b> | <b>Magazines</b> | <b>Production &amp;<br/>Distribution</b> | <b>Intersegment<br/>items</b> | <b>Total</b>       |
| Revenues   | \$ 437,863          | \$ 66,894   | \$ 33,286        | \$ 10,706                                | \$ (16,520)                   | \$ 532,229         |
| Purchases of goods and services  | 364,152             | 31,573  | 23,718           | 9,607                                    | (15,293)                      | 413,757            |
| Employee costs   | 74,389              | 22,303  | 7,958            | 2,701                                    | -                             | 107,351            |
| (Negative adjusted EBITDA) adjusted EBITDA <sup>(1)</sup>                | (678)               | 13,018  | 1,610            | (1,602)                                  | (1,227)                       | 11,121             |
| Depreciation and amortization  |                     |   |                  |  |                               | 22,514             |
| Financial expenses   |                     |   |                  |  |                               | 4,801              |
| Restructuring costs, impairment of assets and other                      |                     |   |                  |  |                               | 7,601              |
| <b>Loss before income tax recovery and share of income of associates</b> |                     |   |                  |  |                               | <b>\$ (23,795)</b> |

<sup>(1)</sup> The Chief Executive Officer uses adjusted EBITDA as a measure of financial performance for assessing the performance of each of the Corporation's segments. Adjusted EBITDA is defined as net income (loss) before depreciation and amortization, financial expenses, restructuring costs, impairment of assets and other, income taxes (income tax recovery) and share of income of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.

# TVA GROUP INC.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Years ended December 31, 2024 and 2023

(tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

### 27. SEGMENTED INFORMATION (continued)

|   | 2023         |   |           |                              |                       |             |
|---|--------------|---|-----------|------------------------------|-----------------------|-------------|
|   | Broadcasting | Film<br>Production &<br>Audiovisual<br>Services | Magazines | Production &<br>Distribution | Intersegment<br>items | Total       |
| Revenues  | \$ 459,238   | \$ 51,893                                       | \$ 37,164 | \$ 14,991                    | \$ (18,089)           | \$ 545,197  |
| Purchases of goods and services   | 371,668      | 26,710  | 27,332    | 11,755                       | (18,723)              | 418,742     |
| Employee costs  | 96,882       | 24,497  | 7,824     | 2,683                        | –                     | 131,886     |
| (Negative adjusted EBITDA)<br>adjusted EBITDA <sup>(1)</sup>            | (9,312)      | 686   | 2,008     | 553                          | 634                   | (5,431)     |
| Depreciation and amortization   |              |   |           |                              |                       | 27,695      |
| Financial expenses  |              |   |           |                              |                       | 2,151       |
| Restructuring costs,<br>impairment of assets and<br>other               |              |   |           |                              |                       | 28,825      |
| Loss before income tax<br>recovery and share of<br>income of associates |              |   |           |                              |                       | \$ (64,102) |

<sup>(1)</sup> The Chief Executive Officer uses adjusted EBITDA as a measure of financial performance for assessing the performance of each of the Corporation's segments. Adjusted EBITDA is defined as net income (loss) before depreciation and amortization, financial expenses, restructuring costs, impairment of assets and other, income taxes (income tax recovery) and share of income of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.