# INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
## FIRST QUARTER 2024

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## CORPORATE PROFILE

TVA Group Inc. ("TVA Group" or the "Corporation"), a subsidiary of Quebecor Media Inc. ("QMI" or the "parent corporation"), is a communications company with operations in four business segments: Broadcasting, Film Production & Audiovisual Services, Magazines, and Production & Distribution. In the Broadcasting segment, the Corporation creates, broadcasts and produces entertainment, sports, news and public affairs programming and is engaged in commercial production. It operates North America's largest private French-language television network as well as nine specialty services. The Film Production & Audiovisual Services segment provides soundstage, mobile and equipment rental services as well as postproduction services. In the Magazines segment, TVA Group publishes numerous titles, making it Quebec's largest magazine publisher. The Production & Distribution segment produces and distributes television programs for the world market. The Corporation's Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

This Interim Management's Discussion and Analysis covers the Corporation's main activities during the first quarter of 2024 and the major changes from the previous fiscal year. The Corporation's Condensed Consolidated Financial Statements for the three-month periods ended March 31, 2024 and 2023 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including in particular IAS 34, *Interim Financial Reporting*.

This report should be read in conjunction with the information in the annual Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal year ended December 31, 2023 and in the Condensed Consolidated Financial Statements dated March 31, 2024. All amounts are stated in Canadian dollars.

## BUSINESS SEGMENTS

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. ("**Qolab**") subsidiary;

- The **Film Production & Audiovisual Services** segment ("**MELS**"), which through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc. 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 through its TVA Publications inc. subsidiary publishes magazines in various fields including the arts, entertainment, television, fashion and decorating, and markets digital products associated with the various magazine brands;

- The **Production & Distribution** segment, which through the companies in the Incendo group ("**Incendo**") and the TVA Films division produces and distributes television shows, movies and television series for the world market.

## HIGHLIGHTS SINCE END OF 2023

- Jean-Marc Léger, a member of the Corporation's Board of Directors since 2007, announced that he was stepping down as a director at the end of his term.

- On April 11, 2024, the Corporation renewed each of the two collective agreements covering its unionized employees in Montreal as well in Quebec City and the local stations. The agreements will enable the Corporation to proceed with the reorganization plan it announced on November 2, 2023.

- On April 9, 2024, the "MOI ET CIE" channel became "TÉMOIN," dedicated to crimes and scandals.

- On March 28, 2024, the Corporation sold its building in Saguenay to the parent corporation for proceeds on disposal of $2,600,000.

- On January 11, 2024, the "Yoopa" channel was replaced with a TV version of QUB radio.

- On January 10, 2024, MELS announced the appointment of Jean-Philippe Normandeau as Vice-President, Studios and International Development at MELS. Alongside this appointment, he remains in his position as Chief Operating Officer at Incendo.

## NON-IFRS FINANCIAL MEASURES

To evaluate its financial performance, the Corporation uses certain measures that are not calculated in accordance with or recognized under IFRS. The Corporation's method of calculating non-IFRS financial measures may differ from the methods used by other companies and, as a result, the financial measures presented in this Management's Discussion and Analysis may not be comparable to other similarly titled measures reported by other companies.

### Adjusted EBITDA

In its analysis of operating results, the Corporation defines adjusted EBITDA, as reconciled to net income (loss) under IFRS, as net income (loss) before depreciation and amortization, financial expenses (income), operational restructuring costs and other, income tax expense (recovery) and share of income of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS. It is not intended to be regarded as an alternative to other financial operating performance measures or to the statement of cash flows as a measure of liquidity. This measure should not be considered in isolation or as a substitute for other performance measures prepared in accordance with IFRS. This measure is used by management and the Board of Directors to evaluate the Corporation's consolidated results and the results of its segments. This measure eliminates the significant level of depreciation and amortization of tangible and intangible assets, including any asset impairment charges, as well as the cost associated with one-time restructuring measures, and is unaffected by the capital structure or investment activities of the Corporation and its segments. Adjusted EBITDA is also relevant because it is a significant component of the Corporation's annual incentive compensation programs. The Corporation's definition of EBITDA may not be the same as similarly titled measures reported by other companies.

Table 1 below presents a reconciliation of negative adjusted EBITDA to net loss as disclosed in the Corporation's condensed consolidated financial statements.

**Table 1**
**Reconciliation of the negative adjusted EBITDA measure used in this report to the net loss measure used in the condensed consolidated financial statements**
(in thousands of dollars)

| | Three-month periods ended March 31 | |
|---|---|---|
| | **2024** | 2023 |
| (Negative adjusted EBITDA) adjusted EBITDA: | | |
| Broadcasting | **$ (21,259)** | $ (22,806) |
| Film Production & Audiovisual Services | **2,605** | (555) |
| Magazines | **(319)** | (367) |
| Production & Distribution | **(370)** | (355) |
| Intersegment items | **42** | 106 |
| | **(19,301)** | (23,977) |
| Depreciation and amortization | **6,210** | 7,182 |
| Financial expenses (income) | **1,238** | (118) |
| Operational restructuring costs and other | **(1,892)** | 902 |
| Income tax recovery | **(6,676)** | (8,319) |
| Share of income of associates | **(278)** | (91) |
| **Net loss** | **$ (17,903)** | $ (23,533) |

## ANALYSIS OF CONSOLIDATED RESULTS

### 2024/2023 first quarter comparison

**Revenues**: $129,161,000, a $6,942,000 (-5.1%) decrease.

- Decreases in Broadcasting ($8,347,000 or -7.2% of segment revenues), Magazines ($1,028,000 or -11.9%) and Production & Distribution ($465,000 or -19.9%).

- Increase in Film Production & Audiovisual Services ($1,978,000 or 13.9%).

**Negative adjusted EBITDA**: $19,301,000, a $4,676,000 (19.5%) favourable variance.

- Favourable variance in Film Production & Audiovisual Services ($3,160,000), Broadcasting ($1,547,000 or 6.8%) and Magazines ($48,000 or 13.1%).

- Slight unfavourable variance in Production & Distribution ($15,000 or -4.2%).

**Net loss attributable to shareholders**: $17,903,000 (-$0.41 per basic share) for the first quarter of 2024, compared with $23,533,000 (-$0.54 per basic share) for the same period of 2023. The favourable variance of $5,630,000 ($0.13 per basic share) was primarily due to:

- $4,676,000 favourable variance in negative adjusted EBITDA; and

- $2,794,000 favourable variance in operational restructuring costs and other;

partially offset by:

- $1,643,000 unfavourable variance in income tax recovery.

**Depreciation and amortization**: $6,210,000, a $972,000 decrease, mainly due to the decrease in the depreciation and amortization charge for intangible assets, technical equipment and equipment for rental that have been fully amortized.

**Financial expenses**: $1,238,000, a $1,356,000 increase caused mainly by an unfavourable variance in interest on debt, associated primarily with higher average indebtedness, partially offset by the recognition of a foreign exchange gain in the first quarter of 2024, whereas a foreign exchange loss was recognized for the same period of 2023.

**Operational restructuring costs and other**: -$1,892,000 for the first quarter of 2024, compared with $902,000 for the same period of 2023, a $2,794,000 favourable variance.

- On March 28, 2024, the Corporation closed the sale of a building in Saguenay to its parent corporation for proceeds on disposal of $2,600,000. The transaction gave rise to a $2,309,000 gain on disposal for the first quarter of 2024.

- In the first quarter of 2024, the Corporation also recorded a $417,000 charge arising, among other things, from an adjustment to the provision for elimination of positions and cost-reduction measures related to the reorganization plan announced on November 2, 2023, including $303,000 in the Broadcasting segment, $111,000 in the Magazines segment and $3,000 in the Film Production & Audiovisual Services segment ($902,000 charge for the same period of 2023, including $585,000 in the Broadcasting segment, $174,000 in the Film Production & Audiovisual Services segment, $111,000 in the Magazines segment, and $32,000 in the Production & Distribution segment).

**Income tax recovery**: $6,676,000 (effective tax rate of 26.9%) for the first quarter of 2024, compared with $8,319,000 (effective tax rate of 26.0%) for the same period of 2023, an unfavourable variance of $1,643,000, due mainly to a decrease in the loss deductible for tax purposes. Calculation of the effective tax rates is based on only taxable and deductible items.

**Share of income of associates**: $278,000 for the first quarter of 2024, compared with $91,000 for the same period of 2023, a favourable variance of $187,000 due to improved financial results of an associate in the television industry.

## SEGMENTED ANALYSIS

### Broadcasting

**2024/2023 first quarter comparison**

**Revenues**: $107,663,000, an $8,347,000 (-7.2%) decrease due mainly to:

- 6.7% decrease in TVA Network's revenues, mainly because of the following factors:
  - 7.9% decrease in advertising revenues, despite a 3.3% increase in digital revenues; and
  - 46.9% decrease in video-on-demand ("VOD") revenues resulting from the discontinuation of VOD broadcasts of TVA Network programming by a broadcasting distribution undertaking;

  partially offset by:

  - increase in content revenues;
- 5.9% decrease in the revenues of the specialty channels, due mainly to:

   - 10.6% decrease in advertising revenues, including decreases of 14.8% for "TVA Sports," 7.7% for the entertainment channels and 6.3% for the news channels; and

   - 3.4% decrease in subscription revenues, including a 4.7% drop for "TVA Sports"; and

- 20.4% decrease in Qolab's revenues due to lower volume of activities.

**French-language audience share**

**Table 2**
**French-language audience share**
(Market share in %)

| First quarter 2024 vs First quarter 2023 | | | |
|---|---|---|---|
| | **2024** | **2023** | **Difference** |
| **French-language conventional broadcasters:** | | | |
| **TVA** | **24.9** | 25.7 | - 0.8 |
| **SRC** | **15.7** | 15.3 | 0.4 |
| **noovo** | **6.9** | 6.6 | 0.3 |
| | **47.5** | 47.6 | - 0.1 |
| **French-language specialty and pay services:** | | | |
| **TVA** | **15.9** | 15.2 | 0.7 |
| **Bell Media** | **12.9** | 13.6 | - 0.7 |
| **Corus** | **4.2** | 5.1 | - 0.9 |
| **SRC** | **5.9** | 5.9 | – |
| **Other** | **4.5** | 3.9 | 0.6 |
| | **43.4** | 43.7 | - 0.3 |
| **Total English-language and other:** | **9.1** | 8.7 | 0.4 |
| **TVA Group** | **40.8** | 40.9 | - 0.1 |

*Source: Numeris, Quebec Franco, January 1 to March 31, Mon-Sun, 2:00 – 2:00, All 2+.*

TVA Group's market share for the period of January 1 to March 31, 2024 decreased by 0.1 points to 40.8%, compared with 40.9% for the same period of 2023.

TVA Group's specialty channels had a combined market share of 15.9% for the first quarter of 2024, compared with 15.2% for the same period of 2023, a 0.7-point increase. The "MOI ET CIE" channel (now "TÉMOIN") recorded significant 0.3-point growth. "TVA Sports," "ADDIK" and "Évasion" grew their market share by 0.2, 0.1 and 0.1 points, respectively, while "Zeste" and "Casa" lost 0.2 and 0.1 points respectively. The news and public affairs channel "LCN" recorded a significant 0.3-point increase compared with the same quarter of 2023, remaining Quebec's most-watched specialty channel with a 6.5% share.

TVA Network maintained its lead among over-the-air channels with a 24.9% market share, more than its two main over-the-air rivals combined. TVA Network had 3 of the top 5 shows in Quebec in the first quarter of 2024, including the reality TV show *Sortez-moi d'ici!*, which took the top spot with an average audience of more than 1.6 million viewers, and *La Voix*, which stood out with over 1.5 million viewers.

**Negative adjusted EBITDA**: $21,259,000, a $1,547,000 (6.8%) favourable variance primarily due to:

- improvement in TVA Network's negative adjusted EBITDA resulting from a 7.9% decrease in operating expenses, mainly due to content cost savings, which more than offset the decrease in revenues, as noted above; and

- improvement in negative adjusted EBITDA at "TVA Sports," stemming from an 8.7% decrease in operating expenses, including content cost savings, which more than offset the decrease in revenues, as noted above;

partially offset by:

- 32.8% decrease in adjusted EBITDA of the specialty services other than "TVA Sports," due mainly to a 3.9% decrease in their revenues, combined with a 1.3% increase in their operating expenses; and

- 31.1% decrease in Qolab's adjusted EBITDA.

**Analysis of cost/revenue ratio**: Employee costs and the cost of purchases of goods and services for the Broadcasting segment's activities (expressed as a percentage of revenues) were stable at 119.7% for the first quarters of 2023 and 2024. The decrease in revenues as a proportion of the segment's total revenues was offset by the decrease in operating expenses as a proportion of total expenses.

## Film Production & Audiovisual Services

**2024/2023 first quarter comparison**

**Revenues**: $16,250,000, a $1,978,000 (13.9%) increase due primarily to:

- 128.2% increase in revenues from soundstage, mobile and equipment rental due to higher volume of activities with major productions filming at our studios;

partially offset by:

- 27.8% decrease in postproduction revenues, due to lower volume of activities;

- 18.4% decrease in revenues from media accessibility services, also due to lower volume of activities; and

- decrease in visual effects revenues due to the discontinuation of these activities on March 31, 2023.

**Adjusted EBITDA**: $2,605,000, a $3,160,000 favourable variance resulting mainly from increased profitability of soundstage, mobile and equipment rental due to higher volume of activities with the filming of major productions, as well as the discontinuation of loss-making visual effects services on March 31, 2023, partially offset by decreased profitability of postproduction due to lower volume of activities.

**Analysis of cost/revenue ratio**: Employee costs and the cost of purchases of goods and services for the Film Production & Audiovisual Services segment's activities (expressed as a percentage of revenues) decreased from 103.9% for the first quarter of 2023 to 84.0% for the first quarter of 2024. The decrease was caused by higher revenues combined with lower operating expenses for the segment.

## Magazines

**2024/2023 first quarter comparison**

**Revenues**: $7,619,000, a $1,028,000 (-11.9%) decrease due mainly to:

- 18.1% decrease in newsstand revenues, mainly in the entertainment category, due among other things to reductions in the number of titles and issues;
- 10.7% decrease in advertising revenues; and
- 8.8% decrease in subscription revenues, primarily in the monthly and entertainment categories.

**Canada Periodical Fund**

The Government of Canada created the CPF on April 1, 2010. The CPF provides financial assistance to the Canadian magazine and non-daily newspaper industries so they can continue to produce and distribute Canadian content. The Minister of Canadian Heritage announced in 2020 that the CPF would be modernized with the goal of placing greater emphasis on Canadian content creation, a change that would take effect with the grant period starting April 1, 2021, with a five-year transition period, after which all program changes would be in effect. Since the former method of grant allocation was geared more towards distribution of titles, the change has and will continue to have an impact on the amount of government assistance received by this segment from the regular program. All assistance related to the CPF is fully recorded under revenues. It amounted to 23.1% of the segment's revenues for the three-month period ended March 31, 2024 (21.8% for the same period of 2023).

**Negative adjusted EBITDA**: $319,000, a $48,000 (13.1%) favourable variance due mainly to cost savings, notably in printing costs, employee costs, content costs and subscription expenses, which more than offset the decrease in revenues, as noted above.

**Analysis of cost/revenue ratio**: Employee costs and the cost of purchases of goods and services for the Magazines segment's activities (expressed as a percentage of revenues) were stable at 104.2% for the first quarters of 2023 and 2024. The decrease in revenues as a proportion of the segment's total revenues was offset by the decrease in operating expenses as a proportion of total expenses.

## Production & Distribution

**2024/2023 first quarter comparison**

**Revenues**: $1,876,000, a $465,000 (-19.9%) decrease due mainly to:

- 21.9% decrease in revenues for TVA Films, mainly due to lower volume of activities in television licence sales; and
- 30.6% decrease in Canadian distribution revenues, as Incendo sold the third season of the series *Versailles* in the first quarter of 2023.

Activities related to the distribution of films produced by Incendo accounted for 22.2% of the segment's revenues for the three-month period ended March 31, 2024, compared with 18.9% for the same period of 2023.

**Negative adjusted EBITDA**: $370,000, a slight $15,000 (-4.2%) unfavourable variance explained mainly by the lower adjusted EBITDA generated by TVA Films, due in particular to the increase in the provision for bad debts, and by lower total gross margin for Incendo in connection with a decrease in revenues, partially offset by savings in certain Incendo administrative expenses, including employee costs.

**Analysis of cost/revenue ratio**: Employee costs and the cost of purchases of goods and services for the Production & Distribution segment's activities (expressed as a percentage of revenues) increased from 115.2% for the first quarter of 2023 to 119.7% for the same period of 2024, mainly because the decrease in revenues as a proportion of the segment's total revenues exceeded the decrease in operating expenses as a proportion of total expenses.

## CASH FLOWS AND FINANCIAL POSITION

Table 3 below shows a summary of cash flows related to operating activities, investing activities and financing activities:

**Table 3**
**Summary of the Corporation's cash flows**
(in thousands of dollars)

| | Three-month periods ended March 31 | |
|---|---|---|
| | **2024** | 2023 |
| Cash flows related to operating activities | **$ 817** | $ 9,562 |
| Additions to property, plant and equipment and intangible assets | **(3,310)** | (1,792) |
| Disposal of property, plant and equipment | **2,600** | – |
| Other | **(524)** | (915) |
| **(Increase) repayment of debt** | **$ (417)** | $ 6,855 |

| | **March 31, 2024** | December 31, 2023 |
|---|---|---|
| **At period end:** | | |
| Bank indebtedness | **$ 3,574** | $ 176 |
| Debt due to the parent corporation | **80,902** | 83,883 |
| **Debt** | **$ 84,476** | $ 84,059 |

<u>**Operating activities**</u>

**Cash flows related to operating activities**: $8,745,000 decrease for the three-month period ended March 31, 2024 compared with the same period of 2023, due mainly to:

- $3,414,000 unfavourable net variance in operating assets and liabilities, including unfavourable variances in content rights payable and audiovisual content, partially offset by favourable variances in current tax assets and liabilities, accounts receivable and prepaid expenses; and
- $9,142,000 unfavourable variance in current income tax recovery;

partially offset by:

- $4,676,000 improvement in negative adjusted EBITDA.

**Working capital**: $103,699,000 as at March 31, 2024, compared with $126,321,000 at December 31, 2023. The $22,622,000 unfavourable variance was due primarily to a decrease in accounts receivable and an increase in content rights payable, as well as in accounts payable, accrued liabilities and provisions, partially offset by an increase in prepaid expenses.

## Investing activities

**Additions to property, plant and equipment and intangible assets**: $3,310,000 for the first quarter of 2024, compared with $1,792,000 for the same period of 2023. The $1,518,000 (84.7%) increase was mainly due to higher expenditures in connection with the reorganization plan announced on November 2, 2023, particularly for technical equipment and leasehold improvements.

During the three-month period ended March 31, 2024, expenditures related to property, plant and equipment and intangible assets consisted primarily of disbursements related to projects initiated near the end of 2023, financed by accounts payable and accrued liabilities as of December of that year, including investments in connection with the reorganization plan announced on November 2, 2023, as noted above.

**Disposal of property, plant and equipment**: $2,600,000 for the first quarter of 2024, due to the sale of a building in Saguenay to the parent corporation (nil for the same period of 2023).

## Financing activities

**Debt due to the parent corporation** (excluding deferred financing costs): $81,000,000 as at March 31, 2024, compared with $84,000,000 at December 31, 2023, a $3,000,000 decrease.

## Financial position as at March 31, 2024

**Net available liquid assets**: $35,426,000, consisting of a $39,000,000 unused and available renewable credit facility, less $3,574,000 in bank indebtedness.

As at March 31, 2024, minimum principal payments on the debt due to the parent corporation in the coming 12-month periods were as follows:

**Table 4**
**Minimum principal payments on TVA Group's long-term debt**
**12-month periods ended March 31**
(in thousands of dollars)

| | | |
|---|---|---|
| 2025 | $ | – |
| 2026 | | 81,000 |
| 2027 | | – |
| 2028 | | – |
| 2029 and thereafter | | – |
| **Total** | **$** | **81,000** |

The weighted average term of TVA Group's debt was approximately 1.1 years as of March 31, 2024 (1.4 years as of December 31, 2023). The debt consisted entirely of floating-rate debt as of March 31, 2024 and December 31, 2023.

On June 28, 2023, the Corporation entered into an agreement for a new $120,000,000 secured renewable credit facility maturing on June 15, 2025, with QMI as the lender. This renewable credit facility bears interest at the Canadian bankers' acceptance or prime rate, plus a premium based on the Corporation's debt ratio.

Also on June 28, 2023, the Corporation entered into a new $20,000,000 secured renewable credit facility, repayable 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 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 typical representations and warranties for this type of agreements.

As at March 31, 2024, no amounts were drawn from the demand credit facility, whereas letters of credit were outstanding for a total amount of $2,812,000. At the same date, $81,000,000 was drawn from the QMI renewable credit facility. 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 QMI renewable credit facility.

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 March 31, 2024 and December 31, 2023, no disbursements had been made on the Investissement Québec loan.

The Corporation's management believes that the cash flows generated on an annual basis by continuing operating activities and by available sources of external and parent corporation financing should be sufficient to fulfill its commitments with respect to investments in property, plant and equipment, business acquisitions, working capital, interest payments, income tax payments, repayment of debt and lease liabilities, pension plan contributions, share redemptions and shareholder dividends and to meet its commitments and guarantees.

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

**Analysis of consolidated balance sheet as at March 31, 2024**

**Table 5**
**Consolidated balance sheets of TVA Group**
**Analysis of main variances between March 31, 2024 and December 31, 2023**
(in thousands of dollars)

| | **March 31, 2024** | December 31, 2023 | Difference | Main reasons for difference |
|---|---|---|---|---|
| **Assets** | | | | |
| Accounts receivable | **$ 136,902** | $ 154,065 | $ (17,163) | Impact of the collection of certain receivables from companies under common control and tax credits and the decrease in volume of activities in some segments. |
| Defined benefit plan asset | **53,328** | 39,867 | 13,461 | Impact of recognition of a gain on remeasurement of the defined benefit plans. |

## ADDITIONAL INFORMATION

### Contractual obligations

As of March 31, 2024, material contractual commitments related to operating activities included principal repayments and interest payments on debt and lease liabilities, payments under audiovisual content acquisition contracts, and payments under other contractual commitments. These contractual obligations are summarized in Table 6.

**Table 6**
**Material contractual obligations of TVA Group as at March 31, 2024**
(in thousands of dollars)

| | Less than 1 year | 1-3 years | 3-5 years | More than 5 years | Total |
|---|---|---|---|---|---|
| Debt due to the parent corporation | $ – | $ 81,000 | $ – | $ – | $ 81,000 |
| Lease liabilities | 1,816 | 2,970 | 1,223 | 1,139 | 7,148 |
| Payment of interest[1] | 6,853 | 2,014 | 167 | 65 | 9,099 |
| Content rights | 196,648 | 101,838 | 5,588 | – | 304,074 |
| Other commitments | 14,704 | 8,325 | 2,604 | 4,269 | 29,902 |
| **Total** | **$ 220,021** | **$ 196,147** | **$ 9,582** | **$ 5,473** | **$ 431,223** |

[1] *Interest is calculated on debt constant as at March 31, 2024 and includes standby fees on the renewable credit facility and interest on lease liabilities.*

### Related party transactions

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 parties.

In the first quarter of 2024, the Corporation sold advertising space and content to, recognized subscription revenues from, and provided production, postproduction and other services to companies under common control and associates in the aggregate amount of $29,084,000 ($29,651,000 for the first quarter of 2023). The decrease was mainly due to lower advertising revenues, net of an increase in commercial production revenues from companies under common control.

In the first quarter of 2024, 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 $35,484,000 ($37,685,000 for the first quarter of 2023). The decrease was primarily due to lower content acquisition costs arising from transactions with associates as well as a decrease in commissions on advertising sales paid to the parent corporation.

In the first quarter of 2024, the Corporation also billed management fees to companies under common control in the amount of $841,000 ($1,467,000 for the first quarter of 2023). The decrease in management fees billed stemmed from the transfer of certain services to the parent corporation. These fees are recorded as a reduction of operating expenses.

The Corporation also assumed management fees of the parent corporation in the amount of $2,239,000 for the first quarter of 2024 ($1,220,000 for the same period of 2023), as well as interest in the amount of $1,716,000 on the secured renewable credit facility (nil for the first quarter of 2023). The increase in management fees assumed was due to the transfer of certain services to the parent corporation.

## Capital stock

Table 7 below presents information on the Corporation's capital stock. In addition, 705,774 Class B stock options of the Corporation were outstanding as at April 12, 2024.

**Table 7**
**Capital stock outstanding as at April 12, 2024**
(in shares and dollars)

| | Issued and outstanding | | Carrying amount |
|---|---|---|---|
| Class A common shares | 4,320,000 | $ | 0.02 |
| Class B shares | 38,885,535 | $ | 5.33 |

## Disclosure controls and procedures

The purpose of internal controls over financial reporting is to provide reasonable assurance as to the reliability of the Corporation's financial reporting and the preparation of its financial statements in accordance with IFRS. There have not been any changes to internal control over financial reporting during the three-month period ended March 31, 2024 that have materially affected, or would be reasonably likely to materially affect, the Corporation's internal control over financial reporting.

## Additional information

The Corporation is a reporting issuer under the securities acts of all the provinces of Canada. It is therefore required to file financial statements, an information circular and an annual information form with the various securities regulatory authorities. Copies of those documents are available free of charge from the Corporation on request, and on the Web at www.sedarplus.ca and www.groupetva.ca.

## Forward-looking information disclaimer

The statements in this Management's Discussion and Analysis that are not historical facts may be forward-looking statements and are subject to important known and unknown risks, uncertainties and assumptions which could cause the Corporation's actual results for future periods to differ materially from those set forth in the forward-looking statements. Forward-looking statements generally can be identified by the use of the conditional, the use of forward-looking terminology such as "propose," "will," "expect," "may," "anticipate," "intend," "estimate," "plan," "foresee," "believe" or the negative of these terms or variations of them or similar terminology. Certain factors that may cause actual results to differ from current expectations include the possibility that the reorganization plan announced on November 2, 2023 will not be carried out on schedule or at all, the possibility that the Corporation will be unable to realize the anticipated benefits of the reorganization plan on schedule or at all, the possibility that unknown potential liabilities or costs will be associated with the reorganization plan, the possibility that the Corporation will be unable to successfully implement its business strategies, seasonality, operational risks (including pricing actions by competitors and the risk of loss of key customers in the Film Production & Audiovisual Services and Production & Distribution segments), programming, content and production cost risks, credit risk, government regulation risks, government assistance risks, changes in economic conditions, fragmentation of the media landscape, risk related to the Corporation's ability to adapt to fast-paced technological change and to new delivery and storage methods, labour relation risks, and the risks related to public health emergencies, as well as any urgent steps taken by government.

The forward-looking statements in this document are made to give investors and the public a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they were made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements.

For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at www.sedarplus.ca and www.groupetva.ca, including in particular the "Risks and Uncertainties" section of the Corporation's annual Management's Discussion and Analysis for the year ended December 31, 2023.

The forward-looking statements in this Management's Discussion and Analysis reflect the Corporation's expectations as of May 6, 2024, and are subject to change after that date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, unless required to do so by the applicable securities laws.

Montreal, Quebec

May 6, 2024

**Table 8**
**SELECTED QUARTERLY FINANCIAL DATA**
(in thousands of dollars, except for per-share data)

| | **2024** | 2023 | | |
|---|---|---|---|---|
| | **March 31** | December 31 | September 30 | June 30 |
| **Operations** | | | | |
| Revenues | **$ 129,161** | $ 151,714 | $ 118,620 | $ 138,760 |
| (Negative adjusted EBITDA) adjusted EBITDA | **$ (19,301)** | $ 5,904 | $ 16,485 | $ (3,843) |
| Net loss attributable to shareholders | **$ (17,903)** | $ (15,872) | $ (639) | $ (7,847) |
| **Basic and diluted per-share data** | | | | |
| Basic and diluted loss per share | **$ (0.41)** | $ (0.37) | $ (0.01) | $ (0.18) |
| Weighted average number of outstanding and diluted shares (in thousands) | **43,206** | 43,206 | 43,206 | 43,206 |

| | 2023 | 2022 | | |
|---|---|---|---|---|
| | March 31 | December 31 | September 30 | June 30 |
| **Operations** | | | | |
| Revenues | $ 136,103 | $ 171,924 | $ 130,519 | $ 147,469 |
| (Negative adjusted EBITDA) adjusted EBITDA | $ (23,977) | $ 7,676 | $ 18,195 | $ 3,235 |
| Net (loss) income attributable to shareholders | $ (23,533) | $ (264) | $ 7,623 | $ (3,212) |
| **Basic and diluted per-share data** | | | | |
| Basic and diluted (loss) earnings per share | $ (0.54) | $ (0.01) | $ 0.18 | $ (0.07) |
| Weighted average number of outstanding shares (in thousands) | 43,206 | 43,206 | 43,206 | 43,206 |
| Weighted average number of diluted shares (in thousands) | 43,206 | 43,206 | 43,308 | 43,206 |

- The Corporation's businesses experience significant seasonality caused, among other factors, by seasonal advertising patterns, consumers' viewing, reading and listening habits, demand for production services from international and local producers, demand for content from global broadcasters, and the related delivery schedules. Because the Corporation depends on the sale of advertising for a significant portion of its revenues, operating results are also sensitive to prevailing economic conditions, including changes in local, regional and national economic conditions, particularly as they may affect advertising spending.

- In the Broadcasting segment, operating expenses vary mainly as a result of programming costs, which are directly related to programming strategies and to live sports broadcasts. In the Film Production & Audiovisual Services segment, operating costs fluctuate according to demand for production services from international and local producers. In the Magazines segment, operating expenses fluctuate according to publication schedules, which may vary from quarter to quarter. In the Production & Distribution segment, operating expenses fluctuate according to delivery schedules and estimated future revenues.

Accordingly, adjusted EBITDA for interim periods may vary from one quarter to the next.