INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
SECOND QUARTER 2025

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CORPORATE PROFILE

TVA Group Inc. ("TVA Group," "TVA" 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 second quarter of 2025 and major changes from the previous fiscal year. The Corporation's Condensed Consolidated Financial Statements for the three-month and six-month periods ended June 30, 2025 and 2024 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, 2024 and in the Condensed Consolidated Financial Statements dated June 30, 2025. 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 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, the companies in the Incendo group ("**Incendo**") and the TVA Films division, among others, produces and distributes television shows, movies and television series for the world market.

HIGHLIGHTS SINCE END OF FIRST QUARTER 2025

- On June 12, 2025, the Corporation amended its $120,000,000 secured revolving credit facility with QMI to extend its term from June 15, 2025 to June 30, 2026.

- On April 30, 2025, Pierre Karl Péladeau, acting President and CEO of TVA Group, announced the appointment of Mathieu Turbide as Vice President, Digital Content & Magazines following the retirement of Lyne Robitaille.

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, restructuring costs, impairment of assets 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 adjusted EBITDA may not be the same as similarly titled measures reported by other companies.

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

Table 1
Reconciliation of the adjusted EBITDA (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 months ended June 30		Six months ended June 30	
	2025	2024	**2025**	2024
Adjusted EBITDA (negative adjusted EBITDA):				
Broadcasting	**$ 2,228**	$ 7,624	**$ (17,485)**	$ (13,635)
Film Production & Audiovisual Services	**2,191**	5,425	**2,314**	8,030
Magazines	**648**	272	**467**	(47)
Production & Distribution	**(2,859)**	(260)	**(2,842)**	(630)
Intersegment items	**(454)**	109	**(1,194)**	151
	1,754	13,170	**(18,740)**	(6,131)
Depreciation and amortization	**4,682**	5,592	**9,652**	11,802
Financial expenses	**913**	1,513	**1,239**	2,751
Restructuring costs, impairment of assets and other	**2,740**	7,850	**4,612**	5,958
(Income tax recovery) incomes taxes	**(1,640)**	1,461	**(8,909)**	(5,215)
Share of income of associates	**(148)**	(341)	**(232)**	(619)
Net loss	**$ (4,793)**	$ (2,905)	**$ (25,102)**	$ (20,808)

ANALYSIS OF CONSOLIDATED RESULTS

2025/2024 second-quarter comparison

Revenues: $129,415,000, a $14,536,000 (-10.1%) decrease.

- Decreases in all business segments, i.e. Broadcasting ($8,209,000 or -7.0% of segment revenues), Film Production & Audiovisual Services ($5,416,000 or -27.0%), Magazines ($790,000 or -9.4%) and Production & Distribution ($93,000 or -6.4%).

Adjusted EBITDA: $1,754,000, an unfavourable variance of $11,416,000 (-86.7%).

- Unfavourable variance in Broadcasting ($5,396,000 or -70.8% of segment adjusted EBITDA), Film Production & Audiovisual Services ($3,234,000 or -59.6%) and Production & Distribution ($2,599,000).

- Favourable variance in the Magazines segment ($376,000 or 138.2%).

Net loss attributable to shareholders: $4,793,000 (-$0.11 per basic share), compared with $2,905,000 (-$0.07 per basic share) for the same period of 2024. The $1,888,000 (-$0.04 per basic share) unfavourable variance was essentially due to:

- $11,416,000 unfavourable variance in adjusted EBITDA;

partially offset by:

- $5,110,000 favourable variance in restructuring costs, impairment of assets and other;

- $3,101,000 favourable variance in income tax recovery and income taxes;

- $910,000 favourable variance in the depreciation and amortization charge; and

- $600,000 favourable variance in financial expenses.

Depreciation and amortization: $4,682,000, a $910,000 decrease, mainly due to the decrease in the depreciation charge for fully amortized technical equipment and equipment for rental, and a downward adjustment to the depreciation charge for building right-of-use assets.

Financial expenses: $913,000, a $600,000 favourable variance, mainly due to the favourable variance in interest on debt related to a lower average level of indebtedness and a lower average cost of financing in the second quarter of 2025 compared to the same period of 2024, as well as higher interest income related to the defined benefit plans, partly offset by higher interest on lease liabilities.

Restructuring costs, impairment of assets and other: $2,740,000 for the second quarter of 2025, compared with $7,850,000 for the same period of 2024.

- In the second quarter of 2025, the Corporation recorded a $2,633,000 charge arising from the elimination of positions and implementation of cost-reduction measures, including $2,098,000 in the Broadcasting segment and $535,000 in the Magazines segment ($232,000 charge for the same period of 2024, including $83,000 in the Broadcasting segment and $149,000 in the Film Production & Audiovisual Services segment).

- During the second quarter of 2024, the Corporation performed an impairment test on the Production & Distribution cash-generating unit due to the competitive industry environment and the slowdown in its volume of activities. The Corporation concluded that the recoverable amount of the unit was less than its carrying amount and a goodwill impairment charge of $7,781,000, without any tax consequences, was recorded.

Income tax recovery: $1,640,000 (effective tax rate of 24.9%) for the second quarter of 2025, compared with income taxes of $1,461,000 (effective tax rate of -81.8%) for the same period of 2024, a favourable variance of $3,101,000, due mainly to the recording of a loss deductible for tax purposes for the three-month period ending on June 30, 2025, whereas taxable income was recorded for the same period of 2024. The effective tax rate was lower than the statutory rate of 26.5% for the second quarter of 2025, mainly due to the recognition of foreign income taxes. The effective tax rate was lower than the statutory rate of 26.5% for the second quarter of 2024, mainly due to the permanent difference stemming from the goodwill impairment charge. Calculation of the effective tax rates is based on only taxable and deductible items.

Share of income of associates: $148,000 for the second quarter of 2025, compared with $341,000 for the same period of 2024, an unfavourable variance of $193,000 caused by the weaker financial results of an associate in the television industry.

<u>2025/2024 year-to-date comparison</u>

Revenues: $249,083,000, a $24,029,000 (-8.8%) decrease.

- Decreases in all business segments, i.e. Broadcasting ($13,979,000 or -6.2% of segment revenues), Film Production & Audiovisual Services ($9,166,000 or -25.3%), Magazines ($1,399,000 or -8.7%) and Production & Distribution ($67,000 or -2.0%).

Negative adjusted EBITDA: $18,740,000, a $12,609,000 unfavourable variance.

- Unfavourable variance in Film Production & Audiovisual Services ($5,716,000 or -71.2% of segment adjusted EBITDA), Broadcasting ($3,850,000) and Production & Distribution ($2,212,000).

- Favourable variance in Magazines ($514,000).

Net loss attributable to shareholders: $25,102,000 (-$0.58 per basic share) for the first six months of 2025, compared with $20,808,000 (-$0.48 per basic share) for the same period of 2024. The $4,294,000 (-$0.10 per basic share) unfavourable variance was essentially due to:

- $12,609,000 unfavourable variance in negative adjusted EBITDA;

partially offset by:

- $3,694,000 favourable variance in income tax recovery;

- $2,150,000 favourable variance in the depreciation and amortization charge;

- $1,512,000 favourable variance in financial expenses; and

- $1,346,000 favourable variance in restructuring costs, impairment of assets and other.

Depreciation and amortization: $9,652,000, a $2,150,000 decrease essentially due to the same factors as those noted above in the 2025/2024 second-quarter comparison, as well as a decrease in the amortization charge for intangible assets associated with past business acquisitions.

Financial expenses: $1,239,000, a $1,512,000 favourable variance due mainly to the same factors as noted above in the 2025/2024 second-quarter comparison.

Restructuring costs, impairment of assets and other: $4,612,000 for the first six months of 2025, compared with $5,958,000 for the same period of 2024.

- In the first half of 2025, the Corporation recorded a $4,827,000 charge arising from the elimination of positions and implementation of cost-reduction measures, including $3,832,000 in the Broadcasting segment, $535,000 in the Magazines segment, $322,000 in the Production & Distribution segment and $138,000 in the Film Production & Audiovisual Services segment ($649,000 charge for the same period of 2024, including $386,000 in the Broadcasting segment, $152,000 in the Film Production & Audiovisual Services segment, and $111,000 in the Magazines segment).

- In the first quarter of 2025, the Corporation recognized a $322,000 gain related to the winding up of a portfolio investment.

- As noted above in the 2025/2024 second-quarter comparison, during the second quarter of 2024, the Corporation recorded a $7,781,000 goodwill impairment charge without any tax consequences for the Production & Distribution cash-generating unit.

- 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.

Income tax recovery: $8,909,000 (effective tax rate of 26.0%) for the first six months of 2025, compared with $5,215,000 (effective tax rate of 19.6%) for the same period of 2024, a favourable variance of $3,694,000, due mainly to an increase in the deductible loss for tax purposes. The effective tax rate was lower than the statutory rate of 26.5% for the first six months of 2025, mainly due to the same factor as that noted above in the 2025/2024 second-quarter comparison. The effective tax rate was lower than the statutory rate of 26.5% for the first six months of 2024, also mainly due to the same factor as that noted above in the 2025/2024 second-quarter comparison. Calculation of the effective tax rates is based on only taxable and deductible items.

Share of income of associates: $232,000 for the first half of 2025, compared with $619,000 for the same period of 2024; the $387,000 unfavourable variance was due to the same factor as that noted above in the 2025/2024 second-quarter comparison.

SEGMENTED ANALYSIS

Broadcasting

2025/2024 second-quarter comparison

Revenues: $109,696,000, a $8,209,000 (-7.0%) decrease due mainly to:

- 40.1% decrease in specialty channel subscription revenues other than “TVA Sports”, due mainly to the recording of a favourable retroactive adjustment of $10,184,000 recorded in the second quarter of 2024 in connection with carriage rates for the “LCN” channel;
- 6.0% decrease in TVA Network’s revenues, mainly because of the following factors:
  - 54.4% decrease in video-on-demand (“VOD”) revenues as a result of lower prices for the services;
  - lower rental revenues and commercial production revenues; and
  - 1.3% decrease in advertising revenues, despite a 1.3% increase in digital revenues;
- 10.6% decrease in the advertising revenues of the entertainment channels;

partially offset by:

- 53.5% increase in advertising revenues and 9.4% increase in subscription revenues for “TVA Sports”, due in part to the Montreal Canadiens making the National Hockey League (NHL) playoffs; and
- 13.2% increase in Qolab’s revenues due to higher volume of activities.

French-language audience share

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

Second quarter 2025 vs Second quarter 2024			
	2025	**2024**	**Difference**
French-language conventional broadcasters:			
TVA	**21.8**	23.0	- 1.2
SRC	**10.9**	11.8	- 0.9
Noovo	**6.1**	7.2	- 1.1
	38.8	42.0	- 3.2
French-language specialty and pay services:			
TVA	**22.0**	19.5	2.5
Bell Media	**12.9**	12.2	0.7
Corus	**4.2**	4.1	0.1
SRC	**7.6**	6.5	1.1
Other	**4.6**	5.0	- 0.4
	51.3	47.3	4.0
Total English-language channels and other:	**9.9**	10.7	- 0.8
TVA Group	**43.8**	42.5	1.3

Source: Numeris, Quebec Franco, April 1 to June 30, Mon-Sun, 2:00 – 2:00, All 2+.

TVA Group's market share for the period of April 1 to June 30, 2025 increased by 1.3 points to 43.8%, compared with 42.5% for the same period of 2024.

TVA Network maintained its lead among over-the-air channels with a 21.8% market share, more than its two main over-the-air rivals combined.

TVA Group's specialty services had a combined market share of 22.0% in the second quarter of 2025, compared with 19.5% in the same period of 2024, a 2.5-point increase. The news and public affairs channel "LCN" recorded an exceptional 1.7-point increase over the same period of 2024, fuelled in part by the political situation in the U.S. and interest in the federal election campaign. It thus maintained its position as Quebec's most-watched specialty channel, ahead of even the "Noovo" channel. "TVA Sports" enjoyed substantial growth of 1.0% for the period, due in part to the Montreal Canadiens making the NHL playoffs. The "Prise 2" channel grew its market share by 0.4 points, while the "Qub Télé" channel posted a 0.2-point increase. The "Zeste", "Témoin" and "Addik^{TV}" channels saw their market share decline by 0.3, 0.3 and 0.2 points, respectively.

The daily program *Indéfendable* and *Star Académie – Le variété*, which drew average audiences of over 1.3 million each, and the Montreal Canadiens games in the first round of the NHL playoffs, which drew more than 1.2 million viewers, were among the top five shows in Quebec in the second quarter of 2025.

Adjusted EBITDA: $2,228,000, a $5,396,000 unfavourable variance due primarily to:

- 75.3% decrease in adjusted EBITDA from the news channels, due mainly to the recording of a non-recurring favourable retroactive adjustment to subscription revenues for the "LCN" channel, recorded in the second quarter of 2024 as detailed above; and

- decrease in profitability at TVA Network, due to the combination of lower revenues as detailed above and the 6.6% increase in operating expenses, primarily related to a deferral of content costs resulting in higher expenses this quarter, partly offset by savings generated by the restructuring plans, particularly in terms of employee costs;

partially offset by:

- 73.8% improvement in negative adjusted EBITDA at "TVA Sports", due to the combination of the 22.0% increase in revenues, as detailed above, and the 11.3% decrease in operating expenses, particularly in terms of content costs while the channel broadcast Euro 2024 during the second quarter of 2024;

- 110.1% increase in adjusted EBITDA for the entertainment channels, mainly due to the 10.7% decrease in their operating expenses, which more than offset the 10.6% and 3.0% decreases in advertising and subscription revenues, respectively; and

- increase in Qolab's adjusted EBITDA, due to higher volume of activities.

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) increased from 93.5% for the second quarter of 2024 to 98.0% for the same period of 2025. The increase was due to the fact that the decrease in the segment's revenues exceeded the decrease in operating expenses.

2025/2024 year-to-date comparison

Revenues: $211,589,000, a $13,979,000 (-6.2%) decrease due mainly to:

- 50.3% decrease in subscription revenues from the news channels, due mainly to the recording of a non-recurring favourable retroactive adjustment recorded in the second quarter of 2024 in connection with carriage rates for the "LCN" channel, as mentioned above;

- 8.5% decrease in TVA Network's revenues, mainly because of the following factors:

  - 5.5% decrease in advertising revenues, despite a 2.6% increase in digital revenues;

  - 54.2% decrease in VOD revenues due to the same factor as that noted in the 2025/2024 second-quarter comparison above; and

  - lower rental revenues and commercial production revenues;

  partially offset by:

  - increase in content revenues; and

- 9.7% decrease in advertising revenues and 3.4% decrease in subscription revenues for the entertainment channels;

partially offset by:

- 36.1% increase in advertising revenues and 5.3% increase in subscription revenues for "TVA Sports", partly due to the same factor as noted above in the 2025/2024 second-quarter comparison.

Negative adjusted EBITDA: $17,485,000, a $3,850,000 unfavourable variance primarily due to:

- 64.5% decrease in adjusted EBITDA from the news channels, due mainly to the recording of a non-recurring favourable retroactive adjustment to subscription revenues for the "LCN" channel, recorded in the second quarter of 2024 as detailed above, despite a 5.4% decrease in their operating expenses; and

- 43.5% increase in TVA Network's negative adjusted EBITDA due to lower revenues, as noted above, despite a 3.5% decrease in operating expenses resulting mainly from lower content and employee costs, and lower commissions on advertising sales;

partially offset by:

- 41.0% improvement in negative adjusted EBITDA for "TVA Sports" due to the combination of the increase in revenues, as detailed above, and the 2.3% decrease in operating expenses, particularly in terms of content costs, whereas the channel broadcast the 4 Nations Face-Off during the first quarter of 2025 compared to Euro 2024 during the first half of 2024, and despite an increase in commissions on advertising sales;

- 55.7% increase in adjusted EBITDA for the entertainment channels resulting mainly from a 10.0% decrease in operating expenses, particularly content costs, which more than offset the decrease in revenues, as noted above; and

- 97.5% increase in Qolab's adjusted EBITDA, due mainly to cost savings.

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) increased from 106.0% for the first half of 2024 to 108.3% for the same period of 2025. The increase was essentially due to the fact that the decrease in the segment's revenues exceeded the decrease in operating expenses.

Film Production & Audiovisual Services

2025/2024 second quarter comparison

Revenues: $14,607,000, a $5,416,000 (-27.0%) decrease due mainly to:

- 51.5% decrease in revenues from soundstage and equipment rental mainly due to lower volume of activities in the second quarter of 2025, whereas major foreign productions were filming at our studios in the same quarter of 2024;

- 67.3% decrease in virtual production revenues, due to lower volume of activities; and

- 9.4% decrease in revenues from media accessibility services, due to lower rates as a result of technological efficiency gains and to lower volume of activities;

partially offset by:

- increase in mobile rental revenues due to higher volume of activities; and

- 13.8% increase in postproduction revenues also due to higher volume of activities.

Adjusted EBITDA: $2,191,000, a $3,234,000 (-59.6%) unfavourable variance primarily due to:

- 66.7% decrease in adjusted EBITDA generated by soundstage and equipment rental revenues, due to the same factors as those noted above as the reason for lower revenues; and
- decrease in adjusted EBITDA from virtual production activities;

partially offset by:

- increase in adjusted EBITDA from mobile rental services due to higher volume of activities; and
- 43.2% improvement in negative adjusted EBITDA from postproduction, mainly due to higher 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) increased from 72.9% in the second quarter of 2024 to 85.0% in the second quarter of 2025. The increase was essentially due to the fact that the decrease in revenues exceeded the decrease in operating expenses.

2025/2024 year-to-date comparison

Revenues: $27,107,000, a $9,166,000 (-25.3%) decrease due mainly to:

- 51.8% decrease in soundstage and equipment rental revenues, due to the same factors as those noted above in the 2025/2024 second-quarter comparison; and
- 11.0% and 65.9% decreases in media accessibility and virtual production revenues, respectively, due to the same factors as those noted above in the 2025/2024 second-quarter comparison;

partially offset by:

- increase in mobile rental revenues due to higher volume of activities; and
- 9.8% increase in postproduction revenues due to higher volume of activities.

Adjusted EBITDA: $2,314,000, a $5,716,000 (-71.2%) unfavourable variance primarily due to:

- 83.6% decrease in adjusted EBITDA from soundstage and equipment rental, due to lower volume of activities caused in part by the lack of major foreign productions at our studios; and
- lower profitability of virtual production activities;

partially offset by:

- 59.2% improvement in negative adjusted EBITDA from postproduction activities;
- increased profitability of mobile rental 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) increased from 77.9% in the first half of 2024 to 91.5% in the first half of 2025. The increase was due to the same factor as that noted above in the 2025/2024 second quarter comparison.

Magazines

2025/2024 second quarter comparison

Revenues: $7,625,000, a $790,000 (-9.4%) decrease primarily due to:

- 15.1% decrease in advertising revenues, mainly affecting the monthly titles;
- 7.3% decrease in newsstand revenues, mainly in the entertainment category, due to the decline in the market and a reduction in the number of issues;
- 7.8% decrease in subscription revenues, mainly affecting the monthly titles; and
- 8.1% decrease in assistance from the Canada Periodical Fund (CPF).

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 relying more heavily 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 19.4% of the segment's revenues for the three-month period ended June 30, 2025 (19.2% for the same period of 2024).

Adjusted EBITDA: $648,000, a $376,000 (138.2%) increase, mainly due to savings, particularly printing, content and messaging costs, which more than offset the decline in revenues as explained above, and the increase in recycling fees under the new curbside recycling system.

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) decreased from 96.8% for the second quarter of 2024 to 91.5% for the same period of 2025. The decrease was essentially due to the fact that the decrease in operating expenses exceeded the decrease in revenues.

2025/2024 year-to-date comparison

Revenues: $14,635,000, a $1,399,000 (-8.7%) decrease due mainly to:

- 11.4% decrease in advertising revenues, mainly affecting the monthly titles;
- 7.5% decrease in newsstand revenues, mainly in the entertainment category, essentially due to the same factors as those noted above in the 2025/2024 second-quarter comparison;
- 10.6% decrease in subscription revenues, mainly for the monthly titles; and
- 7.4% decrease in assistance from the CPF.

Adjusted EBITDA: $467,000, a $514,000 favourable variance thanks to cost savings that exceeded the decrease in revenues, due the same factors as those noted in the 2025/2024 second-quarter comparison.

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) decreased from 100.3% for the first half of 2024 to 96.8% for the first half of 2025. The decrease was due to the same factor as that noted above in the 2025/2024 second-quarter comparison.

Production & Distribution

2025/2024 second quarter comparison

Revenues: $1,362,000, a $93,000 (-6.4%) decrease due mainly to:

- 40.2% decrease in revenues for TVA Films due to lower volume of activities; and
- lower international distribution revenues;

largely offset by:

- 38.9% increase in distribution revenues from the streaming platforms and higher Canadian distribution revenues; and
- increase in TVA Distribution's revenues, due to higher volume of activities.

Activities related to the distribution of films produced by Incendo accounted for 30.5% of the segment's revenues for the three-month period ended June 30, 2025, compared with 17.2% for the same period of 2024.

Negative adjusted EBITDA: $2,859,000, a $2,599,000 unfavourable variance primarily due to the recognition of an impairment charge for certain rights, partially offset by a favourable variance in Incendo's administrative expenses.

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 to 309.9% for the three-month period ended June 30, 2025 from 117.9% for the same period of 2024. This increase was due to higher operating expenses, mainly due to the recognition of an impairment charge for certain rights in the second quarter of 2025, as detailed above.

2025/2024 year-to-date comparison

Revenues: $3,264,000, a $67,000 (-2.0%) decrease due mainly to:

- 16.2% decrease in revenues for TVA Films due to lower volume of activities; and
- Incendo's lower distribution revenues, including international, theatrical and Canadian revenues;

largely offset by:

- 90.7% increase in distribution revenues from the streaming platforms.

Activities related to the distribution of films produced by Incendo accounted for 24.3% of the segment's revenues for the six-month period ended June 30, 2025, compared with 20.0% for the same period of 2024.

Negative adjusted EBITDA: $2,842,000, a $2,212,000 unfavourable variance mainly due to the same factors as those noted in the 2025/2024 second-quarter comparison, and lower profitability at TVA Films.

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 118.9% for the six-month period ended June 30, 2024 to 187.1% for the same period of 2025. The increase was due to the same factor as that noted above in the 2025/2024 second-quarter comparison.

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 months ended June 30		Six months ended June 30	
	2025	2024	**2025**	2024
Cash flows related to operating activities	**$ 15,918**	$ 14,070	**$ (14,683)**	$ 14,887
Additions to property, plant and equipment and intangible assets	**(2,144)**	(7,952)	**(6,847)**	(11,262)
Disposals of property, plant and equipment	**-**	163	**-**	2,763
Other	**(433)**	(697)	**(711)**	(1,221)
Repayment of (increase in) debt	**$ 13,341**	$ 5,584	**$ (22,241)**	$ 5,167

	June 30, 2025	December 31, 2024
At period end:		
Bank indebtedness	**$ 1,892**	$ 3,667
Current portion of debt due to the parent corporation	**57,992**	33,976
Debt	**$ 59,884**	$ 37,643

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

Quarterly cash flows related to operating activities: $1,848,000 increase compared with the same period of 2024, mainly due to a $18,058,000 favourable net variance in operating assets and liabilities, partly offset by an $11,416,000 unfavourable variance in adjusted EBITDA and unfavourable variances in current tax savings and restructuring costs. The favourable net change in operating assets and liabilities was essentially due to favourable variances in accounts payable, accrued liabilities and provisions, content rights payable and current tax assets and liabilities, partially offset by an unfavourable variance in audiovisual content.

Year-to-date cash flows related to operating activities: $29,570,000 decrease compared with the same period of 2024, due mainly to a $12,609,000 unfavourable variance in negative adjusted EBITDA, an $11,309,000 net unfavourable variance in operating assets and liabilities, and unfavourable variances in restructuring costs and current tax savings. The unfavourable net change in operating assets and liabilities was essentially due to unfavourable variances in accounts payable, accrued liabilities and provisions, and prepaid expenses, partially offset by a favourable variance in current tax assets and liabilities.

Working capital: $10,661,000 as at June 30, 2025, compared with $26,063,000 at December 31, 2024. The $15,402,000 unfavourable variance was due primarily to an increase in debt due to the parent corporation and a decrease in accounts receivable, partially offset by the decrease in accounts payable, accrued liabilities and provisions.

Investing activities

Quarterly additions to property, plant and equipment and to intangible assets: $2,144,000 compared with $7,952,000 for the same period of 2024. This $5,808,000 decrease was essentially due to lower investments in line with the reorganization plan announced on November 2, 2023, particularly for technical equipment, due to the completion of the new studios development project and the transfer of television operations to 4545 Frontenac St. in Montreal.

Year-to-date additions to property, plant and equipment and to intangible assets: $6,847,000 compared with $11,262,000 for the first half of 2024, a $4,415,000 decrease due mainly to the same factor as that noted above under additions for the second quarter of 2025 compared with the same period of 2024, as well as lower investments in equipment for rental.

During the six-month period ended June 30, 2025, cash outflows related to property, plant and equipment and intangible assets consisted primarily of disbursements related to projects initiated in 2024, financed by accounts payable and accrued liabilities as of December 31, 2024, including investments in connection with the reorganization plan announced on November 2, 2023, as noted above, as well as for certain steps related to the start of the conversion project for the Corporation's former head office.

Quarterly disposals of property, plant and equipment: Nil ($163,000 for the same period of 2024 due to the disposal of fully amortized assets).

Year-to-date disposals of property, plant and equipment: Nil ($2,763,000 for the same period of 2024 due mainly to the sale of a building in Saguenay to the parent corporation).

Financing activities

Debt due to the parent corporation (excluding deferred financing costs): $58,000,000 at June 30, 2025, compared with $34,000,000 at December 31, 2024, a $24,000,000 increase due mainly to use of debt to finance operating and investing activities.

Financial position as at June 30, 2025

Net available liquid assets: $60,108,000, consisting of a $62,000,000 unused and available renewable credit facility, less a $1,892,000 bank indebtedness.

As at June 30, 2025, the entire principal amount of $58,000,000 on the debt due to the parent corporation was payable during the next 12-month period.

The weighted average term of TVA Group's debt was approximately 0.9 years as of June 30, 2025 (0.4 years as of December 31, 2024). The debt consisted entirely of floating-rate debt as of June 30, 2025 and December 31, 2024.

On June 28, 2023, the Corporation entered into an agreement for a $120,000,000 secured renewable credit facility maturing on June 15, 2025, with QMI as the lender. On June 12, 2025, the Corporation amended this agreement to extend its term from June 15, 2025 to June 30, 2026. 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 ratio.

Also on June 28, 2023, the Corporation entered into a $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.

The two credit facilities contain certain restrictive covenants as well as typical representations and warranties.

As at June 30, 2025, no amounts were drawn on the demand credit facility, while letters of credit were outstanding for a total amount of $2,441,000. At the same date, $58,000,000 was drawn from the QMI renewable credit facility. As at December 31, 2024, drawings on the demand credit facility totalled $382,000, in addition to $2,573,000 in outstanding letters of credit. At the same date, $34,000,000 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 June 30, 2025 and December 31, 2024, no disbursements had been made on the loan by Investissement Québec.

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 investment in property, plant and equipment and intangible assets, 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 June 30, 2025, the Corporation was in compliance with all the terms of its renewable credit facilities.

Analysis of consolidated balance sheet as at June 30, 2025

Table 4
Consolidated balance sheets of TVA Group
Analysis of main differences between June 30, 2025 and December 31, 2024
(in thousands of dollars)

	June 30, 2025	December 31, 2024	Difference	Main reasons for difference
Assets				
Accounts receivable	**$ 120,788**	$ 134,835	$ (14,047)	Impact of the collection of certain receivables from customers and associates and the decrease in volume of activities in some segments.
Non-current audiovisual content	**71,416**	82,517	(11,101)	Impact of current and seasonal variations in activities and decrease in long-term advances.
Liabilities				
Accounts payable, accrued liabilities and provisions	**$ 120,399**	$ 145,454	$ (25,055)	Impact of the payment of balances due to the parent corporation, companies under common control and suppliers, lower volume of activities and payment of termination benefits.
Current portion of debt due to the parent corporation	**57,992**	33,976	24,016	Impact of the use of debt to finance operating and investing activities.

ADDITIONAL INFORMATION

Contractual obligations

The Corporation’s material contractual commitments of operating activities include payments of principal and interest on debt and lease liabilities, payments under audiovisual content acquisition contracts, and obligations related to expenditures on property, plant and equipment, intangible assets and other commitments.

For a summary of the Corporation’s contractual obligations, please refer to TVA Group’s annual MD&A for the year ended December 31, 2024. As of June 30, 2025, there have been no significant changes in the Corporation’s material contractual obligations since the end of the previous fiscal year.

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 second quarter of 2025, 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 $31,229,000 ($29,580,000 for the second quarter of 2024). The increase was mainly due to an increase in revenues from production and postproduction services with associates, as well as an increase in commercial production revenues from a company under common control.

In the second quarter of 2025, the Corporation recorded content acquisition costs, telecommunications service costs, advertising space acquisition costs, professional service fees, commissions on sales and newsgathering services arising from transactions with companies under common control and associates totalling $28,245,000 ($26,323,000 for the second quarter of 2024). The increase was primarily due to higher costs of content acquisition with associates, net of a decrease in purchases of advertising space from a company under common control.

In the second quarter of 2025, the Corporation also billed management fees to companies under common control in the amount of $354,000 ($727,000 for the second quarter of 2024). The decrease in management fees billed was due to 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 $2,238,000 for the three-month periods ended June 30, 2025 and 2024, as well as interest in the amount of $1,134,000 on the secured renewable credit facility for the second quarter of 2025 ($1,540,000 for the same period of 2024).

In the first six months of 2025, 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 $59,987,000 ($58,134,000 for the first six months of 2024). The increase was mainly due to an increase in revenues from production and postproduction services with associates, net of a decrease in content revenues from a company under common control and a decrease in advertising revenues from another company under common control.

In the first six months of 2025, the Corporation recorded content acquisition costs, telecommunications service costs, advertising space acquisition costs, professional service fees, commissions on sales and newsgathering services arising from transactions with companies under common control and associates totalling $58,471,000 ($61,997,000 in the first six months of 2024). The decrease was primarily due to lower costs of content acquisition with associates and a decrease in purchases of advertising space from a company under common control.

In the first six months of 2025, the Corporation also billed management fees to companies under common control in the amount of $694,000 ($1,568,000 in the first half of 2024). The decrease was due to the same factor as noted above.

The Corporation also assumed management fees of the parent corporation in the amount of $4,477,000 for the first six months of 2025 and 2024, as well as interest in the amount of $1,954,000 on the secured renewable credit facility for the first half of 2025 ($3,256,000 for the same period of 2024).

Capital stock

Table 5 below presents information on the Corporation's capital stock. In addition, 595,450 Class B stock options of the Corporation were outstanding as at July 11, 2025.

Table 5
Capital stock outstanding as at July 11, 2025
(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 June 30, 2025 that have materially affected, or are 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 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, 2024.

The forward-looking statements in this Management's Discussion and Analysis reflect the Corporation's expectations as of July 31, 2025, 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

July 31, 2025

Table 6
SELECTED QUARTERLY FINANCIAL DATA
(in thousands of dollars, except for per-share data)

	2025	2024		
	June 30	March 31	Dec. 31	Sept. 30
Operations				
Revenues	**$ 129,415**	$ 119,668	$ 146,701	$ 112,416
Adjusted EBITDA (negative adjusted EBITDA)	**$ 1,754**	$ (20,494)	$ 5,031	$ 12,221
Net (loss) income attributable to shareholders	**$ (4,793)**	$ (20,309)	$ (1,143)	$ 2,608
Basic and diluted per-share data				
Basic and diluted (loss) earnings per share	**$ (0.11)**	$ (0.47)	$ (0.03)	$ 0.06
Weighted average number of outstanding and diluted shares (in thousands)	**43,206**	43,206	43,206	43,206
	2024		2023	
	June 30	March 31	Dec. 31	Sept. 30
Operations				
Revenues	$ 143,951	$ 129,161	$ 151,714	$ 118,620
Adjusted EBITDA (negative adjusted EBITDA)	$ 13,170	$ (19,301)	$ 5,904	$ 16,485
Net loss attributable to shareholders	$ (2,905)	$ (17,903)	$ (15,872)	$ (639)
Basic and diluted per-share data				
Basic and diluted loss per share	$ (0.07)	$ (0.41)	$ (0.37)	$ (0.01)
Weighted average number of outstanding and diluted shares (in thousands)	43,206	43,206	43,206	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.