GROUP

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOURTH QUARTER 2024

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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 Management's Discussion and Analysis covers the Corporation's main activities during the year ended December 31, 2024, and the major changes from the previous fiscal year. The Corporation's Consolidated Financial Statements for the years ended December 31, 2024, 2023 and 2022 have been prepared in accordance with International Financial Reporting Standards ("IFRS").

This Management's Discussion and Analysis should be read in conjunction with the information in the Consolidated Financial Statements for the fiscal year ended December 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 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 ("**Incendo**") and the TVA Films division, produces and distributes television shows, movies and television series for the world market.

HIGHLIGHTS SINCE END OF 2023

- During the second quarter of 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.

- During the second quarter of 2024, the Corporation performed an impairment test on the Production & Distribution cash-generating unit (“CGU”) 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 was recorded.

- Jean-Marc Léger, a member of the Corporation’s Board of Directors since 2007, stepped down as a director at the end of his term on May 7, 2024.

- On April 11, 2024, the Corporation renewed each of the two collective agreements covering its unionized employees in Montreal, as well as 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, 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 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 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 consolidated financial statements
(in thousands of dollars)

	Years ended December 31		Three-months ended December 31	
	2024	2023	**2024**	2023
Adjusted EBITDA (negative adjusted EBITDA):				
Broadcasting	**$ (678)**	$ (9,312)	**$ 3,437**	$ 3,577
Film Production & Audiovisual Services	**13,018**	686	**1,703**	985
Magazines	**1,610**	2,008	**1,294**	778
Production & Distribution	**(1,602)**	553	**(375)**	472
Intersegment items	**(1,227)**	634	**(1,028)**	92
	11,121	(5,431)	**5,031**	5,904
Depreciation and amortization	**22,514**	27,695	**5,563**	6,735
Financial expenses	**4,801**	2,151	**1,117**	1,365
Restructuring costs, impairment of assets and other	**7,601**	28,825	**242**	20,119
Income tax recovery	**(3,699)**	(15,715)	**(447)**	(6,081)
Share of income of associates	**(753)**	(496)	**(301)**	(362)
Net loss	**$ (19,343)**	$ (47,891)	**$ (1,143)**	$ (15,872)

TREND INFORMATION

Some of the Corporation's activities are cyclical in nature. A substantial portion of its revenues comes from advertising, particularly in the Broadcasting and Magazines segments. Operating results are therefore sensitive to prevailing economic conditions. The Film Production & Audiovisual Services as well as the Production & Distribution segments are more heavily affected by demand for production services from international and local producers and demand for content from global broadcasters.

The Broadcasting segment has gradually undergone fundamental and permanent structural changes. This segment's environment is increasingly competitive due to the proliferation of content, particularly unregulated subscription video-on-demand services like Netflix, Amazon and Disney+, among others, which have access to international capital to finance their exclusive original content and also offer subscription tiers that include advertising, thus reducing the advertising dollars available to the Corporation and placing downward pressure on prices. Furthermore, publicly owned stations continue to receive strong financial support from governments, while also maintaining access to the advertising market. In addition to the larger number of television channels, viewers are increasingly solicited by a range of peripheral digital service offerings.

The adverse effect of this transformation is primarily seen in traditional advertising revenues. Widespread audience fragmentation has prompted many advertisers to review their media placement strategies and to turn a significant part of their advertising budgets over to international competitors operating primarily in digital media. The Corporation has taken steps to maintain its audience ratings and its significant share of the advertising market, notably through substantial content investments and the use of digital broadcasting platforms such as TVA+.

Soundstage, mobile and equipment rental services are dependent on demand for production services from international and local producers. Global demand for content has grown exponentially in recent years, notably due to the emergence and proliferation of content distribution platforms, but it fell drastically in 2023 in connection with the writers' and actors' strikes in the U.S., and the trend is towards consolidation of Hollywood's activities. Pressure on production costs is growing with the increased competition and the shrinking of revenues available. In that context, we are also seeing tax incentives being introduced by other provinces and countries in attempts to attract foreign productions, thus intensifying Canadian and global competition in this industry.

The Magazines segment continues to face competition in a constantly changing market, with market consolidation, disappearance of some titles, reduction in publication frequency, etc. Circulation of print titles as measured by copies sold has been in decline across the industry over the past several years. Moreover, demand for advertising space by major retail advertisers in traditional print media has decreased due to a shift in marketing strategies toward other media. To respond to this competition, the Corporation maintains its presence in digital media through branded websites, including specialized websites.

In addition to helping diversify its revenue streams, the Production & Distribution segment has enabled the Corporation to expand its international presence, particularly in English-speaking markets. In recent years, the Corporation has diversified its customer base by broadening the genres of content it produces to include romantic comedies, holiday movies and horror films, as well as drama series. This segment's operating results vary depending on factors such as timing of production deliveries, increased competition, general economic factors, demand from global broadcasters, etc. Moreover, the pandemic, the writers' and actors' strikes in the U.S. in 2023 and the decline in production volume in the U.S. market have had a negative impact on the segment's results since fiscal 2023.

2024/2023 FISCAL YEAR COMPARISON

Analysis of TVA Group's consolidated results

Revenues: $532,229,000, a $12,968,000 (-2.4%) decrease.

- Decreases in Broadcasting ($21,375,000 or -4.7% of segment revenues), Production & Distribution ($4,285,000 or -28.6%) and Magazines ($3,878,000 or -10.4%).

- Increase in Film Production & Audiovisual Services ($15,001,000 or 28.9%).

Adjusted EBITDA: $11,121,000, a $16,552,000 favourable variance.

- Favourable variances in Film Production & Audiovisual Services ($12,332,000) and Broadcasting ($8,634,000).

- Unfavourable variances in Production & Distribution ($2,155,000) and Magazines ($398,000 or -19.8%).

Net loss attributable to shareholders: $19,343,000 (-$0.45 per basic share), compared with $47,891,000 (-$1.11 per basic share) for the same period of 2023. The $28,548,000 ($0.66 per basic share) favourable variance was essentially due to:

- $21,224,000 favourable variance in restructuring costs, impairment of assets and other; and

- $16,552,000 favourable variance in adjusted EBITDA;

  partially offset by:

- $12,016,000 unfavourable variance in income tax recovery.

Depreciation and amortization: $22,514,000, a $5,181,000 (-18.7%) decrease, mainly due to a decrease in the amortization charge for fully amortized intangible assets, particularly intangible assets associated with past business acquisitions, as well as software, and a decrease in the depreciation charge for technical equipment, as well as fully amortized equipment for rental.

Financial expenses: $4,801,000, a $2,650,000 increase resulting mainly from an unfavourable variance in interest on debt associated with higher average indebtedness, as well as an unfavourable variance in interest income related to the defined benefit plans.

Restructuring costs, impairment of assets and other: $7,601,000 for fiscal 2024 compared with $28,825,000 for 2023, a $21,224,000 decrease.

- 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.

- In fiscal 2024, the Corporation also recorded a $2,449,000 charge arising, among other things, from an adjustment to the provision related to the reorganization plan announced on November 2, 2023 involving the elimination of positions and implementation of cost-reduction measures, including $1,737,000 in the Broadcasting segment, $411,000 in the Film Production & Audiovisual Services segment and $301,000 in the Magazines segment ($20,775,000 for the same period of 2023, including $20,401,000 in the Broadcasting segment, $214,000 in the Film Production & Audiovisual Services segment and $128,000 in the Magazines segment).

- During the first quarter of 2024, the Corporation closed the sale of a building in Saguenay to the parent corporation for proceeds on disposal of $2,600,000. The transaction gave rise to the recognition of a gain on disposal of $2,309,000. In fiscal 2024, the Corporation also recognized a $320,000 gain on disposal of other property, plant and equipment.

- 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 intangible assets were recognized.

- In the fourth quarter of 2023, the Corporation also recorded a $433,000 charge related to the write-off of property, plant and equipment in the Broadcasting segment.

Income tax recovery: $3,699,000 (effective tax rate of 15.5%) for 2024, compared with $15,715,000 (effective tax rate of 24.5%) for the same period of 2023, an unfavourable variance of $12,016,000, due mainly to the impact of recording a smaller loss deductible for tax purposes for 2024 than for 2023. The effective tax rate was lower than the statutory rate of 26.5% for 2024, mainly due to the permanent variance stemming from the goodwill impairment charge, as well as the recognition of prior-year adjustments. The effective tax rate was lower than the Corporation's statutory rate of 26.5% for 2023, mainly due to the permanent variance stemming from the goodwill impairment charge. Calculation of the effective tax rates is based only on taxable and deductible items.

Share of income of associates: $753,000 for 2024, compared with $496,000 for 2023; the $257,000 favourable variance was essentially due to the improved financial results of an associate in the television industry.

SEGMENTED ANALYSIS

Broadcasting

Revenues: $437,863,000, a $21,375,000 (-4.7%) decrease due mainly to:

- 8.6% decrease in TVA Network's revenues, mainly because of the following factors:

  - 6.2% decrease in advertising revenues, despite an 8.8% increase in digital revenues;

  - 70.1% decrease in video-on-demand ("VOD") revenues resulting from the discontinuation of VOD broadcasts of TVA Network programming by a broadcasting distribution undertaking, as well as lower rates; and

  - 32.2% decrease in revenues from commercial production due to the discontinuation of these activities in certain regions;

  partially offset by:

  - 4.4% increase in sponsorship and content revenues resulting, among other things, from the recognition of our estimated 2024 share of Google's agreement with the Canadian Journalism Collective under the *Online News Act* to compensate news organizations for the use of their content;

- 24.0% decrease in Qolab's revenues due to lower volume of activities;

- 6.9% decrease in advertising revenues for the specialty services; and

- 5.9% decrease in entertainment channel subscription revenues, due mainly to the replacement of the "Yoopa" channel by a TV version of QUB radio, "QUB Télé," a news channel;

partially offset by:

- 73.2% increase in the news channels' subscription revenues, due mainly to the recognition in the second quarter of 2024 of a favourable retroactive adjustment of $10,184,000 for the period from September 1, 2017 to December 31, 2023 in connection with carriage rates for the "LCN" channel, as well as the addition of the new "QUB Télé" channel.

French-language audience share

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

Year 2024 vs 2023			
	2024	**2023**	**Difference**
French-language conventional broadcasters:			
TVA	**23.5**	24.4	-0.9
SRC	**14.3**	13.7	0.6
noovo	**6.3**	6.1	0.2
	44.1	44.2	-0.1
French-language specialty and pay services:			
TVA	**17.2**	16.6	0.6
Bell Media	**13.0**	13.6	-0.6
Corus	**4.4**	5.0	-0.6
SRC	**6.2**	6.2	–
Other	**5.3**	4.8	0.5
	46.1	46.2	-0.1
Total English-language channels and other:	**9.8**	9.6	0.2
TVA Group	**40.7**	41.0	-0.3

Source: Numeris - French Quebec, January 1 to December 31, Mon-Sun, 2:00 – 2:00, All 2+.

TVA Group's total market share for the period of January 1 to December 31, 2024 was 40.7%, compared with 41.0% for the same period of 2023, a 0.3-point decrease.

TVA Group's specialty services had a combined market share of 17.2% for 2024, compared with 16.6% for 2023, a 0.6-point increase. The news and public affairs channel "LCN" recorded significant 0.6-point growth, partly due to its exceptional coverage of the U.S. election campaign. It thus maintained its position as Quebec's most-watched specialty channel with a 7.0% market share, even ahead of the over-the-air channel "noovo." The "TVA Sports" and "Témoin" channels grew their market share by 0.2 points each, while the "ADDIK" channel posted a 0.1-point increase. The other entertainment channels saw decreases in their market shares.

TVA Network maintained its lead among over-the-air channels with a 23.5% market share, more than its two main over-the-air rivals combined. *Chanteurs masqués*, the Quebec version of *The Masked Singer*, which drew an average audience of over 1.6 million viewers, as well as programs such as *Sortez-moi d'ici!* and *La Voix*, with more than 1.5 million viewers each, played a major role in TVA Network's success.

Negative adjusted EBITDA: $678,000, an $8,634,000 favourable variance primarily due to:

- increase in adjusted EBITDA from the news channels, mainly "LCN," as a result of the favourable retroactive adjustment to subscription revenues noted above; and

- improvement in negative adjusted EBITDA for TVA Network, due mainly to a 9.1% decrease in operating expenses, including content costs, employee costs, certain administrative expenses and commissions on advertising sales, which more than offset the decrease in revenues;

partially offset by:

- 35.2% decrease in adjusted EBITDA at the entertainment channels, mainly due to the impact of an 8.7% decrease in their revenues, although operating expenses decreased 4.8%, resulting among other things from the replacement of the "Yoopa" channel by "QUB Télé" and an 8.7% decrease in operating expenses for "Témoin";

- 44.9% decrease in Qolab's adjusted EBITDA due to lower volume of activities; and

- 7.7% increase in negative adjusted EBITDA at "TVA Sports" due to a 1.3% decrease in revenues, particularly in advertising, whereas operating expenses were relatively stable.

Analysis of cost/revenue ratio: Employee costs and the cost of purchasing goods and services for the Broadcasting segment's activities (expressed as a percentage of revenues) decreased from 102.0% for 2023 to 100.2% for 2024. The decrease was essentially due to the fact that the decrease in operating expenses exceeded the decrease in revenues.

Film Production & Audiovisual Services

Revenues: $66,894,000, a $15,001,000 (28.9%) increase due mainly to:

- 107.8% increase in soundstage, mobile and equipment rental revenues, due primarily to higher volume of activities with major productions filming at our studios, among other things, compared with 2023;

partially offset by:

- 17.6% decrease in revenues from media accessibility services and 6.4% decrease in postproduction revenues, 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: $13,018,000, a $12,332,000 favourable variance due primarily to:

- increased profitability of soundstage, mobile and equipment rental, due to higher volume of activities with major productions filming at our studios, among other things; and

- favourable variance due to the discontinuation of loss-making visual effects activities on March 31, 2023;

partially offset by:

- lower profitability of postproduction activities; and

- 45.8% decrease in adjusted EBITDA from media accessibility services, 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 98.7% for 2023 to 80.5% for 2024. The decrease was mainly due to the increase in revenues.

Magazines

Revenues: $33,286,000, a $3,878,000 (-10.4%) decrease due mainly to the following variances:

- 12.9% drop in newsstand revenues, mainly in the entertainment category, due to the discontinuation of some titles and a reduction in the number of issues;
- 12.8% decrease in subscription revenues, mainly affecting the monthly and entertainment categories, exacerbated by the postal strike;
- 8.8% decrease in assistance from the Canada Periodical Fund ("CPF"), which introduced a change in the grant allocation method for its regular program starting April 1, 2021, as described below, resulting in a decrease in the assistance received by the Corporation under the program; and
- 6.8% drop in advertising revenues.

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 20.2% of the segment's revenues for 2024 (19.8% for the same period of 2023).

Adjusted EBITDA: $1,610,000, a $398,000 (-19.8%) unfavourable variance, due mainly to lower revenues, as noted above, partially offset by a 9.9% decrease in operating expenses. Savings were achieved, notably in employee costs, printing costs, subscription expenses and newsstand selling expenses, partially offset by the recognition of legal fees in connection with a lawsuit, as well as higher digital costs.

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) increased from 94.6% for 2023 to 95.2% for 2024. The increase was caused mainly by the fact that the decrease in revenues as a proportion of total revenues for the segment exceeded the decrease in operating expenses as a proportion of total expenses.

Production & Distribution

Revenues: $10,706,000, a $4,285,000 (-28.6%) decrease due mainly to:

- 57.5% decrease in international distribution revenues, mainly for films produced by Incendo; and
- 54.0% decrease in Canadian distribution revenues;

partially offset by:

- 13.3% increase in distribution revenues generated by TVA Films due, among other things, to the theatrical releases of *Nos Belles-Sœurs* and *La petite et le vieux*, whereas in 2023 the movie *Testament* was released, partially offset by lower broadcasting licence sales.

Activities related to the distribution of films produced by Incendo accounted for 30.2% of the segment's revenues for 2024, compared with 51.1% for 2023.

Negative adjusted EBITDA: $1,602,000, a $2,155,000 unfavourable variance primarily due to:

- lower gross margin on international and Canadian distribution by Incendo for 2024, due to lower volume of activities; as well as the recognition of impairment charges on certain rights;

partially offset by:

- favourable variance in Incendo's administrative expenses, particularly 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 96.3% for 2023 to 115.0% for 2024. The increase was mainly due to the fact that the decrease in revenues exceeded the decrease in operating expenses.

2024/2023 FOURTH QUARTER COMPARISON

Analysis of TVA Group's consolidated results

Revenues: $146,701,000, a $5,013,000 (-3.3%) decrease.

- Decreases in Broadcasting ($5,172,000 or -4.0% of segment revenues) and Magazines ($1,204,000 or -12.3%).
- Increases in Film Production & Audiovisual Services ($1,502,000 or 11.7%) and Production & Distribution ($143,000 or 3.4%).

Adjusted EBITDA: $5,031,000, an $873,000 (-14.8%) unfavourable variance.

- Unfavourable variances in Production & Distribution ($847,000) and Broadcasting ($140,000 or -3.9% of segment adjusted EBITDA).
- Favourable variances in Film Production & Audiovisual Services ($718,000 or 72.9%) and Magazines ($516,000 or 66.3%).

Net loss attributable to shareholders: $1,143,000 (-$0.03 per basic share) for the fourth quarter of 2024, compared with $15,872,000 (-$0.37 per basic share) for the same period of 2023. The $14,729,000 ($0.34 per basic share) favourable variance was essentially due to:

- $19,877,000 favourable variance in restructuring costs, impairment of assets and other;

  partially offset by:

- $5,634,000 unfavourable variance in income tax recovery.

Depreciation and amortization: $5,563,000, a $1,172,000 decrease, mainly due to a decrease in the amortization charge for fully amortized intangible assets, particularly intangible assets associated with past business acquisitions, as well as a decrease in the depreciation charge for technical equipment, partially offset by the increase in the depreciation charge related to building right-of-use assets.

Financial expenses: $1,117,000, a $248,000 decrease resulting mainly from lower average indebtedness for the fourth quarter of 2024, compared with the same quarter of 2023, partially offset by an unfavourable variance in interest income related to the defined benefit plans.

Restructuring costs, impairment of assets and other: $242,000 for the three-month period ended December 31, 2024, compared with $20,119,000 for the same period of 2023, a $19,877,000 favourable variance.

- During the three-month period ended December 31, 2024, the Corporation recorded a $242,000 charge stemming mainly from the elimination of positions and implementation of cost-reduction measures related to the reorganization plan announced on November 2, 2023, including $141,000 in the Broadcasting segment, $86,000 in the Film & Audiovisual Services segment and $15,000 in the Magazines segment ($19,689,000 charge for the same period of 2023, including $19,672,000 in the Broadcasting segment for the elimination of positions, a curtailment charge for the defined-benefit pension plan and cost-reduction measures in connection with the plan announced on November 2, 2023, as well as $17,000 in the Magazines segment).

- In the fourth quarter of 2023, the Corporation also recorded a $433,000 charge related to the write-off of property, plant and equipment in the Broadcasting segment.

Income tax recovery: $447,000 (effective tax rate of 23.6%) for the fourth quarter of 2024, compared with $6,081,000 (effective tax rate of 27.3%) for the same period of 2023, an unfavourable variance of $5,634,000, due mainly to the recording of a lower loss deductible for tax purposes for the fourth quarter of 2024 compared with the same period of 2023. Calculation of the effective tax rates is based only on taxable and deductible items.

Share of income of associates: $301,000 for the fourth quarter of 2024, compared with $362,000 for the same period of 2023; the $61,000 unfavourable variance was mainly due to the weaker financial results of an associate in the television industry.

SEGMENTED ANALYSIS

Broadcasting

Revenues: $123,899,000, a $5,172,000 (-4.0%) decrease due mainly to:

- 32.6% decrease in Qolab's revenues due to lower volume of activities;

- 3.5% decrease in TVA Network's revenues, mainly because of the following factors:

    - unfavourable variance in VOD revenues resulting from the discontinuation of VOD broadcasts of TVA Network programming by a broadcasting distribution undertaking, as well as lower rates;

    partially offset by:

    - 0.9% increase in advertising revenues, including a 14.7% increase in digital revenues;

- 8.6% decrease in the advertising revenues of the specialty services other than "TVA Sports"; and

- 6.3% decrease in entertainment channel subscription revenues, due mainly to the replacement of the "Yoopa" channel by the "QUB Télé" news channel;

partially offset by:

- 18.5% increase in the news channels' subscription revenues, due mainly to new carriage rates for "LCN" as well as the new "QUB Télé" channel; and

- 2.7% increase in subscription revenues and 4.5% increase in advertising revenues at "TVA Sports."

French-language audience share

Table 3
French-language audience share
(Market share in %)

Fourth quarter 2024 vs Fourth quarter 2023			
	2024	**2023**	**Difference**
French-language conventional broadcasters:			
TVA	**23.5**	24.1	-0.6
SRC	**14.3**	15.4	-1.1
noovo	**5.8**	5.8	–
	43.6	45.3	-1.7
French-language specialty and pay services:			
TVA	**16.5**	15.9	0.6
Bell Media	**13.1**	12.5	0.6
Corus	**4.4**	4.6	-0.2
SRC	**6.2**	6.4	-0.2
Other	**6.3**	5.6	0.7
	46.5	45.0	1.5
Total English-language channels and other:	**9.9**	9.7	0.2
TVA Group	**40.0**	40.0	–

Source: Numeris - French Quebec, October 1st to December 31st, Mon-Sun, 2:00 – 2:00, All 2+.

TVA Group's total market share for the period of October 1 to December 31, 2024 was flat compared with the same period of 2023 at 40.0%. The combined market share of the specialty services increased by 0.6 points, while TVA Network's market share fell by 0.6 points.

The "LCN" channel posted exceptional 0.9-point growth, due in part to the same factor as noted in the 2024/2023 fiscal year comparison. It thus maintained its position as Quebec's most-watched specialty channel with a 7.3% market share, even ahead of the over-the-air channel "noovo." The "ADDIK" and "Prise 2" channels grew by 0.2 and 0.1 points respectively in the fourth quarter of 2024 compared with the same quarter of 2023. The other entertainment channels saw their market shares decline, while the market share for "TVA Sports" was flat. TVA Network remains in the lead with a 23.5% market share, more than its two main over-the-air rivals combined.

For the period of October 1 to December 31, 2024, TVA Network stood out again with *Chanteurs masqués* and its shows, original series and productions that surpassed the one-million-viewer mark, such as *Masterchef Célébrités du temps des fêtes*, the daily program *Indéfendable*, *Le tricheur de Noël*, *Révolution* and *Alertes*.

Adjusted EBITDA: $3,437,000, a $140,000 (-3.9%) unfavourable variance primarily due to:

- decreased profitability at TVA Network, stemming primarily from a 3.5% decrease in revenues, as noted above, whereas operating expenses decreased slightly by 0.7%, including savings in employee costs, content costs and certain administrative expenses, largely offset by an unfavourable variance in some Canadian Radio-television and Telecommunications Commission ("CRTC") fees; and

- 35.3% decrease in Qolab's adjusted EBITDA due to lower volume of activities;

partially offset by:

- o increased profitability at the entertainment channels, due to a 17.5% reduction in operating expenses, including a 21.5% decrease in expenses for the "Témoin" channel, and a favourable variance related to the replacement of the "Yoopa" channel by a news channel, which more than offset the decrease in revenues;

- o 30.9% increase in adjusted EBITDA at the news channels, due mainly to a 3.9% increase in "LCN's" revenues, as noted above, combined with a 3.0% decrease in operating expenses; and

- o improvement in negative adjusted EBITDA at "TVA Sports" due mainly to a 3.1% favourable variance in revenues, as noted above, whereas operating expenses increased slightly by 0.9%.

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) held steady at 97.2% for the fourth quarters of 2024 and 2023. 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

Revenues: $14,365,000, a $1,502,000 (11.7%) increase due primarily to:

- o 45.9% increase in soundstage, mobile and equipment rental revenues due to higher volume of activities;

partially offset by:

- o 14.7% decrease in revenues from media accessibility services and 4.2% decrease in postproduction revenues, due to lower volume of activities.

Adjusted EBITDA: $1,703,000, a $718,000 (72.9%) favourable variance due mainly to increased profitability of soundstage, mobile and equipment rental as a result of higher volume of activities, partially offset by decreased profitability of media accessibility services.

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 92.3% for the fourth quarter of 2023 to 88.1% for the fourth quarter of 2024. The decrease was mainly due to the increase in revenues.

Magazines

Revenues: $8,609,000, a $1,204,000 (-12.3%) decrease caused mainly by the following variances:

- o 11.7% decrease in newsstand revenues, mainly in the entertainment and monthly categories, due to the same factors as those noted above in the 2024/2023 fiscal year comparison;

- o 19.3% drop in subscription revenues, also mainly in the entertainment and monthly categories, due in part to the postal strike in the fourth quarter of 2024;

- o 12.9% decrease in advertising revenues; and

- o 7.7% drop in assistance from the CPF due to the negative impact of the change in the grant allocation method for its regular program.

Adjusted EBITDA: $1,294,000, a $516,000 (66.3%) favourable variance due mainly to a 19.0% decrease in operating expenses, which more than offset the decrease in revenues. Savings were achieved notably in employee costs, printing costs, newsstand selling expenses and subscription expenses, partially offset by higher digital costs.

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 92.1% for the fourth quarter of 2023 to 85.0% for the same period of 2024. The decrease was mainly due to the fact that the decrease in operating expenses exceeded the decrease in revenues for the segment.

Production & Distribution

Revenues: $4,361,000, a $143,000 (3.4%) increase due mainly to:

- 35.2% increase in distribution revenues at TVA Films and another subsidiary of the Corporation, due, among other things, to an increase in broadcasting license sales, higher theatrical release revenues and the international sale of a series;

partially offset by:

- 17.2% decrease in international distribution revenues, mainly for films produced by Incendo.

Activities related to the distribution of films produced by Incendo accounted for 43.1% of the segment's revenues for the three-month period ended December 31, 2024, compared with 47.5% for the same period of 2023.

Negative adjusted EBITDA: $375,000, an $847,000 unfavourable variance primarily due to:

- recognition of an impairment charge for certain rights in the fourth quarter of 2024; and
- decrease in international distribution revenues at Incendo;

partially offset by:

- increase in adjusted EBITDA generated by TVA Films, given a higher gross margin, including savings in marketing costs for theatrical releases; and
- savings in Incendo's administrative expenses, particularly 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 88.8% for the three-month period ended December 31, 2023 to 108.6% for the same period of 2024. The increase was mainly due to higher operating expenses.

2023/2022 FISCAL YEAR COMPARISON

The table below shows the Corporation's operating results for the fiscal years ended December 31, 2023 and 2022:

Table 4
Comparative consolidated results for 2023 and 2022
(in thousands of dollars)

	Years ended December 31	
	2023	2022
Revenues:		
Broadcasting	$ 459,238	$ 479,458
Film Production & Audiovisual Services	51,893	74,914
Magazines	37,164	40,547
Production & Distribution	14,991	19,991
Intersegment items	(18,089)	(20,501)
	$ 545,197	$ 594,409
(Negative adjusted EBITDA) adjusted EBITDA:		
Broadcasting	$ (9,312)	$ (585)
Film Production & Audiovisual Services	686	12,884
Magazines	2,008	3,803
Production & Distribution	553	2,865
Intersegment items	634	418
	$ (5,431)	$ 19,385
Depreciation and amortization	27,695	29,947
Financial expenses	2,151	1,305
Restructuring costs, impairment of assets and other	28,825	930
Income tax recovery	(15,715)	(3,113)
Share of income of associates	(496)	(795)
Net loss	$ (47,891)	$ (8,889)

Analysis of TVA Group's consolidated results

Revenues: $545,197,000, a $49,212,000 (-8.3%) decrease.

- Decreases in all business segments, i.e. Film Production & Audiovisual Services ($23,021,000 or -30.7% of segment revenues), Broadcasting ($20,220,000 or -4.2%), Production & Distribution ($5,000,000 or -25.0%) and Magazines ($3,383,000 or -8.3%).

Negative adjusted EBITDA: $5,431,000, a $24,816,000 unfavourable variance.

- Unfavourable variances in all segments, i.e. Film Production & Audiovisual Services ($12,198,000 or -94.7%), Broadcasting ($8,727,000), Production & Distribution ($2,312,000 or -80.7%) and Magazines ($1,795,000 or -47.2%).

Net loss attributable to shareholders: $47,891,000 (-$1.11 per basic share), compared with $8,869,000 (-$0.21 per basic share) for the same period of 2022. The $39,022,000 (-$0.90 per basic share) unfavourable variance was essentially due to:

- $27,895,000 unfavourable variance in restructuring costs, impairment of assets and other; and
- $24,816,000 unfavourable variance in adjusted EBITDA;

  partially offset by:

- $12,602,000 favourable variance in income tax recovery.

Depreciation and amortization: $27,695,000, a $2,252,000 (-7.5%) decrease, mainly due to the decrease in the depreciation and amortization charge for technical equipment, equipment for rental, property developments, leasehold improvements, building right-of-use assets and software that have been fully amortized.

Financial expenses: $2,151,000, an $846,000 increase caused essentially by an unfavourable variance in interest on debt related to higher indebtedness and a higher cost of financing, partially offset by a favourable variance in the interest income related to the defined benefit plans.

Restructuring costs, impairment of assets and other: $28,825,000 for fiscal 2023, compared with $930,000 for 2022, a $27,895,000 increase.

- The Corporation recorded a $20,775,000 charge in 2023 arising primarily from the reorganization plan announced on November 2, 2023 involving the elimination of positions, a curtailment charge for the defined benefit pension plan and the implementation of cost-reduction measures, including $20,401,000 in the Broadcasting segment, $214,000 in the Film Production & Audiovisual Services segment and $128,000 in the Magazines segment ($135,000 for the same period of 2022, including $73,000 in the Broadcasting segment and $49,000 in the Film Production & Audiovisual Services segment).
- In the third quarter of 2023, unfavourable market conditions and the changing ecosystem in the television industry 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 intangible assets were recognized.
- In the fourth quarter of 2023, the Corporation also recorded a $433,000 charge related to the write-off of property, plant and equipment in the Broadcasting segment.
- In 2022, the Corporation recorded a $777,000 charge related to the write-off of property, plant and equipment in the Film Production & Audiovisual Services segment, a $622,000 impairment charge related to the value of its investment in an associate in the Magazines segment and a $587,000 charge reversal in connection with remeasurement of the contingent consideration payable on acquisition of Incendo.

Income tax recovery: $15,715,000 (effective tax rate of 24.5%) for 2023, compared with $3,113,000 (effective tax rate of 24.3%) for the same period of 2022, a favourable variance of $12,602,000, due mainly to the impact of recording a larger loss deductible for tax purposes for 2023 than for 2022. The effective tax rate was lower than the Corporation's statutory rate of 26.5% for 2023, mainly due to the permanent variance stemming from the goodwill impairment charge. The effective tax rate was lower than the statutory rate of 26.5% for 2022 due, among other things, to the permanent variance stemming from the impairment charge related to the fair value of an investment, as well as the recognition of foreign income taxes. Calculation of the effective tax rates is based only on taxable and deductible items.

Share of income of associates: $496,000 for 2023, compared with $795,000 for 2022, an unfavourable variance of $299,000 caused essentially by the weaker financial results of an associate in the television industry.

CASH FLOWS AND FINANCIAL POSITION

Table 5 below shows a summary of cash flows related to operating activities, investing activities and financing activities:

Table 5
Summary of the Corporation's cash flows
(in thousands of dollars)

	Years ended December 31		Three-months ended December 31	
	2024	2023	**2024**	2023
Cash flows related to operating activities	**$ 66,984**	$ (68,784)	**$ 43,863**	$ (643)
Additions to property, plant and equipment and intangible assets	**(21,216)**	(3,114)	**(2,531)**	(16)
Disposal of property, plant and equipment	**2,920**	–	**–**	–
Other	**(2,272)**	(2,093)	**(778)**	(528)
Repayment of (increase in) debt	**$ 46,416**	$ (73,991)	**$ 40,554**	$ (1,187)

	December 31, 2024	December 31, 2023
At period end:		
Bank indebtedness	**$ 3,667**	$ 176
Current portion of debt due to the parent corporation	**33,976**	–
Debt due to the parent corporation	**–**	83,883
Debt	**$ 37,643**	$ 84,059

Operating activities

Cash flows related to operating activities: $135,768,000 increase for fiscal 2024 due mainly to a $104,175,000 favourable net variance in operating items, a $16,552,000 favourable variance in adjusted EBITDA and lower restructuring costs. The favourable net change in operating items was essentially due to favourable variances in content rights payable and audiovisual content.

Working capital: $26,063,000 as at December 31, 2024, compared with $126,321,000 at December 31, 2023. The $100,258,000 unfavourable variance was due primarily to recognition of the debt due to the parent corporation under current liabilities, decreases in audiovisual content and accounts receivable, as well as an increase in accounts payable, accrued liabilities and provisions, partially offset by a decrease in content rights payable.

Investing activities

Additions to property, plant and equipment and intangible assets: $21,216,000 for 2024, compared with $3,114,000 for the same period of 2023. The $18,102,000 increase was mainly due to higher investments in connection with the reorganization plan announced on November 2, 2023, particularly technical equipment and leasehold improvements, as well as higher investments in equipment for rental and software needed to support the Corporation's activities.

For fiscal 2024, cash outflows related to property, plant and equipment and intangible assets consisted primarily of disbursements arising from investments in connection with the reorganization plan announced on November 2, 2023, as well as equipment for rental and software, as noted above.

Disposal of property, plant and equipment: $2,920,000 for fiscal 2024, mainly due to the sale of a building in Saguenay to the parent corporation (nil for 2023).

Financing activities

Debt due to the parent corporation (excluding deferred financing costs): $34,000,000 at December 31, 2024, compared with $84,000,000 at December 31, 2023, a $50,000,000 decrease due mainly to the use of cash flows provided by operating activities to repay part of the debt.

Financial position as at December 31, 2024

Net available liquid assets: $82,333,000, consisting of an $86,000,000 unused and available renewable credit facility, less $3,667,000 in bank indebtedness.

At December 31, 2024, all $34,000,000 in principal on the debt due to the parent corporation was payable during the coming fiscal year.

The weighted average term of TVA Group's debt was approximately 0.4 years as at December 31, 2024 (1.4 years as at December 31, 2023). The debt consisted entirely of floating-rate debt as at December 31, 2024 and 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 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 typical representations and warranties for this type of agreement.

As at December 31, 2024, drawings on the demand credit facility totalled $382,000, bearing interest at an effective rate of 6.95%, 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, a loan bearing 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 QMI renewable credit facility, including a $45,000,000 loan bearing interest at an effective rate of 7.93% and a $39,000,000 loan bearing interest at an effective rate of 7.92%.

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

Analysis of consolidated balance sheet as at December 31, 2024

Table 6
Consolidated balance sheets of TVA Group
Analysis of main variances between December 31, 2024 and December 31, 2023
(in thousands of dollars)

	December 31, 2024	December 31, 2023	Difference	Main reasons for difference
Assets				
Accounts receivable	**$ 134,835**	$ 154,065	$ (19,230)	Impact of the decrease in volume of activities and the collection of certain receivables from related parties, as well as tax credits and government assistance.
Current audiovisual content	**101,195**	140,696	(39,501)	Impact of the decrease in content investments, rebilling of sub-licences to a company under common control, as well as a recognition of an impairment charge for certain rights.
Defined benefit plan asset	**50,550**	39,867	10,683	Impact of recognition of a gain on remeasurement of the defined benefit plans.
Liabilities				
Accounts payable, accrued liabilities and provisions	**$ 145,454**	$ 130,054	$ 15,400	Increase in balances owing to related parties, particularly for investments in property, plant and equipment, partially offset by lower restructuring costs payable and the payment of retroactive pay increases to unionized employees, following the settlement of the collective agreements.
Content rights payable	**28,835**	42,417	(13,582)	Impact of payments of arrears on film rights and decrease in distribution rights payable.
Current portion of debt due to the parent corporation	**33,976**	–	33,976	Impact of recognition of entire debt due to the parent corporation under current liabilities given its maturity on June 15, 2025.
Debt due to the parent corporation	**–**	83,883	(83,883)	Impact of recognition of debt due to the parent corporation under current liabilities as noted above.

ADDITIONAL INFORMATION

Contractual obligations

As of December 31, 2024, material contractual commitments of operating activities included payments of principal and interest on debt and lease liabilities, payments under audiovisual content acquisition contracts, and payments under other contractual commitments. These contractual obligations are summarized in Table 7.

Table 7
Material contractual obligations of TVA Group as at December 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	$ 34,000	$ –	$ –	$ –	$ 34,000
Lease liabilities	2,515	2,592	1,508	2,080	8,695
Payment of interest (1)	1,653	511	306	223	2,693
Content rights	182,520	80,486	4,610	–	267,616
Other commitments	11,700	6,634	2,104	4,800	25,238
Total	**$ 232,388**	**$ 90,223**	**$ 8,528**	**$ 7,103**	**$ 338,242**

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

In 2013, QMI and TVA Group reached a 12-year agreement with Rogers Communications Inc. for Canadian French-language broadcast rights to National Hockey League games. Operating expenses related to that contract are recognized in the Corporation's operating expenses and total commitments related to the contract have been included in the Corporation's commitments.

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.

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 commercial production, advertising, content and subscription revenues 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 for 2024 ($4,880,000 for 2023), as well as interest in the amount of $5,685,000 on the secured renewable credit facility

($3,333,000 for 2023) (see the “Financial position as at December 31, 2024” sub-section of the “Cash flows and financial position” section of this MD&A for a description of the parent corporation financing). 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.

Off-balance sheet arrangements

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. As at December 31, 2024, the Corporation did not recognize any amount on the consolidated balance sheet in relation to these guarantees. 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.

Capital stock

Table 8 below presents information on the Corporation’s capital stock. In addition, 685,774 Class B stock options of the Corporation were outstanding as of January 31, 2025.

Table 8
Number of shares outstanding as at January 31, 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

Risks and uncertainties

The Corporation operates in the communications industry, which has a variety of risk factors and uncertainties. Due to the risks and uncertainties outlined below, the Corporation’s operating environment and financial results may be materially affected. These risks are not the only ones that may affect the Corporation. Other risks and uncertainties, of which the Corporation is unaware, or deems negligible at this time, could also have a considerable negative impact on its financial position, operating results, cash flows or its activities.

Competition risks

Competition for advertising, customers, viewers, listeners, readers, and consumers is intense and comes from conventional television stations and networks, specialty services, subscription video-on-demand services, digital platforms, radio, local, regional and national newspapers, magazines, direct mail, and other traditional and non-traditional communications and advertising media that operate in the Corporation’s markets. The Corporation expects competition to persist, intensify and increase in each of its business areas in the future. Added competition in the market could result in reduced advertising sales and subscribers or an increase in costs to acquire programming and, consequently, have a negative impact on revenues and operating results. Competitors include both private companies and government-owned players, some of which have longer operating histories, greater name recognition, larger installed customer bases and greater financial, technical, marketing and other resources than the Corporation. As a result, they may be able to respond more quickly to new or changing opportunities, technologies, standards or customer requirements. This is particularly the case for foreign streaming services such as Netflix, Amazon, Apple and Disney+, among others, which have access to international capital to finance their exclusive original content and also offer subscription tiers that include advertising, thus reducing the advertising dollars available to the Corporation and placing downward pressure on prices.

Furthermore, on April 27, 2023, the *Online Streaming Act*, known as Bill C-11, received Royal Assent. The *Online Streaming Act* amends the *Broadcasting Act* in order to subject foreign subscription video-on-demand services to Canadian regulatory requirements. The CRTC, which is responsible for implementing the *Online Streaming Act*, has since begun the process of implementing Bill C-11 and modernizing Canada's broadcasting regulatory framework through a multi-stage consultation process. As the CRTC implements the modernized regulatory framework, foreign and domestic online companies are gradually subject to the obligation to promote Canadian cultural products and are required to invest significant sums in original local productions, thereby increasing competition with the Corporation. In particular, on June 4, 2024, the CRTC ruled that online undertakings that are not affiliated with traditional Canadian broadcasters must contribute 5% of their Canadian revenues to support the domestic broadcasting system. Moreover, publicly owned stations benefit from strong financial support from governments, while also maintaining access to the advertising market and funding available for Canadian programming. In addition, increasing consolidation in the Canadian media industry is creating competitors with interests in multiple industries and media. The resources of some competitors may also give them an advantage in acquiring other businesses or assets that the Corporation might also be interested in acquiring. For all of the foregoing reasons, there can be no assurance that the Corporation will be able to compete successfully against current or future competitors. Such competition could materially adversely affect the Corporation's business, operating results or financial condition.

Furthermore, technology developments are making more targeted advertising campaigns possible, thus changing the competitive environment. The Corporation is reviewing its marketing and sales approach to better align with customer preferences. The Corporation is using data analysis and automated marketing platforms based on careful customer segmentation according to their preferences. In addition, given the current market, pricing transparency, promotional clarity and high-value service bundles are critical factors in customer acquisition and retention. An inability to reach target sales growth due to inappropriate marketing and sales strategies, imperfect implementation of such strategies or operational difficulties could have a material adverse effect on the Corporation's financial condition, results of operations and prospects. In addition, other media companies have also set up automated marketing platforms to sell their advertising inventory, thus intensifying competition, which could mean a decrease in advertising revenues.

Soundstage, mobile and equipment rental and postproduction is a highly competitive, service-oriented business. The Corporation does not always have long-term or exclusive service agreements with its clients. Business is generally awarded based on customer satisfaction with reliability, availability, quality, price and tax credits. There can be no assurance that the Corporation will be able to respond effectively to the various competitive factors affecting soundstage, mobile and equipment rental, postproduction and other services provided by the Film Production & Audiovisual Services segment.

The Corporation competes with a variety of soundstage, mobile and equipment rental and postproduction firms, some of which have a national presence, and, to a lesser extent, the in-house operations of its major motion picture studio customers. This is increasingly true given the current market consolidation. Some of these firms and studios have greater financial marketing resources and have achieved a higher level of brand recognition than the Corporation has. In the future, the Corporation may not be able to compete effectively against these competitors merely on the basis of availability, quality and price or otherwise. The Corporation may also face competition from companies in related markets that could offer similar or superior services to those offered by the Corporation. An increasingly competitive environment and the possibility that customers may utilize in-house capabilities to a greater extent could lead to a loss of market share or price reductions, which could have a material adverse effect on the Corporation's financial condition, results of operations and prospects.

In the Production & Distribution segment, the Corporation competes with other content producers and distributors, particularly for financing for new projects and the broadcast of productions. Some of these firms have greater financial marketing resources and have achieved a higher level of brand recognition than the Corporation has. In the future, the Corporation may not be able to compete effectively against these competitors. An increasingly competitive environment could lead to a loss of market share or price reductions, which could have a material adverse effect on the Corporation's financial condition, results of operations and prospects.

Risks related to seasonality and fluctuation of results of operations

The Corporation's business is sensitive to general economic cycles and may be adversely affected by the cyclical nature of the markets the Corporation serves, as well as by local, regional, national and global economic conditions. Seasonal variations in retail business influence the Corporation's financial results. In addition, the Broadcasting segment has experienced and is expected to continue to experience significant seasonality due to, among other things, seasonal advertising patterns and seasonal influences on people's viewing habits.

Consequently, results of operations may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flow from operations may also fluctuate and are not necessarily closely correlated with revenue recognition. In particular, results of operations in any period depend to a large extent upon the production and delivery schedule of television programs and film projects.

The operating results of the Film Production & Audiovisual Services segment have varied in the past, and may vary in the future, depending on factors such as the timing of new service introductions, the timing of revenue recognition of longer term projects, increased competition, the ability of customers to finance projects, general economic factors and other factors. The Film Production & Audiovisual Services segment's operating results have historically been significantly influenced by the volume of business from the motion picture industry, which is an industry that is subject to seasonal and cyclical downturns, and, occasionally, work stoppages by actors, writers and others. A few customers represent a large part of the Film Production & Audiovisual Services segment's revenues, impacting the ability to forecast revenues in a particular quarter.

The same applies to the Production & Distribution segment, whose operating results may be affected by the same factors and, more specifically, by demand from global broadcasters. In addition, because the Corporation's operations are labour intensive, its cost structure is highly fixed and improvements in the flexibility and competitiveness of its cost structure may be difficult to achieve. During periods of economic contraction, revenues may decrease while the cost structure remains stable, resulting in decreased income. Similarly, fixed costs, including costs associated with grid programming and television content, leases, labour, depreciation and amortization expenses, account for a significant portion of the Corporation's business expenses. As a result of increases in grid programming and television content costs, leasing costs, labour costs or capital expenditures, the financial results of the Corporation may be adversely affected.

Risk related to the Corporation's ability to adapt to fast-paced technological change and to new delivery and storage methods

The arrival of new technologies and proliferation of available distribution platforms in the markets in which the Corporation operates – including subscription video-on-demand services, various digital platforms, personal video recorders, smartphones, tablet computers, and Ultra HD television – also influences its operations. The entertainment industry in general continues to undergo significant developments as advances in technologies and new product delivery and storage platforms, or certain changes in consumer behavior driven by these developments, emerge. Consumers are spending a large and growing amount of time on the Internet and mobile devices, a trend that has intensified in recent years as a result of the widespread adoption of telework and online training by businesses, schools and institutions, and are viewing most content on a time-delayed or on-demand basis from the Internet, on their televisions and on portable devices. These technologies and business models are increasing audience fragmentation, reducing the Corporation's ratings and adversely affecting advertising revenues from local and national audiences. If the Corporation cannot successfully exploit these and other emerging technologies, it could have a material adverse effect on its business, financial condition, results of operations, liquidity and prospects.

The Film Production & Audiovisual Services segment is also heavily dependent on technological change. The systems and equipment utilized by the Corporation in providing certain services to customers are subject to rapid technological change, as well as evolving customer needs and industry standards. In addition, competitors may introduce services embodying new technology, which could render the Corporation's existing services less marketable or obsolete. To remain competitive, the Corporation must ensure that its offering integrates the latest technology developed in the industry.

To accomplish this, it can either develop these capabilities by upgrading its proprietary software, which can result in substantial research and development costs, or it can seek to purchase third-party licences, which can also result in significant expenditures. In the event the Corporation seeks to develop these capabilities internally, there is no guarantee that it will be successful in doing so. In the event the Corporation seeks to obtain third-party licences, it cannot guarantee that they will be available or, once obtained, will continue to be available on commercially reasonable terms, or at all.

The recent surge in artificial intelligence, particularly the generative aspect, is also bringing even more rapid technological change to the market, which may disrupt the functioning of several aspects of the Corporation's business.

There can be no assurance that the Corporation will be able to conceive, develop, or acquire technological innovations successfully or that the Corporation's competitors will not successfully implement features or products of their own that are equivalent or superior to those of the Corporation or that make its technologies obsolete. Moreover, the cost associated with developing or acquiring new technology can be significant. There can be no assurance that the Corporation will have sufficient capital or be able to obtain sufficient financing to fund such capital expenditures, or that these costs will not have a material adverse effect on its financial condition and results of operations.

Risks related to public health emergencies

Pandemics, epidemics and health emergencies could arise quickly and pose a risk to the Corporation's activities and financial performance. Potential threats posed by such a crisis may include i) the temporary suspension of the Corporation's content production; ii) a reduction in the availability of content and, consequently, a reduction in the Corporation's ability to provide the content and programming that customers expect; iii) declining advertising revenues and reduced activity in the Film Production & Audiovisual Services segment; iv) changes in demand for the Corporation's services; v) supply chain disruptions; and vi) concerns about the health and safety of employees and customers; all of which could adversely affect the Corporation's financial condition and its ability to provide its services and meet its obligations.

Risk of loss of key customers in the Film Production & Audiovisual Services and Production & Distribution segments

The Film Production & Audiovisual Services segment's primary customers are major motion picture studios and independent filmmakers. Historically, a material percentage of the Film Production & Audiovisual Services segment's revenues in each year have been derived from a limited number of customers, several of whom are foreign customers, whose loyalty to Canada may be tested when presented with more favourable production environments outside Canada or when under pressure to favour their local economy. The Corporation still expects that a high percentage of the Film Production & Audiovisual Services segment's revenues for the foreseeable future will continue to come from a relatively small number of customers.

The Corporation does not always have long-term or exclusive service agreements with its Film Production & Audiovisual Services segment's customers. Business is based primarily on customer satisfaction with reliability, availability, quality and price. The Corporation is unable to predict if, or when, its customers will purchase its services. There can be no assurance that the revenues generated from key customers, individually or in the aggregate, will reach or exceed historical levels in any future period, or that the Corporation will be able to develop relationships with new customers.

Historically, a material percentage of the revenues of the companies in the Production & Distribution segment in each year have been derived from a limited number of customers. The Corporation still expects that a high percentage of the Production & Distribution segment's revenues for the foreseeable future will continue to come from a relatively small number of customers.

Many of the major studios and other key customers of the Corporation have substantial capabilities to perform several or all of the services performed by the Film Production & Audiovisual Services segment. These customers periodically re-evaluate their decisions to outsource these services rather than perform them in-house. A decision by key customers to move services they currently purchase from the Corporation in-house could have a material adverse effect on the Corporation's results of operations and financial condition. The Corporation can give no assurance that it will continue to maintain favourable relationships with these customers or that they will not be adversely affected by economic conditions.

Risks related to the Corporation's ability to meet the demands of its customers

The Corporation's Film Production & Audiovisual Services segment is dependent on its ability to meet the current and future demands of its customers, which include reliability, availability, quality, price and tax credits offered by the provincial and federal governments. Any failure to do so, whether or not caused by factors within its control, could result in the loss of clients. There is no assurance that claims would not be asserted and dissatisfied customers may refuse to place further orders in the event of a significant occurrence of loss as a result of a failure by the Corporation to meet its customers' expectations with respect to reliability, availability, quality and price, which could have a material adverse effect on the Corporation's financial condition, results of operations and prospects. The Corporation's ability to deliver services within the time periods requested by customers depends on a number of factors, some of which are outside of its control, including equipment failure, public health emergencies, work stoppages or interruption in services by third-party providers, including telephone, Internet or satellite service providers. In addition, because the Corporation is dependent upon a large number of software applications and hardware for postproduction services, an error or defect in the software, a failure in the hardware, a failure of backup facilities or a delay in delivery of products and services could result in significantly increased costs for a project, and therefore losses to the Corporation's clients.

Risks related to the launch of tie-ins and new specialty services

The Corporation has invested in the launch of tie-ins and specialty services in the Broadcasting segment. During the period immediately following the launch of a tie-in or a new specialty service, revenues are always relatively modest, while initial operating expenses may prove more substantial. Furthermore, although the Corporation believes in the potential associated with this strategy, there is a possibility that the anticipated profitability could take several years to materialize or may never materialize.

Risks related to changes in economic conditions

The Corporation's revenues and operating results are and will continue to be influenced by the general economic environment and depend on the relative strength of the economy in its markets, as well as local, regional and national economic factors, since those affect the levels of television and magazine advertising revenues as well as the volume of work available from the film and television industries in Canada and the U.S. An economic slowdown or recession in the Canadian or U.S. economy, or the threat of tariffs by the U.S. administration or the Canadian government's response to such tariffs, could adversely affect operating expenses, costs to acquire property, plant and equipment or intangible assets, as well as key national advertising accounts, as buyers of advertising have historically reduced their advertising budgets during economic slowdowns. In addition, the deterioration of economic conditions could adversely affect payment patterns, which could increase the bad debt expense.

Furthermore, the increase in the Consumer Price Index over the past few years, which has led to significantly higher energy and food prices, along with supply disruptions and strong demand for goods, may cause a decrease in demand for the Corporation's advertising products or a decrease in advertising expenditures, or lower demand for the Corporation's products and services, which could have a material adverse effect on the Corporation's financial position and operating results.

During an economic downturn, there can be no assurance that results and revenues, outlook, prospects, potential customers and financial condition will not be adversely affected.

Risks related to the possibility that the Corporation's content may not attract large audiences and to audience fragmentation, limiting the Corporation's ability to generate revenues

Broadcasting operating revenues are derived in large part from advertising revenues. Advertising revenues and the Production and Distribution segment's revenues are largely dependent upon audience acceptance, which is in large part a function of the content and quality offered, and is influenced by factors such as reviews by critics, promotions, actors and other key talent, genre and specific subject matter, audience reaction, quality and acceptance of other competing content in the marketplace, availability of alternative forms of entertainment and leisure activities, general economic conditions, public tastes in general, and other intangible factors.

In addition, the markets in which the Corporation operates are experiencing a proliferation of available distribution platforms, including the Internet, wireless telephony, subscription video-on-demand, mobile television, OTT services and other technologies that may be marketed in the future. The proliferation of cable and satellite channels, advances in mobile and wireless technology, the migration of television audiences to the Internet, including social media, and the viewing public's increased control over the manner, content and timing of their media consumption through personal video recording devices have resulted in greater fragmentation of the television viewing audience and a more difficult advertising sales environment. In addition, the increase in narrowcast programming and specialty services in Canada has caused the conventional television audience to become increasingly fragmented.

Furthermore, most households have already subscribed to video-on-demand services as a complement to conventional broadcasting services. The trend toward take-up of on-demand streaming services is expected to intensify and could adversely affect the Corporation if a large number of viewers drop conventional broadcasting services; the Corporation might not be able to offset the loss of revenues associated with this change in consumer preferences.

These factors continue to evolve rapidly and many are beyond the Corporation's control. It cannot predict the future effects of these factors on its business, financial condition and results of operations. Lack of audience acceptance for the Corporation's content, or shrinking or fragmented audiences, could limit its ability to generate advertising revenues and reduce the Production & Distribution segment's revenues. If the Corporation's ability to generate advertising revenues is limited, it may need to develop new or alternative revenue streams in order to be able to continue providing attractive television programming for broad audiences. There can be no assurance that the Corporation would be able to develop new revenue streams, and any such limitation on its ability to generate revenues, together with an inability to generate new revenue streams, could have a material adverse effect on its business, financial condition and results of operations.

Risks relating to the fact that programming content may become more expensive and more difficult to acquire and production costs may increase

The most significant costs in Broadcasting segment are programming and production costs. Increased competition in the television broadcasting industry, developments affecting producers and distributors of programming content, vertical integration of distributors and broadcasters, the creation of original, exclusive programming content by various subscription video-on-demand services, changes in viewer preferences and other developments are impacting both the availability and the cost of programming content and the cost of production. Moreover, the implementation of the *Online Streaming Act* could force foreign subscription video-on-demand services to promote Canadian content on their platforms and to invest significant amounts in original local productions, placing additional pressure on cost and availability of content. Future increases or volatility in programming and production costs could adversely affect the results of operations and financial condition of the Corporation. Developments in cable, satellite or other forms of distribution could also affect both the availability and the cost of programming and production and increase competition for advertising expenditures. As well, the value of royalties payable pursuant to the *Copyright Act* are frequently decided by the Copyright Board of Canada during or even after the applicable period, which can cause retroactive increases in content costs.

Government regulation risks

The Corporation is subject to extensive government regulation, mainly through the *Broadcasting Act*, which is administered by the CRTC. Changes to, or more aggressive enforcement of, the regulations and policies governing broadcasting or the introduction of new regulations, policies or terms of licence could have a material effect on the Corporation's business, financial condition or results of operations. Moreover, changes resulting from the CRTC's interpretations of existing policies and regulations could also be materially adverse to the Corporation's business, financial condition or results of operations. Since legal requirements change frequently, are subject to interpretation and may be enforced to varying degrees in practice, the Corporation is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, the CRTC is the government authority responsible for issuing and renewing broadcasting licences and for the regulations governing the Canadian broadcasting system. The Corporation is subject to the CRTC's decisions in these areas and any decision made by this organization that runs counter to the Corporation's positions and interests, including the failure to renew any of its licences on as favourable terms, may negatively affect its activities, financial condition and results of operations.

In addition, the levels of the royalties payable by the Corporation are subject to change upon application by the collecting societies and approval by the Copyright Board. The Government of Canada may, from time to time, make amendments to the *Copyright Act* to implement Canada's international treaty obligations and for other obligations and purposes. Any such amendments could result in the Corporation's broadcasting undertakings being required to pay additional royalties for these licences or be subject to additional administrative costs associated with the tariffs.

Government assistance risks

The Corporation takes advantage of several government programs designed to support production and distribution of televisual and cinematographic products and magazine publishing in Canada, including federal and provincial refundable tax credits. There can be no assurance that the local cultural incentive programs which the Corporation may access in Canada will continue to be available in the future or will not be reduced, amended or eliminated. Any future reductions or other changes in the policies or rules of application in Canada or in any of its provinces in connection with these government incentive programs, including any change in the Quebec or the federal programs providing for refundable tax credits, could increase the cost of acquiring and producing Canadian programs which are required to be broadcasted and may have a material adverse effect on the Corporation's business, financial condition and results of operations. Canadian content programming is also subject to certification by various agencies of the federal government. If programming fails to so qualify, the Corporation would not be able to use the programs to meet its Canadian content programming obligations and the Corporation might not qualify for certain Canadian tax credits and government incentives.

To ensure that the Corporation maintains minimum levels of Canadian ownership under the *Broadcasting Act* and other legislation under which it derives the benefit of tax credits and industry incentives, it has placed constraints on the issue and transfer of its shares. The Corporation's transfer agent may refuse to issue or register the transfer of shares if this would prevent the Corporation from holding its licences. These constraints and transfer restrictions may adversely affect the liquidity of the Corporation's Class B Non-Voting Shares and may have an impact on their trading price.

In addition, the Canadian and provincial governments currently provide grants and incentives to attract foreign producers and support domestic film and television production. Many of the major studios and other key customers of the Film Production & Audiovisual Services segment, content producers for the Broadcasting segment, and the Production & Distribution segment finance a portion of their production budgets through Canadian governmental incentive programs, including federal and provincial tax credits. There can be no assurance that the government grants and incentive programs presently being offered to participants in the film and television production industry will continue at their present levels or at all. If such grants or incentives are reduced or discontinued, the level of activity in the motion picture and television industries may be reduced, as a result of which the Corporation's results of operations and financial condition might be adversely affected.

Risks related to government incentives in locations outside of Quebec and other influences

The successful tax credit model of Quebec and other provinces in Canada has been copied by other jurisdictions around the world, including by many states in the United States of America. Some producers may select locations other than Quebec to take advantage of tax credit programs they may conclude to be more or as attractive as those Quebec offers. Other factors, such as the choice of director or talent, may also cause productions to be filmed elsewhere and may therefore have a material adverse effect on the Corporation's business, financial condition and results of operations.

Risks related to the Film Production & Audiovisual Services and Production & Distribution segments' dependence on revenues from customers outside Canada

Many of the Film Production & Audiovisual Services and Production & Distribution segments' customers have found Canada particularly attractive because of the exchange rate of the Canadian dollar to the U.S. dollar. The Canadian to U.S. dollar exchange rate has provided certain cost savings to U.S.-based film producers and broadcasters obtaining production services and content produced in Canada. There can be no assurance that favourable exchange rates will continue. Fluctuations in currency exchange rates could decrease the production activity in Canada of the customers of the Corporation and reduce demand for the content produced by the Production & Distribution segment, adversely affecting its results of operations and financial condition. The Corporation cannot predict the effect of exchange rate fluctuations upon its future operating results and financial position.

Risks related to intellectual property rights

The Corporation's core business is the broadcasting and distribution of content, either produced by the Corporation or acquired from third parties. This content is protected by applicable intellectual property laws and the Corporation must conduct its business without violating these rights. In the normal course of business, the Corporation also enters into representations and warranties under agreements with third parties. Despite these measures, the Corporation faces the risk that third parties may independently create content protected by substantially equivalent intellectual property rights, or otherwise gain access to the Corporation's trade secrets or intellectual property, or disclose such intellectual property or trade secrets. If the Corporation is unable to protect its intellectual property, the Corporation's business could be materially adversely affected.

In addition, there is no assurance that content licensed from third parties will not be plagiarized, challenged, invalidated or circumvented, or that rights granted under such agreements will provide the Corporation with any protection. The Corporation also enters into confidentiality agreements with third parties and generally controls access to and distribution of its confidential information. Despite these precautions, it may be possible for a third party to copy, obtain, use or otherwise disclose its confidential information without authorization, or to develop similar or superior content independently or otherwise. Policing unauthorized use of content, products and technology is difficult and expensive. The Corporation cannot provide any assurances that the steps it takes will prevent misappropriation of its content or that its confidentiality or licence agreements will be enforceable. Finally, some or all of the underlying technologies of the Corporation's products and system components may not be covered under intellectual property laws by patents or patent applications.

If applicable intellectual property laws, our agreements with third parties and confidentiality agreements fail to protect the content the Corporation produces or licenses, it is possible that the Corporation's competitors could more easily reproduce, use and develop content that is equivalent or superior, thereby weakening the Corporation's competitive position.

Risks related to protecting and defending against intellectual property claims

Litigation may be necessary in the future to enforce the Corporation's intellectual property rights, protect its trade secrets, trademarks and other intellectual property rights, determine the validity and scope of its proprietary rights, or defend against claims of infringement or invalidity. The Corporation has received, and is likely to receive in the future, claims of infringement of third parties' proprietary rights. If any claims or actions are asserted against the Corporation, it may seek to obtain a licence under a third party's intellectual property rights, review its practices or negotiate a settlement. It cannot provide any assurances, however, that under such circumstances a licence or settlement would be available on reasonable terms or at all. Irrespective of the validity or the successful assertion of such claims, any such litigation could result in substantial delays or costs and diversion of the Corporation's resources and could have a material adverse effect on its business, operating results or financial condition.

The Corporation reviews these matters to determine what, if any, actions may be required or should be taken, including legal action or negotiated settlement. In addition, there can be no assurance that the steps taken by the Corporation to establish and protect its rights in its intellectual property assets, including its trademarks and content, will be sufficient to prevent others from imitating or reproducing them or attempting to block the Corporation's use of them. Moreover, there can be no assurance that others will not assert rights in, or ownership of, the Corporation's intellectual property assets, including its trademarks and content, or that the Corporation will be able to successfully resolve these conflicts. In addition, the laws of certain foreign countries may not provide the same protection as the laws of Canada.

<u>Risks related to the availability of licences for third-party technology</u>

The Corporation relies on certain technology that it licenses from third parties, including software. There is no assurance that these third-party technology licences will continue to be available to the Corporation on commercially reasonable terms or at all or that the technology licences will not result in intellectual property infringement claims by third parties. The loss of or inability to maintain any of these technology licences could result in delays in projects until equivalent technology is identified, licensed and integrated to complete a given project. Any such delays or failures in projects could materially adversely affect the Corporation's business, financial condition or results of operations.

<u>Risks related to the Corporation's ability to successfully upgrade, maintain and secure information systems to support the organization's needs</u>

The Corporation relies heavily on information systems to manage operations. The reliability and capacity of information systems is critical. Despite preventative efforts, these systems are vulnerable from time to time to damage or interruption from, among other things, security breaches, computer viruses, power outages and other technical malfunctions. Any disruptions affecting information systems, or any delays or difficulties in transitioning to or in integrating new systems, could have a material adverse impact on the Corporation's businesses. In addition, the Corporation's ability to continue to operate its businesses without significant interruption in the event of a disaster or other disruption depends in part on the ability of its information systems to operate in accordance with its disaster recovery and business continuity plans. The operation of existing systems could be disrupted due to unexpected issues with hiring and retention of qualified employees, the supply chain, installation of equipment or software and related training, among other things.

<u>Cybersecurity risks</u>

The ordinary course of the Corporation's business involves the receipt, collection, storage and transmission of sensitive data, including its proprietary business information and that of its customers, as well as personally identifiable information on its customers and employees, whether in its systems, infrastructure, networks, or processes, or those of its suppliers. The secure processing, maintenance and transmission of this information is critical to TVA Group's operations and strategy.

Although TVA Group has implemented and regularly reviews and updates processes and procedures to protect against unauthorized access to, or use of sensitive data, including data on its customers, and although, to prevent data loss, ever-evolving cyberthreats require TVA Group to continually evaluate and adapt its systems, infrastructure, networks and processes, TVA Group cannot assure that its systems, infrastructure, networks and processes, as well as those of its suppliers, will be adequate to safeguard against all information security access by third parties or errors by employees or by third-party suppliers. If the Corporation is subject to a significant cyberattack or breach, unauthorized access, errors of third-party suppliers or other security breaches, it may incur significant costs, be subject to investigations, sanctions and litigation, including under laws that protect the privacy of personal information, and it may suffer damage to its business, competitive position and reputation.

In addition, the preventive actions the Corporation takes to reduce the risks associated with cyberattacks, including protection of its systems, infrastructure, networks and processes, as well as efforts to improve the overall governance of information security and the controls within its IT systems, may be insufficient to repel or mitigate the effects of a major cyberattack in the future.

The costs associated with a major cyberattack could include significant incentives to existing customers and business partners to retain their business, increased expenses for cybersecurity measures and the use of alternative systems, as well as loss of revenues and customers resulting from business interruption and litigation. As part of our risk mitigation strategy, contractual risk transfer in our agreements with customers and suppliers is worded to limit our liability. In addition, we carry cyber liability insurance to cover the residual liability, in accordance with standard business practices. However, our contractual transfers do not completely eliminate the risk and the potential costs associated with these attacks could exceed the scope and limits of our insurance coverage.

Risks related to protection of personal data

TVA Group stores and processes increasingly large amounts of personally identifiable information on its clients, employees, and/or business partners. The Corporation faces risks inherent in protecting the security of such personal data. In particular, TVA Group faces a number of challenges in protecting the data in, and hosted on its systems, or those belonging to its suppliers, including from advertent or inadvertent actions or inactions by its employees, as well as in relation to compliance with applicable laws, rules and regulations relating to the collection, use, disclosure or security of personal information, including any requests from regulatory and government authorities relating to such data. Although TVA Group has developed systems, processes and security controls that are designed to protect the personally identifiable information on its clients, employees and business partners, TVA Group may be unable to prevent the improper disclosure, loss, misappropriation of, unauthorized access to, or other security breach relating to such data that TVA Group stores or processes or that its suppliers store or process. As a result, TVA Group may incur significant costs, be subject to investigations, sanctions and litigation, including under laws that protect the privacy of personal information, and TVA Group may suffer damage to its business, competitive position and reputation.

The *Act to modernize legislative provisions as regards the protection of personal information* was passed in September 2021 and has been in full force since September 2023. The new legislation imposes new obligations on the Corporation, including consent requirements for the collection, use and disclosure of personal information, and gives greater powers to the authority responsible for its application. The Corporation could therefore incur significant costs to update its security systems, processes and controls in order to comply with the new provincial regulatory framework or any other regulatory framework (for example, the *Consumer Privacy Protection Act* (Bill C-27)) that may be adopted in future, which could have a material adverse effect on its financial condition and results of operations.

Risks related to distributors and subscription revenues

The Corporation relies on broadcasting distribution undertakings (“BDUs”) (including cable and direct-to-home satellite broadcasting services, as well as multichannel multipoint distribution systems) for the distribution of its specialty services. Revenues could be adversely affected if affiliation agreements with BDUs are not renewed according to terms and conditions similar to those in effect at this time. Affiliation agreements with BDUs extend over several years and come to term at different times. Due to industry concentration among BDUs in recent years and with the population of Canada clustered into a small number of large urban centres, a significant percentage of the subscriber base is reached through a small number of BDUs.

The subscription revenues of the specialty services depend on the number of subscribers and the rate billed to the BDUs for carriage of the service. Growth in the Corporation’s subscriber base is uncertain and is dependent upon the ability and willingness of BDUs to deploy and expand their digital technologies, their marketing efforts and the packaging of their services’ offerings, as well as upon the willingness of subscribers to adopt and pay for the specialty services. In addition, the broadcast signals of the Corporation’s specialty services may sometimes be stolen, representing a risk of loss of subscription revenues.

Risks related to the impact on the Corporation's business of the loss of key management and other personnel, or inability to attract, retain and motivate management and other personnel

The Corporation depends on its management team and other key personnel to run its business. The loss of any of these individuals could adversely affect the Corporation's operations. Due to the specialized nature of its business, the Corporation believes that its future success will also depend, in a large part, upon its ability to continue to attract, retain and motivate highly skilled management, programming, creative, technical and marketing personnel. Retaining key employees and managers is particularly important because it enables the Corporation to remain competitive and avoid losing knowledge critical to its continued growth. Competition for highly skilled individuals is intense, particularly when there is a shortage of skilled labour, and there can be no assurance that the Corporation will be successful in attracting, retaining and motivating such individuals in the future.

Known and unknown environmental risks

The Corporation is subject to various federal, provincial and local environmental requirements which govern certain of its activities, operations or properties and which may impose substantial costs of investigation, removal and remediation. A breach of these acts and regulations ("Environmental Laws") may result in the imposition of fines and penalties. In addition, these Environmental Laws typically include responsibility and liability in certain circumstances without regard to whether the owner or operator knew of or caused the presence of certain contaminants or other environmental violations. Environmental Laws may require the owner or operator to undertake or pay for remedial action or to pay damages regardless of fault. Environmental Laws may also impose liability with respect to sold, transferred or terminated operations, even if the operations were terminated, sold or transferred many years ago. Compliance with Environmental Laws may involve substantial costs and significant obligations for the Corporation. Future Environmental Laws may entail stricter standards, more aggressive enforcement, higher fines, and higher costs for compliance, corrective measures and remediation. All these factors may have a material adverse effect on the Corporation's financial condition and results of operations.

Evolving public expectations with respect to the environment and the adoption of increasingly stringent laws and regulations could entail additional compliance costs. Failure to comply could result in penalties or greater regulatory control and have a material effect on the Corporation's reputation and brands.

The Corporation owns certain soundstages and vacant lots, some of which are located on a former landfill, with the presence of gas emitting waste. As a result, the operation and ownership of these soundstages and vacant lots carries an inherent risk of environmental and health and safety liabilities for personal injuries, property damage, release of hazardous materials, remediation and clean up costs, and other environmental damages (including potential civil actions, compliance or remediation orders, fines and other penalties), and may result in the Corporation being involved from time to time in administrative and judicial proceedings relating to such matters, which could have a material adverse effect on its business, financial condition and results of operations. The Corporation may be liable for environmental damage caused by previous owners. As a result, substantial liabilities to third parties or governmental entities may be incurred, and the payment of such liabilities could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Furthermore, there can be no assurance that various permits which the Corporation may require in the normal course of its current and anticipated future operations or in relation to certain development and construction projects, or in relation to gas emitting waste disposal, will be obtainable on reasonable terms or on a timely basis or that the applicable environmental and health and safety laws and regulations would not have a material adverse effect on operations or on development and construction projects which the Corporation might undertake. In addition, the release of harmful substances in the environment or other environmental damage caused by the Corporation's properties or activities may result in the suspension or revocation of operating and environmental permits.

Risks related to litigation and other claims

The Corporation is involved in various legal proceedings, including class actions, and other claims in the normal course of business. As a distributor of media content, it may also face potential liability for defamation, invasion of privacy, negligence, and other claims based on the nature and content of the materials distributed. These types of claims have been brought, sometimes successfully, against producers and distributors of media content. A negative outcome in respect of any such claim or litigation could have an adverse effect on the Corporation's results, liquidity or financial position. Moreover, irrespective of the validity or the successful assertion of such claims or lawsuits, the Corporation could incur significant costs and diversion of resources and of management's attention in defending against them, which could have a material adverse effect on its business, financial condition, operating results, liquidity and prospects.

Financing risks

The Corporation currently has adequate financing to pursue its current activities and has access to credit facilities. However, risk factors such as capital market upheavals, particularly in the context of public health emergencies or geopolitical conflicts that cause supply chain disruptions and have other effects on economic conditions, could reduce the amount of capital available or increase the cost of this capital in future years. There is no guarantee that additional funds will be made available to the Corporation or, if they are, that they will be provided within a time frame and under conditions that are acceptable to the Corporation. Not being able to obtain this additional financing at the required time and as necessary could have a material adverse effect on the Corporation. Finally, there is no guarantee that, when this facility is refinanced, market conditions will be favourable or that terms comparable to those the Corporation now enjoys will be available.

Risks related to labour relations and health of the Corporation's employees

As at December 31, 2024, approximately 45% of the Corporation's permanent employees were unionized. Labour relations with employees are governed by four collective agreements, of which two, representing approximately 2% of the Corporation's permanent unionized employees, had expired as at December 31, 2024.

The Corporation has in the past experienced labour disputes which have disrupted its operations and impaired its growth and operating results. The Corporation cannot predict the outcome of current or future negotiations with respect to labour disputes, union representation, or the renewal of collective agreements. Nor can the Corporation assure that it will not experience work stoppages, strikes, property damage or other forms of labour protests pending the outcome of any current or future negotiations. If the Corporation's unionized workers engage in a strike or if there is any other form of work stoppage, the Corporation could experience a significant disruption in its operations, damage to its properties or service interruption, which could adversely affect its business, assets, financial position, and results of operations. Even if the Corporation does not experience strikes or other forms of labour protests, the outcome of labour negotiations could adversely affect its business, including if current or future labour negotiations or contracts were to further restrict the Corporation's ability to maximize the efficiency of its operations. In addition, the Corporation's ability to make short-term adjustments to control compensation and benefit costs is limited by the terms of its collective bargaining agreements.

In addition, many individuals associated with the film and television industry are members of guilds or unions that bargain collectively with producers on an industry-wide basis from time to time. A strike or other form of labour protest affecting those guilds or unions could affect the level of production activity in the Corporation and the industry, and restrict the ability of the Corporation to service its customers, which in turn would adversely affect the Corporation's results of operations and financial condition.

Furthermore, epidemics, pandemics and other risks to employee health could have an adverse effect on the Corporation's results of operations, financial condition and reputation.

The Corporation has adopted a permanent remote work policy that establishes guidelines for its employees and suppliers when they work remotely. These remote working arrangements have increased remote connectivity to our systems, contributing to the ever-evolving cyber-threat landscape and increasing our exposure to information security threats. This could lead to increased use of unauthorized access to the Corporation's systems and create additional operational risks. Remote work, including but not limited to confidentiality risks, privacy risks, information security risks and health and safety risks, could adversely affect the Corporation's ability to manage its business. This situation could also lead to an increase in the number of lawsuits and other claims arising from the Corporation's activities away from its usual premises.

Risks related to pension plan obligations

Economic cycles, labour force demographics and regulatory changes could also have a negative impact on the funding of the Corporation's defined benefit pension plans and the related expenditures. There is no guarantee that the expenditures and contributions required to fund these pension plans will not increase in the future and therefore negatively impact the Corporation's operating results and financial position. Risks related to the funding of defined benefit plans may materialize if total obligations with respect to a pension plan exceed the total value of its trust fund's assets. Shortfalls may arise due to lower-than-expected returns on investments, changes in the assumptions used to assess pension plan obligations, and actuarial losses.

Reputation risks

Generally speaking, the Corporation has always enjoyed a strong reputation in the general public. Its ability to maintain good relations with its current customers and attract new customers depends to a large extent on its reputation. Although it has developed certain mechanisms to mitigate the risk of damage to its reputation, including strong governance practices and a code of ethics, there is no guarantee that it will continue to effectively prevent actual or perceived breaches of the law or ethical business practices. A loss of or damage to its reputation could have a material adverse effect on the Corporation's business, prospects, financial condition and operating results.

Risks related to an increase in paper, printing and postage costs

A significant proportion of the Magazines segment's operating expenses is comprised of paper, printing and postage costs. The segment is dependent on external suppliers for its entire paper supply and has no control over paper prices, which may vary considerably. The Magazines segment uses third parties for all of its printing services, and printing costs accounted for approximately 26% of operating expenses for the fiscal year ended December 31, 2024. Further, distribution of its publications to subscribers is handled in part by Canada Post Corporation. Any interruption in distribution services could negatively affect the Magazines segment's operating results and its financial position, and a significant increase in paper or postage costs could be detrimental to the segment's activities and operating results.

Risks related to non-amortizable intangible assets and goodwill

As noted under "Critical Accounting Policies and Estimates – Impairment of Assets" below, the Corporation's non-amortizable intangible assets and goodwill are not amortized but tested for impairment annually, or more frequently if events or changes in conditions indicate that it is more likely than not that the asset has been impaired. The fair value of the non-amortizable intangible assets and of goodwill is and will continue to be influenced by assumptions based on the general economic situation, which are used to support the calculation of future discounted cash flows performed by the Corporation in order to determine the fair value of its non-amortizable intangible assets and of goodwill. There is no guarantee that the value of the non-amortizable intangible assets and of goodwill will not be negatively affected by changes to these assumptions in the event of an economic slowdown. The Corporation is constantly monitoring the value of its non-amortizable intangible assets and goodwill, and any change in their fair value would be recognized as a non-cash impairment charge (or reversal of the charge) in the consolidated statements of loss.

Risks related to QMI's ability to exert a significant degree of control over the Corporation as the holder of a majority of the Class A Shares

QMI, which owned 99.97% of all the issued and outstanding Class A Shares as of the date of this Management's Discussion and Analysis, can exercise its voting power to elect all of the members of the Board of Directors. QMI can also exercise its majority voting power to unilaterally pass any resolution submitted to a vote of the Corporation's shareholders, including in respect of the approval of certain significant corporate transactions, except for resolutions for which holders of Class B Non-Voting Shares are entitled to vote as provided by or in respect of which QMI is an interested party and for which disinterested shareholder approval is required. Such concentration of ownership may have the effect of delaying, deterring or preventing a change in control of the Corporation that might otherwise be beneficial to its shareholders, discouraging bids for the Class B Non-Voting Shares or limit the amount certain investors may be willing to pay for the Class B Non-Voting Shares.

Risks related to acquisitions, sale of assets, business combinations, or joint ventures

From time to time, the Corporation engages in discussions and activities with respect to possible acquisitions, sales of assets, business combinations, or joint ventures intended to complement or expand its business, some of which may be significant transactions and involve significant risks and uncertainties. The Corporation may not realize the anticipated benefit from any of the transactions it pursues, and may have difficulty incorporating or integrating any acquired business. Regardless of whether it consummates any such transaction, the negotiation of a potential transaction (including associated litigation), as well as the integration of any acquired business, could entail significant costs and cause diversion of management's time and resources and disrupt business operations. Moreover, some acquisitions entail post-closing price adjustments that could result in higher-than-anticipated payments. The Corporation could face several challenges in the consolidation and integration of information technology, accounting systems, personnel and operations.

If the Corporation determines to sell individual properties or other assets or businesses, it will benefit from the net proceeds realized from such sales. However, revenues may be affected in the long term due to the disposition of a revenue-generating asset, the timing of such dispositions may be poor, causing the Corporation to fail to realize the full value of the disposed asset, or the terms and conditions of dispositions could be overly restrictive or entail unfavourable post-closing price adjustments if certain conditions are not met, all of which may diminish its ability to repay its indebtedness at maturity.

Risks related to significant capital expenditures

There can be no assurance that the Corporation will be able to generate or otherwise obtain the funds to implement its business strategies and finance its significant capital expenditures or other investment requirements, whether through cash from operating activities, additional borrowings or other sources of funding.

If the Corporation is unable to generate sufficient funds or obtain additional financing on acceptable terms, it may be unable to implement its business strategies or proceed with the capital expenditures and investments required for its activities or projects, and its financial condition, results of operations, liquidity and prospects could be materially adversely affected.

Each of these factors could have a material adverse effect on the Corporation's business, financial condition, results of operations, liquidity and prospects.

Financial instruments and financial risk

The Corporation's risk management policies have been established in order to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to 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.

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.

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).

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:

Table 9
Changes in allowance for expected credit losses
(in thousands of dollars)

	December 31, 2024	December 31, 2023
Balance at beginning of year	**$ 1,590**	$ 1,452
Changes in expected credit losses	**349**	175
Write-off	**(305)**	(37)
Balance at end of year	**$ 1,634**	$ 1,590

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, income tax payments, debt servicing and lease liabilities, pension plan contributions, dividends, share redemptions, commitments and guarantees.

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 due to the low volume of 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.

The Corporation regularly reviews its position to ensure that its exposure to these risks has not changed.

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:

Table 10
TVA Group capital structure
(in thousands of dollars)

	December 31, 2024	December 31, 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
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.

Contingencies and legal disputes

In the normal course of business, the Corporation is involved in various lawsuits and claims. The Corporation believes that the outcome of such lawsuits and claims (which are, in some cases, covered by insurance policies, subject to applicable deductibles) should not have a material adverse effect on its business, financial condition or results of operations.

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.

Critical accounting policies and estimates

Revenue recognition

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

- 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.

Revenues from postproduction

Revenues from postproduction are recognized when the service is rendered.

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.

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 balance sheet.

Impairment of assets

For the purposes of assessing impairment, assets are grouped in 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.

The Corporation uses the discounted cash flow method to estimate value in use, consisting of future cash flows derived primarily from the most recent budget and 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. 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.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount.

When determining the value less costs of disposal, the appraisal of the information available at the valuation date, such as the operational performance multiples of comparable entities, is based on management's judgment, and may involve estimates and assumptions.

Therefore, the judgment used in determining the recoverable amount of an asset or CGU may affect the amount of the impairment loss of the asset or CGU to be recorded.

Based on the data and assumptions used in its most recent impairment tests, the Corporation believes that there are no long-lived assets with finite useful lives, or goodwill and intangible assets with indefinite useful lives, on its books at this time that could suffer significant impairment.

Pension plans and other postretirement benefits

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

Defined benefit pension plan and postretirement benefits costs and obligations 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. Pension plan assets, based on fair value, consist of equities as well as corporate and government fixed-income securities.

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.

The Corporation considers the assumptions used to be reasonable in view of the information available at this time. However, variances from these assumptions could have a material impact on the costs and obligations of pension plans and postretirement benefits in future periods.

Stock-based compensation

Stock-based awards to officers or directors that call for settlement in cash, such as Deferred Stock Units, 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 Deferred Stock Units 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 and assumptions such as the risk-free rate, distribution yield, expected volatility and the expected remaining life of the option.

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.

The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date or to transfer it to third parties at that time, and it is adjusted for the effect of time value when material. The amount recognized for an onerous contract is the lower of the cost of fulfilling the obligation, less the financial benefits receivable under the contract, and any compensation or penalties arising from non-performance.

No amounts are recognized for obligations that are possible but not probable, or those for which an amount cannot be reasonably estimated.

Business acquisitions

Business acquisitions are 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. Goodwill 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.

Determining the fair value of certain acquired assets, assumed liabilities and future contingent payments requires judgment and involves complete and absolute reliance on estimates and assumptions. The Corporation primarily uses the discounted future cash flows method to estimate the value of acquired intangible assets.

The estimates and assumptions used in the allocation of the purchase price at the date of acquisition may also have an impact on the amount of an impairment charge to be recognized, if any, after the date of acquisition, as discussed above under "Impairment of assets."

Income taxes

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.

The assessment of deferred income taxes is judgmental in nature and is dependent on assumptions and estimates as to the availability and character of future taxable income. The ultimate amount of deferred income tax assets realized could be slightly different from that recorded, since it is influenced by the Corporation's future operating results.

The Corporation is at all times under audit by various tax authorities in each of the jurisdictions in which it operates. A number of years may elapse before a particular matter for which management has established a reserve is audited and resolved. The number of years between each tax audit varies depending on the tax jurisdiction. Management believes that its estimates are reasonable and reflect the probable outcome of known tax contingencies, although the final outcome is difficult to predict.

Disclosure controls and procedures

In accordance with Multilateral Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*, an evaluation was conducted of the effectiveness of the Corporation's disclosure controls and procedures (DC&P) and its internal control over financial reporting (ICFR).

Based on this evaluation, the acting President and Chief Executive Officer and the Vice-President, Finance have concluded that DC&P and ICFR were effective as at year-end December 31, 2024, and that the DC&P design provides reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared, and the information that the Corporation must present in its annual documents, its interim documents or in other documents it files or submits under securities regulations is recorded, processed, condensed and presented within the time frames prescribed by this legislation. Further, the ICFR design provides reasonable assurance that the Corporation's financial information is reliable and that its financial statements have been prepared, for the purpose of publishing financial information, in accordance with IFRS.

Lastly, no changes to the ICFR that have had or could reasonably be expected to have a material effect were made during the accounting period beginning October 1, 2024 and ending December 31, 2024.

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 "Risks and Uncertainties" section of this Management's Discussion and Analysis and other public filings available at www.sedarplus.ca and www.groupetva.ca.

The forward-looking statements in this Management's Discussion and Analysis reflect the Corporation's expectations as of February 20, 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

February 20, 2025

Table 11
SELECTED FINANCIAL DATA
Years ended December 31, 2024, 2023 and 2022
(in thousands of dollars, except for per-share data)

	2024	2023	2022
Operations			
Revenues	**$ 532,229**	$ 545,197	$ 594,409
Adjusted EBITDA (negative adjusted EBITDA)	**$ 11,121**	$ (5,431)	$ 19,385
Net loss attributable to shareholders	**$ (19,343)**	$ (47,891)	$ (8,869)
Basic and diluted per-share data			
Basic and diluted loss per share	**$ (0.45)**	$ (1.11)	$ (0.21)
Weighted average number of outstanding and diluted shares (in thousands)	**43,206**	43,206	43,206
Total assets	**$ 574,626**	$ 626,510	$ 676,070
Non-current liabilities	**$ 14,110**	$ 94,576	$ 20,147

Table 12
SELECTED QUARTERLY FINANCIAL DATA
(in thousands of dollars, except for per-share data)

				2024
	December 31	**September 30**	**June 30**	**March 31**
Operations				
Revenues	**$ 146,701**	**$ 112,416**	**$ 143,951**	**$ 129,161**
Adjusted EBITDA (negative adjusted EBITDA)	**$ 5,031**	**$ 12,221**	**$ 13,170**	**$ (19,301)**
Net (loss) income attributable to shareholders	**$ (1,143)**	**$ 2,608**	**$ (2,905)**	**$ (17,903)**
Basic and diluted per-share data				
Basic and diluted (loss) earnings per share	**$ (0.03)**	**$ 0.06**	**$ (0.07)**	**$ (0.41)**
Weighted average number of outstanding and diluted shares (in thousands)	**43,206**	**43,206**	**43,206**	**43,206**

				2023
	December 31	September 30	June 30	March 31
Operations				
Revenues	$ 151,714	$ 118,620	$ 138,760	$ 136,103
Adjusted EBITDA (negative adjusted EBITDA)	$ 5,904	$ 16,485	$ (3,843)	$ (23,977)
Net loss attributable to shareholders	$ (15,872)	$ (639)	$ (7,847)	$ (23,533)
Basic and diluted per-share data				
Basic and diluted loss per share	$ (0.37)	$ (0.01)	$ (0.18)	$ (0.54)
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 due to, among other factors, 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.