# TVA GROUP INC.

## CONSOLIDATED STATEMENTS OF INCOME (LOSS)

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

| | Note | Three-month periods ended September 30 2024 | Three-month periods ended September 30 2023 | Nine-month periods ended September 30 2024 | Nine-month periods ended September 30 2023 |
|---|---|---|---|---|---|
| **Revenues** | 2 | **$ 112,416** | $ 118,620 | **$ 385,528** | $ 393,483 |
| Purchases of goods and services | 3 | **75,014** | 72,958 | **296,975** | 305,244 |
| Employee costs | | **25,181** | 29,177 | **82,463** | 99,574 |
| Depreciation and amortization | | **5,149** | 6,805 | **16,951** | 20,960 |
| Financial expenses | 4 | **933** | 947 | **3,684** | 786 |
| Restructuring costs and other | 5 | **1,401** | 7,684 | **7,359** | 8,706 |
| **Income (loss) before income taxes (income tax recovery) and share of loss (income) of associates** | | **4,738** | 1,049 | **(21,904)** | (41,787) |
| Income taxes (income tax recovery) | | **1,963** | 1,691 | **(3,252)** | (9,634) |
| Share of loss (income) of associates | | **167** | (3) | **(452)** | (134) |
| **Net income (loss) attributable to shareholders** | | **$ 2,608** | $ (639) | **$ (18,200)** | $ (32,019) |
| **Basic and diluted earnings (loss) per share attributable to shareholders** | | **$ 0.06** | $ (0.01) | **$ (0.42)** | $ (0.74) |
| **Weighted average number of outstanding and diluted shares** | | **43,205,535** | 43,205,535 | **43,205,535** | 43,205,535 |

See accompanying notes to condensed consolidated financial statements.

# TVA GROUP INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(unaudited)
(in thousands of Canadian dollars)

| | Note | Three-month periods ended September 30 2024 | Three-month periods ended September 30 2023 | Nine-month periods ended September 30 2024 | Nine-month periods ended September 30 2023 |
|---|---|---|---|---|---|
| **Net income (loss) attributable to shareholders** | | **$ 2,608** | $ (639) | **$ (18,200)** | $ (32,019) |
| Other comprehensive items that will not be reclassified to income (loss): | | | | | |
| Defined benefit plans: | | | | | |
| Remeasurement gain | 9 | **1,500** | - | **18,100** | - |
| Deferred income taxes | | **(400)** | - | **(4,800)** | - |
| | | **1,100** | - | **13,300** | - |
| **Comprehensive income (loss) attributable to shareholders** | | **$ 3,708** | $ (639) | **$ (4,900)** | $ (32,019) |

See accompanying notes to condensed consolidated financial statements.

## TVA GROUP INC.
### CONSOLIDATED STATEMENTS OF EQUITY

(unaudited)
(in thousands of Canadian dollars)

| | Equity attributable to shareholders | | | | |
|---|---|---|---|---|---|
| | Capital stock | Contributed surplus | Retained earnings | Accumulated other comprehensive income - Defined benefit plans | Total equity |
| | (note 7) | | | | |
| **Balance as of December 31, 2022** | $ 207,280 | $ 581 | $ 129,810 | $ 55,705 | $ 393,376 |
| Net loss | - | - | (32,019) | - | (32,019) |
| **Balance as of September 30, 2023** | 207,280 | 581 | 97,791 | 55,705 | 361,357 |
| Net loss | - | - | (15,872) | - | (15,872) |
| Other comprehensive income | - | - | - | 1,863 | 1,863 |
| **Balance as of December 31, 2023** | 207,280 | 581 | 81,919 | 57,568 | 347,348 |
| Net loss | - | - | (18,200) | - | (18,200) |
| Other comprehensive income | - | - | - | 13,300 | 13,300 |
| **Balance as of September 30, 2024** | **$ 207,280** | **$ 581** | **$ 63,719** | **$ 70,868** | **$ 342,448** |

See accompanying notes to condensed consolidated financial statements.

## TVA GROUP INC.

### CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)
(in thousands of Canadian dollars)

| | Note | Three-month periods ended September 30 2024 | Three-month periods ended September 30 2023 | Nine-month periods ended September 30 2024 | Nine-month periods ended September 30 2023 |
|---|---|---|---|---|---|
| **Cash flows related to operating activities** | | | | | |
| Net income (loss) | | **$ 2,608** | $ (639) | **$ (18,200)** | $ (32,019) |
| Adjustments for: | | | | | |
| Depreciation and amortization | | **5,149** | 6,805 | **16,951** | 20,960 |
| Impairment of assets | 5 | **-** | 7,663 | **7,781** | 7,663 |
| Gain on disposal and write-off of assets | 5 | **(157)** | - | **(2,396)** | - |
| Share of loss (income) of associates | | **167** | (3) | **(452)** | (134) |
| Deferred income taxes | | **4,832** | (819) | **2,799** | (2,969) |
| Other | | **18** | 33 | **70** | 89 |
| | | **12,617** | 13,040 | **6,553** | (6,410) |
| Net change in non-cash balances related to operating items | | **(4,383)** | 6,372 | **16,568** | (61,731) |
| Cash flows provided by (used in) operating activities | | **8,234** | 19,412 | **23,121** | (68,141) |
| **Cash flows related to investing activities** | | | | | |
| Additions to property, plant and equipment | | **(6,736)** | (996) | **(14,872)** | (2,873) |
| Additions to intangible assets | | **(687)** | (46) | **(3,813)** | (225) |
| Disposal of property, plant and equipment | 5 | **157** | - | **2,920** | - |
| Other | | **271** | 271 | **271** | 271 |
| Cash flows used in investing activities | | **(6,995)** | (771) | **(15,494)** | (2,827) |
| **Cash flows related to financing activities** | | | | | |
| Net change in bank indebtedness | | **9,287** | 3,873 | **10,063** | 12,897 |
| Net change in syndicated renewable credit facility | 6 | **-** | - | **-** | (8,970) |
| Net change of debt due to the parent corporation | 6 | **(10,000)** | (22,000) | **(16,000)** | 69,000 |
| Repayment of lease liabilities | | **(526)** | (514) | **(1,540)** | (1,892) |
| Other | | **-** | - | **(150)** | (67) |
| Cash flows (used in) provided by financing activities | | **(1,239)** | (18,641) | **(7,627)** | 70,968 |
| **Net change in cash** | | **-** | - | **-** | - |
| **Cash at beginning of period** | | **-** | - | **-** | - |
| **Cash at end of period** | | **$ -** | $ - | **$ -** | $ - |
| **Interest and income taxes reflected as operating activities** | | | | | |
| Net interest paid | | **$ 1,284** | $ 1,442 | **$ 5,152** | $ 1,998 |
| Income taxes (received) paid | | **(5,192)** | 585 | **(4,749)** | 3,132 |

See accompanying notes to condensed consolidated financial statements.

# TVA GROUP INC.

## CONSOLIDATED BALANCE SHEETS

(unaudited)
(in thousands of Canadian dollars)

| | Note | September 30 2024 | December 31 2023 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Accounts receivable | | **$ 163,728** | $ 154,065 |
| Income taxes | | **12,847** | 12,738 |
| Audiovisual content | | **96,207** | 140,696 |
| Prepaid expenses | | **5,059** | 3,408 |
| | | **277,841** | 310,907 |
| **Non-current assets** | | | |
| Audiovisual content | | **83,046** | 80,373 |
| Investments | | **12,423** | 12,242 |
| Property, plant and equipment | | **149,262** | 141,899 |
| Intangible assets | | **8,420** | 9,060 |
| Right-of-use assets | | **8,057** | 6,784 |
| Goodwill | 5 | **9,102** | 16,883 |
| Defined benefit plan asset | 9 | **55,768** | 39,867 |
| Deferred income taxes | | **6,121** | 8,495 |
| | | **332,199** | 315,603 |
| **Total assets** | | **$ 610,040** | $ 626,510 |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Bank indebtedness | | **$ 10,239** | $ 176 |
| Accounts payable, accrued liabilities and provisions | | **122,128** | 130,054 |
| Content rights payable | | **36,366** | 42,417 |
| Deferred revenues | | **8,977** | 8,444 |
| Income taxes | | **426** | 1,619 |
| Current portion of lease liabilities | | **2,175** | 1,876 |
| Current portion of debt due to the parent corporation | 6 | **67,958** | - |
| | | **248,269** | 184,586 |
| **Non-current liabilities** | | | |
| Debt due to the parent corporation | 6 | **-** | 83,883 |
| Lease liabilities | | **6,704** | 5,777 |
| Other liabilities | | **7,378** | 4,900 |
| Deferred income taxes | | **5,241** | 16 |
| | | **19,323** | 94,576 |
| **Equity** | | | |
| Capital stock | 7 | **207,280** | 207,280 |
| Contributed surplus | | **581** | 581 |
| Retained earnings | | **63,719** | 81,919 |
| Accumulated other comprehensive income | | **70,868** | 57,568 |
| Equity | | **342,448** | 347,348 |
| **Total liabilities and equity** | | **$ 610,040** | $ 626,510 |

See accompanying notes to condensed consolidated financial statements.

TVA Group Inc. ("TVA Group" or the "Corporation") is governed by the Quebec *Business Corporations Act.* TVA Group is a communications company engaged in broadcasting, film production & audiovisual services, international production & distribution of television content, and magazine publishing (note 10). The Corporation is a subsidiary of Quebecor Media Inc. ("Quebecor Media" or the "parent corporation") and its ultimate parent corporation is Quebecor Inc. ("Quebecor"). The Corporation's head office is located at 612 Saint-Jacques St., Montreal, Quebec, Canada.

The Corporation's 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, and demand for content from global broadcasters. 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, particularly as they may affect corporate advertising spending. In view of the seasonal nature of some of the Corporation's activities, the results of operations for interim periods should not necessarily be considered indicative of full-year results.

## 1. Basis of presentation

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and accordingly are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2023 annual consolidated financial statements, which describe the significant accounting policies used to prepare these consolidated financial statements.

These condensed consolidated financial statements were approved by the Corporation's Board of Directors on October 31, 2024.

Certain comparative figures for the three-month and nine-month periods ended September 30, 2023 have been restated to conform to the presentation adopted for the three-month and nine-month periods ended September 30, 2024.

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

## 2. Revenues

| | Three-month periods ended September 30 | | Nine-month periods ended September 30 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Advertising services | **$ 45,904** | $ 50,098 | **$ 169,725** | $ 185,891 |
| Royalties [(1)] | **32,768** | 32,705 | **108,865** | 99,319 |
| Rental, postproduction and distribution services and other services rendered [(2)] | **22,366** | 20,003 | **70,420** | 63,215 |
| Product sales [(3)] | **11,378** | 15,814 | **36,518** | 45,058 |
| | **$ 112,416** | $ 118,620 | **$ 385,528** | $ 393,483 |

(1) During the second quarter of 2024, a favourable retroactive adjustment of $10,184,000 was recorded for the period from September 1, 2017 to December 31, 2023 in connection with the royalty rates for the "LCN" channel.

(2) Revenues from rental of soundstages, mobiles, equipment and rental space amounted to $8,373,000 and $31,142,000 for the three-month and nine-month periods ended September 30, 2024 respectively ($5,004,000 and $14,657,000 for the same periods of 2023). Service revenues also include the activities of the Production & Distribution segment.

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

## 3. Purchases of goods and services

| | Three-month periods ended September 30 | | Nine-month periods ended September 30 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Rights, audiovisual content costs and costs of services rendered | **$ 49,489** | $ 50,436 | **$ 215,156** | $ 228,739 |
| Printing and distribution | **2,978** | 3,315 | **9,125** | 10,281 |
| Services rendered by the parent corporation: | | | | |
| - Commissions on advertising sales | **3,795** | 4,054 | **14,111** | 16,159 |
| - Other | **3,155** | 2,273 | **9,808** | 6,999 |
| Building costs | **3,057** | 4,002 | **11,639** | 12,632 |
| Marketing | **3,726** | 3,484 | **12,378** | 11,512 |
| Other | **8,814** | 5,394 | **24,758** | 18,922 |
| | **$ 75,014** | $ 72,958 | **$ 296,975** | $ 305,244 |

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

## 4. Financial expenses

| | Three-month periods ended September 30 | | Nine-month periods ended September 30 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Interest on debt [1] | **$ 1,263** | $ 1,612 | **$ 4,708** | $ 2,121 |
| Amortization of financing costs | **18** | 33 | **70** | 95 |
| Interest on lease liabilities | **105** | 96 | **298** | 295 |
| Interest income related to defined benefit plans | **(394)** | (516) | **(1,185)** | (1,535) |
| Foreign exchange loss (gain) | **3** | (142) | **(53)** | 132 |
| Other | **(62)** | (136) | **(154)** | (322) |
| | **$ 933** | $ 947 | **$ 3,684** | $ 786 |

(1) For the three-month and nine-month periods ended September 30, 2024, interest totalling $1,136,000 and $4,392,000, respectively, were recorded on the renewable credit facility with Quebecor Media ($1,445,000 and $1,505,000 for the same periods of 2023).

## 5. Restructuring costs and other

| | Three-month periods ended September 30 | | Nine-month periods ended September 30 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| Restructuring costs | **$ 1,558** | $ 21 | **$ 2,207** | $ 1,086 |
| Impairment of assets | **–** | 7,663 | **7,781** | 7,663 |
| Gain on disposal of property, plant and equipment | **(157)** | – | **(2,629)** | – |
| Other | **–** | – | **–** | (43) |
| | **$ 1,401** | $ 7,684 | **$ 7,359** | $ 8,706 |

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

## 5. Restructuring costs and other (continued)

Restructuring costs

For the three-month and nine-month periods ended September 30, 2024 and 2023, the Corporation recorded an operational restructuring charge in connection with the elimination of positions and the implementation of rationalization plans, mainly in the Broadcasting segment.

Impairment of assets

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

In the third quarter of 2023, unfavourable market conditions and the changing ecosystem of 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 and a $2,850,000 charge for impairment of certain trademarks were recognized.

Gain on disposal of property, plant and equipment

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 $2,309,000 gain on disposal.

For the three-month and nine-month periods ended September 30, 2024, the Corporation also recorded gains on disposal of assets of $157,000 and $320,000, respectively.

## 6. Long-term debt

The components of long-term debt are as follows:

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| Renewable credit facility – Quebecor Media | **$ 68,000** | $ 84,000 |
| Financing costs, net of accumulated amortization | **(42)** | (117) |
| | **67,958** | 83,883 |
| Less the current portion | **(67,958)** | – |
| | **$ –** | $ 83,883 |

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

## 6. Long-term debt (continued)

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

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

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

## 7. Capital stock

### a) Authorized capital stock

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

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

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

### b) Issued and outstanding capital stock

| | **September 30, 2024** | December 31, 2023 |
|---|---|---|
| 4,320,000 Class A common shares | **$ 72** | $ 72 |
| 38,885,535 Class B shares | **207,208** | 207,208 |
| | **$ 207,280** | $ 207,280 |

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

## 8. Stock-based compensation and other stock-based payments

### a) Stock option plans

| | Outstanding options | |
|---|---|---|
| | Number | Weighted average exercise price |
| **TVA Group** | | |
| Balance as at December 31, 2023 | 393,774 | $ 2.42 |
| Granted | 312,000 | 1.35 |
| **Balance as at September 30, 2024** | **705,774** | **$ 1.95** |
| **Vested options as at September 30, 2024** | **175,390** | **$ 2.59** |
| **Quebecor** | | |
| Balance as at December 31, 2023 | 85,656 | $ 31.96 |
| Granted | 182,000 | 29.82 |
| **Balance as at September 30, 2024** | **267,656** | **$ 30.50** |
| **Vested options as at September 30, 2024** | **29,683** | **$ 32.23** |

### b) Deferred stock unit ("DSU") plan for directors

| | Outstanding units |
|---|---|
| | Corporation stock units |
| Balance as at December 31, 2023 | 533,955 |
| Granted | 64,566 |
| Redeemed | (79,480) |
| **Balance as at September 30, 2024** | **519,041** |

For the three-month and nine-month periods ended September 30, 2024, the Corporation redeemed DSUs in the amounts of $1,000 and $108,000, respectively.

### c) Stock-based compensation expense

For the three-month and nine-month periods ended September 30, 2024, compensation expenses of $301,000 and $252,000, respectively, were recorded in respect of all stock-based compensation plans (compensation expense reversals of $387,000 and $193,000, respectively, for the same periods of 2023).

## 9. Pension plans and post-retirement benefits

The gain on remeasurement for defined benefit plans recognized on the consolidated statement of comprehensive income (loss) is primarily related to the increase in the fair value of pension plan assets for the three-month and nine-month periods ended September 30, 2024.

## 10. Segmented information

The Corporation's operations consist of the following segments:

– The **Broadcasting segment**, which includes the operations of TVA Network, specialty services, the marketing of digital products associated with the various televisual brands, and commercial production and custom publishing services;

– The **Film Production & Audiovisual Services segment**, which provides soundstage, mobile and production equipment rental services, as well as dubbing and described video ("media accessibility services"), postproduction and virtual production services;

– The **Magazines segment**, which publishes magazines and markets digital products associated with the various magazine brands;

– The **Production & Distribution segment**, which produces and distributes television shows, movies and television series for the world market.

# TVA GROUP INC.

## Notes to condensed consolidated financial statements (continued)

Three-month and nine-month periods ended September 30, 2024 and 2023 (unaudited)
(Tabular amounts are expressed in thousands of Canadian dollars, except per share and per option amounts)

## 10. Segmented information (continued)

| | Three-month periods ended September 30 | | Nine-month periods ended September 30 | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| **Revenues** | | | | |
| Broadcasting | **$ 88,396** | $ 98,317 | **$ 313,964** | $ 330,167 |
| Film Production & Audiovisual Services | **16,256** | 12,519 | **52,529** | 39,030 |
| Magazines | **8,643** | 9,342 | **24,677** | 27,351 |
| Production & Distribution | **3,014** | 2,550 | **6,345** | 10,773 |
| Intersegment items | **(3,893)** | (4,108) | **(11,987)** | (13,838) |
| | **112,416** | 118,620 | **385,528** | 393,483 |
| **Adjusted EBITDA (negative adjusted EBITDA)** [1] | | | | |
| Broadcasting | **9,520** | 14,456 | **(4,115)** | (12,889) |
| Film Production & Audiovisual Services | **3,285** | 669 | **11,315** | (299) |
| Magazines | **363** | 1,288 | **316** | 1,230 |
| Production & Distribution | **(597)** | (146) | **(1,227)** | 81 |
| Intersegment items | **(350)** | 218 | **(199)** | 542 |
| | **12,221** | 16,485 | **6,090** | (11,335) |
| Depreciation and amortization | **5,149** | 6,805 | **16,951** | 20,960 |
| Financial expenses | **933** | 947 | **3,684** | 786 |
| Restructuring costs and other | **1,401** | 7,684 | **7,359** | 8,706 |
| **Income (loss) before income taxes (income tax recovery) and share of loss (income) of associates** | **$ 4,738** | $ 1,049 | **$ (21,904)** | $ (41,787) |

The above-noted intersegment items represent the elimination of normal course business transactions between the Corporation's business segments.

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