July 29, 2021

For immediate release

TVA GROUP REPORTS Q2 2021 RESULTS

Montreal, Canada – TVA Group Inc. ("TVA Group" or the "Corporation") announced today that it recorded operating revenues totalling $159.4 million in the second quarter of 2021, a year-over-year increase of $55.6 million. Net income attributable to shareholders was $3.9 million or $0.09 per share, compared with a net loss attributable to shareholders of $2.7 million or $0.06 per share for the same quarter of 2020.

Second quarter operating highlights:

- Consolidated adjusted EBITDA[1] of $13,965,000, a $6,599,000 favourable variance from the same quarter of 2020.

- $6,581,000 in adjusted EBITDA[1] in the Broadcasting segment, a $3,111,000 favourable variance due to the increase in adjusted EBITDA[1] at TVA Network, which posted growth in its advertising revenues, partially offset by higher negative adjusted EBITDA[1] at "TVA Sports" due to the increased costs associated with sporting events broadcast by the channel, particularly the National Hockey League ("NHL") playoffs.

- $3,913,000 in adjusted EBITDA[1] in the Film Production & Audiovisual Services segment ("MELS"), a $3,406,000 favourable variance mainly due to increased profitability of soundstage, mobile and equipment rental activities, partially offset by the poorer performance of dubbing, subtitling and described video, as well as by the start-up of our virtual stage activities, which have not yet reached their full revenue potential.

- $1,758,000 in adjusted EBITDA[1] in the Magazines segment, a $1,132,000 unfavourable variance stemming from a resumption of activities amid reduced government support.

- $1,618,000 in adjusted EBITDA[1] in the Production & Distribution segment ("Incendo"), a $1,190,000 favourable variance generated primarily by the international distribution of films produced by Incendo.

"We are satisfied with the results for the second quarter of our financial year, which reflect resumption of activities in our various segments. For the second straight quarter, advertising revenues at TVA Network and our specialty channels were up over the previous quarter. Another encouraging sign of growth is that advertising revenues also rose compared with the same quarter of 2019, before the effects of the public health crisis. Our digital platforms, in particular TVA+ and TVA Nouvelles, continue to gain in popularity and thus contribute to our growth. Based on these positive factors, we can continue and increase our investments in content and continue to develop significant high-quality programming for the benefit of our viewers," said Pierre Karl Péladeau, acting President and CEO of TVA Group.

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[1] See definition of adjusted EBITDA below.

"With a consolidated market share of 42.6%[1] for the second quarter of 2021, our shows are still among the most watched in Quebec and continued to perform strongly, particularly the variety show *Star Académie*, which attracted nearly 1.5 million viewers. "TVA Sports" recorded exceptional growth of 5.0%[1] for the quarter, due primarily to the fact that the Montreal Canadiens qualified for the NHL playoffs. In fact, the four playoff rounds were among the top shows in Quebec, including some games in the finals that attracted an average audience of over 1.4 million[1] viewers."

"In the Film Production & Audiovisual Services segment, our activities fully resumed in a safe work environment adapted to the public health measures. We're very pleased to have *Paramount Pictures* in our studios right now filming the mega-production *Transformers* and some of its outdoor scenes are also showcasing the city of Montreal. In addition, we recently announced construction of MELS 4, a $53 million investment that will add 160,000 square feet to our capacity and enhance our ability to attract more film shoots to our facilities and bring in more money from abroad, benefiting Quebec's economy, its cultural industry and cultural workers. Our virtual stage services are also growing in popularity, advancing the positioning and competitive advantage of MELS," continued Mr. Péladeau.

"Although activity grew in the Magazines segment this quarter, the reopening took place in a context of decreased government support, in terms of both the ad hoc assistance of the Canada Emergency Wage Subsidy and the regular program assistance from the Canada Periodicals Fund, which has modified its grant program. I emphasize once again that support for this highly subsidized industry that has been in significant decline for a number of years is essential to its survival. TVA Group continues to be a leader in the Magazines market, as confirmed yet again by the latest Vividata survey, which positions the Corporation as the top publisher of French-language monthly magazines in Quebec, with nearly 3.3 million[2] cross-platform readers of its French-language monthlies.

"Our Production & Distribution activities continued at Incendo, which began international distribution of its first romantic comedies produced in 2020, fuelling quarterly growth in this segment. The growing popularity of streaming platforms also enabled the segment to increase its presence on this type of platforms. Incendo is continuing its 2021 production schedule with local productions and co-productions, the most recent of which is currently starting up in Australia. This business segment is helping diversify our revenue streams and expand our presence in English-language markets.

"In closing, I want to thank all our employees for their hard work and dedication to our reopening, enabling us to continue the Corporation's mission to inform and entertain Quebecers," concluded Mr. Péladeau.

Update on the COVID-19 situation

Second quarter results must be viewed in the context of the COVID-19 pandemic, which continues to have major consequences for the economic environment in Canada and around the globe. Despite the constraints created by the pandemic, the Corporation has continued and will continue to maintain its operations, while safeguarding the health and safety of its employees and the public.

It is possible that the financial impacts of this crisis will continue to be felt in the coming quarters, including:

- significant variability in our revenues and content costs related to live broadcasts of sporting events organized by professional leagues, as they resume their activities while cancelling some events and making significant changes to formats and broadcast schedules;
- reduction in advertising revenues in markets or sectors still affected by the public health crisis, which will inevitably affect the Broadcasting and Magazines segments;
- variance in the level of activity at MELS and in the Production & Distribution segment resulting from the

[1] Source: Numeris – Quebec Franco, April 1 to June 30, 2021 and 2020, Mo-Su, 2 a.m.–2 a.m., t2+
[2] Source: Vividata, Spring 2021, Total Canada, 14+, January 1 to December 31, 2020

stoppage or a slow and complex resumption of our content production and distribution activities due to factors such as the need to comply with health precautions and physical distancing rules on the set, the closing of borders with some countries, and production insurance challenges;

- possible reduction in the publication frequency of some periodicals, which would affect revenues in the Magazines segment.

Because of the decrease in their revenues, some of the entities in the Corporation's various business segments qualified for the Canada Emergency Wage Subsidy, enabling the Corporation to mitigate some of the impacts of the crisis.

Given the uncertainty surrounding the duration of the pandemic and its potential repercussions, including the possible impact of another wave, we are currently unable to predict the overall effect it will have on our operating and financial results. However, we believe that our current sound financial health, our strong balance sheet and the steps we have taken will enable us to continue to deliver positive cash flows.

Definition

Adjusted EBITDA

In its analysis of operating results, the Corporation defines adjusted EBITDA as net income (loss) before depreciation and amortization, financial expenses, operational restructuring costs and other, income taxes and share of income of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with International Financial Reporting Standards ("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 impairment, depreciation and amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of the Corporation and its segments. Adjusted EBITDA is also relevant because it is a significant component of the Corporation's annual incentive compensation programs. The Corporation's definition of adjusted EBITDA may not be identical to similarly titled measures reported by other companies.

Forward-looking information disclaimer

The statements in this news release 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, including COVID-19, as well as any emergency measures implemented by government.

Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at www.sedar.com and www.groupetva.ca, including in particular the "Risks and Uncertainties" section of the Corporation's annual Management's Discussion and Analysis for the year ended December 31, 2020 and the "Risk Factors" section in the Corporation's 2020 annual information form.

The forward-looking statements in this news release reflect the Corporation's expectations as of July 29, 2021 and are subject to change after this 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.

TVA Group

TVA Group Inc., a subsidiary of Quebecor Media Inc., is a communications company engaged in the broadcasting, film production and audiovisual services, international production and distribution of television content, and magazine publishing industries. TVA Group Inc. is North America's largest broadcaster of French-language entertainment, information and public affairs programming and one of the largest private-sector producers of French-language content. It is also the largest publisher of French-language magazines and publishes some of the most popular English-language titles in Canada. The Corporation's Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

The Condensed Consolidated Financial Statements as at and for the three-month and six-month periods ended June 30, 2021, with notes, and the interim Management's Discussion and Analysis for the three-month and six-month periods ended June 30, 2021, can be consulted on the Corporation's website at www.groupetva.ca.

Source:
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TVA GROUP INC.
Consolidated statements of income (loss)

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

		Three-month periods ended June 30		Six-month periods ended June 30	
	Note	**2021**	2020	**2021**	2020
Revenues	2	**$ 159,422**	$ 103,855	**$ 300,230**	$ 240,989
Purchases of goods and services	3	**110,252**	81,817	**213,171**	173,556
Employee costs	3	**35,205**	14,672	**70,958**	51,560
Depreciation and amortization		**7,944**	8,471	**16,202**	17,002
Financial expenses	4	**705**	665	**1,406**	1,335
Operational restructuring costs and other	5	**435**	1,802	**162**	2,104
Income (loss) before income taxes (recovery) and share of income of associates		**4,881**	(3,572)	**(1,669)**	(4,568)
Income taxes (recovery)		**1,290**	(666)	**(406)**	(693)
Share of income of associates		**(261)**	(169)	**(663)**	(426)
Net income (loss)		**$ 3,852**	$ (2,737)	**$ (600)**	$ (3,449)
Net income (loss) attributable to:					
Shareholders		**$ 3,850**	$ (2,744)	**$ (601)**	$ (3,467)
Non-controlling interest		**2**	7	**1**	18
Basic and diluted earnings (loss) per share attributable to shareholders		**$ 0.09**	$ (0.06)	**$ (0.01)**	$ (0.08)
Weighted average number of outstanding shares		**43,205,535**	43,205,535	**43,205,535**	43,205,535
Weighted average number of diluted shares		**43,429,623**	43,205,535	**43,381,480**	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)

		Three-month periods ended June 30		Six-month periods ended June 30	
	Note	**2021**	2020	**2021**	2020
Net income (loss)		**$ 3,852**	$ (2,737)	**$ (600)**	$ (3,449)
Other comprehensive income (loss) items that will not be reclassified to income:					
Defined benefit plans:					
Re-measurement gain (loss)	8	**6,500**	(15,000)	**36,000**	(15,000)
Deferred income taxes		**(1,800)**	4,000	**(9,600)**	4,000
		4,700	(11,000)	**26,400**	(11,000)
Comprehensive income (loss)		**$ 8,552**	$ (13,737)	**$ 25,800**	$ (14,449)
Comprehensive income (loss) attributable to:					
Shareholders		**$ 8,550**	$ (13,744)	**$ 25,799**	$ (14,467)
Non-controlling interest		**2**	7	**1**	18

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				Equity attributable to non-controlling interest	Total equity
	Capital stock (note 6)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) – Defined benefit plans		
Balance as at December 31, 2019	$ 207,280	$ 581	$ 75,858	$ 5,274	$ 1,196	$ 290,189
Net (loss) income	–	–	(3,467)	–	18	(3,449)
Other comprehensive loss	–	–	–	(11,000)	–	(11,000)
Balance as at June 30, 2020	207,280	581	72,391	(5,726)	1,214	275,740
Net income	–	–	35,784	–	6	35,790
Other comprehensive income	–	–	–	1,089	–	1,089
Balance as at December 31, 2020	207,280	581	108,175	(4,637)	1,220	312,619
Net (loss) income	–	–	(601)	–	1	(600)
Other comprehensive income	–	–	–	26,400	–	26,400
Balance as at June 30, 2021	**$ 207,280**	**$ 581**	**$ 107,574**	**$ 21,763**	**$ 1,221**	**$ 338,419**

See accompanying notes to condensed consolidated financial statements.

TVA GROUP INC.
Consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	June 30, 2021	December 31, 2020
Assets		
Current assets		
Cash	**$ 2,484**	$ 2,838
Accounts receivable	**148,754**	137,177
Tax credits and government assistance receivable	**15,447**	16,883
Income taxes	**6,660**	1,391
Audiovisual content	**101,408**	112,982
Prepaid expenses	**6,611**	3,217
	281,364	274,488
Non-current assets		
Audiovisual content	**77,892**	57,245
Property, plant and equipment	**157,531**	165,247
Right-of-use assets	**9,421**	10,326
Intangible assets	**22,457**	25,028
Goodwill	**21,696**	21,696
Deferred income taxes	**10,948**	23,923
Other assets	**22,311**	11,238
	322,256	314,703
Total assets	**$ 603,620**	$ 589,191

TVA GROUP INC.
Consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note	**June 30, 2021**	December 31, 2020
Liabilities and equity			
Current liabilities			
Bank overdraft		**$ 5,544**	$ 1,699
Accounts payable, accrued liabilities and provisions		**111,201**	106,066
Content rights payable		**62,672**	62,252
Deferred revenues		**13,051**	14,077
Income taxes		**852**	8,415
Current portion of lease liabilities		**2,671**	3,001
Short-term debt		**49,925**	27,117
		245,916	222,627
Non-current liabilities			
Lease liabilities		**8,147**	9,148
Other liabilities		**8,620**	38,223
Deferred income taxes		**2,518**	6,574
		19,285	53,945
Equity			
Capital stock	6	**207,280**	207,280
Contributed surplus		**581**	581
Retained earnings		**107,574**	108,175
Accumulated other comprehensive income (loss)		**21,763**	(4,637)
Equity attributable to shareholders		**337,198**	311,399
Non-controlling interest		**1,221**	1,220
		338,419	312,619
Contingencies	10		
Total liabilities and equity		**$ 603,620**	$ 589,191

See accompanying notes to condensed consolidated financial statements.

TVA GROUP INC.
Consolidated statements of cash flows

(unaudited)
(in thousands of Canadian dollars)

		Three-month periods ended June 30		Six-month periods ended June 30	
	Note	**2021**	2020	**2021**	2020
Cash flows related to operating activities					
Net income (loss)		**$ 3,852**	$ (2,737)	**$ (600)**	$ (3,449)
Adjustments for:					
Depreciation and amortization		**7,944**	8,471	**16,202**	17,002
Share of income of associates		**(261)**	(169)	**(663)**	(426)
Deferred income taxes		**(557)**	318	**(681)**	(1,817)
Gain on disposal of an asset	5	**–**	(253)	**–**	(253)
Other		**13**	(47)	**(68)**	(25)
		10,991	5,583	**14,190**	11,032
Net change in non-cash balances related to operating activities		**(34,838)**	22,960	**(30,600)**	33,089
Cash flows (used in) provided by operating activities		**(23,847)**	28,543	**(16,410)**	44,121
Cash flows related to investing activities					
Additions to property, plant and equipment		**(2,999)**	(1,965)	**(6,736)**	(6,788)
Additions to intangible assets		**(497)**	(488)	**(1,501)**	(1,521)
Business acquisitions	5	**–**	–	**(606)**	–
Other		**–**	401	**–**	401
Cash flows used in investing activities		**(3,496)**	(2,052)	**(8,843)**	(7,908)
Cash flows related to financing activities					
Net change in bank overdraft		**2,292**	458	**3,845**	5,874
Net change in revolving credit facility		**25,920**	(26,134)	**22,835**	(40,866)
Repayment of lease liabilities		**(749)**	(867)	**(1,728)**	(1,723)
Other		**–**	–	**(53)**	(53)
Cash flows provided by (used in) financing activities		**27,463**	(26,543)	**24,899**	(36,768)
Net change in cash		**120**	(52)	**(354)**	(555)
Cash at beginning of period		**2,364**	2,880	**2,838**	3,383
Cash at end of period		**$ 2,484**	$ 2,828	**$ 2,484**	$ 2,828
Interest and taxes reflected as operating activities					
Cash interest payments		**$ 383**	$ 304	**$ 752**	$ 1,011
Cash income tax payments (net of refunds)		**2,344**	44	**13,107**	3,073

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 9). 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 1600 de Maisonneuve Boulevard East, 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, including changes in local, regional and national economic conditions, particularly as they may affect advertising spending.

The COVID-19 pandemic continues to have a major impact on the economic environment in Canada and around the world. Since the start of the public health crisis, the Quebec government has imposed a series of restrictions and special preventive measures to limit the spread of the virus, including the suspension of some business activities. In May 2021, the Quebec government gradually announced the stages of a reopening plan extending over a period of several months. Since March 2020, the public health crisis has curtailed the operations of many of TVA Group's business partners and led to a significant slowdown in some of the Corporation's segments. Among other things, the restrictions and preventive measures imposed by the Quebec government caused a decline in advertising revenues and, particularly in 2020, a reduction in the sporting events broadcast on the "TVA Sports" specialty channel, a reduction in the publication frequency of some periodicals and the temporary suspension of most of our content production activities. Despite the constraints created by the pandemic, the Corporation has continued and will continue to provide essential services in order to inform in addition to entertain the public, while safeguarding the health and safety of its employees and the public. Due to the decline in their revenues, a number of entities in the Corporation's various segments qualified for the Canada Emergency Wage Subsidy ("CEWS") (note 3). Given the uncertainty about the evolution of the pandemic, including the potential effects of another wave, the full impact of the health crisis cannot be determined with certainty.

Accordingly, the results of operations for interim periods should not necessarily be considered indicative of full-year results.

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

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 2020 annual consolidated financial statements, which describe the accounting policies used to prepare these financial statements.

These condensed consolidated financial statements were approved by the Corporation's Board of Directors on July 29, 2021.

Certain comparative figures for the three-month and six-month periods ended June 30, 2020 have been restated to conform to the presentation adopted for the three-month and six-month periods ended June 30, 2021.

2. Revenues

	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	**2021**	2020
Advertising services	**$ 81,344**	$ 42,729	**$ 144,596**	$ 104,845
Royalties	**35,188**	34,637	**70,078**	71,030
Rental, postproduction and distribution services and other services rendered[1]	**26,577**	13,695	**53,893**	38,547
Product sales[2]	**16,313**	12,794	**31,663**	26,567
	$ 159,422	$ 103,855	**$ 300,230**	$ 240,989

(1) Revenues from rental of soundstages, mobiles, equipment and rental space amounted to $8,578,000 and $17,049,000 during the three-month and six-month periods ended June 30, 2021 respectively ($2,705,000 and $12,226,000 during the same periods of 2020). Service revenues also include the activities of the Production & Distribution segment.

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

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

3. Purchases of goods and services and employee costs

	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	**2021**	2020
Purchases of goods and services:				
Rights and audiovisual content costs[1]	**$ 84,627**	$ 61,625	**$ 160,613**	$ 125,378
Printing and distribution	**3,988**	2,987	**7,188**	6,662
Services rendered by the parent corporation:				
- Commissions on advertising sales	**6,831**	4,479	**13,563**	10,908
- Other	**2,259**	2,256	**4,395**	4,498
Building costs	**3,588**	3,646	**8,183**	7,744
Marketing, advertising and promotion	**3,794**	1,668	**8,199**	5,438
Other	**5,165**	5,156	**11,030**	12,928
	110,252	81,817	**213,171**	173,556
Employee costs[2]	**35,205**	14,672	**70,958**	51,560
	$ 145,457	$ 96,489	**$ 284,129**	$ 225,116

(1) During the first quarter of 2021, the Corporation reviewed the allocation of the value of the rights attached to the various components of its contract for National Hockey League ("NHL") games to better reflect the financial benefits arising from it. At the same time, the start of the 2020-2021 season was postponed from 2020 to 2021 and the season was shortened. These changes had the effect of altering the timing of recognition in income of NHL content rights. During the second quarter of 2020, the Corporation also remeasured its audiovisual content asset, mainly with respect to NHL rights, in view of the pandemic and its impacts on the Corporation's operations. As a result, the cost of NHL rights increased by $8,150,000 for the second quarter of 2021 as compared to 2020, and it has increased by $24,827,000 for the six-month period ended June 30, 2021, as compared to 2020.

(2) For the three-month and six-month periods ended June 30, 2021, employee costs are presented net of the $822,000 and $3,195,000 respectively that the Corporation recognized under the CEWS for employees whose work assignments were maintained ($14,544,000 for the same periods of 2020).

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

4. Financial expenses

	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	**2021**	2020
Interest on debt	**$ 228**	$ 181	**$ 386**	$ 615
Amortization of financing costs	**13**	13	**26**	35
Interest on lease liabilities	**139**	139	**280**	282
Interest expense related to defined-benefit plans	**191**	67	**382**	162
Foreign exchange loss	**34**	150	**125**	24
Other	**100**	115	**207**	217
	$ 705	$ 665	**$ 1,406**	$ 1,335

5. Operational restructuring costs and other

	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	**2021**	2020
Operational restructuring costs	**$ 508**	$ 2,097	**$ 378**	$ 2,250
Other	**(73)**	(295)	**(216)**	(146)
	$ 435	$ 1,802	**$ 162**	$ 2,104

Operational restructuring costs

For the three-month and six-month periods ended June 30, 2021 and 2020, the Corporation recorded a net charge (net reversal of the charge) for operational restructuring in connection with the elimination of positions and the implementation of cost reduction measures. The segment breakdown is as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	**2021**	2020
Broadcasting	**$ 505**	$ 1,415	**$ 661**	$ 1,439
Film Production & Audiovisual Services	**4**	682	**7**	682
Magazines	**(1)**	–	**(290)**	129
	$ 508	$ 2,097	**$ 378**	$ 2,250

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

5. Operational restructuring costs and other (continued)

Other

For the first six months of 2021, the Corporation recorded a $94,000 gain on write-off of lease liabilities. For the three-month and six-month periods ended June 30, 2020, the Corporation recognized a $253,000 gain on disposal of an asset, for proceeds on disposal of $310,000.

During the first six months of 2021, the Corporation also reversed a $49,000 charge following remeasurement of the contingent consideration payable in connection with the acquisition of the companies in the Incendo group. During the same period, the Corporation also made a $606,000 payment with respect to this contingent consideration. For the same period of 2020, the Corporation recorded a $194,000 charge for business acquisitions.

6. 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

	June 30, 2021	December 31, 2020
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)

7. Stock-based compensation and other stock-based payments

a) Stock option plans

	Outstanding options	
	Number	Weighted average exercise price
TVA Group		
As at December 31, 2020	795,000	$ 2.06
Cancelled	(105,497)	2.43
As at June 30, 2021	**689,503**	**$ 2.00**
Vested options as at June 30, 2021	**25,000**	**$ 6.85**
Quebecor Media		
As at December 31, 2020	7,800	$ 70.29
Exercised	(6,300)	70.22
As at June 30, 2021	**1,500**	**$ 70.56**
Vested options as at June 30, 2021	**1,500**	**$ 70.56**
Quebecor		
As at December 31, 2020	590,795	$ 30.30
Cancelled	(77,343)	29.22
As at June 30, 2021	**513,452**	**$ 30.47**
Vested options as at June 30, 2021	**–**	**$ –**

During the three-month period ended June 30, 2021, no Quebecor Media stock options were exercised (during the three-month period ended June 30, 2020, 16,000 stock options were exercised for a cash consideration of $876,000).

During the six-month period ended June 30, 2021, 6,300 Quebecor Media stock options were exercised for a cash consideration of $374,000 (during the six-month period ended June 30, 2020, 18,800 stock options were exercised for a cash consideration of $1,002,000).

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

7. Stock-based compensation and other stock-based payments (continued)

b) Deferred stock unit ("DSU") plans

TVA Group has a DSU plan for some management employees based on TVA Group Class B Non-Voting Shares ("TVA Group Class B Shares"). Quebecor also has a DSU plan for its employees and those of its subsidiaries, based on, among other things, Quebecor Class B Shares. Under these plans, the DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or cessation of employment, as the case may be. Under the TVA Group plan, holders of DSUs are entitled to collect dividends on TVA Group Class B Shares in the form of additional units. Under the Quebecor plan, holders of DSUs are entitled to collect dividends on Quebecor Class B Shares in the form of additional units.

The following table shows changes in outstanding DSUs during the six-month period ended June 30, 2021:

	Outstanding units	
	Corporation stock units	Quebecor stock units
Balance as at December 31, 2020	156,564	25,472
Granted	–	300
Redeemed	(18,122)	(3,747)
Cancelled	(21,036)	(4,425)
Balance as at June 30, 2021	**117,406**	**17,600**

During the six-month period ended June 30, 2021, 18,122 DSUs were redeemed under the Corporation's plan and 3,747 DSUs were redeemed under the Quebecor plan for cash considerations of $43,000 and $139,000 respectively (nil for the three-month and six-month periods ended June 30, 2020).

c) Deferred stock unit ("DSU") plan for directors

	Outstanding units
	Corporation stock units
Balance as at December 31, 2020	357,798
Granted	34,580
Redeemed	(35,868)
Balance as at June 30, 2021	**356,510**

During the three-month and six-month periods ended June 30 2021, 35,868 DSUs of the Corporation were redeemed for a cash consideration of $104,000 (nil for the same periods of 2020).

7. Stock-based compensation and other stock-based payments (continued)

d) Stock-based compensation expense

During the three-month and six-month periods ended June 30, 2021, compensation expense totalling $219,000 and $903,000, respectively, was recorded in respect of all stock-based compensation plans (compensation expense reversal of $97,000 and $114,000 for the same periods of 2020).

8. Pension plans and post-retirement benefits

The gain on remeasurement of defined benefit plans recognized on the consolidated statement of comprehensive income for the three-month period ended June 30, 2021 reflects, among other things, the increase in the fair value of assets during the quarter (in 2020, the recognized loss was due primarily to the decrease in the discount rate).

The gain on remeasurement of defined benefit plans recognized on the consolidated statement of comprehensive income for the six-month period ended June 30, 2021 mainly reflects the increase in the discount rate since December 31, 2020 (in 2020, the recognized loss was due primarily to the decrease in the discount rate).

9. 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 notably through its Qolab Communications Inc. subsidiary (formerly COLAB Studio Marketing Collaboratif inc.);

– The **Film Production & Audiovisual Services segment**, which through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc. provides soundstage, mobile and equipment rental services, as well as dubbing and described video, postproduction and visual effects;

– The **Magazines segment**, which through its subsidiaries, notably TVA Publications inc. and Les Publications Charron & Cie inc., publishes magazines in various fields including the arts, entertainment, television, fashion and decorating, and markets digital products associated with the various magazine brands;

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

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

9. Segmented information (continued)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2021	2020	**2021**	2020
Revenues				
Broadcasting	**$ 130,080**	$ 86,767	**$ 244,912**	$ 194,828
Film Production & Audiovisual Services	**17,949**	7,460	**35,966**	25,442
Magazines	**11,508**	10,037	**22,015**	20,330
Production & Distribution	**5,327**	2,869	**7,622**	7,622
Intersegment items	**(5,442)**	(3,278)	**(10,285)**	(7,233)
	159,422	103,855	**300,230**	240,989
Adjusted EBITDA(1)				
Broadcasting	**6,581**	3,470	**3,160**	7,299
Film Production & Audiovisual Services	**3,913**	507	**7,541**	3,679
Magazines	**1,758**	2,890	**3,521**	3,554
Production & Distribution	**1,618**	428	**1,731**	1,095
Intersegment items	**95**	71	**148**	246
	13,965	7,366	**16,101**	15,873
Depreciation and amortization	**7,944**	8,471	**16,202**	17,002
Financial expenses	**705**	665	**1,406**	1,335
Operational restructuring costs and other	**435**	1,802	**162**	2,104
Income (loss) before income taxes (recovery) and share of income of associates	**$ 4,881**	$ (3,572)	**$ (1,669)**	$ (4,568)

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, operational restructuring costs and other, income taxes and share of income of associates. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS.

10. Contingencies

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.