INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS
THIRD QUARTER 2021

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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 and visual effects services. In the Magazines segment, TVA Group publishes over 50 titles, making it Quebec's largest magazine publisher. The Production & Distribution segment produces and distributes television programs for the world market. The Corporation's Class B shares are listed on the Toronto Stock Exchange under the ticker symbol TVA.B.

This Interim Management's Discussion and Analysis covers the Corporation's main activities during the third quarter of 2021 and major changes from the previous financial year. The Corporation's Condensed Consolidated Financial Statements for the three-month and nine-month periods ended September 30, 2021 and 2020 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including in particular IAS 34, *Interim Financial Reporting*.

This report should be read in conjunction with the information in the annual Consolidated Financial Statements and Management's Discussion and Analysis for the financial year ended December 31, 2020 and in the Condensed Consolidated Financial Statements dated September 30, 2021. All amounts are stated in Canadian dollars.

The COVID-19 pandemic (the "pandemic") has had a significant impact on the economic environment in Canada and around the world. In order to limit the spread of the virus, the Quebec government has imposed a number of restrictions and special preventive measures since the beginning of this health crisis, including the suspension of some business activities. The Quebec government has gradually implemented a new reopening plan since May 2021 and has imposed the use of a vaccination passport starting September 1, 2021, required to be admitted to certain places or to participate in certain non-essential activities. Since March 2020, this health crisis has curtailed the operations of many of TVA Group's business partners and has led at times 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 their recovery is still hesitant in some markets and segments and, more specifically 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 providing 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") at the beginning of the health crisis. For the nine-month period ended September 30, 2021, subsidies totalling $3,185,000 were recorded as a reduction in employee costs ($11,072,000 and $25,616,000 respectively for the three- and nine-month periods ended September 30, 2020).

The impact of the health crisis created by the pandemic on the operating results of the Corporation's business segments for the third quarter of 2021 are discussed in greater detail in the "Segmented Analysis" section of this Management's Discussion and Analysis. Given the uncertainty about the future evolution of the pandemic, including a possible new wave, the full impact of the crisis cannot be determined with certainty. The pandemic and related public health crisis may have a material adverse effect on the short- and medium-term growth of the Corporation's operating results and cash flows. Therefore, the growth reported in quarters prior to the health crisis may not be indicative of future growth.

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

- The **Film Production & Audiovisual Services segment** ("**MELS**"), which through its subsidiaries Mels Studios and Postproduction G.P. and Mels Dubbing Inc. provides soundstage, mobile and production equipment rental services, as well as dubbing and described video ("**media accessibility services**"), postproduction and 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.

HIGHLIGHTS SINCE END OF SECOND QUARTER 2021

- On October 28, 2021, the Corporation announced the appointment of Régine Laurent to its Board of Directors, bringing the number of directors to 8. Ms. Laurent chaired the Laurent Commission and is the former president of the Fédération interprofessionnelle de la santé du Québec. Her know-how, expertise and knowledge of media will be valuable assets for TVA Group's Board.

- On April 14, 2021, France Lauzière decided to take time off from her professional duties for family reasons. Ms. Lauzière is now resigning from her position as President and Chief Executive Officer of TVA Group, for the same reasons. Since joining the Corporation in 2001, she has helped strengthen TVA's dominant position as Québec's television leader. Ms. Lauzière remains available to work with the company on strategic projects and to contribute her expertise in content. Pierre Karl Péladeau will continue to serve as acting President of TVA Group.

- On July 16, 2021, the Corporation announced the expansion of MELS' studios with the construction of MELS 4, a $53 million infrastructure project, in addition to which approximately $23 million will be spent on equipment over the next 10 years. With a total area of 160,000 square feet, the project will enable MELS to attract even more major film shoots. The project is scheduled for delivery in spring 2023. The Quebec government, through Investissement Québec, will extend a $25 million interest-free loan to the Corporation to support the studio construction.

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, 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. 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 EBITDA may not be the same as similarly titled measures reported by other companies.

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

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

	Three months ended September 30		Nine months ended September 30	
	2021	2020	**2021**	2020
Adjusted EBITDA:				
Broadcasting	**$ 21,538**	$ 16,938	**$ 24,698**	$ 24,237
Film Production & Audiovisual Services	**10,565**	2,947	**18,106**	6,626
Magazines	**2,048**	2,999	**5,569**	6,553
Production & Distribution	**1,243**	427	**2,974**	1,522
Intersegment items	**110**	52	**258**	298
	35,504	23,363	**51,605**	39,236
Depreciation and amortization	**8,136**	8,124	**24,338**	25,126
Financial expenses	**649**	634	**2,055**	1,969
Operational restructuring costs and other	**20**	2,734	**182**	4,838
Income taxes	**7,587**	3,443	**7,181**	2,750
Share of loss (income) of associates	**111**	21	**(552)**	(405)
Net income	**$ 19,001**	$ 8,407	**$ 18,401**	$ 4,958

ANALYSIS OF CONSOLIDATED RESULTS

2021/2020 third quarter comparison

Operating revenues: $150,703,000, a $31,166,000 (26.1%) increase.

- $14,534,000 (14.9%) increase in the Broadcasting segment (Table 2) essentially due to a 30.6% increase in TVA Network's revenues because of 25.6% growth in advertising revenues, a 3.7% increase in the revenues of the specialty channels and a 17.2% increase in the operating revenues of Qolab.

- $16,214,000 (136.8%) increase in the Film Production & Audiovisual Services segment (Table 2), attributable to increased revenues from all of the segment's activities, mainly soundstage, mobile and equipment rental, due to the resumption of activities since mid-September 2020.

- $939,000 (-7.5%) decrease in the Magazines segment (Table 2), due primarily to the 17.8%, decrease in financial assistance from the Canada Periodical Fund ("**CPF**"), as well as 3.7% and 7.0% decreases in newsstand and subscription revenues respectively.

- $2,249,000 (119.4%) increase in the Production & Distribution segment (Table 2), primarily due to international sales for films produced by Incendo.

Table 2
Operating revenues
(in thousands of dollars)

	Three months ended September 30		Nine months ended September 30	
	2021	2020	**2021**	2020
Broadcasting	**$ 111,934**	$ 97,400	**$ 356,846**	$ 292,228
Film Production & Audiovisual Services	**28,070**	11,856	**64,036**	37,298
Magazines	**11,630**	12,569	**33,645**	32,899
Production & Distribution	**4,133**	1,884	**11,755**	9,506
Intersegment items	**(5,064)**	(4,172)	**(15,349)**	(11,405)
	$ 150,703	$ 119,537	**$ 450,933**	$ 360,526

Adjusted EBITDA: $35,504,000, a $12,141,000 (52.0%) favourable variance.

- $4,600,000 favourable variance in the Broadcasting segment (Table 3) caused mainly by an increase in adjusted EBITDA of the specialty channels, primarily that of "TVA Sports," partially offset by a 55.0% decrease in TVA Network's adjusted EBITDA.

- $7,618,000 favourable variance in the Film Production & Audiovisual Services segment (Table 3), due primarily to an increase in adjusted EBITDA from soundstage, mobile and equipment rental, partially offset by a decrease in adjusted EBITDA from media accessibility services, as well as an increase in negative adjusted EBITDA from visual effects.

- $951,000 unfavourable variance in the Magazines segment (Table 3), mainly due to the reopening with a reduction in government assistance under both the CEWS and the CPF.

- $816,000 favourable variance in the Production & Distribution segment (Table 3), resulting mainly from the favourable gross margin related to international sales for films produced by Incendo.

Table 3
Adjusted EBITDA
(in thousands of dollars)

	Three months ended September 30		Nine months ended September 30	
	2021	2020	**2021**	2020
Broadcasting	**$ 21,538**	$ 16,938	**$ 24,698**	$ 24,237
Film Production & Audiovisual Services	**10,565**	2,947	**18,106**	6,626
Magazines	**2,048**	2,999	**5,569**	6,553
Production & Distribution	**1,243**	427	**2,974**	1,522
Intersegment items	**110**	52	**258**	298
	$ 35,504	$ 23,363	**$ 51,605**	$ 39,236

Net income attributable to shareholders: $19,010,000 ($0.44 per basic share), compared with $8,404,000 ($0.19 per basic share) for the same period of 2020.

- The favourable variance of $10,606,000 ($0.25 per basic share) was primarily due to:
  - $12,141,000 increase in adjusted EBITDA; and
  - $2,714,000 favourable variance in operational restructuring costs and other;

  partially offset by:
  - $4,144,000 unfavourable variance in income taxes.
- The calculation of earnings per share was based on a weighted average of 43,205,535 outstanding shares for the quarters ended September 30, 2021 and 2020.

Depreciation and amortization: $8,136,000, a slight $12,000 increase.

Financial expenses: $649,000, a slight $15,000 increase caused essentially by an increase in the interest expense related to the defined benefit plans, as well as the unfavourable variance in interest on debt related to a higher average indebtedness for the third quarter of 2021, net of a lower cost of financing for the same period. In addition, the Corporation recognized a foreign exchange gain for the third quarter of 2021, whereas a foreign exchange loss was recorded for the same period of 2020.

Operational restructuring costs and other: $20,000 for the third quarter of 2021, compared with $2,734,000 for the same period of 2020.

- During the three-month period ended September 30, 2021, the Corporation recorded a net amount of $16,000 stemming mainly from the elimination of positions and the implementation of cost-reduction measures, including $68,000 in the Broadcasting segment, and a net charge reversal of $52,000 in the Magazines segment ($903,000 for the same period of 2020, including $433,000 in the Broadcasting segment, $368,000 in the Film Production & Audiovisual Services segment and $102,000 in the Magazines segment).
- During the quarter ended September 30, 2020, the Corporation made an upward adjustment to the contingent consideration related to the Acquisition of Incendo following a review of the assumptions and the range of probabilities for the achievement of financial conditions used in the initial recognition of the transaction. The remeasurement led to an additional $1,728,000 charge related to the conditional consideration.

Income taxes: $7,587,000 (effective tax rate of 28.4%) for the third quarter of 2021, compared with $3,443,000 (effective tax rate of 29.0%) over the same period of 2020, an unfavourable variance of $4,144,000, due mainly to the impact of an increase in taxable income for tax purposes. The higher effective tax rate than the statutory rate of 26.5% for the three-month period ended September 30, 2021 was mainly due to a prior-year income tax adjustment. The higher effective tax rate than the statutory rate of 26.5% for the same period of 2020 was mainly due to the permanent variance generated by the remeasurement of the contingent consideration payable in connection with the Acquisition of Incendo, as noted above, partially offset by a prior-year income tax adjustment. Calculation of the effective tax rates is based on only taxable and deductible items.

Share of loss of associates: $111,000 for the third quarter of 2021, compared with $21,000 for the same period of 2020; the $90,000 unfavourable variance was due to the weaker financial results of an associate in the television industry.

2021/2020 year-to-date comparison

Operating revenues: $450,933,000, a $90,407,000 (25.1%) increase.

- $64,618,000 (22.1%) increase in the Broadcasting segment (Table 2) essentially due to a 29.0% increase in TVA Network's revenues, including a 27.1% increase in advertising revenues, a 13.6% increase in the revenues of the specialty channels also resulting from a 46.1% increase in advertising revenues, and a 54.8% increase in Qolab's operating revenues.

- $26,738,000 (71.7%) increase in the Film Production & Audiovisual Services segment (Table 2), attributable to increased revenues from all of the segment's activities, including a 113.4% increase in revenues from soundstage, mobile and equipment rental, a 63.2% increase in postproduction and a 34.5% increase in media accessibility services.

- $746,000 (2.3%) increase in the Magazines segment (Table 2), due primarily to increases of 6.9%, 5.7% and 2.1% in advertising, subscription and newsstand revenues respectively, partially offset by a 2.7% decrease in assistance from the CPF.

- $2,249,000 (23.7%) increase in the Production & Distribution segment (Table 2), primarily due to the same factor as noted above in the 2021/2020 third quarter comparison.

Adjusted EBITDA: $51,605,000, a $12,369,000 (31.5%) favourable variance.

- $461,000 favourable variance in the Broadcasting segment (Table 3) caused mainly by an increase in adjusted EBITDA of TVA Network and Qolab, partially offset by the increase in negative adjusted EBITDA of "TVA Sports."

- $11,480,000 favourable variance in the Film Production & Audiovisual Services segment (Table 3), mainly due to an increase in adjusted EBITDA from soundstage, mobile and equipment rental activities, partially offset by the increase in negative adjusted EBITDA from visual effects, combined with the start-up of our virtual stage activities, which have not yet reached their full revenue potential, as well as the decreased profitability of media accessibility services.

- $984,000 unfavourable variance in the Magazines segment (Table 3), mainly due to the reopening with decreased government assistance.

- $1,452,000 favourable variance in the Production & Distribution segment (Table 3), due mainly to the favourable gross margin related to international sales for films produced by Incendo, as well as distribution on streaming platforms.

Net income attributable to shareholders: $18,409,000 ($0.43 per basic share) for the first nine months of 2021, compared with $4,937,000 ($0.11 per basic share) for the same period of 2020.

- The favourable variance of $13,472,000 ($0.32 per basic share) was primarily due to:
    - $12,369,000 increase in adjusted EBITDA;
    - $4,656,000 favourable variance in operational restructuring costs and other; and
    - $788,000 favourable variance in the depreciation and amortization charge;

  partially offset by:
    - $4,431,000 unfavourable variance in income taxes.
- The calculation of earnings per share was based on a weighted average of 43,205,535 outstanding shares for the nine-month periods ended September 30, 2021 and 2020.

Depreciation and amortization: $24,338,000, a $788,000 decrease, mainly due to the decrease in the amortization expense of intangible assets, particularly websites and operational software, and fully amortized technical equipment, partially offset by the increase in the amortization expense related to equipment for rental.

Financial expenses: $2,055,000, an $86,000 increase caused essentially by the unfavourable variance in interest related to the defined benefit plans, partially offset by the favourable variance in interest on debt related to the lower cost of financing for 2021, despite a higher average indebtedness.

Operational restructuring costs and other: $182,000 for the first nine months of 2021, compared with $4,838,000 for the same period of 2020.

- In the first nine months of 2021, the Corporation recorded a net amount of $394,000 arising primarily from the elimination of positions and the implementation of cost-reduction measures, including $729,000 in the Broadcasting segment and a net charge reversal of $342,000 in the Magazines segment ($3,153,000 for the same period of 2020, including $1,872,000 in the Broadcasting segment, $1,050,000 in the Film Production & Audiovisual Services segment and $231,000 in the Magazines segment).
- During the nine-month period ended September 30, 2021, the Corporation recorded a $48,000 charge reversal for business acquisitions, whereas for the same period of 2020, in addition to the additional $1,728,000 charge recorded during the third quarter in respect of the contingent consideration payable in connection with the Acquisition of Incendo, the Corporation recorded a $281,000 charge for business acquisitions.
- During the first nine months of 2021, the Corporation also recorded a $94,000 gain on the write-off of lease liabilities following the early release from certain real estate spaces, whereas for the same period of 2020, the Corporation had recognized a $253,000 gain on disposal of an asset, for proceeds of $310,000.

Income taxes: $7,181,000 (effective tax rate of 28.7%) for the first nine months of 2021, compared with $2,750,000 (effective tax rate of 37.7%) over the same period of 2020, an unfavourable variance of $4,431,000, due mainly to the impact of an increase in taxable income for tax purposes. The higher effective tax rate than the statutory rate of 26.5% for the nine-month period ended September 30, 2021 was mainly due to the same factor as that noted above in the 2021/2020 third quarter comparison. The higher effective tax rate than the statutory rate of 26.5% for the same period of 2020 was mainly due to the permanent variance generated by the remeasurement of the contingent consideration payable in connection with the Acquisition of Incendo, as noted above, and the recognition of foreign income taxes. Calculation of the effective tax rates is based on only taxable and deductible items.

Share of income of associates: $552,000 for the first nine months of 2021, compared with $405,000 for the same period of 2020; the $147,000 increase was due to the improved financial results of an associate in the television industry.

SEGMENTED ANALYSIS

Broadcasting

2021/2020 third quarter comparison

Operating revenues: $111,934,000, a $14,534,000 (14.9%) increase, primarily due to:

- 30.6% increase in TVA Network's revenues, mainly due to a 25.6% increase in advertising revenues, including an increase in digital revenues, as well as higher revenues from content production sponsorships;
- 22.2% increase in the advertising revenues of the specialty channels other than "TVA Sports," in particular a 34.7% increase for "LCN" stemming, among other things, from federal election programming during the quarter;
- 9.5% increase in the subscription revenues of "TVA Sports" due mainly to the fact that the Montreal Canadiens made it to the National Hockey League ("**NHL**") Stanley Cup finals, which boosted the subscriber base for the quarter; and
- 17.2% increase in Qolab's revenues, due to growth in the volume of activities, which is ongoing in commercial production and advertising services;

partially offset by:

- 16.3% decrease in the advertising revenues of "TVA Sports" due primarily to the postponement of the NHL 2019-2020 playoffs until the third quarter of 2020 as a result of the pandemic and the fact that the Montreal Canadiens qualified for the playoffs, resulting in higher advertising revenues.

French-language audience share

Table 4
French-language audience share
(Market share in %)

Third quarter 2021 vs Third quarter 2020			
	2021	**2020**	**Difference**
French-language conventional broadcasters:			
TVA	**23.0**	23.5	- 0.5
SRC	**14.6**	11.6	3.0
noovo	**5.6**	5.4	0.2
	43.2	40.5	2.7
French-language specialty and pay services:			
TVA	**15.2**	18.0	- 2.8
Bell Media	**12.9**	12.0	0.9
Corus	**5.5**	6.0	- 0.5
SRC	**5.7**	6.0	- 0.3
Other	**5.1**	5.4	- 0.3
	44.4	47.4	- 3.0
Total English-language channels and other:	**12.4**	12.1	0.3
TVA Group	**38.2**	41.5	- 3.3

Source: Numeris, French Quebec, July 1 to September 30, Mon-Sun, 2:00 a.m – 2:00 a.m, All 2+.

TVA Group's market share for the period of July 1 to September 30, 2021 decreased by 3.3 points to 38.2%, compared with 41.5% for the same period of 2020.

TVA Group's specialty services had a combined market share of 15.2% for the third quarter of 2021, compared with 18.0% for the same period of 2020, a 2.8-point decrease. Owing primarily to the pandemic, the Corporation broadcast the NHL playoffs, for which the Montreal Canadiens qualified, in the third quarter of 2020, which led to exceptional market share for "TVA Sports," essentially explaining the 1.7-point decrease for this quarter. The market share of news and public affairs channel "LCN" also dropped 1.3% for the same period, as it recorded exceptional growth in market share during the third quarter of 2020 amid the pandemic. "LCN" nevertheless held its position as Quebec's most-watched specialty channel. The "addik^{TV}" channel saw 0.3-point growth, while "Zeste" posted a 0.3-point decline.

TVA Network maintained its lead among over-the-air channels with a 23.0% market share, more than its two main over-the-air rivals combined. The Corporation broadcasted three of the five top shows in Quebec for the third quarter of 2021, including the new program, *Chanteurs masqués*, the Quebec version of *The Masked Singer*, which drew an average audience of over 1.6 million viewers, and certain games of the Stanley Cup finals, with nearly 1.5 million viewers.

Operating expenses: $90,396,000, a $9,934,000 (12.3%) increase due primarily to:

- 61.4% increase in TVA Network's operating expenses, due mainly to higher audiovisual content and labour costs, whereas employee costs for the third quarter of 2020 were lower as a result, among other things, of the recognition of higher CEWS amounts for employees who continued working;
- 8.2% increase in the operating expenses of the specialty services other than "TVA Sports"; and
- 28.0% increase in Qolab's operating expenses due to higher volume of activities;

partially offset by:

- 39.2% decrease in the operating expenses of "TVA Sports" due essentially to the postponement of the NHL 2019-2020 playoffs to the third quarter of 2020 given the new formats and schedules necessitated by the pandemic.

Adjusted EBITDA: $21,538,000, a $4,600,000 favourable variance due primarily to:

- increase in the adjusted EBITDA of the "TVA Sports" and "LCN" as explained above;

partially offset by:

- 55.0% decrease in TVA Network's adjusted EBITDA.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting segment's activities (expressed as a percentage of revenues) decreased from 82.6% for the third quarter of 2020 to 80.8% for the same period of 2021. The decrease was caused mainly by higher operating revenues, which exceeded the increase in operating expenses.

2021/2020 year-to-date comparison

Operating revenues: $356,846,000, a $64,618,000 (22.1%) increase, primarily due to:

- 29.0% increase in TVA Network's revenues, mainly due to a 27.1% increase in advertising revenues, including a 76.9% increase in digital revenues;
- 13.6% increase in the specialty channels' revenues, mainly due to a 46.1% increase in advertising revenues, including increases of 94.7% and 2.5% in advertising and subscription revenues respectively for "TVA Sports," primarily because the Montreal Canadiens made it all the way to the Stanley Cup finals in 2021;
- 54.8% increase in Qolab's revenues, due to the increased volume of activities, as explained earlier in the 2021/2020 third quarter comparison; and
- favourable variance related to recognition of a favourable retroactive adjustment in the royalties for signal retransmission in 2021, whereas an unfavourable retroactive adjustment had been made in 2020, which had an impact on TVA Network's revenues.

Operating expenses: $332,148,000, a $64,157,000 (23.9%) increase due primarily to:

- 28.4% increase in TVA Network's operating expenses, due primarily to the same factors as those noted above in the 2021/2020 third quarter comparison;
- 18.7% increase in the operating expenses of the specialty services, including a 28.0% increase for "TVA Sports," due primarily to the postponement of the 2020-2021 NHL season until early 2021 as

a result of the pandemic, as well as the decrease in the number of sporting events broadcast by the channel in 2020; and

- 49.2% increase in Qolab's operating expenses because of higher volume of activities.

Adjusted EBITDA: $24,698,000, a $461,000 favourable variance due primarily to:

- 32.6% increase in TVA Network's adjusted EBITDA;
- 74.9% increase in adjusted EBITDA generated by Qolab mainly as a result of higher volume of activities; and
- 2.1% increase in adjusted EBITDA from the specialty channels other than "TVA Sports";

partially offset by:

- 54.1% increase in negative adjusted EBITDA of "TVA Sports," as discussed above.

Analysis of cost/revenue ratio: Employee costs and the cost of purchases of goods and services for the Broadcasting segment's activities (expressed as a percentage of revenues) increased from 91.7% for the first nine months of 2020 to 93.1% for the same period of 2021. The increase was caused mainly by higher operating expenses as a proportion of total expenses for the segment, which exceeded the increase in operating revenues as a proportion of total revenues.

Film Production & Audiovisual Services

2021/2020 third quarter comparison

Operating revenues: $28,070,000, a $16,214,000 (136.8%) increase, primarily attributable to the resumption of activities starting in mid-September 2020. Note the following variances:

- 265.5% increase in soundstage, mobile and equipment rental revenues, with the use of its sets for *Paramount Pictures'* mega-production *Transformers* during the period;
- 101.3% increase in postproduction revenues;
- 27.6% increase in revenues from media accessibility services, which continue to grow due to the increase in content in the market, thus driving up demand for the services;
- favourable variance in revenues generated by the new virtual stage activities; and
- 44.9% increase in visual effects revenues.

Operating expenses: $17,505,000, an increase of $8,596,000 (96.5%). The increase is also primarily due to the resumption of activities, which led to an increase in variable expenses, particularly compensation costs, as well as much lower CEWS levels. Note the following variances:

- 77.9% increase in operating expenses for soundstage, mobile and equipment rental services;
- 141.9% increase in operating expenses related to postproduction;
- 70.2% increase in operating expenses for media accessibility services due to higher volume of activities;
- 88.9% increase in operating expenses related to visual effects; and
- unfavourable variance in expenses for the new virtual stage activities.

Adjusted EBITDA: $10,565,000, a $7,618,000 favourable variance, mainly due to an increase in adjusted EBITDA from soundstage, mobile and equipment rental services, partially offset by the decline in adjusted EBITDA from all other 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 75.1% for the third quarter of 2020 to 62.4% for the third quarter of 2021. The decrease was caused mainly by higher operating revenues, which exceeded the increase in operating expenses.

<u>2021/2020 year-to-date comparison</u>

Operating revenues: $64,036,000, a $26,738,000 (71.7%) increase, mainly attributable to the reopening, as noted in the 2021/2020 third quarter comparison, which resulted in the following variances, among others:

- 113.4% increase in revenues from soundstage, mobile and equipment rental, which was heavily affected by the public health crisis and the resulting suspension of film shoots in the second and third quarters of 2020;
- 63.2% increase in postproduction revenues;
- 34.5% increase in revenues from media accessibility services, also due to increased demand for the services;
- 28.4% increase in visual effects revenues; and
- favourable variance in revenues generated by the new virtual stage activities.

Operating expenses: $45,930,000, a $15,258,000 (49.7%) increase due primarily to the same factors as those noted above in the 2021/2020 third quarter comparison, which caused the following variances, among others:

- 34.9% increase in operating expenses for soundstage, mobile and equipment rental services;
- 53.4% increase in operating expenses for media accessibility services;
- 56.5% increase in operating expenses related to postproduction;
- 44.0% increase in operating expenses related to visual effects; and
- unfavourable variance in expenses for the new virtual stage activities.

Adjusted EBITDA: $18,106,000, an $11,480,000 favourable variance, mainly due to an increase in adjusted EBITDA from soundstage, mobile and equipment rental activities, partially offset by the increase in negative adjusted EBITDA from visual effects, the start-up of virtual stage activities, which have not yet reached their full revenue potential, and the 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 82.2% for the first nine months of 2020 to 71.7% for the same period of 2021. The decrease was caused mainly by higher operating revenues, which exceeded the increase in operating expenses.

Magazines

2021/2020 third quarter comparison

Operating revenues: $11,630,000, a $939,000 (-7.5%) decrease caused mainly by the following variances:

- 17.8% decrease in assistance from the CPF, which introduced a change in the method of grant allocation from its regular program starting on April 1, 2021, combined with lower amounts from the renewed enhanced one-time grant program compared with the same quarter of 2020, as explained below;
- 3.7% decrease in newsstand revenues, mainly for entertainment titles; and
- 7.0% decrease in subscription revenues, primarily for monthly titles.

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. In 2020, the program was enhanced for the 12-month reference period starting April 1, with additional one-time government assistance offered to help industry organizations cope with the public health crisis, resulting in a 25% increase in the grant received for that reference period. In 2021, the program was renewed for 12 months, resulting in a 14% increase in the grant received for that reference period. The Minister of Canadian Heritage also 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, at the end of 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 operating revenues. It amounted to 25.3% of the segment's operating revenues for the three-month period ended September 30, 2021 (28.4% for the same period of 2020).

Readership statistics

With nearly 3.1 million cross-platform readers for its monthly French titles, TVA Group is the top publisher of French-language monthly magazines in Quebec and a leading player in the Canadian magazine market with 7.2 million cross-platform readers.

Canada's lifestyle standard-setter *Canadian Living* reaches more than 3.3 million cross-platform readers. Its French-language counterpart *Coup de pouce* is the most-read French-language lifestyle magazine on all platforms with nearly 1.2 million cross-platform readers.

In Quebec, *Les Idées de ma Maison* is the benchmark in decorating, reaching 704,000 cross-platform readers.

In the English-language market, *Style at Home* is Canada's go-to decorating magazine, reaching more than 2.3 million cross-platform readers.

Source: Vividata, Fall 2021, Total Canada, 14+, July 1, 2020 to June 30, 2021

Operating expenses: $9,582,000, a slight $12,000 (0.1%) increase, mainly attributable to the reopening in a context of reduced government assistance, as noted above, which resulted among other things in an increase in compensation costs as a result of more employees working and a decrease in the CEWS available to the segment, partially offset by savings on subscription expenses.

Adjusted EBITDA: $2,048,000, a $951,000 unfavourable variance, primarily due to the decrease in government assistance available to the segment for the third quarter of 2021, compared with the same period of 2020.

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 76.1% for the third quarter of 2020 to 82.4% for the third quarter of 2021, mainly due to the decrease in operating revenues.

2021/2020 year-to-date comparison

Operating revenues: $33,645,000, a $746,000 (2.3%) increase, due primarily to the reopening, and more specifically the second quarter 2021 results compared with the same period of 2020, when the number of issues was reduced for some titles. Note the following variances:

- 6.9% increase in advertising revenues;
- 5.7% increase in subscription revenues, primarily for entertainment titles; and
- 2.1% increase in newsstand revenues, also mainly for entertainment titles;

partially offset by:

- 2.7% decrease in assistance from the CPF, as noted above.

Operating expenses: $28,076,000, a $1,730,000 (6.6%) increase, mainly attributable to the reopening in a context of reduced government assistance, as noted above, which resulted among other things in an increase in compensation costs as a result of more employees working and a decrease in the CEWS available to the segment, and an increase in variable costs related to the higher number of issues for some titles.

Adjusted EBITDA: $5,569,000, a $984,000 unfavourable variance, primarily due to the reopening with the reduction in government assistance.

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 80.1% for the nine-month period ended September 30, 2020 to 83.4% for the same period of 2021. The increase was caused mainly by higher operating expenses, which exceeded the increase in operating revenues.

Production & Distribution

2021/2020 third quarter comparison

Operating revenues: $4,133,000, a $2,249,000 (119.4%) increase, mainly due to international distribution activities with the delivery of two films produced by Incendo in the third quarter of 2021, whereas no films produced by Incendo were delivered in the same period of 2020.

Activities related to the distribution of films produced by Incendo accounted for 68.5% of the segment's operating revenues for the three-month period ended September 30, 2021, compared with 67.7% for the same period of 2020. Incendo's productions that generated operating revenues for this quarter primarily consist of romantic comedies.

Operating expenses: $2,890,000, a $1,433,000 (98.4%) increase mainly due to the increase in variable expenses related to the higher revenues.

Adjusted EBITDA: $1,243,000, an $816,000 favourable variance, primarily due to the higher total gross margin for the three-month period ended September 30, 2021, caused by international distribution of films produced by Incendo.

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) decreased from 77.3% for the three-month period ended September 30, 2020 to 69.9% for the same period of 2021, mainly because the increase in operating revenues exceeded the increase in operating expenses.

2021/2020 year-to-date comparison

Operating revenues: $11,755,000, a $2,249,000 (23.7%) increase, mainly due to international distribution activities with the delivery of seven films produced by Incendo in the nine-month period ended September 30, 2021, whereas no films produced by Incendo were delivered for the same period of 2020, and the increase in distribution revenues from the streaming platforms.

Activities related to the distribution of films produced by Incendo accounted for 79.5% of the segment's operating revenues for the nine-month period ended September 30, 2021, compared with 75.9% for the same period of 2020. 90% of the revenues generated by Incendo's productions stemmed from international distribution for the first nine months of 2021 (79% for the same period of 2020).

Operating expenses: $8,781,000, a $797,000 (10.0%) increase, mainly due to the increase in variable expenses related to the higher revenues, partially offset by a favourable variance in administrative expenses, particularly related to compensation and recognition of the Canada Emergency Rent Subsidy.

Adjusted EBITDA: $2,974,000, a $1,452,000 favourable variance, primarily due to a higher total gross margin for the first nine months of 2021 than the same period of 2020, generated by international distribution and distribution from streaming platforms, as well as a favourable variance in administrative expenses, as noted above.

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) decreased from 84.0% for the nine-month period ended September 30, 2020 to 74.7% for the same period of 2021, mainly because the increase in operating revenues exceeded the increase in operating expenses.

Acquisition of the shares of the companies in the Incendo group ("Acquisition of Incendo")

On April 1, 2019, the Corporation closed an agreement reached on February 22, 2019 to acquire the shares of the companies in the Incendo group, which is engaged in the production and distribution of high-quality television programming for the worldwide marketplace. The purchase price was subject to adjustments related to the achievement of financial conditions in the three years following the acquisition date. The contingent consideration was set at $1,739,000 on that date, according to the discounted future cash flows of the future contingent adjustments. The discounted future value is determined according to significant inputs not based on observable market data, assumptions and a range of probabilities for the achievement of financial conditions. The contingent consideration was remeasured during the third quarter of 2020 and the first quarter of 2021 (see "Operational restructuring costs and other" in the 2021/2020 third quarter comparison and in the 2021/2020 year-to-date comparison in the "Analysis of consolidated results" above) and the Corporation made a $606,000 payment in connection with this during the first quarter of 2021.

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)

	Three months ended September 30		Nine months ended September 30	
	2021	2020	**2021**	2020
Cash flows related to operating activities	**$ 21,590**	$ (21,325)	**$ 5,180**	$ 22,796
Additions to property, plant and equipment and intangible assets	**(4,834)**	(3,007)	**(13,071)**	(11,316)
Disposal of a property, plant and equipment	**–**	–	**–**	310
Business acquisitions	**–**	–	**(606)**	–
Other	**(653)**	(578)	**(2,407)**	(2,245)
Repayment of (increase in) net debt	**$ 16,103**	$ (24,910)	**$ (10,904)**	$ 9,545

	September 30, 2021	December 31, 2020
At period end:		
Bank overdraft	**$ 5,587**	$ 1,699
Short-term debt	**33,808**	27,117
Less: cash	**(2,513)**	(2,838)
Net debt	**$ 36,882**	$ 25,978

Operating activities

Quarterly cash flows provided by operating activities: $42,915,000 increase during the three-month period ended September 30, 2021 compared with the same period of 2020, due mainly to a $32,211,000 net favourable variance in operating assets and liabilities, including favourable variances in content rights payable and tax credits and government assistance receivable, partially offset by an unfavourable variance in audiovisual content, and a $12,141,000 increase in adjusted EBITDA.

Year-to-date cash flows provided by operating activities: $17,616,000 decrease during the nine-month period ended September 30, 2021 compared with the same period of 2020, due primarily to a $31,478,000 net unfavourable variance in operating assets and liabilities, including unfavourable variances in audiovisual content, accounts receivable and current tax assets and liabilities, partially offset by favourable variances in tax credits and government assistance receivable and content rights payable, net of a $12,369,000 increase in adjusted EBITDA.

Working capital: $44,638,000 at September 30, 2021, compared with $51,861,000 at December 31, 2020. The $7,223,000 unfavourable variance was due primarily to the increase in content rights payable, short-term debt, accounts payable and accrued liabilities, and to decreases in tax credits and government assistance receivable and in audiovisual content, partially offset by an increase in accounts receivable.

Investing activities

Quarterly additions to property, plant and equipment and intangible assets: $4,834,000 for the third quarter of 2021, compared with $3,007,000 for the same period of 2020. The $1,827,000 (60.8%) increase was essentially due to the slowdown of some projects because of the pandemic in the third quarter of 2020, partially offset by the net variance in additions to property, plant and equipment and to intangible assets financed from accounts payable and accrued liabilities.

Year-to-date additions to property, plant and equipment and intangible assets: $13,071,000 for the first nine months of 2021, compared with $11,316,000 for the same period of 2020. The $1,755,000 (15.5%) increase was essentially due to the same factors as those noted above.

During the nine-month period ended September 30, 2021, the Corporation made investments in equipment for rental and for virtual stage activities, computer equipment and some of its technical equipment required for postproduction activities.

Disposal of a property, plant and equipment: $310,000 for the nine-month period ended September 30, 2020. In the second quarter of 2020, the Corporation disposed of an asset for proceeds of $310,000.

Business acquisitions: $606,000 for the nine-month period ended September 30, 2021 (see "Acquisition of Incendo" above) (nil for the same period of 2020).

Financing activities

Short-term debt (excluding deferred financing costs): $33,831,000 as at September 30, 2021, compared with $27,126,000 at December 31, 2020. The $6,705,000 increase was essentially due to the use of revolving credit to finance investing and operating activities, including greater investments in audiovisual content.

Financial position as at September 30, 2021

Net available liquid assets: $37,984,000, consisting of a $41,058,000 unused and available revolving credit facility and $2,513,000 in cash, less a $5,587,000 bank overdraft.

As at September 30, 2021, the entire $33,831,000 in principal on the debt was payable during the next 12-month period.

The weighted average term of TVA Group's debt was approximately 0.4 years as of September 30, 2021 (0.1 years as of December 31, 2020). The debt consisted entirely of floating-rate debt as of September 30, 2021 and December 31, 2020.

The Corporation has a $75,000,000 revolving credit facility, which matures on February 24, 2022. As at September 30, 2021, drawings on the revolving credit facility consisted of $27,981,000 in bankers' acceptances bearing interest at an effective rate of 1.83%, a $5,850,000 advance bearing interest at an effective rate of 2.85% and an outstanding letter of credit in the amount of $111,000. As at December 31, 2020, drawings on the revolving credit facility consisted of a $19,976,000 banker's acceptance bearing interest at an effective rate of 1.88%, a $7,150,000 advance bearing interest at an effective rate of 2.85% and an outstanding letter of credit in the amount of $133,000.

The Corporation's management believes that the cash flows generated on an annual basis by continuing operating activities and by available sources of financing should be sufficient to fulfill its commitments with respect to investment in property, plant and equipment, 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.

Under its credit agreement, the Corporation is subject to certain covenants, including the maintenance of certain financial ratios. As at September 30, 2021, the Corporation was in compliance with all the terms of its credit agreement.

Analysis of consolidated balance sheet as at September 30, 2021

Table 6
Consolidated balance sheets of TVA Group
Analysis of main variances between September 30, 2021 and December 31, 2020
(in thousands of dollars)

	September 30, 2021	December 31, 2020	Difference	Main reasons for difference
Assets				
Accounts receivable	$ **155,432**	$ 137,177	$ 18,255	Impact of the increased volume of activity.
Long-term audiovisual content	**91,613**	57,245	34,368	Impact of increased investments in audiovisual content.
Deferred taxes	**10,107**	23,923	(13,816)	Impact of recognition of a gain on remeasurement of the defined benefit plans.
Other assets	**28,256**	11,238	17,018	Impact of recognition of a gain on remeasurement of the defined benefit plans
Liabilities				
Content rights payable	$ **71,767**	$ 62,252	$ 9,515	Impact of investments in audiovisual content.
Other liabilities	**9,043**	38,223	(29,180)	Impact of the recognition of a gain on remeasurement of the defined benefit plans, as well as the recognition of the balance of purchase price and the contingent consideration payable in connection with the Acquisition of Incendo under current liabilities.

ADDITIONAL INFORMATION

Contractual obligations

As of September 30, 2021, material contractual commitments of operating activities included principal repayments and interest on debt and lease liabilities, amounts payable and contingent consideration in connection with the Acquisition of Incendo, 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 September 30, 2021
(in thousands of dollars)

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
Short-term debt	$ 33,831	$ –	$ –	$ –	$ 33,831
Lease liabilities	2,725	3,469	2,420	2,337	10,951
Payment of interest[1]	855	624	337	263	2,079
Amount payable and contingent consideration	6,715	–	–	–	6,715
Content rights	208,249	180,302	134,420	–	522,971
Other commitments	15,716	10,300	1,347	70	27,433
Total	**$ 268,091**	**$ 194,695**	**$ 138,524**	**$ 2,670**	**$ 603,980**

[1] *Interest is calculated on a constant debt level equal to that at September 30, 2021 and includes standby fees on the revolving 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 NHL 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.

In the third quarter of 2021, the Corporation sold advertising space and content to, recognized subscription revenues from, and provided production, postproduction and other services to corporations under common control and associates in the aggregate amount of $27,465,000 ($26,380,000 for the third quarter of 2020).

In the third quarter of 2021, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees, commissions on sales and newsgathering costs arising from transactions with corporations under common control and associates totalling $11,515,000 ($12,262,000 for the third quarter of 2020).

In the third quarter of 2021, the Corporation also billed management fees to corporations under common control in the amount of $1,316,000 ($1,240,000 for the third quarter of 2020). These fees are recorded as a reduction of operating expenses.

As well, the Corporation paid management fees to the parent corporation in the amount of $855,000 for the third quarters of 2021 and 2020.

During the first nine months of 2021, the Corporation sold advertising space and content to, recorded subscription revenues from, and provided production, postproduction and other services to corporations under common control and associates in the aggregate amount of $81,972,000 ($77,023,000 during the first nine months of 2020).

In the first nine months of 2021, the Corporation recorded telecommunications service costs, advertising space acquisition costs, professional service fees, commissions on sales and newsgathering costs arising from transactions with corporations under common control and associates totalling $39,762,000 ($35,650,000 for the first nine months of 2020).

In the first nine months of 2021, the Corporation also billed management fees to corporations under common control in the amount of $4,148,000 ($3,700,000 for the first nine months of 2020).

As well, the Corporation paid management fees to the parent corporation in the amount of $2,565,000 for the first nine months of 2021 and 2020.

Capital stock

Table 8 below presents information on the Corporation's capital stock. In addition, 689,503 Class B stock options of the Corporation were outstanding as of October 14, 2021.

Table 8
Number of shares outstanding as at October 14, 2021
(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

Contingencies and legal disputes

Lawsuits were brought by and against the Corporation, and against Quebecor Inc. 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.

Disclosure controls and procedures

The purpose of internal controls over financial reporting is to provide reasonable assurance as to the reliability of the Corporation's financial reporting and the preparation of its financial statements in accordance with IFRS. There have not been any changes in internal controls over financial reporting during the three-month period ended September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Additional information

The Corporation is a reporting issuer under the securities acts of all the provinces of Canada. It is therefore required to file financial statements, an information circular and an annual information form with the various securities regulatory authorities. Copies of those documents are available free of charge from the Corporation on request, and on the Web at www.sedar.com 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, including COVID-19, as well as any urgent steps taken by government.

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

For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at www.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 Management's Discussion and Analysis reflect the Corporation's expectations as of October 28, 2021, 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

October 28, 2021

Table 9
SELECTED QUARTERLY FINANCIAL DATA
(in thousands of dollars, except for per-share data)

	2021			2020
	Sept. 30	June 30	March 31	Dec. 31
Operations				
Operating revenues	**$ 150,703**	$ 159,422	$ 140,808	$ 147,618
Adjusted EBITDA	**$ 35,504**	$ 13,965	$ 2,136	$ 46,070
Net income (loss) attributable to shareholders	**$ 19,010**	$ 3,850	$ (4,451)	$ 27,380
Basic and diluted per-share data				
Basic and diluted earnings (loss) per share	**$ 0.44**	$ 0.09	$ (0.10)	$ 0.63
Weighted average number of outstanding shares (in thousands)	**43,206**	43,206	43,206	43,206
Weighted average number of diluted shares (in thousands)	**43,466**	43,430	43,206	43,206

	2020			2019
	Sept. 30	June 30	March 31	Dec. 31
Operations				
Operating revenues	$ 119,537	$ 103,855	$ 137,134	$ 164,196
Adjusted EBITDA	$ 23,363	$ 7,366	$ 8,507	$ 33,568
Net income (loss) attributable to shareholders	$ 8,404	$ (2,744)	$ (723)	$ 16,030
Basic and diluted per-share data				
Basic and diluted (loss) earnings per share	$ 0.19	$ (0.06)	$ (0.02)	$ 0.37
Weighted average number of outstanding 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.