July 30, 2020

For immediate release

TVA GROUP REPORTS SECOND QUARTER 2020 RESULTS

Montreal, Canada – TVA Group Inc. ("TVA Group" or the "Corporation") announced today that it recorded operating revenues in the amount of $103.9 million in the second quarter of 2020, a year-over-year decrease of $42.1 million. The net loss attributable to shareholders was $2.7 million or $0.06 per share, compared with a net loss attributable to shareholders of $6.2 million or $0.14 per share in the same quarter of 2019.

Second quarter operating highlights:

- Consolidated adjusted EBITDA[1] of $7,366,000, a $3,602,000 favourable variance from the same quarter of 2019.
- $3,470,000 in adjusted EBITDA[1] in the Broadcasting segment, a $5,076,000 favourable variance due to a 59.4% improvement in negative adjusted EBITDA[1] at the specialty channels, particularly "TVA Sports," whose costs reflect a significant reduction in the sporting events broadcast by the channel, including postponement of the National Hockey League ("**NHL**") playoffs, partially offset by a 38.4% decrease in the adjusted EBITDA[1] of TVA Network.
- $507,000 in adjusted EBITDA[1] in the Film Production & Audiovisual Services segment, a $1,330,000 unfavourable variance caused primarily by the decreased profitability of soundstage, mobile and equipment rental and of postproduction activities as a result of the current health crisis. The segment's other activities posted increased profitability.
- $2,890,000 in adjusted EBITDA[1] in the Magazines segment, a $321,000 unfavourable variance resulting mainly from discontinuation of some titles, partially offset by the performance of the other titles, the publication frequency of which was reviewed, generating cost savings in excess of the decrease in their operating revenues.
- $428,000 in adjusted EBITDA[1] in the Production & Distribution segment, a $106,000 favourable variance due mainly to savings in administrative expenses, which outweighed the decrease in gross margin on film production and distribution.

"As expected, the COVID-19 pandemic significantly impacted our results in the second quarter of 2020. Many of our activities were curtailed to comply with Quebec government directives. Among other things, the health crisis and the measures to curb the spread of the virus caused a significant decline in advertising revenues; a large reduction in the sporting events broadcast by the "TVA Sports" specialty channel, including in particular postponement of the NHL playoffs to the third quarter; a reduction in the publication frequency of some periodicals; and the suspension of most of our content production activities. TVA Group has however continued to provide essential services throughout the crisis in order to inform in addition to entertain the population, and we have been gradually resuming most of our activities since the end of the quarter, while maintaining and adjusting internal measures to safeguard the health and safety of our employees and the public. While our teams are primed and ready to resume our activities, the reopening is still subject to factors that are limiting its scope and speed, including the implementation of social distancing measures that complicate or slow the production of certain types of content, the shaky resumption of sporting events, and the precarious situation of some of our advertisers," commented France Lauzière, President and CEO of TVA Group.

[1] See definition of adjusted EBITDA below.

"TVA Group's total market share increased by 1.8 points[1] to 42.3% in the second quarter of 2020. TVA Network grew its share by 0.2 points[1] while the specialty channels posted a 1.6-point increase[1] as a result of exceptional 5.1-point[1] growth at "LCN," which peaked at a market share of 10.6%,[1] strengthening its status as Quebec's most-watched specialty channel. The outstanding work of our employees during this unprecedented period allowed us to provide continuous news coverage and to continue producing original content to entertain our audiences. For example, we are very proud of the television event *Une chance qu'on s'a*, which paid tribute to Quebecers' efforts to fight COVID-19. It drew an average audience of more than 2.0 million viewers and raised more than $2 million to help seniors and victims of domestic violence," added France Lauzière.

"The Film Production & Audiovisual Services segment's financial results were significantly affected by the pandemic, forcing the suspension of film shoots, including a Disney production that was filming at our facilities, and delaying the start of a second major production scheduled for the second quarter. Postproduction activities have also been affected by the current situation, but most of the segment's other activities were maintained and helped mitigate the decline in profitability," continued the President of TVA Group.

"While the Magazines segment's operating revenues continued their decline in the second quarter of 2020, exacerbated by the current situation, our efforts yielded a 37.8% decrease in operating expenses and enabled the segment to continue making a positive contribution to the Corporation's operating results. This performance was made possible by the speed with which our people adjusted to the situation, temporarily curtailed the release of some titles and adjusted our content to address our readers' interests during the crisis. Protecting the strong brands that make TVA Group the largest publisher of French-language magazines in Quebec[2] remains our key priority.

"The Production & Distribution segment, which includes the operations of the companies in the Incendo group, continues to make a positive contribution to the Corporation's financial results. In addition to diversifying our revenue streams and expanding our presence internationally, particularly in English-language markets, this segment positions us to take advantage of the anticipated demand for production of original content, which will have been boosted by the current crisis. We are already planning the resumption of the segment's activities, which we hope to be able to accelerate through co-productions with New Zealand that are set to begin soon.

"Once again, I sincerely thank all our employees in all our segments and all regions of Quebec. They have made it possible for us to continue informing and entertaining Quebecers, and they are the architects of our reopening," Ms. Lauzière concluded.

Update on the COVID-19 situation

The second quarter results must be viewed in the context of the COVID-19 pandemic, an unprecedented situation with major consequences for Canadians and indeed the global economy. As a provider of essential services, our priority is to continue our mission of informing and entertaining the public. We kept our continuous news services available to all on our various broadcasting platforms and provided free access to our "LCN" all-news specialty channel throughout the quarter. TVA Group has taken and will continue to take all necessary measures to safeguard its employees' health and safety by delivering services remotely whenever possible, applying physical distancing rules in the workplace, and implementing stringent health precautions at its facilities.

We expect the financial impacts of this crisis will continue to be felt in the coming quarters, including:

- significant reduction in advertising revenues, which will inevitably affect the Broadcasting and Magazines segments;
- increase in bad debts as a result of the precarious situation of some advertisers;
- 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 the publication frequency of some periodicals, which will affect revenues in the Magazines segment;

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[1] Numeris – French Quebec, April 1 to June 30, 2020, Mo-Su, 2 a.m.–2 a.m., t2+
[2] Vividata, Spring 2020, Total Canada, 14+, January 1 to December 31, 2019

- decline in the level of activity in the MELS segment and in the Production & Distribution segment resulting from a slow and complex resumption of our content production 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.

On March 27, to adjust its cost structure to the lower volume of activities caused by the health crisis, the Corporation reduced the work assignments of approximately 25% of its workforce, who are now receiving benefits under the Corporation's assistance program to compensate for being placed on stand-by. During the health crisis, this program provides financial assistance in addition to the Canada Emergency Wage Subsidy or Canada Emergency Response Benefit programs. Many 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 impacts, 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.

TVA Group continues to take steps on a daily basis to implement the action plans needed to maintain business continuity and the pursuit of its long-term strategies. Our management team is working to ensure sound management of the current crisis and to plan a gradual resumption of the Corporation's activities, while following government directives.

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 others, 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.

Conference call for investors

TVA Group will hold a conference call to discuss its second quarter 2020 results on July 31, 2020, at 10:00 a.m. EDT. There will be a question period reserved for financial analysts. To access the call, please dial 1-877-293-8052, followed by access code for participants 66581#. A tape recording of the call will be available from July 31 to August 31, 2020 by dialling 1-877-293-8133 followed by conference access code 66581# and recording access code 66581#.

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, 2019 and the "Risk Factors" section in the Corporation's 2019 annual information form, as well as the update on risks and uncertainties in the Interim Management's Discussion and Analysis for the three-month and six-month periods ended June 30, 2020.

The forward-looking statements in this news release reflect the Corporation's expectations as of July 30, 2020 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 of June 30, 2020, with notes, and the interim Management's Discussion and Analysis for the three-month and six-month periods ended June 30, 2020, can be consulted on the Corporation's website at www.groupetva.ca.

Source:
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TVA GROUP INC.
Consolidated statements of loss

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

	Note	Three-month periods ended June 30		Six-month periods ended June 30	
		2020	2019	**2020**	2019
Revenues	2	**$ 103,855**	$ 145,955	**$ 240,989**	$ 280,096
Purchases of goods and services	3	**81,817**	104,951	**173,556**	198,876
Employee costs	3	**14,672**	37,240	**51,560**	73,489
Depreciation and amortization		**8,471**	9,722	**17,002**	18,787
Financial expenses	4	**665**	1,047	**1,335**	2,004
Operational restructuring costs and others	5	**1,802**	1,477	**2,104**	4,645
Loss before tax recovery and share of income of associates		**(3,572)**	(8,482)	**(4,568)**	(17,705)
Tax recovery		**(666)**	(2,245)	**(693)**	(4,637)
Share of income of associates		**(169)**	(196)	**(426)**	(347)
Net loss		**$ (2,737)**	$ (6,041)	**$ (3,449)**	$ (12,721)
Net (loss) income attributable to:					
Shareholders		**$ (2,744)**	$ (6,224)	**$ (3,467)**	$ (12,939)
Non-controlling interest		**7**	183	**18**	218
Basic and diluted loss per share attributable to shareholders	7 c)	**$ (0.06)**	$ (0.14)	**$ (0.08)**	$ (0.30)

See accompanying notes to condensed consolidated financial statements.

TVA GROUP INC.
Consolidated statements of comprehensive loss

(unaudited)
(in thousands of Canadian dollars)

	Three-month periods ended June 30		Six-month periods ended June 30	
	2020	2019	**2020**	2019
Net loss	**$ (2,737)**	$ (6,041)	**$ (3,449)**	$ (12,721)
Other comprehensive items that will not be reclassified to income:				
Defined benefit plans:				
Re-measurement loss (note 9)	**(15,000)**	–	**(15,000)**	–
Deferred income taxes	**4,000**	–	**4,000**	–
	(11,000)	–	**(11,000)**	–
Comprehensive loss	**$ (13,737)**	$ (6,041)	**$ (14,449)**	$ (12,721)
Comprehensive (loss) income attributable to:				
Shareholders	**$ (13,744)**	$ (6,224)	**$ (14,467)**	$ (12,939)
Non-controlling interest	**7**	183	**18**	218

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 7)	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) – Defined benefit plans		
Balance as at December 31, 2018	$ 207,280	$ 581	$ 59,406	$ 3,497	$ 966	$ 271,730
Net (loss) income	–	–	(12,939)	–	218	(12,721)
Balance as at June 30, 2019	207,280	581	46,467	3,497	1,184	259,009
Net income	–	–	29,391	–	12	29,403
Other comprehensive income	–	–	–	1,777	–	1,777
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**

See accompanying notes to condensed consolidated financial statements.

TVA GROUP INC.
Consolidated balance sheets

(unaudited)
(in thousands of Canadian dollars)

	June 30, 2020	December 31, 2019
Assets		
Current assets		
Cash	**$ 2,828**	$ 3,383
Accounts receivable	**147,185**	160,552
Income taxes	**5,664**	2,508
Audiovisual content	**72,770**	88,422
Prepaid expenses	**6,139**	3,105
	234,586	257,970
Non-current assets		
Audiovisual content	**54,457**	54,678
Investments	**10,993**	10,598
Property, plant and equipment	**167,294**	175,653
Right-of-use assets	**11,425**	8,530
Intangible assets	**26,342**	29,311
Goodwill	**23,703**	23,703
Deferred income taxes	**20,098**	14,703
	314,312	317,176
Total assets	**$ 548,898**	$ 575,146

TVA GROUP INC.
Consolidated balance sheets (continued)

(unaudited)
(in thousands of Canadian dollars)

	Note		June 30, 2020		December 31, 2019
Liabilities and equity					
Current liabilities					
Bank overdraft		**$**	**5,874**	$	–
Accounts payable and accrued liabilities			**98,778**		103,945
Content rights payable			**91,152**		83,244
Deferred revenues			**18,187**		16,883
Current portion of lease liabilities			**3,403**		3,238
Income taxes			**1,516**		309
Short-term debt			**3,962**		44,846
			222,872		252,465
Non-current liabilities					
Lease liabilities			**10,383**		7,978
Other liabilities			**33,887**		18,076
Deferred income taxes			**6,016**		6,438
			50,286		32,492
Equity					
Capital stock	7		**207,280**		207,280
Contributed surplus			**581**		581
Retained earnings			**72,391**		75,858
Accumulated other comprehensive (loss) income	9		**(5,726)**		5,274
Equity attributable to shareholders			**274,526**		288,993
Non-controlling interest			**1,214**		1,196
			275,740		290,189
Contingencies	11				
Total liabilities and equity		**$**	**548,898**	$	575,146

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	**2020**	2019	**2020**	2019
Cash flows related to operating activities					
Net loss		**$ (2,737)**	$ (6,041)	**$ (3,449)**	$ (12,721)
Adjustments for:					
Depreciation and amortization		**8,471**	9,722	**17,002**	18,787
Share of income of associates		**(169)**	(196)	**(426)**	(347)
Deferred income taxes		**318**	(506)	**(1,817)**	(573)
Gain on disposal of an asset	5	**(253)**	–	**(253)**	–
Others		**(47)**	22	**(25)**	(18)
		5,583	3,001	**11,032**	5,128
Net change in non-cash operating assets and liabilities		**22,960**	14,684	**33,089**	7,714
Cash flows provided by operating activities		**28,543**	17,685	**44,121**	12,842
Cash flows related to investing activities					
Additions to property, plant and equipment		**(1,965)**	(3,069)	**(6,788)**	(6,951)
Additions to intangible assets		**(488)**	(833)	**(1,521)**	(2,156)
Business acquisitions	6	**–**	(11,036)	**–**	(34,505)
Others		**401**	–	**401**	–
Cash flows used in investing activities		**(2,052)**	(14,938)	**(7,908)**	(43,612)
Cash flows related to financing activities					
Net change in bank overdraft		**458**	(4,219)	**5,874**	4,656
Net change in revolving credit facility		**(26,134)**	6,371	**(40,866)**	19,721
Repayment of term loan		**–**	(2,780)	**–**	(5,532)
Repayment of lease liabilities		**(867)**	(1,129)	**(1,723)**	(2,232)
Others		**–**	–	**(53)**	(105)
Cash flows (used in) provided by financing activities		**(26,543)**	(1,757)	**(36,768)**	16,508
Net change in cash		**(52)**	990	**(555)**	(14,262)
Cash at beginning of period		**2,880**	2,860	**3,383**	18,112
Cash at end of period		**$ 2,828**	$ 3,850	**$ 2,828**	$ 3,850
Interest and taxes reflected as operating activities					
Net interest paid		**$ 304**	$ 1,018	**$ 1,011**	$ 1,779
Net income taxes paid		**44**	1,117	**3,073**	2,773

See accompanying notes to condensed consolidated financial statements.

TVA Group Inc. ("TVA Group" or the "Corporation") is governed by the Quebec *Business Corporations Act*. TVA Group is a communications company engaged in broadcasting, film production & audiovisual services, international production & distribution of television content, and magazine publishing (note 10). The Corporation is a subsidiary of Quebecor Media Inc. ("Quebecor Media" or the "parent corporation") and the 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. On March 13, 2020, the Quebec government imposed a series of special preventive measures to limit the spread of the virus, including the suspension of business activities deemed non-essential. Since then, the Quebec government has gradually announced the stages of its reopening plan, which will extend over a period of several months. The crisis curtailed the operations of many business partners in the first half of 2020 and led to a significant slowdown in some of the Corporation's segments. Among other impacts, the COVID-19 virus and the measures to curb its spread caused a significant decline in advertising revenues, a large reduction in the sporting events broadcast on the "TVA Sports" specialty channel, a reduction in the publication frequency of some periodicals and the suspension of most of our content production activities. The Corporation has however continued to provide essential services in order to inform in addition to entertain the population, while putting in place internal measures to safeguard the health and safety of its employees and the public. The Corporation is providing television viewers with continuous coverage of the crisis on TVA Network and the "LCN" specialty channel. Because of the slowdown in the economy, the Corporation reduced the work assignments of approximately 25% of its workforce. The affected employees are receiving benefits under the Corporation's assistance program to make up for being placed on stand-by. During the health crisis, this program provides financial assistance in addition to the Canada Emergency Wage Subsidy or Canada Emergency Response Benefit programs. Many of the business units in the Corporation's business segments qualified for the Emergency Wage Subsidy, and provisions for subsidies receivable were recorded in the second quarter of 2020 as a counterpart of a reduction in employee costs or as a remittance to employees who are receiving benefits under the Corporation's assistance program following the reduction of positions. Given the uncertainty about the future course of the pandemic, it is not possible to determine all its impacts with certainty at this time.

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 2019 annual consolidated financial statements, which describe the accounting policies used to prepare these condensed consolidated financial statements.

These condensed consolidated financial statements were approved by the Corporation's Board of Directors on July 30, 2020.

Certain comparative figures for the three-month and six-month periods ended June 30, 2019 have been restated to conform to the presentation adopted for the three-month and six-month periods ended June 30, 2020.

2. Revenues

	Three-month periods ended June 30		Six-month periods ended June 30	
	2020	2019	**2020**	2019
Advertising services	**$ 42,729**	$ 71,185	**$ 104,845**	$ 138,141
Royalties	**34,637**	35,279	**71,030**	69,048
Rental, postproduction and distribution services and other services rendered[1]	**13,695**	21,368	**38,547**	36,682
Product sales[2]	**12,794**	18,123	**26,567**	36,225
	$ 103,855	$ 145,955	**$ 240,989**	$ 280,096

(1) Revenues from rental of soundstages, mobiles, equipment and rental space amounted to $2,705,000 and $12,226,000 during the three-month and six-month periods ended June 30, 2020 respectively ($7,212,000 and $12,236,000 during the same periods of 2019). Service revenues also include the activities of the new 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

The main components of purchases of goods and services were as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2020	2019	**2020**	2019
Purchases of goods and services:				
Rights and audiovisual content costs(1)	**$ 62,779**	$ 75,401	**$ 127,778**	$ 139,853
Printing and distribution	**2,987**	5,580	**6,662**	10,963
Services rendered by the parent corporation:				
- Commissions on advertising sales	**4,479**	7,542	**10,908**	14,642
- Others	**2,256**	2,222	**4,498**	4,460
Building costs	**3,646**	4,238	**7,744**	8,817
Marketing, advertising and promotion	**1,668**	4,270	**5,438**	8,764
Others	**4,002**	5,698	**10,528**	11,377
	81,817	104,951	**173,556**	198,876
Employee costs(2)	**$ 14,672**	$ 37,240	**$ 51,560**	$ 73,489
	$ 96,489	$ 142,191	**$ 225,116**	$ 272,365

(1) During the second quarter of 2020, the Corporation remeasured its audiovisual content asset, given the current pandemic and its impacts on the Corporation's operations. As a result of this remeasurement, the Corporation recorded a $28,056,000 audiovisual content charge for the three-month and six-month periods ended June 30, 2020. Despite this charge, rights and audiovisual content costs decreased by $12,622,000 and $12,075,000 by comparison with the respective three-month and six-month periods ended June 30, 2019. Management will remeasure the value of the audiovisual content asset in the coming quarters as the situation develops.

(2) For the three-month and six-month periods ended June 30, 2020, employee costs are presented net of the $14,544,000 the Corporation qualified for the Emergency Wage Subsidy for employees whose work assignments were maintained. This amount is presented in its entirety in accounts receivable as of June 30, 2020.

4. Financial expenses

	Three-month periods ended June 30		Six-month periods ended June 30	
	2020	2019	**2020**	2019
Interest on short-term debt	**$ 181**	$ 811	**$ 615**	$ 1,501
Amortization of financing costs	**13**	48	**35**	97
Interest on lease liabilities	**139**	175	**282**	344
Interest expense on net defined benefit liability	**67**	96	**162**	209
Foreign exchange loss (gain)	**150**	(45)	**24**	(39)
Others	**115**	(38)	**217**	(108)
	$ 665	$ 1,047	**$ 1,335**	$ 2,004

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

5. Operational restructuring costs and others

	Three-month periods ended June 30		Six-month periods ended June 30	
	2020	2019	**2020**	2019
Operational restructuring costs	**$ 2,097**	$ 1,496	**$ 2,250**	$ 2,896
Others	**(295)**	(19)	**(146)**	1,749
	$ 1,802	$ 1,477	**$ 2,104**	$ 4,645

Operational restructuring costs

For the three-month and six-month periods ended June 30, 2020 and 2019, the Corporation recorded a net charge resulting from the rationalization of operating activities in connection with the reduction of positions and the implementation of cost-reduction measures which the segment breakdown is as follows:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2020	2019	**2020**	2019
Broadcasting	**$ 1,415**	$ 834	**$ 1,439**	$ 1,147
Film Production & Audiovisual Services	**682**	108	**682**	111
Magazines	**–**	554	**129**	1,638
	$ 2,097	$ 1,496	**$ 2,250**	$ 2,896

Others

During 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 2020, the Corporation recorded a $194,000 charge in respect of business acquisitions, compared with $1,865,000 in the same period of 2019. The 2019 charge included a $1,794,000 obligation to invest in the broadcasting system, in connection with the acquisition of the companies in the Serdy Média inc. and Serdy Vidéo inc. groups (note 6).

6. Business acquisitions

(a) Serdy

On February 13, 2019, the Corporation acquired the shares of the companies in the Serdy Média inc. and Serdy Vidéo inc. groups, including the “Évasion” and “Zeste” channels, for a total purchase price of $25,604,000, including a $1,604,000 adjustment upon a predetermined working capital target agreed to by the parties, less $519,000 in acquired cash. On the acquisition date, the Corporation paid $24,000,000, which was the agreed purchase price before an adjustment upon a predetermined working capital target agreed to by the parties, less preliminary acquired cash in the amount of $531,000.

The acquisition is consistent with the Corporation’s strategic objective of enhancing its array of television content for its viewers and advertisers. The goodwill associated with the acquisition arises mainly from the quality of the content and the expected synergies.

As a condition of approval of the transaction, the Canadian Radio-television and Telecommunications Commission required the Corporation to make investments with tangible benefits in the order of $1,794,000, specifically investments in the Canadian broadcasting system to support French-language productions. This obligation was recognized in operational restructuring costs and others as an acquisition cost.

Allocation of the purchase price was finalized during the fourth quarter of 2019.

(b) 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 for a cash consideration of $10,392,000 (net of $859,000 in acquired cash and a $644,000 reimbursement due to an adjustment based on a predetermined working capital target agreed to by the parties) and a balance payable at fair value of $6,818,000 on the acquisition date. The purchase price is also 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. On the acquisition date, the Corporation paid $11,036,000, which was the agreed purchase price before an adjustment upon a predetermined working capital target agreed to by the parties, less acquired cash in the amount of $859,000.

This acquisition is in keeping with the Corporation’s strategy of diversifying its revenue streams and expanding its international footprint, especially in English-language markets. The goodwill associated with this acquisition arises primarily from the organization’s expertise and expected future growth.

Allocation of the purchase price was finalized during the fourth quarter of 2019.

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

6. Business acquisitions (continued)

The final breakdown of the fair value of assets and liabilities related to these acquisitions is as follows:

	Serdy	Incendo	Total
Non-cash assets acquired			
Current assets	$ 11,997	$ 14,004	$ 26,001
Non-current audiovisual content	3,893	4,191	8,084
Property, plant and equipment	1,720	156	1,876
Intangible assets	8,661	12,575	21,236
Right-of-use assets	1,469	249	1,718
Deferred income taxes	241	–	241
Goodwill[1]	4,813	9,788	14,601
	32,794	40,963	73,757
Liabilities assumed			
Current liabilities	5,404	17,390	22,794
Lease liabilities	1,469	249	1,718
Deferred income taxes	–	4,375	4,375
	6,873	22,014	28,887
Net assets acquired at fair value	$ 25,921	$ 18,949	$ 44,870
Consideration			
Cash	$ 25,085	$ 10,392	$ 35,477
Amounts payable and contingent consideration[2]	–	8,557	8,557
Investment in Canal Évasion inc., 8.3% owned by the Corporation	836	–	836
	$ 25,921	$ 18,949	$ 44,870

(1) Goodwill is not tax deductible.

(2) The current portion of the amounts payable and of the contingent consideration in connection with the acquisition of the Incendo group is presented under “Accounts payable and accrued liabilities,” while the long-term portion is presented under “Other liabilities” on the consolidated balance sheets.

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

7. Capital stock

(a) Authorized capital stock

An unlimited number of Class A Common Shares, participating, voting, without par value.

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

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

(b) Issued and outstanding capital stock

	June 30, 2020	December 31, 2019
4,320,000 Class A common shares	**$ 72**	$ 72
38,885,535 Class B shares	**207,208**	207,208
	$ 207,280	$ 207,280

(c) Loss per share attributable to shareholders

The following table shows the computation of loss per basic and diluted share attributable to shareholders:

	Three-month periods ended June 30		Six-month periods ended June 30	
	2020	2019	**2020**	2019
Net loss attributable to shareholders	**$ (2,744)**	$ (6,224)	**$ (3,467)**	$ (12,939)
Weighted average number of basic and diluted shares outstanding	**43,205,535**	43,205,535	**43,205,535**	43,205,535
Basic and diluted loss per share attributable to shareholders	**$ (0.06)**	$ (0.14)	**$ (0.08)**	$ (0.30)

The loss per diluted share calculation does not take into consideration the potential dilutive effect of stock options of the Corporation, because their impact is non-dilutive.

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

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

(a) Class B stock option plan for officers

	Six-month period ended June 30, 2020		
	Number		Weighted average exercise price
Balance as at December 31, 2019	515,000	$	2.43
Cancelled	(10,000)		2.16
Balance as at June 30, 2020	**505,000**	**$**	**2.43**

Of the options outstanding as at June 30, 2020, 35,000 Corporation Class B stock options could be exercised at an average price of $6.85.

(b) Quebecor Media stock option plan

	Six-month period ended June 30, 2020		
	Number		Weighted average exercise price
Balance as at December 31, 2019	31,600	$	69.19
Exercised	(18,800)		68.37
Balance as at June 30, 2020	**12,800**	**$**	**70.39**

Of the options outstanding as at June 30, 2020, 12,800 Quebecor Media stock options could be exercised at an average price of $70.39.

During the three-month period ended June 30, 2020, 16,000 Quebecor Media stock options were exercised for a cash consideration of $876,000 (during the three-month period ended June 30, 2019, 19,600 stock options were exercised for a cash consideration of $739,000).

During the six-month period ended June 30, 2020, 18,800 Quebecor Media stock options were exercised for a cash consideration of $1,002,000 (during the six-month period ended June 30, 2019, 20,600 stock options were exercised for a cash consideration of $782,000).

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

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

(c) Quebecor stock option plan

	Six-month period ended June 30, 2020	
	Number	Weighted average exercise price
Balance as at December 31, 2019	420,500	$ 28.82
Cancelled	(20,000)	26.52
Balance as at June 30, 2020	**400,500**	**$ 28.93**

Of the options outstanding as at June 30, 2020, no Quebecor Media stock options could be exercised.

(d) Deferred stock unit ("DSU") and performance stock unit ("PSU") plans

TVA Group has a DSU plan and a PSU plan for some management employees based on TVA Group Class B Non-Voting Shares ("TVA Group Class B Shares"). Quebecor also has DSU and PSU plans 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. The PSUs vest over three years and will be redeemed for cash at the end of that period, subject to achievement of financial targets. Under the TVA Group plan, holders of DSUs and PSUs are entitled to take dividends on TVA Group Class B Shares in the form of additional units. Under the Quebecor plan, holders of DSUs and PSUs are entitled to receive dividends on Quebecor Class B Shares in the form of additional units.

The following table shows changes in outstanding DSUs and PSUs during the six-month period ended June 30, 2020:

	Outstanding units			
	Corporation stock units		Quebecor stock units	
	DSU	PSU	DSU	PSU
Balance as at December 31, 2019	177,256	131,129	29,150	16,148
Granted	–	–	356	–
Cancelled	(20,692)	–	(4,322)	–
Redeemed	–	(131,129)	–	(16,148)
Balance as at June 30, 2020	**156,564**	**–**	**25,184**	**–**

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

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

As of June 30, 2020, the total number of DSUs outstanding under this plan was 334,056 (300,088 as of December 31, 2019).

(f) Stock-based compensation expense

During the three-month and six-month periods ended June 30, 2020, reversals of compensation expense in the amounts of $97,000 and $114,000 respectively were recorded in respect of all stock-based compensation plans (compensation expense of $653,000 and $1,168,000 in the same periods of 2019).

9. Pension plans and post-retirement benefits

The loss on remeasurement of defined benefit plans recognized on the consolidated statement of comprehensive loss for the six-month period ended June 30, 2020 mainly reflects the decrease in the discount rate since December 31, 2019.

10. Segmented information

Management made changes to the Corporation's management structure at the beginning of the year. As a result of those changes, the custom publishing, commercial print production and premedia services previously provided by the Magazines segment were combined with the Broadcasting segment's existing commercial production activities. Financial information for comparative periods has been restated to take into account the new presentation.

At the beginning of the second quarter of 2019, the Corporation reorganized its business segments to better reflect changes in its operations and management structure following the acquisition of the companies in the Incendo group on April 1, 2019 (note 6). Accordingly, the new Production & Distribution segment was created.

As well, since February 13, 2019, following the acquisition of the companies in the Serdy Média inc. and Serdy Vidéo inc. groups (note 6), the activities of the "Évasion" and "Zeste" specialty services have been included in the Broadcasting segment's results, while postproduction activities have been included in the Film Production & Audiovisual Services segment's results.

The Corporation's operations now consist of the following segments:

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

– The **Film Production & Audiovisual Services segment**, which 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, 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;

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

10. Segmented information (continued)

– 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.

	Three-month periods ended June 30		Six-month periods ended June 30	
	2020	2019	**2020**	2019
Revenues				
Broadcasting	**$ 86,767**	$ 116,464	**$ 194,828**	$ 226,204
Film Production & Audiovisual Services	**7,460**	14,248	**25,442**	27,201
Magazines	**10,037**	15,523	**20,330**	30,181
Production & Distribution	**2,869**	3,479	**7,622**	3,479
Intersegment items	**(3,278)**	(3,759)	**(7,233)**	(6,969)
	103,855	145,955	**240,989**	280,096
Adjusted EBITDA (Negative adjusted EBITDA)(1)				
Broadcasting	**3,470**	(1,606)	**7,299**	874
Film Production & Audiovisual Services	**507**	1,837	**3,679**	1,943
Magazines	**2,890**	3,211	**3,554**	4,592
Production & Distribution	**428**	322	**1,095**	322
Intersegment items	**71**	–	**246**	–
	7,366	3,764	**15,873**	7,731
Depreciation and amortization	**8,471**	9,722	**17,002**	18,787
Financial expenses	**665**	1,047	**1,335**	2,004
Operational restructuring costs and others	**1,802**	1,477	**2,104**	4,645
Loss before tax recovery and share of income of associates	**$ (3,572)**	$ (8,482)	**$ (4,568)**	$ (17,705)

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

11. 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, 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.