

NEWS RELEASE

FOR IMMEDIATE RELEASE



POWER CORPORATION
OF CANADA

Power Corporation Reports Second Quarter 2020 Financial Results

Readers are referred to the sections "Non-IFRS Financial Measures and Presentation" and "Forward-Looking Statements" at the end of this release.

Montréal, Québec, August 7, 2020 – Power Corporation of Canada (Power Corporation or the Corporation) (TSX: POW) today reported earnings results for the three and six months ended June 30, 2020.

Power Corporation

Consolidated results for the period ended June 30

Highlights

- The Corporation's net asset value per share (a non-IFRS financial measure, see Non-IFRS Financial Measures and Presentation later in this news release) was \$32.96 at June 30, 2020, compared with \$30.79 at March 31, 2020, representing an increase of 7.0%.
- On June 29, 2020, Great-West Lifeco Inc.'s (Lifeco) subsidiary, Empower Retirement, announced that it has entered into an agreement to purchase Personal Capital Corporation, a hybrid wealth manager that combines a leading-edge digital experience with personalized advice delivered by human advisors.
- Lifeco's consolidated assets under administration were \$1.7 trillion at June 30, 2020, a 9.1% increase from March 31, 2020 primarily reflecting the market recovery.
- IGM Financial Inc. (IGM) assets under management at June 30, 2020 were \$165.4 billion, an increase of 12.1% from March 31, 2020 and down slightly from the quarter-end record high of \$166.8 million at December 31, 2019.
- Total net sales at IGM were \$3.4 billion, compared to net redemptions of \$544 million in the second quarter of 2019. Investment fund net sales were \$864 million, compared to net redemptions of \$364 million in the second quarter of 2019.
- On August 4, 2020, Lifeco announced that an agreement has been reached to sell its Canadian subsidiary, GLC Asset Management Group Ltd., to Mackenzie Financial Corporation, a subsidiary of IGM. This transaction is expected to close in the fourth quarter of 2020 and is subject to regulatory approval.
- Parjointco N.V. (Parjointco) and Pargesa Holding SA (Pargesa) announced on March 11, 2020 a public exchange offer for all Pargesa shares not held by Parjointco to be exchanged for Groupe Bruxelles Lambert (GBL) shares. Following the successful public exchange offer, Parjointco now holds over 98% of Pargesa's total voting rights. The transaction is expected to be completed in the second half of 2020.

Second Quarter

Net earnings attributable to participating shareholders were \$666 million or \$0.99 per share, compared with \$278 million or \$0.64 per share in 2019.

Adjusted net earnings attributable to participating shareholders (a non-IFRS financial measure, see Non-IFRS Financial Measures and Presentation later in this news release) were \$533 million or \$0.79 per share, compared with \$359 million or \$0.83 per share in 2019.



Contributions to Power Corporation's net earnings per share and adjusted net earnings per share were:

(in dollars per Power Corporation share)	2020 ^[1]		2019	
	Net Earnings	Adjusted Net Earnings	Net Earnings	Adjusted Net Earnings
• Lifeco ^[2]	0.86	0.70	0.45	0.62
• IGM	0.17	0.16	0.16	0.17
• Pargesa	0.05	0.06	0.13	0.14
• Other Investments ^[3]	0.04	-	0.10	0.10
• China AMC ^[4]	0.01	0.01	0.01	0.01
• Corporate Operations ^[5]	(0.14)	(0.14)	(0.21)	(0.21)
	0.99	0.79	0.64	0.83

[1] The Corporation completed a reorganization transaction on February 13, 2020 in which it acquired the minority interests of Power Financial (the Reorganization) and now holds 100% of the common shares in the capital of Power Financial. In the second quarter of 2019, the Corporation completed a substantial issuer bid and repurchased 9.8% of its Subordinate Voting Shares.

[2] Power Financial participated in Lifeco's substantial issuer bid in the second quarter of 2019; the number of shares held by Power Financial decreased by 7.4%.

[3] Other Investments include earnings (losses) from investment platforms including controlled and consolidated subsidiaries.

[4] China Asset Management Co., Ltd.

[5] Operating and other expenses, dividends on non-participating shares of the Corporation and its share of Power Financial's corporate operations.

Adjustments in the second quarter of 2020, excluded from adjusted net earnings, were a positive impact to earnings of \$133 million or \$0.20 per share mainly related to the Corporation's share of Lifeco's adjustments, which consist of market-related recoveries, actuarial assumption changes and management actions, and a recovery on the deconsolidation of IntegraMed America, Inc. (IntegraMed). Adjustments in the second quarter of 2019 were a net negative impact to earnings of \$81 million mainly related to Lifeco's market-related impacts and a net loss on the sale of the U.S. individual life insurance and annuity business to Protective Life, partially offset by a positive impact from actuarial assumption changes.

Six Months

Net earnings attributable to participating shareholders were \$866 million or \$1.40 per share, compared with \$570 million or \$1.27 per share in 2019.

Adjusted net earnings attributable to participating shareholders were \$878 million or \$1.42 per share, compared with \$610 million or \$1.36 per share in 2019.



Contributions to Power Corporation's net earnings per share and adjusted net earnings per share were:

(in dollars per Power Corporation share)	2020 ^[1]		2019	
	Net Earnings	Adjusted Net Earnings	Net Earnings	Adjusted Net Earnings
• Lifeco ^[2]	1.18	1.23	1.09	1.17
• IGM	0.30	0.30	0.31	0.31
• Pargesa	0.13	0.14	0.19	0.20
• Other Investments ^[3]	0.09	0.05	0.06	0.06
• China AMC	0.03	0.03	0.03	0.03
• Corporate Operations ^[4]	(0.33)	(0.33)	(0.41)	(0.41)
	1.40	1.42	1.27	1.36

[1] The Corporation completed the Reorganization on February 13, 2020 and now holds 100% of the common shares in the capital of Power Financial. In the second quarter of 2019, the Corporation completed a substantial issuer bid and repurchased 9.8% of its Subordinate Voting Shares.

[2] Power Financial participated in Lifeco's substantial issuer bid in the second quarter of 2019; the number of shares held by Power Financial decreased by 7.4%.

[3] Other Investments include earnings (losses) from investment platforms including controlled and consolidated subsidiaries.

[4] Operating and other expenses, dividends on non-participating shares of the Corporation and its share of Power Financial's corporate operations.

Adjustments in the six-month period of 2020, excluded from adjusted net earnings, were \$12 million or \$0.02 per share mainly related to the Corporation's share of Lifeco's adjustments, which consist of negative market-related impacts, offset by actuarial assumption changes and management actions as well as by a recovery on the deconsolidation of IntegraMed. Adjustments in the six-month period of 2019 were \$40 million mainly related to Lifeco's market-related impacts and a net loss on the sale of the U.S. individual life insurance and annuity business to Protective Life, partially offset by a positive impact from actuarial assumption changes and management actions.

Great-West Lifeco, IGM Financial and Pargesa

Results for the period ended June 30

The information below is derived from Lifeco and IGM's interim MD&A, as prepared and disclosed by the respective companies in accordance with applicable securities legislation, and which is also available either directly from SEDAR (www.sedar.com) or from their websites, www.greatwestlifeco.com and www.igmfinancial.com. The information below related to Pargesa is derived from publicly disclosed information, as issued by Pargesa in its second quarter press release. Further information on Pargesa's results is available on its website at www.pargesa.ch.

GREAT-WEST LIFECO INC.

Second Quarter

Net earnings attributable to common shareholders were \$863 million or \$0.930 per share, compared with \$459 million or \$0.489 per share in 2019. As a result of the sale of U.S. individual life insurance and annuity business during the second quarter of 2019, Lifeco's net earnings included a net charge of \$199 million in the second quarter of 2019.

Adjusted net earnings ^[1] attributable to common shareholders were \$706 million or \$0.761 per share, compared with \$627 million or \$0.668 per share in 2019.

Adjustments in the second quarter of 2020, excluded from adjusted net earnings, were a net positive impact to earnings of \$157 million, compared with a net negative impact of \$168 million in 2019.

[1] Described as "base earnings" by Lifeco. For additional information, please refer to the Non-IFRS Financial Measures and Presentation section later in this news release.



Six Months

Net earnings attributable to common shareholders were \$1,205 million or \$1.299 per share, compared with \$1,116 million or \$1.159 per share in 2019.

Adjusted net earnings ^[1] attributable to common shareholders were \$1,249 million or \$1.347 per share, compared with \$1,196 million or \$1.241 per share in 2019.

Adjustments in the six-month period of 2020, excluded from adjusted net earnings, were a net negative impact to earnings of \$44 million, compared with \$80 million in 2019.

[1] Described as "base earnings" by Lifeco. For additional information, please refer to the Non-IFRS Financial Measures and Presentation section later in this news release.

IGM FINANCIAL INC.

Second Quarter

Net earnings and adjusted net earnings available to common shareholders were \$183.5 million or \$0.77 per share, compared with net earnings of \$185.1 million or \$0.77 per share and adjusted net earnings of \$193.1 million or \$0.81 per share in 2019.

Assets under management at June 30, 2020 were \$165.4 billion, an increase of 12.1% from March 31, 2020.

Six Months

Net earnings and adjusted net earnings available to common shareholders were \$344.4 million or \$1.45 per share, compared with net earnings of \$352.6 million or \$1.47 per share and adjusted net earnings of \$360.6 million or \$1.50 per share in 2019.

PARGESA HOLDING SA

Second Quarter

Pargesa reported net earnings of SF203 million, compared with SF134 million in 2019.

Adjusted net earnings were SF209 million, compared with SF152 million in 2019. Adjustments, not included in adjusted net earnings, were a charge of SF6 million in the second quarter.

Pargesa reported a net asset value at June 30, 2020 of SF8,393 million, representing SF99.0 per share, compared with SF8,300 million or SF98.0 per share at March 31, 2020.

Pargesa adopted IFRS 9 in 2018. Power Corporation continues to apply IAS 39; this results in a decrease in its share of the contribution from Pargesa of \$42 million in the second quarter of 2020.

Six Months

Pargesa reported net earnings of SF209 million, compared with SF225 million in 2019.

Adjusted net earnings were SF220 million, compared with SF246 million in 2019. Adjustments, not included in adjusted net earnings, were a charge of SF11 million in the six-month period.



Other Investments

For the period ended June 30

Other investments are comprised of the results of the Corporation's investment platforms, Sagard Holdings Inc. (Sagard Holdings) and Power Sustainable Capital Inc. (Power Sustainable Capital), which include income earned from asset management activities and investment activities. Asset management activities includes management fees and carried interests net of investment platform expenses and investment activities comprises income earned on the capital invested by the Corporation (proprietary capital) in each platform and the share of earnings (losses) of controlled and consolidated subsidiaries held within the investment platforms. Other includes the share of earnings (losses) of standalone businesses and the Corporation's investments in investment and hedge funds. For additional information, refer to the table later in this news release.

Second Quarter

Income from the Corporation's investment platforms was a loss of \$2 million, compared with income of \$40 million in 2019.

During the second quarter of 2020, Sagard Holdings deconsolidated IntegraMed resulting in a recovery on deconsolidation of \$27 million which has been excluded from adjusted net earnings.

Six Months

Income from the Corporation's investment platforms was \$30 million, compared with \$24 million in 2019.

COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Governments and central banks have responded with significant monetary and fiscal interventions designed to stabilize economic conditions. Equity markets in particular have been volatile, experiencing material and rapid declines in the first quarter of 2020 followed by recoveries during the second quarter of 2020.

The Corporation is managing the risks associated with the COVID-19 pandemic utilizing its existing risk management framework. At Power Corporation and its group companies, the focus has continued to be on managing the safety and well-being of its people, maintaining operational effectiveness, ensuring that the group can serve its customers, assessing impacts on earnings, liquidity and capital, planning for different potential scenarios and engaging with stakeholders. The respective boards of directors of Power Financial, Lifeco, IGM, Pargesa and GBL are responsible for the governance structures and processes to oversee the management of the risk and potential impacts presented by the current economic slowdown and other potential consequences due to COVID-19.

The duration and impact of the COVID-19 pandemic is unknown at this time. Economic damage and market weakness are being felt across the global economy. Significant economic headwinds are expected to continue in the second half of 2020 as a result of anticipated negative credit experiences, impairment of valuations in certain sectors of the economy and asset classes, and uncertainties in the durability and effectiveness of government and central bank interventions, among others. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operating subsidiaries in future periods.



Dividend on Power Corporation Participating Shares

The Board of Directors declared a quarterly dividend of 44.75 cents per share on the Participating Preferred Shares and the Subordinate Voting Shares of the Corporation, payable October 30, 2020 to shareholders of record September 30, 2020.

Dividends on Power Corporation Non-Participating Preferred Shares

The Board of Directors also declared quarterly dividends on the Corporation's preferred shares, payable October 15, 2020 to shareholders of record September 24, 2020:

Series	Stock Symbol	Amount	Series	Stock Symbol	Amount
1986 Series	POW.PR.F	Floating rate ^[1]	Series C	POW.PR.C	36.25¢
Series A	POW.PR.A	35¢	Series D	POW.PR.D	31.25¢
Series B	POW.PR.B	33.4375¢	Series G	POW.PR.G	35¢

[1] Equal to one quarter of 70% of the average prime rate of two major Canadian chartered banks for the period June 1 to August 31, 2020.

About Power Corporation

Power Corporation is an international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms. To learn more, visit www.PowerCorporation.com.

At June 30, 2020, Power Corporation held the following economic interests:

- 100% – Power Financial
 - 66.9% – Great-West Lifeco (TSX: GWO)
 - 62.1% – IGM Financial (TSX: IGM)
 - 44.5% – Pargesa Holding (SIX: PARG) ^[1]
 - 83.6% – Wealthsimple Financial Corp. ^[2]
- Investment Platforms
 - 100% – Sagard Holdings ^[3]
 - 100% – Power Sustainable Capital
 - Power Pacific Investment Management
 - Power Energy Corporation
- 27.8% – China AMC ^[4]

[1] Increased from 27.8% to 44.5% on June 16, 2020.

[2] Undiluted equity interest held by Lifeco, IGM and Power Financial.

[3] Includes the Corporation's interest in European private equity funds (formerly Sagard Europe). Refer to the Corporation's most recent MD&A for interest in the funds managed by Sagard Holdings.

[4] IGM and the Corporation each hold a 13.9% interest in China AMC.



Earnings Summary

Earnings

(unaudited) (in millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Adjusted net earnings ^[1]				
Power Financial				
Lifeco ^[2]	470	419	832	803
IGM ^[2]	108	113	205	220
Pargesa ^[2]	42	93	121	139
Corporate operations of Power Financial				
Income (loss) from investments	3	–	(4)	(4)
Operating and other expenses	(21)	(25)	(49)	(50)
Dividends on perpetual preferred shares	(34)	(34)	(69)	(69)
	568	566	1,036	1,039
Attributable to non-controlling interests of				
Power Financial ^[3]	–	202	116	366
Corporation's share of Power Financial	568	364	920	673
Other Investments ^[4]	(2)	40	30	24
China AMC	10	8	19	15
Corporate operations	(30)	(40)	(65)	(76)
Dividends on non-participating shares	(13)	(13)	(26)	(26)
Adjusted net earnings ^[5]	533	359	878	610
Adjustments – see below	133	(81)	(12)	(40)
Net earnings ^[5]	666	278	866	570

[1] Effective the first quarter of 2020, the Corporation introduced a modified definition of its Non-IFRS earnings measures, Adjusted net earnings. The comparative figures have been restated. For additional information, please refer to the Non-IFRS Financial Measures and Presentation section later in this news release.

[2] The contributions from Lifeco and IGM include an allocation of the results of Wealthsimple Financial Corp., KOHO Financial Inc., Portag3 Ventures Limited Partnership and Portag3 Ventures II Limited Partnership, based on their respective interest. The contributions from IGM and Pargesa reflect adjustments in accordance with IAS 39.

[3] The comparatives have been adjusted to reflect a corporate elimination on consolidation directly in the contribution from IGM.

[4] Includes earnings of the Corporation's investment platforms and earnings (losses) from Power Energy Corporation and standalone businesses which include IntegraMed (up to the date of deconsolidation on May 20, 2020).

[5] Attributable to participating shareholders.



Earnings per Share

(unaudited) (in dollars per share)	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Adjusted net earnings per share - basic ^[1]				
Power Financial				
Lifeco ^[2]	0.70	0.62	1.23	1.17
IGM ^[2]	0.16	0.17	0.30	0.31
Pargesa ^[2]	0.06	0.14	0.14	0.20
Corporate operations of Power Financial	(0.08)	(0.09)	(0.18)	(0.18)
	0.84	0.84	1.49	1.50
Other investments ^[3]	–	0.10	0.05	0.06
China AMC	0.01	0.01	0.03	0.03
Corporate operations and dividends on non-participating shares	(0.06)	(0.12)	(0.15)	(0.23)
Adjusted net earnings per share ^[4]	0.79	0.83	1.42	1.36
Adjustments – see below	0.20	(0.19)	(0.02)	(0.09)
Net earnings per share ^[4]	0.99	0.64	1.40	1.27

[1] Effective the first quarter of 2020, the Corporation introduced a modified definition of its Non-IFRS earnings measures, Adjusted net earnings. The comparative figures have been restated. For additional information, please refer to the Non-IFRS Financial Measures and Presentation section later in this news release.

[2] The contributions from Lifeco and IGM include an allocation of the results of Wealthsimple Financial Corp., KOHO Financial Inc., Portag3 Ventures Limited Partnership and Portag3 Ventures II Limited Partnership, based on their respective interest. The contributions from IGM and Pargesa reflect adjustments in accordance with IAS 39.

[3] Includes earnings of the Corporation's investment platforms and earnings (losses) from Power Energy Corporation and standalone businesses which include IntegraMed (up to the date of deconsolidation on May 20, 2020).

[4] Attributable to participating shareholders.

Investment Platforms

(unaudited) (in millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Sagard Holdings				
Asset management activities ^[1]	1	(13)	(4)	(20)
Investment activities (proprietary capital)	(5)	5	32	8
Power Sustainable Capital				
Investment activities (proprietary capital)	(7)	49	43	52
Other				
Standalone businesses ^[2]	5	(20)	(39)	(34)
Investment and hedge funds and other ^[3]	4	19	(2)	18
	(2)	40	30	24

[1] Includes management fees charged by the investment platform on proprietary capital. Management fees paid by the Corporation are deducted from income from investment activities.

[2] Includes the Corporation's share of earnings (losses) of IntegraMed (up to the date of deconsolidation on May 20, 2020), Lumenpulse Group Inc., The Lion Electric Co., and a jointly controlled corporation and associates.

[3] Other consists mainly of foreign exchange gains or losses and interest on cash and cash equivalents.



Adjustments (not included in adjusted net earnings)

(unaudited) (in millions of Canadian dollars)	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Share of Lifeco's adjustments:				
Actuarial assumption changes and management actions	82	25	47	113
Market-related impacts	23	(4)	(77)	(32)
Net charge on the sale, via reinsurance, of U.S. individual life insurance and annuity business	–	(134)	–	(134)
	105	(113)	(30)	(53)
Share of IGM's adjustments:				
Share of Lifeco's adjustments ^[1]	4	(4)	(1)	(2)
	4	(4)	(1)	(2)
Share of Pargesa's adjustments:				
Imerys - Impairments, restructuring charges and other	(2)	(7)	(2)	(7)
Parques and other charges	(1)	–	(2)	–
	(3)	(7)	(4)	(7)
	106	(124)	(35)	(62)
Attributable to non-controlling interests of Power Financial				
	–	(43)	4	(22)
Corporation's share of Power Financial	106	(81)	(39)	(40)
Other investments				
Recovery on deconsolidation of IntegraMed	27	–	27	–
	133	(81)	(12)	(40)

[1] Includes IGM's share of Lifeco's Adjustments for the impact of actuarial assumption changes and management actions and market-related impacts on insurance contract liabilities, in accordance with the Corporation's definition of Adjusted net earnings. For additional information, please refer to the Non-IFRS Financial Measures and Presentation section later in this news release.



Net Asset Value

Net asset value represents management's estimate of the fair value of the participating shareholders' equity of the Corporation. Net asset value is the fair value of the assets of the combined Power Financial and Power Corporation's non-consolidated balance sheet less their net debt and preferred shares. The Corporation's net asset value per share is presented on a look-through basis.

The Corporation's net asset value per share was \$32.96 at June 30, 2020, compared with \$30.79 at March 31, 2020, representing an increase of 7.0%. The net asset value per share was \$44.98 at December 31, 2019.

(in millions of Canadian dollars, except per share amounts)	June 30, 2020			December 31, 2019		
	Combined non- consolidated balance sheet	Fair value adjustment	Net asset value	Combined non- consolidated balance sheet ^[1]	Fair value adjustment	Net asset value
Assets						
Investments						
Power Financial ^[2]						
Lifeco	13,933	829	14,762	13,654	6,976	20,630
IGM	2,778	2,102	4,880	2,729	2,786	5,515
Parjointco ^[3]	3,763	(1,223)	2,540	3,954	(1,413)	2,541
Other Power Financial investments	193	134	327	203	127	330
Other investments						
Sagard Holdings						
Asset management companies ^[4]	164	–	164	153	–	153
Investments ^[5]	686	–	686	587	–	587
Power Sustainable Capital						
Power Pacific	850	–	850	739	–	739
Power Energy Corporation	384	349	733	325	320	645
Other	660	199	859	671	223	894
China AMC ^[6]	687	–	687	658	–	658
Cash and cash equivalents	1,362	–	1,362	1,392	–	1,392
Other assets	337	–	337	360	–	360
Total assets	25,797	2,390	28,187	25,425	9,019	34,444
Liabilities and non-participating shares						
Debentures and other debt instruments	1,027	–	1,027	933	–	933
Other liabilities ^[7]	1,083	–	1,083	1,024	–	1,024
Non-participating shares and perpetual preferred shares	3,788	–	3,788	3,790	–	3,790
Total liabilities and non-participating shares	5,898	–	5,898	5,747	–	5,747
Non-controlling interests	–	–	–	6,464	3,050	9,514
	5,898	–	5,898	12,211	3,050	15,261
Net value						
Participating shareholders' equity / Net asset value	19,899	2,390	22,289	13,214	5,969	19,183
Per share	29.43		32.96		30.98	
						44.98

[1] In the second quarter of 2020, the Corporation modified the presentation of the asset management companies held by the investment platforms. For additional information, please refer to the Non-IFRS Financial Measures and Presentation below.

[2] Investments held by Power Financial have been presented on a look-through basis at December 31, 2019; the corresponding adjustment representing the ownership not held by Power Corporation is included in non-controlling interests.

[3] As part of the Pargesa reorganization, Parjointco holds approximately 90% of Pargesa's shares at June 30, 2020; the fair value of Parjointco at June 30, 2020 is based on the market value of GBL. At December 31, 2019, the fair value of Parjointco based on the market value of GBL was \$3,032 million.

[4] The management companies of the investment funds are presented at their carrying value in accordance with IFRS.

[5] Includes investments in European private equity, formerly Sagard Europe.

[6] Valued at carrying value in accordance with IFRS.

[7] In accordance with IAS 12 *Income taxes*, no deferred tax liability is recognized with respect to temporary differences associated with investments in subsidiaries and jointly controlled corporations as the Corporation is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. If the Corporation were to dispose of an investment in a subsidiary or a jointly controlled corporation, income taxes payable on such disposition would be minimized through careful and prudent tax planning and structuring, as well as with the use of available tax attributes not otherwise recognized on the balance sheet, including tax losses, tax basis, safe income and foreign tax surplus associated with the subsidiary or jointly controlled corporation.



Non-IFRS Financial Measures and Presentation

In the second quarter of 2020, the Corporation modified the presentation of the asset management companies held by the investment platforms. Previously, the asset management activities were consolidated and included as corporate activities within the non-consolidated balance sheet of the Corporation. Pursuant to the Corporation's recently announced strategy, the activities of each asset management company are now presented within their operations. The comparatives in the non-consolidated balance sheets and non-consolidated statement of cash flows have been restated to reflect this change.

Effective the first quarter of 2020, the Corporation introduced a modified definition of its non-IFRS earnings measure, Adjusted net earnings. This change is consistent with the introduction of base earnings (loss) by Lifeco which was introduced in the first quarter of 2020 to reflect management's view of the operating performance of Lifeco. Lifeco defines base earnings (loss) as net earnings excluding the impact of actuarial assumption changes and management actions, direct equity and interest rate market impacts on insurance contract liabilities net of hedging, and items that management believes are not indicative of the company's underlying business results. The definition of Adjustments includes what the Corporation previously presented as other items and also includes Lifeco's impact of actuarial assumption changes and management actions, and direct equity and interest rate market impacts on insurance contract liabilities net of hedging. The definition of Adjustments used in Adjusted net earnings is being adopted to enhance comparability of results between reporting periods and in anticipation of Lifeco's implementation of accounting changes related to IFRS 17, *Insurance Contracts*, on January 1, 2023. The comparative periods have been restated to reflect the introduction of this modified measure.

Net earnings attributable to participating shareholders are comprised of:

- Adjusted net earnings attributable to participating shareholders; and
- Adjustments, which include the after-tax impact of any item that in management's judgment would make the period-over-period comparison of results from operations less meaningful. Adjustments include the Corporation's share of Lifeco's impact of actuarial assumption changes and management actions, direct equity and interest rate market impacts on insurance contract liabilities net of hedging, as well as items that management believes are not indicative of the underlying business results which include those identified by a subsidiary or a jointly controlled corporation.

Management uses these financial measures in its presentation and analysis of the financial performance of Power Corporation and believes that they provide additional meaningful information to readers in their analysis of the results of the Corporation. Adjusted net earnings, as defined by the Corporation, assist the reader in comparing the current period's results to those of previous periods as it reflects management's view of the operating performance of the Corporation and its subsidiaries and excludes items that are not considered to be part of the underlying business results from this non-IFRS financial measure.

Adjusted net earnings attributable to participating shareholders and adjusted net earnings per share are non-IFRS financial measures that do not have a standard meaning and may not be comparable to similar measures used by other entities.

The Corporation also uses a non-consolidated basis of presentation to present and analyze its results whereby the Corporation's interests in Power Financial and other subsidiaries are accounted for using the equity method. Presentation on a non-consolidated basis is a non-IFRS presentation. However, it is useful to the reader as it presents the holding company's (parent) results separately from the results of its operating subsidiaries.

Net asset value is commonly used by holding companies to determine their value. Net asset value is the fair value of Power Corporation's non-consolidated assets less its net debt and preferred shares. The investments held in public entities (including Lifeco, IGM and GBL (through Parjointco)) are measured at their market value and investments in private entities and investment funds are measured at management's estimate of fair value. Pargesa's net asset value is determined on the basis of current market values for listed shareholdings, plus the fair value of private equity activities and GBL treasury shares, less net debt. This measure presents the fair value of the net assets of the holding company to management and investors and assists the reader in determining the value of the holding company.

This news release may also contain other non-IFRS financial measures which are publicly disclosed by the Corporation's subsidiaries such as sales, assets under management and assets under administration. Refer to the "Non-IFRS Financial Measures and Presentation" section of the Corporation's most recent Management's Discussion and Analysis for the definition of non-IFRS financial measures and their reconciliation with IFRS financial measures.

Eligible Dividends

For purposes of the *Income Tax Act* (Canada) and any similar provincial legislation, all of the above dividends on the Corporation's preferred shares (including the Participating Preferred Shares) and Subordinate Voting Shares are eligible dividends.



Forward-Looking Statements

Certain statements in this news release, other than statements of historical fact, are forward-looking statements based on certain assumptions and reflect the Corporation's current expectations, or with respect to disclosure regarding the Corporation's public subsidiaries, reflect such subsidiaries' disclosed current expectations. Forward-looking statements are provided for the purposes of assisting the reader in understanding the Corporation's financial performance, financial position and cash flows as at and for the periods ended on certain dates and to present information about management's current expectations and plans relating to the future and the reader is cautioned that such statements may not be appropriate for other purposes. These statements may include, without limitation, statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, including the fintech strategy, the expected impact of the COVID-19 pandemic on the Corporation and its subsidiaries' operations, results and dividends, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, the intended effects of the Reorganization (as defined herein), and the proposed redemption by the Corporation and Power Financial of certain classes of their First Preferred Shares. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, or include words such as "expects", "anticipates", "plans", "believes", "estimates", "seeks", "intends", "targets", "projects", "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may", "will", "should", "would" and "could".

By its nature, this information is subject to inherent risks and uncertainties that may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, that assumptions may not be correct and that objectives, strategic goals and priorities will not be achieved. A variety of factors, many of which are beyond the Corporation's and its subsidiaries' control, affect the operations, performance and results of the Corporation and its subsidiaries and their businesses, and could cause actual results to differ materially from current expectations of estimated or anticipated events or results. These factors include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in North America and internationally, fluctuations in interest rates, inflation and foreign exchange rates, monetary policies, business investment and the health of local and global equity and capital markets, management of market liquidity and funding risks, risks related to investments in private companies and illiquid securities, risks associated with financial instruments, changes in accounting policies and methods used to report financial condition (including uncertainties associated with significant judgments, estimates and assumptions), the effect of applying future accounting changes, business competition, operational and reputational risks, technological changes, cybersecurity risks, changes in government regulation and legislation, changes in tax laws, unexpected judicial or regulatory proceedings, catastrophic events, man-made disasters, terrorist attacks, wars and other conflicts, or an outbreak of a public health pandemic or other public health crises (such as COVID-19), the Corporation's and its subsidiaries' ability to complete strategic transactions, integrate acquisitions and implement other growth strategies, and the Corporation's and its subsidiaries' success in anticipating and managing the foregoing factors.

The reader is cautioned to consider these and other factors, uncertainties and potential events carefully and not to put undue reliance on forward-looking statements. Information contained in forward-looking statements is based upon certain material assumptions that were applied in drawing a conclusion or making a forecast or projection, including management's perceptions of historical trends, current conditions and expected future developments, as well as other considerations that are believed to be appropriate in the circumstances, including the availability of cash to redeem First Preferred Shares of the Corporation and Power Financial and that the list of factors in the previous paragraph, collectively, are not expected to have a material impact on the Corporation and its subsidiaries. While the Corporation considers these assumptions to be reasonable based on information currently available to management, they may prove to be incorrect.

Other than as specifically required by applicable Canadian law, the Corporation undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made, or to reflect the occurrence of unanticipated events, whether as a result of new information, future events or results, or otherwise.

Additional information about the risks and uncertainties of the Corporation's business and material factors or assumptions on which information contained in forward-looking statements is based is provided in its disclosure materials, including its most recent Management's Discussion and Analysis and Annual Information Form, filed with the securities regulatory authorities in Canada and available at www.sedar.com.

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