



SHAREHOLDERS' REPORT

Three and six-month periods ended February 29, 2024

Financial highlights

Three and six months ended	February 29, 2024	February 28, 2023	Change	Change in constant currency ⁽¹⁾ (2)	February 29, 2024	February 28, 2023	Change	Change in constant currency ⁽¹⁾ (2)
<i>(In thousands of Canadian dollars, except % and per share data)</i>	\$	\$	%	%	\$	\$	%	%
Operations								
Revenue	751,908	757,191	(0.7)	(0.6)	1,528,080	1,546,881	(1.2)	(1.4)
Adjusted EBITDA ⁽²⁾	347,782	351,663	(1.1)	(1.0)	713,815	725,545	(1.6)	(1.8)
Acquisition, integration, restructuring and other costs ⁽³⁾	1,222	6,952	(82.4)		4,487	9,629	(53.4)	
Profit for the period	93,930	102,592	(8.4)		192,659	226,400	(14.9)	
Profit for the period attributable to owners of the Corporation	23,997	33,788	(29.0)		58,538	75,869	(22.8)	
Adjusted profit attributable to owners of the Corporation ⁽²⁾⁽⁴⁾	24,346	35,609	(31.6)		64,384	78,371	(17.8)	
Cash flow								
Cash flows from operating activities	286,382	206,843	38.5		523,301	400,664	30.6	
Free cash flow ⁽²⁾	98,824	118,331	(16.5)	(16.8)	240,647	227,814	5.6	5.4
Free cash flow, excluding network expansion projects ⁽²⁾	123,214	160,573	(23.3)	(23.5)	296,697	335,890	(11.7)	(11.9)
Acquisition of property, plant and equipment	181,234	173,674	4.4		335,023	408,682	(18.0)	
Net capital expenditures ⁽²⁾⁽⁵⁾	171,756	156,832	9.5	9.9	318,423	354,174	(10.1)	(10.2)
Net capital expenditures, excluding network expansion projects ⁽²⁾	147,366	114,590	28.6	29.1	262,373	246,098	6.6	6.5
Per share data⁽⁶⁾								
Earnings per share								
Basic	2.32	2.17	6.9		4.53	4.85	(6.6)	
Diluted	2.30	2.15	7.0		4.50	4.82	(6.6)	
Adjusted diluted ⁽²⁾⁽⁴⁾	2.33	2.27	2.6		4.95	4.98	(0.6)	
Dividends per share	0.854	0.731	16.8		1.708	1.462	16.8	

(1) Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current period denominated in US dollars at the foreign exchange rate of the comparable period of the prior year. For the three and six-month periods ended February 28, 2023, the average foreign exchange rates used for translation were 1.3488 USD/CDN and 1.3489 USD/CDN, respectively.

(2) Adjusted EBITDA and net capital expenditures are total of segments measures. Adjusted profit attributable to owners of the Corporation, free cash flow, free cash flow, excluding network expansion projects and net capital expenditures, excluding network expansion projects are non-IFRS financial measures. Change in constant currency and adjusted diluted earnings per share are non-IFRS ratios. These indicated terms do not have standardized definitions prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS and other financial measures" section of the MD&A, including reconciliation to the most directly comparable IFRS financial measures.

(3) For the three and six-month periods ended February 29, 2024, acquisition, integration, restructuring and other costs mostly related to costs associated with the configuration and customization related to cloud computing and other arrangements, partly offset by a \$4.2 million reversal of a charge, recognized during the second quarter following the Copyright Board decision issued in January 2024 on the redetermination of the 2014-2018 royalty rates. For the three and six-month periods ended February 28, 2023, acquisition, integration, restructuring and other costs resulted mostly from a \$5.1 million retroactive adjustment recognized during the second quarter following the Copyright Board preliminary conclusions on the redetermination of the 2014-2018 royalty rates.

(4) Excludes the impact of acquisition, integration, restructuring and other costs, and gains/losses on debt modification and/or extinguishment, net of tax and non-controlling interest.

(5) Net capital expenditures exclude non-cash acquisitions of right-of-use assets and the purchases of spectrum licences, and are presented net of government subsidies, including the utilization of those received in advance.

(6) Per multiple and subordinate voting share.

As at	February 29, 2024	August 31, 2023
<i>(In thousands of Canadian dollars)</i>	\$	\$
Financial condition		
Cash and cash equivalents	82,488	363,854
Total assets	9,710,486	9,869,778
Long-term debt		
Current	77,236	43,325
Non-current	4,988,326	5,045,672
Net indebtedness ⁽¹⁾	5,072,348	4,817,113
Equity attributable to owners of the Corporation	795,177	925,863

(1) Net indebtedness is a capital management measure. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section of the MD&A.

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MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

Three and six-month periods ended February 29, 2024

1. Forward-looking statements

Certain statements contained in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Inc.'s ("Cogeco" or the "Corporation") future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements relating to the Corporation's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, purchase price allocation, tax rates, weighted average cost of capital, performance and business prospects and opportunities, which Cogeco believes are reasonable as of the current date. Refer in particular to the "Corporate objectives and strategies" section of the Corporation's 2023 annual MD&A and of the current MD&A, and the "Fiscal 2024 financial guidelines" section of the Corporation's 2023 annual MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as general market conditions, competitive risks (including changing competitive ecosystems and disruptive competitive strategies adopted by our competitors), business risks, regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including inflation pressuring revenue, reduced consumer spending and increasing costs), talent management risks (including highly competitive market for limited pool of digitally skilled employees), human-caused and natural threats to the Corporation's network (including increased frequency of extreme weather events with the potential to disrupt operations), infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health and safety, many of which are beyond the Corporation's control. Moreover, the Corporation's radio operations are significantly exposed to advertising budgets from the retail industry, which can fluctuate due to changing economic conditions. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and main risk factors" section of the Corporation's 2023 annual MD&A and of the current MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco and future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information contained in this MD&A and the forward-looking statements contained in this MD&A represent Cogeco's expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and are subject to change after such date. While management may elect to do so, the Corporation is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three and six-month periods ended February 29, 2024 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2023 Annual Report.

In preparing this MD&A, the Corporation has taken into account information available up to April 11, 2024, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its 2023 Annual Report and Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on the Corporation's website at corpo.cogeco.com.

2. Overview of the business

Cogeco is a diversified holding corporation which operates in the telecommunications and media sectors. The Corporation's results are reported in two operating segments: Canadian telecommunications and American telecommunications. The reporting structure reflects how the Corporation manages its business activities, makes decisions about resources to be allocated to the segments and assesses their performance.

2.1 Corporate objectives and strategies

Strategy for growth

We focus on growing the business organically, making attractive acquisitions and continuously innovating while returning capital to shareholders and maintaining a prudent level of financial leverage, supported by robust environmental, social and governance (ESG) practices. Leveraging our fibre-powered reliable and resilient networks, strong audio content offering, innovative products and services and commitment to offering a compelling customer experience, distinguished by the deep connections within the communities we serve, is key for our growth strategy. Our people-culture is focused on collaboration, connection and commitment to offering a meaningful and personalized experience to our customers, employees, communities and other key stakeholders.

Every day, we drive sustainable and inclusive growth through our long-standing tradition of social engagement and community involvement, our commitment to digital inclusion, our leading operating practices as well as our strong commitment to responsible and ethical management. Ultimately, Cogeco exists to enrich people's lives through human connection and vibrant communities. Our purpose is at the core of the relationships with our stakeholders and is a central element of our long-term growth.

Growth vectors

Supported by a differentiated people strategy and increased digitization, we continue to solidify our core business through operational efficiencies and by enhancing our product and service offerings for a distinct customer experience while driving continuous improvement to our brands and marketing practices. In addition, our strategic plan focuses on six growth vectors:



1

PURSUE NETWORK EXPANSION to reduce the digital divide

2

EVOLVE OUR WIRELINE NETWORK to meet increasing demand using a flexible and balanced technological approach

3

MAKE ACCRETIVE & COMPLEMENTARY ACQUISITIONS to expand our footprint and broaden our capabilities and service offerings

4

EXPAND IN NEW CUSTOMER SEGMENTS with a multi-brand approach to serve new demographics and grow our operations

5

LAUNCH AND GROW MOBILE SERVICES through a capital efficient model to enhance our offering in line with evolving customer needs and increased interest in bundled services

6

TRANSFORM OUR RADIO BUSINESS into a multi-platform audio content provider

For details on the Corporation's key areas of focus within the fiscal 2024 strategic plan, please refer to the "Corporate objectives and strategies" section of the Corporation's 2023 annual MD&A, available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at corpo.cogeco.com.

2.2 Business developments

Frédéric Perron appointed as President and Chief Executive Officer of Cogeco and Cogeco Communications

On March 11, 2024, Frédéric Perron was appointed by the Boards of Directors of Cogeco and Cogeco Communications as President and Chief Executive Officer and Director of both companies, succeeding Philippe Jetté who is retiring. Mr. Perron previously held the position of President of Cogeco Connexion, the Corporation's Canadian telecommunications business.

Breezeline to launch mobile service in the United States in the spring, expanding its service offerings

On March 14, 2024, Cogeco Communications announced that Breezeline will be adding mobile phone services to its product offering. Breezeline Mobile will enable the Corporation to offer its U.S. customers additional bundling opportunities, bolstering the Corporation's already robust value proposition and further enhancing its competitive position in the United States. Breezeline Mobile will be available to Breezeline's broadband customers starting this spring through a Mobile Virtual Network Operator ("MVNO") agreement with an industry-leading mobile network and a national technology service company. Breezeline Mobile will be rolled-out on a state-by-state basis beginning this spring across Breezeline's existing footprint, where it will be offered as a bundle to Breezeline's customers who also subscribe to home broadband service.

Issuance of \$275 million senior unsecured notes

On February 27, 2024, Cogeco Communications completed, pursuant to a private offering, the issuance of \$275 million senior unsecured notes, bearing interest at 6.125% and maturing in February 2029. Cogeco Communications used the net proceeds of the offering to repay existing indebtedness and for other general corporate purposes. The senior unsecured notes are direct and unsubordinated unsecured debt obligations of Cogeco Communications and rank equally and *pari passu* with all other unsecured senior indebtedness of Cogeco Communications.

Acquisition of Niagara Regional Broadband Network

On February 5, 2024, Cogeco Connexion acquired Niagara Regional Broadband Network ("NRBN"), an Internet, video and phone service provider serving the Niagara Region. The sellers, the City of Niagara Falls and the Town of Niagara-on-the-Lake, will both remain minority shareholders in the company. This acquisition will strengthen the Corporation's presence in the Niagara Region and allow Cogeco to support the continued growth of NRBN.

Further details on the NRBN acquisition, including the preliminary purchase price allocation, can be found in Note 5 of the Corporation's condensed interim consolidated financial statements.

Share repurchases

On December 13, 2023, Cogeco repurchased for cancellation 5,969,390 of its subordinate voting shares, or 38.2% of total shares outstanding at the time, as part of a series of transactions related to Rogers Communications Inc.'s sale of its entire holdings in Cogeco and Cogeco Communications. In order to partially finance this purchase, Cogeco concurrently sold 2,266,537 subordinate voting shares of its holding in Cogeco Communications to Cogeco Communications and 1,423,692 subordinate voting shares to CDPQ. In addition to generating free cash flow per share accretion for both companies, the transactions increased Cogeco's net asset value and Cogeco Communications' public float.

2.3 Operating environment

The Corporation operates in an industry which provides important services for residential and commercial consumers, and which is known for its resiliency during various economic cycles. However, as a result of greater competitive intensity, lower video subscriptions and inflation on other consumer goods, the Corporation expects continued pressure on its revenue and operating costs, which are being partially addressed through proactive cost mitigation measures.

The Corporation's results discussed herein may not be indicative of future operational trends and financial performance. Please refer to the "Forward-looking statements" section.

2.4 Key performance indicators

The Corporation measures its financial performance, with regard to its corporate objectives, by monitoring revenue, adjusted EBITDA ⁽¹⁾, net capital expenditures ⁽¹⁾ and free cash flow ⁽¹⁾ on a constant currency basis ⁽¹⁾. The Corporation also measures net capital expenditures and free cash flow excluding network expansion projects ⁽¹⁾ as it provides a common basis for comparing the net capital expenditures to historical net capital expenditures prior to the acceleration of the network expansion projects and for assessing the impact of the network expansion projects on the net capital expenditures and free cash flow.

Overview

For the first half of fiscal 2024, Cogeco's financial results were as expected. While the American telecommunications segment continued to face headwinds from the macroeconomic and nationwide competitive environments, subscriber metrics have shown an improvement from the prior year and its cost reduction initiatives and operating efficiencies have positively contributed to adjusted EBITDA margin. As for the Canadian telecommunications segment, it performed solidly in the first six months, marked by continued growth in its Internet customer base driven by a mix of new customers added under our Cogeco brand, which include fibre-to-the-home network expansions, and our digital oxio brand on and off footprint.

During the first six months of fiscal 2024, the decrease in revenue on a constant currency basis compared to the prior year was primarily due to revenue growth in the Canadian telecommunications segment being offset by a decline in the American telecommunications segment resulting from lower video subscriptions and a lower customer base over the past year. The decrease in adjusted EBITDA on a constant currency basis compared to last year was in line with our expectations and was primarily due to higher corporate costs resulting from the timing of certain operating expenses, including in relation to the Corporation's plan to offer mobile services in Canada, and a decline in the American telecommunications segment, while adjusted EBITDA remained stable in the Canadian telecommunications segment.

During the first six months of fiscal 2024, both the Canadian and American telecommunications segments continued their network expansion activities, connecting more homes and businesses to their fibre-to-the-home networks. The Corporation added more than 32,000 homes passed during the first six months of fiscal 2024. These fibre-to-the-home network expansion projects are increasing the Corporation's footprint in the provinces of Québec and Ontario and in several areas adjacent to Breezeline's network in the United States.

As for the remainder of the fiscal year, management does not expect the recent acquisition of NRBN to have a material impact on the Corporation's previously issued financial guidelines. Furthermore, as the financial guidelines already reflected Breezeline's plan to offer mobility services in the United States, the recent announcement to launch mobile service in the United States in the spring also does not have a material impact on the Corporation's previously issued financial guidelines. Accordingly, Cogeco maintains its fiscal 2024 financial guidelines as issued on November 1, 2023.

For further details on the Corporation's operating results for the first six months of fiscal 2024, please refer to the "Consolidated operating and financial results", the "Segmented operating and financial results" and the "Cash flows analysis" sections.

(1) Adjusted EBITDA and net capital expenditures are total of segments measures. Constant currency basis, net capital expenditures, excluding network expansion projects, free cash flow and free cash flow, excluding network expansion projects are non-IFRS financial measures. Change in constant currency is a non-IFRS ratio. These indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on these financial measures, please consult the "Non-IFRS and other financial measures" section.

3. Consolidated operating and financial results

3.1 Operating results

Three months ended	February 29, 2024			February 28, 2023	Change	
	Actual ⁽¹⁾	Foreign exchange impact	In constant currency ⁽²⁾	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Revenue	751,908	971	752,879	757,191	(0.7)	(0.6)
Operating expenses	404,126	554	404,680	405,528	(0.3)	(0.2)
Adjusted EBITDA	347,782	417	348,199	351,663	(1.1)	(1.0)

(1) For fiscal 2024 second-quarter, the average foreign exchange rate used for translation was 1.3452 USD/CDN.

(2) Fiscal 2024 second-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3488 USD/CDN.

Six months ended	February 29, 2024			February 28, 2023	Change	
	Actual ⁽¹⁾	Foreign exchange impact	In constant currency ⁽²⁾	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Revenue	1,528,080	(3,491)	1,524,589	1,546,881	(1.2)	(1.4)
Operating expenses	814,265	(1,953)	812,312	821,336	(0.9)	(1.1)
Adjusted EBITDA	713,815	(1,538)	712,277	725,545	(1.6)	(1.8)

(1) For fiscal 2024 first six months, the average foreign exchange rate used for translation was 1.3553 USD/CDN.

(2) Fiscal 2024 first six months in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3489 USD/CDN.

Revenue

Three months ended	February 29, 2024	February 28, 2023	Change	Change in constant currency	Foreign exchange impact ⁽¹⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian telecommunications	373,479	368,334	1.4	1.4	—
American telecommunications	357,022	368,312	(3.1)	(2.8)	971
Cogeco Communications	730,501	736,646	(0.8)	(0.7)	971
Other	21,407	20,545	4.2	4.2	—
Consolidated	751,908	757,191	(0.7)	(0.6)	971

(1) Foreign exchange impact is a non-IFRS financial measure. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, including references to the specific sections within the MD&A, as applicable, for the reconciliations to the most directly comparable IFRS financial measures, please consult the "Non-IFRS and other financial measures" section.

Six months ended	February 29, 2024	February 28, 2023	Change	Change in constant currency	Foreign exchange impact ⁽¹⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian telecommunications	749,927	740,418	1.3	1.3	—
American telecommunications	728,263	758,528	[4.0]	[4.5]	[3,491]
Cogeco Communications	1,478,190	1,498,946	[1.4]	[1.6]	[3,491]
Other	49,890	47,935	4.1	4.1	—
Consolidated	1,528,080	1,546,881	[1.2]	[1.4]	[3,491]

(1) Foreign exchange impact is a non-IFRS financial measure. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, including references to the specific sections within the MD&A, as applicable, for the reconciliations to the most directly comparable IFRS financial measures, please consult the "Non-IFRS and other financial measures" section.

For the second quarter and the first six months of fiscal 2024, revenue decreased by 0.7% and 1.2% [0.6% and 1.4% in constant currency], respectively. The decrease in constant currency for both periods is primarily attributable to:

- lower video subscriptions and a lower customer base over the past year in the American telecommunications segment, with an increasing proportion of customers only subscribing to Internet services, offset in part by a higher revenue per customer and a better product mix resulting from customers subscribing to increasingly fast Internet speeds; partly offset by
- revenue growth in the Canadian telecommunications segment, driven mostly by the oxio acquisition completed on March 3, 2023 as well as the cumulative effect of high-speed Internet service additions over the past year; and
- higher revenue in the media activities.

In addition, the decrease in revenue for the first six months of fiscal 2024 is also explained by the timing of price increases introduced in the fiscal 2023 first-quarter at Breezeline which gave rise to a more challenging comparison between both periods in the American telecommunications segment.

Operating expenses

Three months ended	February 29, 2024	February 28, 2023	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian telecommunications	174,720	170,289	2.6	2.6	63
American telecommunications	190,672	202,254	[5.7]	[5.5]	487
Corporate and eliminations	12,759	7,488	70.4	70.4	4
Cogeco Communications	378,151	380,031	[0.5]	[0.3]	554
Other	25,975	25,497	1.9	1.9	—
Consolidated	404,126	405,528	[0.3]	[0.2]	554

Six months ended	February 29, 2024	February 28, 2023	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian telecommunications	354,814	343,740	3.2	3.2	[128]
American telecommunications	383,743	409,964	[6.4]	[6.8]	[1,829]
Corporate and eliminations	23,085	16,004	44.2	44.3	4
Cogeco Communications	761,642	769,708	[1.0]	[1.3]	[1,953]
Other	52,623	51,628	1.9	1.9	—
Consolidated	814,265	821,336	[0.9]	[1.1]	[1,953]

For the second quarter of fiscal 2024, operating expenses remained stable as reported and in constant currency, mainly due to:

- reduced operating expenses in the American telecommunications segment, which were mostly due to reduced video service costs resulting from a decline in subscriptions, cost reduction initiatives and operating efficiencies; offset by
- higher corporate costs, primarily due to the timing of certain operating expenses, including in relation to its plan to offer mobile services in Canada; and
- higher operating expenses in the Canadian telecommunications segment, mainly due to the oxio acquisition completed on March 3, 2023 and higher sales and other operating expenses to drive and support customer growth.

For the first six months of fiscal 2024, operating expenses decreased by 0.9% (1.1% in constant currency), mainly as a result of reduced operating expenses in the American telecommunications segment, partly offset by higher operating expenses in the Canadian telecommunications segment and higher corporate costs, all due to the same factors noted above.

Adjusted EBITDA

Three months ended	February 29, 2024	February 28, 2023	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian telecommunications	198,759	198,045	0.4	0.3	(63)
American telecommunications	166,350	166,058	0.2	0.5	484
Corporate and eliminations	(17,997)	(12,888)	(39.6)	(39.7)	(4)
Cogeco Communications	347,112	351,215	(1.2)	(1.0)	417
Other	670	448	49.6	49.6	—
Consolidated	347,782	351,663	(1.1)	(1.0)	417

Six months ended	February 29, 2024	February 28, 2023	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian telecommunications	395,113	396,678	(0.4)	(0.4)	128
American telecommunications	344,520	348,564	(1.2)	(1.6)	(1,662)
Corporate and eliminations	(33,561)	(26,804)	(25.2)	(25.2)	(4)
Cogeco Communications	706,072	718,438	(1.7)	(1.9)	(1,538)
Other	7,743	7,107	8.9	8.9	—
Consolidated	713,815	725,545	(1.6)	(1.8)	(1,538)

For the second quarter of fiscal 2024, adjusted EBITDA decreased by 1.1% (1.0% in constant currency), mainly due to higher corporate costs, as explained above, while adjusted EBITDA remained stable in both the Canadian and American telecommunications segments.

For the first six months of fiscal 2024, adjusted EBITDA decreased by 1.6% (1.8% in constant currency), mainly as a result of:

- higher corporate costs; and
- lower adjusted EBITDA in the American telecommunications segment due to lower revenue, partly offset by a better product mix of higher margin services and lower operating expenses driven by cost reduction initiatives and operating efficiencies; while
- adjusted EBITDA remained stable in the Canadian telecommunications segment, mainly due to revenue growth being offset by higher sales and other operating expenses to drive and support customer growth.

3.2 Acquisition, integration, restructuring and other costs

For the second quarter and the first six months of fiscal 2024, acquisition, integration, restructuring and other costs amounted to \$1.2 million and \$4.5 million, respectively, mostly related to:

- costs associated with the configuration and customization related to cloud computing and other arrangements, including certain costs associated with Breezeline's launch of mobile service in the United States expected in the spring; partly offset by
- a \$4.2 million reversal of a charge, recognized during the second quarter following the Copyright Board decision issued in January 2024 on the redetermination of the 2014-2018 royalty rates (refer to the "Contractual obligations, guarantees and contingencies" section for further details).

For the second quarter and the first six months of fiscal 2023, acquisition, integration, restructuring and other costs amounted to \$7.0 million and \$9.6 million, respectively, mainly related to:

- a \$5.1 million retroactive adjustment recognized during the second quarter following the Copyright Board preliminary conclusions on the redetermination of the 2014-2018 royalty rates;
- costs related to the ongoing integration of past acquisitions; and
- costs associated with the configuration and customization related to cloud computing arrangements.

3.3 Depreciation and amortization

For the second quarter and the first six months of fiscal 2024, depreciation and amortization expense amounted to \$164.8 million and \$325.2 million, respectively, an increase of 6.1% and 4.3%, respectively, compared to the same periods of the prior year, mainly due to a higher level of capital assets in the Canadian telecommunications segment.

3.4 Financial expense

(In thousands of Canadian dollars, except percentages)	Three months ended			Six months ended		
	February 29, 2024	February 28, 2023	Change	February 29, 2024	February 28, 2023	Change
	\$	\$	%	\$	\$	%
Interest on long-term debt, excluding interest on lease liabilities	73,395	63,444	15.7	143,282	119,301	20.1
Interest on lease liabilities	803	694	15.7	1,511	1,340	12.8
Loss on debt extinguishment ⁽¹⁾	—	—	—	16,880	—	—
Net foreign exchange loss (gain)	(1,844)	111	—	(3,470)	2,483	—
Amortization of deferred transaction costs related to the revolving facilities	175	187	(6.4)	691	369	87.3
Interest and other income	(1,871)	(2,430)	(23.0)	(4,068)	(4,127)	(1.4)
Other	150	(21)	—	276	146	89.0
Financial expense	70,808	61,985	14.2	155,102	119,512	29.8
Adjusted financial expense ⁽²⁾	70,808	61,985	14.2	138,222	119,512	15.7

(1) In connection with the prepayment of Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility in September 2023.

(2) Adjusted financial expense, which excludes gains/losses on debt modification and/or extinguishment, is a non-IFRS financial measure. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section.

For the second quarter of fiscal 2024, financial expense increased by 14.2%, mainly due to:

- higher interest expense following the refinancing and from rising interest rates on the floating interest rate portion of the Senior Secured Term Loan B Facility;
- higher usage under the term revolving facilities and rising interest rates compared to last year; and
- higher interest expense following the issuance of the \$75 million Non-Revolver Term Credit Facility in December 2023.

For the first six months of 2024, financial expense increased by 29.8%, mainly due to:

- a non-cash loss on debt extinguishment of \$16.9 million recognized in the first quarter of fiscal 2024 following the prepayment of Cogeco Communications' US\$1.6 billion Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of Cogeco Communications' Senior Secured Revolving Facility in September 2023;
- higher interest expense following the refinancing and from rising interest rates on the floating interest rate portion of the Senior Secured Term Loan B Facility; and
- higher usage under the term revolving facilities and rising interest rates compared to last year.

Excluding the non-cash loss on debt extinguishment recognized in the first quarter, financial expense for the first six months of fiscal 2024 increased by 15.7%.

3.5 Income taxes

(In thousands of Canadian dollars, except percentages)	Three months ended			Six months ended		
	February 29, 2024	February 28, 2023	Change	February 29, 2024	February 28, 2023	Change
	\$	\$	%	\$	\$	%
Current	8,881	11,332	(21.6)	16,923	20,622	(17.9)
Deferred	8,112	13,469	(39.8)	19,451	37,659	(48.3)
Income taxes	16,993	24,801	(31.5)	36,374	58,281	(37.6)
Effective income tax rate	15.3 %	19.5 %	(21.5)	15.9 %	20.5 %	(22.4)

For the second quarter and the first six months of fiscal 2024, income tax expense decreased by 31.5% and 37.6%, respectively, mainly due to:

- the decrease in profit before income taxes, which, for the first six months of fiscal 2024, was partly due to the \$16.9 million non-cash loss on debt extinguishment recognized in the first quarter of fiscal 2024; and
- higher tax benefits related to financing costs in connection with past acquisitions.

Current income taxes were lower in the second quarter and the first six months of fiscal 2024 compared to the same periods of the prior year, mainly resulting from higher tax benefits related to financing costs in connection with past acquisitions, partly offset by the variation in temporary differences.

3.6 Profit for the period

	Three months ended			Six months ended		
	February 29, 2024	February 28, 2023	Change	February 29, 2024	February 28, 2023	Change
<i>(In thousands of Canadian dollars, except percentages and earnings per share)</i>	\$	\$	%	\$	\$	%
Profit for the period	93,930	102,592	(8.4)	192,659	226,400	(14.9)
Profit for the period attributable to owners of the Corporation	23,997	33,788	(29.0)	58,538	75,869	(22.8)
Profit for the period attributable to non-controlling interest ⁽¹⁾	69,933	68,804	1.6	134,121	150,531	(10.9)
Adjusted profit attributable to owners of the Corporation ⁽²⁾	24,346	35,609	(31.6)	64,384	78,371	(17.8)
Basic earnings per share	2.32	2.17	6.9	4.53	4.85	(6.6)
Diluted earnings per share	2.30	2.15	7.0	4.50	4.82	(6.6)
Adjusted diluted earnings per share ⁽²⁾	2.33	2.27	2.6	4.95	4.98	(0.6)

(1) At February 29, 2024, the non-controlling interest relates to its participation of approximately 71.6% in the profit for the period attributable to owners of Cogeco Communications in addition to the 21% ownership of Caisse de dépôt et placement du Québec ("CDPQ") in a U.S. subsidiary of Cogeco Communications.

(2) Adjusted profit attributable to owners of the Corporation is a non-IFRS financial measure. Adjusted diluted earnings per share is a non-IFRS ratio. These indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on these financial measures, please consult the "Non-IFRS and other financial measures" section.

For the second quarter of fiscal 2024, profit for the period and profit for the period attributable to owners of the Corporation decreased by 8.4% and 29.0%, respectively, mainly as a result of:

- higher depreciation and amortization expense;
- higher financial expense; and
- lower adjusted EBITDA; partly offset by
- lower income tax expense; and
- lower acquisition, integration, restructuring and other costs.

For the first six months of fiscal 2024, profit for the period and profit for the period attributable to owners of the Corporation decreased by 14.9% and 22.8%, respectively, mostly resulting from:

- higher financial expense, mainly due to a pre-tax \$16.9 million non-cash loss on debt extinguishment recognized in the first quarter of fiscal 2024;
- higher depreciation and amortization expense; and
- lower adjusted EBITDA; partly offset by
- lower income tax expense; and
- lower acquisition, integration, restructuring and other costs.

Profit for the period attributable to owners of the Corporation also reflects the impact of the reduced ownership in Cogeco Communications following the December 2023 share repurchase from CDPQ. For the second quarter and the first six months of fiscal 2024, adjusted profit attributable to owners of the Corporation, which excludes the impact of acquisition, integration, restructuring and other costs, and the non-cash loss on debt extinguishment recognized in the first quarter of fiscal 2024, both net of tax and non-controlling interest, decreased by 31.6% and 17.8%, respectively, compared to the same periods of the prior year.

4. Segmented operating and financial results

The Corporation's results are reported in two operating segments: Canadian telecommunications and American telecommunications.

4.1 Canadian telecommunications

Operating and financial results

Three months ended	February 29, 2024			February 28, 2023	Change	
	Actual ⁽¹⁾	Foreign exchange impact	In constant currency ⁽²⁾	Actual	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	\$	\$	\$	\$	%	%
Revenue	373,479	—	373,479	368,334	1.4	1.4
Operating expenses	174,720	63	174,783	170,289	2.6	2.6
Adjusted EBITDA	198,759	(63)	198,696	198,045	0.4	0.3
Adjusted EBITDA margin ⁽³⁾	53.2 %			53.8 %		
Net capital expenditures	106,345	428	106,773	81,383	30.7	31.2
Capital intensity ⁽³⁾	28.5 %			22.1 %		

(1) For fiscal 2024 second-quarter, the average foreign exchange rate used for translation was 1.3452 USD/CDN.

(2) Fiscal 2024 second-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3488 USD/CDN.

(3) Adjusted EBITDA margin and capital intensity are supplementary financial measures. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue and capital intensity is calculated as net capital expenditures divided by revenue.

Six months ended	February 29, 2024			February 28, 2023	Change	
	Actual ⁽¹⁾	Foreign exchange impact	In constant currency ⁽²⁾	Actual	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	\$	\$	\$	\$	%	%
Revenue	749,927	—	749,927	740,418	1.3	1.3
Operating expenses	354,814	(128)	354,686	343,740	3.2	3.2
Adjusted EBITDA	395,113	128	395,241	396,678	(0.4)	(0.4)
Adjusted EBITDA margin ⁽³⁾	52.7 %			53.6 %		
Net capital expenditures	194,181	40	194,221	196,621	(1.2)	(1.2)
Capital intensity ⁽³⁾	25.9 %			26.6 %		

(1) For fiscal 2024 first six months, the average foreign exchange rate used for translation was 1.3553 USD/CDN.

(2) Fiscal 2024 first six months in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3489 USD/CDN.

(3) Adjusted EBITDA margin and capital intensity are supplementary financial measures. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue and capital intensity is calculated as net capital expenditures divided by revenue.

Revenue

For the second quarter and the first six months of fiscal 2024, revenue increased by 1.4% and 1.3%, respectively, as reported and in constant currency, mainly as a result of:

- the oxio acquisition completed on March 3, 2023; and
- a higher Internet service customer base; partly offset by
- an overall decline in video and phone service customers.

Operating expenses

For the second quarter and the first six months of fiscal 2024, operating expenses increased by 2.6% and 3.2%, respectively, as reported and in constant currency, mainly due to:

- the oxio acquisition completed on March 3, 2023; and
- higher sales and other operating expenses to drive and support customer growth; partly offset by
- lower technology licensing costs and the timing of certain operating expenses.

Adjusted EBITDA

For the second quarter and the first six months of fiscal 2024, adjusted EBITDA remained stable as reported and in constant currency, mainly due to revenue growth being offset by higher sales and other operating expenses to drive and support customer growth.

Net capital expenditures and capital intensity

For the second quarter of fiscal 2024, net capital expenditures increased by 30.7% (31.2% in constant currency), mostly due to higher costs in relation to customer premise equipment.

For the first six months of fiscal 2024, net capital expenditures decreased by 1.2% as reported and in constant currency, mostly due to reduced spending during the first quarter of fiscal 2024 resulting from the completion of several rural fibre-to-the-home network expansion projects, mainly in Québec, partly offset by higher costs in relation to customer premise equipment, as explained above.

For the second quarter and the first six months of fiscal 2024, capital intensity was 28.5% and 25.9%, respectively, compared to 22.1% and 26.6% for the same periods of the prior year. The capital intensity increase for the second quarter is mainly due to higher net capital expenditures, while the decrease for the first six months is explained by revenue growth combined with overall lower net capital expenditures.

Primary service units and customer statistics

	February 29, 2024 ⁽¹⁾	Net additions (losses)		Net additions (losses)	
		Three months ended		Six months ended	
		February 29, 2024 ⁽¹⁾	February 28, 2023	February 29, 2024 ⁽¹⁾	February 28, 2023
Primary service units	1,870,524	(2,720)	1,369	(4,272)	(9,710)
Internet service customers	874,401	8,933	7,799	19,698	10,262
Video service customers	618,478	(8,194)	(4,335)	(16,258)	(12,596)
Phone service customers	377,645	(3,459)	(2,095)	(7,712)	(7,376)

(1) Considering the detailed calculation of the primary service units acquired from the recent Niagara Regional Broadband Network acquisition is not yet finalized, the number of units presented does not include those acquired from it.

Primary service units

Internet

Fiscal 2024 second-quarter and first six months Internet service customers net additions of 8,933 and 19,698, respectively, resulted from new customers added under the Cogeco brand, which include new customers from fibre-to-the-home network expansions, and the digital oxio brand on and off footprint.

Video

Fiscal 2024 second-quarter and first six months video service customers net losses of 8,194 and 16,258, respectively, were mainly due to ongoing changes in video consumption trends, further impacted by the current sustained inflationary environment, with an increasing proportion of customers only subscribing to Internet services, partly offset by additions in network expansion areas.

Phone

Fiscal 2024 second-quarter and first six months phone service customers net losses of 3,459 and 7,712, respectively, were mainly due to a higher mobile phone substitution, further impacted by the current sustained inflationary environment, partly offset by additions in network expansion areas.

Distribution of customers

On February 29, 2024, 59% of the Canadian telecommunications segment's customers subscribed to "double play" or "triple play" bundled services.

Homes passed

For the second quarter and the first six months of fiscal 2024, homes passed additions were 14,608 and 22,377, respectively.

4.2 American telecommunications

Operating and financial results

Three months ended	February 29, 2024			February 28, 2023	Change	
	Actual ⁽¹⁾	Foreign exchange impact	In constant currency ⁽²⁾	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Revenue	357,022	971	357,993	368,312	(3.1)	(2.8)
Operating expenses	190,672	487	191,159	202,254	(5.7)	(5.5)
Adjusted EBITDA	166,350	484	166,834	166,058	0.2	0.5
Adjusted EBITDA margin ⁽³⁾	46.6 %			45.1 %		
Net capital expenditures	62,855	167	63,022	73,091	(14.0)	(13.8)
Capital intensity ⁽³⁾	17.6 %			19.8 %		

(1) For fiscal 2024 second-quarter, the average foreign exchange rate used for translation was 1.3452 USD/CND.

(2) Fiscal 2024 second-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3488 USD/CND.

(3) Adjusted EBITDA margin and capital intensity are supplementary financial measures. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue and capital intensity is calculated as net capital expenditures divided by revenue.

Six months ended	February 29, 2024			February 28, 2023	Change	
	Actual ⁽¹⁾	Foreign exchange impact	In constant currency ⁽²⁾	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Revenue	728,263	(3,491)	724,772	758,528	(4.0)	(4.5)
Operating expenses	383,743	(1,829)	381,914	409,964	(6.4)	(6.8)
Adjusted EBITDA	344,520	(1,662)	342,858	348,564	(1.2)	(1.6)
Adjusted EBITDA margin ⁽³⁾	47.3 %			46.0 %		
Net capital expenditures	118,708	(505)	118,203	153,499	(22.7)	(23.0)
Capital intensity ⁽³⁾	16.3 %			20.2 %		

(1) For fiscal 2024 first six months, the average foreign exchange rate used for translation was 1.3553 USD/CND.

(2) Fiscal 2024 first six months in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3489 USD/CND.

(3) Adjusted EBITDA margin and capital intensity are supplementary financial measures. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue and capital intensity is calculated as net capital expenditures divided by revenue.

Revenue

For the second quarter and the first six months of fiscal 2024, revenue decreased by 3.1% and 4.0% (2.8% and 4.5% in constant currency), respectively, as expected. The decrease in constant currency in both periods mainly resulted from:

- lower video subscriptions and a lower customer base over the past year, with an increasing proportion of customers only subscribing to Internet services; partly offset by
- higher revenue per customer and a better product mix resulting from customers subscribing to increasingly fast Internet speeds.

In addition, the decrease in revenue for the first six months of fiscal 2024 is also explained by the timing of price increases introduced in the fiscal 2023 first-quarter which gave rise to a more challenging comparison between both periods.

In local currency, revenue amounted to US\$265.4 million and US\$537.3 million, respectively, compared to US\$273.1 million and US\$562.3 million for the same periods of fiscal 2023.

Operating expenses

For the second quarter and the first six months of fiscal 2024, operating expenses decreased by 5.7% and 6.4% (5.5% and 6.8% in constant currency), respectively. The decrease in constant currency in both periods is mainly due to:

- reduced video service costs resulting from a decline in subscriptions; and
- cost reduction initiatives and operating efficiencies.

Adjusted EBITDA

For the second quarter of fiscal 2024, adjusted EBITDA remained stable as reported and in constant currency, mainly due to a better product mix of higher margin services and lower operating expenses driven by cost reduction initiatives and operating efficiencies, partially offset by a lower customer base. For the first six months of fiscal 2024, adjusted EBITDA decreased by 1.2% (1.6% in constant currency), mainly due to lower revenue resulting from a lower customer base, as explained above, partly offset by a better product mix, cost reduction initiatives and operating efficiencies.

In local currency, adjusted EBITDA amounted to US\$123.7 million and US\$254.2 million, respectively, compared to US\$123.1 million and US\$258.4 million for the same periods of fiscal 2023.

Net capital expenditures and capital intensity

For the second quarter and the first six months of fiscal 2024, net capital expenditures decreased by 14.0% and 22.7% (13.8% and 23.0% in constant currency), respectively, mainly resulting from lower spending due to the timing of network expansion projects, partly offset by IPTV equipment upgrades in specific markets.

In local currency, net capital expenditures amounted to US\$46.7 million and US\$87.6 million, respectively, compared to US\$54.2 million and US\$113.8 million for the same periods of fiscal 2023.

For the second quarter and the first six months of fiscal 2024, capital intensity was 17.6% and 16.3%, respectively, compared to 19.8% and 20.2% for the same periods of fiscal 2023. Capital intensity decrease for both periods is mainly explained by reduced capital spending, as explained above.

Primary service units and customer statistics

	February 29, 2024	Net additions (losses)		Net additions (losses)	
		Three months ended		Six months ended	
		February 29, 2024	February 28, 2023 ⁽¹⁾	February 29, 2024	February 28, 2023 ⁽¹⁾
Primary service units	1,066,847	(10,966)	(18,347)	(31,884)	(53,507)
Internet service customers	660,227	(3,059)	(4,951)	(11,535)	(19,919)
Video service customers	274,939	(5,206)	(8,943)	(13,942)	(22,354)
Phone service customers	131,681	(2,701)	(4,453)	(6,407)	(11,234)

(1) During the third quarter of fiscal 2023, Internet service customers were adjusted following a change in Breezeline's system. This change was applied retrospectively to the comparative figures.

Primary service units

Internet

Fiscal 2024 second-quarter and first six months Internet service customers net losses were 3,059 and 11,535, respectively, of which 2,540 and 6,422 were in Ohio. The improvement in net losses over last year was primarily due to improved customer management in the Ohio market resulting from investments made in the network infrastructure and the proactive replacement of customer IPTV video equipment. Internet customer variations in other regions also reflect a more competitive environment, partially offset by new customers gained from fibre-to-the-home network expansions.

Video

Fiscal 2024 second-quarter and first six months video service customers net losses of 5,206 and 13,942, respectively, which improved compared to last year, were mainly due to:

- the continued emphasis on offers that are Internet led and the limitation of residential video-only new offers to customers under bulk agreements;
- ongoing changes in video consumption trends, further impacted by the current sustained inflationary environment, with an increasing proportion of customers only subscribing to Internet services; and
- competitive offers in the industry, including online platforms.

Phone

Fiscal 2024 second-quarter and first six months phone service customers net losses of 2,701 and 6,407, respectively, were mainly due to:

- the continued emphasis on offers that are Internet led; and
- higher mobile phone substitution in the context of an inflationary environment.

Distribution of customers

On February 29, 2024, 32% of the American telecommunications segment's customers subscribed to "double play" or "triple play" bundled services. In recent years, the customer mix from double and triple play bundles has decreased, which is in line with the segment's Internet led strategy of focusing on higher margin Internet service.

Homes passed

For the second quarter and the first six months of fiscal 2024, homes passed additions were 4,028 and 9,725, respectively.

5. Related party transactions

As referred to in the "Business developments" section, on December 13, 2023, Cogeco and Cogeco Communications entered into a series of transactions pursuant to the sale by Rogers Communications Inc. of its entire holdings in both companies. Cogeco sold to Cogeco Communications 2,266,537 subordinate voting shares of its holdings in Cogeco Communications for \$116.5 million, following the conversion and cancellation of an equivalent number of Cogeco Communications multiple voting shares. The subordinate voting shares were repurchased for cancellation, and represented approximately 5.1% of all outstanding Cogeco Communications shares. As of February 29, 2024, Cogeco held 28.4% of Cogeco Communications' equity shares, representing 79.9% of the votes attached to Cogeco Communications' voting shares.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the three and six-month periods ended February 29, 2024, management fees paid by Cogeco Communications amounted to \$5.2 million and \$10.5 million, respectively, compared to \$5.4 million and \$10.8 million for the same periods of fiscal 2023.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. The following table provides the number of stock options, incentive share units ("ISUs") and performance share units ("PSUs") granted during the six-month periods ended February 29, 2024 and February 28, 2023 to these executive officers, as executive officers of Cogeco Communications, as well as deferred share units ("DSUs") issued to Board directors of Cogeco, the value of which was charged back to Cogeco.

Six months ended (In number of units)	February 29, 2024	February 28, 2023
Stock options	169,799	79,348
ISUs	974	—
PSUs	26,444	14,283
DSUs	2,368	—

The following table shows the amounts that Cogeco Communications charged Cogeco with regard to Cogeco Communications' stock options, ISUs and PSUs granted to these executive officers, as well as DSUs issued to Board directors of Cogeco:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
(In thousands of Canadian dollars)	\$	\$	\$	\$
Stock options	103	241	325	596
PSUs	244	237	343	380
ISUs and DSUs	2	—	2	(100)
	349	478	670	876

6. Cash flow analysis

	Three months ended			Six months ended		
	February 29, 2024	February 28, 2023	Change	February 29, 2024	February 28, 2023	Change
(In thousands of Canadian dollars, except percentages)	\$	\$	%	\$	\$	%
Cash flows from operating activities	286,382	206,843	38.5	523,301	400,664	30.6
Cash flows used in investing activities	(275,622)	(173,015)	59.3	(428,976)	(407,685)	5.2
Cash flows used in financing activities	(14,953)	(88,302)	(83.1)	(374,818)	(24,251)	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	(240)	1,847	—	(873)	8,142	—
Net change in cash and cash equivalents	(4,433)	(52,627)	(91.6)	(281,366)	(23,130)	—
Cash and cash equivalents, beginning of the period	86,921	408,498	(78.7)	363,854	379,001	(4.0)
Cash and cash equivalents, end of the period	82,488	355,871	(76.8)	82,488	355,871	(76.8)

6.1 Operating activities

For the second quarter and the first six months of fiscal 2024, cash flows from operating activities increased by 38.5% and 30.6%, respectively, mainly from:

- changes in other non-cash operating activities, primarily due to the timing of payments of trade and other payables and the collection of trade accounts receivable;
- lower income taxes paid, mainly due to income tax refunds received; and
- lower acquisition, integration, restructuring and other costs; partly offset by
- higher interest paid; and
- lower adjusted EBITDA.

6.2 Investing activities

For the second quarter of fiscal 2024, cash flows used in investing activities increased by 59.3%, mainly as a result of:

- cash flows used in connection with the acquisition of Niagara Regional Broadband Network, which was completed on February 5, 2024;
- a \$38.1 million deposit paid in January 2024 in order to secure 99 spectrum licences in the 3800 MHz spectrum auction; and
- the increase in acquisition of property, plant and equipment.

For the first six months of fiscal 2024, cash flows used in investing activities increased by 5.2%, mainly due to:

- cash flows used in connection with the acquisition of Niagara Regional Broadband Network, which was completed on February 5, 2024; and
- a \$38.1 million deposit paid in January 2024 in order to secure 99 spectrum licences in the 3800 MHz spectrum auction; partly offset by
- the decrease in acquisition of property, plant and equipment.

Acquisition of property, plant and equipment, net capital expenditures and capital intensity

(In thousands of Canadian dollars, except percentages)	Three months ended				Six months ended			
	February 29, 2024	February 28, 2023	Change	Change in constant currency	February 29, 2024	February 28, 2023	Change	Change in constant currency
	\$	\$	%	%	\$	\$	%	%
Acquisition of property, plant and equipment	181,234	173,674	4.4		335,023	408,682	(18.0)	
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	(9,478)	(16,842)	(43.7)		(16,600)	(54,508)	(69.5)	
Net capital expenditures	171,756	156,832	9.5	9.9	318,423	354,174	(10.1)	(10.2)
Net capital expenditures, excluding network expansion projects⁽¹⁾	147,366	114,590	28.6	29.1	262,373	246,098	6.6	6.5

(1) Net capital expenditures, excluding network expansion projects is a non-IFRS financial measure. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section.

Net capital expenditures and capital intensity

(In thousands of Canadian dollars, except percentages)	Three months ended				Six months ended			
	February 29, 2024	February 28, 2023	Change	Change in constant currency	February 29, 2024	February 28, 2023	Change	Change in constant currency
	\$	\$	%	%	\$	\$	%	%
Canadian telecommunications	106,345	81,383	30.7	31.2	194,181	196,621	(1.2)	(1.2)
Capital intensity	28.5 %	22.1 %			25.9 %	26.6 %		
American telecommunications	62,855	73,091	(14.0)	(13.8)	118,708	153,499	(22.7)	(23.0)
Capital intensity	17.6 %	19.8 %			16.3 %	20.2 %		
Corporate and eliminations	1,569	1,651	(5.0)	(4.9)	4,307	2,976	44.7	44.8
Cogeco Communications	170,769	156,125	9.4	9.8	317,196	353,096	(10.2)	(10.3)
Capital intensity	23.4 %	21.2 %			21.5 %	23.6 %		
Other	987	707	39.6	39.6	1,227	1,078	13.8	13.8
Consolidated	171,756	156,832	9.5	9.9	318,423	354,174	(10.1)	(10.2)

Net capital expenditures and capital intensity excluding network expansion projects

(In thousands of Canadian dollars, except percentages)	Three months ended				Six months ended			
	February 29, 2024	February 28, 2023	Change	Change in constant currency	February 29, 2024	February 28, 2023	Change	Change in constant currency
	\$	\$	%	%	\$	\$	%	%
Cogeco Communications	146,379	113,883	28.5	29.0	261,146	245,020	6.6	6.5
Capital intensity, excluding network expansion projects ⁽¹⁾	20.0 %	15.5 %			17.7 %	16.3 %		
Other	987	707	39.6	39.6	1,227	1,078	13.8	13.8
Consolidated	147,366	114,590	28.6	29.1	262,373	246,098	6.6	6.5

(1) Capital intensity, excluding network expansion projects is a non-IFRS ratio. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section.

For the second quarter of fiscal 2024, net capital expenditures increased by 9.5% (9.9% in constant currency) and capital intensity of Cogeco Communications was 23.4% compared to 21.2% for the same period of the prior year, mainly due to:

- higher spending in the Canadian telecommunications segment mostly due to higher costs in relation to customer premise equipment; partly offset by
- lower spending in the American telecommunications segment, mainly resulting from lower spending due to the timing of network expansion projects, partly offset by IPTV equipment upgrades in specific markets.

For the first six months of fiscal 2024, net capital expenditures decreased by 10.1% (10.2% in constant currency) and capital intensity of Cogeco Communications was 21.5% compared to 23.6% for the same period of the prior year, mostly due to:

- lower spending in both the Canadian and American telecommunications segments during the first quarter of fiscal 2024 following the completion, or near completion, as well as the timing of several fibre-to-the-home network expansion projects; partly offset by
- higher costs in relation to customer premise equipment in the Canadian telecommunications segment during the second quarter of fiscal 2024, as explained above.

For the second quarter and the first six months of fiscal 2024, excluding network expansion projects, net capital expenditures increased by 28.6% and 6.6% (29.1% and 6.5% in constant currency), respectively, while capital intensity of Cogeco Communications was 20.0% and 17.7%, respectively, compared to 15.5% and 16.3% for the same periods of the prior year.

6.3 Financing activities

Issuance and repayment of debt

For the second quarter and the first six months of fiscal 2024, changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

(In thousands of Canadian dollars)	Three months ended		Six months ended		Explanations
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023	
	\$	\$	\$	\$	
Increase (decrease) in bank indebtedness	4,090	(922)	1,878	(8,633)	Related to the timing of payments made to suppliers.
Net increase (decrease) under revolving facilities	(102,832)	(271,111)	53,807	(107,385)	Mainly related to funds drawn under the revolving facilities during the first quarter of fiscal 2024, which were repaid in part during the second quarter of fiscal 2024.
Issuance of long-term debt, net of discounts and transaction costs	345,250	298,056	2,001,458	298,056	Mainly related to the issuance of two Term B loans, a US\$775 million 7-year loan and a US\$475 million 5-year loan, in connection with the refinancing of the First Lien Credit Facilities in September 2023, and the issuance of the \$275 million Senior Unsecured Notes in February 2024, as well as the issuance of the 3-year \$75 million Non-Revolving Term Credit Facility in December 2023. Last year's debt issuance was related to the issuance of \$300 million senior secured notes.
Repayment of notes and credit facilities	(3,991)	(8,846)	(2,133,206)	(17,626)	Mainly related to the reimbursement of Tranche 1 of the Senior Secured Term Loan B Facility in September 2023, and the quarterly repayments of the Senior Secured Term Loan B Facility and the newly issued \$75 million Non-Revolving Term Credit Facility.
Repayment of lease liabilities	(2,472)	(1,963)	(4,572)	(3,652)	Comparable.
Increase in deferred transaction costs	(119)	(338)	(1,920)	(338)	Related to the amendment of the Senior Secured Revolving Facility in September 2023.
	239,926	14,876	(82,555)	160,422	

Dividends

During the second quarter of fiscal 2024, a quarterly eligible dividend of \$0.854 per share was paid to the holders of multiple and subordinate voting shares, totalling \$8.1 million, compared to a quarterly eligible dividend of \$0.731 per share, or \$11.3 million, in the second quarter of fiscal 2023. Dividend payment in the first six months of fiscal 2024 totalled \$1.708 per share, or \$21.3 million, compared to \$1.462 per share, or \$22.7 million, in the prior year.

Purchase of subordinate voting shares for cancellation from CDPQ and disposal of shares in Cogeco Communications to CDPQ

On December 13, 2023, following the share buyback transactions (refer to the "Business developments" section), Cogeco repurchased for cancellation 5,969,390 of its subordinate voting shares from CDPQ for \$280.0 million and concurrently sold 1,423,692 subordinate voting shares of its holding in Cogeco Communications to CDPQ for \$73.2 million. During the second quarter of fiscal 2024, the Corporation paid \$6.5 million of costs related to these transactions.

Normal course issuer bid ("NCIB")

Cogeco

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at February 29, 2024
2023 NCIB	January 18, 2023	January 17, 2024	325,000	121,600
2022 NCIB	January 18, 2022	January 17, 2023	325,000	268,086

The following table provides the NCIB purchases for the three and six-month periods ended February 29, 2024 and February 28, 2023:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	—	117,584	—	145,284
Weighted average purchase price per share	—	58.81	—	58.63
Purchase costs	—	6,915	—	8,518

Cogeco Communications

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at February 29, 2024
2023 NCIB	May 4, 2023	May 3, 2024	1,776,125	—
2022 NCIB	May 4, 2022	May 3, 2023	1,960,905	1,825,168
2021 NCIB	May 4, 2021	May 3, 2022	2,068,000	1,175,925

The following table provides the NCIB purchases for the three and six-month periods ended February 29, 2024 and February 28, 2023:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	—	845,198	—	1,357,368
Weighted average purchase price per share	—	75.43	—	74.43
Purchase costs	—	63,750	—	101,033

The Corporation and Cogeco Communications have also entered into an automatic share purchase plan ("ASPP") with a designated broker to allow for the purchase of subordinate voting shares under the NCIB at times when it would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. Such purchases are executed by the broker based on parameters established by the Corporation and Cogeco Communications prior to the pre-established ASPP period.

6.4 Free cash flow

Three months ended	February 29, 2024 ⁽¹⁾	February 28, 2023	Change	Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA	347,782	351,663	(1.1)	(1.0)	417
Share-based payment	4,369	2,602	67.9		
Gain on disposals and write-offs of property, plant and equipment	(471)	(170)	—		
Defined benefit plans expense, net of contributions	224	255	(12.2)		
Acquisition, integration, restructuring and other costs	(1,222)	(6,952)	(82.4)		
Financial expense	(70,808)	(61,985)	14.2		
Amortization of deferred transaction costs and discounts on long-term debt ⁽³⁾	2,059	3,045	(32.4)		
Current income taxes	(8,881)	(11,332)	(21.6)		
Net capital expenditures	(171,756)	(156,832)	9.5		
Repayment of lease liabilities	(2,472)	(1,963)	25.9		
Free cash flow	98,824	118,331	(16.5)	(16.8)	(344)
Free cash flow, excluding network expansion projects ⁽⁴⁾	123,214	160,573	(23.3)	(23.5)	(333)

(1) For fiscal 2024 second-quarter, the average foreign exchange rate used for translation was 1.3452 USD/CDN.

(2) Fiscal 2024 second-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3488 USD/CDN.

(3) Included within financial expense.

(4) Free cash flow, excluding network expansion projects is a non-IFRS financial measure. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section.

Six months ended	February 29, 2024 ⁽¹⁾	February 28, 2023	Change	Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA	713,815	725,545	(1.6)	(1.8)	(1,538)
Share-based payment	4,868	4,006	21.5		
Gain on disposals and write-offs of property, plant and equipment	(584)	(241)	—		
Defined benefit plans expense, net of contributions	425	(14)	—		
Acquisition, integration, restructuring and other costs	(4,487)	(9,629)	(53.4)		
Financial expense	(155,102)	(119,512)	29.8		
Loss on debt extinguishment ⁽³⁾	16,880	—	—		
Amortization of deferred transaction costs and discounts on long-term debt ⁽³⁾	4,750	6,107	(22.2)		
Current income taxes	(16,923)	(20,622)	(17.9)		
Net capital expenditures	(318,423)	(354,174)	(10.1)		
Repayment of lease liabilities	(4,572)	(3,652)	25.2		
Free cash flow	240,647	227,814	5.6	5.4	(520)
Free cash flow, excluding network expansion projects ⁽⁴⁾	296,697	335,890	(11.7)	(11.9)	(671)

(1) For fiscal 2024 first six months, the average foreign exchange rate used for translation was 1.3553 USD/CDN.

(2) Fiscal 2024 first six months in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3489 USD/CDN.

(3) Included within financial expense.

(4) Free cash flow, excluding network expansion projects is a non-IFRS financial measure. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section.

For the second quarter of fiscal 2024, free cash flow decreased by 16.5% (16.8% in constant currency). The variation in constant currency is mainly due to:

- higher net capital expenditures in the Canadian telecommunications segment, offset in part by lower net capital expenditures in the American telecommunications segment;
- higher financial expense; and
- lower adjusted EBITDA; partly offset by
- lower acquisition, integration, restructuring and other costs.

For the first six months of fiscal 2024, free cash flow increased by 5.6% (5.4% in constant currency). The variation in constant currency is mostly due to:

- lower net capital expenditures, mostly in the American telecommunications segment; and
- lower acquisition, integration, restructuring and other costs; partly offset by
- higher financial expense, net of the pre-tax \$16.9 million non-cash loss on debt extinguishment recognized in the first quarter of fiscal 2024; and
- lower adjusted EBITDA.

Excluding network expansion projects, the second-quarter and the first six months of fiscal 2024 free cash flow amounted to \$123.2 million and \$296.7 million (\$122.9 million and \$296.0 million in constant currency), respectively, a decrease of 23.3% and 11.7% (23.5% and 11.9% in constant currency), respectively, compared to \$160.6 million and \$335.9 million for the same periods of the prior year.

6.5 Dividend declaration

At its April 11, 2024 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of \$0.854 per share for multiple and subordinate voting shares, payable on May 9, 2024 to shareholders of record on April 25, 2024. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

7. Financial position

7.1 Working capital

As part of the usual conduct of its business, Cogeco generally maintains a working capital deficiency, when excluding cash and cash equivalents and bank indebtedness, due to a low level of trade and other receivables since a large proportion of the Corporation's customers pay before their services are rendered, while trade and other payables are usually paid after products are delivered or services are rendered.

The variations are as follows:

	February 29, 2024	August 31, 2023	Change	Explanations
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	
Current assets				
Cash and cash equivalents	82,488	363,854	(281,366)	Refer to the "Cash flows analysis" section.
Trade and other receivables	140,454	139,412	1,042	Not significant.
Income taxes receivable	10,487	28,816	(18,329)	Mainly due to income tax refunds received and amounts applied against income tax instalments.
Prepaid expenses and other	53,595	43,262	10,333	Mainly related to the increase in prepayments for annual services agreements.
Derivative financial instruments	9,346	5,355	3,991	Not significant.
	296,370	580,699	(284,329)	
Current liabilities				
Bank indebtedness	25,107	23,229	1,878	Refer to the "Cash flows analysis" section.
Trade and other payables	312,100	334,782	(22,682)	Mainly related to the timing of payments made to suppliers.
Provisions	22,437	33,019	(10,582)	Mainly related to the payment of certain programming and restructuring costs previously recognized, and the reversal of previously recognized provisions following the Copyright Board decision issued in January 2024 in regard to the 2014-2018 retransmission tariffs.
Income tax liabilities	7,890	413	7,477	Not significant.
Contract liabilities and other liabilities	62,294	62,061	233	Not significant.
Government subsidies received in advance	13,027	29,262	(16,235)	Mainly related to the fibre-to-the-home network construction progress in Québec.
Derivative financial instruments	—	3,487	(3,487)	Not significant.
Current portion of long-term debt	77,236	43,325	33,911	Related to the reclassification of the US\$25 million Senior Secured Notes Series A as current and to the quarterly repayments of the \$75 million Non-Revolving Term Credit Facility and the Senior Secured Term Loan B Facility.
	520,091	529,578	(9,487)	
Working capital surplus (deficiency)	(223,721)	51,121	(274,842)	

7.2 Other significant changes

	February 29, 2024	August 31, 2023	Change	Explanations
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	
Non-current assets				
Other assets	159,106	105,499	53,607	Mainly related to the \$38.1 million deposit paid in January 2024 in order to secure 99 spectrum licences in the 3800 MHz spectrum auction and an increase in sales commissions.
Property, plant and equipment	3,357,664	3,264,303	93,361	Mainly related to capital investments made during the first six months of fiscal 2024 and the acquisition of Niagara Regional Broadband Network, partly offset by the depreciation expense for the period.
Intangible assets	3,677,083	3,687,486	(10,403)	Mainly related to the amortization expense for the period, partly offset by intangible assets acquired as part of the acquisition of Niagara Regional Broadband Network.
Goodwill	2,141,371	2,117,756	23,615	Mainly related to the acquisition of Niagara Regional Broadband Network.
Derivative financial instruments	74,156	100,792	(26,636)	Mainly related to changes in market interest rates and to the interest swap tranches maturing in November 2024 classified as current.
Non-current liabilities				
Long-term debt	4,988,326	5,045,672	(57,346)	Mainly related to the First Lien Credit Facilities, which were refinanced in September 2023, and to the reclassification of the US\$25 million Senior Secured Notes Series A as current, partly offset by the issuance of the \$275 million Senior Unsecured Notes and the \$75 million Non-Revolving Term Credit Facility, as well as the balance due on the Niagara Regional Broadband Network acquisition.
Deferred tax liabilities	850,681	833,434	17,247	Mainly related to the timing of temporary differences.

8. Capital resources and liquidity

8.1 Capital structure

The table below summarizes the Corporation's available liquidity:

	At February 29, 2024	At August 31, 2023
<i>(In thousands of Canadian dollars)</i>	\$	\$
Cash and cash equivalents	82,488	363,854
Cash with restrictions on use ⁽¹⁾	(13,027)	(29,262)
Amounts available under revolving credit facilities ⁽²⁾	710,377	629,581
Available liquidity ⁽³⁾	779,838	964,173

(1) Included within cash and cash equivalents [see Note 15 D] of the Corporation's condensed interim consolidated financial statements].

(2) Total amount available under the \$750 million and \$100 million term revolving facilities and the US\$250 million (US\$150 million at August 31, 2023) Senior Secured Revolving Facility [see Note 16 A] of the Corporation's condensed interim consolidated financial statements].

(3) Available liquidity is a non-IFRS financial measure. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section.

The financial covenants related to the indebtedness of Cogeco are primarily based on a ratio of net indebtedness to adjusted EBITDA, computed on the basis of Cogeco Media subsidiary's adjusted EBITDA results, and the dividends and management fees received from Cogeco Communications, net of corporate expenses.

Cogeco Communications

The following table summarizes certain key ratios used to monitor and manage Cogeco Communications' capital structure. Net indebtedness reflects the US denominated debt converted at the exchange rate at the end of the period, while adjusted EBITDA and adjusted financial expense reflect the average exchange rate throughout the corresponding 12-month period.

	February 29, 2024	August 31, 2023
Net indebtedness / adjusted EBITDA ratio ^{(1) (2)}	3.5	3.3
Adjusted EBITDA / adjusted financial expense ratio ^{(1) (2)}	5.3	5.6

(1) Net indebtedness to adjusted EBITDA ratio and adjusted EBITDA to adjusted financial expense ratio are capital management measures. These indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on these financial measures, please consult the "Non-IFRS and other financial measures" section.

(2) Calculated on a 12-month trailing basis.

At February 29, 2024, Cogeco Communications' weighted average cost of indebtedness, excluding the amortization of deferred transaction costs and commitment fees but including the impact of interest rate swaps, was 5.7%. The overall debt's weighted average term to maturity was 5.2 years.

8.2 Outstanding share data

A description of Cogeco's share data at March 31, 2024, is presented in the table below. Additional details are provided in Note 13 B) of the condensed interim consolidated financial statements.

<i>(In thousands of Canadian dollars, except number of shares)</i>	Number of shares	Amount \$
Common shares		
Multiple voting shares	1,602,217	10
Subordinate voting shares	8,040,562	64,347

8.3 Financing

On February 27, 2024, Cogeco Communications completed, pursuant to a private offering, the issuance of \$275 million senior unsecured notes, bearing interest at 6.125% and maturing in February 2029. Cogeco Communications used the net proceeds of the offering to repay existing indebtedness and for other general corporate purposes. The senior unsecured notes are direct and unsubordinated unsecured debt obligations of Cogeco Communications and rank equally and *pari passu* with all other unsecured senior indebtedness of Cogeco Communications.

On December 13, 2023, Cogeco initially financed its \$280.0 million share buyback transaction and related transaction costs and expenses from proceeds from a portion of its Cogeco Communications' shares sold to Cogeco Communications for \$116.5 million and to CDPQ for \$73.2 million and from a drawdown on its credit facility and a new \$75 million non-revolving term credit facility. As for Cogeco Communications, it initially financed the \$116.5 million share buyback transaction and related transaction costs and expenses through a drawdown on its existing term revolving facility. On December 11, 2023, Cogeco entered into a 3-year \$75 million non-revolving term credit facility to partially finance its share buyback transaction, as mentioned above. On the same day, in order to maintain its borrowing capacity, Cogeco Communications entered into a \$125 million non-revolving term credit facility, which was then cancelled on March 1, 2024, following the issuance of the \$275 million senior unsecured notes.

On September 29, 2023, a US\$775 million 7-year Term Loan B - Tranche 3 was issued following the amendment of Cogeco Communications' First Lien Credit Facility related to its U.S. subsidiaries, in addition to a US\$475 million 5-year Farm Credit Term Loan B and increasing the credit limit of the Senior Secured Revolving Facility from US\$150 million to US\$250 million and extending the maturity date to September 2028. Cogeco Communications then reimbursed the US\$1.6 billion Tranche 1 of the Senior Secured Term Loan B Facility using the proceeds from the newly issued Term B loans, together with US\$150 million drawn on the Senior Secured Revolving Facility and US\$200 million of cash on hand.

8.4 Cogeco Communications' credit ratings

The table below shows Cogeco Communications' and the U.S. subsidiaries' credit ratings:

At February 29, 2024	S&P	DBRS	Moody's
Cogeco Communications			
Senior Secured Notes	BBB-	BBB (low) (stable)	NR
Senior Unsecured Notes	BB+	BB (high) (stable)	NR
Corporate credit issuer rating	BB+ (negative outlook)	BB (high) (stable)	NR
U.S. subsidiaries			
First Lien Credit Facilities	BB	NR	B1 (negative outlook)
Corporate credit issuer rating	BB (negative outlook)	NR	B1 (negative outlook)

NR : Not rated

In December 2023, S&P lowered Cogeco Communications' and the U.S. subsidiaries' corporate credit issuer rating outlook to "negative" following the share buyback transaction (refer to the "Business developments" section).

Ratings for long-term debt instruments across the universe of composite rates range from "AAA" (S&P and DBRS) or "Aaa" (Moody's), representing the highest quality of securities rated, to "D" (S&P and DBRS) and "C" (Moody's) for the lowest quality of securities rated. Ratings are based on several industry and company specific factors which include financial leverage as one of the key elements considered.

Our ability to access debt capital markets and bank credit markets and the cost and amount of funding available partly depends on the quality of our credit ratings. Obligations rated in the "BBB" category are considered investment grade and their cost of funding is typically lower relative to the "BB/B" rating category. In addition, obligations with "BBB" ratings generally have greater access to funding than those with "BB/B" ratings.

8.5 Financial risk management

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate, foreign exchange and market risks which are described in the Corporation's 2023 annual consolidated financial statements.

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at February 29, 2024 is "A" by Standard & Poor's rating services ("S&P"). Management monitors its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

On February 29, 2024, the Corporation had used \$66.5 million of its \$100 million Term Revolving Facility and an amount of \$301.3 million was used from Cogeco Communications' Term Revolving Facility of \$750 million, for remaining availabilities of \$33.5 million and \$448.7 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of \$339.3 million (US\$250 million), of which \$111.1 million (US\$81.9 million) was used at February 29, 2024 for a remaining availability of \$228.1 million (US\$168.1 million).

An unsecured letter of credit facility was put in place in connection with the 3800 MHz spectrum auction (refer to the "Contractual obligations, guarantees and contingencies" section).

Interest rate risk

On February 29, 2024, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Non-Revolving Term Credit Facility, and under Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at February 29, 2024:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate ⁽¹⁾	Maturity	Hedged item
Cash flow ^{(2) (3)}	US\$550 million	Term SOFR	2.01% - 4.18%	November 2024 - February 2029	Senior Secured Term Loan B - Tranche 3
Cash flow	US\$800 million	Term SOFR with a 39 bps floor	1.17% - 1.44%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) Hedges have the effect of converting the floating SOFR base rate into fixed rates, plus an applicable credit spread.

(2) Following the early repayment of Tranche 1 in September 2023, the debt associated with the hedged variable interest cash flows was replaced by Tranche 3 of the Senior Secured Term Loan B Facility.

(3) Interest rate swaps amounting to US\$290 million matured in January 2024, while new US\$300 million interest rate swaps were entered into, for a total hedge amount of US\$550 million.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately \$15.9 million based on the outstanding debt and swap agreements at February 29, 2024.

8.6 Foreign currency

For the three and six-month periods ended February 29, 2024 and February 28, 2023, the average rates prevailing used to convert the operating results of the American telecommunications segment were as follows:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
US dollar vs Canadian dollar	1.3452	1.3488	1.3553	1.3489

8.7 Contractual obligations, guarantees and contingencies

A) Contractual obligations and guarantees

3800 MHz spectrum auction

On November 30, 2023, Innovation, Science and Economic Development Canada ("ISED") announced the provisional spectrum licence winners in the 3800 MHz spectrum auction. Cogeco Communications, through its wholly-owned subsidiary Elite General Partnership, secured 99 spectrum licences in urban and rural markets, including the greater Toronto, Montréal, Québec City and Ottawa areas, for a total purchase price of \$190.3 million. With this acquisition, the Corporation will hold spectrum covering 100% of its Canadian broadband network footprint.

The required deposit of \$38.1 million, representing 20% of the total purchase price, was paid to ISED on January 16, 2024. The final payment is expected to be paid on or before May 29, 2024. The unsecured letter of credit issued to ISED in July 2023 as a pre-auction deposit will remain outstanding until the final payment is made.

Performance and payment bonds

On February 29, 2024, the Corporation had \$157.9 million of performance and payment bonds outstanding, issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program (AHSIP).

B) Contingencies

Royalties payable for retransmission of distant television signals

On July 22, 2021, the Federal Court of Appeal issued a decision in response to two applications for judicial review filed by six broadcasting distribution undertakings ("BDUs") (including Cogeco Communications) and nine collective societies challenging a decision by the Copyright Board setting the quantum of royalties payable for the retransmission of distant Canadian and U.S. television over-the-air signals in Canada, for the 2014-2018 period. The Federal Court of Appeal identified errors made in the Copyright Board's initial rate decision and directed the Copyright Board to correct these errors. On January 12, 2024, the Copyright Board issued its decision on the redetermination of the 2014-2018 royalty rates, which resulted in a reduction of these rates for the years 2015-2018 on a retroactive basis. On February 9, 2024, the copyright collectives made an application seeking judicial review of the Copyright Board's redetermination decision. If the Copyright Board's redetermination decision is not upheld, the Corporation could become subject to higher royalty rates for the 2016-2018 period.

The Copyright Board will be setting the rates for subsequent tariff periods (2019-2023 and 2024-2028) in a proceeding that could start later in 2024. Any decision from the Copyright Board that would align with the copyright collectives' proposed tariff rates for either of such subsequent periods could result in the Corporation being subject to higher royalty rates.

The Corporation had previously recognized a provision in the amount of \$11.5 million for the 2014-2018 and 2019-2023 tariff periods. As a result of the Copyright Board's January 2024 redetermination decision, a \$4.2 million reversal of this previously recognized provision was recognized during the second quarter of fiscal 2024 within *Acquisition, integration, restructuring and other costs*.

9. Sustainability strategy

At Cogeco, we take pride in pursuing our sustainability agenda through the implementation of leading practices. Our sustainability strategy is based on a long-standing tradition of social engagement and community involvement, a commitment to digital inclusion and climate action as well as a robust diversity, equity and inclusion program. It forms an integral part of the Corporation's business strategy as we acknowledge the fundamental role that corporations must play in addressing the most pressing environmental, social and economic challenges of our time, as well as our responsibility towards effective monitoring and management of our sustainability-related risks and opportunities to ensure long-term and resilient value creation.

On March 20, 2024, Cogeco unveiled its 2023 Sustainability report, which details its sustainability strategy, commitments, initiatives, and performance. The report was prepared using the international standards of the Global Reporting Initiative (GRI) and Sustainability Accounting Standards Board (SASB). Cogeco's [2023 Sustainability Report](#) and detailed KPIs found in Cogeco's [ESG data supplement](#) are both available on the Corporation's website at corpo.cogeco.com, under "Sustainability - Sustainability Practices".

Concurrently on March 20, 2024, Cogeco also published its third Climate Action Plan and TCFD Report in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The report describes how the impacts of climate change are systematically considered and integrated into Cogeco's business strategy and related decisions. It also presents the measures put in place to support the transition to a resilient, low-carbon economy. Cogeco's [2023 Climate Action Plan and TCFD Report](#) is also available on the Corporation's website at corpo.cogeco.com, under "Sustainability - Sustainability Practices".

10. Controls and procedures

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"), together with management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and ICFR, as defined in National Instrument 52-109. Cogeco's internal control framework is based on the criteria published in the updated version released in May 2013 of the report *Internal Control – Integrated Framework* published by the *Committee of Sponsoring Organizations of the Treadway Commission*.

The CEO and CFO, supported by management, evaluated the design of the Corporation's DC&P and ICFR at February 29, 2024, and concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the three and six-month periods ended February 29, 2024.

11. Uncertainties and main risk factors

A detailed description of the uncertainties and main risk factors faced by Cogeco can be found in the 2023 annual MD&A, available on SEDAR+ at www.sedarplus.ca and corpo.cogeco.com. The following update should be read together with the uncertainties and main risk factors described in the 2023 annual MD&A, which are hereby incorporated by reference.

Review of the wholesale high-speed access framework

On March 8, 2023, the CRTC launched a consultation to review its existing framework for wholesale high-speed access ("HSA") services. The CRTC is seeking comments on several issues, including its preliminary views that (i) the provision of aggregated wholesale HSA services should be mandated; (ii) access to fibre-to-the-premises ("FTTP") facilities should be provided over these services; and (iii) the provision of FTTP facilities over aggregated wholesale high-speed access services should be mandated on a temporary and expedited basis. The CRTC is also seeking comments on whether retail regulation should be considered to address concerns regarding market concentration and the potential exercise of market power. Concurrently with the launch of the consultation, the CRTC determined that the current rates for aggregated wholesale HSA services would be made interim, and directed incumbents to file tariff applications with new proposed rates for these services. The CRTC also applied an immediate interim reduction to existing rates that reflects a 10% decrease in the capacity rates incumbents can charge to wholesale-based competitors, until revised final rates are established.

On November 6, 2023, the CRTC issued a decision requiring Bell and Telus to provide temporary wholesale access to their FTTP facilities in Ontario and Québec by May 7, 2024. The decision also sets the interim rates that competitors will pay when selling services over these facilities. This temporary access is to be made available until the conclusion of the CRTC's broader review of the wholesale high-speed access framework. Cable carriers, including Cogeco Communications, are not required to implement this temporary mandate, as the CRTC found that they already service the majority of wholesale-based competitors via their hybrid fibre-coaxial networks and that, given the temporary nature of the interim FTTP access mandate, it would be neither efficient nor proportionate to mandate cable carriers to implement it. Bell has been granted leave to appeal the CRTC's decision to the Federal Court of Appeal, and is also appealing the decision to the Governor-in-Council.

A decision by the CRTC on its broader review of the wholesale HSA framework that would result in greater regulation of wholesale HSA services, the implementation of final aggregated wholesale HSA rates that are significantly below the final rates established in Telecom Decision 2021-181, or the introduction of regulatory measures at the retail level, could have a material adverse effect on the Corporation's business, financial condition and results of operations.

12. Accounting policy developments

The following new standard and amendments to standards were issued by the IASB and were not yet applied in preparing the condensed interim consolidated financial statements.

IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies:

- improved comparability in the statement of profit or loss by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the income statement; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Corporation is currently assessing the impact of the new standard on its consolidated financial statements presentation and disclosure.

Supplier Finance Arrangements - Amendments to IAS 7, *Statement of Cash Flows*, and IFRS 7, *Financial Instruments: Disclosures*

In May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 and IFRS 7, introducing new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Corporation does not expect these amendments to have a material impact on its consolidated financial statements.

13. Non-IFRS and other financial measures

This section describes non-IFRS and other financial measures used by Cogeco throughout this MD&A. These financial measures are reviewed in assessing the performance of Cogeco and used in the decision-making process with regard to its business units. Cogeco is also providing information below for certain specified financial measures excluding network expansion projects, as it had issued financial guidelines excluding the impact of these projects on certain of its key performance indicators.

Financial measures presented on a constant currency basis for the three and six-month periods ended February 29, 2024 are translated at the average foreign exchange rate of the comparable periods of the prior year, which were 1.3488 USD/CDN and 1.3489 USD/CDN, respectively.

Non-IFRS financial measures

The following financial measures used by the Corporation do not have standardized definitions prescribed by IFRS and therefore, may not be comparable to similar measures disclosed by other companies. Reconciliations, or references to the specific sections within the MD&A where these reconciliations are provided, as applicable, between these non-IFRS financial measures to the most directly comparable IFRS financial measures are provided below.

Specified financial measures	Usefulness	Calculation	Most directly comparable IFRS financial measures
Adjusted profit attributable to owners of the Corporation	<p>Adjusted profit attributable to owners of the Corporation is a measure used by management to assess the Corporation's performance before the impact of impairment of assets, acquisition, integration, restructuring and other costs, and loss (gain) on debt modification and/or extinguishment, net of tax and non-controlling interest for these items.</p> <p>Adjusted profit attributable to owners of the Corporation excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. Excluding the impact of these items does not imply they are non-recurring.</p>	<p>Profit for the period attributable to owners of the Corporation</p> <p>add:</p> <ul style="list-style-type: none"> - impairment of assets, if any; - acquisition, integration, restructuring and other costs; - loss (gain) on debt modification and/or extinguishment, if any; - tax impact for the above items; and - non-controlling interest for the above items. 	Profit for the period attributable to owners of the Corporation
Adjusted financial expense	Adjusted financial expense is a measure used by management to calculate certain covenant ratios and to assess the Corporation's ability to service its debt.	<p>Financial expense</p> <p>deduct:</p> <ul style="list-style-type: none"> - loss (gain) on debt modification and/or extinguishment, if any. 	Financial expense
Constant currency basis and foreign exchange impact	The Corporation presents certain financial measures in constant currency to enable an improved understanding of its underlying financial performance, undistorted by the effect of changes in foreign exchange rates, in order to facilitate period-to-period comparisons. Financial measures presented on a constant currency basis include financial guidelines and certain historical financial measures, including revenue, operating expenses, adjusted EBITDA, net capital expenditures and free cash flow.	<p>Financial guidelines presented on a constant currency basis are obtained by translating expected financial results denominated in US dollars at the foreign exchange rates of the prior fiscal year. Historical financial measures presented on a constant currency basis are obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year. Foreign exchange impact represents the quantification of such impact.</p>	Revenue, operating expenses, adjusted EBITDA and net capital expenditures. For free cash flow, refer to the definition below for the most directly comparable IFRS financial measure.
Organic revenue in constant currency and adjusted EBITDA in constant currency	Organic revenue in constant currency and adjusted EBITDA in constant currency are used by management to analyze the Corporation's revenue and adjusted EBITDA growth excluding the effect of changes in foreign exchange rates and the impact of acquisitions, in order to facilitate period-to-period comparisons. Management believes these measures are used by certain investors and analysts to evaluate the Corporation's performance.	<p>Revenue in constant currency (as calculated per above)</p> <p>deduct:</p> <ul style="list-style-type: none"> - impact of acquisitions. <p>Adjusted EBITDA in constant currency (as calculated per above)</p> <p>deduct:</p> <ul style="list-style-type: none"> - impact of acquisitions. 	Revenue and adjusted EBITDA.

Specified financial measures	Usefulness	Calculation	Most directly comparable IFRS financial measures
Free cash flow and free cash flow, excluding network expansion projects	<p>Free cash flow and free cash flow, excluding network expansion projects are used by management to measure the Corporation's ability to repay debt, distribute capital to its shareholders and finance its growth. Management believes these measures are used by certain investors and analysts to value the Corporation's business and its underlying assets, and to assess the Corporation's financial strength and performance.</p> <p>Free cash flow excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. During the first quarter of fiscal 2024, the Corporation updated the free cash flow calculation to exclude loss (gain) on debt modification and/or extinguishment, as applicable, following the reimbursement of Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility. Excluding these items does not imply they are non-recurring.</p> <p>The Corporation also measures free cash flow, excluding network expansion projects as it provides a common basis for comparing the impact of the net capital expenditures to the impact of the historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, management believes this helps certain investors and analysts to assess the impact of the network expansion projects on the Corporation's free cash flow. Excluding the impact of net capital expenditure in connection with network expansion projects does not imply it is non-recurring.</p>	<p>Free cash flow:</p> <ul style="list-style-type: none"> - Adjusted EBITDA <p>add:</p> <ul style="list-style-type: none"> - amortization of deferred transaction costs and discounts on long-term debt; - loss (gain) on debt modification and/or extinguishment; - share-based payment; - loss (gain) on disposals and write-offs of property, plant and equipment; and - defined benefit plans expense, net of contributions <p>deduct:</p> <ul style="list-style-type: none"> - acquisition, integration, restructuring and other costs; - financial expense; - current income taxes; - net capital expenditures; and - repayment of lease liabilities. <p>Free cash flow, excluding network expansion projects:</p> <ul style="list-style-type: none"> - Free cash flow <p>add:</p> <ul style="list-style-type: none"> - net capital expenditures in connection with network expansion projects. 	Cash flows from operating activities
Net capital expenditures, excluding network expansion projects	<p>Net capital expenditures, excluding network expansion projects is a measure used by management to assess the Corporation's total capital investments, without taking into consideration capitalized investments in network expansion projects, as it provides a common basis for comparing the net capital expenditures to historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, management believes this helps certain investors and analysts to assess the impact of the network expansion projects on the net capital expenditures. This measure is also used in the calculation of the capital intensity and free cash flow, excluding network expansion projects. Excluding the impact of net capital expenditure in connection with network expansion projects does not imply it is non-recurring.</p>	<p>Net capital expenditures</p> <p>deduct:</p> <ul style="list-style-type: none"> - net capital expenditures in connection with network expansion projects. 	Acquisition of property, plant and equipment
Available liquidity	<p>Management uses available liquidity to assess Cogeco's ability to meet its financial obligations and ensure there is sufficient liquidity to support its capital requirements, including development of the business by acquisition and other growth opportunities. Available liquidity is presented on a consolidated basis, including the liquidity of distinct borrowing structures for the Canadian and American telecommunications segments. Management believes this measure is used by certain investors and analysts to assess Cogeco's financial strength.</p>	<p>Cash and cash equivalents</p> <p>deduct:</p> <ul style="list-style-type: none"> - cash with restrictions on use <p>add:</p> <ul style="list-style-type: none"> - amounts available under revolving credit facilities. 	Cash and cash equivalents

Adjusted profit attributable to owners of the Corporation

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Profit for the period attributable to owners of the Corporation	23,997	33,788	58,538	75,869
Acquisition, integration, restructuring and other costs	1,222	6,952	4,487	9,629
Loss on debt extinguishment ⁽¹⁾	—	—	16,880	—
Tax impact for the above items	(308)	(1,842)	(5,641)	(2,552)
Non-controlling interest impact for the above items	(565)	(3,289)	(9,880)	(4,575)
Adjusted profit attributable to owners of the Corporation	24,346	35,609	64,384	78,371

(1) Included within financial expense.

Adjusted financial expense

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Financial expense	70,808	61,985	155,102	119,512
Loss on debt extinguishment	—	—	(16,880)	—
Adjusted financial expense	70,808	61,985	138,222	119,512

Constant currency basis and foreign exchange impact reconciliation

Consolidated

For the reconciliations of consolidated revenue, operating expenses and adjusted EBITDA in constant currency to the most directly comparable IFRS financial measures, refer to sub-section 3.1 "Operating results".

The reconciliations of free cash flow and net capital expenditures in constant currency are as follows. For the reconciliations of these specified financial measures to the most directly comparable IFRS financial measures, refer to the specific reconciliations in the sub-sections below.

Three months ended		February 29, 2024		February 28, 2023	Change	
	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Free cash flow	98,824	(344)	98,480	118,331	(16.5)	(16.8)
Net capital expenditures	171,756	596	172,352	156,832	9.5	9.9

Six months ended		February 29, 2024		February 28, 2023	Change	
	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Free cash flow	240,647	(520)	240,127	227,814	5.6	5.4
Net capital expenditures	318,423	(464)	317,959	354,174	(10.1)	(10.2)

Segmented

For the reconciliations of segmented revenue, operating expenses, adjusted EBITDA and net capital expenditures in constant currency to the most directly comparable IFRS financial measures, refer to section 4 "Segmented operating and financial results".

Free cash flow reconciliation

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Cash flows from operating activities	286,382	206,843	523,301	400,664
Changes in other non-cash operating activities	1,097	66,172	59,592	136,121
Income taxes paid (received)	(7,639)	23,319	(4,736)	70,612
Current income taxes	(8,881)	(11,332)	(16,923)	(20,622)
Interest paid	70,842	51,064	135,880	112,270
Financial expense	(70,808)	(61,985)	(155,102)	(119,512)
Loss on debt extinguishment ⁽¹⁾	—	—	16,880	—
Amortization of deferred transaction costs and discounts on long-term debt ⁽¹⁾	2,059	3,045	4,750	6,107
Net capital expenditures ⁽²⁾	(171,756)	(156,832)	(318,423)	(354,174)
Repayment of lease liabilities	(2,472)	(1,963)	(4,572)	(3,652)
Free cash flow	98,824	118,331	240,647	227,814

(1) Included within financial expense.

(2) Net capital expenditures exclude non-cash acquisitions of right-of-use assets and the purchases of spectrum licences, and are presented net of government subsidies, including the utilization of those received in advance.

Available liquidity reconciliation

For the reconciliation of available liquidity to the most directly comparable IFRS financial measure, refer to sub-section 8.1 "Capital structure".

Net capital expenditures and free cash flow excluding network expansion projects reconciliations

Net capital expenditures

Three months ended	February 29, 2024			February 28, 2023		Change	
	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency	
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%	
Net capital expenditures	171,756	596	172,352	156,832	9.5	9.9	
Net capital expenditures in connection with network expansion projects	24,390	11	24,401	42,242	(42.3)	(42.2)	
Net capital expenditures, excluding network expansion projects	147,366	585	147,951	114,590	28.6	29.1	

Six months ended	February 29, 2024			February 28, 2023	Change	
	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Net capital expenditures	318,423	(464)	317,959	354,174	(10.1)	(10.2)
Net capital expenditures in connection with network expansion projects	56,050	(151)	55,899	108,076	(48.1)	(48.3)
Net capital expenditures, excluding network expansion projects	262,373	(313)	262,060	246,098	6.6	6.5

Free cash flow

Three months ended	February 29, 2024			February 28, 2023	Change	
	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Free cash flow	98,824	(344)	98,480	118,331	(16.5)	(16.8)
Net capital expenditures in connection with network expansion projects	24,390	11	24,401	42,242	(42.3)	(42.2)
Free cash flow, excluding network expansion projects	123,214	(333)	122,881	160,573	(23.3)	(23.5)

Six months ended	February 29, 2024			February 28, 2023	Change	
	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%	%
Free cash flow	240,647	(520)	240,127	227,814	5.6	5.4
Net capital expenditures in connection with network expansion projects	56,050	(151)	55,899	108,076	(48.1)	(48.3)
Free cash flow, excluding network expansion projects	296,697	(671)	296,026	335,890	(11.7)	(11.9)

Non-IFRS ratios

The following financial measures used by the Corporation do not have standardized definitions prescribed by IFRS and therefore, may not be comparable to similar measures disclosed by other companies. This MD&A refers to the capital intensity, excluding network expansion projects of Cogeco Communications as it is used by Cogeco Communications to assess the impact of the network expansion projects on its capital intensity.

Specified financial measures	Usefulness	Calculation
Adjusted diluted earnings per share	<p>Adjusted diluted earnings per share is a measure used by management to assess the Corporation's performance before the impact of impairment of assets, acquisition, integration, restructuring and other costs, and loss (gain) on debt modification and/or extinguishment, net of tax and non-controlling interest for the above items.</p> <p>Adjusted diluted earnings per share excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. Excluding the impact of these items does not imply they are non-recurring.</p>	<p>Adjusted profit attributable to owners of the Corporation divided by the weighted average number of diluted multiple and subordinate voting shares outstanding.</p> <p>Adjusted profit attributable to owners of the Corporation is a non-IFRS financial measure. For more details on this financial measure, please refer to the "Non-IFRS financial measures" sub-section.</p>
Change in constant currency	The Corporation presents changes of certain financial measures in constant currency to enable an improved understanding of its underlying financial performance, undistorted by the effects of changes in foreign exchange rates, in order to facilitate period-to-period comparisons.	<p>Change in constant currency, expressed as a percentage of the variation between the periods presented, is obtained by translating financial results from the current periods denominated in US dollars using the foreign exchange rates of the comparable periods of the prior year.</p> <p>Constant currency basis is a non-IFRS financial measure. For more details on this financial measure, please refer to the "Non-IFRS financial measures" sub-section.</p>
Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency	Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency are used by management to analyze the Corporation's revenue and adjusted EBITDA growth excluding the effect of changes in foreign exchange rates and the impact of acquisitions, in order to facilitate period-to-period comparisons. Management believes these measures are used by certain investors and analysts to evaluate the Corporation's performance.	<p>Revenue and adjusted EBITDA changes in constant currency (as calculated above), expressed as a percentage of the variation between the periods presented, adjusted for the impact of acquisitions.</p> <p>Constant currency basis is a non-IFRS financial measure. For more details on this financial measure, please refer to the "Non-IFRS financial measures" sub-section.</p>
Capital intensity, excluding network expansion projects	Capital intensity, excluding network expansion projects is used by Cogeco Communications' management to assess Cogeco Communications' investment in capital expenditures and to make certain decisions, without taking into consideration capitalized investments in network expansion projects, in order to support a certain level of revenue. Cogeco Communications measures capital intensity, excluding network expansion projects, as it provides a common basis for comparing the impact of the net capital expenditures to the impact of the historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, Cogeco Communications' management believes this helps certain investors and analysts to assess the impact of the network expansion projects on Cogeco Communications' capital intensity ratio. Excluding the impact of net capital expenditures in connection with network expansion projects does not imply it is non-recurring.	<p>Net capital expenditures, excluding network expansion projects divided by revenue.</p> <p>Net capital expenditures, excluding network expansion projects is a non-IFRS financial measure. For more details on this financial measure, please refer to the "Non-IFRS financial measures" sub-section.</p>
Capital intensity in constant currency and capital intensity, excluding network expansion projects in constant currency	The Corporation presents certain financial measures of Cogeco Communications on a constant currency basis, including capital intensity in constant currency and capital intensity, excluding network expansion projects in constant currency, to facilitate period-to-period comparisons, undistorted by the effects of changes in foreign exchange rate.	<p>Capital intensity in constant currency is calculated as net capital expenditures in constant currency divided by revenue in constant currency.</p> <p>Capital intensity, excluding network expansion projects in constant currency is calculated as net capital expenditures, excluding network expansion projects in constant currency divided by revenue in constant currency.</p> <p>Constant currency basis, including net capital expenditures in constant currency, net capital expenditures, excluding network expansion projects in constant currency and revenue in constant currency are non-IFRS financial measures. For more details on these non-IFRS financial measures, please refer to the "Non-IFRS financial measures" sub-section.</p>

Total of segments measures

The following financial measures used by Cogeco are total of segments measures as reported in Note 4 of the condensed interim consolidated financial statements. Reconciliations between these specified financial measures to the most directly comparable IFRS financial measures are provided below.

Specified financial measures	Most directly comparable IFRS financial measures
Adjusted EBITDA	Profit for the period
Net capital expenditures	Acquisition of property, plant and equipment

Adjusted EBITDA reconciliation

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Profit for the period	93,930	102,592	192,659	226,400
Income taxes	16,993	24,801	36,374	58,281
Financial expense	70,808	61,985	155,102	119,512
Depreciation and amortization	164,829	155,333	325,193	311,723
Acquisition, integration, restructuring and other costs	1,222	6,952	4,487	9,629
Adjusted EBITDA	347,782	351,663	713,815	725,545

Net capital expenditures reconciliation

For the reconciliation of net capital expenditures to the most directly comparable IFRS financial measure, refer to sub-section 6.2 "Investing activities".

Capital management measures

The following financial measures used by Cogeco and/or Cogeco Communications are capital management measures, as disclosed within the notes to the Corporation's and/or Cogeco Communications' consolidated financial statements and/or condensed interim consolidated financial statements.

Specified financial measures	Usefulness	Calculation
Net indebtedness	Net indebtedness is a measure used by management, and management believes it is also used by certain investors and analysts, to assess the Corporation's and Cogeco Communications' financial leverage, as it represents the debt net of the available unrestricted cash and cash equivalents. Net indebtedness is a component of "Net indebtedness to adjusted EBITDA ratio".	Long-term debt before discounts, transaction costs and other add: - bank indebtedness deduct: - cash and cash equivalents, excluding cash with restrictions on use.
Net indebtedness to adjusted EBITDA ratio	Net indebtedness to adjusted EBITDA ratio is a measure used by management to assess the Corporation's and Cogeco Communications' financial leverage and their capital structure decisions, including the issuance of new debt, and to manage the Corporation's and Cogeco Communications' debt maturity risks.	Net indebtedness divided by the twelve-month trailing adjusted EBITDA.
Adjusted EBITDA to adjusted financial expense ratio	Adjusted EBITDA to adjusted financial expense ratio is a measure used by management, and management believes it is also used by certain investors and analysts, to assess the Corporation's and Cogeco Communications' financial strength and the ability to service their debt obligations.	Twelve-month trailing adjusted EBITDA divided by twelve-month trailing adjusted financial expense. Adjusted financial expense is a non-IFRS financial measure. For more details on this financial measure, please refer to the "Non-IFRS financial measures" sub-section.
Fixed-rate indebtedness	Fixed-rate indebtedness is a measure used by management to monitor and manage the Corporation's and Cogeco Communications' capital structure. Management believes this measure helps investors and analysts to assess the Corporation's and Cogeco Communications' financial leverage.	Principal on fixed-rate long-term debt divided by principal on long-term debt.

Supplementary financial measures

This MD&A refers to the capital intensity of Cogeco Communications, as well as of the Canadian and American telecommunications segments, and the adjusted EBITDA margin of both segments, key performance indicators used by Cogeco Communications' management and investors to value Cogeco Communications' performance and to assess its investment in capital expenditures in order to support a certain level of revenue.

Specified financial measures	Calculation
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue.
Capital intensity	Net capital expenditures divided by revenue.
Return on equity	Profit attributable to owners of the Corporation for the year divided by the average of the equity attributable to owners of the Corporation for the year.

14. Supplementary quarterly financial information

Three months ended (In thousands of Canadian dollars, except per share data)	Fiscal 2024				Fiscal 2023			Fiscal 2022
	February 29, 2024	November 30, 2023	August 31, 2023	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022
	\$	\$	\$	\$	\$	\$	\$	\$
Operations								
Revenue	751,908	776,172	766,652	767,603	757,191	789,690	746,911	754,777
Adjusted EBITDA	347,782	366,033	351,925	355,459	351,663	373,882	348,510	353,473
Acquisition, integration, restructuring and other costs	1,222	3,265	15,239	11,377	6,952	2,677	12,657	2,286
Impairment of goodwill and intangible assets	—	—	—	88,000	—	—	—	—
Profit for the period	93,930	98,729	90,521	33,314	102,592	123,808	111,379	108,456
Profit (loss) for the period attributable to owners of the Corporation	23,997	34,541	29,234	(34,473)	33,788	42,081	36,433	37,493
Adjusted profit attributable to owners of the Corporation	24,346	40,038	33,006	37,921	35,609	42,762	39,459	38,009
Cash flow								
Cash flows from operating activities	286,382	236,919	284,370	283,180	206,843	193,821	326,636	355,681
Free cash flow	98,824	141,823	86,237	107,379	118,331	109,483	34,704	108,954
Acquisition of property, plant and equipment	181,234	153,789	207,434	190,121	173,674	235,008	244,855	198,271
Net capital expenditures	171,756	146,667	178,481	170,258	156,832	197,342	224,775	183,107
Per share data ⁽¹⁾								
Earnings (loss) per share								
Basic	2.32	2.23	1.89	(2.22)	2.17	2.68	2.32	2.38
Diluted	2.30	2.21	1.87	(2.22)	2.15	2.67	2.31	2.37
Adjusted diluted ⁽²⁾	2.33	2.57	2.12	2.43	2.27	2.71	2.50	2.40
Dividends per share	0.854	0.854	0.731	0.731	0.731	0.731	0.625	0.625

(1) Per multiple and subordinate voting share.

(2) For the three-month period ended May 31, 2023, the weighted average number of diluted voting shares used for the calculation of the adjusted diluted earnings per share included 49,305 incentive shares units and 48,415 performance share units. As for the calculation of the diluted loss per share, these share-based compensation units were deemed to be anti-dilutive due to the loss incurred during the period and therefore were excluded from the calculation.

14.1 Seasonal variations

Cogeco's operating results are not generally subject to material seasonal fluctuations. Although, the media business faces certain seasonal variations.



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six-month periods ended February 29, 2024

COGECO INC.
INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS
(unaudited)

		Three months ended		Six months ended	
	Notes	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
		\$	\$	\$	\$
<i>(In thousands of Canadian dollars, except per share data)</i>					
Revenue	3	751,908	757,191	1,528,080	1,546,881
Operating expenses	6	404,126	405,528	814,265	821,336
Acquisition, integration, restructuring and other costs	7	1,222	6,952	4,487	9,629
Depreciation and amortization		164,829	155,333	325,193	311,723
Financial expense	8	70,808	61,985	155,102	119,512
Profit before income taxes		110,923	127,393	229,033	284,681
Income taxes	9	16,993	24,801	36,374	58,281
Profit for the period		93,930	102,592	192,659	226,400
Profit for the period attributable to:					
Owners of the Corporation		23,997	33,788	58,538	75,869
Non-controlling interest		69,933	68,804	134,121	150,531
		93,930	102,592	192,659	226,400
Earnings per share					
Basic	10	2.32	2.17	4.53	4.85
Diluted	10	2.30	2.15	4.50	4.82

COGECO INC.
INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(unaudited)

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Profit for the period	93,930	102,592	192,659	226,400
Other comprehensive income (loss)				
Items to be subsequently reclassified to profit or loss				
<i>Cash flow hedging adjustments</i>				
Net change in fair value of hedging derivative financial instruments	(9,844)	6,895	(24,759)	33,961
Related income taxes	7,779	(1,827)	11,731	(8,999)
	(2,065)	5,068	(13,028)	24,962
<i>Foreign currency translation adjustments</i>				
Net foreign currency translation differences on net investments in foreign operations	(1,860)	17,301	6,841	83,230
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	468	(3,939)	(1,521)	(19,423)
Related income taxes	668	(21)	(30)	(84)
	(724)	13,341	5,290	63,723
	(2,789)	18,409	(7,738)	88,685
Items not to be subsequently reclassified to profit or loss				
<i>Defined benefit plans actuarial adjustments</i>				
Remeasurement of net defined benefit liability or asset	2,110	(624)	1,536	2,896
Related income taxes	(559)	165	(407)	(768)
	1,551	(459)	1,129	2,128
	(1,238)	17,950	(6,609)	90,813
Comprehensive income for the period	92,692	120,542	186,050	317,213
Comprehensive income for the period attributable to:				
Owners of the Corporation	24,489	38,803	56,441	102,160
Non-controlling interest	68,203	81,739	129,609	215,053
	92,692	120,542	186,050	317,213

COGECO INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

	Equity attributable to owners of the Corporation					Total shareholders' equity
	Share capital	Share-based payment reserve	Accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to non-controlling interest	
(In thousands of Canadian dollars)	\$	\$	\$	\$	\$	\$
Balance at August 31, 2022	(Note 13) 106,768	11,031	(Note 14) 44,397	757,647	2,349,670	3,269,513
Profit for the period	—	—	—	75,869	150,531	226,400
Other comprehensive income for the period	—	—	24,805	1,486	64,522	90,813
Comprehensive income for the period	—	—	24,805	77,355	215,053	317,213
Share-based payment (Note 13 D))	—	2,131	—	—	2,206	4,337
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(88)	—	—	1,525	1,437
Dividends (Note 13 C))	—	—	—	(22,706)	(45,023)	(67,729)
Effect of changes in ownership of a subsidiary on non-controlling interest	—	—	—	(5,497)	5,497	—
Purchase and cancellation of subordinate voting shares under Normal Course Issuer Bid	(1,163)	—	—	(7,355)	—	(8,518)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(2,941)	—	—	—	—	(2,941)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	2,120	(2,560)	—	440	—	—
Purchase and cancellation of subordinate voting shares by a subsidiary under Normal Course Issuer Bid	—	—	—	(21,915)	(79,118)	(101,033)
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	—	—	—	(5,889)	(5,889)
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	(2,078)	—	334	1,744	—
Total distributions to shareholders	(1,984)	(2,595)	—	(56,699)	(119,058)	(180,336)
Balance at February 28, 2023	104,784	8,436	69,202	778,303	2,445,665	3,406,390
Balance at August 31, 2023	104,882	10,380	60,197	750,404	2,517,286	3,443,149
Profit for the period	—	—	—	58,538	134,121	192,659
Other comprehensive income (loss) for the period	—	—	(3,048)	951	(4,512)	(6,609)
Comprehensive income (loss) for the period	—	—	(3,048)	59,489	129,609	186,050
Share-based payment (Note 13 D))	—	1,412	—	—	1,678	3,090
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(15)	—	—	215	200
Dividends (Note 13 C))	—	—	—	(21,274)	(49,972)	(71,246)
Purchase of subordinate voting shares for cancellation from CDPQ (Note 13 B))	(47,771)	—	—	(232,253)	—	(280,024)
Purchase and cancellation of subordinate voting shares by a subsidiary (Note 13 B))	—	—	—	150,049	(266,549)	(116,500)
Transaction costs and income taxes related to share buyback transactions	—	—	—	(16,885)	(1,863)	(18,748)
Effect of changes in ownership of a subsidiary on non-controlling interest ⁽¹⁾	—	—	—	(16,012)	205,690	189,678
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(2,862)	—	—	—	—	(2,862)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	1,770	(1,863)	—	93	—	—
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	—	—	—	(5,002)	(5,002)
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	(1,637)	—	121	1,516	—
Total distributions to shareholders	(48,863)	(2,103)	—	(136,161)	(114,287)	(301,414)
Balance at February 29, 2024	56,019	8,277	57,149	673,732	2,532,608	3,327,785

(1) Relates to the impact of the disposal of a subsidiary's shares in the December 2023 share buyback transaction (Note 13 B)) and to the issuance of shares by a subsidiary to non-controlling interest.

COGECO INC.
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

	Notes	February 29, 2024	August 31, 2023
<i>(In thousands of Canadian dollars)</i>		\$	\$
Assets			
Current			
Cash and cash equivalents	15 D)	82,488	363,854
Trade and other receivables		140,454	139,412
Income taxes receivable		10,487	28,816
Prepaid expenses and other		53,595	43,262
Derivative financial instruments		9,346	5,355
		296,370	580,699
Non-current			
Other assets	11	159,106	105,499
Property, plant and equipment		3,357,664	3,264,303
Intangible assets		3,677,083	3,687,486
Goodwill	5	2,141,371	2,117,756
Derivative financial instruments		74,156	100,792
Deferred tax assets		4,736	13,243
		9,710,486	9,869,778
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		25,107	23,229
Trade and other payables		312,100	334,782
Provisions		22,437	33,019
Income tax liabilities		7,890	413
Contract liabilities and other liabilities		62,294	62,061
Government subsidies received in advance		13,027	29,262
Derivative financial instruments		—	3,487
Current portion of long-term debt	12	77,236	43,325
		520,091	529,578
Non-current			
Long-term debt	12	4,988,326	5,045,672
Derivative financial instruments		547	—
Contract liabilities and other liabilities		12,020	8,687
Pension plan liabilities and accrued employee benefits		11,036	9,258
Deferred tax liabilities		850,681	833,434
		6,382,701	6,426,629
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	13 B)	56,019	104,882
Share-based payment reserve		8,277	10,380
Accumulated other comprehensive income	14	57,149	60,197
Retained earnings		673,732	750,404
		795,177	925,863
Equity attributable to non-controlling interest		2,532,608	2,517,286
		3,327,785	3,443,149
		9,710,486	9,869,778

Commitments, guarantees and contingencies (Note 18)

COGECO INC.

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

		Three months ended		Six months ended	
	Notes	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
		\$	\$	\$	\$
<i>(In thousands of Canadian dollars)</i>					
Cash flows from operating activities					
Profit for the period		93,930	102,592	192,659	226,400
Adjustments for:					
Depreciation and amortization		164,829	155,333	325,193	311,723
Financial expense	8	70,808	61,985	155,102	119,512
Income taxes	9	16,993	24,801	36,374	58,281
Share-based payment		4,369	2,602	4,868	4,006
Gain on disposals and write-offs of property, plant and equipment		(471)	(170)	(584)	(241)
Defined benefit plans expense, net of contributions		224	255	425	(14)
		350,682	347,398	714,037	719,667
Changes in other non-cash operating activities	15 A)	(1,097)	(66,172)	(59,592)	(136,121)
Interest paid		(70,842)	(51,064)	(135,880)	(112,270)
Income taxes received (paid)		7,639	(23,319)	4,736	(70,612)
		286,382	206,843	523,301	400,664
Cash flows from investing activities					
Acquisition of property, plant and equipment		(181,234)	(173,674)	(335,023)	(408,682)
Payment of spectrum licences deposits	11	(38,058)	—	(38,058)	—
Business combinations	5	(57,974)	—	(57,974)	—
Subsidies received in advance		—	182	183	363
Proceeds on disposals of property, plant and equipment and other		1,644	477	1,896	634
		(275,622)	(173,015)	(428,976)	(407,685)
Cash flows from financing activities					
Increase (decrease) in bank indebtedness		4,090	(922)	1,878	(8,633)
Net increase (decrease) under revolving facilities		(102,832)	(271,111)	53,807	(107,385)
Issuance of long-term debt, net of discounts and transaction costs		345,250	298,056	2,001,458	298,056
Repayment of notes and credit facilities		(3,991)	(8,846)	(2,133,206)	(17,626)
Repayment of lease liabilities		(2,472)	(1,963)	(4,572)	(3,652)
Increase in deferred transaction costs		(119)	(338)	(1,920)	(338)
Purchase of subordinate voting shares for cancellation from CDPQ	13 B)	(280,024)	—	(280,024)	—
Disposal of shares in a subsidiary to non-controlling interest (CDPQ)	13 B)	73,178	—	73,178	—
Transaction costs related to share buyback transactions		(6,507)	—	(6,507)	—
Purchase and cancellation of subordinate voting shares under Normal Course Issuer Bid	13 B)	—	(6,915)	—	(8,518)
Purchase and cancellation of subordinate voting shares by a subsidiary under Normal Course Issuer Bid		—	(63,750)	—	(101,033)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	13 B)	(2,862)	—	(2,862)	(2,941)
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		—	882	200	1,437
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans		(5,002)	—	(5,002)	(5,889)
Dividends paid on multiple and subordinate voting shares	13 C)	(8,081)	(11,309)	(21,274)	(22,706)
Dividends paid on subordinate voting shares by a subsidiary to non-controlling interest	13 C)	(25,581)	(22,086)	(49,972)	(45,023)
		(14,953)	(88,302)	(374,818)	(24,251)
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency					
		(240)	1,847	(873)	8,142
Net change in cash and cash equivalents		(4,433)	(52,627)	(281,366)	(23,130)
Cash and cash equivalents, beginning of the period		86,921	408,498	363,854	379,001
Cash and cash equivalents, end of the period	15 D)	82,488	355,871	82,488	355,871

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

(unaudited)

(amounts in tables are in thousands of Canadian dollars, except number of shares or units and per share data)

1. Nature of operations

Cogeco Inc. ("Cogeco" or the "Corporation") is a holding corporation which operates in the telecommunications and media sectors.

Its Cogeco Communications Inc. ("Cogeco Communications") subsidiary is a telecommunications corporation which provides Internet, video and phone services in Canada as well as in thirteen states in the United States through its business units Cogeco Connexion and Breezeline.

Its Cogeco Media subsidiary owns and operates 21 radio stations primarily in the province of Québec as well as a news agency.

Cogeco is a Canadian public corporation whose subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CGO". The subordinate voting shares of Cogeco Communications are also listed on the TSX under the trading symbol "CCA". The Corporation's registered office is located at 1 Place Ville Marie, Suite 3301, Montréal, Québec, H3B 3N2.

The results of operations for the interim period are not necessarily indicative of the results of operations for the full year. The Corporation does not expect seasonality to be a material factor in its quarterly results.

2. Basis of presentation and accounting policy developments

A) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and were approved and authorized for issuance by the Board of Directors of the Corporation on April 11, 2024. These condensed interim consolidated financial statements have been prepared with the same accounting policies and methods of computation followed by the Corporation in its 2023 annual consolidated financial statements. These condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Corporation's 2023 annual consolidated financial statements. Certain comparative amounts in the condensed interim consolidated financial statements have been reclassified in order to conform to the fiscal 2024 consolidated financial statements presentation.

Financial information is presented in Canadian dollars, unless otherwise indicated.

B) Foreign currency translation

Foreign currency rates used to translate the Corporation's foreign operation, Breezeline, are as follows:

	Closing rates as of		Average rates for the three months ended		Average rates for the six months ended	
	February 29, 2024	August 31, 2023	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
US dollar vs Canadian dollar	1.3570	1.3531	1.3452	1.3488	1.3553	1.3489

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

(unaudited)

(amounts in tables are in thousands of Canadian dollars, except number of shares or units and per share data)

C) Accounting policy developments

The following new standard and amendments to standards were issued by the IASB and were not yet applied in preparing these condensed interim consolidated financial statements.

IFRS 18, *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies:

- improved comparability in the statement of profit or loss by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit;
- enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the income statement; and
- enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Corporation is currently assessing the impact of the new standard on its consolidated financial statements presentation and disclosure.

Supplier Finance Arrangements - Amendments to IAS 7, *Statement of Cash Flows*, and IFRS 7, *Financial Instruments: Disclosures*

In May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 and IFRS 7, introducing new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Corporation does not expect these amendments to have a material impact on its consolidated financial statements.

3. Revenue

Cogeco Communications									
	Canadian telecommunications		American telecommunications		Sub-total		Other		Consolidated
	Feb. 29, 2024	Feb. 28, 2023	Feb. 29, 2024	Feb. 28, 2023	Feb. 29, 2024	Feb. 28, 2023	Feb. 29, 2024	Feb. 28, 2023	February 29, 2024 February 28, 2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Residential ⁽¹⁾	311,011	307,574	309,584	318,939	620,595	626,513	—	—	620,595 626,513
Commercial	45,680	43,233	43,783	44,254	89,463	87,487	—	—	89,463 87,487
Other	16,788	17,527	3,655	5,119	20,443	22,646	21,407	20,545	41,850 43,191
	373,479	368,334	357,022	368,312	730,501	736,646	21,407	20,545	751,908 757,191

Three months ended

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

(unaudited)

(amounts in tables are in thousands of Canadian dollars, except number of shares or units and per share data)

	Six months ended									
	Cogeco Communications									
	Canadian telecommunications		American telecommunications		Sub-total			Other	Consolidated	
	Feb. 29, 2024	Feb. 28, 2023	Feb. 29, 2024	Feb. 28, 2023	Feb. 29, 2024	Feb. 28, 2023	Feb. 29, 2024	Feb. 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Residential ⁽¹⁾	626,211	619,582	631,663	655,190	1,257,874	1,274,772	—	—	1,257,874	1,274,772
Commercial	90,582	86,595	88,928	89,022	179,510	175,617	—	—	179,510	175,617
Other	33,134	34,241	7,672	14,316	40,806	48,557	49,890	47,935	90,696	96,492
	749,927	740,418	728,263	758,528	1,478,190	1,498,946	49,890	47,935	1,528,080	1,546,881

(1) Includes revenue from Internet, video and phone residential customers, as well as bulk residential customers.

4. Segment information

The Corporation's results are reported in two operating segments: Canadian telecommunications and American telecommunications. The reporting structure reflects how the Corporation manages its business activities to make decisions about resources to be allocated to the segments and to assess their performance. The Corporation and its chief operating decision maker assess the performance of each operating segment based on adjusted EBITDA, which is equal to *Revenue* less *Operating expenses*. Transactions between operating segments are measured at the amounts agreed to between the parties.

The column in the tables below entitled "Other" is comprised of the results of Cogeco Media and the corporate activities of Cogeco, as well as consolidation elimination entries.

Three months ended February 29, 2024						
	Cogeco Communications			Sub-total	Other	Consolidated
	Canadian telecommunications	American telecommunications	Corporate and eliminations			
	\$	\$	\$	\$	\$	\$
Revenue ⁽¹⁾	373,479	357,022	—	730,501	21,407	751,908
Operating expenses	174,720	190,672	12,759	378,151	25,975	404,126
Management fees – Cogeco Inc.	—	—	5,238	5,238	(5,238)	—
Adjusted EBITDA	198,759	166,350	(17,997)	347,112	670	347,782
Acquisition, integration, restructuring and other costs				885	337	1,222
Depreciation and amortization				163,682	1,147	164,829
Financial expense				68,163	2,645	70,808
Profit before income taxes				114,382	(3,459)	110,923
Income taxes				17,820	(827)	16,993
Profit for the period				96,562	(2,632)	93,930
Net capital expenditures ⁽²⁾	106,345	62,855	1,569	170,769	987	171,756

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 29, 2024

(unaudited)

(amounts in tables are in thousands of Canadian dollars, except number of shares or units and per share data)

Three months ended February 28, 2023						
	Cogeco Communications			Sub-total	Other	Consolidated
	Canadian telecommunications	American telecommunications	Corporate and eliminations			
	\$	\$	\$	\$	\$	\$
Revenue ⁽¹⁾	368,334	368,312	—	736,646	20,545	757,191
Operating expenses	170,289	202,254	7,488	380,031	25,497	405,528
Management fees – Cogeco Inc.	—	—	5,400	5,400	(5,400)	—
Adjusted EBITDA	198,045	166,058	(12,888)	351,215	448	351,663
Acquisition, integration, restructuring and other costs				6,952	—	6,952
Depreciation and amortization				154,192	1,141	155,333
Financial expense				61,116	869	61,985
Profit before income taxes				128,955	(1,562)	127,393
Income taxes				24,693	108	24,801
Profit for the period				104,262	(1,670)	102,592
Net capital expenditures ⁽²⁾	81,383	73,091	1,651	156,125	707	156,832

Six months ended February 29, 2024						
	Cogeco Communications			Sub-total	Other	Consolidated
	Canadian telecommunications	American telecommunications	Corporate and eliminations			
	\$	\$	\$	\$	\$	\$
Revenue ⁽¹⁾	749,927	728,263	—	1,478,190	49,890	1,528,080
Operating expenses	354,814	383,743	23,085	761,642	52,623	814,265
Management fees – Cogeco Inc.	—	—	10,476	10,476	(10,476)	—
Adjusted EBITDA	395,113	344,520	(33,561)	706,072	7,743	713,815
Acquisition, integration, restructuring and other costs				3,501	986	4,487
Depreciation and amortization				322,882	2,311	325,193
Financial expense				151,457	3,645	155,102
Profit before income taxes				228,232	801	229,033
Income taxes				35,918	456	36,374
Profit for the period				192,314	345	192,659
Net capital expenditures ⁽²⁾	194,181	118,708	4,307	317,196	1,227	318,423

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 29, 2024

(unaudited)

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Six months ended February 28, 2023						
	Cogeco Communications			Sub-total	Other	Consolidated
	Canadian telecommunications	American telecommunications	Corporate and eliminations			
	\$	\$	\$	\$	\$	\$
Revenue ⁽¹⁾	740,418	758,528	—	1,498,946	47,935	1,546,881
Operating expenses	343,740	409,964	16,004	769,708	51,628	821,336
Management fees – Cogeco Inc.	—	—	10,800	10,800	(10,800)	—
Adjusted EBITDA	396,678	348,564	(26,804)	718,438	7,107	725,545
Acquisition, integration, restructuring and other costs				9,629	—	9,629
Depreciation and amortization				309,491	2,232	311,723
Financial expense				118,035	1,477	119,512
Profit before income taxes				281,283	3,398	284,681
Income taxes				56,646	1,635	58,281
Profit for the period				224,637	1,763	226,400
Net capital expenditures ⁽²⁾	196,621	153,499	2,976	353,096	1,078	354,174

(1) For the second quarter and the first six months of fiscal 2024, revenue by geographic market includes \$394.9 million and \$799.8 million in Canada and \$357.0 million and \$728.3 million in the United States, respectively. For the same periods of the prior year, revenue included \$388.9 million and \$788.4 million in Canada and \$368.3 million and \$758.5 million in the United States.

(2) Net capital expenditures exclude non-cash acquisitions of right-of-use assets and the purchases of spectrum licences, and are presented net of government subsidies, including subsidies received in advance recognized as a reduction of the cost of property, plant and equipment. Refer to Note 15 B) for a reconciliation of net capital expenditures to cash payments for acquisition of property, plant and equipment as reported in the consolidated statements of cash flows.

5. Business combinations

Niagara Regional Broadband Network acquisition

On February 5, 2024, Cogeco Connexion acquired Niagara Regional Broadband Network ("NRBN"), an Internet, video and phone service provider serving the Niagara Region, for a purchase price of \$75.1 million, subject to customary post-closing adjustments. The sellers, the City of Niagara Falls and the Town of Niagara-on-the-Lake, will both remain minority shareholders in the company. This acquisition will strengthen the Corporation's presence in the Niagara Region and allow Cogeco Communications to support the continued growth of NRBN.

Cogeco Connexion acquired 67% of the voting rights and 100% of the economic rights with regard to NRBN. Based on the terms of the purchase agreement, Cogeco Connexion controls and receives all of the returns associated to NRBN's operations.

The Corporation is currently assessing the fair value of the assets acquired and the liabilities assumed at the date of acquisition, for which the valuation process of certain assets remains to be finalized. The preliminary allocation of the purchase price was based on the estimated fair value of the assets acquired and the liabilities assumed at the date of acquisition. The items that are mainly subject to change are *Property, plant and equipment*, *Intangible assets* and *Goodwill*. The Corporation will finalize the purchase price allocation over the coming quarters.

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The preliminary allocation of the purchase price based on the estimated fair value of assets acquired and the liabilities assumed at the date of acquisition is as follows:

	At February 29, 2024
	Preliminary
	\$
Purchase price	
Cash consideration paid	57,974
Balance due on business combinations	17,094
	75,068
Net assets acquired	
Current assets	589
Property, plant and equipment	58,145
Intangible assets	11,051
Goodwill	18,165
Current liabilities	(3,149)
Deferred tax liabilities	(9,308)
Other long-term liabilities	(425)
	75,068

The amount of goodwill, which is not expected to be deductible for tax purposes, is mainly attributable to the expected growth in both residential and business services, and to the strength of the assembled workforce.

6. Operating expenses

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Salaries, employee benefits and outsourced services	139,662	140,488	281,266	279,971
Service delivery costs	191,515	196,646	381,718	394,704
Customer related costs	30,304	28,025	62,604	60,502
Other external purchases	42,645	40,369	88,677	86,159
	404,126	405,528	814,265	821,336

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7. Acquisition, integration, restructuring and other costs

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Acquisition and integration costs	275	1,398	454	1,981
Restructuring costs	279	—	745	816
Configuration and customization costs related to cloud computing and other arrangements	4,862	440	7,482	1,718
Costs (reversal) related to litigation and regulatory decisions	(4,194)	5,114	(4,194)	5,114
	1,222	6,952	4,487	9,629

8. Financial expense

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Interest on long-term debt, excluding interest on lease liabilities	73,395	63,444	143,282	119,301
Interest on lease liabilities	803	694	1,511	1,340
Loss on debt extinguishment ⁽¹⁾	—	—	16,880	—
Net foreign exchange loss (gain)	(1,844)	111	(3,470)	2,483
Amortization of deferred transaction costs related to the revolving facilities	175	187	691	369
Interest and other income	(1,871)	(2,430)	(4,068)	(4,127)
Other	150	(21)	276	146
	70,808	61,985	155,102	119,512

(1) In connection with the prepayment of Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility in September 2023.

9. Income taxes

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Current	8,881	11,332	16,923	20,622
Deferred	8,112	13,469	19,451	37,659
	16,993	24,801	36,374	58,281

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The following table provides the reconciliation between income tax expense at the Canadian statutory federal and provincial income tax rates and the consolidated income tax expense:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Profit before income taxes	110,923	127,393	229,033	284,681
Combined Canadian income tax rate	26.5 %	26.5 %	26.5 %	26.5 %
Income taxes at combined Canadian income tax rate	29,395	33,759	60,694	75,440
Difference in operations' statutory income tax rates	281	257	126	15
Recognition of previously unrecognized capital losses	(235)	—	(235)	—
Impact on income taxes arising from non-deductible expenses and non-taxable profit	520	654	1,219	1,358
Tax impacts related to foreign operations	(12,813)	(10,971)	(25,495)	(20,734)
Other	(155)	1,102	65	2,202
Income taxes at effective income tax rate	16,993	24,801	36,374	58,281
Effective income tax rate	15.3%	19.5%	15.9%	20.5%

Pillar Two model rules

The Corporation has retrospectively applied the temporary exception to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes during its third quarter of fiscal 2023. Currently, the Corporation is operating in jurisdictions in which the Pillar Two legislation has not yet been enacted or substantively enacted. The Corporation will continue to monitor the Pillar Two legislation and assess the impact of the remaining targeted disclosure requirements on its consolidated financial statements.

10. Earnings per share

The following table provides the components used in the calculation of basic and diluted earnings per share:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Profit for the period attributable to owners of the Corporation	23,997	33,788	58,538	75,869
Weighted average number of multiple and subordinate voting shares outstanding	10,334,779	15,604,777	12,923,671	15,641,913
Effect of dilutive incentive share units	47,202	49,305	44,823	46,572
Effect of dilutive performance share units	46,838	47,806	44,876	45,221
Weighted average number of diluted multiple and subordinate voting shares outstanding	10,428,819	15,701,888	13,013,370	15,733,706

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11. Other assets

Spectrum licences deposit

On November 30, 2023, Innovation, Science and Economic Development Canada ("ISED") announced the provisional spectrum licence winners in the 3800 MHz spectrum auction. Cogeco Communications, through its wholly-owned subsidiary Elite General Partnership, secured 99 spectrum licences in urban and rural markets, including the greater Toronto, Montréal, Québec City and Ottawa areas, for a total purchase price of \$190.3 million.

The required deposit of \$38.1 million, representing 20% of the total purchase price, was paid to ISED on January 16, 2024. The final payment is expected to be paid on or before May 29, 2024. The unsecured letter of credit issued to ISED in July 2023 as a pre-auction deposit will remain outstanding until the final payment is made. The deposit remitted has been presented as *Other assets* in the consolidated statement of financial position, as the Corporation did not have the right to commercially use the licences as of that date.

12. Long-term debt

	February 29, 2024	August 31, 2023
	\$	\$
Notes and credit facilities	4,973,139	5,019,513
Lease liabilities	75,329	69,484
Balance due on business combinations	17,094	—
	5,065,562	5,088,997
Less current portion	77,236	43,325
	4,988,326	5,045,672

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A) Notes and credit facilities

	Maturity	Effective interest rate ⁽¹⁾	February 29, 2024	August 31, 2023
		%	\$	\$
Corporation				
Term Revolving Facility				
Revolving loan	February 2027	6.24	63,704	—
Revolving loan - US\$32.5 million at August 31, 2023	February 2027	—	—	43,975
Non-Revolving Term Credit Facility	December 2026	8.26	73,627	—
Subsidiaries				
Term Revolving Facility				
Revolving loan – US\$208 million (US\$262 million at August 31, 2023)	January 2028	6.42 ⁽²⁾	282,256	354,512
Senior Secured Notes				
Series A - US\$25 million	September 2024	4.14	33,916	33,810
Series B - US\$150 million	September 2026	4.29	203,323	202,695
Senior Secured Notes - US\$215 million	June 2025	4.30	291,546	290,629
Senior Secured Notes - Series 1	September 2031	2.99	497,437	497,286
Senior Secured Notes - Series 2	February 2033	5.30	298,215	298,137
Senior Unsecured Notes	February 2029	6.13	271,312	—
Senior Unsecured Non-Revolving Facility	November 2042	—	—	—
First Lien Credit Facilities				
Senior Secured Term Loan B Facility				
Tranche 1 - US\$1,575.8 million at August 31, 2023	—	—	—	2,114,649
Tranche 2 - US\$882 million (US\$886.5 million at August 31, 2023)	September 2028	4.27 ⁽³⁾	1,182,491	1,183,820
Tranche 3 - US\$775 million	September 2030	7.03 ⁽⁴⁾	1,033,158	—
Farm Credit - US\$475 million	September 2028	8.58 ⁽⁵⁾	633,594	—
Senior Secured Revolving Facility - US\$80 million	September 2028	7.30	108,560	—
			4,973,139	5,019,513
Less current portion			67,779	35,181
			4,905,360	4,984,332

(1) Effective interest rate as of February 29, 2024, which excludes the impact of deferred transaction costs and commitment fees but includes the impact of the outstanding interest rate swaps and cross-currency swaps, as applicable.

(2) An amount of US\$208 million drawn under Cogeco Communications' Term Revolving Facility was hedged until March 28, 2024, using a cross-currency swap agreement which sets the amount redeemable at maturity at \$281.1 million.

(3) As of February 29, 2024, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US\$800 million of the Senior Secured Term Loan B Facility - Tranche 2. These agreements have the effect of converting the floating SOFR base rate, or the 39 bps SOFR floor if higher, into fixed rates ranging from 1.17% to 1.44%, plus an applicable credit spread, for maturities between October 31, 2025 and July 31, 2027. The effective interest rate includes the impact of the outstanding interest rate swaps.

(4) As of February 29, 2024, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US\$550 million of the Senior Secured Term Loan B Facility - Tranche 3. These agreements have the effect of converting the floating SOFR base rate into fixed rates ranging from 2.01% to 4.18%, plus an applicable credit spread, for maturities between November 20, 2024 and February 28, 2029. The effective interest rate includes the impact of the outstanding interest rate swaps.

(5) The effective interest rate does not include the impact of a rate rebate earned under a patronage program, which is included in *Interest and other income* within *Financial expense*.

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Corporation

Non-Revolving Term Credit Facility

On December 11, 2023, Cogeco entered into a 3-year \$75 million Non-Revolving Term Credit Facility to partially finance its \$280.0 million share buyback transaction (see Note 13 B)).

Subsidiaries

Senior Unsecured Notes

In February 2024, Cogeco Communications completed, pursuant to a private placement, the issuance of \$275 million Senior Unsecured Notes maturing on February 27, 2029. Cogeco Communications used the net proceeds of the offering to repay existing indebtedness and for other general corporate purposes. The Senior Unsecured Notes are direct and unsubordinated unsecured debt obligations of Cogeco Communications and rank equally and *pari passu* with all other unsecured senior indebtedness of Cogeco Communications.

Non-Revolving Term Credit Facility

On December 11, 2023, in order to maintain its borrowing capacity following a \$116.5 million share buyback transaction (see Note 13 B)), Cogeco Communications entered into a \$125 million 1-year non-revolving term credit facility, which was available to be drawn until April 9, 2024. The facility remained undrawn and was cancelled on March 1, 2024, following the issuance of the \$275 million Senior Unsecured Notes.

First Lien Credit Facilities

On September 29, 2023, Cogeco Communications amended the First Lien Credit Facility related to its U.S. operations, as follows:

- the issuance of the US\$775 million 7-year Term Loan B - Tranche 3;
- the issuance of the US\$475 million 5-year Farm Credit Term Loan B; and
- an increase in the credit limit of the Senior Secured Revolving Facility from US\$150 million to US\$250 million and the extension of the maturity date to September 2028.

The proceeds from the newly issued Term B loans, together with US\$150 million drawn on the Senior Secured Revolving Facility and US\$200 million of cash on hand, were used to reimburse the existing US\$1.6 billion Tranche 1 of the Senior Secured Term Loan B Facility. The prepayment of Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility were accounted for as a debt extinguishment. As a result, a loss on debt extinguishment of \$16.9 million was recognized during the first quarter of fiscal 2024, within financial expense.

13. Share capital

A) Authorized

Unlimited number of:

Preferred shares of first and second rank, issuable in series and non-voting, except when specified in the Articles of Incorporation of the Corporation or in the Law.

Multiple voting shares, 20 votes per share.

Subordinate voting shares, 1 vote per share.

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B) Issued and paid

	February 29, 2024	August 31, 2023
	\$	\$
1,602,217 multiple voting shares	10	10
8,040,562 subordinate voting shares (14,009,952 at August 31, 2023)	64,347	112,118
	64,357	112,128
63,026 subordinate voting shares held in trust under the Incentive Share Unit Plan (51,257 at August 31, 2023)	(4,141)	(3,582)
64,441 subordinate voting shares held in trust under the Performance Share Unit Plan (53,092 at August 31, 2023)	(4,197)	(3,664)
	56,019	104,882

During the first six months of fiscal 2024, subordinate voting share transactions were as follows:

	Number of shares	Amount \$
Balance at August 31, 2023	14,009,952	112,118
Purchase of subordinate voting shares for cancellation from CDPQ	(5,969,390)	(47,771)
Balance at February 29, 2024	8,040,562	64,347

Share buyback transactions - repurchases of Rogers holdings in Cogeco and Cogeco Communications

On December 13, 2023, Cogeco and Cogeco Communications entered into a series of transactions pursuant to the sale by Rogers Communications Inc. of its entire holdings in both companies to Caisse de dépôt et placement du Québec ("CDPQ"). Cogeco repurchased for cancellation 5,969,390 of its subordinate voting shares from CDPQ for \$280.0 million, resulting in a non taxable eligible deemed dividend for tax purposes. Concurrently, Cogeco sold 2,266,537 subordinate voting shares of its holding in Cogeco Communications to Cogeco Communications for \$116.5 million and 1,423,692 subordinate voting shares to CDPQ for \$73.2 million, following the conversion and cancellation of an equivalent number of Cogeco Communications multiple voting shares. The 2,266,537 subordinate voting shares repurchased by Cogeco Communications were repurchased for cancellation, resulting in a non taxable eligible deemed dividend for tax purposes. Cogeco maintained its controlling interest over Cogeco Communications, and as a result of this transaction CDPQ became an anchor investor in Cogeco Communications, with a holding of 6,809,339 subordinate voting shares, representing approximately 16.1% of all outstanding Cogeco Communications shares.

Subordinate voting shares repurchase programs

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at February 29, 2024
2023 Normal course issuer bid ("NCIB")	January 18, 2023	January 17, 2024	325,000	121,600
2022 NCIB	January 18, 2022	January 17, 2023	325,000	268,086

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The following table provides the NCIB purchases for the three and six-month periods ended February 29, 2024 and February 28, 2023:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	—	117,584	—	145,284
Weighted average purchase price per share	—	58.81	—	58.63
Purchase costs	—	6,915	—	8,518

Subordinate voting shares held in trust

During the first six months of fiscal 2024, the transactions pertaining to the subordinate voting shares held in trust under the Incentive Share Unit Plan ("ISU Plan") and the Performance Share Unit Plan ("PSU Plan") were as follows:

	ISU Plan		PSU Plan	
	Number of shares	Amount	Number of shares	Amount
		\$		\$
Balance at August 31, 2023	51,257	3,582	53,092	3,664
Subordinate voting shares acquired	24,009	1,412	24,663	1,450
Subordinate voting shares distributed to employees	(12,240)	(853)	(13,314)	(917)
Balance at February 29, 2024	63,026	4,141	64,441	4,197

C) Dividends

The following tables provide a summary of the dividends declared for the Corporation's and Cogeco Communications' multiple and subordinate voting shares during the three and six-month periods ended February 29, 2024 and February 28, 2023:

Declaration date	Record date	Payment date	Dividend per share (in dollars)	
			Cogeco	Cogeco Communications
November 1, 2023	November 15, 2023	November 29, 2023	0.854	0.854
January 10, 2024	January 24, 2024	February 7, 2024	0.854	0.854
			1.708	1.708
October 27, 2022	November 10, 2022	November 24, 2022	0.731	0.776
January 12, 2023	January 26, 2023	February 9, 2023	0.731	0.776
			1.462	1.552

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	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Attributable to owners of the Corporation				
Dividends on multiple voting shares	1,369	1,171	2,737	2,342
Dividends on subordinate voting shares	6,712	10,138	18,537	20,364
	8,081	11,309	21,274	22,706
Attributable to non-controlling interest				
Dividends on subordinate voting shares	25,581	22,086	49,972	45,023

At its April 11, 2024 meeting, the Board of Directors of Cogeco declared a quarterly dividend of \$0.854 per share for multiple and subordinate voting shares, payable on May 9, 2024 to shareholders of record on April 25, 2024. The Corporation hereby notifies that all dividends are eligible dividends unless indicated otherwise.

D) Share-based payment plans

Starting in January 2024, Cogeco Communications offers a new long-term incentive plan, the Share Appreciation Rights ("SAR") Plan, for the benefit of its American executive officers and designated employees. Since the inception of the SAR Plan, the American executive officers and designated employees are no longer eligible for the Stock Option Plan. The share appreciation rights ("SARs") are cash-settled and vest equally over a period of five years beginning one year after the day such rights are granted and are exercisable over ten years. The value of the SARs is linked to the performance of Cogeco Communications' subordinate voting shares. Upon vesting, SARs entitle a participant to receive a cash payment based on the increase in the market value of Cogeco Communications' subordinate voting shares from the grant date to the exercise date.

The following table shows the compensation expense recorded with regard to the Corporation's and Cogeco Communications' share-based payment plans:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Stock options	252	383	661	980
SARs	34	—	34	—
ISUs	723	771	959	1,606
PSUs	894	963	1,470	1,751
DSUs	2,466	485	1,744	(331)
	4,369	2,602	4,868	4,006

Stock options and SARs

For the six-month period ended February 29, 2024, no stock options were granted to employees by Cogeco under the Stock Option Plan of the Corporation and no options were outstanding at February 29, 2024 and August 31, 2023.

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Under Cogeco Communications' Stock Option and SAR plans, changes in the outstanding number of stock options and SARs for the six-month period ended February 29, 2024 were as follows:

	Stock options ⁽¹⁾	Weighted average exercise price \$	SARs	Weighted average exercise price \$
Outstanding at August 31, 2023	913,338	85.91	—	—
Granted	230,052	61.62	73,676	61.62
Exercised ⁽²⁾	(4,000)	50.10	—	—
Cancelled	(54,158)	86.57	—	—
Outstanding at February 29, 2024	1,085,232	80.86	73,676	61.62
Exercisable at February 29, 2024	613,522	84.69	—	—

(1) In January 2024, the number of subordinate voting shares reserved for the purpose of the Stock Option Plan was increased by 1,000,000, from 3,432,500 to 4,432,500.

(2) The weighted average share price for options exercised during the six-month period was \$50.10.

ISUs, PSUs and DSUs

Under the Corporation's share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs for the six-month period ended February 29, 2024 were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2023	46,917	48,148	80,386
Granted/Issued ⁽¹⁾	31,612	29,970	14,391
Performance-based additional units granted	—	103	—
Distributed/Redeemed	(12,240)	(13,314)	—
Cancelled	(4,636)	(5,306)	—
Dividend equivalents	—	1,534	2,883
Outstanding at February 29, 2024	61,653	61,135	97,660

(1) The weighted average fair value of the ISUs, PSUs and DSUs granted/issued during the six-month period was \$60.44.

Under Cogeco Communications' share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs for the six-month period ended February 29, 2024 were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2023	68,837	101,703	90,542
Granted/Issued ⁽¹⁾	44,822	65,675	26,066
Performance-based additional units granted	—	1,116	—
Distributed/Redeemed	(20,035)	(32,918)	—
Cancelled	(3,694)	(7,544)	—
Dividend equivalents	—	2,929	3,132
Outstanding at February 29, 2024	89,930	130,961	119,740

(1) The weighted average fair value of the ISUs, PSUs and DSUs granted/issued during the six-month period was \$61.62.

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14. Accumulated other comprehensive income

	Cash flow hedge reserve \$	Foreign currency translation \$	Total \$
Balance at August 31, 2022	24,744	19,653	44,397
Other comprehensive income	8,621	16,184	24,805
Balance at February 28, 2023	33,365	35,837	69,202
Balance at August 31, 2023	27,031	33,166	60,197
Other comprehensive income (loss)	(4,359)	1,311	(3,048)
Balance at February 29, 2024	22,672	34,477	57,149

15. Additional cash flows information

A) Changes in other non-cash operating activities

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Trade and other receivables	(24)	(14,446)	47	(29,801)
Prepaid expenses and other	4,744	1,778	(9,720)	(12,892)
Other assets	(5,200)	(6,221)	(13,046)	(10,140)
Trade and other payables	994	(53,654)	(28,847)	(81,740)
Provisions	(4,374)	6,930	(10,581)	2,651
Contract liabilities and other liabilities	2,763	(559)	2,555	(4,199)
	(1,097)	(66,172)	(59,592)	(136,121)

B) Acquisition of property, plant and equipment

The following table shows the reconciliation between the cash payments for acquisition of property, plant and equipment, as reported within the investing section in the consolidated statements of cash flows, and the net capital expenditures, as presented in Note 4.

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Acquisition of property, plant and equipment	181,234	173,674	335,023	408,682
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	(9,478)	(16,842)	(16,600)	(54,508)
Net capital expenditures	171,756	156,832	318,423	354,174

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C) Changes in liabilities arising from financing activities

Six months ended February 29, 2024	Long-term debt				Total
	Bank indebtedness	Notes and credit facilities	Lease liabilities	Balance due on business combinations	
	\$	\$	\$	\$	\$
Balance at August 31, 2023	23,229	5,019,513	69,484	—	5,112,226
Increase in bank indebtedness	1,878	—	—	—	1,878
Net increase under revolving facilities	—	53,807	—	—	53,807
Issuance of long-term debt, net of discounts and transaction costs	—	2,001,458	—	—	2,001,458
Repayment of notes and credit facilities	—	(2,133,206)	—	—	(2,133,206)
Repayment of lease liabilities	—	—	(4,572)	—	(4,572)
Total cash flows from (used in) financing activities excluding equity	1,878	(77,941)	(4,572)	—	(80,635)
Interest paid on lease liabilities	—	—	(1,569)	—	(1,569)
Total cash flow changes	1,878	(77,941)	(6,141)	—	(82,204)
Loss on debt extinguishment ⁽¹⁾	—	16,552	—	—	16,552
Effect of changes in foreign exchange rates	—	10,607	38	—	10,645
Amortization of discounts, transaction costs and other	—	4,408	—	—	4,408
Net increase in lease liabilities	—	—	11,392	—	11,392
Assumed through business combinations	—	—	556	—	556
Increase in balance due on business combinations	—	—	—	17,094	17,094
Total non-cash changes	—	31,567	11,986	17,094	60,647
Balance at February 29, 2024	25,107	4,973,139	75,329	17,094	5,090,669

(1) Out of the \$16.9 million loss on debt extinguishment recorded in connection with the refinancing of the First Lien Credit Facilities, a portion amounting to \$0.3 million is presented in *Other Assets*, as it pertains to the Senior Secured Revolving Facility.

D) Cash and cash equivalents

	February 29, 2024	August 31, 2023
	\$	\$
Cash	69,461	263,699
Cash with restrictions on use	13,027	29,262
Cash equivalents ⁽¹⁾	—	70,893
	82,488	363,854

(1) Comprised of bank term deposits.

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16. Financial instruments

A) Financial risk management

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate, foreign exchange and market risks which are described in the Corporation's 2023 annual consolidated financial statements.

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at February 29, 2024 is "A" by Standard & Poor's rating services ("S&P"). Management monitors its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

On February 29, 2024, the Corporation had used \$66.5 million of its \$100 million Term Revolving Facility and an amount of \$301.3 million was used from Cogeco Communications' Term Revolving Facility of \$750 million, for remaining availabilities of \$33.5 million and \$448.7 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of \$339.3 million (US\$250 million), of which \$111.1 million (US\$81.9 million) was used at February 29, 2024 for a remaining availability of \$228.1 million (US\$168.1 million).

An unsecured letter of credit facility was put in place in connection with the 3800 MHz spectrum auction (see Note 11).

Interest rate risk

On February 29, 2024, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Non-Revolving Term Credit Facility, and under Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at February 29, 2024:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate ⁽¹⁾	Maturity	Hedged item
Cash flow ^{(2) (3)}	US\$550 million	Term SOFR	2.01% - 4.18%	November 2024 - February 2029	Senior Secured Term Loan B - Tranche 3
Cash flow	US\$800 million	Term SOFR with a 39 bps floor	1.17% - 1.44%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) Hedges have the effect of converting the floating SOFR base rate into fixed rates, plus an applicable credit spread.

(2) Following the early repayment of Tranche 1 in September 2023, the debt associated with the hedged variable interest cash flows was replaced by Tranche 3 of the Senior Secured Term Loan B Facility.

(3) Interest rate swaps amounting to US\$290 million matured in January 2024, while new US\$300 million interest rate swaps were entered into, for a total hedge amount of US\$550 million.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately \$15.9 million based on the outstanding debt and swap agreements at February 29, 2024.

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B) Fair value of financial instruments

The carrying value of all the Corporation's financial instruments approximates fair value, except as otherwise noted in the following table:

	February 29, 2024		August 31, 2023	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Notes and credit facilities	4,973,139	4,857,558	5,019,513	4,911,998

C) Capital management

The Corporation's objectives in managing capital are to ensure sufficient liquidity to support the capital requirements of its various businesses, including development of the business by acquisition, internal growth opportunities and innovation. The Corporation manages its capital structure and makes adjustments in light of general economic conditions, the regulatory environment, the risk characteristics of the underlying assets and the Corporation's working capital requirements. Management of the capital structure involves the issuance of new debt, the repayment of existing debt, the issuance or repurchase of equity and distributions to shareholders.

The capital structure of the Corporation is composed of shareholders' equity, cash and cash equivalents, bank indebtedness and long-term debt.

On February 29, 2024 and August 31, 2023, the Corporation and its subsidiary, Cogeco Communications, were in compliance with all of their debt covenants and were not subject to any other externally imposed capital requirements.

Corporation

The financial covenants related to the indebtedness of Cogeco are primarily based on a ratio of net indebtedness to adjusted EBITDA, computed on the basis of Cogeco Media subsidiary's adjusted EBITDA results, and the dividends and management fees received from Cogeco Communications, net of corporate expenses.

Net indebtedness is a measure used by management to assess the Corporation's financial leverage, as it represents the debt net of the available unrestricted cash and cash equivalents. The reconciliation of net indebtedness to long-term debt is as follows:

	February 29, 2024	August 31, 2023
Long-term debt, including the current portion	5,065,562	5,088,997
Discounts, transaction costs and other	51,140	39,479
Long-term debt before discounts, transaction costs and other	5,116,702	5,128,476
Bank indebtedness	25,107	23,229
Cash and cash equivalents, excluding cash with restrictions on use ⁽¹⁾	(69,461)	(334,592)
Net indebtedness	5,072,348	4,817,113

(1) See Note 15 D).

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Cogeco Communications

The following table summarizes certain of the key ratios used to monitor and manage Cogeco Communications' capital structure. Net indebtedness reflects the US denominated debt converted at the exchange rate at the end of the period, while adjusted EBITDA and adjusted financial expense reflect the average exchange rate throughout the corresponding 12-month period.

As at, or for the 12-month periods ended	February 29, 2024	August 31, 2023
Components of debt and coverage ratios		
Net indebtedness	4,909,734	4,749,214
Adjusted EBITDA	1,408,700	1,421,066
Adjusted financial expense	268,184	251,642
Debt and coverage ratios		
Net indebtedness / adjusted EBITDA	3.5	3.3
Adjusted EBITDA / adjusted financial expense	5.3	5.6

17. Related party transactions

As referred to in Note 13 B), on December 13, 2023, Cogeco and Cogeco Communications entered into a series of transactions pursuant to the sale by Rogers Communications Inc. of its entire holdings in both companies. Cogeco sold to Cogeco Communications 2,266,537 subordinate voting shares of its holdings in Cogeco Communications for \$116.5 million, following the conversion and cancellation of an equivalent number of Cogeco Communications multiple voting shares. The subordinate voting shares were repurchased for cancellation, and represented approximately 5.1% of all outstanding Cogeco Communications shares. As of February 29, 2024, Cogeco held 28.4% of Cogeco Communications' equity shares, representing 79.9% of the votes attached to Cogeco Communications' voting shares.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the three and six-month periods ended February 29, 2024, management fees paid by Cogeco Communications amounted to \$5.2 million and \$10.5 million, respectively, compared to \$5.4 million and \$10.8 million for the same periods of fiscal 2023.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. The following table provides the number of stock options, ISUs and PSUs granted during the six-month periods ended February 29, 2024 and February 28, 2023 to these executive officers, as executive officers of Cogeco Communications, as well as DSUs issued to Board directors of Cogeco, the value of which was charged back to Cogeco.

	February 29, 2024	Six months ended February 28, 2023
Stock options	169,799	79,348
ISUs	974	—
PSUs	26,444	14,283
DSUs	2,368	—

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The following table shows the amounts that Cogeco Communications charged Cogeco with regard to Cogeco Communications' stock options, ISUs and PSUs granted to these executive officers, as well as DSUs issued to Board directors of Cogeco:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	February 29, 2024	February 28, 2023
	\$	\$	\$	\$
Stock options	103	241	325	596
PSUs	244	237	343	380
ISUs and DSUs	2	—	2	(100)
	349	478	670	876

18. Commitments, guarantees and contingencies

A) Commitments and guarantees

3800 MHz spectrum auction

As indicated in Note 11, the Corporation has secured 99 spectrum licences in the 3800 MHz spectrum action for a total price of \$190.3 million. The required deposit of \$38.1 million, representing 20% of the total purchase price, was paid to ISED on January 16, 2024. The final payment is expected to be paid on or before May 29, 2024. The unsecured letter of credit issued to ISED in July 2023 as a pre-auction deposit will remain outstanding until the final payment is made.

Performance and payment bonds

On February 29, 2024, the Corporation had \$157.9 million of performance and payment bonds outstanding, issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program (AHSIP).

B) Contingencies

Royalties payable for retransmission of distant television signals

On July 22, 2021, the Federal Court of Appeal issued a decision in response to two applications for judicial review filed by six broadcasting distribution undertakings ("BDUs") (including Cogeco Communications) and nine collective societies challenging a decision by the Copyright Board setting the quantum of royalties payable for the retransmission of distant Canadian and U.S. television over-the-air signals in Canada, for the 2014-2018 period. The Federal Court of Appeal identified errors made in the Copyright Board's initial rate decision and directed the Copyright Board to correct these errors. On January 12, 2024, the Copyright Board issued its decision on the redetermination of the 2014-2018 royalty rates, which resulted in a reduction of these rates for the years 2015-2018 on a retroactive basis. On February 9, 2024, the copyright collectives made an application seeking judicial review of the Copyright Board's redetermination decision. If the Copyright Board's redetermination decision is not upheld, the Corporation could become subject to higher royalty rates for the 2016-2018 period.

The Copyright Board will be setting the rates for subsequent tariff periods (2019-2023 and 2024-2028) in a proceeding that could start later in 2024. Any decision from the Copyright Board that would align with the copyright collectives' proposed tariff rates for either of such subsequent periods could result in the Corporation being subject to higher royalty rates.

The Corporation had previously recognized a provision in the amount of \$11.5 million for the 2014-2018 and 2019-2023 tariff periods. As a result of the Copyright Board's January 2024 redetermination decision, a \$4.2 million reversal of this previously recognized provision was recognized during the second quarter of fiscal 2024 within *Acquisition, integration, restructuring and other costs*.

Primary service unit statistics

	February 29, 2024	November 30, 2023	August 31, 2023	May 31, 2023	February 28, 2023
CONSOLIDATED					
Homes passed ⁽¹⁾	3,832,170	3,813,534	3,800,068	3,777,037	3,746,115
Primary service units ⁽¹⁾⁽²⁾⁽³⁾	2,937,371	2,951,057	2,973,527	2,988,248	2,943,588
Internet service customers ⁽³⁾	1,534,628	1,528,754	1,526,465	1,521,447	1,470,381
Video service customers	893,417	906,817	923,617	936,872	940,678
Phone service customers	509,326	515,486	523,445	529,929	532,529
CANADA					
Homes passed ⁽¹⁾	2,078,557	2,063,949	2,056,180	2,048,872	2,033,475
Primary service units ⁽¹⁾⁽²⁾	1,870,524	1,873,244	1,874,796	1,867,317	1,808,448
Internet service customers	874,401	865,468	854,703	840,662	782,862
Video service customers	618,478	626,672	634,736	639,920	639,994
Phone service customers	377,645	381,104	385,357	386,735	385,592
UNITED STATES					
Homes passed	1,753,613	1,749,585	1,743,888	1,728,165	1,712,640
Primary service units ⁽³⁾	1,066,847	1,077,813	1,098,731	1,120,931	1,135,140
Internet service customers ⁽³⁾	660,227	663,286	671,762	680,785	687,519
Video service customers	274,939	280,145	288,881	296,952	300,684
Phone service customers	131,681	134,382	138,088	143,194	146,937

(1) Considering the detailed calculation of the primary service units and homes passed acquired from the recent Niagara Regional Broadband Network acquisition is not yet finalized, the number of units and homes passed presented does not include those acquired from it.

(2) On March 3, 2023, 52,577 primary service units (46,656 Internet, 3,716 video and 2,205 phone) were added related to the acquisition of oxio.

(3) During the third quarter of fiscal 2023, Internet service customers were adjusted following a change in Breezeline's system. This change was applied retrospectively to the comparative figures.