COGECO COMMUNICATIONS

SHAREHOLDERS' REPORT

Three-month period ended November 30, 2022

FINANCIAL HIGHLIGHTS

Three months ended November 30,	2022	2021 [1]	Change	Change in constant currency [2] [3]
(In thousands of Canadian dollars, except percentages and per share data)	$	$	%	%
Operations				
Revenue	**762,300**	718,541	6.1	2.3
Adjusted EBITDA [3]	**367,223**	349,287	5.1	1.8
Adjusted EBITDA margin [3]	**48.2 %**	48.6 %		
Acquisition, integration, restructuring and other costs [4]	**2,677**	18,635	(85.6)	
Profit for the period	**120,375**	116,610	3.2	
Profit for the period attributable to owners of the Corporation	**111,504**	106,837	4.4	
Cash flow				
Cash flows from operating activities	**194,159**	286,945	(32.3)	
Free cash flow [3]	**105,128**	132,111	(20.4)	(20.0)
Free cash flow, excluding network expansion projects [3]	**170,962**	152,127	12.4	10.6
Acquisition of property, plant and equipment	**234,637**	145,848	60.9	
Net capital expenditures [1] [3]	**196,971**	141,028	39.7	33.4
Net capital expenditures, excluding network expansion projects [3]	**131,137**	121,012	8.4	3.8
Capital intensity [3]	**25.8 %**	19.6 %		
Capital intensity, excluding network expansion projects [3]	**17.2 %**	16.8 %		
Per share data [5]				
Earnings per share				
Basic	**2.45**	2.29	7.0	
Diluted	**2.44**	2.27	7.5	
Dividends	**0.776**	0.705	10.1	

As at	November 30, 2022	August 31, 2022
(In thousands of Canadian dollars)	$	$
Financial condition		
Cash and cash equivalents	**407,757**	370,899
Total assets	**9,587,396**	9,278,509
Long-term debt		
Current	**340,606**	339,096
Non-current	**4,610,038**	4,334,373
Net indebtedness [3]	**4,672,763**	4,489,330
Equity attributable to owners of the Corporation	**2,844,925**	2,751,080

(1) Comparative figures have been restated following the application of the IFRS Interpretations Committee issued agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)* during the third quarter of fiscal 2022. Furthermore, the Corporation also changed the label of its "Acquisition of property, plant and equipment" key performance indicator measure to "Net capital expenditures" following this application. For further details, refer to the "Accounting policies" section of the Management's Discussion and Analysis ("MD&A").

(2) 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-month period ended November 30, 2021, the average foreign exchange rate used for translation was 1.2559 USD/CDN.

(3) Adjusted EBITDA and net capital expenditures are total of segments measures. Adjusted EBITDA margin and capital intensity are supplementary financial measures. 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 capital intensity, excluding network expansion projects are non-IFRS ratios. Net indebtedness is a capital management measure. 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 financial measures" section of the Management's Discussion and Analysis, including reconciliation to the most directly comparable IFRS financial measures.

(4) For the three-month period ended November 30, 2022, acquisition, integration, restructuring and other costs resulted mostly from costs associated with the configuration and customization related to cloud computing arrangements. For the three-month period ended November 30, 2021, acquisition, integration, restructuring and other costs resulted mostly from costs incurred in connection with the acquisition, completed on September 1, 2021, and integration of the Ohio broadband systems.

(5) Per multiple and subordinate voting share.

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

Three-month period ended November 30, 2022

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 Communications Inc.'s ("Cogeco Communications" 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 regarding 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 Communications believes are reasonable as of the current date. Refer in particular to the "Corporate objectives and strategies" section of the Corporation's 2022 annual MD&A and of the current MD&A, the "Fiscal 2023 financial guidelines" section of the Corporation's 2022 annual MD&A and the "Fiscal 2023 revised financial guidelines of the current 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 Communications currently expects. These factors include risks such as competitive risks (changing competitive ecosystem, disruptive competitive strategies adopted by our competitors), business risks (including potential disruption to our supply chain caused by economic and geopolitical instability and other contributing factors, increasing transportation lead times, scarcity and shortage of input materials and key telecommunication equipment and competition for limited resources), regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including elevated inflation reaching historical highs pressuring revenue, due to reduced consumer spending, and increasing costs), human-caused and natural threats to our 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. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and main risk factors" sections of the Corporation's 2022 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 Communications 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 which represent Cogeco Communications' 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-month period ended November 30, 2022 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2022 Annual Report.

In preparing this MD&A, the Corporation has taken into account information available up to January 12, 2023, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its 2022 Annual Report and Annual Information Form, is available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

2. OVERVIEW OF THE BUSINESS

Cogeco Communications is a telecommunications corporation. 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 continued growth

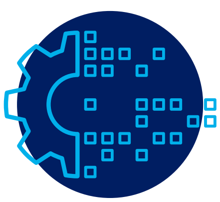
Our growth and value creation activities are focused on growing the business organically, making acquisitions and continuously innovating while returning capital to shareholders and maintaining a prudent level of financial leverage. In order to do so, we leverage our unique North American broadband platform, reliable and resilient networks, innovative products and services, relationships with local communities and customer-centric mindset.

Organic

We aim to differentiate ourselves from the competition and deliver superior quality service by providing a distinctive customer experience. We also seek to be number one in our markets and grow our footprint by extending our network in adjacent areas.

Acquisitions

As a consolidator of targeted regional cable operators, we continue to seek attractive strategic acquisitions in both the U.S. and Canada, where we add value through our operational expertise.



Innovation

We continuously enhance our product and customer service offerings to benefit our customers, fueled in large part by the acceleration of digital initiatives. Also, we continue to forge ahead with our plan to enter the Canadian mobile services market through a capital efficient model.

For details on the Corporation's key areas of focus of the strategic plan for fiscal 2023, please refer to the "Corporate objectives and strategies" section of the Corporation's 2022 annual MD&A, available at www.sedar.com and on the Corporation's website at corpo.cogeco.com.

2.2 BUSINESS DEVELOPMENTS

Update on Cogeco Communications' plan to offer mobile services in Canada

On April 15, 2021, the CRTC released a decision related to mobile virtual network operator ("MVNO") regulation, requiring Canada's incumbent wireless providers to provide access to their networks to regional wireless carriers in Tier 4 spectrum licence areas where they own spectrum. On October 19, 2022, the CRTC released a follow-up decision establishing the terms and conditions of the service that will support the deployment of MVNOs, and directed incumbent carriers to make changes to the wholesale MVNO access terms and conditions in the tariffs they had proposed. The CRTC also clarified that, in order to be eligible for the MVNO access service, regional carriers must not only satisfy the previously established criteria of owning spectrum at the Tier 4 level or higher in a given Tier 4 licence area, but must also be actively offering mobile wireless services commercially to retail customers somewhere in Canada. While the Corporation owns spectrum covering 91% of its Canadian operating footprint, it does not currently offer mobile wireless services commercially to retail customers.

The Corporation remains interested, as part of its growth strategy, in offering mobile services on its operating footprint in order to offer a wider range of telecommunications services. The approval by the CRTC of reasonable wholesale MVNO access tariffs, as well as the Corporation securing satisfactory wholesale rates for access to incumbent wireless networks, will be critical as the Corporation prepares its next steps.

For further details, please refer to the "Uncertainties and main risk factors" section of the 2022 annual MD&A.

Launch of Breezeline Stream TV in Ohio

In December 2022, Breezeline introduced Breezeline Stream TV in Ohio to its new video customers, which will be offered to all of its existing video customers in this state in early 2023. Breezeline Stream TV is a new cloud-based service that seamlessly integrates live TV, digital video recording, On Demand and streaming apps for viewing on devices inside and outside the home.

High-speed Internet network expansion in Canada and the United States

As part of its plan to extend its high-speed Internet coverage and to provide Internet access in underserved and unserved areas, the Corporation continued, during the first quarter of fiscal 2023, its acceleration of high-speed Internet network expansion projects in both Canada and the United States, a portion of which is done in collaboration with governments. Homes passed added during the quarter were about 20,000 and 17,000 in Canada and the United States, respectively.

Amendment of Cogeco Communications' normal course issuer bid

On November 24, 2022, Cogeco Communications received the approval of the Toronto Stock Exchange to amend its normal course issuer bid (the "NCIB") in order to increase the maximum number of its subordinate voting shares that may be repurchased for cancellation from 1,500,000 to 1,960,905, representing 10% of the 19,609,056 subordinate voting shares that constituted the public float of the Corporation's issued and outstanding subordinate voting shares as of the reference date of April 22, 2022. No other terms of the NCIB have been amended. The Corporation purchased and cancelled 979,970 shares from the beginning of the NCIB program starting on May 4, 2022 to November 30, 2022, compared to 768,700 shares during the same period in the prior year under the previous NCIB program.

2.3 OPERATING ENVIRONMENT

The current global economic and political instability has resulted in rising inflation and interest rates. While we are proactively working at minimizing their impact on the Corporation, we expect the combination of those elements to continue to put pressure on revenue, as some customers seek ways to reduce their monthly spending, and on the costs to deliver our services. At the same time, and partially as a reaction to a more challenging market, some telecommunications providers have adopted more aggressive strategies and price points in order to generate sales activity.

While the Corporation experienced sustained demand for its residential high-speed Internet product in the context of the COVID-19 pandemic restrictions, a softening of the market is being observed with the re-opening of the economy in the recent quarters and a return to the workplace. While we remain cautious in our management of the situation, our priority remains on ensuring the well-being of our employees, customers and business partners. Although we have conducted our operations normally during recent quarters, we will remain vigilant should the situation change in the future.

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)], capital intensity [(1)] and free cash flow [(1)] on a constant currency basis [(1)]. The Corporation also measures net capital expenditures, capital intensity 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, capital intensity and free cash flow. Excluding the impact of net capital expenditures in connection with network expansion projects does not imply it is non-recurring.

OVERVIEW

During the first quarter of fiscal 2023, revenue growth on a constant currency basis compared to the prior year was driven by the Canadian telecommunications segment, while the American telecommunications segment was stable. Adjusted EBITDA growth on a constant currency basis was also driven by the Canadian telecommunications segment, while the American telecommunications segment declined, as expected, due to unusually low operating expenses last year in Ohio while the assets were still operating under the previous owner's brand.

During the first quarter of fiscal 2023, both the Canadian and American telecommunications segments continued their network expansion activities, connecting more homes and businesses to their fibre-to-the-home networks. Homes passed added during the quarter were about 20,000 and 17,000 in Canada and the United States, respectively. Acceleration of network expansion activities during the quarter led to increased net capital expenditures and higher than usual capital intensity, while reducing free cash flow, as expected. These fibre-to-the-home network expansion projects will increase the Corporation's footprint in the provinces of Québec and Ontario and in several areas adjacent to Breezeline's network in the United States.

For the remainder of fiscal 2023, the Corporation expects lower growth rates of revenue and adjusted EBITDA, and lower net capital expenditures than under the previous financial guidelines. Free cash flow projections remain the same as previously disclosed. Refer to the "Fiscal 2023 revised financial guidelines" section for further details.

For further details on the Corporation's operating results for the first quarter of fiscal 2023, 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. Capital intensity is a supplementary financial measure. 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 and capital intensity, excluding network expansion projects, are non-IFRS ratios. 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 November 30,						
					Change	
	2022 (1)	Foreign exchange impact	2022 in constant currency (2)	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	762,300	(26,910)	735,390	718,541	6.1	2.3
Operating expenses	389,677	(15,435)	374,242	363,674	7.2	2.9
Management fees – Cogeco Inc.	5,400	—	5,400	5,580	(3.2)	(3.2)
Adjusted EBITDA	367,223	(11,475)	355,748	349,287	5.1	1.8
Adjusted EBITDA margin	48.2 %			48.6 %		

(1) For fiscal 2023 first-quarter, the average foreign exchange rate used for translation was 1.3489 USD/CDN.

(2) Fiscal 2023 first-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 first-quarter, which was 1.2559 USD/CDN.

REVENUE

Three months ended November 30,					
	2022	2021	Change	Change in constant currency	Foreign exchange impact (1)
(In thousands of Canadian dollars, except percentages)	$	$	%	%	$
Canadian telecommunications	372,084	355,047	4.8	4.8	—
American telecommunications	390,216	363,494	7.4	(0.1)	(26,910)
	762,300	718,541	6.1	2.3	(26,910)

(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.

Fiscal 2023 first-quarter revenue increased by 6.1% (2.3% in constant currency), mainly resulting from revenue growth in the Canadian telecommunications segment, driven by the cumulative effect of high-speed Internet service additions over the past years, a higher value product mix and rate increases, combined with stable revenue in the American telecommunications segment.

For further details on the Corporation's revenue, please refer to the "Segmented operating and financial results" section.

OPERATING EXPENSES

Three months ended November 30,					
	2022	2021	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	$	$	%	%	$
Canadian telecommunications	173,451	167,186	3.7	3.0	(1,168)
American telecommunications	207,710	187,730	10.6	3.0	(14,267)
Corporate and eliminations	8,516	8,758	(2.8)	(2.8)	—
	389,677	363,674	7.2	2.9	(15,435)

Fiscal 2023 first-quarter operating expenses increased by 7.2% (2.9% in constant currency), resulting mainly from:

- higher operating expenses in the American telecommunications segment, mainly due to unusually low operating expenses last year in Ohio while the assets were still operating under the previous owner's brand; and
- higher operating expenses in the Canadian telecommunications segment, mainly resulting from higher marketing and advertising efforts and increased maintenance and information technology costs, partly offset by some efficiencies resulting from the organizational changes implemented in the fourth quarter of fiscal 2022.

For further details on the Corporation's operating expenses, please refer to the "Segmented operating and financial results" section.

MANAGEMENT FEES

Fiscal 2023 first-quarter management fees paid to Cogeco Inc. ("Cogeco") reached $5.4 million, compared to $5.6 million for the same period of fiscal 2022. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

ADJUSTED EBITDA

	Three months ended November 30,				
	2022	2021	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**198,633**	187,861	5.7	6.4	1,168
American telecommunications	**182,506**	175,764	3.8	(3.4)	(12,643)
Corporate and eliminations	**(13,916)**	(14,338)	2.9	2.9	—
	367,223	349,287	5.1	1.8	(11,475)

Fiscal 2023 first-quarter adjusted EBITDA increased by 5.1% (1.8% in constant currency) as a result of:

- an increase in the Canadian telecommunications segment, mainly attributable to the revenue growth; partly offset by
- a decrease in constant currency in the American telecommunications segment, mainly resulting from unusually low spending in marketing and advertising and less staff last year in Ohio while the assets were still operating under the previous owner's brand, combined with stable revenue.

For further details on the Corporation's adjusted EBITDA, please refer to the "Segmented operating and financial results" section.

3.2 ACQUISITION, INTEGRATION, RESTRUCTURING AND OTHER COSTS

Fiscal 2023 first-quarter acquisition, integration, restructuring and other costs amounted to $2.7 million, mostly related to costs associated with the configuration and customization related to cloud computing arrangements. Fiscal 2022 first-quarter acquisition, integration, restructuring and other costs amounted to $18.6 million, mostly related to costs incurred in connection with the acquisition, completed on September 1, 2021, and integration of the Ohio broadband systems.

3.3 DEPRECIATION AND AMORTIZATION

	Three months ended November 30,		
	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Depreciation of property, plant and equipment	**141,090**	137,190	2.8
Amortization of intangible assets	**14,209**	14,447	(1.6)
	155,299	151,637	2.4

Fiscal 2023 first-quarter depreciation and amortization expense increased by 2.4%, mainly due to the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

3.4 FINANCIAL EXPENSE

	Three months ended November 30,		
	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Interest on long-term debt, excluding interest on lease liabilities	**55,395**	42,636	29.9
Interest on lease liabilities	**398**	310	28.4
Net foreign exchange loss	**2,420**	1,272	90.3
Amortization of deferred transaction costs related to the revolving facilities	**164**	183	(10.4)
Other	**(1,458)**	554	—
	56,919	44,955	26.6

Fiscal 2023 first-quarter financial expense increased by 26.6%, mainly attributable to:

- higher interest expense on the floating interest rate portion of the Senior Secured Term Loan B Facility, mainly resulting from the increase in interest rates; and
- the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year; partly offset by
- lower interest expense following the reimbursement of the $200 million Senior Secured Debentures Series 3 in February 2022.

3.5 INCOME TAXES

	Three months ended November 30,		
	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Current	**8,376**	14,563	(42.5)
Deferred	**23,577**	2,887	—
Income taxes	**31,953**	17,450	83.1
Effective income tax rate	**21.0 %**	13.0 %	61.5

Overall, fiscal 2023 first-quarter income tax expense increased by 83.1%, mainly due to:

- last year's $11.9 million adjustment recognized following the Ohio broadband systems acquisition, which reduced the blended state income tax rate, enabling the Corporation to recognize a reduction of deferred tax liability in the first quarter of fiscal 2022 related to U.S. temporary tax differences; and
- the increase in profit before income taxes.

Current income taxes were lower in the first quarter of fiscal 2023 compared to the same period of the prior year mainly due to the higher tax benefits related to the U.S. subsidiaries and the variation in temporary differences.

3.6 PROFIT FOR THE PERIOD

	Three months ended November 30,		
	2022	2021	Change
(In thousands of Canadian dollars, except percentages and earnings per share)	**$**	$	%
Profit for the period	**120,375**	116,610	3.2
Profit for the period attributable to owners of the Corporation	**111,504**	106,837	4.4
Profit for the period attributable to non-controlling interest (1)	**8,871**	9,773	(9.2)
Basic earnings per share	**2.45**	2.29	7.0
Diluted earnings per share	**2.44**	2.27	7.5

(1) The non-controlling interest relates to the 21% ownership of Caisse de dépôt et placement du Québec ("CDPQ") in a U.S. subsidiary.

Fiscal 2023 first-quarter profit for the period and profit for the period attributable to owners of the Corporation increased by 3.2% and 4.4%, respectively, as a result of:

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

4. SEGMENTED OPERATING AND FINANCIAL RESULTS

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

Following the application of the IFRS Interpretations Committee issued agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows*) during the third quarter of fiscal 2022, the Corporation changed the label of its "Acquisition of property, plant and equipment" key performance indicator measure to "Net capital expenditures". For further details on the application of this agenda decision, refer to the "Accounting policies" section.

4.1 CANADIAN TELECOMMUNICATIONS

OPERATING AND FINANCIAL RESULTS

	Three months ended November 30,					
					Change	
	2022 (1)	Foreign exchange impact	**2022 in constant currency** (2)	2021	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**372,084**	—	**372,084**	355,047	**4.8**	**4.8**
Operating expenses	**173,451**	(1,168)	**172,283**	167,186	**3.7**	**3.0**
Adjusted EBITDA	**198,633**	1,168	**199,801**	187,861	**5.7**	**6.4**
Adjusted EBITDA margin	**53.4 %**			52.9 %		
Net capital expenditures	**115,238**	(3,360)	**111,878**	67,471	**70.8**	**65.8**
Capital intensity	**31.0 %**			19.0 %		

(1) For fiscal 2023 first-quarter, the average foreign exchange rate used for translation was 1.3489 USD/CDN.

(2) Fiscal 2023 first-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 first-quarter, which was 1.2559 USD/CDN.

REVENUE

Fiscal 2023 first-quarter revenue increased by 4.8% as reported and in constant currency, mainly as a result of:

- higher Internet service customer base and revenue per customer; and
- rate increases implemented for certain services; partly offset by
- an overall decline in video and phone service customers.

OPERATING EXPENSES

Fiscal 2023 first-quarter operating expenses increased by 3.7% (3.0% in constant currency), mainly due to:

- higher operating expenses, primarily resulting from higher marketing and advertising efforts to drive and support customer growth, and from increased maintenance and information technology costs; partly offset by
- some efficiencies resulting from the organizational changes implemented in the fourth quarter of fiscal 2022; and
- lower phone and video services costs.

ADJUSTED EBITDA

Fiscal 2023 first-quarter adjusted EBITDA increased by 5.7% (6.4% in constant currency), mainly resulting from revenue growth, partly offset by increased operating expenses.

NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

Fiscal 2023 first-quarter net capital expenditures increased by 70.8% (65.8% in constant currency), mainly due to:

- the acceleration of construction efforts related to high-speed Internet network expansions primarily in Québec and to a lesser extent in Ontario; and
- higher purchases of customer premise equipment related to the network expansion projects.

Fiscal 2023 first-quarter capital intensity reached 31.0% compared to 19.0% for the same period of fiscal 2022. The capital intensity increase is mainly explained by higher net capital expenditures related to network expansion projects, partly offset by the revenue growth.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

		Net additions (losses) Three months ended November 30,		% of penetration [(1)]	
	November 30, 2022	**2022**	2021	**November 30, 2022**	November 30, 2021 [(2)]
Primary service units	**1,807,079**	**(11,079)**	(2,091)		
Internet service customers [(2)]	**775,063**	**2,463**	5,606	**38.4**	38.7
Video service customers	**644,329**	**(8,261)**	(4,413)	**31.9**	34.2
Phone service customers	**387,687**	**(5,281)**	(3,284)	**19.2**	20.6

(1) As a percentage of homes passed.

(2) During the fourth quarter of fiscal 2022, the Corporation modified its definition of Internet service customers in order to be consistent with industry practices. As per the new definition, Internet service customers include only customers who have their Internet service installed, operated and billed directly by the Corporation. The previous definition also included wholesale Internet customers. This change has been applied retrospectively to the comparative figures.

INTERNET

Fiscal 2023 first-quarter Internet service customers net additions amounted to 2,463 compared to 5,606 for the same period of the prior year. The fiscal 2023 first-quarter net additions resulted primarily from new customers following fibre-to-the-home network expansions, mainly in Québec. Last year's net additions were elevated, mainly driven by the ongoing interest in high-speed Internet in the context of the COVID-19 pandemic.

VIDEO

Fiscal 2023 first-quarter video service customers net losses amounted to 8,261 compared to 4,413 for the same period of the prior year. The fiscal 2023 first-quarter net losses were mainly due to the continuous change in the video consumption environment, further impacted by the current highly inflationary environment, with an increasing proportion of customers only subscribing to Internet services.

PHONE

Fiscal 2023 first-quarter phone service customers net losses amounted to 5,281 compared to 3,284 for the same period of the prior year. The fiscal 2023 first-quarter net losses were mainly due to a higher level of service disconnections in the context of the continuous increase in mobile wireless penetration and of the current inflationary environment, causing some customers to cancel their landline phone services for mobile phone services only.

DISTRIBUTION OF CUSTOMERS

At November 30, 2022, 66% of the Canadian telecommunications segment's customers subscribed to "double play" or "triple play" bundled services.

4.2 AMERICAN TELECOMMUNICATIONS

OPERATING AND FINANCIAL RESULTS

					Three months ended November 30,	
					Change	
	2022 (1)	Foreign exchange impact	2022 in constant currency (2)	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	**390,216**	(26,910)	**363,306**	363,494	**7.4**	**(0.1)**
Operating expenses	**207,710**	(14,267)	**193,443**	187,730	**10.6**	**3.0**
Adjusted EBITDA	**182,506**	(12,643)	**169,863**	175,764	**3.8**	**(3.4)**
Adjusted EBITDA margin	**46.8 %**			48.4 %		
Net capital expenditures	**80,408**	(5,544)	**74,864**	73,227	**9.8**	**2.2**
Capital intensity	**20.6 %**			20.1 %		

(1) For fiscal 2023 first-quarter, the average foreign exchange rate used for translation was 1.3489 USD/CDN.

(2) Fiscal 2023 first-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 first-quarter, which was 1.2559 USD/CDN.

REVENUE

Fiscal 2023 first-quarter revenue increased by 7.4% (decrease of 0.1% in constant currency). Revenue in constant currency remained comparable to the same period of the prior year, mainly due to:

- a higher value product mix; and
- rate increases implemented for certain services; offset by
- a lower customer base primarily due to disconnections in Ohio following the customer management and billing systems' migration during the second half of fiscal 2022.

OPERATING EXPENSES

Fiscal 2023 first-quarter operating expenses increased by 10.6% (3.0% in constant currency), mainly attributable to:

- unusually low spending in marketing and advertising and less staff last year in Ohio while the assets were still operating under the previous owner's brand; partly offset by
- reduced video service costs resulting from the decline in video service customers.

ADJUSTED EBITDA

Fiscal 2023 first-quarter adjusted EBITDA increased by 3.8% (decrease of 3.4% in constant currency). The decrease in constant currency, as expected, is mainly resulting from unusually low spending in marketing and advertising and less staff last year in Ohio while the assets were still operating under the previous owner's brand.

NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

Fiscal 2023 first-quarter net capital expenditures increased by 9.8% (2.2% in constant currency) and capital intensity reached 20.6% compared to 20.1% for the same period of fiscal 2022, mainly resulting from:

- higher capital expenditures related to the geographical network expansion projects; and
- the timing of certain initiatives.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

		Net additions (losses) Three months ended November 30,		% of penetration [(1)]	
	November 30, 2022	2022	2021 [(2)]	November 30, 2022	November 30, 2021
Primary service units	1,154,798	(34,365)	(17,972)		
Internet service customers	693,781	(14,173)	(77)	40.9	43.4
Video service customers	309,627	(13,411)	(13,383)	18.3	21.0
Phone service customers	151,390	(6,781)	(4,512)	8.9	10.5

(1) As a percentage of homes passed. Homes passed resulting from the Ohio broadband systems acquisition as at September 1, 2021 have been adjusted upwards by approximately 19,000 following the migration of the customer management and billing systems during the third quarter of fiscal 2022. This change has been applied retrospectively to the comparative figures.

(2) Excludes the opening primary service units resulting from the Ohio broadband systems acquisition as at September 1, 2021.

INTERNET

Fiscal 2023 first-quarter Internet service customers net losses amounted to 14,173, of which 10,238 pertained to Ohio, compared to 77 for the same period of the prior year. The increase in net losses was primarily due to the residual impact of the customer management and billing systems' migration in Ohio in late May 2022. The segment was also impacted by an anticipated increase in disconnections in other markets, especially for entry-level Internet services, in the context of a challenging economic environment and a competitive market.

VIDEO

Fiscal 2023 first-quarter video service customers net losses amounted to 13,411 compared to 13,383 for the same period of the prior year. The net losses of fiscal 2023 first-quarter 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;
- the continuous change in the video consumption environment, further impacted by the current highly inflationary environment, with an increasing proportion of customers only subscribing to Internet services; and
- competitive offers in the industry.

PHONE

Fiscal 2023 first-quarter phone service customers net losses amounted to 6,781 compared to 4,512 for the same period of the prior year. The net losses of fiscal 2023 first-quarter were mainly due to:

- the continued emphasis on offers that are Internet led; and
- higher level of service disconnections in the context of the continuous increase in mobile wireless penetration and of the current inflationary environment, causing some customers to cancel their landline phone services for mobile phone services only.

DISTRIBUTION OF CUSTOMERS

At November 30, 2022, 35% 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 Internet led strategy of focusing on higher margin Internet services.

5. RELATED PARTY TRANSACTIONS

The Corporation is a subsidiary of Cogeco, which as of November 30, 2022 held 34.7% of the Corporation's equity shares, representing 84.1% of the votes attached to the Corporation's voting shares.

Cogeco provides executive and administrative services to the Corporation 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 or the Corporation from time to time during the term of the Agreement. For the first quarter of fiscal 2023, management fees paid to Cogeco amounted to $5.4 million compared to $5.6 million for the same period of fiscal 2022.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during the three-month periods ended November 30, 2022 and 2021, the Corporation granted stock options and performance share units ("PSUs") to these executive officers, as executive officers of Cogeco Communications, as shown in the following table:

	Three months ended November 30,	
(In number of units)	**2022**	2021
Stock options	**79,348**	72,200
PSUs	**14,283**	10,100

The following table shows the amounts that the Corporation charged Cogeco with regard to the Corporation's stock options and PSUs granted to these executive officers, as well as deferred share units ("DSUs") issued to Board directors of Cogeco:

	Three months ended November 30,	
	2022	2021
(In thousands of Canadian dollars)	**$**	$
Stock options	**355**	332
PSUs	**143**	370
DSUs	**(100)**	(118)
	398	584

6. CASH FLOWS ANALYSIS

	Three months ended November 30,		
	2022	2021 (1)	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Cash flows from operating activities	**194,159**	286,945	(32.3)
Cash flows used in investing activities	**(234,300)**	(1,573,506)	(85.1)
Cash flows from financing activities	**70,704**	1,323,816	(94.7)
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	**6,295**	1,390	—
Net change in cash and cash equivalents	**36,858**	38,645	(4.6)
Cash and cash equivalents, beginning of the period	**370,899**	549,054	(32.4)
Cash and cash equivalents, end of the period	**407,757**	587,699	(30.6)

(1) Comparative figures have been restated. For further details, refer to the "Accounting policies" section.

6.1 OPERATING ACTIVITIES

Fiscal 2023 first-quarter cash flows from operating activities decreased by 32.3%, mainly due to:

- changes in other non-cash operating activities, primarily due to the timing of payments of trade and other payables;
- higher interest paid; and
- higher income taxes paid due to the final payment of income tax balances for fiscal 2022; partly offset by
- higher adjusted EBITDA; and
- lower acquisition, integration, restructuring and other costs.

6.2 INVESTING ACTIVITIES

Fiscal 2023 first-quarter cash flows used in investing activities decreased by 85.1%, mainly due to:

- cash flows used in connection with the acquisition of Ohio broadband systems last year which were not present this year; partly offset by
- the increase in acquisition of property, plant and equipment, following accelerated network expansion activities primarily in the Canadian telecommunications segment.

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT, NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

	Three months ended November 30,			
	2022	2021 (1)	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%
Acquisition of property, plant and equipment	**234,637**	145,848	60.9	
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period (2)	**(37,666)**	(4,820)	—	
Net capital expenditures	**196,971**	141,028	39.7	33.4
Net capital expenditures, excluding network expansion projects (3)	**131,137**	121,012	8.4	3.8

(1) Comparative figures have been restated. For further details, refer to the "Accounting policies" section.

(2) Relates to $187.5 million of government subsidies received in the third quarter of fiscal 2021 in connection with Cogeco Connexion's high-speed Internet network expansion projects, which are recognized against property, plant and equipment based on the costs incurred over the total expected costs.

(3) 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.

The net capital expenditures, as well as the capital intensity, per operating segment are as follows:

	Three months ended November 30,			
	2022	2021	Change	Change in constant currency (1)
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%
Canadian telecommunications	**115,238**	67,471	70.8	65.8
Capital intensity	**31.0 %**	19.0 %		
American telecommunications	**80,408**	73,227	9.8	2.2
Capital intensity	**20.6 %**	20.1 %		
Corporate and eliminations	**1,325**	330	—	—
Consolidated	**196,971**	141,028	39.7	33.4
Capital intensity	**25.8 %**	19.6 %		
Capital intensity, excluding network expansion projects (2)	**17.2 %**	16.8 %		

(1) Fiscal 2023 first-quarter actuals are translated at the average foreign exchange rate of fiscal 2022 first-quarter, which was 1.2559 USD/CDN.

(2) 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.

Fiscal 2023 first-quarter net capital expenditures increased by 39.7% (33.4% in constant currency), mainly due to:

- higher capital expenditures in the Canadian telecommunications segment, mostly following the acceleration of construction efforts related to high-speed Internet network expansions and higher purchases of customer premise equipment related to the network expansion projects;
- higher capital expenditures in the American telecommunications segment related to the geographical network expansion projects; and
- the timing of certain initiatives in both the Canadian and American telecommunications segments.

Fiscal 2023 first-quarter capital intensity reached 25.8% compared to 19.6% for the same period of the prior year. The capital intensity increase is mainly explained by higher net capital expenditures related to network expansion projects, primarily in the Canadian telecommunications segment, partly offset by the revenue growth. Excluding network expansion projects, fiscal 2023 first-quarter capital intensity, reached 17.2% compared to 16.8% for the same period of the prior year.

6.3 FINANCING ACTIVITIES

ISSUANCE AND REPAYMENT OF DEBT

Fiscal 2023 first-quarter changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

	Three months ended November 30,		
	2022	2021	Explanations
(In thousands of Canadian dollars)	**$**	$	
(Decrease) increase in bank indebtedness	**(8,633)**	9,440	Repayment following amounts drawn under the revolving facilities.
Net increase (decrease) under the revolving facilities	**167,188**	(256,463)	Funds used in the first quarter of fiscal 2023 for disbursements made in connection with the NCIB program and capital expenditures, and for payments of the income tax balances for fiscal 2022 and instalments.
Issuance of long-term debt, net of discounts and transaction costs	**—**	1,611,539	Mainly related to the Ohio broadband systems acquisition completed in the first quarter of fiscal 2022, which was financed in part through the issuance of a US$900 million senior secured Term B loan, and the issuance of $500 million senior secured notes.
Repayment of notes, debentures and credit facilities	**(8,780)**	(5,437)	Related to the quarterly repayments on the Senior Secured Term Loan B Facility, with quarterly repayments on Tranche 2 starting in May 2022.
Repayment of lease liabilities	**(1,341)**	(995)	Comparable.
	148,434	1,358,084	

DIVIDENDS

During the first quarter of fiscal 2023, a quarterly eligible dividend of $0.776 per share was paid to the holders of multiple and subordinate voting shares, totalling $35.1 million. Last year, due to the timing of the quarterly dividend declared after the fiscal 2022 year-end, for which the dividend was declared on November 11, 2022 and payable to the holders of the multiple and subordinate voting shares on December 9, 2021, no dividend was paid during the first quarter of fiscal 2022.

NORMAL COURSE ISSUER BID ("NCIB")

Cogeco Communications' current NCIB, which was amended on November 24, 2022, enables the Corporation to acquire up to 10% of its float, or 1,960,905 subordinate voting shares for cancellation, from May 4, 2022 to May 3, 2023.

For the three-month periods ended November 30, 2022 and 2021, the NCIB purchases were as follows:

	Three months ended November 30,	
	2022	2021
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$
Subordinate voting shares purchased and cancelled	**512,170**	274,000
Weighted average purchase price per share	**72.79**	107.69
Purchase costs	**37,283**	29,508

The Corporation has 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 the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. Such purchases are executed by the broker on parameters established by the Corporation prior to the pre-established ASPP period.

6.4 FREE CASH FLOW

	Three months ended November 30,				
	2022 (1)	2021	Change	Change in constant currency (2)	Foreign exchange impact (2)
(In thousands of Canadian dollars, except percentages)	$	$	%	%	$
Adjusted EBITDA	**367,223**	349,287	5.1	1.8	(11,475)
Amortization of deferred transaction costs and discounts on long-term debt	**3,044**	2,922	4.2		
Share-based payment	**1,345**	1,093	23.1		
Gain on disposals and write-offs of property, plant and equipment	**(70)**	(1,093)	(93.6)		
Defined benefit plans contributions, net of expense	**(130)**	78	—		
Acquisition, integration, restructuring and other costs	**(2,677)**	(18,635)	(85.6)		
Financial expense	**(56,919)**	(44,955)	26.6		
Current income taxes	**(8,376)**	(14,563)	(42.5)		
Net capital expenditures	**(196,971)**	(141,028)	39.7		
Repayment of lease liabilities	**(1,341)**	(995)	34.8		
Free cash flow	**105,128**	132,111	(20.4)	(20.0)	594
Free cash flow, excluding network expansion projects (3)	**170,962**	152,127	12.4	10.6	(2,768)

(1) For fiscal 2023 first-quarter, the average foreign exchange rate used for translation was 1.3489 USD/CDN.

(2) Fiscal 2023 first-quarter actuals are translated at the average foreign exchange rate of fiscal 2022 first-quarter, which was 1.2559 USD/CDN.

(3) 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.

Fiscal 2023 first-quarter free cash flow decreased by 20.4% (20.0% in constant currency), mainly due to:

- higher capital expenditures, particularly in the Canadian telecommunications segment, mainly resulting from the network expansion projects; and
- higher financial expense; partly offset by
- lower acquisition, integration, restructuring and other costs;
- higher adjusted EBITDA; and
- lower current income taxes.

Excluding network expansion projects, fiscal 2023 first-quarter free cash flow amounted to $171.0 million ($168.2 million in constant currency), an increase of 12.4% (10.6% in constant currency) compared to $152.1 million for the same period of the prior year.

6.5 DIVIDEND DECLARATION

At its January 12, 2023 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.776 per share for multiple and subordinate voting shares, payable on February 9, 2023 to shareholders of record on January 26, 2023. 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 Communications 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:

	November 30, 2022	August 31, 2022	Change	Explanations
(In thousands of Canadian dollars)	**$**	$	$	
Current assets				
Cash and cash equivalents	**407,757**	370,899	36,858	Refer to the "Cash flows analysis" section.
Trade and other receivables	**119,223**	108,444	10,779	Mainly related to the timing of collection of trade accounts receivable and revenue growth, combined with the appreciation of the US dollar against the Canadian dollar.
Income taxes receivable	**5,958**	6,501	(543)	Not significant.
Prepaid expenses and other	**54,210**	39,234	14,976	Mainly related to the increase in prepayments for annual services agreements and the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	**3,469**	2,932	537	Not significant.
	590,617	528,010	62,607	
Current liabilities				
Bank indebtedness	**—**	8,633	(8,633)	Refer to the "Cash flows analysis" section.
Trade and other payables	**347,071**	380,461	(33,390)	Mainly related to the timing of payments made to suppliers, partly offset by higher capital expenditures in relation to the network expansion programs underway and the appreciation of the US dollar against the Canadian dollar.
Provisions	**22,580**	26,584	(4,004)	Not significant.
Income tax liabilities	**420**	39,252	(38,832)	Related to the final payment of income tax balances for fiscal 2022.
Contract liabilities and other liabilities	**61,937**	63,958	(2,021)	Not significant.
Government subsidies received in advance	**90,368**	127,851	(37,483)	Related to the network construction progress in Québec.
Derivative financial instruments	**1,650**	1,285	365	Not significant.
Current portion of long-term debt	**340,606**	339,096	1,510	Not significant.
	864,632	987,120	(122,488)	
Working capital deficiency	**(274,015)**	(459,110)	185,095	

7.2 OTHER SIGNIFICANT CHANGES

(In thousands of Canadian dollars)	November 30, 2022 $	August 31, 2022 $	Change $	Explanations
Non-current assets				
Property, plant and equipment	**3,132,870**	3,027,640	105,230	Mainly related to capital investments made during the first quarter of fiscal 2023 and the appreciation of the US dollar against the Canadian dollar, partly offset by the depreciation expense for the period.
Intangible assets	**3,624,797**	3,571,221	53,576	Mainly related to the appreciation of the US dollar against the Canadian dollar, partly offset by the amortization expense for the period.
Goodwill	**2,037,983**	1,982,498	55,485	Related to the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	**122,959**	95,537	27,422	Mainly related to changes in market interest rates impacting the interest swap agreements' valuation.
Non-current liabilities				
Long-term debt	**4,610,038**	4,334,373	275,665	Mainly related to the amounts drawn under the revolving facilities and the appreciation of the US dollar against the Canadian dollar, partly offset by the quarterly repayments on the Senior Secured Term B Facility.
Deferred tax liabilities	**793,447**	752,683	40,764	Mainly related to the timing of temporary differences and the appreciation of the US dollar against the Canadian dollar.

8. CAPITAL RESOURCES AND LIQUIDITY

8.1 CAPITAL STRUCTURE

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

	November 30, 2022	August 31, 2022
Net indebtedness / adjusted EBITDA ratio (1) (2)	**3.3**	3.2
Adjusted EBITDA / financial expense ratio (1) (2)	**7.1**	7.4

(1) Net indebtedness to adjusted EBITDA ratio and adjusted EBITDA to 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 November 30, 2022, the Corporation's weighted average cost of indebtedness, excluding the amortization of deferred transaction costs and commitment fees but including the impact of interest rate swaps, was 4.5%.

The table below summarizes the Corporation's available liquidity:

(In thousands of Canadian dollars)	At November 30, 2022 $	At August 31, 2022 $
Cash and cash equivalents	**407,757**	370,899
Cash with restrictions on use (1)	**(90,368)**	(127,851)
Amounts available under revolving credit facilities (2)	**672,956**	830,231
Available liquidity (3)	**990,345**	1,073,279

(1) In connection with government subsidies received in advance, pertaining mainly to Cogeco Connexion's high-speed Internet network expansion projects (see Note 15 D)) of the Corporation's condensed interim consolidated financial statements).

(2) Total amount available under the $750 million Term Revolving Facility and the US$150 million 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.

8.2 OUTSTANDING SHARE DATA

A description of Cogeco Communications' share data at December 31, 2022 is presented in the table below. Additional details are provided in Note 13 B) of the condensed interim consolidated financial statements.

(In thousands of Canadian dollars, except number of shares/options)	Number of shares/options	Amount $
Common shares		
Multiple voting shares	**15,691,100**	**98,346**
Subordinate voting shares	**29,097,624**	**821,459**
Options to purchase subordinate voting shares		
Outstanding options	**967,304**	
Exercisable options	**541,180**	

8.3 FINANCING

On December 21, 2022, Cogeco Communications amended its $750 million Term Revolving Facility to extend the maturity by one additional year to January 24, 2028. The amendment also replaces LIBOR with the Secured Overnight Financing Rate ("SOFR") as the benchmark interest rate.

Furthermore, in December 2022, Cogeco Communications entered into a 20-year senior unsecured non-revolving facility, having an aggregate principal amount of up to $38.1 million, with the Canada Infrastructure Bank. The credit facility can only be drawn to finance the network expansion projects undertaken in connection with Ontario's Accelerated High Speed Internet Program.

8.4 CREDIT RATINGS

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

At November 30, 2022	**S&P**	**DBRS**	**Moody's**
Cogeco Communications			
Senior Secured Notes and Debentures	**BBB-**	**BBB (low)**	**NR**
Corporate credit issuer default rating	**BB+**	**BB (high)**	**NR**
U.S. subsidiaries			
First Lien Credit Facilities	**BB**	**NR**	**B1**
Corporate credit issuer default rating	**BB**	**NR**	**B1**

NR : Not rated

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 2022 annual consolidated financial statements.

Credit risk

The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents and trade accounts receivable, the maximum exposure of which is represented by the carrying amounts reported on the condensed interim consolidated statements of financial position.

The Corporation reduces the credit risk with regard to the derivative financial instruments by completing transactions with financial institutions that carry a high credit rating. At November 30, 2022, management believes this credit risk to be minimal, since the lowest credit rating of the counterparties to the agreements is "A-" by Standard & Poor's rating services ("S&P").

Cash equivalents consist mainly of short-term, highly liquid investments. The Corporation has deposited the cash and cash equivalents with reputable financial institutions, for which management believes the risk of loss to be remote.

To mitigate the credit risk in relation to its trade accounts receivable, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new large customer. The Corporation has credit policies in place and has established various credit controls, including credit checks, deposits on accounts and advance billing, and has also established procedures to suspend the availability of services when customers have fully utilized approved credit limits or have violated existing payment terms. Furthermore, a large portion of the Corporation's customers are billed and pay before the services are rendered. The Corporation believes that its allowance for doubtful accounts is sufficient to cover the related credit risk. Since the Corporation has a large and diversified clientele dispersed throughout its market areas in Canada and the United States, there is no significant concentration of credit risk.

Liquidity risk

At November 30, 2022, the Corporation had used $276.0 million of its $750 million Term Revolving Facility for a remaining availability of $474.0 million. In addition, the U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $202.6 million (US$150 million), of which $3.7 million (US$2.7 million) was used at November 30, 2022 for a remaining availability of $199.0 million (US$147.3 million).

Interest rate risk

The Corporation is exposed to interest rate risk on its floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At November 30, 2022, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the 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, the Corporation's U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2022:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate (1)	Maturity	Hedged item
Cash flow	US$770 million	US LIBOR base rate	2.017% - 2.262%	January 2023 - November 2024	Senior Secured Term Loan B - Tranche 1
Cash flow	US$800 million	US LIBOR base rate with a 50 bps floor	1.224% - 1.463%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) The interest rate does not include the applicable credit spread.

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 $15.1 million based on the outstanding debt and swap agreements at November 30, 2022.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest, amounting to $182.3 million, associated with its notes, debentures and credit facilities denominated in US dollars. The impact of a 10% increase in the exchange rate of the US dollar to the Canadian dollar would increase financial expense by approximately $18.2 million based on the outstanding debt and swap agreements at November 30, 2022.

Furthermore, a foreign currency exposure arises from the Corporation's net investment in its U.S. subsidiary, as a result of the translation of the net investment into the Corporation's functional currency. A portion of the Corporation's net investment in its U.S. subsidiary is hedged by the Corporation's US dollar denominated Senior Secured Notes, which the Corporation has designated as hedges of the net investment, while a portion is economically hedged by its U.S. subsidiary's US dollar denominated First Lien Credit Facilities.

The exchange rate used to translate the US dollar currency to the Canadian dollar for the consolidated statement of financial position accounts at November 30, 2022 was $1.3508 ($1.3111 at August 31, 2022) per US dollar. A 10% decrease in the exchange rate of the US dollar to the Canadian dollar would decrease other comprehensive income by approximately $121.6 million.

8.6 FOREIGN CURRENCY

For the three-month periods ended November 30, 2022 and 2021, the average rates prevailing used to convert the operating results of the American telecommunications segment were as follows:

	Three months ended November 30,	
	2022	2021
	$	$
US dollar vs Canadian dollar	**1.3489**	1.2559

9. FISCAL 2023 REVISED FINANCIAL GUIDELINES

The following section contains forward-looking statements concerning the business outlook for Cogeco Communications. For a description of risk factors that could cause actual results to differ materially from what Cogeco Communications expects, please refer to the "Uncertainties and main risk factors" section of the current MD&A and of the Corporation's 2022 annual MD&A.

Cogeco Communications has revised its fiscal 2023 financial guidelines as issued on July 13, 2022 for revenue, adjusted EBITDA, net capital expenditures and capital intensity. Free cash flow projections remain the same as previously disclosed. The Corporation expects a reduction in revenue growth rates, driven by a lower customer base than expected in Ohio, and to a lesser extent, by the current economic conditions which are impacting customers' discretionary spending, especially for the Corporation's entry-level services, and by increasing competition. The Corporation has initiated several cost optimization initiatives in order to minimize the revenue impact on adjusted EBITDA, and with a prudent cash management strategy, net capital expenditures are expected to be lower than under the previous financial guidelines.

The Corporation presents its fiscal 2023 revised financial guidelines on a constant currency basis and believes this presentation enables an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in foreign currency rates. Measures on a constant currency basis are considered non-IFRS financial measures and ratios, and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies. The financial guidelines exclude the impact from other possible business acquisitions and do not take into consideration unusual adjustments that could result from regulatory environment changes or unforeseeable non-recurring items.

On a constant currency and consolidated basis, Cogeco Communications expects fiscal 2023 revenue to grow between 0.5% to 2.0% as a result of organic growth in both the Canadian and American telecommunications segments. On a constant currency and consolidated basis, fiscal 2023 adjusted EBITDA should grow between 0.5% and 2.0%, mainly as a result of revenue growth being offset by an increase in operating expenses. The increase in operating expenses is primarily driven by the inflationary environment, as well as by projects undertaken to support the Corporation's future growth, partly offset by several cost optimization initiatives.

Net capital expenditures should amount to between $700 and $775 million, including approximately $180 to $230 million in growth-oriented network expansion projects, resulting in a capital intensity range between 24% to 26%, or 17% to 19% excluding network expansion projects. The Canadian telecommunications segment is planning higher than usual capital intensity primarily due to government sponsored network expansion projects which will increase the Corporation's footprint in the provinces of Québec and Ontario. The American telecommunications segment is also undertaking network expansion projects which will increase the Corporation's footprint in several areas adjacent to its network, as well as finalizing the Ohio integration.

Free cash flow on a constant currency and consolidated basis should decrease between 2% and 12%, mainly due to the growth of adjusted EBITDA more than offset by higher capital intensity and the increase in financial expense due to expected higher interest rates, partly offset by lower acquisition, integration, restructuring and other costs. Excluding the fiscal 2023 network expansion projects, free cash flow on a constant currency and consolidated basis would otherwise be within a range encompassing a decrease of 5% to an increase of 5%.

The following table outlines the Corporation's fiscal 2023 revised financial guidelines ranges compared to fiscal 2022 actual results, on a constant currency and consolidated basis, as well as the previous financial guidelines issued on July 13, 2022:

(In millions of Canadian dollars, except percentages)	January 12, 2023 Revised projections (1) Fiscal 2023 (constant currency) (2) $	July 13, 2022 Original projections (1) Fiscal 2023 (constant currency) (2) $	Actual Fiscal 2022 $
Financial guidelines			
Revenue	**Increase of 0.5% to 2.0%**	Increase of 2% to 4%	2,901
Adjusted EBITDA	**Increase of 0.5% to 2.0%**	Increase of 1.5% to 3.5%	1,393
Net capital expenditures	**$700 to $775**	$750 to $800	689
Net capital expenditures in connection with network expansion projects	**$180 to $230**	$180 to $230	157
Capital intensity	**24% to 26%**	Approximately 26%	23.8 %
Capital intensity, excluding network expansion projects	**17% to 19%**	Approximately 19%	18.3 %
Free cash flow	**Decrease of 2% to 12%** (3)	Decrease of 2% to 12% (3)	424
Free cash flow, excluding network expansion projects	**Decrease of 5% to an increase of 5%** (3)	Decrease of 5% to an increase of 5% (3)	582

(1) Percentage of changes compared to fiscal 2022.

(2) Fiscal 2023 financial guidelines are based on a USD/CDN constant exchange rate of 1.2718 USD/CDN.

(3) The assumed current income tax effective rate is approximately 11%.

10. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES

The Corporation has defined its environmental, social and governance (ESG) strategy, guided by its core organizational values, with commitments centered on the key ESG levers of reducing its environmental footprint, implementing strong governance practices and supporting its stakeholders. The Corporation monitors its sustainability related progress based on a set of key performance indicators that are reviewed as needed to ensure continued relevance.

For details on the Corporation's ESG strategy and related achievements and priorities, please refer to the "Environmental, social and governance (ESG) practices" section of the Corporation's 2022 annual MD&A, available at www.sedar.com and corpo.cogeco.com, and the ESG and Sustainability report published in March 2022, available on the Corporation's website at corpo.cogeco.com. Detailed KPIs can be found in Cogeco's ESG data supplement, which is also available on the Corporation's website at corpo.cogeco.com.

11. 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 Communications' 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 November 30, 2022, and concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the three-month period ended November 30, 2022.

12. UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco Communications can be found in the 2022 annual MD&A, available at www.sedar.com and corpo.cogeco.com, which are hereby incorporated by reference. There has been no significant change in the uncertainties and main risk factors faced by the Corporation.

13. ACCOUNTING POLICIES

13.1 CHANGE IN ACCOUNTING POLICIES

Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)

During the third quarter of fiscal 2022, the Corporation changed the presentation of the cash from subsidies received in advance, following the application of the IFRS Interpretations Committee's agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)*. These funds, which were previously presented as *Restricted cash*, were reclassified as *Cash and cash equivalents* in the Corporation's consolidated statements of financial position and consolidated statements of cash flows, on a retrospective basis. The application of this agenda decision had no impact on the ultimate recognition of the subsidies, for which *Property, plant and equipment* continues to be recorded net of subsidies, within the consolidated statement of financial position.

The changes in presentation for the comparative period presented in the condensed interim consolidated financial statements are summarized as follows:

Consolidated statements of cash flows

Three months ended November 30, 2021	As previously reported	Effect of change in presentation	As currently reported
(In thousands of Canadian dollars)	$	$	$
Cash flows from investing activities			
Acquisition of property, plant and equipment (1)	(141,028)	(4,820)	(145,848)
Net change in cash and cash equivalents	43,465	(4,820)	38,645
Cash and cash equivalents, beginning of the period (2)	365,520	183,534	549,054
Cash and cash equivalents, end of the period	408,985	178,714	587,699

(1) The application of this agenda decision resulted in an increase of $4.8 million in *Acquisition of property, plant and equipment*, in the Corporation's interim consolidated statement of cash flows for the three-month period ended November 30, 2021, as subsidies received in advance were previously presented as a reduction of *Acquisition of property, plant and equipment* based on the costs incurred in connection with these subsidized projects over the total expected costs.

(2) At August 31, 2021, restricted cash totalling $183.5 million was reclassified to *Cash and cash equivalents*, in the Corporation's consolidated statements of financial position and consolidated statements of cash flows.

13.2 FUTURE CHANGES TO STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, interpretations and amendments to standards and interpretations were issued by the IASB or the IFRS Interpretations Committee, but have not yet been applied in preparing the condensed interim consolidated financial statements. The following issued amendments to standards may have an impact on future consolidated financial statements of the Corporation:

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1, *Presentation of Financial Statements*	In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements.
Disclosure of Accounting Policies - Amendments to IAS 1, Presentation of Financial Statements, and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1 to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its accounting policies disclosure.

14. NON-IFRS AND OTHER FINANCIAL MEASURES

This section describes non-IFRS and other financial measures used by Cogeco Communications throughout this MD&A. These financial measures are reviewed in assessing the performance of Cogeco Communications and used in the decision-making process with regard to its business units. Cogeco Communications 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.

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
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 effects 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.	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 period denominated in US dollars at the foreign exchange rates of the comparable period of the prior year. Foreign exchange impact represents the quantification of such impact.	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 Corporations' revenue and adjusted EBITDA growth excluding the effects 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.	Revenue in constant currency (as calculated per above) deduct: - impact of acquisitions. Adjusted EBITDA in constant currency (as calculated per above) deduct: - 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	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. 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. Excluding these items does not imply they are non-recurring. 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.	Free cash flow: - Adjusted EBITDA add: - Amortization of deferred transaction costs and discounts on long-term debt; - Share-based payment; - Loss (gain) on disposals and write-offs of property, plant and equipment; and - Defined benefit plans expense, net of contributions deduct: - Acquisition, integration, restructuring and other costs; - Financial expense; - Current income taxes; - Net capital expenditures; and - Repayment of lease liabilities. Free cash flow, excluding network expansion projects: - Free cash flow add: - Net capital expenditures in connection with network expansion projects.	Cash flows from operating activities
Net capital expenditures, excluding network expansion projects	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.	Net capital expenditures deduct: - Net capital expenditures in connection with network expansion projects.	Acquisition of property, plant and equipment
Available liquidity	Management uses available liquidity to assess Cogeco Communications' 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 Communications' financial strength.	Cash and cash equivalents deduct: - Cash with restrictions on use; add: - Amounts available under revolving credit facilities.	Cash and cash equivalents

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 November 30,					
					Change	
	2022	Foreign exchange impact	2022 in constant currency [(1)]	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Free cash flow	**105,128**	594	**105,722**	132,111	**(20.4)**	**(20.0)**
Net capital expenditures	**196,971**	(8,904)	**188,067**	141,028	**39.7**	**33.4**

(1) Fiscal 2023 first-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 first-quarter, which was 1.2559 USD/CDN.

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 November 30,	
	2022	2021
(In thousands of Canadian dollars)	$	$
Cash flows from operating activities	**194,159**	286,945
Amortization of deferred transaction costs and discounts on long-term debt [(1)]	**3,044**	2,922
Changes in other non-cash operating activities	**64,416**	(13,174)
Income taxes paid	**46,618**	25,360
Current income taxes	**(8,376)**	(14,563)
Interest paid	**60,498**	31,599
Financial expense	**(56,919)**	(44,955)
Net capital expenditures	**(196,971)**	(141,028)
Repayment of lease liabilities	**(1,341)**	(995)
Free cash flow	**105,128**	132,111

(1) Included within financial expense.

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 November 30,					
					Change	
	2022	Foreign exchange impact	2022 in constant currency (1)	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Net capital expenditures	**196,971**	(8,904)	**188,067**	141,028	**39.7**	**33.4**
Net capital expenditures in connection with network expansion projects	**65,834**	(3,362)	**62,472**	20,016	—	—
Net capital expenditures, excluding network expansion projects	**131,137**	(5,542)	**125,595**	121,012	**8.4**	**3.8**

(1) Fiscal 2023 first-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 first-quarter, which was 1.2559 USD/CDN.

Free cash flow

	Three months ended November 30,					
					Change	
	2022	Foreign exchange impact	2022 in constant currency (1)	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Free cash flow	**105,128**	594	**105,722**	132,111	**(20.4)**	**(20.0)**
Net capital expenditures in connection with network expansion projects	**65,834**	(3,362)	**62,472**	20,016	—	—
Free cash flow, excluding network expansion projects	**170,962**	(2,768)	**168,194**	152,127	**12.4**	**10.6**

(1) Fiscal 2023 first-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 first-quarter, which was 1.2559 USD/CDN.

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.

Specified financial measures	Usefulness	Calculation
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.	Change in constant currency, expressed as a percentage of the variation between the periods presented, is obtained by translating financial results from the current period denominated in US dollars using the foreign exchange rates of the comparable period of the prior year.
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 Corporations' revenue and adjusted EBITDA growth excluding the effects 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.	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.

Specified financial measures	Usefulness	Calculation
Capital intensity, excluding network expansion projects	Capital intensity, excluding network expansion projects is used by management to assess the Corporation's 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. The Corporation 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, management believes this helps certain investors and analysts to assess the impact of the network expansion projects on the Corporation's capital intensity ratio. Excluding the impact of net capital expenditures in connection with network expansion projects does not imply it is non-recurring.	Net capital expenditures, excluding network expansion projects divided by revenue. Net capital expenditures, excluding network capital expenditures is a non-IFRS financial measure. For more details on net capital expenditures, excluding network expansion projects, please refer to the "Non-IFRS financial measures" sub-section.
Free cash flow dividend payout ratio and free cash flow, excluding network expansion projects, dividend payout ratio	Management believes certain investors use free cash flow dividend payout ratio and free cash flow, excluding network expansion projects, dividend payout ratio, to assess the Corporation's financial strength and performance by demonstrating the sustainability of the Corporation's dividend payments.	Dividends declared for the year on multiple and subordinate voting shares divided by free cash flow and by free cash flow, excluding network expansion projects. Free cash flow and free cash flow, excluding dividend payout ratio are non-IFRS financial measures. For more details on free cash flow and free cash flow, excluding network expansion projects, please refer to the "Non-IFRS financial measures" sub-section.

Total of segments measures

The following financial measures used by Cogeco Communications 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 November 30,	
	2022	2021
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**120,375**	116,610
Income taxes	**31,953**	17,450
Financial expense	**56,919**	44,955
Depreciation and amortization	**155,299**	151,637
Acquisition, integration, restructuring and other costs	**2,677**	18,635
Adjusted EBITDA	**367,223**	349,287

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 Communications are capital management measures as reported in Note 16 C) of the 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 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 financial leverage and its capital structure decisions, including the issuance of new debt, and to manage the Corporation's debt maturity risks.	Net indebtedness divided by the twelve-month trailing adjusted EBITDA.
Adjusted EBITDA to financial expense ratio	Adjusted EBITDA to 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 financial strength and the ability to service its debt obligations.	Twelve-month trailing adjusted EBITDA divided by financial expense.
Fixed-rate indebtedness	Fixed-rate indebtedness is a measure used by management to monitor and manage the Corporation's capital structure. Management believes this measure helps investors and analysts to assess the Corporation's financial leverage.	Principal on fixed-rate long-term debt divided by principal on long-term debt.

Supplementary financial measures

Specified financial measures	Calculation
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue.
Capital intensity	Net capital expenditures divided by revenue.

15. SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

	Fiscal 2023				Fiscal 2022			Fiscal 2021
Three months ended	**November 30, 2022**	August 31, 2022	May 31, 2022	February 28, 2022 [(1)]	November 30, 2021 [(1)]	August 31, 2021 [(1)]	May 31, 2021	February 28, 2021
(In thousands of Canadian dollars, except percentages and per share data)	**$**	$	$	$	$	$	$	$
Operations								
Revenue	**762,300**	725,446	728,118	728,549	718,541	632,684	624,308	634,548
Adjusted EBITDA	**367,223**	347,074	347,614	349,087	349,287	290,570	296,999	306,994
Adjusted EBITDA margin	**48.2 %**	47.8 %	47.7 %	47.9 %	48.6 %	45.9 %	47.6 %	48.4 %
Acquisition, integration, restructuring and other costs	**2,677**	12,593	2,263	1,451	18,635	3,974	1,225	2,330
Profit for the period	**120,375**	111,829	105,406	119,911	116,610	103,406	102,786	110,559
Profit for the period attributable to owners of the Corporation	**111,504**	104,937	100,250	111,275	106,837	96,200	95,702	102,936
Cash flow								
Cash flows from operating activities	**194,159**	319,137	353,001	281,199	286,945	281,547	264,621	231,166
Free cash flow	**105,128**	34,452	104,795	153,000	132,111	71,423	132,070	142,768
Acquisition of property, plant and equipment	**234,637**	243,589	197,345	157,873	145,848	179,654	126,570	115,214
Net capital expenditures	**196,971**	223,509	182,181	142,195	141,028	175,180	126,570	115,214
Capital intensity	**25.8 %**	30.8 %	25.0 %	19.5 %	19.6 %	27.7 %	20.3 %	18.2 %
Per share data [(2)]								
Earnings per share								
Basic	**2.45**	2.29	2.17	2.40	2.29	2.05	2.02	2.16
Diluted	**2.44**	2.28	2.16	2.38	2.27	2.03	2.01	2.14
Dividends per share	**0.776**	0.705	0.705	0.705	0.705	0.64	0.64	0.64

(1) Comparative figures have been restated following the application of the IFRS Interpretations Committee issued agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)* during the third quarter of fiscal 2022. Furthermore, the Corporation also changed the label of its "Acquisition of property, plant and equipment" key performance indicator measure to "Net capital expenditures" following this application. For further details, refer to the "Accounting policies" section.

(2) Per multiple and subordinate voting share.

15.1 SEASONAL VARIATIONS

Cogeco Communications' operating results are not generally subject to material seasonal fluctuations.

COGECO COMMUNICATIONS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month period ended November 30, 2022

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

		Three months ended November 30,	
	Notes	**2022**	2021
(In thousands of Canadian dollars, except per share data)		**$**	$
Revenue	*3*	**762,300**	718,541
Operating expenses	*6*	**389,677**	363,674
Management fees – Cogeco Inc.	*17*	**5,400**	5,580
Acquisition, integration, restructuring and other costs	*7*	**2,677**	18,635
Depreciation and amortization	*8*	**155,299**	151,637
Financial expense	*9*	**56,919**	44,955
Profit before income taxes		**152,328**	134,060
Income taxes	*10*	**31,953**	17,450
Profit for the period		**120,375**	116,610
Profit for the period attributable to:			
Owners of the Corporation		**111,504**	106,837
Non-controlling interest		**8,871**	9,773
		120,375	116,610
Earnings per share			
Basic	*11*	**2.45**	2.29
Diluted	*11*	**2.44**	2.27

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

	Three months ended November 30,	
	2022	2021
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**120,375**	116,610
Other comprehensive income (loss)		
Items to be subsequently reclassified to profit or loss		
Cash flow hedging adjustments		
Net change in fair value of hedging derivative financial instruments	**27,066**	10,918
Related income taxes	**(7,172)**	(2,893)
	19,894	8,025
Foreign currency translation adjustments		
Net foreign currency translation differences on net investments in foreign operations	**65,929**	28,106
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	**(15,484)**	(6,825)
Related income taxes	**(63)**	(53)
	50,382	21,228
	70,276	29,253
Items not to be subsequently reclassified to profit or loss		
Defined benefit plans actuarial adjustments		
Remeasurement of net defined benefit liability or asset	**1,806**	473
Related income taxes	**(479)**	(125)
	1,327	348
	71,603	29,601
Comprehensive income for the period	**191,978**	146,211
Comprehensive income for the period attributable to:		
Owners of the Corporation	**169,754**	130,774
Non-controlling interest	**22,224**	15,437
	191,978	146,211

COGECO COMMUNICATIONS INC.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

	Equity attributable to owners of the Corporation					
	Share capital	Share-based payment reserve	Accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to non-controlling interest	Total shareholders' equity
(In thousands of Canadian dollars)	$	$	$	$	$	$
	(Note 13)		*(Note 14)*			
Balance at August 31, 2021	958,251	16,889	(17,994)	1,457,998	391,183	2,806,327
Profit for the period	—	—	—	106,837	9,773	116,610
Other comprehensive income for the period	—	—	23,589	348	5,664	29,601
Comprehensive income for the period	—	—	23,589	107,185	15,437	146,211
Issuance of subordinate voting shares under the Stock Option Plan	105	—	—	—	—	105
Share-based payment (Notes 13 D) and 17)	—	1,690	—	—	—	1,690
Share-based payment previously recorded in share-based payment reserve for options exercised	15	(15)	—	—	—	—
Dividends (Note 13 C))	—	—	—	(32,715)	—	(32,715)
Purchase and cancellation of subordinate voting shares	(7,699)	—	—	(21,809)	—	(29,508)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(4,865)	—	—	—	—	(4,865)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	4,401	(3,325)	—	(1,076)	—	—
Total distributions to shareholders	(8,043)	(1,650)	—	(55,600)	—	(65,293)
Balance at November 30, 2021	950,208	15,239	5,595	1,509,583	406,620	2,887,245
Balance at August 31, 2022	**930,974**	**19,965**	**129,606**	**1,670,535**	**438,051**	**3,189,131**
Profit for the period	**—**	**—**	**—**	**111,504**	**8,871**	**120,375**
Other comprehensive income for the period	**—**	**—**	**56,923**	**1,327**	**13,353**	**71,603**
Comprehensive income for the period	**—**	**—**	**56,923**	**112,831**	**22,224**	**191,978**
Issuance of subordinate voting shares under the Stock Option Plan	**555**	**—**	**—**	**—**	**—**	**555**
Share-based payment (Notes 13 D) and 17)	**—**	**1,821**	**—**	**—**	**—**	**1,821**
Share-based payment previously recorded in share-based payment reserve for options exercised	**103**	**(103)**	**—**	**—**	**—**	**—**
Dividends (Note 13 C))	**—**	**—**	**—**	**(35,113)**	**—**	**(35,113)**
Purchase and cancellation of subordinate voting shares	**(14,443)**	**—**	**—**	**(22,840)**	**—**	**(37,283)**
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**(5,889)**	**—**	**—**	**—**	**—**	**(5,889)**
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**4,665**	**(5,584)**	**—**	**919**	**—**	**—**
Total distributions to shareholders	**(15,009)**	**(3,866)**	**—**	**(57,034)**	**—**	**(75,909)**
Balance at November 30, 2022	**915,965**	**16,099**	**186,529**	**1,726,332**	**460,275**	**3,305,200**

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

(In thousands of Canadian dollars)	*Notes*	**November 30, 2022** **$**	August 31, 2022 $
Assets			
Current			
Cash and cash equivalents	*15 D)*	**407,757**	370,899
Trade and other receivables		**119,223**	108,444
Income taxes receivable		**5,958**	6,501
Prepaid expenses and other		**54,210**	39,234
Derivative financial instruments		**3,469**	2,932
		590,617	528,010
Non-current			
Other assets		**73,684**	66,971
Property, plant and equipment		**3,132,870**	3,027,640
Intangible assets		**3,624,797**	3,571,221
Goodwill		**2,037,983**	1,982,498
Derivative financial instruments		**122,959**	95,537
Deferred tax assets		**4,486**	6,632
		9,587,396	9,278,509
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**—**	8,633
Trade and other payables		**347,071**	380,461
Provisions		**22,580**	26,584
Income tax liabilities		**420**	39,252
Contract liabilities and other liabilities		**61,937**	63,958
Government subsidies received in advance		**90,368**	127,851
Derivative financial instruments		**1,650**	1,285
Current portion of long-term debt	*12*	**340,606**	339,096
		864,632	987,120
Non-current			
Long-term debt	*12*	**4,610,038**	4,334,373
Contract liabilities and other liabilities		**8,821**	8,960
Pension plan liabilities and accrued employee benefits		**5,258**	6,242
Deferred tax liabilities		**793,447**	752,683
		6,282,196	6,089,378
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*13 B)*	**915,965**	930,974
Share-based payment reserve		**16,099**	19,965
Accumulated other comprehensive income	*14*	**186,529**	129,606
Retained earnings		**1,726,332**	1,670,535
		2,844,925	2,751,080
Equity attributable to non-controlling interest		**460,275**	438,051
		3,305,200	3,189,131
		9,587,396	9,278,509

Subsequent events (Notes 12 and 18)

COGECO COMMUNICATIONS INC.
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

		Three months ended November 30,	
	Notes	**2022**	2021
(In thousands of Canadian dollars)		**$**	$
			(restated, Note 2)
Cash flows from operating activities			
Profit for the period		**120,375**	116,610
Adjustments for:			
Depreciation and amortization	*8*	**155,299**	151,637
Financial expense	*9*	**56,919**	44,955
Income taxes	*10*	**31,953**	17,450
Share-based payment		**1,345**	1,093
Gain on disposals and write-offs of property, plant and equipment		**(70)**	(1,093)
Defined benefit plans contributions, net of expense		**(130)**	78
		365,691	330,730
Changes in other non-cash operating activities	*15 A)*	**(64,416)**	13,174
Interest paid		**(60,498)**	(31,599)
Income taxes paid		**(46,618)**	(25,360)
		194,159	286,945
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(234,637)**	(145,848)
Business combinations, net of cash and cash equivalents acquired	*5*	**—**	(1,427,658)
Subsidies received in advance		**181**	—
Proceeds on disposals of property, plant and equipment		**156**	—
		(234,300)	(1,573,506)
Cash flows from financing activities			
(Decrease) increase in bank indebtedness		**(8,633)**	9,440
Net increase (decrease) under the revolving facilities		**167,188**	(256,463)
Issuance of long-term debt, net of discounts and transaction costs		**—**	1,611,539
Repayment of notes, debentures and credit facilities		**(8,780)**	(5,437)
Repayment of lease liabilities		**(1,341)**	(995)
Issuance of subordinate voting shares	*13 B)*	**555**	105
Purchase and cancellation of subordinate voting shares	*13 B)*	**(37,283)**	(29,508)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	*13 B)*	**(5,889)**	(4,865)
Dividends paid	*13 C)*	**(35,113)**	—
		70,704	1,323,816
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency		**6,295**	1,390
Net change in cash and cash equivalents		**36,858**	38,645
Cash and cash equivalents, beginning of the period		**370,899**	549,054
Cash and cash equivalents, end of the period	*15 D)*	**407,757**	587,699

NATURE OF OPERATIONS

Cogeco Communications Inc. ("Cogeco Communications" or the "Corporation") is a telecommunications corporation operating through its business units Cogeco Connexion and Breezeline. Cogeco Communications provides Internet, video and phone services to residential and business customers in Québec and Ontario in Canada as well as in thirteen states in the United States.

The Corporation is a subsidiary of Cogeco Inc. ("Cogeco"), which as of November 30, 2022 held 34.7% of the Corporation's equity shares, representing 84.1% of the votes attached to the Corporation's voting shares. Cogeco Communications is a Canadian public corporation whose subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CCA".

The Corporation's registered office is located at 1 Place Ville Marie, Suite 3301, Montréal, Québec, H3B 3N2.

1. 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 do not include all the information required for annual financial statements. Certain information and footnote disclosure normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Corporation's interim financial information. As such, these condensed interim consolidated financial statements should be read in conjunction with the Corporation's 2022 annual consolidated financial statements.

The condensed interim consolidated financial statements have been prepared with the same accounting policies and methods of computation followed by the Corporation in its 2022 annual consolidated financial statements. The accounting policies have been applied consistently to all periods presented in the condensed interim consolidated financial statements. Certain comparative amounts in the condensed interim consolidated financial statements have been reclassified in order to conform to the fiscal 2023 consolidated financial statements presentation.

The condensed interim consolidated financial statements have been prepared on a going concern basis using historical cost, except for financial instruments and derivative financial instruments, cash-settled share-based payment arrangements and pension plan assets, which are measured at fair value, and for defined benefit obligation and provisions, which are measured at present value.

Financial information is presented in Canadian dollars, which is the functional currency of the Corporation.

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.

The condensed interim consolidated financial statements were approved by the Board of Directors of the Corporation at its meeting held on January 12, 2023.

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

2. ACCOUNTING POLICY DEVELOPMENTS

A) CHANGE IN ACCOUNTING POLICIES

Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)

During the third quarter of fiscal 2022, the Corporation changed the presentation of the cash from subsidies received in advance, following the application of the IFRS Interpretations Committee's agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)*. These funds, which were previously presented as *Restricted cash*, were reclassified as *Cash and cash equivalents* in the Corporation's consolidated statements of financial position and consolidated statements of cash flows, on a retrospective basis. The application of this agenda decision had no impact on the ultimate recognition of the subsidies, for which *Property, plant and equipment* continues to be recorded net of subsidies, within the consolidated statement of financial position.

The changes in presentation for the comparative period presented in these condensed interim consolidated financial statements are summarized as follows:

Consolidated statements of cash flows

Three months ended November 30, 2021	As previously reported	Effect of change in presentation	As currently reported
	$	$	$
Cash flows from investing activities			
Acquisition of property, plant and equipment (1)	(141,028)	(4,820)	(145,848)
Net change in cash and cash equivalents	43,465	(4,820)	38,645
Cash and cash equivalents, beginning of the period (2)	365,520	183,534	549,054
Cash and cash equivalents, end of the period	408,985	178,714	587,699

(1) The application of this agenda decision resulted in an increase of $4.8 million in *Acquisition of property, plant and equipment*, in the Corporation's interim consolidated statement of cash flows for the three-month period ended November 30, 2021, as subsidies received in advance were previously presented as a reduction of *Acquisition of property, plant and equipment* based on the costs incurred in connection with these subsidized projects over the total expected costs.

(2) At August 31, 2021, restricted cash totalling $183.5 million was reclassified to *Cash and cash equivalents*, in the Corporation's consolidated statements of financial position and consolidated statements of cash flows.

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

B) FUTURE CHANGES TO STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, interpretations and amendments to standards and interpretations were issued by the IASB or the IFRS Interpretations Committee, but have not yet been applied in preparing these condensed interim consolidated financial statements. The following issued amendments to standards may have an impact on future consolidated financial statements of the Corporation:

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1, *Presentation of Financial Statements*	In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements.
Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1 to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its accounting policies disclosure.

3. REVENUE

						Three months ended November 30,
	Canadian telecommunications		**American telecommunications**			**Consolidated**
	2022	2021	**2022**	2021	**2022**	2021
	$	$	**$**	$	**$**	$
Residential (1) (2) (3)	**312,008**	295,569	**336,251**	317,313	**648,259**	612,882
Commercial (3)	**43,362**	43,296	**44,768**	40,379	**88,130**	83,675
Other (2)	**16,714**	16,182	**9,197**	5,802	**25,911**	21,984
	372,084	355,047	**390,216**	363,494	**762,300**	718,541

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

(2) During the fourth quarter of fiscal 2022, the Corporation modified its definition of Internet service customers in order to be consistent with industry practices. As per the new definition, Internet service customers include only customers who have their Internet service installed, operated and billed directly by the Corporation. The previous definition also included wholesale Internet customers, now presented in *Other*. This change has been applied retrospectively to the comparative figures.

(3) During the first quarter of fiscal 2023, the Corporation changed the presentation of the revenue related to certain bulk accounts, from residential to commercial. This change has been applied retrospectively to the comparative figures, and consequently a $4.1 million revenue reclassification was reflected in the first quarter of fiscal 2022, for a total reclassification of $15.7 million for fiscal 2022.

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

4. OPERATING SEGMENTS

The Corporation's results are reported in two operating segments: Canadian telecommunications and American telecommunications. In the fourth quarter of fiscal 2022, the Corporation renamed its Canadian and American "broadband services" segments as Canadian and American "telecommunications" segments. Other than the name, no changes were made to the segments' composition. 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 Canadian and American telecommunications segments provide a wide range of Internet, video and phone services primarily to residential customers, as well as business services across their coverage areas. The Canadian telecommunications activities are carried out by Cogeco Connexion in the provinces of Québec and Ontario and the American telecommunications activities are carried out by Breezeline in 13 states: Connecticut, Delaware, Florida, Maine, Maryland, Massachusetts, New Hampshire, New York, Ohio, Pennsylvania, South Carolina, Virginia and West Virginia.

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.

Following the application of the IFRS Interpretations Committee issued agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows*) during the third quarter of fiscal 2022, the Corporation changed the label of its "Acquisition of property, plant and equipment" measure to "Net capital expenditures". Net capital expenditures exclude non-cash acquisition 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. Subsidies received in advance are recognized as a reduction of property, plant and equipment based on the costs incurred in connection with the high-speed Internet network expansion construction projects over the total expected costs. 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.

The column in the tables below entitled "Corporate and eliminations" is comprised of the corporate activities and consolidation elimination entries.

				Three months ended November 30, 2022
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Consolidated
	$	$	$	$
Revenue	372,084	390,216	—	762,300
Operating expenses	173,451	207,710	8,516	389,677
Management fees – Cogeco Inc.	—	—	5,400	5,400
Adjusted EBITDA	198,633	182,506	(13,916)	367,223
Acquisition, integration, restructuring and other costs				2,677
Depreciation and amortization				155,299
Financial expense				56,919
Profit before income taxes				152,328
Income taxes				31,953
Profit for the period				120,375
Net capital expenditures	115,238	80,408	1,325	196,971

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

	Three months ended November 30, 2021			
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Consolidated
	$	$	$	$
Revenue	355,047	363,494	—	718,541
Operating expenses	167,186	187,730	8,758	363,674
Management fees – Cogeco Inc.	—	—	5,580	5,580
Adjusted EBITDA	187,861	175,764	(14,338)	349,287
Acquisition, integration, restructuring and other costs				18,635
Depreciation and amortization				151,637
Financial expense				44,955
Profit before income taxes				134,060
Income taxes				17,450
Profit for the period				116,610
Net capital expenditures	67,471	73,227	330	141,028

5. BUSINESS COMBINATION

FISCAL 2022

Acquisition of WideOpenWest's Ohio broadband systems

On September 1, 2021, Breezeline completed the acquisition of the broadband systems of WideOpenWest, Inc. located in Ohio ("Ohio broadband systems") for a purchase price of $1.418 billion (US$1.125 billion), subject to customary post-closing adjustments. The transaction was executed through an asset purchase agreement. The purchase price and transaction costs were financed through the issuance of a US$900 million senior secured Term B loan maturing in September 2028 and excess cash on hand. During the fourth quarter of fiscal 2022, the Corporation finalized the purchase price allocation.

6. OPERATING EXPENSES

	Three months ended November 30,	
	2022	2021
	$	$
Salaries, employee benefits and outsourced services	**121,303**	105,771
Service delivery costs	**200,187**	196,637
Customer related costs	**30,094**	27,079
Other external purchases	**38,093**	34,187
	389,677	363,674

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

7. ACQUISITION, INTEGRATION, RESTRUCTURING AND OTHER COSTS

	Three months ended November 30,	
	2022	2021
	$	$
Acquisition and integration costs	**583**	18,635
Restructuring costs	**816**	—
Configuration and customization costs related to cloud computing arrangements	**1,278**	—
	2,677	18,635

8. DEPRECIATION AND AMORTIZATION

	Three months ended November 30,	
	2022	2021
	$	$
Depreciation of property, plant and equipment (1)	**141,090**	137,190
Amortization of intangible assets	**14,209**	14,447
	155,299	151,637

(1) Includes depreciation of right-of-use assets amounting to $1.9 million for the three-month period of fiscal 2023 ($1.3 million in fiscal 2022).

9. FINANCIAL EXPENSE

	Three months ended November 30,	
	2022	2021
	$	$
Interest on long-term debt, excluding interest on lease liabilities	**55,395**	42,636
Interest on lease liabilities	**398**	310
Net foreign exchange loss	**2,420**	1,272
Amortization of deferred transaction costs related to the revolving facilities	**164**	183
Other	**(1,458)**	554
	56,919	44,955

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

10. INCOME TAXES

	Three months ended November 30,	
	2022	2021
	$	$
Current	**8,376**	14,563
Deferred	**23,577**	2,887
	31,953	17,450

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 November 30,	
	2022	2021
	$	$
Profit before income taxes	**152,328**	134,060
Combined Canadian income tax rate	**26.5 %**	26.5 %
Income taxes at combined Canadian income tax rate	**40,367**	35,526
Difference in operations' statutory income tax rates	**(242)**	(127)
Impact on income taxes arising from non-deductible expenses and non-taxable profit	**551**	(103)
Tax impacts related to foreign operations	**(9,763)**	(6,561)
Other [(1)]	**1,040**	(11,285)
Income taxes at effective income tax rate	**31,953**	17,450
Effective income tax rate	**21.0 %**	13.0 %

(1) For the three-month period ending November 30, 2021, primarily related to the reduction of the blended state income tax rate applied to the U.S. temporary tax differences, following the Ohio broadband systems acquisition in the first quarter of fiscal 2022.

11. EARNINGS PER SHARE

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

	Three months ended November 30,	
	2022	2021
	$	$
Profit for the period attributable to owners of the Corporation	**111,504**	106,837
Weighted average number of multiple and subordinate voting shares outstanding	**45,471,778**	46,596,034
Effect of dilutive stock options [(1)]	**47,039**	218,189
Effect of dilutive incentive share units	**74,644**	69,347
Effect of dilutive performance share units	**97,484**	94,017
Weighted average number of diluted multiple and subordinate voting shares outstanding	**45,690,945**	46,977,587

(1) For the first quarter of fiscal 2023, 555,165 stock options (179,530 in fiscal 2022) were excluded from the calculation of diluted earnings per share as the exercise price of the options was greater than the average share price of the subordinate voting shares.

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

12. LONG-TERM DEBT

	November 30, 2022	August 31, 2022
	$	$
Notes, debentures and credit facilities	**4,906,928**	4,629,842
Lease liabilities	**43,716**	43,627
	4,950,644	4,673,469
Less current portion	**340,606**	339,096
	4,610,038	4,334,373

A) NOTES, DEBENTURES AND CREDIT FACILITIES

	Maturity	Interest rate		November 30, 2022	August 31, 2022
		%		$	$
Corporation					
Term Revolving Facility [a]					
Revolving loan	January 2027	6.15	(1)	**30,000**	—
Revolving loan – US$182 million (US$81 million at August 31, 2022)	January 2027	5.40	(1) (2)	**245,846**	106,199
Senior Secured Notes					
Series A - US$25 million	September 2024	4.14		**33,739**	32,742
Series B - US$150 million	September 2026	4.29		**202,288**	196,313
Senior Secured Notes - US$215 million	June 2025	4.30		**290,023**	281,450
Senior Secured Notes	September 2031	2.99		**497,066**	496,993
Senior Secured Debentures Series 4	May 2023	4.18		**299,820**	299,730
U.S. subsidiaries					
First Lien Credit Facilities					
Senior Secured Term Loan B Facility					
Tranche 1 - US$1,588.5 million (US$1,592.8 million at August 31, 2022)	January 2025	6.07	(1) (3)	**2,119,685**	2,060,614
Tranche 2 - US$893.3 million (US$895.5 million at August 31, 2022)	September 2028	6.57	(1) (4)	**1,188,461**	1,155,801
Senior Secured Revolving Facility	July 2024	—		**—**	—
				4,906,928	4,629,842
Less current portion				**334,941**	333,818
				4,571,987	4,296,024

(1) Interest rate on debt includes the applicable credit spread.

(2) An amount of US$182 million drawn under the Corporation's Term Revolving Facility was hedged until January 11, 2023, using a cross-currency swap agreement which sets the amount redeemable at maturity at $243.5 million and the effective interest rate on the Canadian dollar equivalent at 4.86%.

(3) As of November 30, 2022, a U.S. subsidiary had entered into interest rate swap agreements to fix the interest rate on an amount of US$770 million of the Senior Secured Term Loan B Facility - Tranche 1. These agreements have the effect of converting the floating US LIBOR base rate into fixed rates ranging from 2.017% to 2.262%, plus an applicable credit spread, for maturities between January 31, 2023 and November 30, 2024. Taking into account these agreements, the effective interest rate on Tranche 1 of the Senior Secured Term Loan B Facility is 5.13%.

(4) As of November 30, 2022, a U.S. subsidiary had entered into 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 US LIBOR base rate, or the 50 bps LIBOR floor if higher, into fixed rates ranging from 1.2237% to 1.4631%, plus an applicable credit spread, for maturities between October 31, 2025 and July 31, 2027. Taking into account these agreements, the effective interest rate on Tranche 2 of the Senior Secured Term Loan B Facility is 4.11%.

At November 30, 2022, 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).

a) On December 21, 2022, Cogeco Communications amended its $750 million Term Revolving Facility to extend the maturity by one additional year to January 24, 2028. The amendment also replaces LIBOR with the Secured Overnight Financing Rate ("SOFR") as the benchmark interest rate.

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

B) OTHER INFORMATION

At November 30, 2022, the Corporation's weighted average interest rate on all debt, excluding the amortization of deferred transaction costs and commitment fees but including the impact of interest rate swaps, was 4.5%.

13. SHARE CAPITAL

A) AUTHORIZED

Unlimited number of:

Class A Preference shares, without voting rights, redeemable by the Corporation and retractable at the option of the holder at any time at a price of $1 per share, carrying a cumulative preferential cash dividend at a rate of 11% of the redemption price per year.

Class B Preference shares, without voting rights, could be issued in series.

Multiple voting shares, 10 votes per share.

Subordinate voting shares, 1 vote per share.

B) ISSUED AND PAID

	November 30, 2022	August 31, 2022
	$	$
15,691,100 multiple voting shares	98,346	98,346
29,579,332 subordinate voting shares (30,081,467 at August 31, 2022)	834,479	848,264
	932,825	946,610
86,849 subordinate voting shares held in trust under the Incentive Share Unit Plan (77,367 at August 31, 2022)	(7,270)	(7,020)
116,759 subordinate voting shares held in trust under the Performance Share Unit Plan (94,216 at August 31, 2022)	(9,590)	(8,616)
	915,965	930,974

During the first three months of fiscal 2023, subordinate voting share transactions were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2022	30,081,467	848,264
Shares issued for cash under the Stock Option Plan	10,035	555
Share-based payment previously recorded in share-based payment reserve for options exercised	—	103
Purchase and cancellation of subordinate voting shares (1)	(512,170)	(14,443)
Balance at November 30, 2022	29,579,332	834,479

(1) During the first three months of fiscal 2023, under its normal course issuer bid program, the Corporation purchased and cancelled 512,170 (274,000 in 2022) subordinate voting shares with an average stated value of $14.4 million ($7.7 million in 2022), for consideration of $37.3 million ($29.5 million in 2022). The excess of the purchase price over the average stated value of the shares totalled $22.8 million ($21.8 million in 2022) and was charged to retained earnings.

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

Normal course issuer bid

On November 24, 2022, Cogeco Communications received the approval of the Toronto Stock Exchange to amend its normal course issuer bid (the "NCIB") in order to increase the maximum number of its subordinate voting shares that may be repurchased for cancellation from 1,500,000 to 1,960,905, representing 10% of the 19,609,056 subordinate voting shares that constituted the public float of the Corporation's issued and outstanding subordinate voting shares as of the reference date of April 22, 2022. The current NCIB covers the period from May 4, 2022 to May 3, 2023. No other terms of the NCIB have been amended.

Under its previous NCIB that commenced on May 4, 2021 and ended on May 3, 2022, the Corporation could purchase for cancellation a maximum of 2,068,000 subordinate voting shares.

The Corporation has 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 the Corporation 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 prior to the pre-established ASPP period.

Subordinate voting shares held in trust

During the first three months of fiscal 2023, 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, 2022	**77,367**	**7,020**	**94,216**	**8,616**
Subordinate voting shares acquired	**30,590**	**2,165**	**52,612**	**3,724**
Subordinate voting shares distributed to employees	**(21,108)**	**(1,915)**	**(30,069)**	**(2,750)**
Balance at November 30, 2022	**86,849**	**7,270**	**116,759**	**9,590**

C) DIVIDENDS

During the three-month period ended November 30, 2022, a quarterly eligible dividend of $0.776 per share, for a total of $35.1 million, was declared and paid to the holders of multiple and subordinate voting shares, compared to a declared quarterly eligible dividend of $0.705 per share, for a total of $32.7 million, during the three-month period ended November 30, 2021. No dividend was paid during the three-month period ended November 30, 2021, as the dividend was payable on December 9, 2021.

	Three months ended November 30,	
	2022	2021
	$	$
Dividends on multiple voting shares	**12,176**	11,062
Dividends on subordinate voting shares	**22,937**	21,653
	35,113	32,715

At its January 12, 2023 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.776 per share for multiple and subordinate voting shares, payable on February 9, 2023 to shareholders of record on January 26, 2023.

D) SHARE-BASED PAYMENT PLANS

The Corporation offers an Employee Stock Purchase Plan for the benefit of its employees and those of its subsidiaries and a Stock Option Plan to its executive officers and designated employees. No more than 10% of the outstanding subordinate voting shares are available for issuance under these plans. Furthermore, the Corporation offers an Incentive Share Unit Plan and a Performance Share Unit Plan for executive officers and designated employees, and a Deferred Share Unit Plan ("DSU Plan") for members of the Board of Directors. A detailed description of these plans can be found in the 2022 annual consolidated financial statements of the Corporation.

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

Changes in the outstanding number of stock options were as follows:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2022	**874,165**	**86.52**
Granted	**151,028**	**69.48**
Exercised [(1)]	**(10,035)**	**55.35**
Cancelled	**(13,985)**	**98.97**
Outstanding at November 30, 2022	**1,001,173**	**84.09**
Exercisable at November 30, 2022	**560,985**	**80.06**

(1) The weighted average share price for options exercised during the three-month period was $72.19.

The weighted average fair value of stock options granted for the three-month period ended November 30, 2022 was $11.69 per option. The weighted average fair value of each option granted was estimated at the grant date for purposes of determining share-based payment expense using the Black-Scholes option pricing model based on the following weighted-average assumptions:

	%
Expected dividend yield	**4.33**
Expected volatility	**25.67**
Risk-free interest rate	**3.39**
Expected life (in years)	**5.1**

Changes in the outstanding number of ISUs, PSUs and DSUs were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2022	**75,375**	**94,589**	**72,166**
Granted/Issued [(1)]	**28,004**	**39,851**	**—**
Performance-based additional units granted	**—**	**1,941**	**—**
Distributed/Redeemed	**(21,108)**	**(30,069)**	**—**
Cancelled	**(3,867)**	**(4,253)**	**—**
Dividend equivalents	**—**	**1,071**	**757**
Outstanding at November 30, 2022	**78,404**	**103,130**	**72,923**

(1) The weighted average fair value of the ISUs and PSUs granted during the three-month period was $69.48.

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

	Three months ended November 30,	
	2022	2021
	$	$
Stock options	**242**	221
ISUs	**564**	459
PSUs	**517**	308
DSUs	**(376)**	(479)
	947	509

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

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedge reserve	Foreign currency translation	Total
	$	$	$
Balance at August 31, 2021	(30,870)	12,876	(17,994)
Other comprehensive income	8,025	15,564	23,589
Balance at November 30, 2021	(22,845)	28,440	5,595
Balance at August 31, 2022	**71,315**	**58,291**	**129,606**
Other comprehensive income	**19,894**	**37,029**	**56,923**
Balance at November 30, 2022	**91,209**	**95,320**	**186,529**

15. ADDITIONAL CASH FLOWS INFORMATION

A) CHANGES IN OTHER NON-CASH OPERATING ACTIVITIES

	Three months ended November 30,	
	2022	2021
	$	$
Trade and other receivables	**(8,269)**	(7,649)
Prepaid expenses and other	**(14,427)**	(1,482)
Other assets	**(3,919)**	(2,188)
Trade and other payables	**(29,590)**	25,628
Provisions	**(4,574)**	756
Contract liabilities and other liabilities	**(3,637)**	(1,891)
	(64,416)	13,174

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. Net capital expenditures are presented net of government subsidies, including the subsidies received in advance recognized as a reduction of the cost of property, plant and equipment.

	Three months ended November 30,	
	2022	2021
	$	$
		(restated, Note 2)
Acquisition of property, plant and equipment	**234,637**	145,848
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(37,666)**	(4,820)
Net capital expenditures	**196,971**	141,028

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

C) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Three months ended November 30, 2022	Bank indebtedness	Long-term debt Notes, debentures and credit facilities	Long-term debt Lease liabilities	Total
	$	$	$	$
Balance at August 31, 2022	**8,633**	**4,629,842**	**43,627**	**4,682,102**
Decrease in bank indebtedness	**(8,633)**	**—**	**—**	**(8,633)**
Net increase under the revolving facilities	**—**	**167,188**	**—**	**167,188**
Repayment of notes, debentures and credit facilities	**—**	**(8,780)**	**—**	**(8,780)**
Repayment of lease liabilities	**—**	**—**	**(1,341)**	**(1,341)**
Total cash flows (used in) from financing activities excluding equity	**(8,633)**	**158,408**	**(1,341)**	**148,434**
Interest paid on lease liabilities	**—**	**—**	**(398)**	**(398)**
Total cash flow changes	**(8,633)**	**158,408**	**(1,739)**	**148,036**
Effect of changes in foreign exchange rates	**—**	**115,339**	**603**	**115,942**
Amortization of discounts, transaction costs and other	**—**	**3,339**	**—**	**3,339**
Net increase in lease liabilities	**—**	**—**	**1,225**	**1,225**
Total non-cash changes	**—**	**118,678**	**1,828**	**120,506**
Balance at November 30, 2022	**—**	**4,906,928**	**43,716**	**4,950,644**

D) CASH AND CASH EQUIVALENTS

	November 30, 2022	August 31, 2022
	$	$
Cash	**249,110**	177,299
Cash with restrictions on use (1)	**90,368**	127,851
Cash equivalents (2)	**68,279**	65,749
	407,757	370,899

(1) In connection with government subsidies received in advance, pertaining mainly to Cogeco Connexion's high-speed Internet network expansion projects.

(2) Comprised of bank term deposits.

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 2022 annual consolidated financial statements.

Credit risk

The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents and trade accounts receivable, the maximum exposure of which is represented by the carrying amounts reported on the condensed interim consolidated statements of financial position.

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

The Corporation reduces the credit risk with regard to the derivative financial instruments by completing transactions with financial institutions that carry a high credit rating. At November 30, 2022, management believes this credit risk to be minimal, since the lowest credit rating of the counterparties to the agreements is "A-" by Standard & Poor's rating services ("S&P").

Cash equivalents consist mainly of short-term, highly liquid investments. The Corporation has deposited the cash and cash equivalents with reputable financial institutions, for which management believes the risk of loss to be remote.

To mitigate the credit risk in relation to its trade accounts receivable, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new large customer. The Corporation has credit policies in place and has established various credit controls, including credit checks, deposits on accounts and advance billing, and has also established procedures to suspend the availability of services when customers have fully utilized approved credit limits or have violated existing payment terms. Furthermore, a large portion of the Corporation's customers are billed and pay before the services are rendered. The Corporation believes that its allowance for doubtful accounts is sufficient to cover the related credit risk. Since the Corporation has a large and diversified clientele dispersed throughout its market areas in Canada and the United States, there is no significant concentration of credit risk.

Liquidity risk

At November 30, 2022, the Corporation had used $276.0 million of its $750 million Term Revolving Facility for a remaining availability of $474.0 million. In addition, the U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $202.6 million (US$150 million), of which $3.7 million (US$2.7 million) was used at November 30, 2022 for a remaining availability of $199.0 million (US$147.3 million).

Interest rate risk

The Corporation is exposed to interest rate risk on its floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At November 30, 2022, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the 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, the Corporation's U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2022:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate [(1)]	Maturity	Hedged item
Cash flow	US$770 million	US LIBOR base rate	2.017% - 2.262%	January 2023 - November 2024	Senior Secured Term Loan B - Tranche 1
Cash flow	US$800 million	US LIBOR base rate with a 50 bps floor	1.224% - 1.463%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) The interest rate does not include the applicable credit spread.

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 $15.1 million based on the outstanding debt and swap agreements at November 30, 2022.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest, amounting to $182.3 million, associated with its notes, debentures and credit facilities denominated in US dollars. The impact of a 10% increase in the exchange rate of the US dollar to the Canadian dollar would increase financial expense by approximately $18.2 million based on the outstanding debt and swap agreements at November 30, 2022.

Furthermore, a foreign currency exposure arises from the Corporation's net investment in its U.S. subsidiary, as a result of the translation of the net investment into the Corporation's functional currency. A portion of the Corporation's net investment in its U.S. subsidiary is hedged by the Corporation's US dollar denominated Senior Secured Notes, which the Corporation has designated as hedges of the net investment, while a portion is economically hedged by its U.S. subsidiary's US dollar denominated First Lien Credit Facilities.

The exchange rate used to translate the US dollar currency to the Canadian dollar for the consolidated statement of financial position accounts at November 30, 2022 was $1.3508 ($1.3111 at August 31, 2022) per US dollar. A 10% decrease in the exchange rate of the US dollar to the Canadian dollar would decrease other comprehensive income by approximately $121.6 million.

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

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:

	November 30, 2022		August 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
	$	$	$	$
Notes, debentures and credit facilities	4,906,928	4,732,917	4,629,842	4,507,568

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.

At November 30, 2022 and August 31, 2022, the Corporation was in compliance with all of its debt covenants and was not subject to any other externally imposed capital requirements.

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

As at, or for the 12-month periods ended	November 30, 2022	August 31, 2022
Components of debt and coverage ratios		
Net indebtedness	4,672,763	4,489,330
Adjusted EBITDA	1,410,998	1,393,062
Financial expense	199,581	187,617
Debt and coverage ratios		
Net indebtedness / adjusted EBITDA	3.3	3.2
Adjusted EBITDA / financial expense	7.1	7.4

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:

	November 30, 2022	August 31, 2022
Long-term debt, including the current portion	4,950,644	4,673,469
Discounts, transaction costs and other	39,508	50,276
Long-term debt before discounts, transaction costs and other	4,990,152	4,723,745
Bank indebtedness	—	8,633
Cash and cash equivalents, excluding cash with restrictions on use (1)	(317,389)	(243,048)
Net indebtedness	4,672,763	4,489,330

(1) See Note 15 D).

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

17. RELATED PARTY TRANSACTIONS

Cogeco Communications is a subsidiary of Cogeco, which as of November 30, 2022 held 34.7% of the Corporation's equity shares, representing 84.1% of the votes attached to the Corporation's voting shares.

Cogeco provides executive and administrative services to the Corporation 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 or the Corporation from time to time during the term of the Agreement. For the three-month period ended November 30, 2022, management fees paid to Cogeco amounted to $5.4 million, compared to $5.6 million for the same period of fiscal 2022.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during the three-month periods ended November 30, 2022 and 2021, the Corporation granted stock options and PSUs to these executive officers, as executive officers of Cogeco Communications, as shown in the following table:

	Three months ended November 30,	
	2022	2021
Stock options	**79,348**	72,200
PSUs	**14,283**	10,100

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

	Three months ended November 30,	
	2022	2021
	$	$
Stock options	**355**	332
PSUs	**143**	370
DSUs	**(100)**	(118)
	398	584

18. SUBSEQUENT EVENT

In December 2022, Cogeco Communications entered into a 20-year senior unsecured non-revolving facility, having an aggregate principal amount of up to $38.1 million, with the Canada Infrastructure Bank. The credit facility can only be drawn to finance the network expansion projects undertaken in connection with Ontario's Accelerated High Speed Internet Program.

PRIMARY SERVICE UNIT STATISTICS

	November 30, 2022	August 31, 2022	May 31, 2022	February 28, 2022	November 30, 2021
CONSOLIDATED					
Primary service units	**2,961,877**	3,007,321	3,043,837	3,064,633	3,076,920
Internet service customers	**1,468,844**	1,480,554	1,487,267	1,486,063	1,478,438
Video service customers	**953,956**	975,628	993,584	1,006,650	1,019,510
Phone service customers	**539,077**	551,139	562,986	571,920	578,972
CANADA					
Homes passed (1)	**2,018,146**	1,998,418	1,990,209	1,981,003	1,966,056
Primary service units	**1,807,079**	1,818,158	1,828,876	1,836,783	1,840,362
Internet service customers (1)	**775,063**	772,600	769,348	766,455	761,660
Penetration as a percentage of homes passed	**38.4%**	38.7%	38.7%	38.7%	38.7%
Video service customers	**644,329**	652,590	661,272	667,629	672,781
Penetration as a percentage of homes passed	**31.9%**	32.7%	33.2%	33.7%	34.2%
Phone service customers	**387,687**	392,968	398,256	402,699	405,921
Penetration as a percentage of homes passed	**19.2%**	19.7%	20.0%	20.3%	20.6%
UNITED STATES					
Homes passed (2)	**1,695,261**	1,677,939	1,657,201	1,652,045	1,649,767
Primary service units (2)	**1,154,798**	1,189,163	1,214,961	1,227,850	1,236,558
Internet service customers	**693,781**	707,954	717,919	719,608	716,778
Penetration as a percentage of homes passed	**40.9%**	42.2%	43.3%	43.6%	43.4%
Video service customers	**309,627**	323,038	332,312	339,021	346,729
Penetration as a percentage of homes passed	**18.3%**	19.3%	20.1%	20.5%	21.0%
Phone service customers	**151,390**	158,171	164,730	169,221	173,051
Penetration as a percentage of homes passed	**8.9%**	9.4%	9.9%	10.2%	10.5%

(1) During the fourth quarter of fiscal 2022, homes passed have been adjusted downwards following an exhaustive review of the calculation of Canadian homes passed. This change has been applied retrospectively to the comparative figures. During the fourth quarter of fiscal 2022, the Corporation also modified its definition of Internet service customers in order to be consistent with industry practices. As per the new definition, Internet service customers include only customers who have their Internet service installed, operated and billed directly by the Corporation. The previous definition also included wholesale Internet customers. This change has been applied retrospectively to the comparative figures.

(2) On September 1, 2021, 708,000 homes passed and 284,540 primary service units (196,338 Internet services, 54,598 video services and 33,604 phone services) were added related to the acquisition of the Ohio broadband systems. Homes passed at acquisition date have been adjusted upwards by approximately 19,000 following the migration of the customer management and billing systems in Ohio in late May 2022. This change has been applied retrospectively to the comparative figures.