

## **Cogeco Communications Releases its Financial Results for the Fourth Quarter of Fiscal 2021**

- Revenue increased by 4.5% (8.1% in constant currency <sup>(1)</sup>) compared to the same period of the prior year to reach \$632.7 million;
- Adjusted EBITDA <sup>(1)</sup> reached \$290.6 million, a decrease of 1.3% (increase of 1.7% in constant currency <sup>(1)</sup>) compared to the same period of the prior year;
- Profit for the period amounted to \$103.4 million, an increase of 7.5%;
- Free cash flow <sup>(1)</sup> amounted to \$71.4 million, a decrease of 35.9% (37.7% in constant currency <sup>(1)</sup>) compared to the same period of the prior year due to accelerated purchases of equipment;
- Cash flows from operating activities increased by 10.5% to reach \$281.5 million;
- Cogeco Connexion has secured 38 spectrum licences in the 3500 MHz band auction, for a total purchase price of \$295 million;
- Fiscal 2022 preliminary financial guidelines were revised following the acquisition of the Ohio broadband systems; and
- A quarterly eligible dividend of \$0.705 was declared, compared to \$0.64 last year.

**Montréal, November 11, 2021** – Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the fourth quarter ended August 31, 2021, in accordance with International Financial Reporting Standards ("IFRS").

### **OPERATING RESULTS**

For the fourth quarter of fiscal 2021:

- Revenue increased by 4.5% to reach \$632.7 million. On a constant currency basis, revenue increased by 8.1%, mainly explained as follows:
  - Canadian broadband services revenue increased by 10.1% mostly as a result of the DERYtelecom acquisition completed on December 14, 2020, and to a lesser extent due to growth in the number of Internet service customers and a higher value product mix, combined with rate increases implemented for certain services, partly offset by a decline in video and telephony service customers as some customers have migrated to Internet-only services.
  - American broadband services revenue increased by 5.8% in constant currency mainly resulting from a higher Internet service customer base and a higher value product mix, combined with annual rate increases implemented for certain services.

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(1) The 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 details, please consult the "Non-IFRS financial measures" section of this press release, including reconciliation to the most comparable IFRS financial measures.

- Adjusted EBITDA decreased by 1.3% to reach \$290.6 million. On a constant currency basis, adjusted EBITDA increased by 1.7%, mainly explained as follows:
  - Canadian broadband services adjusted EBITDA increased by 1.7% in constant currency mainly resulting from the impact of the DERYtelecom acquisition and rate increases implemented for certain services, partly offset by a \$4 million unusual reduction in expenses last year, in addition to lower marketing and advertising activities last year in the context of the COVID-19 pandemic.
  - American broadband services adjusted EBITDA increased by 4.6% in constant currency mainly resulting from revenue growth driven by the cumulative effect of high-speed Internet service additions over the past year and by rate increases implemented for certain services, partly offset by higher marketing and advertising expenses to support overall customer base growth.
- Profit for the period amounted to \$103.4 million, of which \$96.2 million, or \$2.05 per share, was attributable to owners of the Corporation compared to \$96.1 million, \$90.8 million, and \$1.90 per share, respectively, in the comparable period of fiscal 2020. The increase results mainly from reduced financial expense. This favorable impact is partly offset by lower adjusted EBITDA, which was unfavorably impacted by the depreciation of the US dollar and higher marketing and advertising activities at both the Canadian and American broadband services segments, and higher depreciation and amortization expense.
- Free cash flow decreased by 35.9% (37.7% in constant currency) and amounted to \$71.4 million mainly as a result of higher capital expenditures and to a lesser extent due to the increase in current income taxes, partly offset by reduced financial expense, which results from lower interest rates, and improved adjusted EBITDA in constant currency. The significant spending in capital expenditures in the fourth quarter is mostly due to accelerated purchases of customer premise equipment and networking equipment in light of supply chain disruptions impacting many industries, to business growth and to high-speed Internet network expansions.
- Cash flows from operating activities increased by 10.5% to reach \$281.5 million, mainly from improved working capital elements and reduced interest paid, partly offset by higher income taxes paid as a portion of last fiscal year's instalments was paid in September 2020 pursuant to governments allowing certain payment delays in the context of the COVID-19 pandemic.
- Cogeco Communications purchased and cancelled 391,500 subordinate voting shares for a total consideration of \$46.0 million.
- At its November 11, 2021 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of \$0.705 per share compared to \$0.64 per share in the comparable quarter of fiscal 2020.

"We are satisfied with the overall performance of Cogeco Communications, where revenue and adjusted EBITDA met our revised financial guidelines for fiscal 2021," declared Philippe Jetté, President and Chief Executive Officer of Cogeco Communications Inc.

"In Canada, results for the fourth quarter were in line with expectations and we continued to see a positive trend with our Internet services," stated Mr. Jetté. "The integration of DERYtelecom into Cogeco Connexion has been progressing well, with most synergies already realized. Cogeco Connexion is making good progress with various network expansion projects in Québec and Ontario. We were also very pleased to announce in July an investment of \$295 million to acquire 38 spectrum licences in the 3500 MHz band auction in strategic areas of Ontario and Québec. This investment is another step toward Cogeco Communications offering mobile wireless services."

"In the United States, Atlantic Broadband has shown good results this past quarter, in line with our annual financial guidelines," added Mr. Jetté. "The acquisition of WOW!'s Ohio broadband systems was completed on September 1 and we look forward to reporting on the integration activities in the next quarter."

"I'm very proud that Cogeco has signed the United Nations (UN) Global Compact, the world's largest corporate sustainability initiative. With this, we are committing to align our strategies and operations with the ten UN principles on human rights, labour, environment and anti-corruption, and to take strategic actions to advance broader societal goals, such as the UN sustainable development goals, with an emphasis on collaboration and innovation. Recently, we also held our first Cogeco Community Involvement Day, an annual company-wide employee initiative where Cogeco employees have the opportunity to support local communities where they live and work. This year's initiative resulted in 1,879 trees or seeds being planted in support of 16 non-profit organizations in 46 communities across our footprint in Canada and the United States," concluded Mr. Jetté.

## **ACQUISITION OF WIDOPENWEST'S OHIO BROADBAND SYSTEMS**

On September 1, 2021, Atlantic Broadband completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Ohio ("Ohio broadband systems") for a purchase price of US\$1.125 billion, subject to customary post-closing adjustments. With the closing of this transaction, Atlantic Broadband is expanding its activities in Ohio and significantly growing its customer base. The purchase price and transaction costs have been financed through the issuance of a US\$900 million secured Term B loan by Atlantic Broadband maturing in 2028 and excess cash on hand.

## **FISCAL 2022 REVISED FINANCIAL GUIDELINES**

Cogeco Communications revised its fiscal 2022 preliminary financial guidelines as issued on July 14, 2021 giving effect to the impact of the acquisition of the Ohio broadband systems, which was completed on September 1, 2021. In fiscal 2022, on a constant currency basis, the Corporation expects to grow revenue between 15% and 17%, and adjusted EBITDA, between 14% and 16%. Acquisition of property, plant and equipment should amount to between \$815 and \$845 million, including those related to the Ohio broadband systems integration, and net investments of approximately \$230 to \$240 million in network expansions in Canada and the United States. As a result of these growth initiatives, free cash flow is expected to decrease between 33% and 43%. Excluding the fiscal year 2022 network expansion projects, free cash flow on a constant currency and consolidated basis would otherwise increase between 5% and 15%.

## **COVID-19 PANDEMIC**

The COVID-19 pandemic continues to impact our day-to-day operations although public health restrictions continue to be lifted as vaccines are being rolled out, in both Canada and the United States. Our priority remains on ensuring the well-being of our employees, customers and business partners. During fiscal 2021, we continued to experience some of the trends from past quarters. Those primarily relate to sustained demand for our residential high-speed Internet product, due to customers spending more time at home for work, online education and entertainment purposes, and a reduction of certain expenses due to a more stable customer base (fewer connections and disconnections) and not being able to use all usual sales channels. In these unusual circumstances, certain marketing and advertising activities were delayed during fiscal 2021 in both countries. We expect that the current remote working trend will continue after the COVID-19 pandemic, where more workers will work remotely than pre-pandemic, on a partial or full-time basis. This trend should benefit our various network expansion projects, especially in underserved and unserved areas. Although we are pleased with the financial results for fiscal 2021, we remain cautious in our management of this situation as uncertainties remain on the potential human, operating and financial impact of the pandemic. The Corporation's results discussed herein may not be indicative of future operational trends and financial performance.

# FINANCIAL HIGHLIGHTS

	Three months ended August 31,					Years ended August 31,				
	2021	2020	Change	Change in constant currency	Foreign exchange impact	2021	2020	Change	Change in constant currency	Foreign exchange impact
				(1) (2)	(1)				(1) (2)	(1)
<i>(In thousands of Canadian dollars, except percentages and per share data)</i>	\$	\$	%	%	\$	\$	\$	%	%	\$
<b>Operations</b>										
Revenue	632,684	605,168	4.5	8.1	(21,515)	2,510,453	2,384,283	5.3	8.1	(67,157)
Adjusted EBITDA <sup>(2)</sup>	290,570	294,535	(1.3)	1.7	(8,965)	1,205,656	1,148,729	5.0	7.4	(28,367)
Adjusted EBITDA margin <sup>(2)</sup>	45.9 %	48.7 %				48.0 %	48.2 %			
Integration, restructuring and acquisition costs <sup>(3)</sup>	3,974	3,955	0.5			8,744	9,486	(7.8)		
Profit for the period	103,406	96,148	7.5			431,647	396,591	8.8		
Profit for the period attributable to owners of the Corporation	96,200	90,834	5.9			401,517	375,174	7.0		
<b>Cash flow</b>										
Cash flows from operating activities	281,547	254,745	10.5			1,019,059	917,819	11.0		
Acquisition of property, plant and equipment <sup>(4)</sup>	175,180	128,195	36.7	43.7	(9,013)	533,186	483,990	10.2	15.0	(23,200)
Free cash flow <sup>(2)</sup>	71,423	111,372	(35.9)	(37.7)	1,997	486,877	455,436	6.9	6.7	927
Capital intensity <sup>(2)</sup>	27.7 %	21.2 %				21.2 %	20.3 %			
<b>Financial condition</b>										
Cash and cash equivalents						365,520	366,497	(0.3)		
Total assets						7,351,692	6,804,197	8.0		
Indebtedness <sup>(2) (5)</sup>						3,319,708	3,179,926	4.4		
Equity attributable to owners of the Corporation						2,415,144	2,268,246	6.5		
<b>Per share data <sup>(6)</sup></b>										
Earnings per share										
Basic	2.05	1.90	7.9			8.47	7.74	9.4		
Diluted	2.03	1.88	8.0			8.40	7.67	9.5		
Dividends	0.64	0.58	10.3			2.56	2.32	10.3		

- (1) Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year. For the three-month period and year ended August 31, 2020, the average foreign exchange rates used for translation were 1.3424 USD/CDN and 1.3456 USD/CDN, respectively.
- (2) The 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 details, please consult the "Non-IFRS financial measures" section of this press release, including reconciliation to the most comparable IFRS financial measures.
- (3) For the three-month period and year ended August 31, 2021, integration, restructuring and acquisition costs resulted mostly from costs incurred in connection with the acquisition and integration of DERYtelecom, which was completed on December 14, 2020, and due diligence costs and legal fees related to the acquisition of the Ohio broadband systems, which was completed on September 1, 2021. For the three-month period and year ended August 31, 2020, integration, restructuring and acquisition costs resulted primarily from organizational changes initiated across the Corporation resulting in cost optimization, as well as costs related to the acquisition and integration of Thames Valley Communications and iTéract.
- (4) For the three-month period and year ended August 31, 2021, acquisition of property, plant and equipment in constant currency amounted to \$184.2 million and \$556.4 million, respectively.
- (5) Indebtedness is defined as the total of bank indebtedness and principal on long-term debt.
- (6) Per multiple and subordinate voting share.

## FORWARD-LOOKING STATEMENTS

*Certain statements contained in this press release 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" and "Fiscal 2022 financial guidelines" sections of the Corporation's 2021 annual Management's Discussion and Analysis ("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, business risks (including potential disruption to our supply chain), regulatory risks, technology risks (including cybersecurity risk), financial risks (including variations in currency and interest rates), economic conditions, human-caused and natural threats to our network, infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health crisis and emergencies such as the current COVID-19 pandemic, 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" section of the Corporation's 2021 annual 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 press release which represent Cogeco Communications' expectations as of the date of this press release (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 press release should be read in conjunction with the MD&A included in the Corporation's 2021 Annual Report, the Corporation's consolidated financial statements and the notes thereto prepared in accordance with the International Financial Reporting Standards ("IFRS") for the year ended August 31, 2021.*

# NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by Cogeco Communications throughout this press release. These financial measures are reviewed in assessing the performance of the Corporation and used in the decision-making process with regards to its business units. Reconciliations between "adjusted EBITDA", "adjusted EBITDA margin", "free cash flow", "capital intensity", "indebtedness" and "net indebtedness" and the most comparable IFRS financial measures are also provided. These financial measures do not have standard definitions prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

This press release also makes reference to key performance indicators on a constant currency basis, including revenue, "adjusted EBITDA", acquisition of property, plant and equipment and "free cash flow". Measures on a constant currency basis are considered non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

Non-IFRS financial measures	Application	Calculation	Most comparable IFRS financial measures
Adjusted EBITDA and adjusted EBITDA margin	Adjusted EBITDA and adjusted EBITDA margin are key measures commonly reported and used in the telecommunications industry, as they allow comparisons between companies that have different capital structures and are more current measures since they exclude the impact of historical investments in assets. Adjusted EBITDA is one of the key metrics employed by the financial community to value a business and its financial strength.  Adjusted EBITDA for Cogeco Communications' business units is equal to the segment profit (loss) reported in Note 5 of the consolidated financial statements.	Adjusted EBITDA: - Profit for the period and/or year add: - Income taxes; - Financial expense; - Depreciation and amortization; and - Integration, restructuring and acquisition costs.  Adjusted EBITDA margin: - Adjusted EBITDA divided by: - Revenue.	Profit for the period and/or year          No comparable IFRS financial measure
Free cash flow	Management and investors use free cash flow to measure Cogeco Communications' ability to repay debt, distribute capital to its shareholders and finance its growth.	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: - Integration, restructuring and acquisition costs; - Financial expense <sup>(1)</sup> ; - Current income taxes; - Acquisition of property, plant and equipment <sup>(2)</sup> ; and - Repayment of lease liabilities.	Cash flows from operating activities
Constant currency basis	Revenue, operating expenses, adjusted EBITDA, acquisition of property, plant and equipment and free cash flow are measures presented on a constant currency basis to enable an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in foreign exchange rates.	Constant currency basis is obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year.	No comparable IFRS financial measure
Capital intensity	Capital intensity is used by Cogeco Communications' management and investors to assess the Corporation's investment in capital expenditures in order to support a certain level of revenue.	Capital intensity: - Acquisition of property, plant and equipment <sup>(2)</sup> divided by: - Revenue.	No comparable IFRS financial measure

(1) Excludes the non-cash gain on debt modification of \$22.9 million recognized in the second quarter of fiscal 2020.

(2) Excludes the non-cash acquisition of right-of-use assets and the purchases of spectrum licences.

Non-IFRS financial measures	Application	Calculation	Most comparable IFRS financial measures
Indebtedness and net indebtedness	Indebtedness and net indebtedness are measures used by management and investors to assess Cogeco Communications' financial leverage, as they represent the debt and the debt that is not covered by the available cash and cash equivalents, respectively.	Indebtedness: add: - Principal on long-term debt; and - Bank indebtedness.  Net indebtedness: - Indebtedness deduct: - Cash and cash equivalents.	Long-term debt, including the current portion    Long-term debt, including the current portion

## ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN RECONCILIATION

The reconciliation of adjusted EBITDA to the most comparable IFRS financial measure and the calculation of adjusted EBITDA margin are as follows:

	Three months ended August 31,		Years ended August 31,	
	2021	2020	2021	2020
(In thousands of Canadian dollars, except percentages)	\$	\$	\$	\$
<b>Profit for the period</b>	<b>103,406</b>	96,148	<b>431,647</b>	396,591
Income taxes	<b>28,466</b>	30,305	<b>130,726</b>	112,321
Financial expense	<b>23,608</b>	39,302	<b>124,163</b>	131,093
Depreciation and amortization	<b>131,116</b>	124,825	<b>510,376</b>	499,238
Integration, restructuring and acquisition costs	<b>3,974</b>	3,955	<b>8,744</b>	9,486
<b>Adjusted EBITDA</b>	<b>290,570</b>	294,535	<b>1,205,656</b>	1,148,729
Revenue	<b>632,684</b>	605,168	<b>2,510,453</b>	2,384,283
<b>Adjusted EBITDA margin</b>	<b>45.9 %</b>	48.7 %	<b>48.0 %</b>	48.2 %

## FREE CASH FLOW RECONCILIATION

The reconciliation of free cash flow to the most comparable IFRS financial measure is as follows:

	Three months ended August 31,		Years ended August 31,	
	2021	2020	2021	2020
(In thousands of Canadian dollars)	\$	\$	\$	\$
<b>Cash flows from operating activities</b>	<b>281,547</b>	254,745	<b>1,019,059</b>	917,819
Amortization of deferred transaction costs and discounts on long-term debt	<b>2,342</b>	2,344	<b>9,277</b>	9,503
Changes in other non-cash operating activities	<b>(50,068)</b>	(1,116)	<b>(40,289)</b>	55,194
Income taxes paid (received)	<b>25,320</b>	(7,410)	<b>101,715</b>	20,004
Current income taxes	<b>(20,331)</b>	(13,713)	<b>(65,070)</b>	(57,632)
Interest paid	<b>32,185</b>	45,162	<b>123,657</b>	153,434
Financial expense <sup>(1)</sup>	<b>(23,608)</b>	(39,302)	<b>(124,163)</b>	(153,991)
Acquisition of property, plant and equipment	<b>(175,180)</b>	(128,195)	<b>(533,186)</b>	(483,990)
Repayment of lease liabilities	<b>(784)</b>	(1,143)	<b>(4,123)</b>	(4,905)
<b>Free cash flow</b>	<b>71,423</b>	111,372	<b>486,877</b>	455,436

(1) Excludes the non-cash gain on debt modification of \$22.9 million recognized during the second quarter of fiscal 2020.

## CAPITAL INTENSITY RECONCILIATION

The calculation of capital intensity is as follows:

	Three months ended August 31,		Years ended August 31,	
	2021	2020	2021	2020
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$
Acquisition of property, plant and equipment	175,180	128,195	533,186	483,990
Revenue	632,684	605,168	2,510,453	2,384,283
<b>Capital intensity</b>	<b>27.7 %</b>	<b>21.2 %</b>	<b>21.2 %</b>	<b>20.3 %</b>

## INDEBTEDNESS AND NET INDEBTEDNESS RECONCILIATION

The reconciliation of indebtedness and net indebtedness to the most comparable IFRS financial measure is as follows:

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Long-term debt, including the current portion	3,272,216	3,116,602
Discounts, transaction costs and other	43,032	55,714
Bank indebtedness	4,460	7,610
<b>Indebtedness</b>	<b>3,319,708</b>	<b>3,179,926</b>
Cash and cash equivalents	(365,520)	(366,497)
<b>Net indebtedness</b>	<b>2,954,188</b>	<b>2,813,429</b>



# ADDITIONAL INFORMATION

Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [corpo.cogeco.com](http://corpo.cogeco.com).

## ABOUT COGECO COMMUNICATIONS INC.

Cogeco Communications Inc. is a communications corporation. It is the 8th largest cable operator in North America, operating in Canada under the Cogeco Connexion name in Québec and Ontario, and in the United States under the Atlantic Broadband brand in 12 states. The Corporation provides residential and business customers with Internet, video and telephony services through its two-way broadband fibre networks. Cogeco Communications Inc. subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CCA).

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For information:

### Investors

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### Conference Call:

**Friday, November 12, 2021 at 11:00 a.m.** (Eastern Time)

A live audio webcast will be available on Cogeco Communications' website at <https://corpo.cogeco.com/cca/en/investors/investor-relations/>. The webcast will be available on Cogeco Communications' website for a three-month period. Members of the financial community will be able to access the conference call and ask questions. Media representatives may attend as listeners only.

Please use the following dial-in number to have access to the conference call **10 minutes** before the start of the conference:

Canada/United States Access Number: **1-877-291-4570**  
International Access Number: **1-647-788-4919**

In order to join this conference, participants are required to provide the operator with the name of the company hosting the call, that is, Cogeco Inc. or Cogeco Communications Inc.