COGECO COMMUNICATIONS

News Release

FOR IMMEDIATE RELEASE

Cogeco Communications Releases its Financial Results for the First Quarter of Fiscal 2022

- **Revenue increased by 16.1% (19.0% in constant currency [(1)]) compared to the same period of the prior year to reach $718.5 million;**
- **Adjusted EBITDA [(1)] reached $349.3 million, an increase of 12.3% (14.9% in constant currency [(1)]) compared to the same period of the prior year;**
- **Profit for the period amounted to $116.6 million, an increase of 1.5%;**
- **Free cash flow [(1)] amounted to $132.1 million, a decrease of 6.0% (5.2% in constant currency [(1)]) compared to the same period of the prior year;**
- **Cash flows from operating activities increased by 18.7% to reach $286.9 million; and**
- **Atlantic Broadband has announced it is changing its name to Breezeline.**

Montréal, January 13, 2022 – Today, Cogeco Communications Inc. (TSX: CCA) ("Cogeco Communications" or the "Corporation") announced its financial results for the first quarter ended November 30, 2021, in accordance with International Financial Reporting Standards ("IFRS").

OPERATING RESULTS

For the first quarter of fiscal 2022:

- Revenue increased by 16.1% to reach $718.5 million compared to the previous year. On a constant currency basis, revenue increased by 19.0%, mainly explained as follows:
    - American broadband services revenue increased by 31.0% in constant currency mostly resulting from the Ohio broadband systems acquisition completed on September 1, 2021, and from a higher Internet service customer base and a higher value product mix.
    - Canadian broadband services revenue increased by 8.2% mainly as a result of the DERYtelecom acquisition completed on December 14, 2020.
- Adjusted EBITDA increased by 12.3% to reach $349.3 million compared to the previous year. On a constant currency basis, adjusted EBITDA increased by 14.9%, mainly explained as follows:
    - American broadband services adjusted EBITDA increased by 33.0% in constant currency mainly resulting from the impact of the Ohio broadband systems acquisition and a higher margin driven by the organic revenue growth, partly offset by costs in connection with the rebranding of Atlantic Broadband to Breezeline and overall higher marketing and advertising activities and other costs which were unusually low last year in the context of the COVID-19 pandemic restrictions.

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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.

    - Canadian broadband services adjusted EBITDA increased by 0.7% in constant currency mainly resulting from the impact of the DERYtelecom acquisition, partly offset by higher marketing and advertising activities and other costs which were unusually low last year in the context of the COVID-19 pandemic restrictions.

- Profit for the period amounted to $116.6 million, of which $106.8 million, or $2.29 per share, was attributable to owners of the Corporation compared to $114.9 million, $106.7 million, and $2.24 per share, respectively, in the comparable period of fiscal 2021. The increases resulted mainly from higher adjusted EBITDA and lower income tax expense, partly offset by the increases in depreciation and amortization expense, integration, restructuring and acquisition costs and financial expense.

- Free cash flow decreased by 6.0% (5.2% in constant currency) to reach $132.1 million compared to the previous year, mainly as a result of higher capital expenditures, and to a lesser extent, due to higher integration, restructuring and acquisition costs resulting from the acquisition of the Ohio broadband systems, and higher financial expense, partly offset by higher adjusted EBITDA and lower current income taxes.

- Cash flows from operating activities increased by 18.7% to reach $286.9 million compared to the previous year, mainly from higher adjusted EBITDA, improved working capital elements, and lower income taxes paid, partly offset by higher interest paid.

- Cogeco Communications purchased and cancelled 274,000 subordinate voting shares for a total consideration of $29.5 million.

- On September 1, 2021, Breezeline (formerly Atlantic Broadband) completed the acquisition of the Ohio broadband systems for a purchase price of $1.418 billion (US$1.125 billion), subject to customary post-closing adjustments.

- Cogeco Communications maintains its fiscal 2022 financial guidelines as issued on November 11, 2021.

- At its January 13, 2022 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 2021.

- On December 17, 2021, Cogeco Communications amended and extended its $750 million Term Revolving Facility to January 24, 2027. As part of the amendments, Cogeco Communications has transitioned its revolving facility into a Sustainability-linked loan ("SLL") structure, underscoring its strong leadership and dedication to sustainability and the organization's Environmental, social and governance (ESG) goals.

"For this first quarter of fiscal 2022, we are satisfied with Cogeco Communications' performance, which is in line with expectations," declared Philippe Jetté, President and Chief Executive Officer of Cogeco Communications Inc.

"Results for the first quarter at our Canadian broadband business unit were in line with expectations," said Mr. Jetté. "Over the past months, Cogeco Connexion has also made good progress in its preparation for the deployment of its network expansion projects in underserved and unserved areas in partnership with governments."

"In the United States, our broadband business unit had a good first quarter," continued Mr. Jetté. "The integration of our recently acquired Ohio broadband systems is advancing well, according to plan. The team is also progressing well with its major fiber network expansion initiative. More recently, we announced a full rebrand including a new name, Breezeline. The rebrand represents a pledge to an every day customer experience which goes above and beyond expectations."

"Finally, we were proud to recently publish our first Climate Action Plan outlining the key steps the Corporation is taking in support of urgent climate action, as well as our processes and strategies to assess and manage climate-related risks and opportunities. We are also very pleased to have been awarded the prestigious "A" rating by the internationally recognized organization CDP for our leadership in environmental transparency," concluded Mr. Jetté.

COVID-19 PANDEMIC

While the impact of the COVID-19 pandemic on the Corporation is generally stabilizing, we remain cautious in our management of the situation which can evolve quickly. Our priority remains on ensuring the well-being of our employees, customers and business partners.

The pandemic has generally highlighted the value of the services we offer, especially our high-speed Internet services, as customers have been spending more time at home for work, education and entertainment purposes. During the first year of the pandemic we have generally witnessed strong demand for either obtaining or upgrading speeds of high-speed Internet, along with reduced operating costs due to a stable customer base and not being able to use all usual sales channels. However, operations have generally been conducted in a normal fashion during the past two quarters.

The pandemic has also accelerated the willingness of various governments to provide high-speed Internet in underserved and unserved areas. This has led to additional funding to partially pay for network expansions in such areas. The Corporation has partnered with governments in both Canada and the United States in such endeavor and expects to do more in the years to come.

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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

On December 7, 2021, Cogeco published its first Task Force on Climate Related Financial Disclosures ("TCFD") report as part of its Climate Action Plan which can be found on the corpo.cogeco.com website. On November 3, 2021, Cogeco announced that it was one of 45 companies globally that received His Royal Highness The Prince of Wales' Terra Carta Seal in recognition of its commitment to creating a sustainable future. This seal was awarded to companies whose ambitions are aligned with those of the Terra Carta, a recovery plan for Nature, People and Planet, launched in January 2021.

FINANCIAL HIGHLIGHTS

	Three months ended November 30,				
	2021	2020	Change	Change in constant currency (1) (2)	Foreign exchange impact (1)
(In thousands of Canadian dollars, except percentages and per share data)	**$**	$	%	%	$
Operations					
Revenue	**718,541**	618,913	16.1	19.0	(17,686)
Adjusted EBITDA (2)	**349,287**	311,093	12.3	14.9	(8,032)
Adjusted EBITDA margin (2)	**48.6 %**	50.3 %			
Integration, restructuring and acquisition costs (3)	**18,635**	1,215	—		
Profit for the period	**116,610**	114,896	1.5		
Profit for the period attributable to owners of the Corporation	**106,837**	106,679	0.1		
Cash flow					
Cash flows from operating activities	**286,945**	241,725	18.7		
Acquisition of property, plant and equipment (4)	**141,028**	116,222	21.3	25.2	(4,452)
Free cash flow (2)	**132,111**	140,616	(6.0)	(5.2)	(1,191)
Capital intensity (2)	**19.6 %**	18.8 %			
Financial condition (5)					
Cash and cash equivalents	**408,985**	365,520	11.9		
Total assets	**8,931,252**	7,351,692	21.5		
Indebtedness (2) (6)	**4,757,919**	3,319,708	43.3		
Equity attributable to owners of the Corporation	**2,480,625**	2,415,144	2.7		
Per share data (7)					
Earnings per share					
Basic	**2.29**	2.24	2.2		
Diluted	**2.27**	2.22	2.3		
Dividends	**0.705**	0.64	10.2		

(1) Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current period denominated in US dollars at the foreign exchange rate of the comparable period of the prior year. For the three-month period ended November 30, 2020, the average foreign exchange rate used for translation was 1.3170 USD/CDN.

(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 ended November 30, 2021, integration, restructuring and acquisition costs resulted mostly from costs incurred in connection with the acquisition, completed on September 1, 2021, and ongoing integration of the Ohio broadband systems. For the three-month period ended November 30, 2020, integration, restructuring and acquisition costs resulted mostly from due diligence costs and legal fees related to the acquisition of DERYtelecom, which was completed on December 14, 2020.

(4) For the three-month period ended November 30, 2021, acquisition of property, plant and equipment in constant currency amounted to $145.5 million.

(5) At November 30, 2021 and August 31, 2021.

(6) Indebtedness is defined as the total of bank indebtedness and principal on long-term debt.

(7) 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" sections of the Corporation's 2021 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 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 Corporation's MD&A for the three-month period ended November 30, 2021, the Corporation's condensed interim consolidated financial statements and the notes thereto for the same period prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2021 Annual Report.

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 regard 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 4 of the condensed interim consolidated financial statements.	Adjusted EBITDA: - Profit for the period add: - Income taxes; - Financial expense; - Depreciation and amortization; and - Integration, restructuring and acquisition costs.	Profit for the period
		Adjusted EBITDA margin: - Adjusted EBITDA divided by: - Revenue.	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; - Current income taxes; - Acquisition of property, plant and equipment (1); 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 (1) divided by: - Revenue.	No comparable IFRS financial measure

(1) 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 net of 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

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 November 30,	
	2021	2020
(In thousands of Canadian dollars, except percentages)	**$**	$
Profit for the period	**116,610**	114,896
Income taxes	**17,450**	35,522
Financial expense	**44,955**	35,210
Depreciation and amortization	**151,637**	124,250
Integration, restructuring and acquisition costs	**18,635**	1,215
Adjusted EBITDA	**349,287**	311,093
Revenue	**718,541**	618,913
Adjusted EBITDA margin	**48.6 %**	50.3 %

FREE CASH FLOW RECONCILIATION

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

	Three months ended November 30,	
	2021	2020
(In thousands of Canadian dollars)	**$**	$
Cash flows from operating activities	**286,945**	241,725
Amortization of deferred transaction costs and discounts on long-term debt	**2,922**	2,278
Changes in other non-cash operating activities	**(13,174)**	5,362
Income taxes paid	**25,360**	41,781
Current income taxes	**(14,563)**	(19,862)
Interest paid	**31,599**	21,852
Financial expense	**(44,955)**	(35,210)
Acquisition of property, plant and equipment	**(141,028)**	(116,222)
Repayment of lease liabilities	**(995)**	(1,088)
Free cash flow	**132,111**	140,616

CAPITAL INTENSITY RECONCILIATION

The calculation of capital intensity is as follows:

	Three months ended November 30,	
	2021	2020
(In thousands of Canadian dollars, except percentages)	**$**	$
Acquisition of property, plant and equipment	**141,028**	116,222
Revenue	**718,541**	618,913
Capital intensity	**19.6 %**	18.8 %

INDEBTEDNESS AND NET INDEBTEDNESS RECONCILIATION

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

	At November 30, 2021	At August 31, 2021
(In thousands of Canadian dollars)	**$**	$
Long-term debt, including the current portion	**4,682,821**	3,272,216
Discounts, transaction costs and other	**61,198**	43,032
Bank indebtedness	**13,900**	4,460
Indebtedness	**4,757,919**	3,319,708
Cash and cash equivalents	**(408,985)**	(365,520)
Net indebtedness	**4,348,934**	2,954,188

ABOUT COGECO COMMUNICATIONS INC.

Rooted in the communities it serves, Cogeco Communications Inc. (TSX: CCA) is a growing competitive force in the North American telecommunications sector with a legacy of over 60 years. Through its business units Cogeco Connexion and Breezeline (formerly Atlantic Broadband), Cogeco Communications provides broadband services (Internet, television and phone) to 1.6 million residential and business customers in Quebec and Ontario in Canada as well as in twelve states in the United States. To learn more about Cogeco Communications' growth strategy and its commitment to support its communities, promote inclusive growth and fight climate change, please visit us online at corpo.cogeco.com.

For information:

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Conference Call: **Friday, January 14, 2022 at 9:30 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 5 to 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.

The conference call on Friday, January 14, will be followed by a live webcast of the virtual Annual and Special Shareholders' Meetings at 11:30 a.m. Information to join the virtual Annual and Special Shareholders' Meetings is available on the Cogeco Inc. and Cogeco Communications Inc. websites. You will be able to log into the virtual Annual and Special Shareholders' Meetings at https://web.lumiagm.com/477874767 starting at 10:30 a.m. on January 14, 2022. Note that the Annual and Special Shareholders' Meetings are not accessible via the Internet Explorer web browser.

COGECO COMMUNICATIONS

SHAREHOLDERS' REPORT

Three-month period ended November 30, 2021

FINANCIAL HIGHLIGHTS

	Three months ended November 30,				
	2021	2020	Change	Change in constant currency [1] [2]	Foreign exchange impact [1]
(In thousands of Canadian dollars, except percentages and per share data)	**$**	$	%	%	$
Operations					
Revenue	**718,541**	618,913	16.1	19.0	(17,686)
Adjusted EBITDA [2]	**349,287**	311,093	12.3	14.9	(8,032)
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Profit for the period attributable to owners of the Corporation	**106,837**	106,679	0.1		
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Capital intensity [2]	**19.6 %**	18.8 %			
Financial condition [5]					
Cash and cash equivalents	**408,985**	365,520	11.9		
Total assets	**8,931,252**	7,351,692	21.5		
Indebtedness [2] [6]	**4,757,919**	3,319,708	43.3		
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Per share data [7]					
Earnings per share					
Basic	**2.29**	2.24	2.2		
Diluted	**2.27**	2.22	2.3		
Dividends	**0.705**	0.64	10.2		

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(3) For the three-month period ended November 30, 2021, integration, restructuring and acquisition costs resulted mostly from costs incurred in connection with the acquisition, completed on September 1, 2021, and ongoing integration of the Ohio broadband systems. For the three-month period ended November 30, 2020, integration, restructuring and acquisition costs resulted mostly from due diligence costs and legal fees related to the acquisition of DERYtelecom, which was completed on December 14, 2020.

(4) For the three-month period ended November 30, 2021, acquisition of property, plant and equipment in constant currency amounted to $145.5 million.

(5) At November 30, 2021 and August 31, 2021.

(6) Indebtedness is defined as the total of bank indebtedness and principal on long-term debt.

(7) Per multiple and subordinate voting share.

COGECO COMMUNICATIONS

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

Three-month period ended November 30, 2021

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" and "Fiscal 2022 financial guidelines" sections of the Corporation's 2021 Annual MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco 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" sections of the Corporation's 2021 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, 2021 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2021 Annual Report.

In preparing this MD&A, the Corporation has taken into account information available up to January 13, 2022, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its 2021 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.

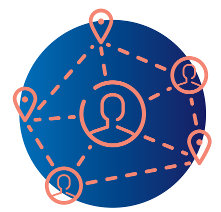
2. CORPORATE OBJECTIVES AND STRATEGIES

OUR STRATEGY

PURSUING OUR STRATEGY FOR CONTINUED LONG-TERM GROWTH

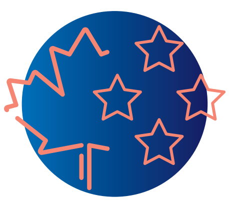
Cogeco's mission to bring people together through powerful communications and entertainment experiences continues to enable strong strategic focus and discipline.

In a highly competitive and evolving ecosystem, our commitment to excellence endures as evidenced by more than 60 years of history, dedication and growth. Leveraging our unique North American broadband platform, our reliable and resilient networks as well as our financial discipline, we have built our strategy around three key vectors of growth:



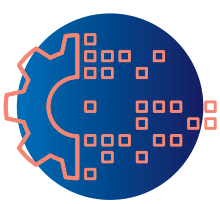
Organic

We aim to differentiate ourselves from the competition and deliver superior quality service by providing a distinctive customer experience. We also seek to grow our footprint by expanding 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.



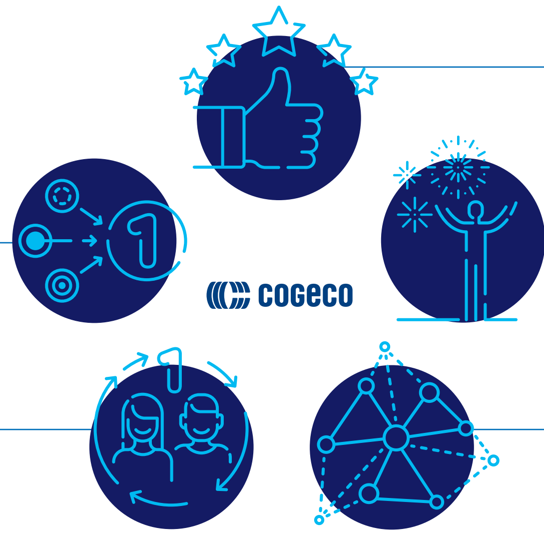
Innovation

We continuously innovate and invest in product enhancements and service improvements to the benefit of our customers, fueled in large part by the digital transformation journey we have embarked upon. Also, we continue to forge ahead with our plan to enter the Canadian mobile services market through a capital efficient model.

A strategy is only as strong as the foundations it's built on. For Cogeco, these foundations include building a solid organizational culture, guided by our core values, and ensuring that strong ESG practices are systematically embedded as a reflection of our commitment to a more sustainable and inclusive future.

OUR GROWTH PILLARS

In line with our vision to be the organization that delivers the best and most sustainable value to its stakeholders, be they our customers, communities, employees, suppliers or shareholders, we focus on five strategic growth pillars:



Customer Experience

Deliver a distinctive customer experience by focusing on our customers' needs

Brand Value

Build a strong and socially responsible brand

Employee Experience

Foster a highly collaborative, engaging and inclusive work environment

Cost Efficiency

Optimize operational effectiveness and increase synergies

Market Expansion

Augment our geographic reach and expand into new market segments

Each Business Unit of the Corporation has in turn elaborated a strategic plan that is aligned to the growth pillars defined above. For further details on the key areas of focus of those strategic plans, please refer to the Corporation's 2021 Annual Report available on www.sedar.com or on the Corporation's website at corpo.cogeco.com.

The Corporation measures its financial performance, with regard to these objectives, by monitoring revenue, adjusted EBITDA[1], capital intensity[1] and free cash flow[1] on a constant currency basis[1].

[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.

2.1 KEY PERFORMANCE INDICATORS

Overall, fiscal 2022 first-quarter financial results were in line with Cogeco Communications' financial guidelines as issued on November 11, 2021. Accordingly, Cogeco Communications maintains its fiscal 2022 financial guidelines. While the application of the recently issued agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)* by the IFRS Interpretations Committee may reduce projected capital expenditures and adjusted EBITDA due to certain implementation costs associated with cloud computing arrangements being expensed as incurred, management does not expect it will impact the fiscal 2022 financial guidelines previously issued, which can be found in the 2021 Annual Report. For further details in connection with this agenda decision, refer to the "Accounting policies" section.

REVENUE

Fiscal 2022 first-quarter revenue increased by 16.1% (19.0% in constant currency) resulting from:

- growth of 25.0% (31.0% in constant currency) in the American broadband services segment, mainly from the Ohio broadband systems acquisition completed on September 1, 2021 and organic revenue growth; and
- an increase of 8.2%, as reported and in constant currency, in the Canadian broadband services segment, mainly from the DERYtelecom acquisition completed on December 14, 2020 and stable organic revenue.

Excluding the acquisitions of the Ohio broadband systems and DERYtelecom, revenue in constant currency increased by 1.9% for the first quarter of fiscal 2022.

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

ADJUSTED EBITDA (1)

Fiscal 2022 first-quarter adjusted EBITDA increased by 12.3% (14.9% in constant currency) as a result of:

- an increase of 26.9% (33.0% in constant currency) in the American broadband services segment, mainly resulting from the impact of the Ohio broadband systems acquisition and organic revenue growth driven by the cumulative effect of high-speed Internet service additions over the past year and by annual rate increases implemented for certain services, partly offset by higher marketing and advertising expenses, as well as costs in connection with the rebranding of Atlantic Broadband to Breezeline; and
- an increase of 0.9% (0.7% in constant currency) in the Canadian broadband services segment, mainly attributable to the impact of the DERYtelecom acquisition, partly offset by higher marketing and advertising expenses.

Excluding the acquisitions of the Ohio broadband systems and DERYtelecom, adjusted EBITDA in constant currency decreased by 2.4% for the first quarter of fiscal 2022. Adjusted EBITDA for the first quarter of fiscal 2022 reflected higher marketing and advertising expenses in both the American and Canadian broadband services segments, compared to unusually low costs during the first half of the previous year in the context of the COVID-19 pandemic restrictions.

Furthermore, in line with Breezeline name change announced on January 10, 2022, the American broadband services segment's rebranding activities are expected to continue during the second and the third quarters of fiscal 2022.

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

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY (1)

Fiscal 2022 first-quarter acquisition of property, plant and equipment increased by 21.3% (25.2% in constant currency) and capital intensity reached 19.6% compared to 18.8% for the same period of the prior year, mainly resulting from higher capital expenditures in the American broadband services segment related to the Ohio broadband systems' network infrastructure and, to support footprint expansion and accelerated purchases of customer premise equipment and networking equipment.

Capital expenditures in the Canadian broadband services segment remained comparable to the same period of the prior year. As the segment continues its high-speed Internet network expansion in Québec and Ontario, capital spending is expected to ramp up during the second half of fiscal 2022.

For further details on the Corporation's capital expenditures, please refer to the "Cash flows analysis" section.

(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.

FREE CASH FLOW [(1)]

Fiscal 2022 first-quarter free cash flow decreased by 6.0% (5.2% in constant currency) mainly due to the following:

- higher capital expenditures, particularly in the American broadband services segment;
- higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems; and
- higher financial expense; partly offset by
- higher adjusted EBITDA; and
- lower current income taxes.

2.2 UPDATE ON THE IMPACT OF THE COVID-19 PANDEMIC ON OPERATIONS AND RESULTS

While the impact of the COVID-19 pandemic on the Corporation is generally stabilizing, we remain cautious in our management of the situation which can evolve quickly. Our priority remains on ensuring the well-being of our employees, customers and business partners.

The pandemic has generally highlighted the value of the services we offer, especially our high-speed Internet services, as customers have been spending more time at home for work, education and entertainment purposes. During the first year of the pandemic we have generally witnessed strong demand for either obtaining or upgrading speeds of high-speed Internet, along with reduced operating costs due to a stable customer base and not being able to use all usual sales channels. However, operations have generally been conducted in a normal fashion during the past two quarters.

The pandemic has also accelerated the willingness of various governments to provide high-speed Internet in underserved and unserved areas. This has led to additional funding to partially pay for network expansions in such areas. The Corporation has partnered with governments in both Canada and the United States in such endeavor and expects to do more in the years to come.

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.

3. BUSINESS DEVELOPMENTS

Atlantic Broadband changes its name to Breezeline

On January 10, 2022, the American broadband services segment announced a full rebrand, changing its operating name to Breezeline (formerly Atlantic Broadband). The name change reflects the segment's commitment to an easy and convenient customer experience, while better representing the segment's geographic reach and full product breadth.

Amendment of Cogeco Communications' $750 million Term Revolving Facility

On December 17, 2021, Cogeco Communications amended and extended its $750 million Term Revolving Facility to January 24, 2027. As part of the amendments, Cogeco Communications has transitioned its revolving facility into a Sustainability-linked loan ("SLL") structure, underscoring its strong leadership and dedication to sustainability and the organization's Environmental, social and governance (ESG) goals. On the same day, Cogeco, the parent company, also announced the amendment and extension of its term revolving facility. Both Cogeco's and Cogeco Communications' revolving facilities represent the first syndicated Sustainability-linked loans in Canada within the telecommunications and media sectors.

The SLL facilities incorporate ESG-linked incentive pricing terms which reduce or increase the cost of funding, depending on the annual performance against specific targets related to Cogeco's GHG annual emissions reduction and digital inclusion initiative to provide 75,000 homes in underserved and unserved areas of Canada with access to high-speed Internet service over a three-year period. Additionally, Cogeco and Cogeco Communications will dedicate any savings achieved from the SLL towards internal sustainability initiatives.

(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.

Acquisition of WideOpenWest's Ohio broadband systems

On September 1, 2021, Breezeline (formerly Atlantic Broadband), completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Ohio ("Ohio broadband systems") for a purchase price of $1.418 billion (US$1.125 billion), subject to customary post-closing adjustments. During the first quarter, the allocation of the purchase price was established on a preliminary basis, and will be finalized over the coming quarters. The transaction was executed through an asset purchase agreement. With the closing of this transaction, Breezeline is expanding its activities in Ohio and significantly growing its customer base. The acquired Ohio broadband systems passed approximately 689,000 homes and businesses in Cleveland and Columbus and served 196,338 Internet, 54,598 video and 33,604 telephony customers at the acquisition date. The acquisition represents a strong strategic fit for Cogeco Communications as it is complementary to its existing U.S. footprint and capitalizes on its existing platform. In the short term, the acquired operations will continue to operate under the WOW! name and trademark and be rebranded following the integration period.

The purchase price and transaction costs have been financed through the issuance of a US$900 million senior secured Term B loan maturing in September 2028 and excess cash on hand.

Breezeline also entered into a Transition Service Agreement with WOW! to ensure a smooth transition period and allow Breezeline to further upgrade the network and launch its products and services, including a state-of-the-art IPTV platform.

Further details on the Ohio broadband systems acquisition, including the preliminary purchase price allocation, can be found in Note 5 of the condensed interim consolidated financial statements for the three-month period ended November 30, 2021.

Issuance of $500 million senior secured notes

On September 20, 2021, Cogeco Communications completed, pursuant to a private placement, the issuance of $500 million senior secured notes, bearing interest at 2.991% and maturing in September 2031. Cogeco Communications used the net proceeds of the offering to fund spectrum auction spend, repay existing indebtedness and for other general corporate purposes. The senior secured notes will be direct and unsubordinated secured debt obligations of Cogeco Communications and will rank equally and pari passu, with all other secured senior indebtedness of Cogeco Communications.

Final payment for the 3500 MHz band spectrum licences

Following the 3500 MHz band auction held by Innovation, Science and Economic Development ("ISED") Canada, which started on June 15, 2021 and ended on July 23, 2021, Cogeco Connexion secured 38 spectrum licences, for a total purchase price of $295 million. In accordance with the terms and conditions of the spectrum auction, the Corporation's first deposit of $59 million, representing 20% of the total purchase price, was paid to ISED Canada, on August 13, 2021. On December 16, 2021, the Corporation made the $236 million final payment. The unsecured letter of credit of $150 million, submitted in connection with this transaction, was cancelled on December 20, 2021, following the final payment. The spectrum licences will be presented as *Intangible assets* in the consolidated statement of financial position following the issuance of the licences.

4. OPERATING AND FINANCIAL RESULTS

4.1 OPERATING RESULTS

	Three months ended November 30,				
	2021 (1)	2020	Change	Change in constant currency (2) (3)	Foreign exchange impact (2)
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Revenue	**718,541**	618,913	16.1	19.0	(17,686)
Operating expenses	**363,674**	301,968	20.4	23.6	(9,654)
Management fees – Cogeco Inc.	**5,580**	5,852	(4.6)	(4.6)	—
Adjusted EBITDA (3)	**349,287**	311,093	12.3	14.9	(8,032)
Adjusted EBITDA margin (3)	**48.6 %**	50.3%			

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

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.3170 USD/CDN.

(3) 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, including reconciliation to the most comparable IFRS financial measures.

REVENUE

	Three months ended November 30,				
	2021	2020	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian broadband services	**355,047**	328,009	8.2	8.2	—
American broadband services	**363,494**	290,904	25.0	31.0	(17,686)
	718,541	618,913	16.1	19.0	(17,686)

Fiscal 2022 first-quarter revenue increased by 16.1% (19.0% in constant currency), resulting mainly from:

- the Ohio broadband systems acquisition completed on September 1, 2021, which contributed to the revenue growth in the American broadband services segment;
- the DERYtelecom acquisition completed on December 14, 2020, which contributed to the revenue growth in the Canadian broadband services segment; and
- organic revenue growth in the American broadband services segment, resulting mainly from growth in Internet service customers and a higher value product mix, primarily driven by a demand for high-speed offerings since the beginning of the COVID-19 pandemic, and annual rate increases implemented for certain services, partly offset by lower advertising revenue as last year was an election year in the United States.

Excluding the acquisitions of the Ohio broadband systems and DERYtelecom, revenue in constant currency increased by 1.9% for the first quarter of fiscal 2022.

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,				
	2021	2020	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian broadband services	**167,186**	141,895	17.8	18.2	(509)
American broadband services	**187,730**	152,378	23.2	29.2	(9,145)
Corporate and eliminations	**8,758**	7,695	13.8	13.8	—
	363,674	301,968	20.4	23.6	(9,654)

Fiscal 2022 first-quarter operating expenses increased by 20.4% (23.6% in constant currency), mainly resulting from:

- higher operating expenses in the American broadband services segment, mainly resulting from the Ohio broadband systems acquisition, costs in connection with the rebranding of Atlantic Broadband to Breezeline and higher overall operating expenses to drive and support continued customer growth;
- higher operating expenses in the Canadian broadband services segment, mainly resulting from the DERYtelecom acquisition; and
- higher marketing and advertising expenses, in both the American and Canadian broadband services segments, compared to unusually low costs during the first half of the previous year in the context of the COVID-19 pandemic restrictions.

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

MANAGEMENT FEES

Fiscal 2022 first-quarter management fees paid to Cogeco Inc. ("Cogeco") reached $5.6 million, compared to $5.9 million for the same period of fiscal 2021. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

ADJUSTED EBITDA

	Three months ended November 30,				
	2021	2020	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian broadband services	**187,861**	186,114	0.9	0.7	509
American broadband services	**175,764**	138,526	26.9	33.0	(8,541)
Corporate and eliminations	**(14,338)**	(13,547)	(5.8)	(5.8)	—
	349,287	311,093	12.3	14.9	(8,032)

Fiscal 2022 first-quarter adjusted EBITDA increased by 12.3% (14.9% in constant currency) as a result of:

- an increase in the American broadband services segment, mainly resulting from the impact of the Ohio broadband systems acquisition and organic revenue growth driven by the cumulative effect of high-speed Internet service additions over the past year and by annual rate increases implemented for certain services; and
- an increase in the Canadian broadband services segment, mainly resulting from the impact of the DERYtelecom acquisition; partly offset by
- higher marketing and advertising expenses, in both the American and Canadian broadband services segments, including the Breezeline rebranding costs, compared to unusually low marketing and advertising activities last year in the context of the COVID-19 pandemic restrictions.

Excluding the acquisitions of the Ohio broadband systems and DERYtelecom, adjusted EBITDA in constant currency decreased by 2.4% for the first quarter of fiscal 2022.

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

4.2 INTEGRATION, RESTRUCTURING AND ACQUISITION COSTS

Fiscal 2022 first-quarter integration, restructuring and acquisition costs amounted to $18.6 million, mostly related to costs incurred in connection with the acquisition, completed on September 1, 2021, and ongoing integration of the Ohio broadband systems.

Fiscal 2021 first-quarter integration, restructuring and acquisition costs amounted to $1.2 million, resulting primarily from due diligence costs and legal fees related to the acquisition of DERYtelecom, which was completed on December 14, 2020.

4.3 DEPRECIATION AND AMORTIZATION

	Three months ended November 30,		
	2021	2020	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Depreciation of property, plant and equipment (1)	**137,190**	109,415	25.4
Amortization of intangible assets	**14,447**	14,835	(2.6)
	151,637	124,250	22.0

(1) Includes depreciation of right-of-use assets amounting to $1.3 million ($1.5 million in 2021) for the three-month period of fiscal 2022.

Fiscal 2022 first-quarter depreciation and amortization expense increased by 22.0%, mainly due to:

- an increase of depreciation of property, plant and equipment as a result of the acquisitions of the Ohio broadband systems and DERYtelecom, combined with a higher level of capital expenditures; partly offset by
- the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

4.4 FINANCIAL EXPENSE

	Three months ended November 30,		
	2021	2020	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Interest on long-term debt, excluding interest on lease liabilities	**42,636**	33,325	27.9
Interest on lease liabilities	**310**	338	(8.3)
Net foreign exchange loss	**1,272**	806	57.8
Amortization of deferred transaction costs related to the revolving facilities	**183**	211	(13.3)
Other	**554**	530	4.5
	44,955	35,210	27.7

Fiscal 2022 first-quarter financial expense increased by 27.7%, mainly due to:

- higher debt outstanding following the issuance of a US$900 million senior secured Term B loan to finance the Ohio broadband systems acquisition completed on September 1, 2021 and the issuance of $500 million senior secured notes on September 20, 2021; partly offset by
- the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

4.5 INCOME TAXES

	Three months ended November 30,		
	2021	2020	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Current	**14,563**	19,862	(26.7)
Deferred	**2,887**	15,660	(81.6)
	17,450	35,522	(50.9)

	Three months ended November 30,		
	2021	2020	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Profit before income taxes	**134,060**	150,418	(10.9)
Combined Canadian income tax rate	**26.5 %**	26.5 %	—
Income taxes at combined Canadian income tax rate	**35,526**	39,861	(10.9)
Difference in operations' statutory income tax rates	**(127)**	631	—
Impact on income taxes arising from non-deductible expenses and non-taxable profit	**(103)**	114	—
Tax impacts related to foreign operations	**(6,561)**	(5,143)	27.6
Other	**(11,285)**	59	—
Income taxes at effective income tax rate	**17,450**	35,522	(50.9)
Effective income tax rate	**13.0 %**	23.6 %	(44.9)

Fiscal 2022 first-quarter income tax expense decreased by 50.9%, mainly due to:

- a $11.9 million adjustment recognized in the first quarter 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 related to U.S. temporary tax differences; and
- the decrease in profit before income taxes.

4.6 PROFIT FOR THE PERIOD

	Three months ended November 30,		
	2021	2020	Change
(In thousands of Canadian dollars, except percentages and earnings per share)	**$**	$	%
Profit for the period	**116,610**	114,896	1.5
Profit for the period attributable to owners of the Corporation	**106,837**	106,679	0.1
Profit for the period attributable to non-controlling interest [(1)]	**9,773**	8,217	18.9
Basic earnings per share	**2.29**	2.24	2.2

(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 2022 first-quarter profit for the period and profit for the period attributable to owners of the Corporation increased by 1.5% and 0.1%, respectively, as a result of:

- higher adjusted EBITDA; and
- lower income tax expense; partly offset by
- higher depreciation and amortization expense;
- higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems; and
- higher financial expense.

5. SEGMENTED OPERATING AND FINANCIAL RESULTS

The Corporation reports its operating results in two operating segments: Canadian broadband services and American broadband services. 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.

5.1 CANADIAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

	Three months ended November 30,				
	2021 [(1)]	2020	Change	Change in constant currency [(2)]	Foreign exchange impact [(2)]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Revenue	**355,047**	328,009	8.2	8.2	—
Operating expenses	**167,186**	141,895	17.8	18.2	(509)
Adjusted EBITDA	**187,861**	186,114	0.9	0.7	509
Adjusted EBITDA margin	**52.9 %**	56.7 %			
Acquisition of property, plant and equipment	**67,471**	65,610	2.8	4.2	(890)
Capital intensity	**19.0 %**	20.0 %			

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

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.3170 USD/CDN.

REVENUE

Fiscal 2022 first-quarter revenue increased by 8.2% as reported and in constant currency, mainly as a result of the DERYtelecom acquisition completed on December 14, 2020.

Excluding the acquisition of DERYtelecom, fiscal 2022 first-quarter revenue in constant currency decreased by 0.6% compared to the prior year, mainly due to a decline in video and telephony service customers, partly offset by a higher Internet service customer base and rate increases in certain regions, while other increases were delayed to November 2021.

OPERATING EXPENSES

Fiscal 2022 first-quarter operating expenses increased by 17.8% (18.2% in constant currency), mainly as a result of:

- the DERYtelecom acquisition completed on December 14, 2020; and
- higher marketing and advertising expenses to support overall customer base growth, compared to unusually low costs during the first half of the previous year in the context of the COVID-19 pandemic restrictions.

ADJUSTED EBITDA

Fiscal 2022 first-quarter adjusted EBITDA increased by 0.9% (0.7% in constant currency), mainly resulting from:

- the impact of the DERYtelecom acquisition; partly offset by
- higher marketing and advertising expenses.

Excluding the acquisition of DERYtelecom, adjusted EBITDA in constant currency decreased by 6.9% for the first quarter of fiscal 2022, as expected in our annual financial guidelines. Adjusted EBITDA for the first quarter of fiscal 2022 was unfavorably impacted by the higher marketing and advertising expenses to support overall customer base growth, compared to unusually low costs during the first half of the previous year in the context of the COVID-19 pandemic restrictions.

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

Fiscal 2022 first-quarter acquisition of property, plant and equipment remained comparable to the same period of the prior year. As the segment continues its high-speed Internet network expansion in Québec and Ontario, capital spending is expected to ramp up during the second half of fiscal 2022.

Fiscal 2022 first-quarter capital intensity reached 19.0% compared to 20.0% for the same period of fiscal 2021 mainly resulting from revenue growth.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

		Net additions (losses) Three months ended November 30,		% of penetration (1)	
	November 30, 2021	**2021**	2020	**November 30, 2021**	November 30, 2020
Primary service units	**1,997,006**	**(5,077)**	(8,923)		
Internet service customers	**918,304**	**2,620**	3,232	**46.3**	46.0
Video service customers	**672,781**	**(4,413)**	(6,952)	**33.9**	34.6
Telephony service customers	**405,921**	**(3,284)**	(5,203)	**20.5**	20.5

(1) As a percentage of homes passed.

INTERNET

Fiscal 2022 first-quarter Internet service customers net additions amounted to 2,620 compared to 3,232 for the same period of the prior year. The net additions during the first quarter of fiscal 2022 are due to the ongoing interest in high-speed offerings.

VIDEO

Fiscal 2022 first-quarter video service customers net losses amounted to 4,413 compared to 6,952 for the same period of the prior year. The net losses in fiscal 2022 first-quarter were mainly due to the continuous change in the video consumption environment, with an increasing proportion of customers only subscribing to Internet services, and highly competitive offers in the industry.

TELEPHONY

Fiscal 2022 first-quarter telephony service customers net losses amounted to 3,284 compared to 5,203 for the same period of the prior year. The net losses in fiscal 2022 first-quarter were mainly due to increasing mobile wireless penetration in Canada and various unlimited offers launched by mobile wireless operators causing some customers to cancel their landline telephony services for mobile wireless telephony services only.

DISTRIBUTION OF CUSTOMERS

At November 30, 2021, 66% of the Canadian broadband services segment's customers subscribed to "double play" or "triple play" bundled services.

5.2 AMERICAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

	Three months ended November 30,				
	2021 (1)	2020	Change	Change in constant currency (2)	Foreign exchange impact (2)
(In thousands of Canadian dollars, except percentages)	$	$	%	%	$
Revenue	**363,494**	290,904	25.0	31.0	(17,686)
Operating expenses	**187,730**	152,378	23.2	29.2	(9,145)
Adjusted EBITDA	**175,764**	138,526	26.9	33.0	(8,541)
Adjusted EBITDA margin	**48.4 %**	47.6 %			
Acquisition of property, plant and equipment	**73,227**	49,347	48.4	55.6	(3,562)
Capital intensity	**20.1 %**	17.0 %			

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

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.3170 USD/CDN.

REVENUE

Fiscal 2022 first-quarter revenue increased by 25.0% (31.0% in constant currency). In local currency, revenue amounted to US$289.4 million compared to US$220.9 million for the same period of fiscal 2021. The increase resulted mainly from:

- the Ohio broadband systems acquisition completed on September 1, 2021;
- annual rate increases implemented for certain services; and
- a higher Internet service customer base and a higher value product mix; partly offset by
- lower advertising revenue as last year was an election year in the United States.

Excluding the acquisition of the Ohio broadband systems, revenue in constant currency increased by 4.6% for the first quarter of fiscal 2022.

OPERATING EXPENSES

Fiscal 2022 first-quarter operating expenses increased by 23.2% (29.2% in constant currency), mainly as a result of:

- the Ohio broadband systems acquisition completed on September 1, 2021;
- costs in connection with the rebranding of Atlantic Broadband to Breezeline, announced in January 2022, for which rebranding activities are expected to continue during the second and the third quarters of fiscal 2022;
- higher other marketing and advertising expenses to support overall customer base growth, compared to unusually low costs during the first half of the previous year in the context of the COVID-19 pandemic restrictions; and
- higher overall operating expenses to drive and support continued customer growth.

ADJUSTED EBITDA

Fiscal 2022 first-quarter adjusted EBITDA increased by 26.9% (33.0% in constant currency). In local currency, adjusted EBITDA amounted to US$139.9 million compared to US$105.2 million for the same period of fiscal 2021. The increase is mainly resulting from:

- the impact of the Ohio broadband systems acquisition; and
- organic revenue growth driven by the cumulative effect of high-speed Internet service additions over the past year and by annual rate increases implemented for certain services; partly offset by
- rebranding costs; and
- higher other marketing and advertising expenses.

Excluding the acquisition of the Ohio broadband systems, adjusted EBITDA in constant currency increased by 4.3% for the first quarter of fiscal 2022.

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

Fiscal 2022 first-quarter acquisition of property, plant and equipment increased by 48.4% (55.6% in constant currency) and capital intensity reached 20.1% compared to 17.0% for the same period of fiscal 2021, mainly due to:

- higher capital expenditures related to the Ohio broadband systems' network infrastructure and, to support footprint expansion;
- accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries; 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, 2021	**2021** [2]	2020	**November 30, 2021**	November 30, 2020
Primary service units	**1,236,558**	**(17,972)**	14,758		
Internet service customers	**716,778**	**(77)**	12,409	**44.0**	54.4
Video service customers	**346,729**	**(13,383)**	1,000	**21.3**	34.3
Telephony service customers	**173,051**	**(4,512)**	1,349	**10.6**	16.1

(1) As a percentage of homes passed.

(2) Excludes 284,540 primary service units (196,338 Internet services, 54,598 video services and 33,604 telephony services) from the acquisition of the Ohio broadband systems completed on September 1, 2021, the first day of the first quarter of fiscal 2022.

INTERNET

Fiscal 2022 first-quarter Internet service customers net losses amounted to 77 compared to net additions of 12,409 for the same period of the prior year.

The significant growth in the first quarter of fiscal 2021 was mainly driven by the increase in high-speed Internet demand in the residential sector resulting directly from the COVID-19 pandemic. During the first quarter of fiscal 2022, Internet service customers variations were muted due to generally low customer movements in the industry following an active period during the prior year, more seasonal and non-pay disconnects than the prior year, and competitive offers in portions of the footprint.

VIDEO

Fiscal 2022 first-quarter video service customers net losses amounted to 13,383 compared to net additions of 1,000 for the same period of the prior year. The net losses in fiscal 2022 first-quarter were mainly due to:

- the continued emphasis on offers that are Internet led and the cessation of non-bulk residential video-only new offer;
- seasonal commercial disconnects;
- lower Internet service customer additions and certain customers declining to subscribe to video services as they move to strictly streaming video content especially in the Ohio network; and
- competitive offers in the industry.

TELEPHONY

Fiscal 2022 first-quarter telephony service customers net losses amounted to 4,512 compared to net additions of 1,349 for the same period of the prior year. The net losses in fiscal 2022 first-quarter were mainly due to:

- the continued emphasis on offers that are Internet led; partly offset by
- growth in the business sector mainly driven by Hosted Voice product offerings.

DISTRIBUTION OF CUSTOMERS

At November 30, 2021, 41% of the American broadband services segment's customers subscribed to "double play" or "triple play" bundled services.

6. RELATED PARTY TRANSACTIONS

The Corporation is a subsidiary of Cogeco, which as of November 30, 2021 held 33.7% of the Corporation's equity shares, representing 83.6% of the votes attached to the Corporation's voting shares.

Cogeco provides executive, administrative, financial, strategic planning and additional 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, 2021, management fees paid to Cogeco amounted to $5.6 million compared to $5.9 million for the same period of fiscal 2021.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during the three-month periods ended November 30, 2021 and 2020, 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)	**2021**	2020
Stock options	**72,200**	69,200
PSUs	**10,100**	10,375

The following table shows the amounts that the Corporation charged Cogeco with regard to the Corporation's stock options, incentive share units ("ISUs") 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,	
	2021	2020
(In thousands of Canadian dollars)	**$**	$
Stock options	**332**	345
ISUs	**—**	6
PSUs	**370**	(150)
DSUs	**(118)**	(25)
	584	176

7. CASH FLOWS ANALYSIS

	Three months ended November 30,		
	2021	2020	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Cash flows from operating activities	**286,945**	241,725	18.7
Cash flows used in investing activities	**(1,568,686)**	(125,234)	—
Cash flows from (used in) financing activities	**1,323,816**	(51,700)	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	**1,390**	(2,306)	—
Net change in cash and cash equivalents	**43,465**	62,485	(30.4)
Cash and cash equivalents, beginning of the period	**365,520**	366,497	(0.3)
Cash and cash equivalents, end of the period	**408,985**	428,982	(4.7)

7.1 OPERATING ACTIVITIES

Fiscal 2022 first-quarter cash flows from operating activities increased by 18.7%, mainly from:

- higher adjusted EBITDA;
- changes in other non-cash operating activities, primarily due to the timing of the payment of dividends, payments made to suppliers and the collection of trade accounts receivable; and
- lower income taxes paid, mainly due to the timing of income tax instalments, as a portion of fiscal 2020 instalments was paid in the first quarter of fiscal 2021 pursuant to governments allowing certain payment delays in the context of the COVID-19 pandemic; partly offset by
- higher interest paid.

7.2 INVESTING ACTIVITIES

Fiscal 2022 first-quarter cash flows used in investing activities reached $1.569 billion compared to $125.2 million for the same period of fiscal 2021, mainly due to:

- the Ohio broadband systems acquisition; and
- the increase in acquisition of property, plant and equipment, particularly in the American broadband services segment.

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

The acquisition of property, plant and equipment, as well as the capital intensity per operating segment are as follows:

	Three months ended November 30,			
	2021	2020	Change	Change in constant currency (1)
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%
Canadian broadband services	**67,471**	65,610	2.8	4.2
Capital intensity	**19.0 %**	20.0 %		
American broadband services	**73,227**	49,347	48.4	55.6
Capital intensity	**20.1 %**	17.0 %		
Corporate and eliminations	**330**	1,265	(73.9)	(73.9)
Consolidated	**141,028**	116,222	21.3	25.2
Capital intensity	**19.6 %**	18.8 %		

(1) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.3170 USD/CDN.

Fiscal 2022 first-quarter acquisition of property, plant and equipment increased by 21.3% (25.2% in constant currency), mainly due to higher capital expenditures in the American broadband services segment related to the Ohio broadband systems' network infrastructure and, to support footprint expansion and accelerated purchases of customer premise equipment and networking equipment.

Fiscal 2022 first-quarter capital intensity reached 19.6% compared to 18.8% for the same period of the prior year, mainly as a result of higher capital expenditures, particularly in the American broadband services segment, exceeding revenue growth in both the American and Canadian broadband services segments.

For further details on the Corporation's acquisition of property, plant and equipment, please refer to the "Segmented operating and financial results" section.

7.3 FINANCING ACTIVITIES

ISSUANCE AND REPAYMENT OF DEBT

Fiscal 2022 first-quarter changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

	Three months ended November 30,		
	2021	2020	Explanations
(In thousands of Canadian dollars)	**$**	$	
Increase (decrease) in bank indebtedness	**9,440**	(7,610)	Related to the timing of payments made to suppliers.
Net decrease under the revolving facilities	**(256,463)**	—	Repayment of amounts drawn under the revolving facilities in the first quarter of fiscal 2022 as a result of net proceeds used from the issuance of $500 million senior secured notes and generated free cash flow.
Issuance of long-term debt, net of discounts and transaction costs	**1,611,539**	—	Mainly related to the Ohio broadband systems acquisition, 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	**(5,437)**	(5,554)	Comparable.
Repayment of lease liabilities	**(995)**	(1,088)	Comparable.
Repayment of balance due on business combinations	**—**	(1,258)	Repayment of the balance due related to the FiberLight acquisition in the first quarter of fiscal 2021.
	1,358,084	(15,510)	

DIVIDENDS

On November 11, 2021, a quarterly eligible dividend of $0.705 per share was declared to the holders of multiple and subordinate voting shares, totalling $32.7 million. As the dividend was payable to the holders of multiple and subordinate voting shares on December 9, 2021, no dividend was paid during the first quarter of fiscal 2022, compared to a quarterly eligible dividend of $0.64 per share, or $30.5 million, declared and paid in the first quarter of fiscal 2021.

NORMAL COURSE ISSUER BID ("NCIB")

On April 30, 2021, the Corporation announced that the TSX accepted the renewal of its notice of intention for a NCIB, enabling it to acquire for cancellation up to 2,068,000 subordinate voting shares from May 4, 2021 to May 3, 2022, representing approximately 10% percent of the public float of the Corporation's issued and outstanding subordinate shares as of April 21, 2021. Under its previous NCIB that commenced on May 4, 2020 and ended on May 3, 2021, the Corporation could purchase for cancellation a maximum of 1,809,000 subordinate shares.

On September 2, 2020, Cogeco Communications ceased repurchasing shares under the NCIB as a result of an unsolicited proposal to acquire the Corporation. Cogeco Communications resumed the repurchasing of shares during the second quarter of fiscal 2021.

The NCIB purchases were as follows:

	Three months ended November 30,	
	2021	2020
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$
Subordinate voting shares purchased and cancelled	**274,000**	14,900
Weighted average purchase price per share	**107.69**	99.24
Purchase costs	**29,508**	1,479

The Corporation entered into an automatic share purchase plan (the "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.

7.4 FREE CASH FLOW

	Three months ended November 30,				
	2021 (1)	2020	Change	Change in constant currency (2) (3)	Foreign exchange impact (2)
(In thousands of Canadian dollars, except percentages)	$	$	%	%	$
Adjusted EBITDA (3)	**349,287**	311,093	12.3	14.9	(8,032)
Amortization of deferred transaction costs and discounts on long-term debt	**2,922**	2,278	28.3	34.4	(139)
Share-based payment	**1,093**	883	23.8	23.8	—
Gain on disposals and write-offs of property, plant and equipment	**(1,093)**	(481)	—	—	—
Defined benefit plans expense, net of contributions	**78**	440	(82.3)	(82.3)	—
Integration, restructuring and acquisition costs	**(18,635)**	(1,215)	—	—	848
Financial expense	**(44,955)**	(35,210)	27.7	32.2	1,593
Current income taxes	**(14,563)**	(19,862)	(26.7)	(26.3)	66
Acquisition of property, plant and equipment	**(141,028)**	(116,222)	21.3	25.2	4,452
Repayment of lease liabilities	**(995)**	(1,088)	(8.5)	(6.6)	21
Free cash flow (3)	**132,111**	140,616	(6.0)	(5.2)	(1,191)

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

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.3170 USD/CDN.

(3) 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, including reconciliation to the most comparable IFRS financial measures.

Fiscal 2022 first-quarter free cash flow decreased by 6.0% (5.2% in constant currency), mainly due to the following:

- higher capital expenditures, particularly in the American broadband services segment;
- higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems; and
- higher financial expense; partly offset by
- higher adjusted EBITDA; and
- lower current income taxes.

7.5 DIVIDEND DECLARATION

At its January 13, 2022 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.705 per share for multiple and subordinate voting shares, payable on February 10, 2022 to shareholders of record on January 27, 2022. 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.

8. FINANCIAL POSITION

8.1 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, 2021	August 31, 2021	Change	Explanations
(In thousands of Canadian dollars)	$	$	$	
Current assets				
Cash and cash equivalents	**408,985**	365,520	43,465	Refer to the "Cash flows analysis" section.
Restricted cash	**178,714**	170,434	8,280	Mainly related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Long-term balance classified as current at November 30, 2021.
Trade and other receivables	**110,395**	78,346	32,049	Mainly related to a higher level of trade accounts receivable resulting from the acquisition of the Ohio broadband systems and timing of collection of trade accounts receivable.
Income taxes receivable	**12,248**	6,063	6,185	Not significant.
Prepaid expenses and other	**36,077**	32,681	3,396	Not significant.
Derivative financial instruments	**—**	1,076	(1,076)	Not significant.
	746,419	654,120	92,299	
Current liabilities				
Bank indebtedness	**13,900**	4,460	9,440	Timing of payments made to suppliers.
Trade and other payables	**345,007**	270,497	74,510	Mainly related to the timing of the payment of dividends and payments made to suppliers, and a higher level of trade and other payables resulting from the acquisition of the Ohio broadband systems.
Provisions	**20,743**	17,949	2,794	Not significant
Income tax liabilities	**1,187**	5,800	(4,613)	Not significant.
Contract liabilities and other liabilities	**69,387**	57,231	12,156	Mainly related to the acquisition of the Ohio broadband systems.
Government subsidies received in advance	**178,714**	170,434	8,280	Mainly related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Long-term balance classified as current at November 30, 2021.
Derivative financial instruments	**81**	—	81	Not significant.
Current portion of long-term debt	**238,069**	225,344	12,725	Mainly related to the current portion of the US$900 million senior secured Term B loan issued during the first quarter of fiscal 2022 to finance the acquisition of the Ohio broadband systems, and the balance due related to this acquisition.
	867,088	751,715	115,373	
Working capital deficiency	**(120,669)**	(97,595)	(23,074)	

8.2 OTHER SIGNIFICANT CHANGES

(In thousands of Canadian dollars)	November 30, 2021 $	August 31, 2021 $	Change $	Explanations
Non-current assets				
Restricted cash	—	13,100	(13,100)	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Balance classified as current at November 30, 2021.
Other assets	117,744	105,445	12,299	Mainly related to the acquisition of the Ohio broadband systems.
Property, plant and equipment	2,863,305	2,357,845	505,460	Mainly related to the acquisition of the Ohio broadband systems, capital investments made during the first quarter of fiscal 2022 and the appreciation of the US dollar against the Canadian dollar, partly offset by the depreciation expense of the period.
Intangible assets	3,263,408	2,739,911	523,497	Mainly related to the acquisition of the Ohio broadband systems and the appreciation of the US dollar against the Canadian dollar, partly offset by the amortization for the period.
Goodwill	1,935,225	1,476,150	459,075	Mainly related to the acquisition of the Ohio broadband systems and the appreciation of the US dollar against the Canadian dollar.
Non-current liabilities				
Long-term debt	4,444,752	3,046,872	1,397,880	Mainly related to the issuance of a US$900 million senior secured Term B loan to finance the Ohio broadband systems acquisition, the issuance of $500 million senior secured notes and the appreciation of the US dollar against the Canadian dollar, partly offset by the repayment of the revolving facilities and the quarterly repayment on the Senior Secured Term Loan B Facility.
Derivative financial instruments	31,082	42,000	(10,918)	Mainly related to changes in market interest rates.
Government subsidies received in advance	—	13,100	(13,100)	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Balance classified as current at November 30, 2021.
Deferred tax liabilities	684,088	673,278	10,810	Timing of temporary differences, partly offset by the adjustment recognized in the first quarter to reflect the blended state income tax rate resulting from the impact of the Ohio acquisition.

8.3 OUTSTANDING SHARE DATA

A description of Cogeco Communications' share data at December 31, 2021 is presented in the table below. Additional details are provided in Note 12 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	30,882,128	867,857
Options to purchase subordinate voting shares		
Outstanding options	978,994	
Exercisable options	519,499	

8.4 FINANCING

On September 1, 2021, in connection with the financing of the Ohio broadband systems acquisition, a U.S. subsidiary of Cogeco Communications completed the issuance of a new US$900 million tranche of the Senior Secured Term Loan B Facility, maturing on September 1, 2028. The interest rate is based on LIBOR, with a 50 bps floor, plus an applicable credit spread. On October 25, 2021, the U.S. subsidiary also entered into interest rate swap agreements to fix the interest rate on a notional amount of US$800 million of the new Senior Secured Term Loan B. 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.

On September 20, 2021, Cogeco Communications completed, pursuant to a private placement, the issuance of $500 million Senior Secured Notes, bearing interest at 2.991% and maturing on September 22, 2031. Cogeco Communications used the net proceeds of the offering to fund spectrum auction spend, repay existing indebtedness and for other general corporate purposes.

8.5 CREDIT RATINGS

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

At November 30, 2021	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.

8.6 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 annual consolidated financial statements.

Credit risk

The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents, restricted cash, 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, 2021, 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 highly liquid money market short-term investments. The Corporation has deposited the cash and cash equivalents, and the restricted cash 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, 2021, the Corporation had used $11.7 million of its $750 million Term Revolving Facility for a remaining availability of $738.3 million. In addition, the U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $191.9 million (US$150 million), of which $2.8 million (US$2.2 million) was used at November 30, 2021 for a remaining availability of $189.1 million (US$147.8 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, 2021, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the 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 U.S. subsidiaries entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2021:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	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

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 $11.4 million based on the outstanding debt and swap agreements at November 30, 2021.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest 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 into Canadian dollar would increase the annual financial expense by approximately $12.7 million based on the outstanding debt and swap agreements at November 30, 2021.

Furthermore, a foreign currency exposure arises from the Corporation's net investment in its U.S. subsidiaries, 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. subsidiaries 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. subsidiaries' US dollar denominated First Lien Credit Facilities.

The exchange rate used to translate the US dollar currency into Canadian dollar for the consolidated statement of financial position accounts at November 30, 2021 was $1.2792 ($1.2617 at August 31, 2021) per US dollar. A 10% decrease in the exchange rate of the US dollar into Canadian dollar would decrease other comprehensive income by approximately $104.8 million.

8.7 FOREIGN CURRENCY

For the three-month periods ended November 30, 2021 and 2020, the average rates prevailing used to convert the operating results of the American broadband services segment were as follows:

	Three months ended November 30,			
	2021	2020	Change	Change
	$	$	$	%
US dollar vs Canadian dollar	**1.2559**	1.3170	(0.06)	(4.6)

The following table highlights in Canadian dollars, the impact of a $0.06 variation of the Canadian dollar against the US dollar, which corresponds to the variation in the exchange rate between the first quarters of fiscal 2022 and 2021, on Cogeco Communications' segmented and consolidated operating results for the three-month period ended November 30, 2021:

	Canadian broadband services	**American broadband services**	**Consolidated** (1)
Three months ended November 30, 2021	Exchange rate impact	Exchange rate impact	Exchange rate impact
(In thousands of Canadian dollars)	**$**	**$**	**$**
Revenue	**—**	**(17,686)**	**(17,686)**
Operating expenses	**(509)**	**(9,145)**	**(9,654)**
Adjusted EBITDA	**509**	**(8,541)**	**(8,032)**
Acquisition of property, plant and equipment	**(890)**	**(3,562)**	**(4,452)**
Free cash flow			**(1,191)**

(1) The consolidated results do not correspond to the addition of the operating segment's results as the "Corporate and eliminations" information is not presented.

9. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES

On December 7, 2021, Cogeco published its first Task Force on Climate Related Financial Disclosures ("TCFD") report as part of its Climate Action Plan, outlining the key steps it is taking in support of urgent climate action, as well as its processes and strategies to assess and manage climate-related risks and opportunities. Cogeco's 2021 Climate Action Plan and TCFD report is available on the Corporation's website at corpo.cogeco.com, under "Social Engagement - Corporate Social Responsibility".

On November 3, 2021, Cogeco announced that it was one of 45 companies globally that received His Royal Highness The Prince of Wales' Terra Carta Seal in recognition of its commitment to creating a sustainable future. This seal was awarded to companies whose ambitions are aligned with those of the Terra Carta, a recovery plan for Nature, People and Planet, launched in January 2021. Another important recognition for Cogeco is the receipt of the prestigious "A" rating from the CDP for its environmental transparency, announced on December 7, 2021. This rating demonstrates Cogeco's leadership and commitment to best practices in governance, disclosure and emissions reduction. Lastly, Cogeco and Cogeco Communications announced on December 17, 2021 that they both transitioned their term revolving facilities into the first syndicated Sustainability-linked loans ("SLL") in Canada within the telecommunications and media sectors. The SLL facilities incorporate ESG-linked incentive pricing terms which reduce or increase the cost of funding, depending on the annual performance against specific targets related to Cogeco's GHG annual emissions reduction and digital inclusion initiative to provide 75,000 homes in underserved and unserved areas of Canada with access to high-speed Internet service over a three-year period. Additionally, Cogeco and Cogeco Communications will dedicate any savings achieved from the SLL towards internal sustainability initiatives.

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 2021 Annual Report. Detailed KPIs can be found in Cogeco's ESG data supplement, which is available on the Corporation's website at corpo.cogeco.com. In addition, Cogeco expects to publish its new ESG & Sustainability report in March 2022.

10. CONTROLS AND PROCEDURES

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"), together with management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and ICFR, as defined in National Instrument 52-109. Cogeco 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 Corporation has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of the Ohio broadband systems business acquired on September 1, 2021, as permitted by National Instrument 52-109, which allows for an issuer to limit the scope for a business it has acquired not more than 365 days before the end of the financial period to which the certificate relates. For the three-month period ended November 30, 2021, the Ohio broadband systems contributed approximately 10.2% to the consolidated revenue and approximately 13.6% to the consolidated profit for the period. As at November 30, 2021, the Ohio broadband systems represented approximately 3.0% of the current assets, 17.6% of the non-current assets, 3.7% of the current liabilities and 0.1% of the non-current liabilities of the condensed interim consolidated financial statements. Management expects to complete its review of the design of DC&P and ICFR for the Ohio broadband systems and assess its effectiveness in the upcoming quarters. Further details on the Ohio broadband systems acquisition, including the preliminary purchase price allocation, can be found in Note 5 of the condensed interim consolidated financial statements for the three-month period ended November 30, 2021.

In addition, on September 1, 2021, the Corporation's head office and Cogeco Connexion implemented a new financial system. This implementation resulted in changes to internal controls related to financial reporting for the three-month period ended November 30, 2021.

The CEO and CFO, supported by management, evaluated the design of the Corporation's DC&P and ICFR at November 30, 2021, and concluded that they are adequate.

11. UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco Communications can be found in the 2021 Annual Report, 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.

12. ACCOUNTING POLICIES

12.1 CHANGE IN ACCOUNTING POLICIES

Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

In March 2021, the IFRS Interpretations Committee finalized agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*, which clarified how to recognize certain configuration or customisation costs related to cloud computing arrangements. Management finalized its assessment of the impact of this agenda decision and concluded it had no material impact on its consolidated financial statements for previously capitalized costs incurred in connection with cloud computing arrangements. As the Corporation continues to enter into certain cloud computing arrangements, mainly in connection with certain IT projects, the application of this agenda decision may have an impact on the Corporation's consolidated financial statements for future periods.

12.2 INITIAL APPLICATION OF STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the IASB amended IAS 12, *Income Taxes*, to clarify how companies should account for deferred tax on certain transactions that on initial recognition give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. Effective September 1, 2021, the Corporation applied these amendments, which had no impact on the consolidated financial statements.

Interest Rate Benchmark Reform (Phase 2) - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued *Interest Rate Benchmark Reform - Phase 2*, which amends IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts*, and IFRS 16, *Leases*. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. Effective September 1, 2021, the Corporation adopted these amendments, which had no material impact on the consolidated financial statements. As the Corporation continues to monitor the reform and its related implications, the effects, if any, will be dependent on the facts and circumstances of any future changes in financial instruments and any future changes in interest rate benchmarks.

12.3 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 and interpretations may have an impact on future consolidated financial statements of the Corporation:

Demand Deposits with Restrictions on Use (IAS 7 Statement of Cash Flows)	In September 2021, the IFRS Interpretations Committee issued tentative agenda decision Demand Deposits with Restrictions on Use (IAS 7 Statement of Cash Flows), following the receipt of a request to clarify whether an entity should include a demand deposit as a component of cash and cash equivalents in its statements of cash flows and financial position when the demand deposit is subject to contractual restrictions on use agreed with a third party. The Corporation will continue to monitor the development of this tentative agenda decision and will assess the impact on its consolidated financial statements, particularly in regard to the presentation of the funds received from the provincial and federal governments to be used to fund certain high-speed Internet network expansion projects, which are currently presented as Restricted cash, once the agenda decision is finalized.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1, Presentation of Financial Statements, 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.
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	In January 2020, the IASB amended 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. 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, if any, on its consolidated financial statements.

13. NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by Cogeco Communications throughout this MD&A. These financial measures are reviewed in assessing the performance of the Corporation and used in the decision-making process with regard 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 MD&A 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 4 of the condensed interim consolidated financial statements.	Adjusted EBITDA: - Profit for the period add: - Income taxes; - Financial expense; - Depreciation and amortization; and - Integration, restructuring and acquisition costs.	Profit for the period
		Adjusted EBITDA margin: - Adjusted EBITDA divided by: - Revenue.	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 (1); - Current income taxes; - Acquisition of property, plant and equipment (2); 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 (2) divided by: - Revenue.	No comparable IFRS financial measure

(1) Excludes the non-cash gain on debt modification of $22.9 million recognized during 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 net of 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

13.1 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 November 30,	
	2021	2020
(In thousands of Canadian dollars, except percentages)	**$**	$
Profit for the period	**116,610**	114,896
Income taxes	**17,450**	35,522
Financial expense	**44,955**	35,210
Depreciation and amortization	**151,637**	124,250
Integration, restructuring and acquisition costs	**18,635**	1,215
Adjusted EBITDA	**349,287**	311,093
Revenue	**718,541**	618,913
Adjusted EBITDA margin	**48.6 %**	50.3 %

13.2 FREE CASH FLOW RECONCILIATION

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

	Three months ended November 30,	
	2021	2020
(In thousands of Canadian dollars)	**$**	$
Cash flows from operating activities	**286,945**	241,725
Amortization of deferred transaction costs and discounts on long-term debt	**2,922**	2,278
Changes in other non-cash operating activities	**(13,174)**	5,362
Income taxes paid	**25,360**	41,781
Current income taxes	**(14,563)**	(19,862)
Interest paid	**31,599**	21,852
Financial expense	**(44,955)**	(35,210)
Acquisition of property, plant and equipment	**(141,028)**	(116,222)
Repayment of lease liabilities	**(995)**	(1,088)
Free cash flow	**132,111**	140,616

13.3 CAPITAL INTENSITY RECONCILIATION

The calculation of capital intensity is as follows:

	Three months ended November 30,	
	2021	2020
(In thousands of Canadian dollars, except percentages)	**$**	$
Acquisition of property, plant and equipment	**141,028**	116,222
Revenue	**718,541**	618,913
Capital intensity	**19.6 %**	18.8 %

13.4 INDEBTEDNESS AND NET INDEBTEDNESS RECONCILIATION

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

	At November 30, 2021	At August 31, 2021
(In thousands of Canadian dollars)	**$**	$
Long-term debt, including the current portion	**4,682,821**	3,272,216
Discounts, transaction costs and other	**61,198**	43,032
Bank indebtedness	**13,900**	4,460
Indebtedness	**4,757,919**	3,319,708
Cash and cash equivalents	**(408,985)**	(365,520)
Net indebtedness	**4,348,934**	2,954,188

14. SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

	Fiscal 2022				Fiscal 2021			Fiscal 2020
Three months ended	**November 30, 2021**	August 31, 2021	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020	May 31, 2020	February 29, 2020
(In thousands of Canadian dollars, except percentages and per share data)	**$**	$	$	$	$	$	$	$
Operations								
Revenue	**718,541**	632,684	624,308	634,548	618,913	605,168	605,821	586,467
Adjusted EBITDA	**349,287**	290,570	296,999	306,994	311,093	294,535	294,717	277,372
Adjusted EBITDA margin	**48.6 %**	45.9 %	47.6 %	48.4 %	50.3 %	48.7 %	48.6 %	47.3 %
Integration, restructuring and acquisition costs	**18,635**	3,974	1,225	2,330	1,215	3,955	12	5,458
Profit for the period	**116,610**	103,406	102,786	110,559	114,896	96,148	96,724	114,011
Profit for the period attributable to owners of the Corporation	**106,837**	96,200	95,702	102,936	106,679	90,834	90,771	109,391
Cash flow								
Cash flows from operating activities	**286,945**	281,547	264,621	231,166	241,725	254,745	282,229	231,653
Acquisition of property, plant and equipment	**141,028**	175,180	126,570	115,214	116,222	128,195	123,653	110,840
Free cash flow [1]	**132,111**	71,423	132,070	142,768	140,616	111,372	116,158	125,062
Capital intensity	**19.6 %**	27.7 %	20.3 %	18.2 %	18.8 %	21.2 %	20.4 %	18.9 %
Per share data [2]								
Earnings per share								
Basic	**2.29**	2.05	2.02	2.16	2.24	1.90	1.89	2.24
Diluted	**2.27**	2.03	2.01	2.14	2.22	1.88	1.87	2.22
Dividends per share	**0.705**	0.64	0.64	0.64	0.64	0.58	0.58	0.58

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

(2) Per multiple and subordinate voting share.

14.1 SEASONAL VARIATIONS

Cogeco Communications' operating results are not generally subject to material seasonal fluctuations. Although, in the Canadian and American broadband services segments, the number of Internet and video services customers are generally lower in the second half of a fiscal year as a result of the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Communications offers its services in several towns with educational institutions. In the American broadband services segment, certain areas are also subject to seasonal fluctuations during the winter and summer seasons.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month period ended November 30, 2021

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

		Three months ended November 30,	
	Notes	**2021**	2020
(In thousands of Canadian dollars, except per share data)		**$**	$
Revenue	*3*	**718,541**	618,913
Operating expenses	*6*	**363,674**	301,968
Management fees – Cogeco Inc.	*16*	**5,580**	5,852
Integration, restructuring and acquisition costs	*4*	**18,635**	1,215
Depreciation and amortization	*7*	**151,637**	124,250
Financial expense	*8*	**44,955**	35,210
Profit before income taxes		**134,060**	150,418
Income taxes	*9*	**17,450**	35,522
Profit for the period		**116,610**	114,896
Profit for the period attributable to:			
Owners of the Corporation		**106,837**	106,679
Non-controlling interest		**9,773**	8,217
		116,610	114,896
Earnings per share			
Basic	*10*	**2.29**	2.24
Diluted	*10*	**2.27**	2.22

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

	Three months ended November 30,	
	2021	2020
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**116,610**	114,896
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	**10,918**	8,392
Related income taxes	**(2,893)**	(2,223)
	8,025	6,169
Foreign currency translation adjustments		
Net foreign currency translation differences on net investments in foreign operations	**28,106**	(11,556)
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	**(6,825)**	3,003
Related income taxes	**(53)**	25
	21,228	(8,528)
	29,253	(2,359)
Items not to be subsequently reclassified to profit or loss		
Defined benefit plans actuarial adjustments		
Remeasurement of net defined benefit liability or asset	**473**	2,719
Related income taxes	**(125)**	(721)
	348	1,998
	29,601	(361)
Comprehensive income for the period	**146,211**	114,535
Comprehensive income for the period attributable to:		
Owners of the Corporation	**130,774**	108,670
Non-controlling interest	**15,437**	5,865
	146,211	114,535

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 12)		*(Note 13)*			
Balance at August 31, 2020	984,963	16,347	(7,117)	1,274,053	373,504	2,641,750
Profit for the period	—	—	—	106,679	8,217	114,896
Other comprehensive (loss) income for the period	—	—	(7)	1,998	(2,352)	(361)
Comprehensive (loss) income for the period	—	—	(7)	108,677	5,865	114,535
Issuance of subordinate voting shares under the Stock Option Plan	272	—	—	—	—	272
Share-based payment (Notes 12 D) and 16)	—	1,120	—	—	—	1,120
Share-based payment previously recorded in share-based payment reserve for options exercised	43	(43)	—	—	—	—
Dividends (Note 12 C))	—	—	—	(30,544)	—	(30,544)
Purchase and cancellation of subordinate voting shares	(418)	—	—	(1,061)	—	(1,479)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(4,439)	—	—	—	—	(4,439)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	4,655	(4,504)	—	(151)	—	—
Total contributions by (distributions to) shareholders	113	(3,427)	—	(31,756)	—	(35,070)
Balance at November 30, 2020	985,076	12,920	(7,124)	1,350,974	379,369	2,721,215
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 12 D) and 16)	**—**	**1,690**	**—**	**—**	**—**	**1,690**
Share-based payment previously recorded in share-based payment reserve for options exercised	**15**	**(15)**	**—**	**—**	**—**	**—**
Dividends (Note 12 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) contributions by 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**

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

(In thousands of Canadian dollars)	*Notes*	**November 30, 2021** $	August 31, 2021 $
Assets			
Current			
Cash and cash equivalents		**408,985**	365,520
Restricted cash		**178,714**	170,434
Trade and other receivables		**110,395**	78,346
Income taxes receivable		**12,248**	6,063
Prepaid expenses and other		**36,077**	32,681
Derivative financial instruments		**—**	1,076
		746,419	654,120
Non-current			
Restricted cash		**—**	13,100
Other assets		**117,744**	105,445
Property, plant and equipment		**2,863,305**	2,357,845
Intangible assets		**3,263,408**	2,739,911
Goodwill		**1,935,225**	1,476,150
Deferred tax assets		**5,151**	5,121
		8,931,252	7,351,692
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**13,900**	4,460
Trade and other payables		**345,007**	270,497
Provisions		**20,743**	17,949
Income tax liabilities		**1,187**	5,800
Contract liabilities and other liabilities		**69,387**	57,231
Government subsidies received in advance		**178,714**	170,434
Derivative financial instruments		**81**	—
Current portion of long-term debt	*11*	**238,069**	225,344
		867,088	751,715
Non-current			
Long-term debt	*11*	**4,444,752**	3,046,872
Derivative financial instruments		**31,082**	42,000
Contract liabilities and other liabilities		**8,134**	8,547
Government subsidies received in advance		**—**	13,100
Pension plan liabilities and accrued employee benefits		**8,863**	9,853
Deferred tax liabilities		**684,088**	673,278
		6,044,007	4,545,365
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*12 B)*	**950,208**	958,251
Share-based payment reserve		**15,239**	16,889
Accumulated other comprehensive income (loss)	*13*	**5,595**	(17,994)
Retained earnings		**1,509,583**	1,457,998
		2,480,625	2,415,144
Equity attributable to non-controlling interest		**406,620**	391,183
		2,887,245	2,806,327
		8,931,252	7,351,692

Subsequent events (Note 17)

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

		Three months ended November 30,	
	Notes	**2021**	2020
(In thousands of Canadian dollars)		**$**	$
Cash flows from operating activities			
Profit for the period		**116,610**	114,896
Adjustments for:			
Depreciation and amortization	*7*	**151,637**	124,250
Financial expense	*8*	**44,955**	35,210
Income taxes	*9*	**17,450**	35,522
Share-based payment		**1,093**	883
Gain on disposals and write-offs of property, plant and equipment		**(1,093)**	(481)
Defined benefit plans expense, net of contributions		**78**	440
		330,730	310,720
Changes in other non-cash operating activities	*14 A)*	**13,174**	(5,362)
Interest paid		**(31,599)**	(21,852)
Income taxes paid		**(25,360)**	(41,781)
		286,945	241,725
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(141,028)**	(116,222)
Business combinations, net of cash and cash equivalents acquired	*5*	**(1,427,658)**	—
Advance payment related to a business combination		**—**	(10,000)
Proceeds on disposals of property, plant and equipment		**—**	988
		(1,568,686)	(125,234)
Cash flows from financing activities			
Increase (decrease) in bank indebtedness		**9,440**	(7,610)
Net decrease under the revolving facilities		**(256,463)**	—
Issuance of long-term debt, net of discounts and transaction costs		**1,611,539**	—
Repayment of notes, debentures and credit facilities		**(5,437)**	(5,554)
Repayment of lease liabilities		**(995)**	(1,088)
Repayment of balance due on business combinations		**—**	(1,258)
Issuance of subordinate voting shares	*12 B)*	**105**	272
Purchase and cancellation of subordinate voting shares	*12 B)*	**(29,508)**	(1,479)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	*12 B)*	**(4,865)**	(4,439)
Dividends paid	*12 C)*	**—**	(30,544)
		1,323,816	(51,700)
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency		**1,390**	(2,306)
Net change in cash and cash equivalents		**43,465**	62,485
Cash and cash equivalents, beginning of the period		**365,520**	366,497
Cash and cash equivalents, end of the period		**408,985**	428,982

NATURE OF OPERATIONS

Cogeco Communications Inc. ("Cogeco Communications" or the "Corporation") is a telecommunications corporation operating through its business units Cogeco Connexion and Breezeline (formerly Atlantic Broadband). Cogeco Communications provides broadband services (Internet, television and phone) to residential and business customers in Quebec and Ontario in Canada as well as in twelve states in the United States.

On September 1, 2021, a U.S. subsidiary of Cogeco Communications completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Ohio.

The Corporation is a subsidiary of Cogeco Inc. ("Cogeco"), which as of November 30, 2021 held 33.7% of the Corporation's equity shares, representing 83.6% 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 2021 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 2021 annual consolidated financial statements. The accounting policies have been applied consistently to all periods presented in the condensed interim consolidated financial statements.

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 quarterly results, except that the number of Internet and video services customers are generally lower in the second half of a fiscal year as a result of the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Communications offers its services in several towns with educational institutions. In the American broadband services segment, certain areas are also subject to seasonal fluctuations during the winter and summer seasons.

The condensed interim consolidated financial statements were approved by the Board of Directors of the Corporation at its meeting held on January 13, 2022.

2. ACCOUNTING POLICY DEVELOPMENTS

A) CHANGE IN ACCOUNTING POLICIES

Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)

In March 2021, the IFRS Interpretations Committee finalized agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*, which clarified how to recognize certain configuration or customisation costs related to cloud computing arrangements. Management finalized its assessment of the impact of this agenda decision and concluded it had no material impact on its consolidated financial statements for previously capitalized costs incurred in connection with cloud computing arrangements. As the Corporation continues to enter into certain cloud computing arrangements, mainly in connection with certain IT projects, the application of this agenda decision may have an impact on the Corporation's consolidated financial statements for future periods.

B) INITIAL APPLICATION OF STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12

In May 2021, the IASB amended IAS 12, *Income Taxes*, to clarify how companies should account for deferred tax on certain transactions that on initial recognition give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. Effective September 1, 2021, the Corporation applied these amendments, which had no impact on the consolidated financial statements.

Interest Rate Benchmark Reform (Phase 2) - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued *Interest Rate Benchmark Reform - Phase 2*, which amends IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts*, and IFRS 16, *Leases*. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. Effective September 1, 2021, the Corporation adopted these amendments, which had no material impact on the consolidated financial statements. As the Corporation continues to monitor the reform and its related implications, the effects, if any, will be dependent on the facts and circumstances of any future changes in financial instruments and any future changes in interest rate benchmarks.

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

C) 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 and interpretations may have an impact on future consolidated financial statements of the Corporation:

Demand Deposits with Restrictions on Use (IAS 7 Statement of Cash Flows)	In September 2021, the IFRS Interpretations Committee issued tentative agenda decision *Demand Deposits with Restrictions on Use (IAS 7 Statement of Cash Flows)*, following the receipt of a request to clarify whether an entity should include a demand deposit as a component of cash and cash equivalents in its statements of cash flows and financial position when the demand deposit is subject to contractual restrictions on use agreed with a third party. The Corporation will continue to monitor the development of this tentative agenda decision and will assess the impact on its consolidated financial statements, particularly in regard to the presentation of the funds received from the provincial and federal governments to be used to fund certain high-speed Internet network expansion projects, which are currently presented as *Restricted cash*, once the agenda decision is finalized.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1, *Presentation of Financial Statements*, 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.
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	In January 2020, the IASB amended 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. 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, if any, on its consolidated financial statements.

3. REVENUE

	Three months ended November 30,					
	Canadian broadband services		**American broadband services**		**Consolidated**	
	2021	2020	**2021**	2020	**2021**	2020
	$	$	**$**	$	**$**	$
Residential [(1)]	**315,218**	293,426	**317,313**	248,865	**632,531**	542,291
Commercial	**39,207**	34,017	**40,379**	34,417	**79,586**	68,434
Other	**622**	566	**5,802**	7,622	**6,424**	8,188
	355,047	328,009	**363,494**	290,904	**718,541**	618,913

(1) Includes revenue from Internet, video and telephony residential customers, bulk residential customers and Internet resellers customers.

(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 segment profit (loss) is reported in two operating segments: Canadian broadband services and American broadband services. 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 broadband services segments provide a wide range of Internet, video and telephony services primarily to residential customers, as well as business services across their coverage areas. The Canadian broadband services activities are carried out by Cogeco Connexion in the provinces of Quebec and Ontario and the American broadband services activities are carried out by Breezeline (formerly Atlantic Broadband) in twelve states in the United States: Connecticut, Delaware, Florida, Maine, Maryland, 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 its segment profit (loss), which is equal to *Revenue* less *Operating expenses*. Transactions between operating segments are measured at the amounts agreed to between the parties.

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

				Three months ended November 30, 2021
	Canadian broadband services	**American broadband services**	**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**
Segment profit (loss)	**187,861**	**175,764**	**(14,338)**	**349,287**
Integration, restructuring and acquisition costs (1)				**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**
Acquisition of property, plant and equipment	**67,471**	**73,227**	**330**	**141,028**

(1) Comprised primarily of costs incurred in connection with the acquisition, completed on September 1, 2021, and ongoing integration of the Ohio broadband systems.

				Three months ended November 30, 2020
	Canadian broadband services	American broadband services	Corporate and eliminations	Consolidated
	$	$	$	$
Revenue	328,009	290,904	—	618,913
Operating expenses	141,895	152,378	7,695	301,968
Management fees – Cogeco Inc.	—	—	5,852	5,852
Segment profit (loss)	186,114	138,526	(13,547)	311,093
Integration, restructuring and acquisition costs (1)				1,215
Depreciation and amortization				124,250
Financial expense				35,210
Profit before income taxes				150,418
Income taxes				35,522
Profit for the period				114,896
Acquisition of property, plant and equipment	65,610	49,347	1,265	116,222

(1) Comprised primarily of due diligence costs and legal fees related to the acquisition of DERYtelecom, which was completed on December 14, 2020.

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

5. BUSINESS COMBINATIONS

BUSINESS COMBINATION IN FISCAL 2022

Acquisition of WideOpenWest's Ohio broadband systems

On September 1, 2021, Breezeline (formerly Atlantic Broadband), completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") 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. With the closing of this transaction, Breezeline is expanding its activities in Ohio and significantly growing its customer base. The acquired Ohio broadband systems passed approximately 689,000 homes and businesses in Cleveland and Columbus and served 196,338 Internet, 54,598 video and 33,604 telephony customers at the acquisition date. The acquisition represents a strong strategic fit for Cogeco Communications as it is complementary to its existing U.S. footprint and capitalizes on its existing platform. In the short term, the acquired operations will continue to operate under the WOW! name and trademark and be rebranded following the integration period.

The purchase price and transaction costs have been financed through the issuance of a US$900 million senior secured Term B loan maturing in September 2028 and excess cash on hand.

The Corporation is currently assessing the fair value of the assets acquired and the liabilities assumed at the date of acquisition, for which the valuation process of certain assets remains to be finalized. The preliminary allocation of the purchase price was based on the estimated fair value of the assets acquired and the liabilities assumed at the date of acquisition, which is subject to material adjustments until the fair value assessment is finalized. The items that are mainly subject to change are *Property, plant and equipment*, *Intangible assets* and *Goodwill*. The Corporation will finalize the purchase price allocation over the coming quarters. Final adjustment to the purchase price allocation could also impact depreciation, amortization and income tax expenses recognized since the initial accounting of the Ohio broadband systems business acquisition.

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

	At November 30, 2021
	Preliminary
	$
Purchase price	
Base purchase price	1,418,288
Closing adjustment	9,370
Consideration paid at closing	1,427,658
Balance due on a business combination	3,152
	1,430,810
Net assets acquired	
Current assets	18,835
Other non-current assets	9,600
Property, plant and equipment	487,632
Intangible assets	497,977
Goodwill	432,870
Current liabilities	(14,415)
Non-current liabilities	(1,689)
	1,430,810

The amount of goodwill, which is expected to be deductible for tax purposes, is mainly attributable to the expected growth in both residential and business services and the expertise of the workforce. As the transaction was executed essentially through an asset purchase, the goodwill is also attributable to the realization of expected tax benefits.

In connection with this acquisition, the Corporation incurred acquisition-related costs of $22.2 million (US$17.6 million), of which $18.2 million (US$14.4 million) were recognized in the current year ($4.0 million or US$3.2 million in 2021), within *Integration, restructuring and acquisition costs* in the Corporation's consolidated statement of profit and loss.

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

During the three-month period ended November 30, 2021, with regard to the operations generated by the acquisition of the Ohio broadband systems, the Corporation recognized $73.3 million of revenue and $15.9 million of profit, which excludes acquisition and integration costs, financial expense and income taxes. The results of operations of the Ohio broadband systems are reported in the American broadband services operating segment.

BUSINESS COMBINATION IN FISCAL 2021

Acquisition of DERYtelecom

On December 14, 2020, the Corporation's subsidiary, Cogeco Connexion, completed the acquisition of DERYtelecom, the third largest cable operator in the province of Québec, for a purchase price of $403 million, subject to customary post-closing adjustments. The transaction was executed essentially through an asset purchase. During the first quarter of fiscal 2022, the Corporation finalized the purchase price allocation and, as a result, adjustments were made to *Property, plant and equipment, Intangible assets, Goodwill* and *Provisions*. The impact of this final adjustment on the consolidated statements of profit or loss was not material.

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

	At November 30, 2021	At August 31, 2021
	Final	Preliminary
	$	$
Purchase price		
Consideration paid at closing	403,000	403,000
Working capital adjustments	(7,710)	(7,710)
	395,290	395,290
Net assets acquired		
Cash and cash equivalents acquired	204	204
Current assets	6,694	6,694
Property, plant and equipment	226,311	235,001
Intangible assets	50,600	41,350
Goodwill	141,282	139,842
Provisions and other current liabilities	(29,801)	(27,801)
	395,290	395,290

The amount of goodwill, which is expected to be mostly deductible for tax purposes, is mainly attributable to the expected growth in both residential and business services and the expertise of the workforce. As the transaction was executed essentially through an asset purchase, the goodwill is also attributable to the realization of expected tax benefits.

6. OPERATING EXPENSES

	Three months ended November 30,	
	2021	2020
	$	$
Salaries, employee benefits and outsourced services	105,771	91,827
Service delivery costs	196,637	165,964
Customer related costs	27,079	19,607
Other external purchases	34,187	24,570
	363,674	301,968

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

7. DEPRECIATION AND AMORTIZATION

	Three months ended November 30,	
	2021	2020
	$	$
Depreciation of property, plant and equipment [(1)]	**137,190**	109,415
Amortization of intangible assets	**14,447**	14,835
	151,637	124,250

(1) Includes depreciation of right-of-use assets amounting to $1.3 million ($1.5 million in fiscal 2021) for the three-month period of fiscal 2022.

8. FINANCIAL EXPENSE

	Three months ended November 30,	
	2021	2020
	$	$
Interest on long-term debt, excluding interest on lease liabilities	**42,636**	33,325
Interest on lease liabilities	**310**	338
Net foreign exchange loss	**1,272**	806
Amortization of deferred transaction costs related to the revolving facilities	**183**	211
Other	**554**	530
	44,955	35,210

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

9. INCOME TAXES

	Three months ended November 30,	
	2021	2020
	$	$
Current	**14,563**	19,862
Deferred	**2,887**	15,660
	17,450	35,522

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,	
	2021	2020
	$	$
Profit before income taxes	**134,060**	150,418
Combined Canadian income tax rate	**26.5 %**	26.5 %
Income taxes at combined Canadian income tax rate	**35,526**	39,861
Difference in operations' statutory income tax rates	**(127)**	631
Impact on income taxes arising from non-deductible expenses and non-taxable profit	**(103)**	114
Tax impacts related to foreign operations	**(6,561)**	(5,143)
Other [(1)]	**(11,285)**	59
Income taxes at effective income tax rate	**17,450**	35,522
Effective income tax rate	**13.0 %**	23.6 %

(1) 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.

10. 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,	
	2021	2020
	$	$
Profit for the period attributable to owners of the Corporation	**106,837**	106,679
Weighted average number of multiple and subordinate voting shares outstanding	**46,596,034**	47,725,287
Effect of dilutive stock options [(1)]	**218,189**	209,698
Effect of dilutive incentive share units	**69,347**	75,909
Effect of dilutive performance share units	**94,017**	105,682
Weighted average number of diluted multiple and subordinate voting shares outstanding	**46,977,587**	48,116,576

(1) For the first quarter of fiscal 2022, 179,530 stock options (200,900 in fiscal 2021) 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)

11. LONG-TERM DEBT

	November 30, 2021	August 31, 2021
	$	$
Notes, debentures and credit facilities	**4,640,769**	3,234,816
Lease liabilities	**38,854**	37,400
Balance due on business combinations	**3,198**	—
	4,682,821	3,272,216
Less current portion	**238,069**	225,344
	4,444,752	3,046,872

NOTES, DEBENTURES AND CREDIT FACILITIES

	Maturity	Interest rate		November 30, 2021	August 31, 2021
		%		$	$
Corporation					
Term Revolving Facility					
Revolving loan	January 2025	—		—	52,972
Revolving loan – US$160 million at August 31, 2021	January 2025	—		—	201,872
Senior Secured Notes					
Series A - US$25 million	September 2024	4.14		**31,933**	31,491
Series B - US$150 million	September 2026	4.29		**191,468**	188,823
Senior Secured Notes - US$215 million	June 2025	4.30		**274,485**	270,686
Senior Secured Notes [(a)]	September 2031	2.99		**496,890**	—
Senior Secured Debentures Series 3	February 2022	4.93		**199,947**	199,895
Senior Secured Debentures Series 4	May 2023	4.18		**299,460**	299,371
U.S. subsidiaries					
First Lien Credit Facilities [(b)]					
Senior Secured Term Loan B Facility					
Tranche 1 - US$1,605.5 million (US$1,609.8 million at August 31, 2021)	January 2025	2.09	[(1) (2)]	**2,014,857**	1,989,706
Tranche 2 - US$900 million [(c)]	September 2028	3.00	[(1) (3)]	**1,131,729**	—
Senior Secured Revolving Facility	July 2024	—		—	—
				4,640,769	3,234,816
Less current portion				**230,328**	221,344
				4,410,441	3,013,472

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

(2) As of November 30, 2021, a U.S. subsidiary had entered into interest rate swap agreements to fix the interest rate on a notional 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 the Tranche 1 of the Senior Secured Term Loan B Facility is 3.07%.

(3) As of November 30, 2021, a U.S. subsidiary had entered into interest rate swap agreements to fix the interest rate on a notional 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 the Tranche 2 of the Senior Secured Term Loan B Facility is 3.73%.

a) On September 20, 2021, Cogeco Communications completed, pursuant to a private placement, the issuance of $500 million Senior Secured Notes, bearing interest at 2.991% and maturing on September 22, 2031. The interest on the Senior Secured Notes is payable semi-annually. These notes are redeemable at any time at Cogeco Communications' option, in whole or in part, at 100% of the principal amount plus a make-whole premium. These notes are indirectly secured by a first priority fixed and floating charge and a security interest on substantially all present and future real and personal property and undertaking of every nature and kind of the Corporation and most of its Canadian subsidiaries. The provisions under these notes provide for restrictions on the operations and activities of the Corporation and its subsidiaries except for the unrestricted subsidiaries.

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

b) The First Lien Credit Facilities are non-recourse to the Corporation and most of its Canadian subsidiaries.

c) On September 1, 2021, in connection with the financing of the Ohio broadband systems acquisition, a U.S. subsidiary of Cogeco Communications completed the issuance of a new US$900 million tranche of the Senior Secured Term Loan B Facility, maturing on September 1, 2028. The interest rate is based on LIBOR, with a 50 bps floor, plus an applicable credit spread. The Senior Secured Term Loan B - Tranche 2 is subject to a quarterly amortization of 0.25% starting on May 31, 2022 until its maturity date. In addition to the quarterly amortization, the loan shall be prepaid according to a prepayment percentage of excess cash flows generated during the prior fiscal year as defined below, if applicable.

(i) 50% if the U.S. subsidiary's ratio of net senior secured indebtedness / adjusted EBITDA ("leverage ratio") is greater than or equal to 5.1;
(ii) 25% if the U.S. subsidiary's leverage ratio is greater than or equal to 4.6 but less than 5.1; and
(iii) 0% if the U.S. subsidiary's leverage ratio is less than 4.6.

12. 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, 2021	August 31, 2021
	$	$
15,691,100 multiple voting shares	**98,346**	98,346
30,882,128 subordinate voting shares (31,154,698 at August 31, 2021)	**867,857**	875,436
	966,203	973,782
78,630 subordinate voting shares held in trust under the Incentive Share Unit Plan (73,987 at August 31, 2021)	**(7,134)**	(6,403)
96,932 subordinate voting shares held in trust under the Performance Share Unit Plan (103,587 at August 31, 2021)	**(8,861)**	(9,128)
	950,208	958,251

During the first three months of fiscal 2022, subordinate voting share transactions were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2021	31,154,698	875,436
Shares issued for cash under the Stock Option Plan	1,430	105
Share-based payment previously recorded in share-based payment reserve for options exercised	—	15
Purchase and cancellation of subordinate voting shares [1]	(274,000)	(7,699)
Balance at November 30, 2021	**30,882,128**	**867,857**

(1) During the first three months of fiscal 2022, under its Normal Course Issuer Bid ("NCIB") program, the Corporation purchased and cancelled 274,000 (14,900 in 2021) subordinate voting shares with an average stated value of $7.7 million ($0.4 million in 2021), for consideration of $29.5 million ($1.5 million in 2021). The excess of the purchase price over the average stated value of the shares totalled $21.8 million ($1.1 million in 2021) 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 April 30, 2021, the Corporation announced that the TSX accepted the renewal of its notice of intention for a NCIB, enabling it to acquire for cancellation up to 2,068,000 subordinate voting shares from May 4, 2021 to May 3, 2022, representing approximately 10% percent of the public float of the Corporation's issued and outstanding subordinate shares as of April 21, 2021. Under its previous NCIB that commenced on May 4, 2020 and ended on May 3, 2021, the Corporation could purchase for cancellation a maximum of 1,809,000 subordinate shares.

The Corporation has also entered into an automatic share purchase plan (the "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 2022, the transactions pertaining to the subordinate voting shares held in trust under the Incentive Share Unit Plan were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2021	**73,987**	**6,403**
Subordinate voting shares acquired	**23,053**	**2,324**
Subordinate voting shares distributed to employees	**(18,410)**	**(1,593)**
Balance at November 30, 2021	**78,630**	**7,134**

During the first three months of fiscal 2022, the transactions pertaining to the subordinate voting shares held in trust under the Performance Share Unit Plan were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2021	**103,587**	**9,128**
Subordinate voting shares acquired	**25,208**	**2,541**
Subordinate voting shares distributed to employees	**(31,863)**	**(2,808)**
Balance at November 30, 2021	**96,932**	**8,861**

C) DIVIDENDS

On November 11, 2021, a quarterly eligible dividend of $0.705 per share, for a total of $32.7 million, was declared to the holders of multiple and subordinate voting shares. As the dividend was payable on December 9, 2021, no dividend was paid during the three-month period ended November 30, 2021, and consequently it has been presented within *Trade and other payables* in the consolidated statement of financial position at November 30, 2021. A quarterly eligible dividend of $0.64 per share, for a total of $30.5 million, was declared and paid in the three-month period ended November 30, 2020.

	Three months ended November 30,	
	2021	2020
	$	$
Dividends on multiple voting shares	**11,062**	10,042
Dividends on subordinate voting shares	**21,653**	20,502
	32,715	30,544

At its January 13, 2022 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.705 per share for multiple and subordinate voting shares, payable on February 10, 2022 to shareholders of record on January 27, 2022.

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

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 ("ISU Plan") and a Performance Share Unit Plan ("PSU 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 2021 annual consolidated financial statements of the Corporation.

Under the Stock Option Plan, the following options were granted by the Corporation and are outstanding at November 30, 2021:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2021	835,074	81.73
Granted	154,825	100.78
Exercised [1]	(1,430)	73.25
Cancelled	(6,220)	94.61
Outstanding at November 30, 2021	**982,249**	**84.66**
Exercisable at November 30, 2021	**520,854**	**73.46**

(1) The weighted average share price for options exercised during the three-month period was $98.96.

The weighted average fair value of stock options granted for the three-month period ended November 30, 2021 was $17.37 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	2.81
Expected volatility	24.35
Risk-free interest rate	1.56
Expected life (in years)	6.0

Under the ISU Plan, the following ISUs were granted by the Corporation and are outstanding at November 30, 2021:

Outstanding at August 31, 2021	68,835
Granted [1]	27,950
Distributed	(18,410)
Cancelled	(775)
Outstanding at November 30, 2021	**77,600**

(1) The weighted average fair value of the ISUs granted during the three-month period was $100.78.

Under the PSU Plan, the following PSUs were granted by the Corporation and are outstanding at November 30, 2021:

Outstanding at August 31, 2021	96,183
Granted [1]	33,025
Performance-based additional units granted	443
Distributed	(31,863)
Cancelled	(2,539)
Outstanding at November 30, 2021	**95,249**

(1) The weighted average fair value of the PSUs granted during the three-month period was $100.78.

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

Under the DSU Plan, the following DSUs were issued by the Corporation and are outstanding at November 30, 2021:

Outstanding at August 31, 2021	**59,280**
Outstanding at November 30, 2021	**59,280**

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

	Three months ended November 30,	
	2021	2020
	$	$
Stock options	**221**	268
ISUs	**459**	473
PSUs	**308**	178
DSUs	**(479)**	(212)
	509	707

13. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

	Cash flow hedge reserve	Foreign currency translation	Total
	$	$	$
Balance at August 31, 2020	(52,184)	45,067	(7,117)
Other comprehensive income (loss)	6,169	(6,176)	(7)
Balance at November 30, 2020	(46,015)	38,891	(7,124)
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**

14. ADDITIONAL CASH FLOWS INFORMATION

A) CHANGES IN OTHER NON-CASH OPERATING ACTIVITIES

	Three months ended November 30,	
	2021	2020
	$	$
Trade and other receivables	**(7,649)**	(2,365)
Prepaid expenses and other	**(1,482)**	(11,376)
Other assets	**(2,188)**	(714)
Trade and other payables	**25,628**	15,060
Provisions	**756**	(604)
Contract liabilities and other liabilities	**(1,891)**	(5,363)
	13,174	(5,362)

B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Long-term debt			
Three months ended November 30, 2021	Bank indebtedness	Notes, debentures and credit facilities	Lease liabilities	Balance due on business combinations	Total
(In thousands of Canadian dollars)	$	$	$	$	$
Balance at August 31, 2021	4,460	3,234,816	37,400	—	3,276,676
Increase in bank indebtedness	9,440	—	—	—	9,440
Net decrease under the revolving facilities	—	(256,463)	—	—	(256,463)
Issuance of long-term debt, net of discounts and transaction costs	—	1,611,539	—	—	1,611,539
Repayment of notes, debentures and credit facilities	—	(5,437)	—	—	(5,437)
Repayment of lease liabilities	—	—	(995)	—	(995)
Total cash flows from (used in) financing activities excluding equity	9,440	1,349,639	(995)	—	1,358,084
Interest paid on lease liabilities	—	—	(314)	—	(314)
Total cash flow changes	9,440	1,349,639	(1,309)	—	1,357,770
Effect of changes in foreign exchange rates	—	52,510	167	46	52,723
Amortization of discounts, transaction costs and other	—	3,804	—	—	3,804
Net increase in lease liabilities	—	—	778	—	778
Assumed through business combinations	—	—	1,818	—	1,818
Increase in balance due on business combinations	—	—	—	3,152	3,152
Total non-cash changes	—	56,314	2,763	3,198	62,275
Balance at November 30, 2021	13,900	4,640,769	38,854	3,198	4,696,721

15. 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 annual consolidated financial statements.

Credit risk

The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents, restricted cash, 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, 2021, 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 highly liquid money market short-term investments. The Corporation has deposited the cash and cash equivalents, and the restricted cash 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.

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

Liquidity risk

At November 30, 2021, the Corporation had used $11.7 million of its $750 million Term Revolving Facility for a remaining availability of $738.3 million. In addition, the U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $191.9 million (US$150 million), of which $2.8 million (US$2.2 million) was used at November 30, 2021 for a remaining availability of $189.1 million (US$147.8 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, 2021, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the 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 U.S. subsidiaries entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2021:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	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

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 $11.4 million based on the outstanding debt and swap agreements at November 30, 2021.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest 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 into Canadian dollar would increase the annual financial expense by approximately $12.7 million based on the outstanding debt and swap agreements at November 30, 2021.

Furthermore, a foreign currency exposure arises from the Corporation's net investment in its U.S. subsidiaries, 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. subsidiaries 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. subsidiaries' US dollar denominated First Lien Credit Facilities.

The exchange rate used to translate the US dollar currency into Canadian dollar for the consolidated statement of financial position accounts at November 30, 2021 was $1.2792 ($1.2617 at August 31, 2021) per US dollar. A 10% decrease in the exchange rate of the US dollar into Canadian dollar would decrease other comprehensive income by approximately $104.8 million.

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, 2021		August 31, 2021	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Notes, debentures and credit facilities	**4,640,769**	**4,754,231**	3,234,816	3,347,701

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

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 and internal growth opportunities. 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, 2021 and August 31, 2021, 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:

	November 30, 2021	August 31, 2021
Net indebtedness (1) / adjusted EBITDA (2)	3.50	2.45
Adjusted EBITDA (2) / financial expense (2)	9.3	9.7

(1) Net indebtedness is defined as the total of bank indebtedness and principal on long-term debt, less cash and cash equivalents.

(2) Calculation based on adjusted EBITDA and financial expense for the twelve-month period ended November 30, 2021, which includes 3 months of the Ohio broadband services operations, and for the year ended August 31, 2021, which includes 8.5 months of DERYtelecom operations.

16. RELATED PARTY TRANSACTIONS

Cogeco Communications is a subsidiary of Cogeco, which as of November 30, 2021 held 33.7% of the Corporation's equity shares, representing 83.6% of the votes attached to the Corporation's voting shares.

Cogeco provides executive, administrative, financial, strategic planning and additional 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 of fiscal 2022, management fees paid to Cogeco amounted to \$5.6 million compared to \$5.9 million for the same period of fiscal 2021.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during the three-month periods ended November 30, 2021 and 2020, 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,	
	2021	2020
Stock options	72,200	69,200
PSUs	10,100	10,375

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

	Three months ended November 30,	
	2021	2020
	$	$
Stock options	332	345
ISUs	—	6
PSUs	370	(150)
DSUs	(118)	(25)
	584	176

17. SUBSEQUENT EVENTS

Amendment of Cogeco Communications' $750 million Term Revolving Facility

On December 17, 2021, Cogeco Communications amended and extended its $750 million Term Revolving Facility to January 24, 2027. As part of the amendments, Cogeco Communications has transitioned its revolving facility into a Sustainability-linked loan ("SLL") structure, underscoring its strong leadership and dedication to sustainability and the organization's Environmental, social and governance (ESG) goals.

Final payment for the 3500 MHz band spectrum licences

Following the 3500 MHz band auction held by Innovation, Science and Economic Development ("ISED") Canada, which started on June 15, 2021 and ended on July 23, 2021, Cogeco Connexion secured 38 spectrum licences, for a total purchase price of $295 million. In accordance with the terms and conditions of the spectrum auction, the Corporation's first deposit of $59 million, representing 20% of the total purchase price, was paid to ISED Canada, on August 13, 2021. On December 16, 2021, the Corporation made the $236 million final payment. The unsecured letter of credit of $150 million, submitted in connection with this transaction, was cancelled on December 20, 2021, following the final payment. The spectrum licences will be presented as *Intangible assets* in the consolidated statement of financial position following the issuance of the licences.

PRIMARY SERVICE UNIT STATISTICS

	November 30, 2021 (1)	August 31, 2021	May 31, 2021	February 28, 2021 (2)	November 30, 2020
CONSOLIDATED					
Primary service units	**3,233,564**	2,972,073	2,976,391	2,982,402	2,763,466
Internet service customers	**1,635,082**	1,436,201	1,427,752	1,416,325	1,319,869
Video service customers	**1,019,510**	982,708	989,698	1,001,077	930,684
Telephony service customers	**578,972**	553,164	558,941	565,000	512,913
CANADA					
Homes passed	**1,984,397**	1,976,617	1,975,004	1,970,483	1,771,832
Primary service units	**1,997,006**	2,002,083	2,002,736	2,010,049	1,790,783
Internet service customers	**918,304**	915,684	909,901	905,321	815,248
Penetration as a percentage of homes passed	**46.3%**	46.3%	46.1%	45.9%	46.0%
Video service customers	**672,781**	677,194	680,456	687,486	612,297
Penetration as a percentage of homes passed	**33.9%**	34.3%	34.5%	34.9%	34.6%
Telephony service customers	**405,921**	409,205	412,379	417,242	363,238
Penetration as a percentage of homes passed	**20.5%**	20.7%	20.9%	21.2%	20.5%
UNITED STATES					
Homes passed	**1,630,411**	936,519	935,520	929,323	927,564
Primary service units	**1,236,558**	969,990	973,655	972,353	972,683
Internet service customers	**716,778**	520,517	517,851	511,004	504,621
Penetration as a percentage of homes passed	**44.0%**	55.6%	55.4%	55.0%	54.4%
Video service customers	**346,729**	305,514	309,242	313,591	318,387
Penetration as a percentage of homes passed	**21.3%**	32.6%	33.1%	33.7%	34.3%
Telephony service customers	**173,051**	143,959	146,562	147,758	149,675
Penetration as a percentage of homes passed	**10.6%**	15.4%	15.7%	15.9%	16.1%

(1) On September 1, 2021, 284,540 primary service units (196,338 Internet services, 54,598 video services and 33,604 telephony services) were added related to the acquisition of the Ohio broadband systems.

(2) On December 14, 2020, 224,039 primary service units (85,642 Internet services, 80,218 video services and 58,179 telephony services) were added related to the acquisition of DERYtelecom.