SHAREHOLDERS' REPORT

Three-month period ended November 30, 2022

FINANCIAL HIGHLIGHTS

Three months ended November 30,	2022	2021 [1]	Change	Change in constant currency [2] [3]
(In thousands of Canadian dollars, except percentages and per share data)	$	$	%	%
Operations				
Revenue	789,690	745,258	6.0	2.4
Adjusted EBITDA [3]	373,882	354,394	5.5	2.3
Acquisition, integration, restructuring and other costs [4]	2,677	18,635	(85.6)	
Profit for the period	123,808	119,139	3.9	
Profit for the period attributable to owners of the Corporation	42,081	38,523	9.2	
Cash flow				
Cash flows from operating activities	193,821	297,342	(34.8)	
Free cash flow [3]	109,483	135,820	(19.4)	(19.0)
Free cash flow, excluding network expansion projects [3]	175,317	155,836	12.5	10.7
Acquisition of property, plant and equipment	235,008	146,329	60.6	
Net capital expenditures [1] [3]	197,342	141,509	39.5	33.2
Net capital expenditures, excluding network expansion projects [3]	131,508	121,493	8.2	3.7
Per share data [5]				
Earnings per share				
Basic	2.68	2.42	10.7	
Diluted	2.67	2.41	10.8	
Dividends	0.731	0.625	17.0	

As at	November 30, 2022	August 31, 2022
(In thousands of Canadian dollars)	$	$
Financial condition		
Cash and cash equivalents	408,498	379,001
Total assets	9,777,227	9,468,025
Long-term debt		
Current	341,880	340,468
Non-current	4,671,508	4,398,142
Net indebtedness [3]	4,734,886	4,545,809
Equity attributable to owners of the Corporation	956,837	919,843

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

(2) Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current period denominated in US dollars at the foreign exchange rate of the comparable period of the prior year. For the three-month period ended November 30, 2021, the average foreign exchange rate used for translation was 1.2559 USD/CDN.

(3) Adjusted EBITDA and net capital expenditures are total of segments measures. Free cash flow, free cash flow, excluding network expansion projects and net capital expenditures, excluding network expansion projects are non-IFRS financial measures. Change in constant currency is a non-IFRS ratio. Net indebtedness is a capital management measure. These indicated terms do not have standardized definitions prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of the Management's Discussion and Analysis, including reconciliation to the most directly comparable IFRS financial measures.

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

(5) Per multiple and subordinate voting share.

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

Three-month period ended November 30, 2022

1. FORWARD-LOOKING STATEMENTS

Certain statements contained in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Inc.'s ("Cogeco" or the "Corporation") future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements 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 believes are reasonable as of the current date. Refer in particular to the "Corporate objectives and strategies" section of the Corporation's 2022 annual MD&A and of the current MD&A, the "Fiscal 2023 financial guidelines" section of the Corporation's 2022 annual MD&A and the "Fiscal 2023 revised financial guidelines of the current MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as competitive risks (changing competitive ecosystem, disruptive competitive strategies adopted by our competitors), business risks (including potential disruption to our supply chain caused by economic and geopolitical instability and other contributing factors, increasing transportation lead times, scarcity and shortage of input materials and key telecommunication equipment and competition for limited resources), regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including elevated inflation reaching historical highs pressuring revenue, due to reduced consumer spending, and increasing costs), human-caused and natural threats to our network (including increased frequency of extreme weather events with the potential to disrupt operations), infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health and safety, many of which are beyond the Corporation's control. Moreover, the Corporation's radio operations are significantly exposed to advertising budgets from the retail industry, which can fluctuate due to changing economic conditions. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and main risk factors" sections of the Corporation's 2022 annual MD&A and of the current MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco 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's expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and are subject to change after such date. While management may elect to do so, the Corporation is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three-month period ended November 30, 2022 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2022 Annual Report.

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

2. OVERVIEW OF THE BUSINESS

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

2.1 CORPORATE OBJECTIVES AND STRATEGIES

Strategy for continued growth

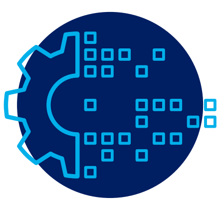
Our growth and value creation activities are focused on growing the business organically, making acquisitions and continuously innovating while returning capital to shareholders and maintaining a prudent level of financial leverage. In order to do so, we leverage our unique North American broadband platform,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

Organic

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

Acquisitions

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



Innovation

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

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

2.2 BUSINESS DEVELOPMENTS

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

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

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

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

Launch of Breezeline Stream TV in Ohio

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

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

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

Intention to renew Cogeco's normal course issuer bid

On January 12, 2023, the Board of Directors of Cogeco approved the renewal of Cogeco's normal course issuer bid ("NCIB") to repurchase for cancellation up to 325,000 subordinate voting shares, subject to the approval of the Toronto Stock Exchange. The current NCIB expires on January 17, 2023.

Amendment of Cogeco Communications' normal course issuer bid

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

2.3 OPERATING ENVIRONMENT

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

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

Furthermore, our radio operations have been impacted by a portion of their customer base, such as the travel and automobile industries, reducing their advertising budgets in the context of a challenging economic environment and supply chain disruptions. In order to mitigate the impact on its operations, Cogeco Media continues to manage its operating expenses tightly, as it did since the beginning of the pandemic, while maintaining quality programming.

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

2.4 KEY PERFORMANCE INDICATORS

The Corporation measures its financial performance, with regard to its corporate objectives, by monitoring revenue, adjusted EBITDA [(1)], net capital expenditures [(1)] and free cash flow [(1)] on a constant currency basis [(1)]. The Corporation also measures net capital expenditures and free cash flow excluding network expansion projects [(1)] as it provides a common basis for comparing the net capital expenditures to historical net capital expenditures prior to the acceleration of the network expansion projects and for assessing the impact of the network expansion projects on the net capital expenditures and free cash flow. Excluding the impact of net capital expenditures in connection with network expansion projects does not imply it is non-recurring.

OVERVIEW

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

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

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

For further details on the Corporation's operating results for the first quarter of fiscal 2023, please refer to the "Consolidated operating and financial results", the "Segmented operating and financial results" and the "Cash flows analysis" sections.

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

3. CONSOLIDATED OPERATING AND FINANCIAL RESULTS

3.1 OPERATING RESULTS

Three months ended November 30,						
					Change	
	2022 (1)	Foreign exchange impact	2022 in constant currency (2)	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	789,690	(26,910)	762,780	745,258	6.0	2.4
Operating expenses	415,808	(15,435)	400,373	390,864	6.4	2.4
Adjusted EBITDA	373,882	(11,475)	362,407	354,394	5.5	2.3

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

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

REVENUE

Three months ended November 30,					
	2022	2021	Change	Change in constant currency	Foreign exchange impact (1)
(In thousands of Canadian dollars, except percentages)	$	$	%	%	$
Canadian telecommunications	372,084	355,047	4.8	4.8	—
American telecommunications	390,216	363,494	7.4	(0.1)	(26,910)
Cogeco Communications	762,300	718,541	6.1	2.3	(26,910)
Other	27,390	26,717	2.5	2.5	—
Consolidated	789,690	745,258	6.0	2.4	(26,910)

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

Fiscal 2023 first-quarter revenue increased by 6.0% (2.4% in constant currency), mainly resulting from revenue growth in the Canadian telecommunications segment, driven by the cumulative effect of high-speed Internet service additions over the past years, a higher value product mix, rate increases, and higher revenue in the media activities, combined with stable revenue in the American telecommunications segment.

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

OPERATING EXPENSES

	Three months ended November 30,				
	2022	2021	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**173,451**	167,186	3.7	3.0	(1,168)
American telecommunications	**207,710**	187,730	10.6	3.0	(14,267)
Corporate and eliminations	**8,516**	8,758	(2.8)	(2.8)	—
Cogeco Communications	**389,677**	363,674	7.2	2.9	(15,435)
Other	**26,131**	27,190	(3.9)	(3.9)	—
Consolidated	**415,808**	390,864	6.4	2.4	(15,435)

Fiscal 2023 first-quarter operating expenses increased by 6.4% (2.4% in constant currency), resulting mainly from:

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

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

ADJUSTED EBITDA

	Three months ended November 30,				
	2022	2021	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**198,633**	187,861	5.7	6.4	1,168
American telecommunications	**182,506**	175,764	3.8	(3.4)	(12,643)
Corporate and eliminations	**(13,916)**	(14,338)	2.9	2.9	—
Cogeco Communications	**367,223**	349,287	5.1	1.8	(11,475)
Other	**6,659**	5,107	30.4	30.4	—
Consolidated	**373,882**	354,394	5.5	2.3	(11,475)

Fiscal 2023 first-quarter adjusted EBITDA increased by 5.5% (2.3% in constant currency) as a result of:

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

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

3.2 ACQUISITION, INTEGRATION, RESTRUCTURING AND OTHER COSTS

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

3.3 DEPRECIATION AND AMORTIZATION

	Three months ended November 30,		
	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Depreciation of property, plant and equipment	**142,181**	138,182	2.9
Amortization of intangible assets	**14,209**	14,447	(1.6)
	156,390	152,629	2.5

Fiscal 2023 first-quarter depreciation and amortization expense increased by 2.5%, mainly due to the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

3.4 FINANCIAL EXPENSE

	Three months ended November 30,		
	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Interest on long-term debt, excluding interest on lease liabilities	**55,857**	43,084	29.6
Interest on lease liabilities	**646**	449	43.9
Net foreign exchange loss	**2,372**	1,270	86.8
Amortization of deferred transaction costs related to the revolving facilities	**182**	203	(10.3)
Other	**(1,530)**	602	—
	57,527	45,608	26.1

Fiscal 2023 first-quarter financial expense increased by 26.1%, mainly attributable to:

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

3.5 INCOME TAXES

	Three months ended November 30,		
	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Current	**9,290**	15,549	(40.3)
Deferred	**24,190**	2,834	—
Income taxes	**33,480**	18,383	82.1
Effective income tax rate	**21.3 %**	13.4 %	59.0

Overall, fiscal 2023 first-quarter income tax expense increased by 82.1%, mainly due to:

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

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

3.6 PROFIT FOR THE PERIOD

	Three months ended November 30,		
	2022	2021	Change
(In thousands of Canadian dollars, except percentages and earnings per share)	**$**	$	%
Profit for the period	**123,808**	119,139	3.9
Profit for the period attributable to owners of the Corporation	**42,081**	38,523	9.2
Profit for the period attributable to non-controlling interest (1)	**81,727**	80,616	1.4
Basic earnings per share	**2.68**	2.42	10.7
Diluted earnings per share	**2.67**	2.41	10.8

(1) At November 30, 2022, the non-controlling interest relates to a participation of approximately 65.3% in the profit for the period attributable to owners of Cogeco Communications in addition to the 21% ownership of Caisse de dépôt et placement du Québec ("CDPQ") in a U.S. subsidiary of Cogeco Communications.

Fiscal 2023 first-quarter profit for the period and profit for the period attributable to owners of the Corporation increased by 3.9% and 9.2%, respectively, as a result of:

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

4. SEGMENTED OPERATING AND FINANCIAL RESULTS

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

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

4.1 CANADIAN TELECOMMUNICATIONS

OPERATING AND FINANCIAL RESULTS

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

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

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

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

REVENUE

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

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

OPERATING EXPENSES

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

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

ADJUSTED EBITDA

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

NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

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

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

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

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

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

(1) As a percentage of homes passed.

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

INTERNET

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

VIDEO

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

PHONE

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

DISTRIBUTION OF CUSTOMERS

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

4.2 AMERICAN TELECOMMUNICATIONS

OPERATING AND FINANCIAL RESULTS

	Three months ended November 30,					
					Change	
	2022 (1)	Foreign exchange impact	**2022 in constant currency** (2)	2021	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**390,216**	(26,910)	**363,306**	363,494	**7.4**	**(0.1)**
Operating expenses	**207,710**	(14,267)	**193,443**	187,730	**10.6**	**3.0**
Adjusted EBITDA	**182,506**	(12,643)	**169,863**	175,764	**3.8**	**(3.4)**
Adjusted EBITDA margin (3)	**46.8 %**			48.4 %		
Net capital expenditures	**80,408**	(5,544)	**74,864**	73,227	**9.8**	**2.2**
Capital intensity (3)	**20.6 %**			20.1 %		

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

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

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

REVENUE

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

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

OPERATING EXPENSES

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

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

ADJUSTED EBITDA

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

NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

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

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

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

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

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

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

INTERNET

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

VIDEO

Fiscal 2023 first-quarter video service customers net losses amounted to 13,411 compared to 13,383 for the same period of the prior year. The net losses of fiscal 2023 first-quarter were mainly due to:

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

PHONE

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

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

DISTRIBUTION OF CUSTOMERS

At November 30, 2022, 35% of the American telecommunications segment's customers subscribed to "double play" or "triple play" bundled services. In recent years, the customer mix from double and triple play bundles has decreased which is in line with the Internet led strategy of focusing on higher margin Internet services.

5. RELATED PARTY TRANSACTIONS

Cogeco held, as of November 30, 2022, 34.7% of Cogeco Communications' equity shares, representing 84.1% of the votes attached to Cogeco Communications' voting shares.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the first quarter of fiscal 2023, management fees paid to Cogeco amounted to $5.4 million compared to $5.6 million for the same period of fiscal 2022.

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

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

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

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

6. CASH FLOWS ANALYSIS

	Three months ended November 30,		
	2022	2021 (1)	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Cash flows from operating activities	**193,821**	297,342	(34.8)
Cash flows used in investing activities	**(234,670)**	(1,573,987)	(85.1)
Cash flows from financing activities	**64,051**	1,311,819	(95.1)
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	**6,295**	1,390	—
Net change in cash and cash equivalents	**29,497**	36,564	(19.3)
Cash and cash equivalents, beginning of the period	**379,001**	551,968	(31.3)
Cash and cash equivalents, end of the period	**408,498**	588,532	(30.6)

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

6.1 OPERATING ACTIVITIES

Fiscal 2023 first-quarter cash flows from operating activities decreased by 34.8%, mainly due to:

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

6.2 INVESTING ACTIVITIES

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

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

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

	Three months ended November 30,			
	2022	2021 (1)	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%
Acquisition of property, plant and equipment	**235,008**	146,329	60.6	
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period (2)	**(37,666)**	(4,820)	—	
Net capital expenditures	**197,342**	141,509	39.5	33.2
Net capital expenditures, excluding network expansion projects (3)	**131,508**	121,493	8.2	3.7

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

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

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

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

	Three months ended November 30,			
	2022	2021	Change	Change in constant currency (1)
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%
Canadian telecommunications	**115,238**	67,471	70.8	65.8
Capital intensity (2)	**31.0 %**	19.0 %		
American telecommunications	**80,408**	73,227	9.8	2.2
Capital intensity (2)	**20.6 %**	20.1 %		
Corporate and eliminations	**1,325**	330	—	—
Cogeco Communications	**196,971**	141,028	39.7	33.4
Capital intensity (2)	**25.8 %**	19.6 %		
Capital intensity, excluding network expansion projects (2)	**17.2 %**	16.8 %		
Other	**371**	481	(22.9)	(22.9)
Consolidated	**197,342**	141,509	39.5	33.2

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

(2) Capital intensity is a supplementary financial measure calculated as net capital expenditures divided by revenue. Capital intensity, excluding network expansion projects is a non-IFRS ratio. These indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on these financial measures, please consult the "Non-IFRS and other financial measures" section.

Fiscal 2023 first-quarter net capital expenditures increased by 39.5% (33.2% in constant currency), mainly due to:

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

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

6.3 FINANCING ACTIVITIES

ISSUANCE AND REPAYMENT OF DEBT

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

	Three months ended November 30,		
	2022	2021	Explanations
(In thousands of Canadian dollars)	**$**	$	
(Decrease) increase in bank indebtedness	**(7,711)**	9,978	Repayment following amounts drawn under the revolving facilities.
Net increase (decrease) under the revolving facilities	**163,726**	(231,511)	Funds used in the first quarter of fiscal 2023 for disbursements made in connection with the NCIB programs and capital expenditures, and for payments of the income tax balances for fiscal 2022 and instalments.
Issuance of long-term debt, net of discounts and transaction costs	**—**	1,611,539	Mainly related to the Ohio broadband systems acquisition completed in the first quarter of fiscal 2022, which was financed in part through the issuance of a US$900 million senior secured Term B loan, and the issuance of $500 million senior secured notes.
Repayment of notes, debentures and credit facilities	**(8,780)**	(40,761)	Related to the quarterly repayments on the Senior Secured Term Loan B Facility, with quarterly repayments on Tranche 2 starting in May 2022, and to the repayment of the $35 million Unsecured Debentures in the first quarter of fiscal 2022.
Repayment of lease liabilities	**(1,689)**	(1,277)	Comparable.
	145,546	1,347,968	

DIVIDENDS

During the first quarter of fiscal 2023, a quarterly eligible dividend of $0.731 per share was paid to the holders of multiple and subordinate voting shares, totalling $11.4 million. Last year, due to the timing of the quarterly dividend declared after the fiscal 2022 year-end, for which the dividend was declared on November 11, 2022 and payable to the holders of the multiple and subordinate voting shares on December 9, 2021, no dividend was paid during the first quarter of fiscal 2022.

NORMAL COURSE ISSUER BID ("NCIB")

Cogeco

On January 13, 2022, the TSX accepted Cogeco's notice of intention for a NCIB, enabling it to acquire for cancellation up to 325,000 subordinate voting shares from January 18, 2022 to January 17, 2023, representing approximately 2.3% of the Corporation's outstanding balance of subordinate voting shares as of January 4, 2022. The previous NCIB ended on August 1, 2020.

The NCIB purchases were as follows:

	Three months ended November 30,	
	2022	2021
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$
Subordinate voting shares purchased and cancelled	**27,700**	—
Weighted average purchase price per share	**57.87**	—
Purchase costs	**1,603**	—

Cogeco Communications

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

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

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

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

6.4 FREE CASH FLOW

	Three months ended November 30,				
	2022 (1)	2021	Change	Change in constant currency (2)	Foreign exchange impact (2)
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Adjusted EBITDA	**373,882**	354,394	5.5	2.3	(11,475)
Amortization of deferred transaction costs and discounts on long-term debt	**3,062**	2,942	4.1		
Share-based payment	**1,404**	1,721	(18.4)		
Gain on disposals and write-offs of property, plant and equipment	**(71)**	(1,093)	(93.5)		
Defined benefit plans contributions, net of expense	**(269)**	434	—		
Acquisition, integration, restructuring and other costs	**(2,677)**	(18,635)	(85.6)		
Financial expense	**(57,527)**	(45,608)	26.1		
Current income taxes	**(9,290)**	(15,549)	(40.3)		
Net capital expenditures	**(197,342)**	(141,509)	39.5		
Repayment of lease liabilities	**(1,689)**	(1,277)	32.3		
Free cash flow	**109,483**	135,820	(19.4)	(19.0)	594
Free cash flow, excluding network expansion projects (3)	**175,317**	155,836	12.5	10.7	(2,768)

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

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

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

Fiscal 2023 first-quarter free cash flow decreased by 19.4% (19.0% in constant currency), mainly due to:

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

Excluding network expansion projects, fiscal 2023 first-quarter free cash flow amounted to $175.3 million ($172.5 million in constant currency), an increase of 12.5% (10.7% in constant currency) compared to $155.8 million for the same period of the prior year.

6.5 DIVIDEND DECLARATION

At its January 12, 2023 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.731 per share for multiple and subordinate voting shares, payable on February 9, 2023 to shareholders of record on January 26, 2023. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

7. FINANCIAL POSITION

7.1 WORKING CAPITAL

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

The variations are as follows:

	November 30, 2022	August 31, 2022	Change	Explanations
(In thousands of Canadian dollars)	**$**	$	$	
Current assets				
Cash and cash equivalents	**408,498**	379,001	29,497	Refer to the "Cash flows analysis" section.
Trade and other receivables	**141,482**	123,617	17,865	Mainly related to the timing of collection of trade accounts receivable and revenue growth, combined with the appreciation of the US dollar against the Canadian dollar.
Income taxes receivable	**6,799**	7,581	(782)	Not significant.
Prepaid expenses and other	**57,048**	41,830	15,218	Mainly related to the increase in prepayments for annual services agreements and the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	**3,877**	3,465	412	Not significant.
	617,704	555,494	62,210	
Current liabilities				
Bank indebtedness	**922**	8,633	(7,711)	Refer to the "Cash flows analysis" section.
Trade and other payables	**362,894**	396,480	(33,586)	Mainly related to the timing of payments made to suppliers, partly offset by higher capital expenditures in relation to the network expansion programs underway and the appreciation of the US dollar against the Canadian dollar.
Provisions	**25,235**	28,942	(3,707)	Not significant.
Income tax liabilities	**420**	39,251	(38,831)	Related to the final payment of income tax balances for fiscal 2022.
Contract liabilities and other liabilities	**62,240**	64,221	(1,981)	Not significant.
Government subsidies received in advance	**90,368**	127,851	(37,483)	Related to the network construction progress in Québec.
Derivative financial instruments	**2,831**	2,273	558	Not significant.
Current portion of long-term debt	**341,880**	340,468	1,412	Not significant.
	886,790	1,008,119	(121,329)	
Working capital deficiency	**(269,086)**	(452,625)	183,539	

7.2 OTHER SIGNIFICANT CHANGES

(In thousands of Canadian dollars)	November 30, 2022 $	August 31, 2022 $	Change $	Explanations
Non-current assets				
Property, plant and equipment	**3,165,841**	3,061,177	104,664	Mainly related to capital investments made during the first quarter of fiscal 2023 and the appreciation of the US dollar against the Canadian dollar, partly offset by the depreciation expense for the period.
Intangible assets	**3,710,366**	3,656,790	53,576	Mainly related to the appreciation of the US dollar against the Canadian dollar, partly offset by the amortization expense for the period.
Goodwill	**2,065,994**	2,010,510	55,484	Related to the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	**122,959**	95,537	27,422	Mainly related to changes in market interest rates impacting the interest swap agreements' valuation.
Non-current liabilities				
Long-term debt	**4,671,508**	4,398,142	273,366	Mainly related to the amounts drawn under the revolving facilities and the appreciation of the US dollar against the Canadian dollar, partly offset by the quarterly repayments on the Senior Secured Term B Facility.
Deferred tax liabilities	**813,805**	773,036	40,769	Mainly related to the timing of temporary differences and the appreciation of the US dollar against the Canadian dollar.

8. CAPITAL RESOURCES AND LIQUIDITY

8.1 CAPITAL STRUCTURE

The table below summarizes the Corporation's available liquidity:

(In thousands of Canadian dollars)	At November 30, 2022 $	At August 31, 2022 $
Cash and cash equivalents	**408,498**	379,001
Cash with restrictions on use (1)	**(90,368)**	(127,851)
Amounts available under revolving credit facilities (2)	**733,107**	888,276
Available liquidity (3)	**1,051,237**	1,139,426

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

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

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

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

COGECO COMMUNICATIONS

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

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

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

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

At November 30, 2022, Cogeco Communications' weighted average cost of indebtedness, excluding the amortization of deferred transaction costs and commitment fees but including the impact of interest rate swaps, was 4.5%.

8.2 OUTSTANDING SHARE DATA

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

(In thousands of Canadian dollars, except number of shares)	Number of shares	Amount $
Common shares		
Multiple voting shares	1,602,217	10
Subordinate voting shares	14,138,636	113,147

8.3 FINANCING

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

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

8.4 COGECO COMMUNICATIONS' CREDIT RATINGS

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

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

NR : Not rated

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

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

8.5 FINANCIAL RISK MANAGEMENT

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate, foreign exchange and market risks which are described in the Corporation's 2022 annual consolidated financial statements.

Credit risk

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

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

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

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

Liquidity risk

At November 30, 2022, the Corporation had used $39.8 million of its $100 million Term Revolving Facility and an amount of $276.0 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $60.2 million and $474.0 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $202.6 million (US$150 million), of which $3.7 million (US$2.7 million) was used at November 30, 2022 for a remaining availability of $199.0 million (US$147.3 million).

Interest rate risk

The Corporation and its subsidiary, Cogeco Communications, are exposed to interest rate risk on their floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At November 30, 2022, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2022:

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

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $15.4 million based on the outstanding debt and swap agreements at November 30, 2022.

Foreign exchange risk

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

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

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

8.6 FOREIGN CURRENCY

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

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

9. FISCAL 2023 REVISED FINANCIAL GUIDELINES

The following section contains forward-looking statements concerning the business outlook for Cogeco and Cogeco Communications. For a description of risk factors that could cause actual results to differ materially from what Cogeco and Cogeco Communications expect, please refer to the "Uncertainties and main risk factors" section of the Corporation's current MD&A and 2022 annual MD&A, and Cogeco Communications' fiscal 2023 first-quarter and 2022 annual MD&A.

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

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

Cogeco

The Corporation's fiscal 2023 revised financial guidelines are mainly driven by those of Cogeco Communications, which are described below.

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

(In millions of Canadian dollars, except percentages)	**January 12, 2023** **Revised projections** (1) **Fiscal 2023 (constant currency)** (2) **$**	July 13, 2022 Original projections (1) Fiscal 2023 (constant currency) (2) $	Actual Fiscal 2022 $
Financial guidelines			
Revenue	**Increase of 0.5% to 2.0%**	Increase of 2% to 4%	2,995
Adjusted EBITDA	**Increase of 0.5% to 2.0%**	Increase of 1.5% to 3.5%	1,406
Net capital expenditures	**$700 to $775**	$750 to $800	692
Net capital expenditures in connection with network expansion projects	**$180 to $230**	$180 to $230	157
Free cash flow	**Decrease of 2% to 12%** (3)	Decrease of 2% to 12% (3)	433
Free cash flow, excluding network expansion projects	**Decrease of 5% to an increase of 5%** (3)	Decrease of 5% to an increase of 5% (3)	590

(1) Percentage of changes compared to fiscal 2022.

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

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

Cogeco Communications

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

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

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

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

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

(1) Percentage of changes compared to fiscal 2022.

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

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

10. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES

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

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

11. CONTROLS AND PROCEDURES

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

The CEO and CFO, supported by management, evaluated the design of the Corporation's DC&P and ICFR at November 30, 2022, and concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the three-month period ended November 30, 2022.

12. UNCERTAINTIES AND MAIN RISK FACTORS

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

13. ACCOUNTING POLICIES

13.1 CHANGE IN ACCOUNTING POLICIES

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

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

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

Consolidated statements of cash flows

Three months ended November 30, 2021	As previously reported	Effect of change in presentation	As currently reported
(In thousands of Canadian dollars)	$	$	$
Cash flows from investing activities			
Acquisition of property, plant and equipment (1)	(141,509)	(4,820)	(146,329)
Net change in cash and cash equivalents	41,384	(4,820)	36,564
Cash and cash equivalents, beginning of the period (2)	368,434	183,534	551,968
Cash and cash equivalents, end of the period	409,818	178,714	588,532

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

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

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

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

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

14. NON-IFRS AND OTHER FINANCIAL MEASURES

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

Non-IFRS financial measures

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

Specified financial measures	Usefulness	Calculation	Most directly comparable IFRS financial measures
Constant currency basis and foreign exchange impact	The Corporation presents certain financial measures in constant currency to enable an improved understanding of its underlying financial performance, undistorted by the effects of changes in foreign exchange rates, in order to facilitate period-to-period comparisons. Financial measures presented on a constant currency basis include financial guidelines and certain historical financial measures, including revenue, operating expenses, adjusted EBITDA, net capital expenditures and free cash flow.	Financial guidelines presented on a constant currency basis are obtained by translating expected financial results denominated in US dollars at the foreign exchange rates of the prior fiscal year. Historical financial measures presented on a constant currency basis are obtained by translating financial results from the current period denominated in US dollars at the foreign exchange rates of the comparable period of the prior year. Foreign exchange impact represents the quantification of such impact.	Revenue, operating expenses, adjusted EBITDA and net capital expenditures. For free cash flow, refer to the definition below for the most directly comparable IFRS financial measure.
Organic revenue in constant currency and adjusted EBITDA in constant currency	Organic revenue in constant currency and adjusted EBITDA in constant currency are used by management to analyze the Corporations' revenue and adjusted EBITDA growth excluding the effects of changes in foreign exchange rates and the impact of acquisitions, in order to facilitate period-to-period comparisons. Management believes these measures are used by certain investors and analysts to evaluate the Corporation's performance.	Revenue in constant currency (as calculated per above) deduct: - impact of acquisitions. Adjusted EBITDA in constant currency (as calculated per above) deduct: - impact of acquisitions.	Revenue and adjusted EBITDA.

Specified financial measures	Usefulness	Calculation	Most directly comparable IFRS financial measures
Free cash flow and free cash flow, excluding network expansion projects	Free cash flow and free cash flow, excluding network expansion projects are used by management to measure the Corporation's ability to repay debt, distribute capital to its shareholders and finance its growth. Management believes these measures are used by certain investors and analysts to value the Corporation's business and its underlying assets, and to assess the Corporation's financial strength and performance. Free cash flow excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring. The Corporation also measures free cash flow excluding network expansion projects as it provides a common basis for comparing the impact of the net capital expenditures to the impact of the historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, management believes this helps certain investors and analysts to assess the impact of the network expansion projects on the Corporation's free cash flow. Excluding the impact of net capital expenditure in connection with network expansion projects does not imply it is non-recurring.	Free cash flow: - Adjusted EBITDA add: - Amortization of deferred transaction costs and discounts on long-term debt; - Share-based payment; - Loss (gain) on disposals and write-offs of property, plant and equipment; and - Defined benefit plans expense, net of contributions deduct: - Acquisition, integration, restructuring and other costs; - Financial expense; - Current income taxes; - Net capital expenditures; and - Repayment of lease liabilities. Free cash flow, excluding network expansion projects: - Free cash flow add: - Net capital expenditures in connection with network expansion projects.	Cash flows from operating activities
Net capital expenditures, excluding network expansion projects	Net capital expenditures, excluding network expansion projects is a measure used by management to assess the Corporation's total capital investments, without taking into consideration capitalized investments in network expansion projects, as it provides a common basis for comparing the net capital expenditures to historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, management believes this helps certain investors and analysts to assess the impact of the network expansion projects on the net capital expenditures. This measure is also used in the calculation of the free cash flow, excluding network expansion projects. Excluding the impact of net capital expenditure in connection with network expansion projects does not imply it is non-recurring.	Net capital expenditures deduct: - Net capital expenditures in connection with network expansion projects.	Acquisition of property, plant and equipment
Available liquidity	Management uses available liquidity to assess Cogeco's ability to meet its financial obligations and ensure there is sufficient liquidity to support its capital requirements, including development of the business by acquisition and other growth opportunities. Available liquidity is presented on a consolidated basis, including the liquidity of distinct borrowing structures for the Canadian and American telecommunications segments. Management believes this measure is used by certain investors and analysts to assess Cogeco's financial strength.	Cash and cash equivalents deduct: - Cash with restrictions on use; add: - Amounts available under revolving credit facilities.	Cash and cash equivalents

CONSTANT CURRENCY BASIS AND FOREIGN EXCHANGE IMPACT RECONCILIATION

Consolidated

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

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

	Three months ended November 30,					
					Change	
	2022	Foreign exchange impact	2022 in constant currency [1]	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Free cash flow	**109,483**	594	**110,077**	135,820	**(19.4)**	**(19.0)**
Net capital expenditures	**197,342**	(8,904)	**188,438**	141,509	**39.5**	**33.2**

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

Segmented

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

FREE CASH FLOW RECONCILIATION

	Three months ended November 30,	
	2022	2021
(In thousands of Canadian dollars)	$	$
Cash flows from operating activities	**193,821**	297,342
Amortization of deferred transaction costs and discounts on long-term debt [1]	**3,062**	2,942
Changes in other non-cash operating activities	**69,949**	(19,729)
Income taxes paid	**47,293**	26,336
Current income taxes	**(9,290)**	(15,549)
Interest paid	**61,206**	32,872
Financial expense	**(57,527)**	(45,608)
Net capital expenditures	**(197,342)**	(141,509)
Repayment of lease liabilities	**(1,689)**	(1,277)
Free cash flow	**109,483**	135,820

(1) Included within financial expense.

AVAILABLE LIQUIDITY RECONCILIATION

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

NET CAPITAL EXPENDITURES AND FREE CASH FLOW EXCLUDING NETWORK EXPANSION PROJECTS RECONCILIATIONS

Net capital expenditures

					Three months ended November 30,	
					Change	
	2022	Foreign exchange impact	2022 in constant currency (1)	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Net capital expenditures	**197,342**	(8,904)	**188,438**	141,509	**39.5**	**33.2**
Net capital expenditures in connection with network expansion projects	**65,834**	(3,362)	**62,472**	20,016	**—**	**—**
Net capital expenditures, excluding network expansion projects	**131,508**	(5,542)	**125,966**	121,493	**8.2**	**3.7**

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

Free cash flow

					Three months ended November 30,	
					Change	
	2022	Foreign exchange impact	2022 in constant currency (1)	2021	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Free cash flow	**109,483**	594	**110,077**	135,820	**(19.4)**	**(19.0)**
Net capital expenditures in connection with network expansion projects	**65,834**	(3,362)	**62,472**	20,016	**—**	**—**
Free cash flow, excluding network expansion projects	**175,317**	(2,768)	**172,549**	155,836	**12.5**	**10.7**

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

Non-IFRS ratios

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

Specified financial measures	Usefulness	Calculation
Change in constant currency	The Corporation presents changes of certain financial measures in constant currency to enable an improved understanding of its underlying financial performance, undistorted by the effects of changes in foreign exchange rates, in order to facilitate period-to-period comparisons.	Change in constant currency, expressed as a percentage of the variation between the periods presented, is obtained by translating financial results from the current period denominated in US dollars using the foreign exchange rates of the comparable period of the prior year.
Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency	Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency are used by management to analyze the Corporations' revenue and adjusted EBITDA growth excluding the effects of changes in foreign exchange rates and the impact of acquisitions, in order to facilitate period-to-period comparisons. Management believes these measures are used by certain investors and analysts to evaluate the Corporation's performance.	Revenue and adjusted EBITDA changes in constant currency (as calculated above), expressed as a percentage of the variation between the periods presented, adjusted for the impact of acquisitions.

Specified financial measures	Usefulness	Calculation
Capital intensity, excluding network expansion projects	Capital intensity, excluding network expansion projects is used by Cogeco Communications' management to assess Cogeco Communications' investment in capital expenditures and to make certain decisions, without taking into consideration capitalized investments in network expansion projects, in order to support a certain level of revenue. Cogeco Communications measures capital intensity, excluding network expansion projects, as it provides a common basis for comparing the impact of the net capital expenditures to the impact of the historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, Cogeco Communications' management believes this helps certain investors and analysts to assess the impact of the network expansion projects on Cogeco Communications' capital intensity ratio. Excluding the impact of net capital expenditures in connection with network expansion projects does not imply it is non-recurring.	Net capital expenditures, excluding network expansion projects divided by revenue. Net capital expenditures, excluding network capital expenditures is a non-IFRS financial measure. For more details on net capital expenditures, excluding network expansion projects, please refer to the "Non-IFRS financial measures" sub-section.

Total of segments measures

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

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

ADJUSTED EBITDA RECONCILIATION

	Three months ended November 30,	
	2022	2021
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**123,808**	119,139
Income taxes	**33,480**	18,383
Financial expense	**57,527**	45,608
Depreciation and amortization	**156,390**	152,629
Acquisition, integration, restructuring and other costs	**2,677**	18,635
Adjusted EBITDA	**373,882**	354,394

NET CAPITAL EXPENDITURES RECONCILIATION

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

Capital management measures

The following financial measures used by Cogeco are capital management measures as reported in Note 16 C) of the condensed interim consolidated financial statements.

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

Supplementary financial measures

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

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

15. SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

	Fiscal 2023			Fiscal 2022				Fiscal 2021
Three months ended	**November 30, 2022**	August 31, 2022	May 31, 2022	February 28, 2022 [1]	November 30, 2021 [1]	August 31, 2021 [1]	May 31, 2021	February 28, 2021
(In thousands of Canadian dollars, except per share data)	**$**	$	$	$	$	$	$	$
Operations								
Revenue	**789,690**	746,911	754,777	748,066	745,258	655,074	649,260	653,156
Adjusted EBITDA	**373,882**	348,510	353,473	349,211	354,394	293,624	302,340	308,414
Acquisition, integration, restructuring and other costs	**2,677**	12,657	2,286	1,451	18,635	3,961	1,272	2,330
Profit for the period	**123,808**	111,379	108,456	118,781	119,139	103,418	104,994	110,156
Profit for the period attributable to owners of the Corporation	**42,081**	36,433	37,493	36,659	38,523	33,082	34,548	33,737
Cash flow								
Cash flows from operating activities	**193,821**	326,636	355,681	278,768	297,342	283,538	269,078	241,619
Free cash flow	**109,483**	34,704	108,954	153,703	135,820	72,915	136,567	140,555
Acquisition of property, plant and equipment	**235,008**	244,855	198,271	158,153	146,329	180,192	126,745	115,748
Net capital expenditures	**197,342**	224,775	183,107	142,475	141,509	175,718	126,745	115,748
Per share data [2]								
Earnings per share								
Basic	**2.68**	2.32	2.38	2.30	2.42	2.08	2.17	2.12
Diluted	**2.67**	2.31	2.37	2.29	2.41	2.07	2.16	2.11
Dividends per share	**0.731**	0.625	0.625	0.625	0.625	0.545	0.545	0.545

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

(2) Per multiple and subordinate voting share.

15.1 SEASONAL VARIATIONS

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month period ended November 30, 2022

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

		Three months ended November 30,	
	Notes	**2022**	2021
(In thousands of Canadian dollars, except per share data)		**$**	$
Revenue	*3*	**789,690**	745,258
Operating expenses	*6*	**415,808**	390,864
Acquisition, integration, restructuring and other costs	*7*	**2,677**	18,635
Depreciation and amortization	*8*	**156,390**	152,629
Financial expense	*9*	**57,527**	45,608
Profit before income taxes		**157,288**	137,522
Income taxes	*10*	**33,480**	18,383
Profit for the period		**123,808**	119,139
Profit for the period attributable to:			
Owners of the Corporation		**42,081**	38,523
Non-controlling interest		**81,727**	80,616
		123,808	119,139
Earnings per share			
Basic	*11*	**2.68**	2.42
Diluted	*11*	**2.67**	2.41

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

	Three months ended November 30,	
	2022	2021
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**123,808**	119,139
Other comprehensive income (loss)		
Items to be subsequently reclassified to profit or loss		
Cash flow hedging adjustments		
Net change in fair value of hedging derivative financial instruments	**27,066**	10,918
Related income taxes	**(7,172)**	(2,893)
	19,894	8,025
Foreign currency translation adjustments		
Net foreign currency translation differences on net investments in foreign operations	**65,929**	28,106
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	**(15,484)**	(6,825)
Related income taxes	**(63)**	(53)
	50,382	21,228
	70,276	29,253
Items not to be subsequently reclassified to profit or loss		
Defined benefit plans actuarial adjustments		
Remeasurement of net defined benefit liability or asset	**3,520**	928
Related income taxes	**(933)**	(246)
	2,587	682
	72,863	29,935
Comprehensive income for the period	**196,671**	149,074
Comprehensive income for the period attributable to:		
Owners of the Corporation	**63,657**	46,952
Non-controlling interest	**133,314**	102,122
	196,971	149,074

COGECO INC.
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

	Equity attributable to owners of the Corporation					
(In thousands of Canadian dollars)	Share capital $	Share-based payment reserve $	Accumulated other comprehensive income (loss) $	Retained earnings $	Equity attributable to non-controlling interest $	Total shareholders' equity $
	(Note 13)		*(Note 14)*			
Balance at August 31, 2021	107,194	9,940	(5,875)	705,399	2,074,679	2,891,337
Profit for the period	—	—	—	38,523	80,616	119,139
Other comprehensive income for the period	—	—	7,977	452	21,506	29,935
Comprehensive income for the period	—	—	7,977	38,975	102,122	149,074
Share-based payment (Note 13 D))	—	1,461	—	—	1,122	2,583
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(5)	—	—	110	105
Dividends (Note 13 C))	—	—	—	(9,934)	(21,653)	(31,587)
Effect of changes in ownership of a subsidiary on non-controlling interest	—	—	—	(5,089)	5,089	—
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(1,881)	—	—	—	—	(1,881)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	3,174	(2,691)	—	(483)	—	—
Purchase and cancellation of subordinate voting shares by a subsidiary	—	—	—	(7,333)	(22,175)	(29,508)
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	—	—	—	(4,865)	(4,865)
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	(1,120)	—	(362)	1,482	—
Total contributions by (distributions to) shareholders	1,293	(2,355)	—	(23,201)	(40,890)	(65,153)
Balance at November 30, 2021	108,487	7,585	2,102	721,173	2,135,911	2,975,258
Balance at August 31, 2022	**106,768**	**11,031**	**44,397**	**757,647**	**2,349,670**	**3,269,513**
Profit for the period	**—**	**—**	**—**	**42,081**	**81,727**	**123,808**
Other comprehensive income for the period	**—**	**—**	**19,556**	**1,720**	**51,587**	**72,863**
Comprehensive income for the period	**—**	**—**	**19,556**	**43,801**	**133,314**	**196,671**
Share-based payment (Note 13 D))	**—**	**1,027**	**—**	**—**	**1,193**	**2,220**
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	**—**	**(36)**	**—**	**—**	**591**	**555**
Dividends (Note 13 C))	**—**	**—**	**—**	**(11,397)**	**(22,937)**	**(34,334)**
Effect of changes in ownership of a subsidiary on non-controlling interest	**—**	**—**	**—**	**(1,904)**	**1,904**	**—**
Purchase and cancellation of subordinate voting shares	**(222)**	**—**	**—**	**(1,381)**	**—**	**(1,603)**
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**(2,941)**	**—**	**—**	**—**	**—**	**(2,941)**
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**2,120**	**(2,560)**	**—**	**440**	**—**	**—**
Purchase and cancellation of subordinate voting shares by a subsidiary	**—**	**—**	**—**	**(7,892)**	**(29,391)**	**(37,283)**
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**—**	**—**	**—**	**—**	**(5,889)**	**(5,889)**
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**—**	**(1,935)**	**—**	**318**	**1,617**	**—**
Total distributions to shareholders	**(1,043)**	**(3,504)**	**—**	**(21,816)**	**(52,912)**	**(79,275)**
Balance at November 30, 2022	**105,725**	**7,527**	**63,953**	**779,632**	**2,430,072**	**3,386,909**

COGECO INC.

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited)

(In thousands of Canadian dollars)	*Notes*	**November 30, 2022** **$**	August 31, 2022 $
Assets			
Current			
Cash and cash equivalents	*15 D)*	**408,498**	379,001
Trade and other receivables		**141,482**	123,617
Income taxes receivable		**6,799**	7,581
Prepaid expenses and other		**57,048**	41,830
Derivative financial instruments		**3,877**	3,465
		617,704	555,494
Non-current			
Other assets		**81,990**	72,934
Property, plant and equipment		**3,165,841**	3,061,177
Intangible assets		**3,710,366**	3,656,790
Goodwill		**2,065,994**	2,010,510
Derivative financial instruments		**122,959**	95,537
Deferred tax assets		**12,373**	15,583
		9,777,227	9,468,025
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**922**	8,633
Trade and other payables		**362,894**	396,480
Provisions		**25,235**	28,942
Income tax liabilities		**420**	39,251
Contract liabilities and other liabilities		**62,240**	64,221
Government subsidies received in advance		**90,368**	127,851
Derivative financial instruments		**2,831**	2,273
Current portion of long-term debt	*12*	**341,880**	340,468
		886,790	1,008,119
Non-current			
Long-term debt	*12*	**4,671,508**	4,398,142
Contract liabilities and other liabilities		**9,326**	9,510
Pension plan liabilities and accrued employee benefits		**8,889**	9,705
Deferred tax liabilities		**813,805**	773,036
		6,390,318	6,198,512
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*13 B)*	**105,725**	106,768
Share-based payment reserve		**7,527**	11,031
Accumulated other comprehensive income	*14*	**63,953**	44,397
Retained earnings		**779,632**	757,647
		956,837	919,843
Equity attributable to non-controlling interest		**2,430,072**	2,349,670
		3,386,909	3,269,513
		9,777,227	9,468,025

Subsequent events (Notes 12 and 18)

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

		Three months ended November 30,	
	Notes	**2022**	2021
(In thousands of Canadian dollars)		**$**	$
			(restated, Note 2)
Cash flows from operating activities			
Profit for the period		**123,808**	119,139
Adjustments for:			
Depreciation and amortization	*8*	**156,390**	152,629
Financial expense	*9*	**57,527**	45,608
Income taxes	*10*	**33,480**	18,383
Share-based payment		**1,404**	1,721
Gain on disposals and write-offs of property, plant and equipment		**(71)**	(1,093)
Defined benefit plans contributions, net of expense		**(269)**	434
		372,269	336,821
Changes in other non-cash operating activities	*15 A)*	**(69,949)**	19,729
Interest paid		**(61,206)**	(32,872)
Income taxes paid		**(47,293)**	(26,336)
		193,821	297,342
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(235,008)**	(146,329)
Business combinations, net of cash and cash equivalents acquired	*5*	**—**	(1,427,658)
Subsidies received in advance		**181**	—
Proceeds on disposals of property, plant and equipment		**157**	—
		(234,670)	(1,573,987)
Cash flows from financing activities			
(Decrease) increase in bank indebtedness		**(7,711)**	9,978
Net increase (decrease) under the revolving facilities		**163,726**	(231,511)
Issuance of long-term debt, net of discounts and transaction costs		**—**	1,611,539
Repayment of notes, debentures and credit facilities		**(8,780)**	(40,761)
Repayment of lease liabilities		**(1,689)**	(1,277)
Purchase and cancellation of subordinate voting shares	*13 B)*	**(1,603)**	—
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	*13 B)*	**(2,941)**	(1,881)
Dividends paid on multiple and subordinate voting shares	*13 C)*	**(11,397)**	—
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		**555**	105
Purchase and cancellation of subordinate voting shares by a subsidiary		**(37,283)**	(29,508)
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans		**(5,889)**	(4,865)
Dividends paid on subordinate voting shares by a subsidiary to non-controlling interest	*13 C)*	**(22,937)**	—
		64,051	1,311,819
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency		**6,295**	1,390
Net change in cash and cash equivalents		**29,497**	36,564
Cash and cash equivalents, beginning of the period		**379,001**	551,968
Cash and cash equivalents, end of the period	*15 D)*	**408,498**	588,532

NATURE OF OPERATIONS

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

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

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

Cogeco is a Canadian public corporation whose subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CGO". The subordinate voting shares of Cogeco Communications are also listed on the TSX under the trading symbol "CCA".

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

1. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim financial reporting*, as issued by the International Accounting Standards Board ("IASB") and do not include all the information required for annual financial statements. Certain information and footnote disclosure normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Corporation's interim financial information. As such, these condensed interim consolidated financial statements should be read in conjunction with the Corporation's 2022 annual consolidated financial statements.

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

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

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

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

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

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

2. ACCOUNTING POLICY DEVELOPMENTS

A) CHANGE IN ACCOUNTING POLICIES

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

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

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

Consolidated statements of cash flows

Three months ended November 30, 2021	As previously reported	Effect of change in presentation	As currently reported
	$	$	$
Cash flows from investing activities			
Acquisition of property, plant and equipment (1)	(141,509)	(4,820)	(146,329)
Net change in cash and cash equivalents	41,384	(4,820)	36,564
Cash and cash equivalents, beginning of the period (2)	368,434	183,534	551,968
Cash and cash equivalents, end of the period	409,818	178,714	588,532

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

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

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

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

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

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

3. REVENUE

	Three months ended November 30,									
	Cogeco Communications									
	Canadian telecommunications		American telecommunications		Sub-total		Other		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Residential (1) (2) (3)	**312,008**	295,569	**336,251**	317,313	**648,259**	612,882	**—**	—	**648,259**	612,882
Commercial (3)	**43,362**	43,296	**44,768**	40,379	**88,130**	83,675	**—**	—	**88,130**	83,675
Other (2)	**16,714**	16,182	**9,197**	5,802	**25,911**	21,984	**27,390**	26,717	**53,301**	48,701
	372,084	355,047	**390,216**	363,494	**762,300**	718,541	**27,390**	26,717	**789,690**	745,258

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

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

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

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

4. OPERATING SEGMENTS

The Corporation's results are reported in two operating segments: Canadian telecommunications and American telecommunications. In the fourth quarter of fiscal 2022, the Corporation renamed its Canadian and American "broadband services" segments as Canadian and American "telecommunications" segments. Other than the name, no changes were made to the segments' composition. The reporting structure reflects how the Corporation manages its business activities to make decisions about resources to be allocated to the segments and to assess their performance.

The Canadian and American telecommunications segments provide a wide range of Internet, video and phone services primarily to residential customers, as well as business services across their coverage areas. The Canadian telecommunications activities are carried out by Cogeco Connexion in the provinces of Québec and Ontario and the American telecommunications activities are carried out by Breezeline in 13 states: Connecticut, Delaware, Florida, Maine, Maryland, Massachusetts, New Hampshire, New York, Ohio, Pennsylvania, South Carolina, Virginia and West Virginia.

The Corporation and its chief operating decision maker assess the performance of each operating segment based on adjusted EBITDA, which is equal to *Revenue* less *Operating expenses*. Transactions between operating segments are measured at the amounts agreed to between the parties.

Following the application of the IFRS Interpretations Committee issued agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows*) during the third quarter of fiscal 2022, the Corporation changed the label of its "Acquisition of property, plant and equipment" measure to "Net capital expenditures". Net capital expenditures exclude non-cash acquisition of right-of-use assets and the purchases of spectrum licences, and are presented net of government subsidies, including subsidies received in advance recognized as a reduction of the cost of property, plant and equipment. Subsidies received in advance are recognized as a reduction of property, plant and equipment based on the costs incurred in connection with the high-speed Internet network expansion construction projects over the total expected costs. Refer to Note 15 B) for a reconciliation of net capital expenditures to cash payments for acquisition of property, plant and equipment as reported in the consolidated statements of cash flows.

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

The column entitled "Other" is comprised of the results of Cogeco Media and the corporate activities of Cogeco, as well as consolidation elimination entries. Through its subsidiary, Cogeco Media, the Corporation owns and operates 21 radio stations with complementary radio formats serving a wide range of audiences. Cogeco Media also operates Cogeco News, the largest private news agency in Québec, feeding affiliates, independent and community radio stations.

						Three months ended November 30, 2022
	Cogeco Communications					
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Sub-total	Other	Consolidated
	$	$	$	$	$	$
Revenue [1]	372,084	390,216	—	762,300	27,390	789,690
Operating expenses	173,451	207,710	8,516	389,677	26,131	415,808
Management fees – Cogeco Inc.	—	—	5,400	5,400	(5,400)	—
Adjusted EBITDA	198,633	182,506	(13,916)	367,223	6,659	373,882
Acquisition, integration, restructuring and other costs				2,677	—	2,677
Depreciation and amortization				155,299	1,091	156,390
Financial expense				56,919	608	57,527
Profit before income taxes				152,328	4,960	157,288
Income taxes				31,953	1,527	33,480
Profit for the period				120,375	3,433	123,808
Net capital expenditures	115,238	80,408	1,325	196,971	371	197,342

(1) Revenue by geographic market includes $399.5 million in Canada and $390.2 million in the United States.

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

	Three months ended November 30, 2021					
	Cogeco Communications					
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Sub-total	Other	Consolidated
	$	$	$	$	$	$
Revenue [(1)]	355,047	363,494	—	718,541	26,717	745,258
Operating expenses	167,186	187,730	8,758	363,674	27,190	390,864
Management fees – Cogeco Inc.	—	—	5,580	5,580	(5,580)	—
Adjusted EBITDA	187,861	175,764	(14,338)	349,287	5,107	354,394
Acquisition, integration, restructuring and other costs				18,635	—	18,635
Depreciation and amortization				151,637	992	152,629
Financial expense				44,955	653	45,608
Profit before income taxes				134,060	3,462	137,522
Income taxes				17,450	933	18,383
Profit for the period				116,610	2,529	119,139
Net capital expenditures	67,471	73,227	330	141,028	481	141,509

(1) Revenue by geographic market includes $381.8 million in Canada and $363.5 million in the United States.

5. BUSINESS COMBINATION

FISCAL 2022

Acquisition of WideOpenWest's Ohio broadband systems

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

6. OPERATING EXPENSES

	Three months ended November 30,	
	2022	2021
	$	$
Salaries, employee benefits and outsourced services	**139,483**	125,352
Service delivery costs	**202,467**	199,113
Customer related costs	**32,477**	28,979
Other external purchases	**41,381**	37,420
	415,808	390,864

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

7. ACQUISITION, INTEGRATION, RESTRUCTURING AND OTHER COSTS

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

8. DEPRECIATION AND AMORTIZATION

	Three months ended November 30,	
	2022	2021
	$	$
Depreciation of property, plant and equipment (1)	**142,181**	138,182
Amortization of intangible assets	**14,209**	14,447
	156,390	152,629

(1) Includes depreciation of right-of-use assets amounting to $2.3 million for the three-month period of fiscal 2023 ($1.6 million in fiscal 2022).

9. FINANCIAL EXPENSE

	Three months ended November 30,	
	2022	2021
	$	$
Interest on long-term debt, excluding interest on lease liabilities	**55,857**	43,084
Interest on lease liabilities	**646**	449
Net foreign exchange loss	**2,372**	1,270
Amortization of deferred transaction costs related to the revolving facilities	**182**	203
Other	**(1,530)**	602
	57,527	45,608

10. INCOME TAXES

	Three months ended November 30,	
	2022	2021
	$	$
Current	**9,290**	15,549
Deferred	**24,190**	2,834
	33,480	18,383

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

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

	Three months ended November 30,	
	2022	2021
	$	$
Profit before income taxes	**157,288**	137,522
Combined Canadian income tax rate	**26.5 %**	26.5 %
Income taxes at combined Canadian income tax rate	**41,681**	36,443
Difference in operations' statutory income tax rates	**(242)**	(102)
Impact on income taxes arising from non-deductible expenses and non-taxable profit	**704**	(123)
Tax impacts related to foreign operations	**(9,763)**	(6,561)
Other [(1)]	**1,100**	(11,274)
Income taxes at effective income tax rate	**33,480**	18,383
Effective income tax rate	**21.3%**	13.4%

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

11. EARNINGS PER SHARE

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

	Three months ended November 30,	
	2022	2021
	$	$
Profit for the period attributable to owners of the Corporation	**42,081**	38,523
Weighted average number of multiple and subordinate voting shares outstanding	**15,680,267**	15,906,808
Effect of dilutive incentive share units	**43,869**	47,332
Effect of dilutive performance share units	**42,664**	43,945
Weighted average number of diluted multiple and subordinate voting shares outstanding	**15,766,800**	15,998,085

12. LONG-TERM DEBT

	November 30, 2022	August 31, 2022
	$	$
Notes, debentures and credit facilities	**4,946,777**	4,671,797
Lease liabilities	**66,611**	66,813
	5,013,388	4,738,610
Less current portion	**341,880**	340,468
	4,671,508	4,398,142

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

NOTES, DEBENTURES AND CREDIT FACILITIES

	Maturity	Interest rate		November 30, 2022	August 31, 2022
		%		$	$
Corporation					
Term Revolving Facility					
Revolving loan - US$29.5 million (US$32 million at August 31, 2022)	February 2027	5.20	(1) (2)	**39,849**	41,955
Subsidiaries					
Term Revolving Facility [(a)]					
Revolving loan	January 2027	6.15	(1)	**30,000**	—
Revolving loan – US$182 million (US$81 million at August 31, 2022)	January 2027	5.40	(1) (3)	**245,846**	106,199
Senior Secured Notes					
Series A - US$25 million	September 2024	4.14		**33,739**	32,742
Series B - US$150 million	September 2026	4.29		**202,288**	196,313
Senior Secured Notes - US$215 million	June 2025	4.30		**290,023**	281,450
Senior Secured Notes	September 2031	2.99		**497,066**	496,993
Senior Secured Debentures Series 4	May 2023	4.18		**299,820**	299,730
First Lien Credit Facilities					
Senior Secured Term Loan B Facility					
Tranche 1 - US$1,588.5 million (US$1,592.8 million at August 31, 2022)	January 2025	6.07	(1) (4)	**2,119,685**	2,060,614
Tranche 2 - US$893.3 million (US$895.5 million at August 31, 2022)	September 2028	6.57	(1) (5)	**1,188,461**	1,155,801
Senior Secured Revolving Facility	July 2024	—		**—**	—
				4,946,777	4,671,797
Less current portion				**334,941**	333,818
				4,611,836	4,337,979

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

(2) An amount of US$29.5 million drawn under the Corporation's Term Revolving Facility was hedged until January 11 2023, using a cross-currency swap agreement which sets the amount redeemable at maturity at $39.4 million and the effective interest rate on the Canadian dollar equivalent at 4.83%.

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

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

(5) As of November 30, 2022, a U.S. subsidiary of the Corporation had entered into interest rate swap agreements to fix the interest rate on an amount of US$800 million of the Senior Secured Term Loan B Facility - Tranche 2. These agreements have the effect of converting the floating US LIBOR base rate, or the 50 bps LIBOR floor if higher, into fixed rates ranging from 1.2237% to 1.4631%, plus an applicable credit spread, for maturities between October 31, 2025 and July 31, 2027. Taking into account these agreements, the effective interest rate on Tranche 2 of the Senior Secured Term Loan B Facility is 4.11%.

At November 30, 2022, the Corporation had $157.9 million of performance and payment bonds outstanding, issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program (AHSIP).

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

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

13. SHARE CAPITAL

A) AUTHORIZED

Unlimited number of:

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

Multiple voting shares, 20 votes per share.

Subordinate voting shares, 1 vote per share.

B) ISSUED AND PAID

	November 30, 2022	August 31, 2022
	$	$
1,602,217 multiple voting shares	10	10
14,149,036 subordinate voting shares (14,176,736 at August 31, 2022)	113,231	113,453
	113,241	113,463
53,645 subordinate voting shares held in trust under the Incentive Share Unit Plan (41,550 at August 31, 2022)	(3,754)	(3,377)
54,550 subordinate voting shares held in trust under the Performance Share Unit Plan (41,315 at August 31, 2022)	(3,762)	(3,318)
	105,725	106,768

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

	Number of shares	Amount
		$
Balance at August 31, 2022	14,176,736	113,453
Purchase and cancellation of subordinate voting shares (1)	(27,700)	(222)
Balance at November 30, 2022	14,149,036	113,231

(1) During the first three months of fiscal 2023, under its Normal Course Issuer Bid ("NCIB") program, the Corporation purchased and cancelled 27,700 subordinate voting shares with an average stated value of $0.2 million, for consideration of $1.6 million. The excess of the purchase price over the average stated value of the shares totalled $1.4 million and was charged to retained earnings.

Normal course issuer bid ("NCIB")

On January 13, 2022, the TSX accepted Cogeco's notice of intention for a NCIB, enabling it to acquire for cancellation up to 325,000 subordinate voting shares from January 18, 2022 to January 17, 2023, representing approximately 2.3% of the Corporation's outstanding balance of subordinate voting shares as of January 4, 2022. The previous NCIB ended on August 1, 2020.

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

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

Subordinate voting shares held in trust

During the first three months of fiscal 2023, the transactions pertaining to the subordinate voting shares held in trust under the Incentive Share Unit Plan ("ISU Plan") and the Performance Share Unit Plan ("PSU Plan") were as follows:

		ISU Plan		PSU Plan
	Number of shares	Amount	Number of shares	Amount
		$		$
Balance at August 31, 2022	41,550	3,377	41,315	3,318
Subordinate voting shares acquired	24,986	1,425	26,578	1,516
Subordinate voting shares distributed to employees	(12,891)	(1,048)	(13,343)	(1,072)
Balance at November 30, 2022	**53,645**	**3,754**	**54,550**	**3,762**

C) DIVIDENDS

During the three-month period ended November 30, 2022, a quarterly eligible dividend of $0.731 per share, for a total of $11.4 million was declared and paid to the holders of multiple and subordinate voting shares, compared to a declared quarterly eligible dividend of $0.625 per share, for a total of $9.9 million during the three-month period ended November 30, 2021. No dividend was paid during the three-month period ended November 30, 2021, as the dividend was payable on December 9, 2021.

During the three-month period ended November 30, 2022, a quarterly eligible dividend of $0.776 per share, for a total of $22.9 million, was declared and paid by the Corporation's subsidiary, Cogeco Communications, to non-controlling interest, compared to a declared quarterly eligible dividend of $0.705 per share, for a total of $21.7 million during the three-month period ended November 30, 2021. No dividend was paid during the three-month period ended November 30, 2021, as the dividend was payable on December 9, 2021.

	Three months ended November 30,	
	2022	2021
	$	$
Attributable to owners of the Corporation		
Dividends on multiple voting shares	**1,171**	1,001
Dividends on subordinate voting shares	**10,226**	8,933
	11,397	9,934
Attributable to non-controlling interest		
Dividends on subordinate voting shares	**22,937**	21,653

At its January 12, 2023 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.731 per share for multiple and subordinate voting shares, payable on February 9, 2023 to shareholders of record on January 26, 2023.

D) SHARE-BASED PAYMENT PLANS

The Corporation and its subsidiary, Cogeco Communications, offer Employee Stock Purchase Plans for the benefit of their employees and those of their subsidiaries, and Stock Option Plans for their 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 and its subsidiary, Cogeco Communications, offer Incentive Share Unit Plans ("ISU Plans") and Performance Share Unit Plans ("PSU Plans") for their executive officers and designated employees, and Deferred Share Unit Plans ("DSU Plans") for members of the Board of Directors. A detailed description of these plans can be found in the 2022 annual consolidated financial statements of the Corporation.

For the three-month period ended November 30, 2022, no stock options were granted to employees by Cogeco under the Stock Option Plan of the Corporation and no options were outstanding at November 30, 2022 and August 31, 2022.

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

Under the Stock Option Plan of Cogeco Communications, changes in the outstanding number of stock options were as follows:

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

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

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

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

Under the Corporation's share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2022	44,175	42,304	62,822
Granted/Issued [(1)]	21,155	20,620	—
Performance-based additional units granted	—	569	—
Distributed/Redeemed	(12,891)	(13,343)	—
Cancelled	(3,134)	(3,055)	—
Dividend equivalents	—	584	779
Outstanding at November 30, 2022	49,305	47,679	63,601

(1) The weighted average fair value of the ISUs and PSUs granted during the three-month period was $58.02.

Under Cogeco Communications' share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs were as follows:

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

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

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

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

	Three months ended November 30,	
	2022	2021
	$	$
Stock options	**597**	553
ISUs	**835**	889
PSUs	**788**	1,141
DSUs	**(816)**	(862)
	1,404	1,721

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedge reserve	Foreign currency translation	Total
	$	$	$
Balance at August 31, 2021	(10,060)	4,185	(5,875)
Other comprehensive income	2,714	5,263	7,977
Balance at November 30, 2021	(7,346)	9,448	2,102
Balance at August 31, 2022	**24,744**	**19,653**	**44,397**
Other comprehensive income	**6,835**	**12,721**	**19,556**
Balance at November 30, 2022	**31,579**	**32,374**	**63,953**

15. ADDITIONAL CASH FLOWS INFORMATION

A) CHANGES IN OTHER NON-CASH OPERATING ACTIVITIES

	Three months ended November 30,	
	2022	2021
	$	$
Trade and other receivables	**(15,355)**	(15,396)
Prepaid expenses and other	**(14,670)**	(710)
Other assets	**(3,919)**	(2,188)
Trade and other payables	**(28,086)**	38,868
Provisions	**(4,279)**	1,065
Contract liabilities and other liabilities	**(3,640)**	(1,910)
	(69,949)	19,729

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

B) ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

The following table shows the reconciliation between the cash payments for acquisition of property, plant and equipment, as reported within the investing section in the consolidated statements of cash flows, and the net capital expenditures, as presented in Note 4. Net capital expenditures are presented net of government subsidies, including the subsidies received in advance recognized as a reduction of the cost of property, plant and equipment.

	Three months ended November 30,	
	2022	2021
	$	$
		(restated, Note 2)
Acquisition of property, plant and equipment	**235,008**	146,329
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(37,666)**	(4,820)
Net capital expenditures	**197,342**	141,509

C) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

		Long-term debt		
Three months ended November 30, 2022	Bank indebtedness	Notes, debentures and credit facilities	Lease liabilities	Total
	$	$	$	$
Balance at August 31, 2022	**8,633**	**4,671,797**	**66,813**	**4,747,243**
Decease in bank indebtedness	**(7,711)**	**—**	**—**	**(7,711)**
Net increase under the revolving facilities	**—**	**163,726**	**—**	**163,726**
Repayment of notes, debentures and credit facilities	**—**	**(8,780)**	**—**	**(8,780)**
Repayment of lease liabilities	**—**	**—**	**(1,689)**	**(1,689)**
Total cash flows (used in) from financing activities excluding equity	**(7,711)**	**154,946**	**(1,689)**	**145,546**
Interest paid on lease liabilities	**—**	**—**	**(743)**	**(743)**
Total cash flow changes	**(7,711)**	**154,946**	**(2,432)**	**144,803**
Effect of changes in foreign exchange rates	**—**	**116,695**	**603**	**117,298**
Amortization of discounts, transaction costs and other	**—**	**3,339**	**—**	**3,339**
Net increase in lease liabilities	**—**	**—**	**1,627**	**1,627**
Total non-cash changes	**—**	**120,034**	**2,230**	**122,264**
Balance at November 30, 2022	**922**	**4,946,777**	**66,611**	**5,014,310**

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

D) CASH AND CASH EQUIVALENTS

	November 30, 2022	August 31, 2022
	$	$
Cash	**249,851**	185,401
Cash with restrictions on use [1]	**90,368**	127,851
Cash equivalents [2]	**68,279**	65,749
	408,498	379,001

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

(2) Comprised of bank term deposits.

16. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate, foreign exchange and market risks which are described in the Corporation's 2022 annual consolidated financial statements.

Credit risk

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

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

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

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

Liquidity risk

At November 30, 2022, the Corporation had used $39.8 million of its $100 million Term Revolving Facility and an amount of $276.0 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $60.2 million and $474.0 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $202.6 million (US$150 million), of which $3.7 million (US$2.7 million) was used at November 30, 2022 for a remaining availability of $199.0 million (US$147.3 million).

Interest rate risk

The Corporation and its subsidiary, Cogeco Communications, are exposed to interest rate risk on their floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At November 30, 2022, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

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

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2022:

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

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $15.4 million based on the outstanding debt and swap agreements at November 30, 2022.

Foreign exchange risk

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

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

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

B) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	November 30, 2022		August 31, 2022	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Notes, debentures and credit facilities	**4,946,777**	**4,772,766**	4,671,797	4,549,523

C) CAPITAL MANAGEMENT

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

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

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

Corporation

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

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

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

	November 30, 2022	August 31, 2022
Long-term debt, including the current portion	**5,013,388**	4,738,610
Discounts, transaction costs and other	**38,706**	49,716
Long-term debt before discounts, transaction costs and other	**5,052,094**	4,788,326
Bank indebtedness	**922**	8,633
Cash and cash equivalents, excluding cash with restrictions on use (1)	**(318,130)**	(251,150)
Net indebtedness	**4,734,886**	4,545,809

(1) See Note 15 D).

Cogeco Communications

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

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

17. RELATED PARTY TRANSACTIONS

Cogeco is the parent company of Cogeco Communications and, as of November 30, 2022, held 34.7% of Cogeco Communications' equity shares, representing 84.1% of the votes attached to Cogeco Communications' voting shares.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the three-month period of fiscal 2023, management fees paid by Cogeco Communications amounted to $5.4 million, compared to $5.6 million for the same period of fiscal 2022.

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

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

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

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

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

18. SUBSEQUENT EVENTS

On January 12, 2023, the Board of Directors of Cogeco approved the renewal of Cogeco's NCIB to repurchase for cancellation up to 325,000 subordinate voting shares, subject to the approval of the Toronto Stock Exchange.

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

PRIMARY SERVICE UNIT STATISTICS

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

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

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