SHAREHOLDERS' REPORT

Three and six-month periods ended February 28, 2023

Financial highlights

Three and six months ended February 28 *(In thousands of Canadian dollars, except percentages and per share data)*	2023 $	2022 [1] $	Change %	Change in constant currency [2] [3] %	2023 $	2022 [1] $	Change %	Change in constant currency [2] [3] %
Operations								
Revenue	**757,191**	748,066	1.2	(1.6)	**1,546,881**	1,493,324	3.6	0.4
Adjusted EBITDA [3]	**351,663**	349,211	0.7	(1.8)	**725,545**	703,605	3.1	0.3
Acquisition, integration, restructuring and other costs [4]	**6,952**	1,451	—		**9,629**	20,086	(52.1)	
Profit for the period	**102,592**	118,781	(13.6)		**226,400**	237,920	(4.8)	
Profit for the period attributable to owners of the Corporation	**33,788**	36,659	(7.8)		**75,869**	75,182	0.9	
Cash flow								
Cash flows from operating activities	**206,843**	278,768	(25.8)		**400,664**	576,110	(30.5)	
Free cash flow [3]	**118,331**	153,703	(23.0)	(21.6)	**227,814**	289,523	(21.3)	(20.4)
Free cash flow, excluding network expansion projects [3]	**160,573**	190,685	(15.8)	(15.4)	**335,890**	346,521	(3.1)	(3.6)
Acquisition of property, plant and equipment	**173,674**	158,153	9.8		**408,682**	304,482	34.2	
Net capital expenditures [1] [3]	**156,832**	142,475	10.1	4.6	**354,174**	283,984	24.7	18.8
Net capital expenditures, excluding network expansion projects [3]	**114,590**	105,493	8.6	2.5	**246,098**	226,986	8.4	3.1
Per share data [5]								
Earnings per share								
Basic	**2.17**	2.30	(5.7)		**4.85**	4.73	2.5	
Diluted	**2.15**	2.29	(6.1)		**4.82**	4.70	2.6	
Dividends	**0.731**	0.625	17.0		**1.462**	1.250	17.0	

As at *(In thousands of Canadian dollars)*	February 28, 2023 $	August 31, 2022 $
Financial condition		
Cash and cash equivalents	**355,871**	379,001
Total assets	**9,810,322**	9,468,025
Long-term debt		
Current	**342,963**	340,468
Non-current	**4,726,279**	4,398,142
Net indebtedness [3]	**4,832,174**	4,545,809
Equity attributable to owners of the Corporation	**960,725**	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. For further details, refer to the "Accounting policy developments" 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 periods denominated in US dollars at the foreign exchange rate of the comparable periods of the prior year. For the three and six-month periods ended February 28, 2022, the average foreign exchange rates used for translation were 1.2709 USD/CDN and 1.2634 USD/CDN, respectively.

(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 and other financial measures" section of the MD&A, including reconciliation to the most directly comparable IFRS financial measures.

(4) For the three and six-month periods ended February 28, 2023, acquisition, integration, restructuring and other costs resulted mostly from a $5.1 million retroactive adjustment recognized during the second quarter of fiscal 2023 following the Copyright Board preliminary conclusions of the 2016-2018 retransmission tariffs. For the three and six-month periods ended February 28, 2022, 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.

Table of Contents

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

Three and six-month periods ended February 28, 2023

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 fiscal 2023 first-quarter 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 (including changing competitive ecosystems and 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 shortages 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 inflation pressuring revenue, 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 and six-month periods ended February 28, 2023 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 April 13, 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

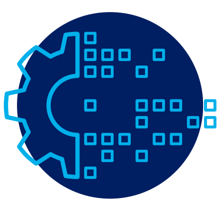
Our growth and value creation activities are focused on growing the business organically, making acquisitions and continuously innovating while returning capital to shareholders and maintaining a prudent level of financial leverage. In order to do so, we leverage our unique North American broadband platform, 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 regional broadband operators, we continue to seek attractive strategic and complimentary acquisitions in both the U.S. and Canada, where we add value through our operational expertise and synergies.



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.

Looking further out into the future, we also intend to explore longer-term opportunities by allocating up to $100 million of capital to new growth opportunities. It is anticipated that these funds will be invested over a five-year period on an exploratory basis with the objective of generating attractive long-term returns. Opportunities may include new promising technologies which could enable or accelerate our development, new products likely to be appealing to our customers and/or new geographies that show promise for profitable customer growth in the future. The objective is to create new opportunities for growth in a fast-changing environment while building on our innovation and operational experience and minimizing investment risk due to the limited size of each investment.

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

Acquisition of the telecommunications operations of oxio

On February 21, 2023, Cogeco Connexion announced the acquisition of the telecommunications operations of oxio. On March 3, 2023, the transaction was completed, for a purchase price of $100 million, subject to customary post-closing adjustments. oxio serves approximately 48,000 residential broadband customers in Québec, Ontario and western provinces. With this acquisition, Cogeco Connexion will now have a second brand to serve the telecommunications needs of Canadians.

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 six months 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 first six months of fiscal 2023 were about 70,000, in addition to the 70,000 added in fiscal 2022.

Issuance of $300 million senior secured notes

On February 16, 2023, Cogeco Communications completed, pursuant to a private placement, the issuance of $300 million senior secured notes, bearing interest at 5.299% and maturing in February 2033. Cogeco Communications used the net proceeds of the offering to repay existing indebtedness and for other general corporate purposes. The senior secured notes are direct and unsubordinated secured debt obligations of Cogeco Communications and rank equally and *pari passu*, with all other secured senior indebtedness of Cogeco Communications.

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

The Corporation intends, as part of its growth strategy, to offer mobile services in order to offer a wider range of telecommunications services to consumers and businesses on its operating footprint. 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 to the viability and success of this undertaking.

For further details, please refer to the heading "Implementation of CRTC's MVNO Framework for Mobile Services" under the "Uncertainties and main risk factors" section of the 2022 annual MD&A.

Launch of Breezeline Stream TV and Business Stream TV

Breezeline continued the rollout of Breezeline Stream TV, 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. Breezeline has recently launched its product in Ohio to all its existing and new customers and more recently in Pennsylvania and Connecticut. In addition, Breezeline launched recently Business Stream TV in certain of its markets, bringing streaming video service to all business customers wherever the Stream TV service is available. Both Breezeline Stream TV and Business Stream TV will be launched in additional markets later in the year.

2.3 Operating environment

The Corporation operates in an industry which provides important services for residential and commercial consumers, and which is known for its resiliency during various economic cycles. However, as higher inflation and interest rates continue to affect the global economy, combined with greater competitive intensity in the United States, the Corporation expects continued pressure on its revenue and operating costs, which is being partially addressed through proactive cost mitigation measures.

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

2.4 Key performance indicators

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

Overview

For the first half of fiscal 2023, Cogeco's financial results were as expected.

During the first six months of fiscal 2023, revenue growth, on a constant currency basis, compared to the prior year was driven by growth in the Canadian telecommunications segment, offset in part by a decline in the American telecommunications segment due to a lower customer base, particularly in Ohio. Overall, adjusted EBITDA for the first half remained stable on a constant currency basis to last year. Adjusted EBITDA growth in the Canadian telecommunications segment, mostly driven by revenue growth, was offset by a decline in the American telecommunications segment due to lower revenue and higher operating expenses as last year's marketing and advertising spending and staff costs were unusually low in Ohio while operating under the previous owner's brand.

During the first six months 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 first six months of fiscal 2023 were about 70,000, an increase of approximately 2%. Acceleration of network expansion activities during the first half 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.

As for the remainder of the fiscal year, management does not expect the recent acquisition of oxio to have a significant impact on its financial guidelines as previously issued. Accordingly, Cogeco maintains its fiscal 2023 revised financial guidelines as issued on January 12, 2023.

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

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

3. Consolidated operating and financial results

3.1 Operating results

	Three months ended February 28					
					Change	
	2023 [1]	Foreign exchange impact	2023 in constant currency [2]	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	**757,191**	(21,282)	**735,909**	748,066	**1.2**	**(1.6)**
Operating expenses	**405,528**	(12,585)	**392,943**	398,855	**1.7**	**(1.5)**
Adjusted EBITDA	**351,663**	(8,697)	**342,966**	349,211	**0.7**	**(1.8)**

(1) For fiscal 2023 second-quarter, the average foreign exchange rate used for translation was 1.3488 USD/CDN.

(2) Fiscal 2023 second-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 second-quarter, which was 1.2709 USD/CDN.

	Six months ended February 28					
					Change	
	2023 [1]	Foreign exchange impact	2023 in constant currency [2]	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	**1,546,881**	(48,192)	**1,498,689**	1,493,324	**3.6**	**0.4**
Operating expenses	**821,336**	(28,020)	**793,316**	789,719	**4.0**	**0.5**
Adjusted EBITDA	**725,545**	(20,172)	**705,373**	703,605	**3.1**	**0.3**

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

(2) Fiscal 2023 first six months in constant currency is translated at the average foreign exchange rate of fiscal 2022 first six months, which was 1.2634 USD/CDN.

Revenue

	Three months ended February 28				
	2023	2022	Change	Change in constant currency	Foreign exchange impact [1]
(In thousands of Canadian dollars, except percentages)	$	$	%	%	$
Canadian telecommunications	**368,334**	362,323	1.7	1.7	—
American telecommunications	**368,312**	366,226	0.6	(5.2)	(21,282)
Cogeco Communications	**736,646**	728,549	1.1	(1.8)	(21,282)
Other	**20,545**	19,517	5.3	5.3	—
Consolidated	**757,191**	748,066	1.2	(1.6)	(21,282)

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

				Six months ended February 28	
	2023	2022	Change	Change in constant currency	Foreign exchange impact [1]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**740,418**	717,370	3.2	3.2	—
American telecommunications	**758,528**	729,720	3.9	(2.7)	(48,192)
Cogeco Communications	**1,498,946**	1,447,090	3.6	0.3	(48,192)
Other	**47,935**	46,234	3.7	3.7	—
Consolidated	**1,546,881**	1,493,324	3.6	0.4	(48,192)

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

For the second quarter of fiscal 2023, revenue increased by 1.2% (decrease of 1.6% in constant currency). The decrease in constant currency is mainly attributable to:

- a lower customer base in the American telecommunications segment following customer losses in Ohio and an overall decline in video and phone service customers, offset in part by the cumulative effect of high-speed Internet service additions outside Ohio over the past year, a higher revenue per customer and a better product mix; partly offset by
- revenue growth in the Canadian telecommunications segment, driven by the cumulative effect of high-speed Internet service additions over the past year and higher revenue per customer; and
- higher revenue in the media activities.

For the first six months of fiscal 2023, revenue increased by 3.6% and remained stable in constant currency, driven by the revenue growth in the Canadian telecommunications segment, mostly offset by lower revenue in the American telecommunications segment, due to the same factors noted above.

Operating expenses

				Three months ended February 28	
	2023	2022	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**170,289**	169,307	0.6	0.1	(893)
American telecommunications	**202,254**	196,436	3.0	(3.0)	(11,692)
Corporate and eliminations	**7,488**	8,148	(8.1)	(8.1)	—
Cogeco Communications	**380,031**	373,891	1.6	(1.7)	(12,585)
Other	**25,497**	24,964	2.1	2.1	—
Consolidated	**405,528**	398,855	1.7	(1.5)	(12,585)

(In thousands of Canadian dollars, except percentages)	2023 $	2022 $	Change %	Change in constant currency %	Foreign exchange impact $
			Six months ended February 28		
Canadian telecommunications	**343,740**	336,493	2.2	1.5	(2,061)
American telecommunications	**409,964**	384,166	6.7	—	(25,959)
Corporate and eliminations	**16,004**	16,906	(5.3)	(5.3)	—
Cogeco Communications	**769,708**	737,565	4.4	0.6	(28,020)
Other	**51,628**	52,154	(1.0)	(1.0)	—
Consolidated	**821,336**	789,719	4.0	0.5	(28,020)

For the second quarter of fiscal 2023, operating expenses increased by 1.7% (decrease of 1.5% in constant currency). The decrease in constant currency resulted primarily from lower operating expenses in the American telecommunications segment mostly due to reduced video service costs resulting from the decline in video service customers, partly offset by higher operating expenses as last year's marketing and advertising spending and staff costs were unusually low in Ohio while operating expenses in the Canadian telecommunications segment remained stable.

For the first six months of fiscal 2023, operating expenses increased by 4.0% (0.5% in constant currency). The increase in constant currency is mainly due to higher operating expenses in the Canadian telecommunications segment, while operating expenses in the American telecommunications segment remained stable.

Adjusted EBITDA

(In thousands of Canadian dollars, except percentages)	2023 $	2022 $	Change %	Change in constant currency %	Foreign exchange impact $
			Three months ended February 28		
Canadian telecommunications	**198,045**	193,016	2.6	3.1	893
American telecommunications	**166,058**	169,790	(2.2)	(7.8)	(9,590)
Corporate and eliminations	**(12,888)**	(13,719)	6.1	6.1	—
Cogeco Communications	**351,215**	349,087	0.6	(1.9)	(8,697)
Other	**448**	124	—	—	—
Consolidated	**351,663**	349,211	0.7	(1.8)	(8,697)

(In thousands of Canadian dollars, except percentages)	2023 $	2022 $	Change %	Change in constant currency %	Foreign exchange impact $
			Six months ended February 28		
Canadian telecommunications	**396,678**	380,877	4.1	4.7	2,061
American telecommunications	**348,564**	345,554	0.9	(5.6)	(22,233)
Corporate and eliminations	**(26,804)**	(28,057)	4.5	4.5	—
Cogeco Communications	**718,438**	698,374	2.9	—	(20,172)
Other	**7,107**	5,231	35.9	35.9	—
Consolidated	**725,545**	703,605	3.1	0.3	(20,172)

For the second quarter of fiscal 2023, adjusted EBITDA increased by 0.7% (decrease of 1.8% in constant currency). The decrease in constant currency is mainly due to:

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

For the first six months of fiscal 2023, adjusted EBITDA remained comparable in constant currency, and increased by 3.1% as reported, mainly as a result of:

- an increase in the Canadian telecommunications segment, mainly attributable to the revenue growth;
- lower corporate costs, mainly due to the timing of certain initiatives; offset by
- a decrease in the American telecommunications segment, mainly due to the same factors noted above.

3.2 Acquisition, integration, restructuring and other costs

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

- a $5.1 million retroactive adjustment recognized during the second quarter of fiscal 2023 related to higher royalty rates than expected for the period of 2016 to 2022 following the Copyright Board preliminary conclusions of the 2016-2018 retransmission tariffs;
- costs related to the ongoing integration of past acquisitions; and
- costs associated with the configuration and customization related to cloud computing arrangements.

For the second quarter and the first six months of fiscal 2022, acquisition, integration, restructuring and other costs amounted to $1.5 million and $20.1 million, respectively, 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

For the second quarter and the first six months of fiscal 2023, depreciation and amortization expense amounted to $155.3 million and $311.7 million, respectively, an increase of 2.7% and 2.6%, respectively, compared to the same periods of the prior year, mainly due to the appreciation of the US dollar against the Canadian dollar since last year.

3.4 Financial expense

	Three months ended February 28			Six months ended February 28		
	2023	2022	Change	**2023**	2022	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%	**$**	$	%
Interest on long-term debt, excluding interest on lease liabilities	**63,444**	45,136	40.6	**119,301**	88,220	35.2
Interest on lease liabilities	**694**	679	2.2	**1,340**	1,128	18.8
Net foreign exchange loss (gain)	**111**	(1,339)	—	**2,483**	(69)	—
Amortization of deferred transaction costs related to the revolving facilities	**187**	193	(3.1)	**369**	396	(6.8)
Other	**(2,451)**	817	—	**(3,981)**	1,419	—
	61,985	45,486	36.3	**119,512**	91,094	31.2

For the second quarter and the first six months of fiscal 2023, financial expense increased by 36.3% and 31.2%, respectively, 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;
- higher usage under the term revolving facilities compared to last year; and
- the appreciation of the US dollar against the Canadian dollar compared to the same periods 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; and
- higher interest revenue resulting from investments of excess cash.

3.5 Income taxes

	Three months ended February 28			Six months ended February 28		
	2023	2022	Change	**2023**	2022	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%	**$**	$	%
Current	**11,332**	10,149	11.7	**20,622**	25,698	(19.8)
Deferred	**13,469**	22,033	(38.9)	**37,659**	24,867	51.4
Income taxes	**24,801**	32,182	(22.9)	**58,281**	50,565	15.3
Effective income tax rate	**19.5 %**	21.3 %	(8.5)	**20.5 %**	17.5 %	17.1

For the second quarter of fiscal 2023, income tax expense decreased by 22.9%, mainly due to:

- the decrease in profit before income taxes; and
- higher tax benefits related to the Ohio broadband systems acquisition.

For the first six months of fiscal 2023, income tax expense increased by 15.3%, 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; partly offset by
- higher tax benefits related to the Ohio broadband systems acquisition; and
- the decrease in profit before income taxes.

Current income taxes were lower in the first six months 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 February 28			Six months ended February 28		
	2023	2022	Change	**2023**	2022	Change
(In thousands of Canadian dollars, except percentages and earnings per share)	**$**	$	%	**$**	$	%
Profit for the period	**102,592**	118,781	(13.6)	**226,400**	237,920	(4.8)
Profit for the period attributable to owners of the Corporation	**33,788**	36,659	(7.8)	**75,869**	75,182	0.9
Profit for the period attributable to non-controlling interest [(1)]	**68,804**	82,122	(16.2)	**150,531**	162,738	(7.5)
Basic earnings per share	**2.17**	2.30	(5.7)	**4.85**	4.73	2.5
Diluted earnings per share	**2.15**	2.29	(6.1)	**4.82**	4.70	2.6

(1) At February 28, 2023, the non-controlling interest relates to a participation of approximately 64.7% 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.

For the second quarter of fiscal 2023, profit for the period and profit for the period attributable to owners of the Corporation decreased by 13.6% and 7.8%, respectively, mainly due to:

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

For the first six months of fiscal 2023, profit for the period decreased by 4.8% and profit for the period attributable to owners of the Corporation remained stable, mainly as a result of:

- higher financial expense;
- higher depreciation and amortization expense; and
- higher income taxes; partly offset by
- the impact of the appreciation of the US dollar against the Canadian dollar; and
- lower acquisition, integration, restructuring and other costs.

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 policy developments" section.

4.1 Canadian telecommunications

Operating and financial results

	Three months ended February 28					
					Change	
	2023 [1]	Foreign exchange impact	**2023 in constant currency** [2]	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**368,334**	—	**368,334**	362,323	**1.7**	**1.7**
Operating expenses	**170,289**	(893)	**169,396**	169,307	**0.6**	**0.1**
Adjusted EBITDA	**198,045**	893	**198,938**	193,016	**2.6**	**3.1**
Adjusted EBITDA margin [3]	**53.8 %**			53.3 %		
Net capital expenditures	**81,383**	(3,551)	**77,832**	67,763	**20.1**	**14.9**
Capital intensity [3]	**22.1 %**			18.7 %		

(1) For fiscal 2023 second-quarter, the average foreign exchange rate used for translation was 1.3488 USD/CDN.

(2) Fiscal 2023 second-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 second-quarter, which was 1.2709 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.

(In thousands of Canadian dollars, except percentages)	2023 [1]	Foreign exchange impact	2023 in constant currency [2]	2022	Change: Actual	Change: In constant currency
	Six months ended February 28					
	$	$	$	$	%	%
Revenue	740,418	—	740,418	717,370	3.2	3.2
Operating expenses	343,740	(2,061)	341,679	336,493	2.2	1.5
Adjusted EBITDA	396,678	2,061	398,739	380,877	4.1	4.7
Adjusted EBITDA margin [3]	53.6 %			53.1 %		
Net capital expenditures	196,621	(6,911)	189,710	135,234	45.4	40.3
Capital intensity [3]	26.6 %			18.9 %		

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

(2) Fiscal 2023 first six months in constant currency is translated at the average foreign exchange rate of fiscal 2022 first six months, which was 1.2634 USD/CDN.

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

Revenue

For the second quarter and the first six months of fiscal 2023, revenue increased by 1.7% and 3.2%, respectively, as reported and in constant currency mainly, mainly as a result of:

- a higher Internet service customer base and revenue per customer; partly offset by
- an overall decline in video and phone service customers.

Operating expenses

For the second quarter and the first six months of fiscal 2023, operating expenses increased by 0.6% and 2.2% (0.1% and 1.5% in constant currency), respectively, mainly due to:

- higher operating expenses to drive and support customer growth; partly offset by
- some efficiencies resulting from the organizational changes implemented in the fourth quarter of fiscal 2022; and
- lower video and phone services costs.

Adjusted EBITDA

For the second quarter and the first six months of fiscal 2023, adjusted EBITDA increased by 2.6% and 4.1% (3.1% and 4.7% in constant currency), respectively, resulting from revenue growth, partly offset by increased operating expenses.

Net capital expenditures and capital intensity

For the second quarter and the first six months of fiscal 2023, net capital expenditures increased by 20.1% and 45.4% (14.9% and 40.3% in constant currency), respectively, mainly due to the acceleration of construction efforts and higher purchases of customer premise equipment related to high-speed Internet network expansions in Québec and Ontario.

For the second quarter and the first six months of fiscal 2023, capital intensity was 22.1% and 26.6% compared to 18.7% and 18.9% for the same periods of fiscal 2022. The capital intensity increase for both periods 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)		Net additions (losses)		% of penetration [1]	
		Three months ended February 28		Six months ended February 28			
	February 28, 2023	**2023**	2022	**2023**	2022	**February 28, 2023**	February 28, 2022 [2]
Primary service units	**1,808,448**	**1,369**	(3,579)	**(9,710)**	(5,670)		
Internet service customers [2]	**782,862**	**7,799**	4,795	**10,262**	10,401	**38.5**	38.7
Video service customers	**639,994**	**(4,335)**	(5,152)	**(12,596)**	(9,565)	**31.5**	33.7
Phone service customers	**385,592**	**(2,095)**	(3,222)	**(7,376)**	(6,506)	**19.0**	20.3

(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. The previous definition included wholesale Internet customers. As per the new definition, Internet service customers include only customers who have their Internet service installed, operated and billed directly by the Corporation. This change has been applied retrospectively to the comparative figures.

Primary service units

Internet

For the second quarter and the first six months of fiscal 2023, Internet service customers net additions of 7,799 and 10,262, respectively, resulted primarily from new customers following fibre-to-the-home network expansions, mainly in Québec, combined with increased connections driven by successful marketing and advertising efforts.

Video

For the second quarter and the first six months of fiscal 2023, video service customers net losses of 4,335 and 12,596, respectively, were mainly due to the continuous change in the video consumption environment, further impacted by the current inflationary environment, with an increasing proportion of customers only subscribing to Internet services, partly offset by additions resulting from network expansions.

Phone

For the second quarter and the first six months of fiscal 2023, phone service customers net losses of 2,095 and 7,376, respectively, 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 February 28, 2023, 65% of the Canadian telecommunications segment's customers subscribed to "double play" or "triple play" bundled services.

Homes passed

For the second quarter and the first six months of fiscal 2023, homes passed additions were 15,329 and 35,057, respectively.

4.2 American telecommunications

Operating and financial results

					Three months ended February 28	
					Change	
(In thousands of Canadian dollars, except percentages)	2023 [1]	Foreign exchange impact	2023 in constant currency [2]	2022	Actual	In constant currency
	$	$	$	$	%	%
Revenue	**368,312**	(21,282)	**347,030**	366,226	**0.6**	**(5.2)**
Operating expenses	**202,254**	(11,692)	**190,562**	196,436	**3.0**	**(3.0)**
Adjusted EBITDA	**166,058**	(9,590)	**156,468**	169,790	**(2.2)**	**(7.8)**
Adjusted EBITDA margin [3]	**45.1 %**			46.4 %		
Net capital expenditures	**73,091**	(4,223)	**68,868**	73,178	**(0.1)**	**(5.9)**
Capital intensity [3]	**19.8 %**			20.0 %		

(1) For fiscal 2023 second-quarter, the average foreign exchange rate used for translation was 1.3488 USD/CDN.

(2) Fiscal 2023 second-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 second-quarter, which was 1.2709 USD/CDN.

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

					Six months ended February 28	
					Change	
(In thousands of Canadian dollars, except percentages)	2023 [1]	Foreign exchange impact	2023 in constant currency [2]	2022	Actual	In constant currency
	$	$	$	$	%	%
Revenue	**758,528**	(48,192)	**710,336**	729,720	**3.9**	**(2.7)**
Operating expenses	**409,964**	(25,959)	**384,005**	384,166	**6.7**	**—**
Adjusted EBITDA	**348,564**	(22,233)	**326,331**	345,554	**0.9**	**(5.6)**
Adjusted EBITDA margin [3]	**46.0 %**			47.4 %		
Net capital expenditures	**153,499**	(9,767)	**143,732**	146,405	**4.8**	**(1.8)**
Capital intensity [3]	**20.2 %**			20.1 %		

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

(2) Fiscal 2023 first six months in constant currency is translated at the average foreign exchange rate of fiscal 2022 first six months, which was 1.2634 USD/CDN.

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

Revenue

For the second quarter and the first six months of fiscal 2023, revenue increased by 0.6% and 3.9% (decrease of 5.2% and 2.7% in constant currency), respectively. The decreases in constant currency for both periods resulted mainly from:

- a lower customer base as a result of customer losses in Ohio over the past year following the customer management and billing systems' migration during the second half of fiscal 2022 and an overall decline in video and phone service customers; partly offset by
- the cumulative effect of high-speed Internet service additions outside Ohio over the past year; and
- a higher revenue per customer and a better product mix.

Operating expenses

For the second quarter of fiscal 2023, operating expenses increased by 3.0% (decrease of 3.0% in constant currency). The decrease in constant currency is mainly due to:

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

For the first six months of fiscal 2023, operating expenses remained comparable in constant currency, and increased by 6.7% as reported, mainly due to:

- reduced video service costs resulting from the decline in video service customers; offset by
- higher operating expenses as last year's marketing and advertising spending and staff costs were unusually low in Ohio, as explained above.

Adjusted EBITDA

For the second quarter and the first six months of fiscal 2023, adjusted EBITDA decreased by 2.2% and increased by 0.9% (decrease of 7.8% and 5.6% in constant currency), respectively. The decrease in constant currency in both periods is primarily due to lower revenue, combined with higher operating expenses as last year's marketing and advertising spending and staff costs were unusually low in Ohio, as explained above.

Net capital expenditures and capital intensity

For the second quarter of fiscal 2023, net capital expenditures remained comparable to the same period of the prior year (decrease of 5.9% in constant currency) and for the first six months of fiscal 2023, increased by 4.8% (decrease of 1.8% in constant currency). The decrease in both periods in constant currency is mainly due to the timing of certain initiatives.

For the second quarter and the first six months of fiscal 2023, capital intensity was 19.8% and 20.2%, respectively, which is comparable to the same periods of the prior year.

Primary service unit and customer statistics

		Net additions (losses)		Net additions (losses)		% of penetration [1]	
		Three months ended February 28		Six months ended February 28			
	February 28, 2023	**2023**	2022	**2023**	2022 [2]	**February 28, 2023**	February 28, 2022
Primary service units	**1,137,524**	**(17,274)**	(8,708)	**(51,639)**	(26,680)		
Internet service customers	**689,903**	**(3,878)**	2,830	**(18,051)**	2,753	**40.3**	43.6
Video service customers	**300,684**	**(8,943)**	(7,708)	**(22,354)**	(21,091)	**17.6**	20.5
Phone service customers	**146,937**	**(4,453)**	(3,830)	**(11,234)**	(8,342)	**8.6**	10.2

(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.

Primary service units

Internet

For the second quarter of fiscal 2023, Internet service customers net losses amounted to 3,878, an improvement over previous quarters, as the segment's growth of 1,711 outside its Ohio footprint was offset by net losses of 5,589 in Ohio. The net losses in Ohio are mainly due to a more competitive market and the fact that it will take some time to gain brand awareness in that market. Excluding net losses in Ohio, growth of 1,711 resulted primarily from the ongoing interest in high-speed Internet offerings with a greater proportion of new connections taking faster Internet speeds and from new customers from fibre-to-the-home network expansions. The lower level of connections compared to last year is due to a more competitive market.

For the first six months of fiscal 2023, Internet service customers net losses amounted to 18,051 of which 15,827 pertained to Ohio. The net losses were mainly attributable to the residual impact of the customer management and billing systems' migration in Ohio. The segment was also impacted by a lower level of connections in the context of a more competitive market.

Video

For the second quarter and the first six months of fiscal 2023, video service customers net losses of 8,943 and 22,354, respectively, 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 inflationary environment, with an increasing proportion of customers only subscribing to Internet services; and
- competitive offers in the industry.

Phone

For the second quarter and the first six months of fiscal 2023, phone service customers net losses of 4,453 and 11,234, respectively, were mainly due to:

- the continued emphasis on offers that are Internet led; and
- 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 February 28, 2023, 34% 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.

Homes passed

For the second quarter and the first six months of fiscal 2023, homes passed additions were 17,379 and 34,701, respectively.

5. Related party transactions

Cogeco held, as of February 28, 2023, 35.3% of Cogeco Communications' equity shares, representing 84.5% 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 second quarter and the first six months of fiscal 2023, management fees paid by Cogeco Communications amounted to $5.4 million and $10.8 million, respectively, compared to $5.6 million and $11.2 million for the same periods of fiscal 2022.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. However, during the first six months of fiscal 2023 and 2022, Cogeco Communications granted stock options and performance share units ("PSUs") to these executive officers, as executive officers of Cogeco Communications, the value of which was charged back to Cogeco, as shown in the following table:

	Six months ended February 28	
(In number of units)	**2023**	2022
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 February 28		Six months ended February 28	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Stock options	**241**	277	**596**	609
PSUs	**237**	270	**380**	640
DSUs	**—**	39	**(100)**	(79)
	478	586	**876**	1,170

6. Cash flow analysis

	Three months ended February 28			Six months ended February 28		
	2023	2022 [1]	Change	**2023**	2022 [1]	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%	**$**	$	%
Cash flows from operating activities	**206,843**	278,768	(25.8)	**400,664**	576,110	(30.5)
Cash flows used in investing activities	**(173,015)**	(394,213)	(56.1)	**(407,685)**	(1,968,200)	(79.3)
Cash flows (used in) from financing activities	**(88,302)**	(128,780)	(31.4)	**(24,251)**	1,183,039	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	**1,847**	(691)	—	**8,142**	699	—
Net change in cash and cash equivalents	**(52,627)**	(244,916)	(78.5)	**(23,130)**	(208,352)	(88.9)
Cash and cash equivalents, beginning of the period	**408,498**	588,532	(30.6)	**379,001**	551,968	(31.3)
Cash and cash equivalents, end of the period	**355,871**	343,616	3.6	**355,871**	343,616	3.6

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

6.1 Operating activities

For the second quarter and the first six months of fiscal 2023, cash flows from operating activities decreased by 25.8% and 30.5%, respectively, mainly due to:

- changes in other non-cash operating activities, primarily due to the timing of payments of trade and other payables;
- higher income taxes paid, mainly due to the timing of income tax instalments; and
- higher interest paid; partly offset by
- the appreciation of the US dollar against the Canadian dollar.

6.2 Investing activities

For the second quarter of fiscal 2023, cash flows used in investing activities decreased by 56.1%, mainly as a result of:

- the $236 million final payment made last year to acquire 38 spectrum licences in the 3500 MHz band auction; partly offset by
- the increase in acquisition of property, plant and equipment, following accelerated network expansion activities in the Canadian telecommunications segment.

For the first six months of fiscal 2023, cash flows used in investing activities decreased by 79.3%, mainly due to:

- cash flows used in connection with the acquisition of Ohio broadband systems last year; and
- the $236 million final payment made last year to acquire spectrum licences, as noted above; 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 February 28				Six months ended February 28			
	2023	2022 [1]	Change	Change in constant currency	**2023**	2022 [1]	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	**$**	$	%	%
Acquisition of property, plant and equipment	**173,674**	158,153	9.8		**408,682**	304,482	34.2	
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period [2]	**(16,842)**	(15,678)	7.4		**(54,508)**	(20,498)	—	
Net capital expenditures	**156,832**	142,475	10.1	4.6	**354,174**	283,984	24.7	18.8
Net capital expenditures, excluding network expansion projects [3]	**114,590**	105,493	8.6	2.5	**246,098**	226,986	8.4	3.1

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

(2) Relates to the $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.

Net capital expenditures and capital intensity

	Three months ended February 28				Six months ended February 28			
	2023	2022	Change	Change in constant currency [1]	**2023**	2022	Change	Change in constant currency [1]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	**$**	$	%	%
Canadian telecommunications	**81,383**	67,763	20.1	14.9	**196,621**	135,234	45.4	40.3
Capital intensity	**22.1 %**	18.7 %			**26.6 %**	18.9 %		
American telecommunications	**73,091**	73,178	(0.1)	(5.9)	**153,499**	146,405	4.8	(1.8)
Capital intensity	**19.8 %**	20.0 %			**20.2 %**	20.1 %		
Corporate and eliminations	**1,651**	1,254	31.7	31.7	**2,976**	1,584	87.9	87.9
Cogeco Communications	**156,125**	142,195	9.8	4.3	**353,096**	283,223	24.7	18.8
Capital intensity	**21.2 %**	19.5 %			**23.6 %**	19.6 %		
Other	**707**	280	—	—	**1,078**	761	41.7	41.7
Consolidated	**156,832**	142,475	10.1	4.6	**354,174**	283,984	24.7	18.8

(1) Fiscal 2023 second-quarter and first six months in constant currency are translated at the average foreign exchange rate of fiscal 2022 second-quarter and first six months, which were 1.2709 and 1.2634 USD/CDN, respectively.

Net capital expenditures and capital intensity excluding network expansion projects

	Three months ended February 28				Six months ended February 28			
	2023	2022	Change	Change in constant currency	**2023**	2022	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	**$**	$	%	%
Cogeco Communications	**113,883**	105,213	8.2	2.1	**245,020**	226,225	8.3	3.0
Capital intensity, excluding network expansion projects (1)	**15.5 %**	14.4 %			**16.3 %**	15.6 %		
Other	**707**	280	—	—	**1,078**	761	41.7	41.7
Consolidated	**114,590**	105,493	8.6	2.5	**246,098**	226,986	8.4	3.1

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

For the second quarter and the first six months of fiscal 2023, net capital expenditures increased by 10.1% and 24.7% (4.6% and 18.8% in constant currency), respectively, mainly due to:

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

For the second quarter and the first six months of fiscal 2023, capital intensity of Cogeco Communications was 21.2% and 23.6%, respectively, compared to 19.5% and 19.6% for the same periods of the prior year. Capital intensity increases for both periods are explained mainly 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, the second quarter and the first six months of fiscal 2023 capital intensity of Cogeco Communications, was 15.5% and 16.3% compared to 14.4% and 15.6% for the same periods of the prior year.

6.3 Financing activities

Issuance and repayment of debt

For the second quarter and the first six months of fiscal 2023, changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

	Three months ended February 28		Six months ended February 28		
	2023	2022	**2023**	2022	Explanations
(In thousands of Canadian dollars)	**$**	$	**$**	$	
Decrease in bank indebtedness	**(922)**	(13,731)	**(8,633)**	(3,753)	Repayment following amounts drawn under the revolving facilities.
Net (decrease) increase under the revolving facilities	**(271,111)**	187,285	**(107,385)**	(44,226)	Repayment of amounts drawn under the revolving facilities using net proceeds from the issuance of $300 million senior secured notes during the second quarter of fiscal 2023.
Issuance of long-term debt, net of discounts and transaction costs	**298,056**	(236)	**298,056**	1,611,303	Related to the issuance of $300 million senior secured notes during the second quarter of fiscal 2023. Last year's debt issuance was 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	**(8,846)**	(205,397)	**(17,626)**	(246,158)	Related to the quarterly repayments on the Senior Secured Term Loan B Facility, with quarterly repayments on Tranche 2 starting in May 2022. Last year also included the repayment of the $200 million Senior Secured Debentures Series 3, which matured in February 2022, and the $35 million Unsecured Debentures, which matured in November 2021.
Repayment of lease liabilities	**(1,963)**	(1,346)	**(3,652)**	(2,623)	Comparable.
Increase in deferred transaction costs	**(338)**	(795)	**(338)**	(795)	Related to the amendments of the revolving facilities.
	14,876	(34,220)	**160,422**	1,313,748	

Dividends

During the second 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 $11.3 million. Last year, as a result of a timing of the dividend payments, both quarterly eligible dividends of $0.625 per share declared on November 11, 2021 and on January 13, 2022, totalling $19.8 million, were paid to the holders of multiple and subordinate voting shares during the second quarter of fiscal 2022. Dividend payment in the first six months of fiscal 2023 totalled $1.462 per share or $22.7 million compared to $1.250 or $19.8 million in the prior year.

Normal course issuer bid ("NCIB")

Cogeco

On January 16, 2023, the Corporation announced that the Toronto Stock Exchange has accepted its notice of intention for a normal course issuer bid ("NCIB") enabling it to acquire for cancellation up to 325,000 subordinate voting shares from January 18, 2023 to January 17, 2024, representing approximately 2.3% of the 14,138,636 subordinate voting shares outstanding as at January 4, 2023.

	Commencement date	**Expiry**	**Maximum subordinate voting shares for repurchase**	**Number of shares repurchased at February 28, 2023**
2023 Normal course issuer bid	January 18, 2023	January 17, 2024	325,000	100,100
2022 Normal course issuer bid	January 18, 2022	January 17, 2023	325,000	268,086

The following table provides the NCIB purchases for the three and six-month periods ended February 28, 2023 and 2022:

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$	**$**	$
Subordinate voting shares purchased and cancelled	**117,584**	154,388	**145,284**	154,388
Weighted average purchase price per share	**58.81**	79.92	**58.63**	79.92
Purchase costs	**6,915**	12,339	**8,518**	12,339

Cogeco Communications

On November 24, 2022, Cogeco Communications received the approval of the Toronto Stock Exchange to amend its normal course issuer bid (the "NCIB") in order to increase the maximum number of its subordinate voting shares that may be repurchased for cancellation from 1,500,000 to 1,960,905, representing 10% of the 19,609,056 subordinate voting shares that constituted the public float of Cogeco Communications' 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' current NCIB, which was amended on November 24, 2022, enables Cogeco Communications 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.

	Commencement date	**Expiry**	**Maximum subordinate voting shares for repurchase**	**Number of shares repurchased at February 28**
2022 Normal course issuer bid	May 4, 2022	May 3, 2023	1,960,905	1,825,168
2021 Normal course issuer bid	May 4, 2021	May 3, 2022	2,068,000	958,125

The following table provides the NCIB purchases for the three and six-month periods ended February 28, 2023 and 2022:

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$	**$**	$
Subordinate voting shares purchased and cancelled	**845,198**	189,425	**1,357,368**	463,425
Weighted average purchase price per share	**75.43**	101.58	**74.43**	105.19
Purchase costs	**63,750**	19,241	**101,033**	48,749

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 February 28	
	2023 [1]	2022	Change	Change in constant currency [2]	Foreign exchange impact [2]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Adjusted EBITDA	**351,663**	349,211	0.7	(1.8)	(8,697)
Amortization of deferred transaction costs and discounts on long-term debt	**3,045**	3,010	1.2		
Share-based payment	**2,602**	3,315	(21.5)		
Gain on disposals and write-offs of property, plant and equipment and other	**(170)**	(56)	—		
Defined benefit plans expense, net of contributions	**255**	(870)	—		
Acquisition, integration, restructuring and other costs	**(6,952)**	(1,451)	—		
Financial expense	**(61,985)**	(45,486)	36.3		
Current income taxes	**(11,332)**	(10,149)	11.7		
Net capital expenditures	**(156,832)**	(142,475)	10.1		
Repayment of lease liabilities	**(1,963)**	(1,346)	45.8		
Free cash flow	**118,331**	153,703	(23.0)	(21.6)	2,114
Free cash flow, excluding network expansion projects [3]	**160,573**	190,685	(15.8)	(15.4)	792

(1) For fiscal 2023 second-quarter, the average foreign exchange rate used for translation was 1.3488 USD/CDN.

(2) Fiscal 2023 second-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 second-quarter, which was 1.2709 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.

				Six months ended February 28	
	2023 [1]	2022	Change	Change in constant currency [2]	Foreign exchange impact [2]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Adjusted EBITDA	**725,545**	703,605	3.1	0.3	(20,172)
Amortization of deferred transaction costs and discounts on long-term debt	**6,107**	5,952	2.6		
Share-based payment	**4,006**	5,036	(20.5)		
Gain on disposals and write-offs of property, plant and equipment	**(241)**	(1,149)	(79.0)		
Defined benefit plans contributions, net of expense	**(14)**	(436)	(96.8)		
Acquisition, integration, restructuring and other costs	**(9,629)**	(20,086)	(52.1)		
Financial expense	**(119,512)**	(91,094)	31.2		
Current income taxes	**(20,622)**	(25,698)	(19.8)		
Net capital expenditures	**(354,174)**	(283,984)	24.7		
Repayment of lease liabilities	**(3,652)**	(2,623)	39.2		
Free cash flow	**227,814**	289,523	(21.3)	(20.4)	2,708
Free cash flow, excluding network expansion projects [3]	**335,890**	346,521	(3.1)	(3.6)	(1,976)

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

(2) Fiscal 2023 first six months in constant currency is translated at the average foreign exchange rate of fiscal 2022 first six months, which was 1.2634 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.

For the second quarter of fiscal 2023, free cash flow decreased by 23.0% (21.6% in constant currency). The variation in constant currency is mainly due to:

- higher financial expense;
- lower adjusted EBITDA;
- higher net capital expenditures; and
- higher acquisition, integration, restructuring and other costs.

For the first six months of fiscal 2023, free cash flow decreased by 21.3% (20.4% in constant currency). The variation in constant currency is mainly due to:

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

Excluding network expansion projects, the second-quarter and the first six months of fiscal 2023 free cash flow amounted to \$160.6 million and \$335.9 million (\$161.4 million and \$333.9 million in constant currency), respectively, a decrease of 15.8% and 3.1% (15.4% and 3.6% in constant currency), respectively, compared to the same periods of the prior year.

6.5 Dividend declaration

At its April 13, 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 May 11, 2023 to shareholders of record on April 27, 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:

(In thousands of Canadian dollars)	**February 28, 2023** **$**	August 31, 2022 $	Change $	Explanations
Current assets				
Cash and cash equivalents	**355,871**	379,001	(23,130)	Refer to the "Cash flows analysis" section.
Trade and other receivables	**157,037**	123,617	33,420	Mainly related to the timing of collection of trade and other receivables, combined with the appreciation of the US dollar against the Canadian dollar.
Income taxes receivable	**18,871**	7,581	11,290	Related to the payment of income tax instalments, partly offset by the current income taxes expense for the six-month period and income tax refunds received.
Prepaid expenses and other	**55,471**	41,830	13,641	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	**11,348**	3,465	7,883	Mainly related to interest swap tranches maturing in January 2024, reclassified as current.
	598,598	555,494	43,104	
Current liabilities				
Bank indebtedness	**—**	8,633	(8,633)	Refer to the "Cash flows analysis" section.
Trade and other payables	**315,043**	396,480	(81,437)	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	**32,398**	28,942	3,456	Not significant.
Income tax liabilities	**510**	39,251	(38,741)	Related to the final payment of income tax balances for fiscal 2022.
Contract liabilities and other liabilities	**62,346**	64,221	(1,875)	Not significant.
Government subsidies received in advance	**73,711**	127,851	(54,140)	Related to the network construction progress in Québec.
Derivative financial instruments	**406**	2,273	(1,867)	Not significant.
Current portion of long-term debt	**342,963**	340,468	2,495	Not significant.
	827,377	1,008,119	(180,742)	
Working capital deficiency	**(228,779)**	(452,625)	223,846	

7.2 Other significant changes

(In thousands of Canadian dollars)	February 28, 2023 $	August 31, 2022 $	Change $	Explanations
Non-current assets				
Property, plant and equipment	**3,198,482**	3,061,177	137,305	Mainly related to capital investments made during the first half 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	**3,713,202**	3,656,790	56,412	Mainly related to the appreciation of the US dollar against the Canadian dollar, partly offset by the amortization expense for the period.
Goodwill	**2,080,110**	2,010,510	69,600	Related to the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	**119,861**	95,537	24,324	Mainly related to changes in market interest rates impacting the interest swap agreements' valuation, partly offset by interest swap tranches maturing in January 2024 classified as current at February 28, 2023.
Non-current liabilities				
Long-term debt	**4,726,279**	4,398,142	328,137	Mainly related to the issuance of $300 million senior secured notes and the appreciation of the US dollar against the Canadian dollar, partly offset by the net repayment of the revolving facilities and the quarterly repayments on the Senior Secured Term B Facility.
Deferred tax liabilities	**831,890**	773,036	58,854	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 February 28, 2023 $	At August 31, 2022 $
Cash and cash equivalents	**355,871**	379,001
Cash with restrictions on use [1]	**(73,711)**	(127,851)
Amounts available under revolving credit facilities [2]	**1,003,878**	888,276
Available liquidity [3]	**1,286,038**	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 14 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 15 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.

	February 28, 2023	August 31, 2022
Net indebtedness / adjusted EBITDA ratio (1) (2)	**3.4**	3.2
Adjusted EBITDA / financial expense ratio (1) (2)	**6.6**	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 February 28, 2023, 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 4.8%. The overall debt's weighted average term to maturity was 3.9 years.

8.2 Outstanding share data

A description of Cogeco's share data at March 31, 2023 is presented in the table below. Additional details are provided in Note 12 A) 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	**14,017,552**	**112,178**

8.3 Financing

On February 16, 2023, Cogeco Communications completed, pursuant to a private placement, the issuance of $300 million senior secured notes, bearing interest at 5.299% and maturing in February 2033. Cogeco Communications used the net proceeds of the offering to repay existing indebtedness and for other general corporate purposes. While during the second quarter of fiscal 2023, Cogeco Communications reimbursed the Term Revolving Facility, it is also expected that the facility will be used to repay the $300 million Senior Secured Debentures Series 4 maturing in May 2023.

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 replaced US 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. At February 28, 2023, the facility was undrawn.

At February 28, 2023, Cogeco Communications 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).

8.4 Cogeco Communications' credit ratings

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

At February 28, 2023	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 lowest credit rating of the counterparties to the derivative financial instruments agreements at February 28, 2023 is "A-" by Standard & Poor's rating services ("S&P"). In the current volatile financial market environment, management continues to monitor its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

At February 28, 2023, the Corporation had used $46.5 million of its $100 million Term Revolving Facility and an amount of $0.03 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $53.5 million and $749.98 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $204.1 million (US$150 million), of which $3.7 million (US$2.7 million) was used at February 28, 2023 for a remaining availability of $200.4 million (US$147.3 million). The amounts used from Cogeco Communications' facilities consist solely of letters of credit.

Interest rate risk

At February 28, 2023, 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' First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at February 28, 2023:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US$540 million	US LIBOR base rate [1]	2.07% - 2.26%	January 2024 - November 2024	Senior Secured Term Loan B - Tranche 1
Cash flow	US$800 million	US LIBOR base rate with a 50 bps floor	1.22% - 1.46%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) Two tranches amounting to US$230 million have matured on January 31, 2023.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $15.9 million based on the outstanding debt and swap agreements at February 28, 2023.

Considering that the remaining US LIBOR benchmark rates will be discontinued on June 30, 2023, the Corporation will transition its US LIBOR interest derivatives to expected substantially similar interest derivatives referencing SOFR.

8.6 Foreign currency

For the three and six-month periods ended February 28, 2023 and 2022, the average rates prevailing used to convert the operating results of the American telecommunications segment were as follows:

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
US dollar vs Canadian dollar	**1.3488**	1.2709	**1.3489**	1.2634

8.7 Contingencies

Royalties payable for retransmission of distant television signals

On July 22, 2021, the Federal Court of Appeal issued a decision in response to two applications for judicial review filed by six broadcasting distribution undertakings ("BDUs") (including Cogeco Communications) and nine collective societies challenging a decision by the Copyright Board setting the quantum of royalties payable for the retransmission of distant Canadian and U.S. television over-the-air signals in Canada, for the 2014-2018 period. The Federal Court of Appeal determined that the 2014 and 2015 rates would be final but agreed with the collective societies that the Copyright Board had made errors in determining the 2016 to 2018 rates. The Federal Court of Appeal has sent the matter back to the Copyright Board, which initiated a new proceeding to determine the rates from 2016 onwards.

On February 6, 2023, the Copyright Board issued its preliminary conclusions in its redetermination of the 2016 to 2018 rates, which would result in an increase from the rate set in its original decision. In light of these preliminary determinations, the Corporation has recognized an amount of $5.1 million during the second quarter of fiscal 2023, within *Acquisition, integration, restructuring and other costs,* related to the estimated retroactive costs for the period of 2016 to 2022. The final outcome of this proceeding is still unknown and the Copyright Board's final determinations regarding royalty rates may vary from its preliminary determinations.

9. Environmental, social and governance (ESG) practices

The Corporation has defined its 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.

On January 18, 2023, Cogeco Communications announced that it has been ranked for a fourth consecutive year among the world's 100 most sustainable corporations according to Corporate Knights. This year, Cogeco Communications holds the 45th spot in this highly regarded global ranking of companies that are leading the way in making the world a better place, up 36 places from 81st last year. Furthermore, Cogeco Communications was included in the 2023 S&P Global Sustainability Yearbook for the second year in a row. The annual Sustainability Yearbook aims to distinguish individual companies, within their industries, that have demonstrated strengths in corporate sustainability.

On March 1, 2023, Cogeco unveiled its seventh ESG and Sustainability Report, which details its ESG commitments, initiatives and performance that are aimed at driving sustainable and inclusive growth. Cogeco's ESG and Sustainability report is available on the Corporation's website at corpo.cogeco.com, under "Sustainability - ESG Practices (Environment, Social, Governance)".

Cogeco remains committed to supporting the transition to a low carbon economy while ensuring that the effects of climate change are systematically considered and integrated into its business strategy and related decisions. On January 25, 2023, Cogeco published its second Climate Action Plan and Task Force on Climate-Related Disclosures (TCFD) report outlining the key steps it is taking in support of urgent climate action, as well as its processes and strategies to assess and manage climate-related risks and opportunities. Cogeco's 2022 Climate Action Plan and TCFD report is also available on the Corporation's website at corpo.cogeco.com, under "Sustainability - ESG Practices (Environment, Social, Governance)".

Cogeco is proud to promote sustainable and inclusive growth through its long tradition of corporate citizenship and community involvement, concrete measures to fight climate change, efficient operating practices, and strong commitment to responsible and ethical management.

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 2023, 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.

10. Controls and procedures

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

The CEO and CFO, supported by management, evaluated the design of the Corporation's DC&P and ICFR at February 28, 2023, and concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the three and six-month periods ended February 28, 2023.

11. 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. The following update should be read together with the uncertainties and main risk factors described in the 2022 Annual Report, which are hereby incorporated by reference.

New policy direction to the CRTC

On February 13, 2023, the Government of Canada adopted a new policy direction to the CRTC with respect to telecommunications services. The new policy direction replaces existing policy directions issued in 2006 and 2019. It echoes the 2019 direction in directing the CRTC to consider how its decisions can promote competition, affordability, consumer interests and innovation, and adds a mention of the importance of reliable and resilient telecommunications services. The policy direction also directs the CRTC to enforce the principles of effective regulation, to maintain its wholesale regimes for fixed Internet and mobile wireless services, and to enhance and protect consumer rights in telecommunications markets. The impact of the policy direction will depend on how the CRTC interprets and applies it in a decision-and policy-making context.

Review of the wholesale high-speed access framework

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

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

12. Accounting policy developments

12.1 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 periods presented in the condensed interim consolidated financial statements are summarized as follows:

Consolidated statements of cash flows

	Three months ended February 28, 2022			Six months ended February 28, 2022		
	As previously reported	Effect of change in presentation	As currently reported	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]	(142,475)	(15,678)	(158,153)	(283,984)	(20,498)	(304,482)
Net change in cash and cash equivalents	(229,238)	(15,678)	(244,916)	(187,854)	(20,498)	(208,352)
Cash and cash equivalents, beginning of the period [2]	409,818	178,714	588,532	368,434	183,534	551,968
Cash and cash equivalents, end of the period	180,580	163,036	343,616	180,580	163,036	343,616

(1) The application of this agenda decision resulted in an increase of $15.7 million and $20.5 million, respectively, in *Acquisition of property, plant and equipment*, in the Corporation's interim consolidated statements of cash flows for the three and six-month periods ended February 28, 2022, 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 November 30, 2021 and August 31, 2021, restricted cash totalling $178.7 million and $183.5 million, respectively, were reclassified to *Cash and cash equivalents*, in the Corporation's consolidated statements of financial position and consolidated statements of cash flows for the periods then ended.

12.2 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.

13. Non-IFRS and other financial measures

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

Financial measures presented on a constant currency basis for the three and six-month periods ended February 28, 2023 are translated at the average foreign exchange rate of the comparable periods of the prior year, which were 1.2709 USD/CDN and 1.2634 USD/CDN, respectively.

Non-IFRS financial measures

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

Specified financial measures	Usefulness	Calculation	Most directly comparable IFRS financial measures
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 February 28	
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Free cash flow	**118,331**	2,114	**120,445**	153,703	**(23.0)**	**(21.6)**
Net capital expenditures	**156,832**	(7,774)	**149,058**	142,475	**10.1**	**4.6**

					Six months ended February 28	
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Free cash flow	**227,814**	2,708	**230,522**	289,523	**(21.3)**	**(20.4)**
Net capital expenditures	**354,174**	(16,678)	**337,496**	283,984	**24.7**	**18.8**

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 February 28		Six months ended February 28	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Cash flows from operating activities	**206,843**	278,768	**400,664**	576,110
Amortization of deferred transaction costs and discounts on long-term debt [1]	**3,045**	3,010	**6,107**	5,952
Changes in other non-cash operating activities	**66,172**	25,435	**136,121**	5,706
Income taxes paid	**23,319**	5,137	**70,612**	31,473
Current income taxes	**(11,332)**	(10,149)	**(20,622)**	(25,698)
Interest paid	**51,064**	40,809	**112,270**	73,681
Financial expense	**(61,985)**	(45,486)	**(119,512)**	(91,094)
Net capital expenditures	**(156,832)**	(142,475)	**(354,174)**	(283,984)
Repayment of lease liabilities	**(1,963)**	(1,346)	**(3,652)**	(2,623)
Free cash flow	**118,331**	153,703	**227,814**	289,523

(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 February 28					
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Net capital expenditures	**156,832**	(7,774)	**149,058**	142,475	**10.1**	**4.6**
Net capital expenditures in connection with network expansion projects	**42,242**	(1,322)	**40,920**	36,982	**14.2**	**10.6**
Net capital expenditures, excluding network expansion projects	**114,590**	(6,452)	**108,138**	105,493	**8.6**	**2.5**

(In thousands of Canadian dollars, except percentages)	2023 $	Foreign exchange impact $	2023 in constant currency $	2022 $	Change: Actual %	Change: In constant currency %
					Six months ended February 28	
Net capital expenditures	**354,174**	(16,678)	**337,496**	283,984	**24.7**	**18.8**
Net capital expenditures in connection with network expansion projects	**108,076**	(4,684)	**103,392**	56,998	**89.6**	**81.4**
Net capital expenditures, excluding network expansion projects	**246,098**	(11,994)	**234,104**	226,986	**8.4**	**3.1**

Free cash flow

(In thousands of Canadian dollars, except percentages)	2023 $	Foreign exchange impact $	2023 in constant currency $	2022 $	Change: Actual %	Change: In constant currency %
					Three months ended February 28	
Free cash flow	**118,331**	2,114	**120,445**	153,703	**(23.0)**	**(21.6)**
Net capital expenditures in connection with network expansion projects	**42,242**	(1,322)	**40,920**	36,982	**14.2**	**10.6**
Free cash flow, excluding network expansion projects	**160,573**	792	**161,365**	190,685	**(15.8)**	**(15.4)**

(In thousands of Canadian dollars, except percentages)	2023 $	Foreign exchange impact $	2023 in constant currency $	2022 $	Change: Actual %	Change: In constant currency %
					Six months ended February 28	
Free cash flow	**227,814**	2,708	**230,522**	289,523	**(21.3)**	**(20.4)**
Net capital expenditures in connection with network expansion projects	**108,076**	(4,684)	**103,392**	56,998	**89.6**	**81.4**
Free cash flow, excluding network expansion projects	**335,890**	(1,976)	**333,914**	346,521	**(3.1)**	**(3.6)**

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.
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 expansion projects 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 February 28		Six months ended February 28	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**102,592**	118,781	**226,400**	237,920
Income taxes	**24,801**	32,182	**58,281**	50,565
Financial expense	**61,985**	45,486	**119,512**	91,094
Depreciation and amortization	**155,333**	151,311	**311,723**	303,940
Acquisition, integration, restructuring and other costs	**6,952**	1,451	**9,629**	20,086
Adjusted EBITDA	**351,663**	349,211	**725,545**	703,605

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 the notes to the 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 to value Cogeco Communications' performance and to assess its investment in capital expenditures in order to support a certain level of revenue.

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

14. Supplementary quarterly financial information

	Fiscal 2023				Fiscal 2022			Fiscal 2021
Three months ended	**February 28, 2023**	**November 30, 2022**	August 31, 2022	May 31, 2022	February 28, 2022 [1]	November 30, 2021 [1]	August 31, 2021 [1]	May 31, 2021
(In thousands of Canadian dollars, except per share data)	**$**	**$**	$	$	$	$	$	$
Operations								
Revenue	**757,191**	**789,690**	746,911	754,777	748,066	745,258	655,074	649,260
Adjusted EBITDA	**351,663**	**373,882**	348,510	353,473	349,211	354,394	293,624	302,340
Acquisition, integration, restructuring and other costs	**6,952**	**2,677**	12,657	2,286	1,451	18,635	3,961	1,272
Profit for the period	**102,592**	**123,808**	111,379	108,456	118,781	119,139	103,418	104,994
Profit for the period attributable to owners of the Corporation	**33,788**	**42,081**	36,433	37,493	36,659	38,523	33,082	34,548
Cash flow								
Cash flows from operating activities	**206,843**	**193,821**	326,636	355,681	278,768	297,342	283,538	269,078
Free cash flow	**118,331**	**109,483**	34,704	108,954	153,703	135,820	72,915	136,567
Acquisition of property, plant and equipment	**173,674**	**235,008**	244,855	198,271	158,153	146,329	180,192	126,745
Net capital expenditures	**156,832**	**197,342**	224,775	183,107	142,475	141,509	175,718	126,745
Per share data [2]								
Earnings per share								
Basic	**2.17**	**2.68**	2.32	2.38	2.30	2.42	2.08	2.17
Diluted	**2.15**	**2.67**	2.31	2.37	2.29	2.41	2.07	2.16
Dividends per share	**0.731**	**0.731**	0.625	0.625	0.625	0.625	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. For further details, refer to the "Accounting policy developments" section.

(2) Per multiple and subordinate voting share.

14.1 Seasonal variations

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six-month periods ended February 28, 2023

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

		Three months ended February 28		Six months ended February 28	
	Notes	**2023**	2022	**2023**	2022
(In thousands of Canadian dollars, except per share data)		**$**	$	**$**	$
Revenue	*3*	**757,191**	748,066	**1,546,881**	1,493,324
Operating expenses	*6*	**405,528**	398,855	**821,336**	789,719
Acquisition, integration, restructuring and other costs	*7*	**6,952**	1,451	**9,629**	20,086
Depreciation and amortization		**155,333**	151,311	**311,723**	303,940
Financial expense	*8*	**61,985**	45,486	**119,512**	91,094
Profit before income taxes		**127,393**	150,963	**284,681**	288,485
Income taxes	*9*	**24,801**	32,182	**58,281**	50,565
Profit for the period		**102,592**	118,781	**226,400**	237,920
Profit for the period attributable to:					
Owners of the Corporation		**33,788**	36,659	**75,869**	75,182
Non-controlling interest		**68,804**	82,122	**150,531**	162,738
		102,592	118,781	**226,400**	237,920
Earnings per share					
Basic	*10*	**2.17**	2.30	**4.85**	4.73
Diluted	*10*	**2.15**	2.29	**4.82**	4.70

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**102,592**	118,781	**226,400**	237,920
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	**6,895**	37,921	**33,961**	48,839
Related income taxes	**(1,827)**	(10,049)	**(8,999)**	(12,942)
	5,068	27,872	**24,962**	35,897
Foreign currency translation adjustments				
Net foreign currency translation differences on net investments in foreign operations	**17,301**	(14,974)	**83,230**	13,132
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	**(3,939)**	3,666	**(19,423)**	(3,159)
Related income taxes	**(21)**	30	**(84)**	(23)
	13,341	(11,278)	**63,723**	9,950
	18,409	16,594	**88,685**	45,847
Items not to be subsequently reclassified to profit or loss				
Defined benefit plans actuarial adjustments				
Remeasurement of net defined benefit liability or asset	**(624)**	6,086	**2,896**	7,014
Related income taxes	**165**	(1,613)	**(768)**	(1,859)
	(459)	4,473	**2,128**	5,155
	17,950	21,067	**90,813**	51,002
Comprehensive income for the period	**120,542**	139,848	**317,213**	288,922
Comprehensive income for the period attributable to:				
Owners of the Corporation	**38,503**	46,500	**102,160**	93,452
Non-controlling interest	**81,739**	93,348	**215,053**	195,470
	120,242	139,848	**317,213**	288,922

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 12)		*(Note 13)*			
Balance at August 31, 2021	107,194	9,940	(5,875)	705,399	2,074,679	2,891,337
Profit for the period	—	—	—	75,182	162,738	237,920
Other comprehensive income for the period	—	—	14,618	3,652	32,732	51,002
Comprehensive income for the period	—	—	14,618	78,834	195,470	288,922
Share-based payment (Note 12 C))	—	2,761	—	—	2,417	5,178
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(11)	—	—	233	222
Dividends (Note 12 B))	—	—	—	(19,845)	(43,252)	(63,097)
Effect of changes in ownership of a subsidiary on non-controlling interest	—	—	—	(8,124)	8,124	—
Purchase and cancellation of subordinate voting shares	(1,236)	—	—	(11,103)	—	(12,339)
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	3,239	(2,767)	—	(472)	—	—
Purchase and cancellation of subordinate voting shares by a subsidiary	—	—	—	(12,036)	(36,713)	(48,749)
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	122	(1,137)	—	(51,942)	(72,574)	(125,531)
Balance at February 28, 2022	107,316	8,803	8,743	732,291	2,197,575	3,054,728
Balance at August 31, 2022	**106,768**	**11,031**	**44,397**	**757,647**	**2,349,670**	**3,269,513**
Profit for the period	**—**	**—**	**—**	**75,869**	**150,531**	**226,400**
Other comprehensive income for the period	**—**	**—**	**24,805**	**1,486**	**64,522**	**90,813**
Comprehensive income for the period	**—**	**—**	**24,805**	**77,355**	**215,053**	**317,213**
Share-based payment (Note 12 C))	**—**	**2,131**	**—**	**—**	**2,206**	**4,337**
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	**—**	**(88)**	**—**	**—**	**1,525**	**1,437**
Dividends (Note 12 B))	**—**	**—**	**—**	**(22,706)**	**(45,023)**	**(67,729)**
Effect of changes in ownership of a subsidiary on non-controlling interest	**—**	**—**	**—**	**(5,497)**	**5,497**	**—**
Purchase and cancellation of subordinate voting shares	**(1,163)**	**—**	**—**	**(7,355)**	**—**	**(8,518)**
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**(2,941)**	**—**	**—**	**—**	**—**	**(2,941)**
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**2,120**	**(2,560)**	**—**	**440**	**—**	**—**
Purchase and cancellation of subordinate voting shares by a subsidiary	**—**	**—**	**—**	**(21,915)**	**(79,118)**	**(101,033)**
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**—**	**—**	**—**	**—**	**(5,889)**	**(5,889)**
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**—**	**(2,078)**	**—**	**334**	**1,744**	**—**
Total distributions to shareholders	**(1,984)**	**(2,595)**	**—**	**(56,699)**	**(119,058)**	**(180,336)**
Balance at February 28, 2023	**104,784**	**8,436**	**69,202**	**778,303**	**2,445,665**	**3,406,390**

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

(In thousands of Canadian dollars)	*Notes*	**February 28, 2023** **$**	August 31, 2022 $
Assets			
Current			
Cash and cash equivalents	*14 D)*	**355,871**	379,001
Trade and other receivables		**157,037**	123,617
Income taxes receivable		**18,871**	7,581
Prepaid expenses and other		**55,471**	41,830
Derivative financial instruments		**11,348**	3,465
		598,598	555,494
Non-current			
Other assets		**87,892**	72,934
Property, plant and equipment		**3,198,482**	3,061,177
Intangible assets		**3,713,202**	3,656,790
Goodwill		**2,080,110**	2,010,510
Derivative financial instruments		**119,861**	95,537
Deferred tax assets		**12,177**	15,583
		9,810,322	9,468,025
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**—**	8,633
Trade and other payables		**315,043**	396,480
Provisions		**32,398**	28,942
Income tax liabilities		**510**	39,251
Contract liabilities and other liabilities		**62,346**	64,221
Government subsidies received in advance		**73,711**	127,851
Derivative financial instruments		**406**	2,273
Current portion of long-term debt	*11*	**342,963**	340,468
		827,377	1,008,119
Non-current			
Long-term debt	*11*	**4,726,279**	4,398,142
Contract liabilities and other liabilities		**9,012**	9,510
Pension plan liabilities and accrued employee benefits		**9,374**	9,705
Deferred tax liabilities		**831,890**	773,036
		6,403,932	6,198,512
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*12 A)*	**104,784**	106,768
Share-based payment reserve		**8,436**	11,031
Accumulated other comprehensive income	*13*	**69,202**	44,397
Retained earnings		**778,303**	757,647
		960,725	919,843
Equity attributable to non-controlling interest		**2,445,665**	2,349,670
		3,406,390	3,269,513
		9,810,322	9,468,025

Contingencies (Note 17) and Subsequent event (Note 18)

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

		Three months ended February 28		Six months ended February 28	
	Notes	**2023**	2022	**2023**	2022
(In thousands of Canadian dollars)		**$**	$	**$**	$
			(restated, Note 2)		*(restated, Note 2)*
Cash flows from operating activities					
Profit for the period		**102,592**	118,781	**226,400**	237,920
Adjustments for:					
Depreciation and amortization		**155,333**	151,311	**311,723**	303,940
Financial expense	*8*	**61,985**	45,486	**119,512**	91,094
Income taxes	*9*	**24,801**	32,182	**58,281**	50,565
Share-based payment		**2,602**	3,315	**4,006**	5,036
Gain on disposals and write-offs of property, plant and equipment		**(170)**	(56)	**(241)**	(1,149)
Defined benefit plans expense, net of contributions		**255**	(870)	**(14)**	(436)
		347,398	350,149	**719,667**	686,970
Changes in other non-cash operating activities	*14 A)*	**(66,172)**	(25,435)	**(136,121)**	(5,706)
Interest paid		**(51,064)**	(40,809)	**(112,270)**	(73,681)
Income taxes paid		**(23,319)**	(5,137)	**(70,612)**	(31,473)
		206,843	278,768	**400,664**	576,110
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(173,674)**	(158,153)	**(408,682)**	(304,482)
Acquisition of spectrum licences		**—**	(236,073)	**—**	(236,073)
Business combinations, net of cash and cash equivalents acquired	*5*	**—**	—	**—**	(1,427,658)
Subsidies received in advance		**182**	—	**363**	—
Proceeds on disposals of property, plant and equipment		**477**	13	**634**	13
		(173,015)	(394,213)	**(407,685)**	(1,968,200)
Cash flows from financing activities					
Decrease in bank indebtedness		**(922)**	(13,731)	**(8,633)**	(3,753)
Net (decrease) increase under the revolving facilities		**(271,111)**	187,285	**(107,385)**	(44,226)
Issuance of long-term debt, net of discounts and transaction costs		**298,056**	(236)	**298,056**	1,611,303
Repayment of notes, debentures and credit facilities		**(8,846)**	(205,397)	**(17,626)**	(246,158)
Repayment of lease liabilities		**(1,963)**	(1,346)	**(3,652)**	(2,623)
Increase in deferred transaction costs		**(338)**	(795)	**(338)**	(795)
Purchase and cancellation of subordinate voting shares	*12 A)*	**(6,915)**	(12,339)	**(8,518)**	(12,339)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	*12 A)*	**—**	—	**(2,941)**	(1,881)
Dividends paid on multiple and subordinate voting shares	*12 B)*	**(11,309)**	(19,845)	**(22,706)**	(19,845)
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		**882**	117	**1,437**	222
Purchase and cancellation of subordinate voting shares by a subsidiary		**(63,750)**	(19,241)	**(101,033)**	(48,749)
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	*12 B)*	**(22,086)**	(43,252)	**(45,023)**	(43,252)
		(88,302)	(128,780)	**(24,251)**	1,183,039
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency		**1,847**	(691)	**8,142**	699
Net change in cash and cash equivalents		**(52,627)**	(244,916)	**(23,130)**	(208,352)
Cash and cash equivalents, beginning of the period		**408,498**	588,532	**379,001**	551,968
Cash and cash equivalents, end of the period	*14 D)*	**355,871**	343,616	**355,871**	343,616

1. Nature of operations

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

Its Cogeco Communications Inc. ("Cogeco Communications") subsidiary is a telecommunications corporation 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.

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

2. Basis of presentation and accounting policy developments

A) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and were approved and authorized for issuance by the Board of Directors of the Corporation on April 13, 2023. These 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. These condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Corporation's 2022 annual 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.

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

B) 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.

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

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

Consolidated statements of cash flows

	Three months ended February 28, 2022			Six months ended February 28, 2022		
	As previously reported	Effect of change in presentation	As currently reported	As previously reported	Effect of change in presentation	As currently reported
	$	$	$	$	$	$
Cash flows from investing activities						
Acquisition of property, plant and equipment [(1)]	(142,475)	(15,678)	(158,153)	(283,984)	(20,498)	(304,482)
Net change in cash and cash equivalents	(229,238)	(15,678)	(244,916)	(187,854)	(20,498)	(208,352)
Cash and cash equivalents, beginning of the period [(2)]	409,818	178,714	588,532	368,434	183,534	551,968
Cash and cash equivalents, end of the period	180,580	163,036	343,616	180,580	163,036	343,616

(1) The application of this agenda decision resulted in an increase of $15.7 million and $20.5 million, respectively, in *Acquisition of property, plant and equipment*, in the Corporation's interim consolidated statements of cash flows for the three and six-month periods ended February 28, 2022, 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 November 30, 2021 and August 31, 2021, restricted cash totalling $178.7 million and $183.5 million, respectively, were reclassified to *Cash and cash equivalents*, in the Corporation's consolidated statements of financial position and consolidated statements of cash flows for the periods then ended.

C) Future changes to standards, interpretations and amendments to standards and interpretations

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

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

3. Revenue

	Three months ended February 28									
	Cogeco Communications									
	Canadian telecommunications		American telecommunications		Sub-total		Other		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Residential [1] [2] [3]	**307,574**	303,883	**318,939**	321,279	**626,513**	625,162	**—**	—	**626,513**	625,162
Commercial [3]	**43,233**	42,639	**44,254**	40,781	**87,487**	83,420	**—**	—	**87,487**	83,420
Other [2]	**17,527**	15,801	**5,119**	4,166	**22,646**	19,967	**20,545**	19,517	**43,191**	39,484
	368,334	362,323	**368,312**	366,226	**736,646**	728,549	**20,545**	19,517	**757,191**	748,066

	Six months ended February 28									
	Cogeco Communications									
	Canadian telecommunications		American telecommunications		Sub-total		Other		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Residential [1] [2] [3]	**619,582**	599,452	**655,190**	638,592	**1,274,772**	1,238,044	**—**	—	**1,274,772**	1,238,044
Commercial [3]	**86,595**	85,935	**89,022**	81,160	**175,617**	167,095	**—**	—	**175,617**	167,095
Other [2]	**34,241**	31,983	**14,316**	9,968	**48,557**	41,951	**47,935**	46,234	**96,492**	88,185
	740,418	717,370	**758,528**	729,720	**1,498,946**	1,447,090	**47,935**	46,234	**1,546,881**	1,493,324

(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. The previous definition also included wholesale Internet customers, now presented in *Other*. As per the new definition, Internet service customers include only customers who have their Internet service installed, operated and billed directly by the Corporation. 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 revenue reclassifications of $3.6 million and $7.7 million were reflected for the three and six-month periods of fiscal 2022, respectively. The total revenue reclassification for fiscal 2022 amounts to $15.7 million.

4. Segment information

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

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

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.

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

						Three months ended February 28, 2022
	Cogeco Communications					
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Sub-total	Other	Consolidated
	$	$	$	$	$	$
Revenue [1]	362,323	366,226	—	728,549	19,517	748,066
Operating expenses	169,307	196,436	8,148	373,891	24,964	398,855
Management fees – Cogeco Inc.	—	—	5,571	5,571	(5,571)	—
Adjusted EBITDA	193,016	169,790	(13,719)	349,087	124	349,211
Acquisition, integration, restructuring and other costs				1,451	—	1,451
Depreciation and amortization				150,025	1,286	151,311
Financial expense				44,979	507	45,486
Profit before income taxes				152,632	(1,669)	150,963
Income taxes				32,721	(539)	32,182
Profit for the period				119,911	(1,130)	118,781
Net capital expenditures [2]	67,763	73,178	1,254	142,195	280	142,475
Acquisition of spectrum licenses	236,073	—	—	236,073	—	236,073

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

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

						Six months ended February 28, 2022
	Cogeco Communications					
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Sub-total	Other	Consolidated
	$	$	$	$	$	$
Revenue [1]	717,370	729,720	—	1,447,090	46,234	1,493,324
Operating expenses	336,493	384,166	16,906	737,565	52,154	789,719
Management fees – Cogeco Inc.	—	—	11,151	11,151	(11,151)	—
Adjusted EBITDA	380,877	345,554	(28,057)	698,374	5,231	703,605
Acquisition, integration, restructuring and other costs				20,086	—	20,086
Depreciation and amortization				301,662	2,278	303,940
Financial expense				89,934	1,160	91,094
Profit before income taxes				286,692	1,793	288,485
Income taxes				50,171	394	50,565
Profit for the period				236,521	1,399	237,920
Net capital expenditures [2]	135,234	146,405	1,584	283,223	761	283,984
Acquisition of spectrum licenses	236,073	—	—	236,073	—	236,073

(1) For the second quarter and the first six months of fiscal 2023, revenue by geographic market included $388.9 million and $788.4 million in Canada, and $368.3 million and $758.5 million in the United States, respectively. For the same periods of the prior year, revenue included $381.8 million and $763.6 million in Canada and $366.2 million and $729.7 million in the United States.

(2) Net capital expenditures exclude non-cash acquisitions of right-of-use assets and the purchases of spectrum licences, and are presented net of government subsidies, including subsidies received in advance recognized as a reduction of the cost of property, plant and equipment.. Refer to Note 14 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. 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".

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

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 February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Salaries, employee benefits and outsourced services	**140,488**	125,486	**279,971**	250,838
Service delivery costs	**201,055**	202,284	**403,522**	401,397
Customer related costs	**28,025**	32,566	**60,502**	61,545
Other external purchases	**35,960**	38,519	**77,341**	75,939
	405,528	398,855	**821,336**	789,719

7. Acquisition, integration, restructuring and other costs

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Acquisition and integration costs	**1,398**	1,451	**1,981**	20,086
Restructuring costs	**—**	—	**816**	—
Configuration and customization costs related to cloud computing arrangements	**440**	—	**1,718**	—
Costs related to litigation and regulatory decisions	**5,114**	—	**5,114**	—
	6,952	1,451	**9,629**	20,086

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

8. Financial expense

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Interest on long-term debt, excluding interest on lease liabilities	**63,444**	45,136	**119,301**	88,220
Interest on lease liabilities	**694**	679	**1,340**	1,128
Net foreign exchange loss (gain)	**111**	(1,339)	**2,483**	(69)
Amortization of deferred transaction costs related to the revolving facilities	**187**	193	**369**	396
Other	**(2,451)**	817	**(3,981)**	1,419
	61,985	45,486	**119,512**	91,094

9. Income taxes

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Current	**11,332**	10,149	**20,622**	25,698
Deferred	**13,469**	22,033	**37,659**	24,867
	24,801	32,182	**58,281**	50,565

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 February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Profit before income taxes	**127,393**	150,963	**284,681**	288,485
Combined Canadian income tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %
Income taxes at combined Canadian income tax rate	**33,759**	40,005	**75,440**	76,449
Difference in operations' statutory income tax rates	**257**	61	**15**	(41)
Impact on income taxes arising from non-deductible expenses and non-taxable profit	**654**	133	**1,358**	10
Tax impacts related to foreign operations	**(10,971)**	(7,208)	**(20,734)**	(13,769)
Other [(1)]	**1,102**	(809)	**2,202**	(12,084)
Income taxes at effective income tax rate	**24,801**	32,182	**58,281**	50,565
Effective income tax rate	**19.5%**	21.3%	**20.5%**	17.5%

(1) For the six-month period ending February 28, 2022, 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.

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

10. Earnings per share

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Profit for the period attributable to owners of the Corporation	**33,788**	36,659	**75,869**	75,182
Weighted average number of multiple and subordinate voting shares outstanding	**15,604,777**	15,909,307	**15,641,913**	15,908,051
Effect of dilutive incentive share units	**49,305**	42,226	**46,572**	44,793
Effect of dilutive performance share units	**47,806**	40,401	**45,221**	42,183
Weighted average number of diluted multiple and subordinate voting shares outstanding	**15,701,888**	15,991,934	**15,733,706**	15,995,027

11. Long-term debt

	February 28, 2023	August 31, 2022
	$	$
Notes, debentures and credit facilities	**4,999,813**	4,671,797
Lease liabilities	**69,429**	66,813
	5,069,242	4,738,610
Less current portion	**342,963**	340,468
	4,726,279	4,398,142

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

A) Notes, debentures and credit facilities

	Maturity	Interest rate		February 28, 2023	August 31, 2022
		%		$	$
Corporation					
Term Revolving Facility					
Revolving loan - US$34.2 million (US$32 million at August 31, 2022)	February 2027	5.63	(1) (2)	**46,543**	41,955
Subsidiaries					
Term Revolving Facility					
Revolving loan – US$81 million at August 31, 2022	January 2028	—		**—**	106,199
Senior Secured Notes					
Series A - US$25 million	September 2024	4.14		**33,996**	32,742
Series B - US$150 million	September 2026	4.29		**203,824**	196,313
Senior Secured Notes - US$215 million	June 2025	4.30		**292,232**	281,450
Senior Secured Notes - Series 1	September 2031	2.99		**497,140**	496,993
Senior Secured Notes - Series 2	February 2033	5.30		**298,062**	—
Senior Secured Debentures Series 4	May 2023	4.18		**299,910**	299,730
Senior Unsecured Non-Revolving Facility	November 2042	—		—	—
First Lien Credit Facilities					
Senior Secured Term Loan B Facility					
Tranche 1 - US$1,584.3 million (US$1,592.8 million at August 31, 2022)	January 2025	6.63	(1) (3)	**2,133,141**	2,060,614
Tranche 2 - US$891 million (US$895.5 million at August 31, 2022)	September 2028	7.13	(1) (4)	**1,194,965**	1,155,801
Senior Secured Revolving Facility	July 2024	—		**—**	—
				4,999,813	4,671,797
Less current portion				**335,293**	333,818
				4,664,520	4,337,979

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

(2) An amount of US$34.2 million drawn under the Corporation's Term Revolving Facility was hedged until March 31 2023, using a cross-currency swap agreement which sets the amount redeemable at maturity at $46.3 million and the effective interest rate on the Canadian dollar equivalent at 5.51%.

(3) As of February 28, 2023, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US$540 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 2.07% to 2.26%, plus an applicable credit spread, for maturities between January 31, 2024 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 5.78%.

(4) As of February 28, 2023, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US$800 million of the Senior Secured Term Loan B Facility - Tranche 2. These agreements have the effect of converting the floating US LIBOR base rate, or the 50 bps LIBOR floor if higher, into fixed rates ranging from 1.22% to 1.46%, 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 4.16%.

Subsidiaries

Term Revolving Facility

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 replaced US 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)

Senior Secured Notes - Series 2

In February 2023, Cogeco Communications completed, pursuant to a private placement, the issuance of $300 million Senior Secured Notes - Series 2 maturing on February 16, 2033. The senior secured notes are direct and unsubordinated secured debt obligations of Cogeco Communications and rank equally and *pari passu*, with all other secured senior indebtedness of Cogeco Communications.

Senior Unsecured Non-Revolving Facility

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. At February 28, 2023, the facility was undrawn.

B) Other information

Performance and payment bonds

At February 28, 2023, Cogeco Communications 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).

12. Share capital

A) Issued and paid

	February 28, 2023	August 31, 2022
	$	$
1,602,217 multiple voting shares	10	10
14,031,452 subordinate voting shares (14,176,736 at August 31, 2022)	112,290	113,453
	112,300	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)
	104,784	106,768

During the first six 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	(145,284)	(1,163)
Balance at February 28, 2023	14,031,452	112,290

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

Subordinate voting shares repurchase programs

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at February 28, 2023
2023 Normal course issuer bid	January 18, 2023	January 17, 2024	325,000	100,100
2022 Normal course issuer bid	January 18, 2022	January 17, 2023	325,000	268,086

The following table provides the NCIB purchases for the three and six-month periods ended February 28, 2023 and 2022:

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Subordinate voting shares purchased and cancelled	**117,584**	154,388	**145,284**	154,388
Weighted average purchase price per share	**58.81**	79.92	**58.63**	79.92
Purchase costs	**6,915**	12,339	**8,518**	12,339

Subordinate voting shares held in trust

During the first six 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 February 28, 2023	**53,645**	**3,754**	**54,550**	**3,762**

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

B) Dividends

The following tables provide a summary of the dividends declared for the Corporation's and Cogeco Communications' multiple and subordinate voting shares during the three and six-month periods ended February 28, 2023 and 2022:

Declaration date	Record date	Payment date	Dividend per share (in dollars)	
			Cogeco	Cogeco Communications
October 27, 2022	**November 10, 2022**	**November 24, 2022**	**0.731**	**0.776**
January 12, 2023	**January 26, 2023**	**February 9, 2023**	**0.731**	**0.776**
			1.462	**1.552**
November 11, 2021	November 25, 2021	December 9, 2021	0.625	0.705
January 13, 2022	January 27, 2022	February 10, 2022	0.625	0.705
			1.250	1.410

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Attributable to owners of the Corporation				
Dividends on multiple voting shares	**1,171**	1,002	**2,342**	2,003
Dividends on subordinate voting shares	**10,138**	8,909	**20,364**	17,842
	11,309	9,911	**22,706**	19,845
Attributable to non-controlling interest				
Dividends on subordinate voting shares	**22,086**	21,599	**45,023**	43,252

At its April 13, 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 May 11, 2023 to shareholders of record on April 27, 2023.

C) Share-based payment plans

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Stock options	**383**	507	**980**	1,060
ISUs	**771**	1,003	**1,606**	1,892
PSUs	**963**	1,085	**1,751**	2,226
DSUs	**485**	720	**(331)**	(142)
	2,602	3,315	**4,006**	5,036

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

Stock options

For the six-month period ended February 28, 2023, no stock options were granted to employees by Cogeco under the Stock Option Plan of the Corporation and no options were outstanding at February 28, 2023 and August 31, 2022.

Under the Stock Option Plan of Cogeco Communications, changes in the outstanding number of stock options for the six-month period ended February 28, 2023 were as follows:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2022	874,165	86.52
Granted	151,028	69.48
Exercised [1]	(24,979)	57.54
Cancelled	(36,144)	95.28
Outstanding at February 28, 2023	964,070	84.28
Exercisable at February 28, 2023	537,946	80.36

(1) The weighted average share price for options exercised during the six-month period was $57.54.

The weighted average fair value of stock options granted by Cogeco Communications for the six-month period ended February 28, 2023 was $11.69 per option. The fair value of the options granted was estimated 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

ISUs, PSUs and DSUs

Under the Corporation's share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs for the six-month period ended February 28, 2023 were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2022	44,175	42,304	62,822
Granted/Issued [1] [2]	21,155	20,620	13,655
Performance-based additional units granted	—	569	—
Distributed/Redeemed	(12,891)	(13,343)	—
Cancelled	(3,134)	(3,055)	—
Dividend equivalents	—	1,155	1,705
Outstanding at February 28, 2023	49,305	48,250	78,182

(1) The weighted average fair value of the ISUs and PSUs granted during the six-month period was $58.02.
(2) The weighted average fair value of the DSUs issued during the six-month period was $62.67.

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

Under Cogeco Communications' share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs for the six-month period ended February 28, 2023 were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2022	**75,375**	**94,589**	**72,166**
Granted/Issued [1] [2]	**28,004**	**39,851**	**14,482**
Performance-based additional units granted	**—**	**2,242**	**—**
Distributed/Redeemed	**(23,654)**	**(31,796)**	**—**
Cancelled	**(6,972)**	**(7,228)**	**—**
Dividend equivalents	**—**	**2,170**	**1,730**
Outstanding at February 28, 2023	**72,753**	**99,828**	**88,378**

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

(2) The weighted average fair value of the DSUs issued during the six-month period was $76.50.

13. 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	12,147	2,471	14,618
Balance at February 28, 2022	2,087	6,656	8,743
Balance at August 31, 2022	**24,744**	**19,653**	**44,397**
Other comprehensive income	**8,621**	**16,184**	**24,805**
Balance at February 28, 2023	**33,365**	**35,837**	**69,202**

14. Additional cash flows information

A) Changes in other non-cash operating activities

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Trade and other receivables	**(14,446)**	(4,304)	**(29,801)**	(19,700)
Prepaid expenses and other	**1,778**	(263)	**(12,892)**	(973)
Other assets	**(6,221)**	(3,006)	**(10,140)**	(5,194)
Trade and other payables	**(53,654)**	(20,426)	**(81,740)**	18,442
Provisions	**6,930**	2,503	**2,651**	3,568
Contract liabilities and other liabilities	**(559)**	61	**(4,199)**	(1,849)
	(66,172)	(25,435)	**(136,121)**	(5,706)

(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.

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
		(restated, Note 2)		*(restated, Note 2)*
Acquisition of property, plant and equipment	**173,674**	158,153	**408,682**	304,482
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(16,842)**	(15,678)	**(54,508)**	(20,498)
Net capital expenditures	**156,832**	142,475	**354,174**	283,984

C) Changes in liabilities arising from financing activities

Six months ended February 28, 2023	Bank indebtedness	Long-term debt: Notes, debentures and credit facilities	Long-term debt: Lease liabilities	Total
	$	$	$	$
Balance at August 31, 2022	**8,633**	**4,671,797**	**66,813**	**4,747,243**
Decease in bank indebtedness	**(8,633)**	**—**	**—**	**(8,633)**
Net decrease under the revolving facilities	**—**	**(107,385)**	**—**	**(107,385)**
Issuance of long-term debt, net of discounts and transaction costs	**—**	**298,056**	**—**	**298,056**
Repayment of notes, debentures and credit facilities	**—**	**(17,626)**	**—**	**(17,626)**
Repayment of lease liabilities	**—**	**—**	**(3,652)**	**(3,652)**
Total cash flows (used in) from financing activities excluding equity	**(8,633)**	**173,045**	**(3,652)**	**160,760**
Interest paid on lease liabilities	**—**	**—**	**(1,539)**	**(1,539)**
Total cash flow changes	**(8,633)**	**173,045**	**(5,191)**	**159,221**
Effect of changes in foreign exchange rates	**—**	**147,366**	**554**	**147,920**
Amortization of discounts, transaction costs and other	**—**	**7,605**	**—**	**7,605**
Net increase in lease liabilities	**—**	**—**	**7,253**	**7,253**
Total non-cash changes	**—**	**154,971**	**7,807**	**162,778**
Balance at February 28, 2023	**—**	**4,999,813**	**69,429**	**5,069,242**

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

D) Cash and cash equivalents

	February 28, 2023	August 31, 2022
	$	$
Cash	**212,631**	185,401
Cash with restrictions on use [1]	**73,711**	127,851
Cash equivalents [2]	**69,529**	65,749
	355,871	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.

15. Financial instruments

A) Financial risk management

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

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at February 28, 2023 is "A-" by Standard & Poor's rating services ("S&P"). In the current volatile financial market environment, management continues to monitor its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

At February 28, 2023, the Corporation had used $46.5 million of its $100 million Term Revolving Facility and an amount of $0.03 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $53.5 million and $749.98 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $204.1 million (US$150 million), of which $3.7 million (US$2.7 million) was used at February 28, 2023 for a remaining availability of $200.4 million (US$147.3 million). The amounts used from Cogeco Communications' facilities consist solely of letters of credit.

Interest rate risk

At February 28, 2023, 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' First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at February 28, 2023:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US$540 million	US LIBOR base rate [1]	2.07% - 2.26%	January 2024 - November 2024	Senior Secured Term Loan B - Tranche 1
Cash flow	US$800 million	US LIBOR base rate with a 50 bps floor	1.22% - 1.46%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) Two tranches amounting to US$230 million have matured on January 31, 2023.

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $15.9 million based on the outstanding debt and swap agreements at February 28, 2023.

Considering that the remaining US LIBOR benchmark rates will be discontinued on June 30, 2023, the Corporation will transition its US LIBOR interest derivatives to expected substantially similar interest derivatives referencing SOFR.

B) Fair value of financial instruments

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

	February 28, 2023		August 31, 2022	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Notes, debentures and credit facilities	**4,999,813**	**4,907,567**	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 February 28, 2023 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.

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

	February 28, 2023	August 31, 2022
Long-term debt, including the current portion	**5,069,242**	4,738,610
Discounts, transaction costs and other	**45,092**	49,716
Long-term debt before discounts, transaction costs and other	**5,114,334**	4,788,326
Bank indebtedness	**—**	8,633
Cash and cash equivalents, excluding cash with restrictions on use [1]	**(282,160)**	(251,150)
Net indebtedness	**4,832,174**	4,545,809

(1) See Note 14 D).

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

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	**February 28, 2023**	August 31, 2022
Components of debt and coverage ratios		
Net indebtedness	**4,764,276**	4,489,330
Adjusted EBITDA	**1,413,126**	1,393,062
Financial expense	**215,718**	187,617
Debt and coverage ratios		
Net indebtedness / adjusted EBITDA	**3.4**	3.2
Adjusted EBITDA / financial expense	**6.6**	7.4

16. Related party transactions

Cogeco is the parent company of Cogeco Communications and, as of February 28, 2023, held 35.3% of Cogeco Communications' equity shares, representing 84.5% of the votes attached to Cogeco Communications' voting shares.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the three and six-month periods ended February 28, 2023, management fees paid by Cogeco Communications amounted to $5.4 million and $10.8 million, respectively, compared to $5.6 million and $11.2 million for the same periods of fiscal 2022.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. However, during the six-month periods ended February 28, 2023 and 2022, Cogeco Communications granted stock options and PSUs to these executive officers, as executive officers of Cogeco Communications, the value of which was charged back to Cogeco, as shown in the following table:

	Six months ended February 28	
	2023	2022
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 DSUs issued to Board directors of Cogeco:

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Stock options	**241**	277	**596**	609
PSUs	**237**	270	**380**	640
DSUs	**—**	39	**(100)**	(79)
	478	586	**876**	1,170

17. Contingencies

Royalties payable for retransmission of distant television signals

On July 22, 2021, the Federal Court of Appeal issued a decision in response to two applications for judicial review filed by six broadcasting distribution undertakings ("BDUs") (including Cogeco Communications) and nine collective societies challenging a decision by the Copyright Board setting the quantum of royalties payable for the retransmission of distant Canadian and U.S. television over-the-air signals in Canada, for the 2014-2018 period. The Federal Court of Appeal determined that the 2014 and 2015 rates would be final but agreed with the collective societies that the Copyright Board had made errors in determining the 2016 to 2018 rates. The Federal Court of Appeal has sent the matter back to the Copyright Board, which initiated a new proceeding to determine the rates from 2016 onwards.

On February 6, 2023, the Copyright Board issued its preliminary conclusions in its redetermination of the 2016 to 2018 rates, which would result in an increase from the rate set in its original decision. In light of these preliminary determinations, the Corporation has recognized an amount of $5.1 million during the second quarter of fiscal 2023, within *Acquisition, integration, restructuring and other costs,* related to the estimated retroactive costs for the period of 2016 to 2022. The final outcome of this proceeding is still unknown and the Copyright Board's final determinations regarding royalty rates may vary from its preliminary determinations.

18. Subsequent event

Acquisition of the telecommunications operations of oxio

On March 3, 2023, the Corporation's subsidiary's Cogeco Connexion completed the acquisition of the telecommunications operations of oxio, for a purchase price of $100 million, subject to customary post-closing adjustments. oxio serves approximately 48,000 residential broadband customers in Québec, Ontario and western provinces. With this acquisition, Cogeco Connexion will now have a second brand to serve the telecommunications needs of Canadians.

Primary service unit statistics

	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022	February 28, 2022
CONSOLIDATED					
Primary service units	**2,945,972**	2,961,877	3,007,321	3,043,837	3,064,633
Internet service customers	**1,472,765**	1,468,844	1,480,554	1,487,267	1,486,063
Video service customers	**940,678**	953,956	975,628	993,584	1,006,650
Phone service customers	**532,529**	539,077	551,139	562,986	571,920
CANADA					
Homes passed [1]	**2,033,475**	2,018,146	1,998,418	1,990,209	1,981,003
Primary service units	**1,808,448**	1,807,079	1,818,158	1,828,876	1,836,783
Internet service customers [1]	**782,862**	775,063	772,600	769,348	766,455
Penetration as a percentage of homes passed	**38.5%**	38.4%	38.7%	38.7%	38.7%
Video service customers	**639,994**	644,329	652,590	661,272	667,629
Penetration as a percentage of homes passed	**31.5%**	31.9%	32.7%	33.2%	33.7%
Phone service customers	**385,592**	387,687	392,968	398,256	402,699
Penetration as a percentage of homes passed	**19.0%**	19.2%	19.7%	20.0%	20.3%
UNITED STATES					
Homes passed [2]	**1,712,640**	1,695,261	1,677,939	1,657,201	1,652,045
Primary service units [2]	**1,137,524**	1,154,798	1,189,163	1,214,961	1,227,850
Internet service customers	**689,903**	693,781	707,954	717,919	719,608
Penetration as a percentage of homes passed	**40.3%**	40.9%	42.2%	43.3%	43.6%
Video service customers	**300,684**	309,627	323,038	332,312	339,021
Penetration as a percentage of homes passed	**17.6%**	18.3%	19.3%	20.1%	20.5%
Phone service customers	**146,937**	151,390	158,171	164,730	169,221
Penetration as a percentage of homes passed	**8.6%**	8.9%	9.4%	9.9%	10.2%

(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. The previous definition also included wholesale Internet customers. As per the new definition, Internet service customers include only customers who have their Internet service installed, operated and billed directly by the Corporation. 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.