

Cogeco Releases its Financial Results for the Second Quarter of Fiscal 2022

- **Revenue increased by 14.5% (14.7% in constant currency ⁽¹⁾) compared to the same period of the prior year to reach \$748.1 million;**
- **Adjusted EBITDA ⁽¹⁾ reached \$349.2 million, an increase of 13.2% (13.4% in constant currency ⁽¹⁾);**
- **Profit for the period amounted to \$118.8 million, an increase of 7.8%;**
- **Free cash flow ⁽¹⁾ amounted to \$153.7 million, an increase of 9.4% (9.4% in constant currency ⁽¹⁾);**
- **Cash flows from operating activities increased by 15.4% to reach \$278.8 million;**
- **Fiscal 2022 financial guidelines were revised following a reduction of capital expenditures projections and a corresponding increase in projected free cash flow; and**
- **A quarterly eligible dividend of \$0.625 per share was declared compared to \$0.545 per share in the comparable quarter of fiscal 2021.**

Montréal, April 13, 2022 – Today, Cogeco Inc. (TSX: CGO) ("Cogeco" or the "Corporation") announced its financial results for the second quarter ended February 28, 2022, in accordance with International Financial Reporting Standards ("IFRS").

OPERATING RESULTS

For the second quarter of fiscal 2022:

- Revenue increased by 14.5% to reach \$748.1 million compared to the previous year. On a constant currency basis, revenue increased by 14.7%, mainly explained as follows:
 - American broadband services revenue increased by 31.3% in constant currency mostly resulting from the Ohio broadband systems acquisition completed on September 1, 2021, and from a higher Internet service customer base and a higher value product mix.
 - Canadian broadband services revenue increased by 2.1% mainly as a result of the DERYtelecom acquisition completed on December 14, 2020 and organic growth.
 - Revenue in the media activities increased by 4.9%, mainly following the easing of public health restrictions, whereby last year's second quarter radio advertising revenue was directly impacted by COVID-19 related lockdown measures.

(1) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of this press release, including reconciliation to the most comparable IFRS financial measures.

- Adjusted EBITDA increased by 13.2% to reach \$349.2 million compared to the previous year. On a constant currency basis, adjusted EBITDA increased by 13.4%, mainly explained as follows:
 - American broadband services adjusted EBITDA increased by 31.4% in constant currency mainly resulting from the impact of the Ohio broadband systems acquisition and a higher margin driven by the organic revenue growth, partly offset by costs incurred in connection with the rebranding of Atlantic Broadband to Breezeline and overall higher marketing and advertising activities and other costs which were unusually low last year in the context of the COVID-19 pandemic restrictions.
 - Canadian broadband services adjusted EBITDA increased by 1.7% in constant currency mainly resulting from the impact of the DERYtelecom acquisition and organic growth.
- Profit for the period amounted to \$118.8 million, of which \$36.7 million, or \$2.30 per share, was attributable to owners of the Corporation compared to \$110.2 million, \$33.7 million, and \$2.12 per share, respectively, in the comparable period of fiscal 2021. The increases resulted mainly from higher adjusted EBITDA and lower income tax expense, partly offset by the increases in depreciation and amortization expense and financial expense.
- Free cash flow increased by 9.4% as reported and in constant currency to reach \$153.7 million compared to the previous year, mainly as a result of higher adjusted EBITDA and lower current income taxes, partly offset by higher capital expenditures and financial expense.
- Cash flows from operating activities increased by 15.4% to reach \$278.8 million compared to the previous year, mainly resulting from higher adjusted EBITDA and lower income taxes paid.
- Cogeco purchased and cancelled 154,388 subordinate voting shares for a total consideration of \$12.3 million.
- At its April 13, 2022 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of \$0.625 per share compared to \$0.545 per share in the comparable quarter of fiscal 2021.

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

"Results at our Canadian broadband business unit were steady with a continued positive customer trend for our high-speed Internet service," said Mr. Jetté. "Over the past months, Cogeco Connexion has accelerated its construction efforts to connect more homes in underserved communities in Québec and Ontario and continues its collaboration with governments to bridge the digital gap between large urban centres and less populated areas."

"The performance at our American broadband business unit, which now goes by the name Breezeline, was in line with expectations," continued Mr. Jetté. "Internet customer trends improved compared to the first quarter of fiscal 2022 and the integration of our acquired Ohio broadband systems continues to proceed according to plan."

"For our radio business, our revenue has grown despite a weaker advertising market due to sudden lockdowns brought on by the Omicron variant, however signs have been positive for the economy as public health measures are being lifted," added Mr. Jetté. "Cogeco Media's radio stations again found their way to the top of the Numeris winter surveys, demonstrating the continued commitment of our listeners. We were also pleased to announce in late March, that the Canadian Radio-television and Telecommunications Commission (CRTC) rendered a favourable decision on the transaction between Arsenal and Cogeco which will allow Arsenal to acquire CHOA and Capitale Rock stations in Abitibi, and Cogeco to acquire station CILM 98.3 located in Saguenay, a deal that is expected to close later this month."

"We recently published our ESG and Sustainability Report, which will henceforth be published annually, where we provide an update of our environmental, social and governance (ESG) performance indicators and other information related to our sustainability strategy. We are committed to continually enhance our sustainability program through the implementation of ESG best practices, which earned us again this year a place on the Corporate Knights Global 100 Most Sustainable Companies list," concluded Mr. Jetté.

FISCAL 2022 REVISED FINANCIAL GUIDELINES

Overall, Cogeco's financial results for the first half of fiscal 2022 were as expected in its annual financial guidelines, issued on November 11, 2021. However, as the Corporation expects in the second half of fiscal 2022 lower acquisition of property, plant and equipment than initially planned and a corresponding increase in projected free cash flow, the Corporation revised its fiscal 2022 financial guidelines. On a constant currency and consolidated basis, revenue and adjusted EBITDA projections are expected to remain the same as previously issued. Revised projections for acquisition of property, plant and equipment amount to between \$725 and \$755 million, including those related to the Ohio broadband systems integration and net investments of approximately \$180 to \$200 million in network expansion projects in Canada and the United States. Free cash flow is expected to decrease between 13% and 23% compared to the previous fiscal year, which is a lesser decline than under the previous financial guidelines. Excluding the fiscal year 2022 network expansion projects, free cash flow on a constant currency and consolidated basis would otherwise increase between 16% and 26% compared to the previous fiscal year.

COVID-19 PANDEMIC

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

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

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

As for our radio operations, the pandemic continues to have an impact due to restrictions imposed on portions of the customer base, such as the travel industry, as well as supply chain disruptions limiting other customers' businesses, such as the automobile industry. Furthermore, listeners are spending less time commuting in their cars during the pandemic, which negatively impacts listening hours. In order to mitigate the impact on its operations, Cogeco Media continues to manage its operating expenses tightly, as it did since the beginning of the pandemic, while maintaining quality programming.

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

FINANCIAL HIGHLIGHTS

	Three months ended February 28,					Six months ended February 28,				
	2022	2021	Change	Change in constant currency ⁽¹⁾ (2)	Foreign exchange impact ⁽¹⁾	2022	2021	Change	Change in constant currency ⁽¹⁾ (2)	Foreign exchange impact ⁽¹⁾
<i>(In thousands of Canadian dollars, except percentages and per share data)</i>	\$	\$	%	%	\$	\$	\$	%	%	\$
Operations										
Revenue	748,066	653,156	14.5	14.7	(1,007)	1,493,324	1,299,511	14.9	16.4	(18,693)
Adjusted EBITDA ⁽²⁾	349,211	308,414	13.2	13.4	(410)	703,605	629,504	11.8	13.1	(8,442)
Integration, restructuring and acquisition costs ⁽³⁾	1,451	2,330	(37.7)			20,086	3,511	—		
Profit for the period	118,781	110,156	7.8			237,920	230,603	3.2		
Profit for the period attributable to owners of the Corporation	36,659	33,737	8.7			75,182	74,226	1.3		
Cash flow										
Cash flows from operating activities	278,768	241,619	15.4			576,110	477,151	20.7		
Acquisition of property, plant and equipment ⁽⁴⁾	142,475	115,748	23.1	23.3	(265)	283,984	232,239	22.3	24.3	(4,717)
Free cash flow ⁽²⁾	153,703	140,555	9.4	9.4	(50)	289,523	288,791	0.3	0.7	(1,241)
Financial condition⁽⁵⁾										
Cash and cash equivalents						180,580	368,434	(51.0)		
Total assets						9,090,937	7,536,313	20.6		
Indebtedness ^{(2) (6)}						4,748,792	3,377,115	40.6		
Equity attributable to owners of the Corporation						857,153	816,658	5.0		
Per share data⁽⁷⁾										
Earnings per share										
Basic	2.30	2.12	8.5			4.73	4.67	1.3		
Diluted	2.29	2.11	8.5			4.70	4.64	1.3		
Dividends	0.625	0.545	14.7			1.25	1.09	14.7		

- (1) Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year. For the three and six-month periods ended February 28, 2021, the average foreign exchange rates used for translation were 1.2744 USD/CDN and 1.2957 USD/CDN, respectively.
- (2) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of this press release, including reconciliation to the most comparable IFRS financial measures.
- (3) For the three and six-month periods ended February 28, 2022, integration, restructuring and acquisition costs resulted mostly from costs incurred in connection with the acquisition, completed on September 1, 2021, and ongoing integration of the Ohio broadband systems. For the three and six-month periods ended February 28, 2021, integration, restructuring and acquisition costs resulted mostly from the acquisition and integration of DERYtelecom, which was completed on December 14, 2020.
- (4) For the three and six-month periods ended February 28, 2022, acquisition of property, plant and equipment in constant currency amounted to \$142.7 million and \$288.7 million, respectively.
- (5) At February 28, 2022 and August 31, 2021.
- (6) Indebtedness is defined as the total of bank indebtedness and principal on long-term debt.
- (7) Per multiple and subordinate voting share.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this press release may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco 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" and "Fiscal 2022 financial guidelines" sections of the Corporation's 2021 annual MD&A and the "Fiscal 2022 revised financial guidelines" of the current MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as competitive risks, business risks (including potential disruption to our supply chain worsened by the increasing instability resulting from the war in Ukraine, increasing transportation lead times, scarcity of input materials and shortages of chipsets, semi-conductors and key telecommunication equipment), regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including elevated inflation and a potential recession), human-caused and natural threats to our network, infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health crisis and emergencies such as the COVID-19 pandemic, 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 2021 annual MD&A and of the current MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco and future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information contained in this press release which represent Cogeco's expectations as of the date of this press release (or as of the date they are otherwise stated to be made) and are subject to change after such date. While management may elect to do so, the Corporation is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This press release should be read in conjunction with the Corporation's MD&A for the three and six-month periods ended February 28, 2022, the Corporation's condensed interim consolidated financial statements and the notes thereto for the same periods prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2021 Annual Report.

NON-IFRS FINANCIAL MEASURES

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

This press release also makes reference to key performance indicators on a constant currency basis, including revenue, "adjusted EBITDA", acquisition of property, plant and equipment and "free cash flow". Measures on a constant currency basis are considered non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies. In addition, this press release refers to the adjusted EBITDA margin and capital intensity of the Canadian broadband services and the American broadband services segments, key performance indicators used by Cogeco Communications' management and investors, respectively, to value its performance and to assess its investment in capital expenditures in order to support a certain level of revenue. These financial measures do not have standard definitions prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

Non-IFRS financial measures	Application	Calculation	Most comparable IFRS financial measures
Adjusted EBITDA and adjusted EBITDA margin	Adjusted EBITDA is a key measure commonly reported and used in the telecommunications industry, as it allows comparisons between companies that have different capital structures and is a more current measure since it excludes the impact of historical investments in assets. Adjusted EBITDA is one of the key metrics employed by the financial community to value a business and its financial strength. Adjusted EBITDA for Cogeco's business units is equal to the segment profit (loss) reported in Note 4 of the condensed interim consolidated financial statements.	Adjusted EBITDA: - Profit for the period add: - Income taxes; - Financial expense; - Depreciation and amortization; and - Integration, restructuring and acquisition costs. Adjusted EBITDA margin: - Adjusted EBITDA divided by: - Revenue.	Profit for the period No comparable IFRS financial measure
Free cash flow	Management and investors use free cash flow to measure Cogeco's ability to repay debt, distribute capital to its shareholders and finance its growth.	Free cash flow: - Adjusted EBITDA add: - Amortization of deferred transaction costs and discounts on long-term debt; - Share-based payment; - Loss (gain) on disposals and write-offs of property, plant and equipment and other; and - Defined benefit plans expense, net of contributions; deduct: - Integration, restructuring and acquisition costs; - Financial expense; - Current income taxes; - Acquisition of property, plant and equipment ⁽¹⁾ ; and - Repayment of lease liabilities.	Cash flows from operating activities
Constant currency basis	Revenue, operating expenses, adjusted EBITDA, acquisition of property, plant and equipment and free cash flow are measures presented on a constant currency basis to enable an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in foreign exchange rates.	Constant currency basis is obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year.	No comparable IFRS financial measure
Capital intensity	Capital intensity is used by Cogeco Communications' management and investors to assess the Cogeco Communications' investment in capital expenditures in order to support a certain level of revenue.	Capital intensity: - Acquisition of property, plant and equipment ⁽¹⁾ divided by: - Revenue.	No comparable IFRS financial measure

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

Non-IFRS financial measures	Application	Calculation	Most comparable IFRS financial measures
Indebtedness and net indebtedness	Indebtedness and net indebtedness are measures used by management and investors to assess Cogeco's financial leverage, as they represent the debt and the debt net of the available cash and cash equivalents, respectively.	<p>Indebtedness:</p> <p>add:</p> <ul style="list-style-type: none"> - Principal on long-term debt; and - Bank indebtedness. <p>Net indebtedness:</p> <ul style="list-style-type: none"> - Indebtedness <p>deduct:</p> <ul style="list-style-type: none"> - Cash and cash equivalents. 	Long-term debt, including the current portion

ADJUSTED EBITDA RECONCILIATION

The reconciliation of adjusted EBITDA to the most comparable IFRS financial measure is as follows:

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
(In thousands of Canadian dollars)	\$	\$	\$	\$
Profit for the period	118,781	110,156	237,920	230,603
Income taxes	32,182	34,965	50,565	72,604
Financial expense	45,486	32,875	91,094	69,154
Depreciation and amortization	151,311	128,088	303,940	253,632
Integration, restructuring and acquisition costs	1,451	2,330	20,086	3,511
Adjusted EBITDA	349,211	308,414	703,605	629,504

FREE CASH FLOW RECONCILIATION

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

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
(In thousands of Canadian dollars)	\$	\$	\$	\$
Cash flows from operating activities	278,768	241,619	576,110	477,151
Amortization of deferred transaction costs and discounts on long-term debt	3,010	2,343	5,952	4,640
Changes in other non-cash operating activities	25,435	8,350	5,706	27,612
Income taxes paid	5,137	16,529	31,473	58,717
Current income taxes	(10,149)	(18,303)	(25,698)	(39,616)
Interest paid	40,809	40,040	73,681	64,502
Financial expense	(45,486)	(32,875)	(91,094)	(69,154)
Acquisition of property, plant and equipment	(142,475)	(115,748)	(283,984)	(232,239)
Repayment of lease liabilities	(1,346)	(1,400)	(2,623)	(2,822)
Free cash flow	153,703	140,555	289,523	288,791

INDEBTEDNESS AND NET INDEBTEDNESS RECONCILIATION

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

	At February 28, 2022	At August 31, 2021
<i>(In thousands of Canadian dollars)</i>	\$	\$
Long-term debt, including the current portion	4,689,989	3,329,910
Discounts, transaction costs and other	58,096	42,745
Bank indebtedness	707	4,460
Indebtedness	4,748,792	3,377,115
Cash and cash equivalents	(180,580)	(368,434)
Net indebtedness	4,568,212	3,008,681

ABOUT COGECO INC.

Rooted in the communities it serves, Cogeco Inc. (TSX: CGO) is a growing competitive force in the North American telecommunications and media sectors with a legacy of 65 years. Through its business units Cogeco Connexion and Breezeline (formerly Atlantic Broadband), Cogeco provides Internet, video and phone services to 1.6 million residential and business customers in Quebec and Ontario in Canada as well as in twelve states in the United States. Through Cogeco Media, it owns and operates 23 radio stations as well as a news agency, primarily in Quebec. To learn more about Cogeco's growth strategy and its commitment to support its communities, promote inclusive growth and fight climate change, please visit us online at corpo.cogeco.com.

- 30 -

For information:

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Conference Call:

Thursday, April 14, 2022 at 11:00 a.m. (Eastern Time)

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

Please use the following dial-in number to have access to the conference call 5 to 10 minutes before the start of the conference:

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

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



SHAREHOLDERS' REPORT

Three and six-month periods ended February 28, 2022

FINANCIAL HIGHLIGHTS

	Three months ended February 28,					Six months ended February 28,				
	2022	2021	Change	Change in constant currency ⁽¹⁾ ⁽²⁾	Foreign exchange impact ⁽¹⁾	2022	2021	Change	Change in constant currency ⁽¹⁾ ⁽²⁾	Foreign exchange impact ⁽¹⁾
	(In thousands of Canadian dollars, except percentages and per share data)									
	\$	\$	%	%	\$	\$	\$	%	%	\$
Operations										
Revenue	748,066	653,156	14.5	14.7	(1,007)	1,493,324	1,299,511	14.9	16.4	(18,693)
Adjusted EBITDA ⁽²⁾	349,211	308,414	13.2	13.4	(410)	703,605	629,504	11.8	13.1	(8,442)
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Free cash flow ⁽²⁾	153,703	140,555	9.4	9.4	(50)	289,523	288,791	0.3	0.7	(1,241)
Financial condition ⁽⁵⁾										
Cash and cash equivalents						180,580	368,434	(51.0)		
Total assets						9,090,937	7,536,313	20.6		
Indebtedness ⁽²⁾ ⁽⁶⁾						4,748,792	3,377,115	40.6		
Equity attributable to owners of the Corporation						857,153	816,658	5.0		
Per share data ⁽⁷⁾										
Earnings per share										
Basic	2.30	2.12	8.5			4.73	4.67	1.3		
Diluted	2.29	2.11	8.5			4.70	4.64	1.3		
Dividends	0.625	0.545	14.7			1.25	1.09	14.7		

(1) Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year. For the three and six-month periods ended February 28, 2021, the average foreign exchange rates used for translation were 1.2744 USD/CDN and 1.2957 USD/CDN, respectively.

(2) The indicated terms do not have standardized definitions prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of the Management's Discussion and Analysis, including reconciliation to the most comparable IFRS financial measures.

(3) For the three and six-month periods ended February 28, 2022, integration, restructuring and acquisition costs resulted mostly from costs incurred in connection with the acquisition, completed on September 1, 2021, and ongoing integration of the Ohio broadband systems. For the three and six-month periods ended February 28, 2021, integration, restructuring and acquisition costs resulted mostly from the acquisition and integration of DERYtelecom, which was completed on December 14, 2020.

(4) For the three and six-month periods ended February 28, 2022, acquisition of property, plant and equipment in constant currency amounted to \$142.7 million and \$288.7 million, respectively.

(5) At February 28, 2022 and August 31, 2021.

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

(7) Per multiple and subordinate voting share.



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

Three and six-month periods ended February 28, 2022

1. FORWARD-LOOKING STATEMENTS

Certain statements contained in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Inc.'s ("Cogeco" or the "Corporation") future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue", "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding the Corporation's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, purchase price allocation, tax rates, weighted average cost of capital, performance and business prospects and opportunities, which Cogeco believes are reasonable as of the current date. Refer in particular to the "Corporate objectives and strategies" and "Fiscal 2022 financial guidelines" sections of the Corporation's 2021 annual MD&A and the "Fiscal 2022 revised financial guidelines" of the current MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as competitive risks, business risks (including potential disruption to our supply chain worsened by the increasing instability resulting from the war in Ukraine, increasing transportation lead times, scarcity of input materials and shortages of chipsets, semi-conductors and key telecommunication equipment), regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including elevated inflation and a potential recession), human-caused and natural threats to our network, infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health crisis and emergencies such as the COVID-19 pandemic, 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 2021 annual MD&A and of the current MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco 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, 2022 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2021 Annual Report.

In preparing this MD&A, the Corporation has taken into account information available up to April 13, 2022, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its 2021 Annual Report and Annual Information Form, is available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

2. CORPORATE OBJECTIVES AND STRATEGIES

OUR STRATEGY FOR CONTINUED GROWTH

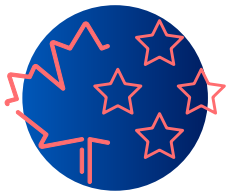
Cogeco's mission to bring people together through powerful communications and entertainment experiences continues to enable strong strategic focus and discipline.

In an evolving and competitive ecosystem, our commitment to excellence endures as evidenced by 65 years of history, dedication and growth. Leveraging our unique North American broadband platform, our reliable and resilient networks as well as our financial discipline, we have built our strategy around three key vectors of growth:



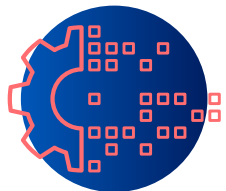
Organic

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



Acquisitions

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



Innovation

We continuously enhance our product and 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.

A strategy is only as strong as the foundations it's built on. For Cogeco, these foundations include a solid organizational culture that is aligned with our core values and strong ESG practices which, in turn, are systematically embedded into our operations as a reflection of our commitment to a more sustainable and inclusive future.

OUR GROWTH PILLARS

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



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

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

⁽¹⁾ The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

2.1 KEY PERFORMANCE INDICATORS

Overall, Cogeco's financial results for the first half of fiscal 2022 were as expected in its annual financial guidelines, issued on November 11, 2021. However, as the Corporation expects in the second half of fiscal 2022 lower acquisition of property, plant and equipment than initially planned and a corresponding increase in projected free cash flow, Cogeco revised its fiscal 2022 financial guidelines related to the acquisition of property, plant and equipment and free cash flow. Refer to the "Fiscal 2022 revised financial guidelines" section below for further details.

REVENUE

For the first six months of fiscal 2022, revenue increased by 14.9% (16.4% in constant currency) resulting from:

- growth of 27.9% (31.2% in constant currency) in the American broadband services segment, mainly from the Ohio broadband systems acquisition completed on September 1, 2021 and organic revenue growth driven by the cumulative effect of high-speed Internet service additions over the past year and by annual rate increases implemented for certain services; and
- an increase of 5.0%, as reported and in constant currency, in the Canadian broadband services segment, mainly from revenue generated from the DERYtelecom acquisition completed on December 14, 2020 and stable organic revenue.

Excluding the acquisitions of the Ohio broadband systems and DERYtelecom, revenue in constant currency increased by 2.1% for the first six months of fiscal 2022.

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

ADJUSTED EBITDA ⁽¹⁾

For the first six months of fiscal 2022, adjusted EBITDA increased by 11.8% (13.1% in constant currency) as a result of:

- an increase of 28.9% (32.3% in constant currency) in the American broadband services segment, mainly resulting from the impact of the Ohio broadband systems acquisition and organic revenue growth, partly offset by costs incurred in connection with the rebranding of Atlantic Broadband to Breezeline, which related activities are expected to continue at a lower pace during the third quarter, and overall higher marketing and advertising activities and other costs, which were unusually low last year in the context of the COVID-19 pandemic restrictions; and
- an increase of 1.3% (1.2% in constant currency) in the Canadian broadband services segment, mainly attributable to the impact of the DERYtelecom acquisition and organic growth; partly offset by
- higher operating expenses in the media activities; and
- higher corporate costs, primarily due to costs incurred and initiatives undertaken to support the Corporation's future growth and strategies.

Excluding the acquisitions of the Ohio broadband systems and DERYtelecom, adjusted EBITDA in constant currency decreased by 1.3% for the first six months of fiscal 2022 due to the increase in expenses as explained above.

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

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

For the first six months of fiscal 2022, acquisition of property, plant and equipment increased by 22.3% (24.3% in constant currency) resulting from:

- higher capital expenditures in the American broadband services segment related to the Ohio acquisition, the geographical network expansion, the accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries and the timing of certain initiatives; and
- higher capital expenditures in the Canadian broadband services segment related to the maintenance, growth and expansion of Cogeco Connexion's network infrastructure, as it accelerates its construction efforts in connection with its high-speed Internet network expansion in Québec and Ontario.

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

FREE CASH FLOW ⁽¹⁾

For the first six months of fiscal 2022, free cash flow increased by 0.3% (0.7% in constant currency), mainly resulting from:

- higher adjusted EBITDA; and
- lower current income taxes, mainly attributable to the impact of a favorable tax adjustment recorded in the second quarter of fiscal 2022; partly offset by
- higher capital expenditures in both the American and Canadian broadband services segments;
- higher financial expense; and
- higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems.

(1) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

2.2 FISCAL 2022 REVISED FINANCIAL GUIDELINES

The following section contains forward-looking statements concerning the business outlook for Cogeco. For a description of risk factors that could cause actual results to differ materially from what Cogeco expects, please refer to the "Uncertainties and main risk factors" section of the current MD&A and of the Corporation's 2021 annual MD&A.

Cogeco and Cogeco Communications are revising their fiscal 2022 financial guidelines as issued on November 11, 2021 since both corporations expect in the second half of fiscal 2022 lower acquisition of property, plant and equipment than initially planned and a corresponding increase in projected free cash flow. The reduction in the projected acquisition of property, plant and equipment is primarily related to network expansions in the American and Canadian broadband segments resulting from delays in obtaining permits and franchise agreements for certain projects that will be carried on during the first semester of fiscal 2023. The reduction is also due to the timing of other projects, including network investments in our recently acquired Ohio operation which will be spent over a longer period of time. On a constant currency and consolidated basis, revenue and adjusted EBITDA projections are expected to remain the same as previously issued.

The financial guidelines exclude the impact from other possible business acquisitions and do not take into consideration the potential impact of the review of the royalties payable for retransmission of distant television signals currently pending before the Copyright Board. Capital intensity and free cash flow definitions do not include the acquisition of spectrum licenses (refer to section "Non-IFRS financial measures"). The projections take into consideration the experience gained while operating during the COVID-19 pandemic so far, but exclude potential unexpected significant material impacts from it. Furthermore, while the application of the recently issued agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)* by the IFRS Interpretations Committee may reduce projected capital expenditures and adjusted EBITDA due to certain implementation costs associated with cloud computing arrangements being expensed as incurred, management does not expect it will impact the fiscal 2022 financial guidelines previously issued. For further details in connection with this agenda decision, refer to the "Accounting policies" section.

Cogeco

The Corporation's fiscal 2022 financial guidelines are mainly driven by those of Cogeco Communications which are described below.

The following table outlines fiscal 2022 revised financial guidelines on a consolidated basis, compared to the fiscal 2022 financial guidelines as issued on November 11, 2021:

	April 13, 2022 Revised projections Fiscal 2022 (constant currency)	November 11, 2021 Revised projections Fiscal 2022 (constant currency)
(In millions of Canadian dollars, except percentages)	\$	\$
Financial guidelines		
Revenue	Increase of 15% to 17% ⁽¹⁾	Increase of 15% to 17% ⁽¹⁾
Adjusted EBITDA ⁽⁵⁾	Increase of 14% to 16% ⁽¹⁾	Increase of 14% to 16% ⁽¹⁾
Acquisition of property, plant and equipment	\$725 to \$755 ⁽²⁾	\$820 to \$850 ⁽²⁾
Free cash flow ⁽⁵⁾	Decrease of 13% to 23% ^{(3) (4)}	Decrease of 33% to 43% ^{(3) (4)}

(1) Preliminary fiscal 2022 financial guidelines issued on July 14, 2021 were revised during the fourth quarter of fiscal 2021 to incorporate the impact from the acquisition of the Ohio broadband systems which was completed on September 1, 2021. The acquisition of the Ohio broadband systems is expected to have a positive impact of approximately 11% on fiscal 2022 consolidated revenue and adjusted EBITDA.

(2) Fiscal 2022 financial guidelines are based on a USD/CDN constant exchange rate of 1.2691 USD/CDN.

(3) The assumed current income tax effective rate is approximately 12%.

(4) Includes approximately \$30 million of acquisition and integration costs in connection with the acquisition of the Ohio broadband systems.

(5) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

Cogeco Communications

Revised projections for acquisition of property, plant and equipment amount to between \$720 and \$750 million, including those related to the Ohio broadband systems integration and approximately \$180 to \$200 million in network expansion projects net of government subsidies, resulting in capital intensity of approximately 25%, or 19% excluding growth-oriented network expansion projects. Free cash flow is expected to decrease between 13% and 23% compared to the previous fiscal year, which is a lesser decline than under the previous financial guidelines. Excluding the fiscal year 2022 network expansion projects, free cash flow on a constant currency and consolidated basis would otherwise increase between 16% and 26% compared to the previous fiscal year.

The following table outlines Cogeco Communications' fiscal 2022 revised financial guidelines on a consolidated basis, compared to the fiscal 2022 financial guidelines as issued on November 11, 2021:

	April 13, 2022 Revised projections Fiscal 2022 (constant currency)	November 11, 2021 Revised projections Fiscal 2022 (constant currency)
<i>(In millions of Canadian dollars, except percentages)</i>		
	\$	\$
Financial guidelines		
Revenue	Increase of 15% to 17% ⁽¹⁾	Increase of 15% to 17% ⁽¹⁾
Adjusted EBITDA ⁽⁵⁾	Increase of 14% to 16% ⁽¹⁾	Increase of 14% to 16% ⁽¹⁾
Acquisition of property, plant and equipment	\$720 to \$750 ⁽²⁾	\$815 to \$845 ⁽²⁾
Capital intensity ⁽⁵⁾	Approximately 25%	Approximately 28%
Free cash flow ⁽⁵⁾	Decrease of 13% to 23% ^{(3) (4)}	Decrease of 33% to 43% ^{(3) (4)}

(1) Preliminary fiscal 2022 financial guidelines issued on July 14, 2021 were revised during the fourth quarter of fiscal 2021 to incorporate the impact from the acquisition of the Ohio broadband systems which was completed on September 1, 2021. The acquisition of the Ohio broadband systems is expected to have a positive impact of approximately 11.5% on fiscal 2022 consolidated revenue and 11% on consolidated adjusted EBITDA.

(2) Fiscal 2022 financial guidelines are based on a USD/CDN constant exchange rate of 1.2691 USD/CDN.

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

(4) Includes approximately \$30 million of acquisition and integration costs in connection with the acquisition of the Ohio broadband systems.

(5) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

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

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

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

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

As for our radio operations, the pandemic continues to have an impact due to restrictions imposed on portions of the customer base, such as the travel industry, as well as supply chain disruptions limiting other customers' businesses, such as the automobile industry. Furthermore, listeners are spending less time commuting in their cars during the pandemic, which negatively impacts listening hours. In order to mitigate the impact on its operations, Cogeco Media continues to manage its operating expenses tightly, as it did since the beginning of the pandemic, while maintaining quality programming.

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

3. BUSINESS DEVELOPMENTS

Acquisition and sale of radio stations

On May 6, 2021, the Corporation's subsidiary, Cogeco Media, announced that it had entered into an agreement with Arsenal Média to acquire and sell radio stations located in the Saguenay-Lac-Saint-Jean and Abitibi-Témiscamingue regions, respectively. Cogeco Media will acquire a radio station owned by Arsenal Média in the Saguenay-Lac-Saint-Jean region, known as the CILM radio station, and will simultaneously sell to Arsenal Média two radio stations owned by Cogeco Media in the Abitibi-Témiscamingue region, known as the Capitale Rock and Wow radio stations.

On March 25, 2022, the Canadian Radio-television and Telecommunications Commission approved the transaction, which is expected to close on April 24, 2022.

Atlantic Broadband changes its name to Breezeline

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

Amendments of Cogeco's and Cogeco Communications' term revolving facilities into sustainability-linked loans

On December 17, 2021, Cogeco amended and extended its \$100 million Term Revolving Facility to February 3, 2027 and Cogeco Communications amended and extended its \$750 million Term Revolving Facility to January 24, 2027. As part of the amendments, both Cogeco and Cogeco Communications transitioned their revolving facilities into a sustainability-linked loan ("SLL") structure, underscoring their strong leadership and dedication to sustainability and the organizations' Environmental, social and governance (ESG) goals. Both Cogeco's and Cogeco Communications' revolving facilities represent the first syndicated SLL in Canada within the telecommunications and media sectors.

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

Acquisition of WideOpenWest's Ohio broadband systems

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

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

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

Further details on the Ohio broadband systems acquisition, including the preliminary purchase price allocation, can be found in Note 5 of the condensed interim consolidated financial statements for the three and six-month periods ended February 28, 2022.

Issuance of \$500 million senior secured notes

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

Final payment for the 3500 MHz band spectrum licences

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

4. OPERATING AND FINANCIAL RESULTS

4.1 OPERATING RESULTS

	Three months ended February 28,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	748,066	653,156	14.5	14.7	(1,007)
Operating expenses	398,855	344,742	15.7	15.9	(597)
Adjusted EBITDA ⁽³⁾	349,211	308,414	13.2	13.4	(410)

(1) For the three-month period ended February 28, 2022, the average foreign exchange rate used for translation was 1.2709 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2744 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

	Six months ended February 28,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	1,493,324	1,299,511	14.9	16.4	(18,693)
Operating expenses	789,719	670,007	17.9	19.4	(10,251)
Adjusted EBITDA ⁽³⁾	703,605	629,504	11.8	13.1	(8,442)

(1) For the six-month period ended February 28, 2022, the average foreign exchange rate used for translation was 1.2634 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2957 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

REVENUE

	Three months ended February 28,				
	2022	2021	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian broadband services	362,323	354,902	2.1	2.1	—
American broadband services	366,226	279,646	31.0	31.3	(1,007)
Cogeco Communications	728,549	634,548	14.8	15.0	(1,007)
Other	19,517	18,608	4.9	4.9	—
Consolidated	748,066	653,156	14.5	14.7	(1,007)

				Six months ended February 28,	
	2022	2021	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	717,370	682,911	5.0	5.0	—
American broadband services	729,720	570,550	27.9	31.2	(18,693)
Cogeco Communications	1,447,090	1,253,461	15.4	16.9	(18,693)
Other	46,234	46,050	0.4	0.4	—
Consolidated	1,493,324	1,299,511	14.9	16.4	(18,693)

For the second quarter and the first six months of fiscal 2022, revenue increased by 14.5% and 14.9% (14.7% and 16.4% in constant currency), respectively, resulting mainly from:

- the Ohio broadband systems acquisition completed on September 1, 2021, which contributed to revenue growth in the American broadband services segment;
- the DERYtelecom acquisition completed on December 14, 2020, which contributed to revenue growth in the Canadian broadband services segment; and
- organic revenue growth in both the American and Canadian broadband services segments, driven by the cumulative effect of high-speed Internet service additions over the past year and by annual rate increases implemented for certain services.

In addition, the revenue increase for the second quarter of fiscal 2022 is also explained by higher revenue in the media activities, mainly following the easing of public health restrictions, whereby last year's second quarter radio advertising revenue was directly impacted by COVID-19 related lockdown measures.

Excluding the acquisitions of the Ohio broadband systems and DERYtelecom, revenue in constant currency increased by 2.5% and 2.1%, respectively, for the second quarter and the first six months of fiscal 2022.

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

OPERATING EXPENSES

				Three months ended February 28,	
	2022	2021	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	169,307	165,194	2.5	2.5	(41)
American broadband services	196,436	150,117	30.9	31.2	(556)
Corporate and eliminations	8,148	6,390	27.5	27.5	—
Cogeco Communications	373,891	321,701	16.2	16.4	(597)
Other	24,964	23,041	8.3	8.3	—
Consolidated	398,855	344,742	15.7	15.9	(597)

				Six months ended February 28,	
	2022	2021	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	336,493	307,089	9.6	9.8	(550)
American broadband services	384,166	302,495	27.0	30.2	(9,701)
Corporate and eliminations	16,906	14,085	20.0	20.0	—
Cogeco Communications	737,565	623,669	18.3	19.9	(10,251)
Other	52,154	46,338	12.6	12.6	—
Consolidated	789,719	670,007	17.9	19.4	(10,251)

For the second quarter and the first six months of fiscal 2022, operating expenses increased by 15.7% and 17.9% (15.9% and 19.4% in constant currency), respectively, mainly resulting from:

- higher operating expenses in the American broadband services segment, mainly resulting from the Ohio broadband systems acquisition, costs in connection with the rebranding of Atlantic Broadband to Breezeline and higher overall operating expenses to drive and support customer growth, compared to unusually low marketing and advertising activities during the first half of the previous year in the context of the COVID-19 pandemic restrictions;
- higher operating expenses in the Canadian broadband services segment, mainly resulting from the DERYtelecom acquisition;
- higher operating expenses in the media activities resulting from revenue growth, combined with last year's overall lower expenses in the context of the COVID-19 pandemic as Cogeco Media continued to tightly manage its costs in light of its revenue being adversely impacted by certain segments of the retail industry; and
- higher corporate costs, primarily due to costs incurred and initiatives undertaken to support the Corporation's future growth and strategies.

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

ADJUSTED EBITDA

	2022	2021	Change	Three months ended February 28, Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	193,016	189,708	1.7	1.7	41
American broadband services	169,790	129,529	31.1	31.4	(451)
Corporate and eliminations	(13,719)	(12,243)	(12.1)	(12.1)	—
Cogeco Communications	349,087	306,994	13.7	13.8	(410)
Other	124	1,420	(91.3)	(91.3)	—
Consolidated	349,211	308,414	13.2	13.4	(410)

	2022	2021	Change	Six months ended February 28, Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	380,877	375,822	1.3	1.2	550
American broadband services	345,554	268,055	28.9	32.3	(8,992)
Corporate and eliminations	(28,057)	(25,790)	(8.8)	(8.8)	—
Cogeco Communications	698,374	618,087	13.0	14.4	(8,442)
Other	5,231	11,417	(54.2)	(54.2)	—
Consolidated	703,605	629,504	11.8	13.1	(8,442)

For the second quarter and the first six months of fiscal 2022, adjusted EBITDA increased by 13.2% and 11.8% (13.4% and 13.1% in constant currency), respectively, as a result of:

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

Excluding the acquisitions of the Ohio broadband systems and DERYtelecom, adjusted EBITDA in constant currency increased by 1.5% for the second quarter of fiscal 2022 and decreased by 1.3% for the first six months of fiscal 2022. Adjusted EBITDA for the first half of fiscal 2022 was unfavorably impacted by the higher marketing and advertising expenses compared to the same period of the prior year, as explained above.

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

4.2 INTEGRATION, RESTRUCTURING AND ACQUISITION COSTS

For the second quarter and the first six months of fiscal 2022, integration, restructuring and acquisition 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 ongoing integration of the Ohio broadband systems.

For the second quarter and the first six months of fiscal 2021, integration, restructuring and acquisition costs amounted to \$2.3 million and \$3.5 million, respectively, mostly related to the acquisition and integration of DERYtelecom, which was completed on December 14, 2020.

4.3 DEPRECIATION AND AMORTIZATION

	Three months ended February 28,			Six months ended February 28,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Depreciation of property, plant and equipment ⁽¹⁾	136,680	118,427	15.4	274,862	229,136	20.0
Amortization of intangible assets	14,631	9,661	51.4	29,078	24,496	18.7
	151,311	128,088	18.1	303,940	253,632	19.8

(1) Includes depreciation of right-of-use assets amounting to \$2.1 million and \$3.7 million for the three and six-month periods of fiscal 2022, respectively (\$1.9 million and \$3.8 million in fiscal 2021).

For the second quarter and the first six months of fiscal 2022, depreciation and amortization expense increased by 18.1% and 19.8%, respectively, mainly as a result of the acquisition of the Ohio broadband systems, combined with a higher level of capital expenditures. In addition, for the first six months of fiscal 2022, the increase is also explained by the depreciation and amortization expense resulting from the acquisition of DERYtelecom.

4.4 FINANCIAL EXPENSE

	Three months ended February 28,			Six months ended February 28,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Interest on long-term debt, excluding interest on lease liabilities	45,136	32,713	38.0	88,220	66,764	32.1
Interest on lease liabilities	679	567	19.8	1,128	1,152	(2.1)
Net foreign exchange gain	(1,339)	(1,471)	(9.0)	(69)	(662)	(89.6)
Amortization of deferred transaction costs related to the revolving facilities	193	205	(5.9)	396	435	(9.0)
Other	817	861	(5.1)	1,419	1,465	(3.1)
	45,486	32,875	38.4	91,094	69,154	31.7

For the second quarter and the first six months of fiscal 2022, financial expense increased by 38.4% and 31.7%, respectively, mainly due to:

- higher debt outstanding following the issuance of a US\$900 million senior secured Term B loan to finance the Ohio broadband systems acquisition completed on September 1, 2021 and the issuance of \$500 million senior secured notes on September 20, 2021; partly offset by
- the depreciation of the US dollar against the Canadian dollar compared to the same periods of the prior year;
- lower interest expense on the Senior Secured Term Loan B Facility - Tranche 1, resulting from the decrease in the principal amount outstanding; and
- lower interest expense following the reimbursement of the Unsecured Debentures, on November 8, 2021.

4.5 INCOME TAXES

	Three months ended February 28,			Six months ended February 28,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Current	10,149	18,303	(44.6)	25,698	39,616	(35.1)
Deferred	22,033	16,662	32.2	24,867	32,988	(24.6)
	32,182	34,965	(8.0)	50,565	72,604	(30.4)

	Three months ended February 28,			Six months ended February 28,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Profit before income taxes	150,963	145,121	4.0	288,485	303,207	(4.9)
Combined Canadian income tax rate	26.5 %	26.5 %	—	26.5 %	26.5 %	—
Income taxes at combined Canadian income tax rate	40,005	38,457	4.0	76,449	80,350	(4.9)
Difference in operations' statutory income tax rates	61	981	(93.8)	(41)	1,580	—
Impact on income taxes arising from non-deductible expenses and non-taxable profit	133	148	(10.1)	10	369	(97.3)
Tax impacts related to foreign operations	(7,208)	(4,892)	47.3	(13,769)	(10,035)	37.2
Other	(809)	271	—	(12,084)	340	—
Income taxes at effective income tax rate	32,182	34,965	(8.0)	50,565	72,604	(30.4)
Effective income tax rate	21.3%	24.1%	(11.6)	17.5%	23.9%	(26.8)

For the second quarter of fiscal 2022, income tax expense decreased by 8.0%, mainly due to:

- tax benefits from the Ohio broadband systems acquisition; partly offset by
- the increase in profit before income taxes.

For the first six months of fiscal 2022, income tax expense decreased by 30.4%, mainly due to:

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

4.6 PROFIT FOR THE PERIOD

	Three months ended February 28,			Six months ended February 28,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages and earnings per share)</i>	\$	\$	%	\$	\$	%
Profit for the period	118,781	110,156	7.8	237,920	230,603	3.2
Profit for the period attributable to owners of the Corporation	36,659	33,737	8.7	75,182	74,226	1.3
Profit for the period attributable to non-controlling interest ⁽¹⁾	82,122	76,419	7.5	162,738	156,377	4.1
Basic earnings per share	2.30	2.12	8.5	4.73	4.67	1.3

(1) At February 28, 2022, the non-controlling interest relates to a participation of approximately 66.2% 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 2022, profit for the period and profit for the period attributable to owners of the Corporation increased by 7.8% and 8.7%, respectively. For the first six months of fiscal 2022, profit for the period and profit for the period attributable to owners of the Corporation increased by 3.2% and 1.3%, respectively. The increases for both periods are mainly resulting from:

- higher adjusted EBITDA; and
- lower income tax expense; partly offset by
- higher depreciation and amortization expense; and
- higher financial expense.

In addition, the increases for the first six months of fiscal 2022 are also partly offset by higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems.

5. SEGMENTED OPERATING AND FINANCIAL RESULTS

The Corporation reports its operating results in two operating segments: Canadian broadband services and American broadband services. The reporting structure reflects how the Corporation manages its business activities, makes decisions about resources to be allocated to the segments and assesses their performance.

5.1 CANADIAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

	Three months ended February 28,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	362,323	354,902	2.1	2.1	—
Operating expenses	169,307	165,194	2.5	2.5	(41)
Adjusted EBITDA ⁽³⁾	193,016	189,708	1.7	1.7	41
Adjusted EBITDA margin ⁽³⁾	53.3 %	53.5 %			
Acquisition of property, plant and equipment	67,763	57,454	17.9	18.1	(63)
Capital intensity ⁽³⁾	18.7 %	16.2 %			

(1) For the three-month period ended February 28, 2022, the average foreign exchange rate used for translation was 1.2709 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2744 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

	Six months ended February 28,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	717,370	682,911	5.0	5.0	—
Operating expenses	336,493	307,089	9.6	9.8	(550)
Adjusted EBITDA ⁽³⁾	380,877	375,822	1.3	1.2	550
Adjusted EBITDA margin ⁽³⁾	53.1 %	55.0 %			
Acquisition of property, plant and equipment	135,234	123,064	9.9	10.7	(953)
Capital intensity ⁽³⁾	18.9 %	18.0 %			

(1) For the six-month period ended February 28, 2022, the average foreign exchange rate used for translation was 1.2634 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2957 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

REVENUE

For the second quarter and the first six months of fiscal 2022, revenue increased by 2.1% and 5.0%, respectively, as reported and in constant currency, mainly as a result of:

- the DERYtelecom acquisition completed on December 14, 2020;
- higher Internet service customer base and rate increases; and
- growth in the commercial sector, mainly driven by higher value Internet product mix; partly offset by
- a decline in video and telephony service customers.

Excluding the acquisition of DERYtelecom, revenue in constant currency increased by 0.9% and 0.2%, respectively, for the second quarter and the first six months of fiscal 2022.

OPERATING EXPENSES

For the second quarter and the first six months of fiscal 2022, operating expenses increased by 2.5% and 9.6% (2.5% and 9.8% in constant currency), respectively, mainly due to higher operating expenses resulting from the DERYtelecom acquisition.

ADJUSTED EBITDA

For the second quarter and the first six months of fiscal 2022, adjusted EBITDA increased by 1.7% and 1.3% (1.7% and 1.2% in constant currency), respectively, mainly resulting from the impact of the DERYtelecom acquisition and organic growth.

Excluding the acquisition of DERYtelecom, adjusted EBITDA in constant currency increased by 0.6% and decreased by 3.1%, respectively, for the second quarter and the first six months of fiscal 2022, as expected in our annual financial guidelines.

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

For the second quarter of fiscal 2022, acquisition of property, plant and equipment increased by 17.9% (18.1% in constant currency), resulting mainly from:

- higher costs related to the maintenance, growth and expansion of Cogeco Connexion's network infrastructure; and
- higher purchases of customer premise equipment due to the timing of certain initiatives.

For the first six months of fiscal 2022, acquisition of property, plant and equipment increased by 9.9% (10.7% in constant currency), resulting mainly from higher costs related to the maintenance, growth and expansion of Cogeco Connexion's network infrastructure.

Furthermore, as the segment continues its high-speed Internet network expansion in Québec and Ontario, capital spending is expected to ramp up during the second half of fiscal 2022.

For the second quarter and the first six months of fiscal 2022, capital intensity reached 18.7% and 18.9%, respectively, compared to 16.2% and 18.0% for the same periods of fiscal 2021. Capital intensity increases for both periods are explained mainly by higher capital expenditures, partly offset by the revenue growth.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

	February 28, 2022	Net additions (losses) Three months ended February 28,		Net additions (losses) Six months ended February 28,		% of penetration ⁽¹⁾	
		2022	2021 ⁽²⁾	2022	2021 ⁽²⁾	February 28, 2022	February 28, 2021
Primary service units	1,991,371	(5,635)	(4,773)	(10,712)	(13,696)		
Internet service customers	921,043	2,739	4,431	5,359	7,663	46.3	45.9
Video service customers	667,629	(5,152)	(5,029)	(9,565)	(11,981)	33.5	34.9
Telephony service customers	402,699	(3,222)	(4,175)	(6,506)	(9,378)	20.2	21.2

(1) As a percentage of homes passed.

(2) Excludes 224,039 primary service units (85,642 Internet services, 80,218 video services and 58,179 telephony services) from the acquisition of DERYtelecom completed in the second quarter of fiscal 2021.

INTERNET

For the second quarter and the first six months of fiscal 2022, Internet service customers net additions amounted to 2,739 and 5,359, respectively, compared to 4,431 and 7,663 for the same periods of the prior year. The net additions for both periods of fiscal 2022 were mainly resulting from the ongoing interest in high-speed offerings.

VIDEO

For the second quarter and the first six months of fiscal 2022, video service customers net losses amounted to 5,152 and 9,565, respectively, compared to 5,029 and 11,981 for the same periods of the prior year. The net losses for both periods of fiscal 2022 were mainly due to the ongoing change in the video consumption environment, with an increasing proportion of customers only subscribing to Internet services, and highly competitive offers in the industry.

TELEPHONY

For the second quarter and the first six months of fiscal 2022, telephony service customers net losses amounted to 3,222 and 6,506, respectively, compared to 4,175 and 9,378, respectively, for the same periods of the prior year. The net losses for both periods of fiscal 2022 were mainly due to increasing mobile wireless penetration in Canada causing some customers to cancel their landline telephony services for mobile wireless telephony services only.

DISTRIBUTION OF CUSTOMERS

At February 28, 2022, 66% of the Canadian broadband services segment's customers subscribed to "double play" or "triple play" bundled services.

5.2 AMERICAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

	Three months ended February 28,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	366,226	279,646	31.0	31.3	(1,007)
Operating expenses	196,436	150,117	30.9	31.2	(556)
Adjusted EBITDA ⁽³⁾	169,790	129,529	31.1	31.4	(451)
Adjusted EBITDA margin ⁽³⁾	46.4 %	46.3 %			
Acquisition of property, plant and equipment	73,178	57,559	27.1	27.5	(202)
Capital intensity ⁽³⁾	20.0 %	20.6 %			

(1) For the three-month period ended February 28, 2022, the average foreign exchange rate used for translation was 1.2709 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2744 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

	Six months ended February 28,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	729,720	570,550	27.9	31.2	(18,693)
Operating expenses	384,166	302,495	27.0	30.2	(9,701)
Adjusted EBITDA ⁽³⁾	345,554	268,055	28.9	32.3	(8,992)
Adjusted EBITDA margin ⁽³⁾	47.4 %	47.0 %			
Acquisition of property, plant and equipment	146,405	106,906	36.9	40.5	(3,764)
Capital intensity ⁽³⁾	20.1 %	18.7 %			

(1) For the six-month period ended February 28, 2022, the average foreign exchange rate used for translation was 1.2634 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2957 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

REVENUE

For the second quarter and the first six months of fiscal 2022, revenue increased by 31.0% and 27.9% (31.3% and 31.2% in constant currency), respectively. In local currency, revenue amounted to US\$288.2 million and US\$577.6 million compared to US\$219.4 million and US\$440.3 million for the same periods of fiscal 2021. The increases in both periods resulted mainly from:

- the Ohio broadband systems acquisition completed on September 1, 2021;
- a higher Internet service customer base and a higher value product mix; and
- annual rate increases implemented for certain services.

Excluding the acquisition of the Ohio broadband systems, revenue in constant currency increased by 4.4% and 4.5%, respectively, for the second quarter and the first six months of fiscal 2022.

OPERATING EXPENSES

For the second quarter and the first six months of fiscal 2022, operating expenses increased by 30.9% and 27.0% (31.2% and 30.2% in constant currency), mainly due to:

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

ADJUSTED EBITDA

For the second quarter and the first six months of fiscal 2022, adjusted EBITDA increased by 31.1% and 28.9% (31.4% and 32.3% in constant currency), respectively. In local currency, adjusted EBITDA amounted to US\$133.6 million and US\$273.5 million compared to US\$101.6 million and US\$206.8 million for the same periods of fiscal 2021. The increases in both periods are mainly resulting from:

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

Excluding the acquisition of the Ohio broadband systems, adjusted EBITDA in constant currency increased by 4.8% and 4.5%, respectively, for the second quarter and the first six months of fiscal 2022.

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

For the second quarter and the first six months of fiscal 2022, acquisition of property, plant and equipment increased by 27.1% and 36.9% (27.5% and 40.5% in constant currency), respectively, resulting mainly from:

- higher capital expenditures related to the Ohio acquisition and the geographical network expansion;
- accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries; and
- the timing of certain initiatives.

For the second quarter and the first six months of fiscal 2022, capital intensity reached 20.0% and 20.1% compared to 20.6% and 18.7% for the same periods of fiscal 2021. The capital intensity decrease for the second quarter is explained by the revenue growth exceeding higher capital expenditures, whereas the capital intensity increase for the first six months is explained mainly by higher capital expenditures, which were partly offset by the revenue growth.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

	February 28, 2022	Net additions (losses) Three months ended February 28,		Net additions (losses) Six months ended February 28,		% of penetration ⁽¹⁾	
		2022	2021	2022 ⁽²⁾	2021	February 28, 2022 ⁽³⁾	February 28, 2021
Primary service units	1,227,850	(8,708)	(330)	(26,680)	14,428		
Internet service customers	719,608	2,830	6,383	2,753	18,792	44.1	55.0
Video service customers	339,021	(7,708)	(4,796)	(21,091)	(3,796)	20.8	33.7
Telephony service customers	169,221	(3,830)	(1,917)	(8,342)	(568)	10.4	15.9

(1) As a percentage of homes passed.

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

(3) The percentage of homes passed reflects a lower penetration of the Ohio broadband systems, which were acquired during the first quarter of fiscal 2022.

INTERNET

For the second quarter and the first six months of fiscal 2022, Internet service customers net additions amounted to 2,830 and 2,753, respectively, compared to 6,383 and 18,792 for the same periods of the prior year. The net additions for both periods of fiscal 2022 were mainly resulting from:

- growth in the residential sector primarily driven by ongoing demand for high-speed offerings;
- increased marketing efforts toward the Internet led offerings under the Broadband First strategy; and
- growth in the commercial sector.

The significant growth in the first six months of fiscal 2021 was mainly driven by the increase in high-speed Internet demand in the residential sector resulting directly from the COVID-19 pandemic. Lower Internet service customer additions during the first six months of fiscal 2022 were mainly due to generally low customer movements in the industry following an active period during the prior year.

VIDEO

For the second quarter and the first six months of fiscal 2022, video service customers net losses amounted to 7,708 and 21,091, respectively, compared to 4,796 and 3,796 for the same periods of the prior year. The net losses for both periods of fiscal 2022 were mainly due to:

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

TELEPHONY

For the second quarter and the first six months of fiscal 2022, telephony service customers net losses amounted to 3,830 and 8,342, respectively, compared to 1,917 and 568 for the same periods of the prior year. The net losses for both periods of fiscal 2022 were mainly due to:

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

DISTRIBUTION OF CUSTOMERS

At February 28, 2022, 37% of the American broadband services segment's customers subscribed to "double play" or "triple play" bundled services.

6. RELATED PARTY TRANSACTIONS

Cogeco held, as of February 28, 2022, 33.8% of Cogeco Communications' equity shares, representing 83.6% 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 2022, management fees paid by Cogeco Communications amounted to \$5.6 million and \$11.2 million, respectively, compared to \$5.9 million and \$11.7 million for the same periods of fiscal 2021.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. However, during the first six months of fiscal 2022 and 2021, Cogeco Communications granted stock options and performance share units ("PSUs") to these executive officers, as executive officers of Cogeco Communications, and issued deferred share units ("DSUs") to Board directors of Cogeco, as shown in the following table:

(In number of units)	Six months ended February 28,	
	2022	2021
Stock options	72,200	69,200
PSUs	10,100	10,375
DSUs	—	792

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

(In thousands of Canadian dollars)	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Stock options	277	266	609	611
ISUs	—	—	—	6
PSUs	270	275	640	125
DSUs	39	213	(79)	188
	586	754	1,170	930

7. CASH FLOWS ANALYSIS

	Three months ended February 28,			Six months ended February 28,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Cash flows from operating activities	278,768	241,619	15.4	576,110	477,151	20.7
Cash flows used in investing activities	(378,535)	(499,205)	(24.2)	(1,947,702)	(624,621)	—
Cash flows (used in) from financing activities	(128,780)	100,680	—	1,183,039	16,404	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	(691)	(4,996)	(86.2)	699	(7,302)	—
Net change in cash and cash equivalents	(229,238)	(161,902)	41.6	(187,854)	(138,368)	35.8
Cash and cash equivalents, beginning of the period	409,818	429,647	(4.6)	368,434	406,113	(9.3)
Cash and cash equivalents, end of the period	180,580	267,745	(32.6)	180,580	267,745	(32.6)

7.1 OPERATING ACTIVITIES

For the second quarter and the first six months of fiscal 2022, cash flows from operating activities increased by 15.4% and 20.7%, respectively, mainly from:

- higher adjusted EBITDA; and
- lower income taxes paid, mainly due to the timing of income tax instalments.

In addition, the increase for the second quarter of fiscal 2022 is partly offset by changes in other non-cash operating activities, primarily due to the timing of the payments made to suppliers.

7.2 INVESTING ACTIVITIES

For the second quarter of fiscal 2022, cash flows used in investing activities decreased by 24.2%, mainly as a result of:

- cash flows used in connection with the acquisition of DERYtelecom last year; partly offset by
- the \$236 million final payment made to acquire 38 spectrum licences in the 3500 MHz band auction; and
- the increase in acquisition of property, plant and equipment.

For the first six months of fiscal 2022, cash flows used in investing activities increased by 211.8%, mainly due to:

- the Ohio broadband systems acquisition;
- the \$236 million final payment made to acquire 38 spectrum licences in the 3500 MHz band auction; and
- the increase in acquisition of property, plant and equipment, particularly in the American broadband services segment; partly offset by
- cash flows used in connection with the acquisition of DERYtelecom last year.

ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

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

(In thousands of Canadian dollars, except percentages)	Three months ended February 28,				Six months ended February 28,			
	2022	2021	Change	Change in constant currency ⁽¹⁾ ⁽³⁾	2022	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾
	\$	\$	%	%	\$	\$	%	%
Canadian broadband services	67,763	57,454	17.9	18.1	135,234	123,064	9.9	10.7
Capital intensity ⁽³⁾	18.7 %	16.2 %			18.9 %	18.0 %		
American broadband services	73,178	57,559	27.1	27.5	146,405	106,906	36.9	40.5
Capital intensity ⁽³⁾	20.0 %	20.6 %			20.1 %	18.7 %		
Corporate and eliminations	1,254	201	—	—	1,584	1,466	8.0	8.0
Cogeco Communications	142,195	115,214	23.4	23.6	283,223	231,436	22.4	24.4
Capital intensity ⁽³⁾	19.5 %	18.2 %			19.6 %	18.5 %		
Other	280	534	(47.6)	(47.6)	761	803	(5.2)	(5.2)
Consolidated	142,475	115,748	23.1	23.3	283,984	232,239	22.3	24.3

(1) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2744 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2957 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

For the second quarter and the first six months of fiscal 2022, acquisition of property, plant and equipment increased by 23.1% and 22.3% (23.3% and 24.3% in constant currency), respectively, mainly due to:

- higher capital expenditures in the American broadband services segment related to the Ohio acquisition, the geographical network expansion, and the accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries;
- higher capital expenditures in the Canadian broadband services segment related to the maintenance, growth and expansion of Cogeco Connexion's network infrastructure; and
- the timing of certain initiatives in both the American and Canadian broadband services segments.

For the second quarter and the first six months of fiscal 2022, capital intensity of Cogeco Communications reached 19.5% and 19.6%, respectively, compared to 18.2% and 18.5% for the same periods of the prior year. Capital intensity increases for both periods are explained mainly as a result of higher capital expenditures, partly offset by the revenue growth, in both the American and Canadian broadband services segments.

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

7.3 FINANCING ACTIVITIES

ISSUANCE AND REPAYMENT OF DEBT

For the second quarter and the first six months of fiscal 2022, 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,		Explanations
	2022	2021	2022	2021	
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	
Decrease in bank indebtedness	(13,731)	(2,534)	(3,753)	(7,610)	Related to the timing of payments made to suppliers.
Net increase (decrease) under the revolving facilities	187,285	172,973	(44,226)	137,882	Repayment of amounts drawn under the revolving facilities in the first quarter of fiscal 2022 as a result of net proceeds used from the issuance of \$500 million senior secured notes and generated free cash flow, partly offset by funds used in the second quarter to acquire the 38 spectrum licences, for which the final payment was made in December 2021, and to reimburse the \$200 million Senior Secured Debentures Series 3 in February 2022.
Issuance of long-term debt, net of discounts and transaction costs	(236)	—	1,611,303	—	Mainly related to the Ohio broadband systems acquisition, which was financed in part through the issuance of a US\$900 million senior secured Term B loan, and the issuance of \$500 million senior secured notes in the first quarter of fiscal 2022.
Repayment of notes, debentures and credit facilities	(205,397)	(5,400)	(246,158)	(10,954)	Mainly related to the repayment of the \$200 million Senior Secured Debentures Series 3, which matured in February 2022, and to the repayment of the \$35 million Unsecured Debentures in the first quarter of fiscal 2022.
Repayment of lease liabilities	(1,346)	(1,400)	(2,623)	(2,822)	Comparable.
Repayment of balance due on business combinations	—	—	—	(1,258)	Repayment of the balance due related to the FiberLight acquisition in the first quarter of fiscal 2021.
Increase in deferred transaction costs	(795)	—	(795)	—	Related to the amendment and extension of the Term Revolving Facilities in December 2021.
	(34,220)	163,639	1,313,748	115,238	

DIVIDENDS

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, compared to a quarterly eligible dividend of \$0.545 per share, or \$8.6 million, paid in the second quarter of fiscal 2021. Dividend payment in the first six months of fiscal 2022 totalled \$1.25 per share or \$19.8 million compared to \$1.09 or \$17.3 million in the prior year.

NORMAL COURSE ISSUER BID ("NCIB")

Cogeco

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

The NCIB purchases were as follows:

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	154,388	—	154,388	—
Weighted average purchase price per share	79.92	—	79.92	—
Purchase costs	12,339	—	12,339	—

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

Cogeco Communications

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

The NCIB purchases were as follows:

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	189,425	313,700	463,425	328,600
Weighted average purchase price per share	101.58	111.72	105.19	111.15
Purchase costs	19,241	35,046	48,749	36,525

Cogeco Communications 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 Cogeco Communications 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 Cogeco Communications prior to the pre-established ASPP period.

7.4 FREE CASH FLOW

	Three months ended February 28,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA ⁽³⁾	349,211	308,414	13.2	13.4	(410)
Amortization of deferred transaction costs and discounts on long-term debt	3,010	2,343	28.5	28.9	(9)
Share-based payment	3,315	4,278	(22.5)	(22.5)	—
Gain on disposals and write-offs of property, plant and equipment and other	(56)	(609)	(90.8)	(90.8)	—
Defined benefit plans contributions, net of expense	(870)	(3,215)	(72.9)	(72.9)	—
Integration, restructuring and acquisition costs	(1,451)	(2,330)	(37.7)	(37.7)	—
Financial expense	(45,486)	(32,875)	38.4	38.7	101
Current income taxes	(10,149)	(18,303)	(44.6)	(44.5)	2
Acquisition of property, plant and equipment	(142,475)	(115,748)	23.1	23.3	265
Repayment of lease liabilities	(1,346)	(1,400)	(3.9)	(3.8)	1
Free cash flow ⁽³⁾	153,703	140,555	9.4	9.4	(50)

(1) For the three-month period ended February 28, 2022, the average foreign exchange rate used for translation was 1.2709 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2744 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

				Six months ended February 28,	
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA ⁽³⁾	703,605	629,504	11.8	13.1	(8,442)
Amortization of deferred transaction costs and discounts on long-term debt	5,952	4,640	28.3	31.5	(148)
Share-based payment	5,036	5,418	(7.1)	(7.1)	—
Gain on disposals and write-offs of property, plant and equipment and other	(1,149)	(1,177)	(2.4)	(2.4)	—
Defined benefit plans contributions, net of expense	(436)	(2,252)	(80.6)	(80.6)	—
Integration, restructuring and acquisition costs	(20,086)	(3,511)	—	—	848
Financial expense	(91,094)	(69,154)	31.7	34.2	1,694
Current income taxes	(25,698)	(39,616)	(35.1)	(35.0)	68
Acquisition of property, plant and equipment	(283,984)	(232,239)	22.3	24.3	4,717
Repayment of lease liabilities	(2,623)	(2,822)	(7.1)	(6.3)	22
Free cash flow ⁽³⁾	289,523	288,791	0.3	0.7	(1,241)

(1) For the six-month period ended February 28, 2022, the average foreign exchange rate used for translation was 1.2634 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2957 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

For the second quarter and the first six months of fiscal 2022, free cash flow increased by 9.4% and 0.3% (9.4% and 0.7% in constant currency), respectively, mainly due to the following:

- higher adjusted EBITDA; and
- lower current income taxes, mainly attributable to the impact of a favorable tax adjustment recorded in the second quarter of fiscal 2022; partly offset by
- higher capital expenditures in both the American and Canadian broadband services segments; and
- higher financial expense.

In addition, the increase for the first six months of fiscal 2022 is also partly offset by higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems.

7.5 DIVIDEND DECLARATION

At its April 13, 2022 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of \$0.625 per share for multiple and subordinate voting shares, payable on May 11, 2022 to shareholders of record on April 27, 2022. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

8. FINANCIAL POSITION

8.1 WORKING CAPITAL

As part of the usual conduct of its business, Cogeco 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:

	February 28, 2022	August 31, 2021	Change	Explanations
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	
Current assets				
Cash and cash equivalents	180,580	368,434	(187,854)	Refer to the "Cash flows analysis" section.
Restricted cash	163,036	170,434	(7,398)	Mainly related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Long-term balance classified as current at February 28, 2022.
Trade and other receivables	135,923	97,624	38,299	Mainly related to a higher level of trade accounts receivable resulting from the acquisition of the Ohio broadband systems and the timing of collection of trade accounts receivable.
Income taxes receivable	12,811	6,488	6,323	Not significant.
Prepaid expenses and other	38,280	35,496	2,784	Not significant.
Derivative financial instruments	198	1,507	(1,309)	Not significant.
	530,828	679,983	(149,155)	
Current liabilities				
Bank indebtedness	707	4,460	(3,753)	Timing of payments made to suppliers.
Trade and other payables	314,872	287,915	26,957	Mainly related to the timing of payments made to suppliers and a higher level of trade and other payables resulting from the acquisition of the Ohio broadband systems.
Provisions	24,581	19,314	5,267	Not significant.
Income tax liabilities	7,085	6,551	534	Not significant.
Contract liabilities and other liabilities	69,847	57,479	12,368	Mainly related to the acquisition of the Ohio broadband systems.
Government subsidies received in advance	163,036	170,434	(7,398)	Mainly related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Long-term balance classified as current at February 28, 2022.
Derivative financial instruments	3,734	—	3,734	Not significant.
Current portion of long-term debt	42,210	261,970	(219,760)	Mainly related to the repayment of the \$35 million Unsecured Debentures and the \$200 million Senior Secured Debentures Series 3, which matured in November 2021 and February 2022, respectively, partly offset by the current portion of the US\$900 million Senior Secured Term B loan, issued during the first quarter of fiscal 2022 to finance the acquisition of the Ohio broadband systems, and by the balance due related to this acquisition.
	626,072	808,123	(182,051)	
Working capital deficiency	(95,244)	(128,140)	32,896	

8.2 OTHER SIGNIFICANT CHANGES

	February 28, 2022	August 31, 2021	Change	Explanations
(In thousands of Canadian dollars)	\$	\$	\$	
Non-current assets				
Restricted cash	—	13,100	(13,100)	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Balance classified as current at February 28, 2022.
Other assets	62,201	105,722	(43,521)	Mainly related to the reclassification of the \$59 million deposit, paid in August 2021 in order to secure 38 spectrum licences in the 3500 MHz band auction, to intangible assets following the final payment made in December 2021, partly offset by other assets acquired as part of the acquisition of the Ohio broadband systems.
Property, plant and equipment	2,893,121	2,391,467	501,654	Mainly related to the acquisition of the Ohio broadband systems and to capital investments made during the first half of fiscal 2022, partly offset by the depreciation expense of the period.
Intangible assets	3,613,719	2,826,066	787,653	Mainly related to the acquisition of the Ohio broadband systems and the 38 spectrum licences acquired for a total purchase price of \$295 million, partly offset by the amortization for the period.
Goodwill	1,950,137	1,504,162	445,975	Mainly related to the acquisition of the Ohio broadband systems.
Derivative financial instruments	19,475	—	19,475	Mainly related to the interest rate swap agreements entered into in connection with the new US\$900 million Senior Secured Term B loan.
Pension plan assets	7,331	—	7,331	Actuarial gain recorded in fiscal 2022.
Non-current liabilities				
Long-term debt	4,647,779	3,067,940	1,579,839	Mainly related to the issuance of a US\$900 million senior secured Term B loan to finance the Ohio broadband systems acquisition, the issuance of \$500 million senior secured notes and the appreciation of the US dollar against the Canadian dollar, partly offset by the net decrease of amounts drawn under the revolving facilities and the quarterly repayments on the Senior Secured Term B Loan Facility.
Derivative financial instruments	9,518	42,000	(32,482)	Mainly related to changes in market interest rates, partly offset by a portion of the interest rate swaps balance being classified as current at February 28, 2022.
Government subsidies received in advance	—	13,100	(13,100)	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Balance classified as current at February 28, 2022.
Deferred tax liabilities	734,085	693,832	40,253	Mainly related to the timing of temporary differences, partly offset by the \$11.9 million adjustment recognized in the first quarter of fiscal 2022 to reflect the blended state income tax rate resulting from the impact of the Ohio acquisition and the impact of a favorable tax adjustment recorded in the second quarter of fiscal 2022.

8.3 OUTSTANDING SHARE DATA

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

(In thousands of Canadian dollars, except number of shares)	Number of shares	Amount \$
Common shares		
Multiple voting shares	1,602,217	10
Subordinate voting shares	14,232,350	113,896

8.4 FINANCING

On September 1, 2021, in connection with the financing of the Ohio broadband systems acquisition, a U.S. subsidiary of Cogeco Communications completed the issuance of a new US\$900 million tranche of the Senior Secured Term Loan B Facility, maturing on September 1, 2028. The interest rate is based on LIBOR, with a 50 bps floor, plus an applicable credit spread. On October 25, 2021, the U.S. subsidiary also entered into interest rate swap agreements to fix the interest rate on an amount of US\$800 million of the new Senior Secured Term Loan B. These agreements have the effect of converting the floating US LIBOR base rate, or the 50 bps LIBOR floor if higher, into fixed rates ranging from 1.2237% to 1.4631%, plus an applicable credit spread, for maturities between October 31, 2025 and July 31, 2027.

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

Cogeco reimbursed the Unsecured Debentures at their maturity date, on November 8, 2021.

On December 17, 2021, Cogeco amended and extended its \$100 million Term Revolving Facility to February 3, 2027 and Cogeco Communications amended and extended its \$750 million Term Revolving Facility to January 24, 2027. As part of the amendments, both Cogeco and Cogeco Communications transitioned their revolving facilities into a sustainability-linked loan ("SLL") structure, underscoring their strong leadership and dedication to sustainability and the organizations' ESG goals. Both Cogeco's and Cogeco Communications' revolving facilities represent the first syndicated SLL in Canada within the telecommunications and media sectors. The SLL facilities incorporate ESG-linked incentive pricing terms which reduce or increase the cost of funding, depending on the annual performance against specific targets related to Cogeco's GHG annual emissions reduction and digital inclusion initiatives by deploying high-speed Internet networks in underserved and unserved areas of Canada over a three-year period. Additionally, Cogeco and Cogeco Communications will dedicate any savings achieved from the SLL towards internal sustainability initiatives.

In January 2022, Cogeco Connexion contracted a new unsecured letter of credit, which was submitted to Infrastructure Ontario as a pre-auction deposit with the application to bid in Ontario's high-speed Internet expansion program, which aims to connect unserved and underserved communities to high-speed Internet. In accordance with the rules of confidentiality established by Infrastructure Ontario pertaining to communications during the auction process, the Corporation is forbidden from disclosing the amount of this letter of credit.

Cogeco Communications reimbursed the \$200 million Senior Secured Debentures Series 3 at their maturity date, on February 14, 2022.

8.5 COGECO COMMUNICATIONS' CREDIT RATINGS

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

At February 28, 2022	S&P	DBRS	Moody's
Cogeco Communications			
Senior Secured Notes and Debentures	BBB-	BBB (low)	NR
Corporate credit issuer default rating	BB+	BB (high)	NR
U.S. subsidiaries			
First Lien Credit Facilities	BB	NR	B1
Corporate credit issuer default rating	BB	NR	B1

NR : Not rated

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

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

8.6 FINANCIAL RISK MANAGEMENT

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

Credit risk

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

The Corporation reduces the credit risk with regard to the derivative financial instruments by completing transactions with financial institutions that carry a high credit rating. At February 28, 2022, management believes this credit risk to be minimal, since the lowest credit rating of the counterparties to the agreements is "A" by Standard & Poor's rating services ("S&P").

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

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

Liquidity risk

At February 28, 2022, the Corporation had used \$40.0 million of its \$100 million Term Revolving Facility and an amount of \$172.7 million was used from Cogeco Communications' Term Revolving Facility of \$750 million, for remaining availabilities of \$60.0 million and \$577.3 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of \$190.5 million (US\$150 million), of which \$2.8 million (US\$2.2 million) was used at February 28, 2022 for a remaining availability of \$187.7 million (US\$147.8 million).

Interest rate risk

The Corporation and its subsidiary, Cogeco Communications, are exposed to interest rate risk on their floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At February 28, 2022, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiaries entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at February 28, 2022:

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate, which is only applicable to the unhedged portion of these facilities, would represent an increase of approximately \$13.6 million based on the outstanding debt and swap agreements at February 28, 2022.

Foreign exchange risk

Cogeco Communications is exposed to foreign exchange risk with respect to the interest associated with its notes, debentures and credit facilities denominated in US dollars. The impact of a 10% increase in the exchange rate of the US dollar into Canadian dollar would increase the annual financial expense by approximately \$12.8 million based on the outstanding debt and swap agreements at February 28, 2022.

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

The exchange rate used to translate the US dollar currency into Canadian dollar for the consolidated statement of financial position accounts at February 28, 2022 was \$1.2698 (\$1.2617 at August 31, 2021) per US dollar. A 10% decrease in the exchange rate of the US dollar into Canadian dollar would decrease other comprehensive income by approximately \$107.2 million.

8.7 FOREIGN CURRENCY

For the three and six-month periods ended February 28, 2022 and 2021, the average rates prevailing used to convert the operating results of the American broadband services segment were as follows:

	Three months ended February 28,				Six months ended February 28,			
	2022	2021	Change	Change	2022	2021	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
US dollar vs Canadian dollar	1.2709	1.2744	—	(0.3)	1.2634	1.2957	(0.03)	(2.5)

The following table highlights in Canadian dollars, the impact of a \$0.03 variation of the Canadian dollar against the US dollar, which corresponds to the variation in the exchange rate between the first six months of fiscal 2022 and 2021, on Cogeco Communications' segmented and consolidated operating results for the six-month period ended February 28, 2022:

	Canadian broadband services	American broadband services	Consolidated ⁽¹⁾
	Exchange rate impact	Exchange rate impact	Exchange rate impact
	\$	\$	\$
Six months ended February 28, 2022			
(In thousands of Canadian dollars)			
Revenue	—	(18,693)	(18,693)
Operating expenses	(550)	(9,701)	(10,251)
Adjusted EBITDA	550	(8,992)	(8,442)
Acquisition of property, plant and equipment	(953)	(3,764)	(4,717)
Free cash flow			(1,241)

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

9. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

On March 1, 2022, Cogeco published its sixth ESG and Sustainability report, in which it provides an update on its environmental, social and governance (ESG) performance indicators along with other information pertaining to its sustainability strategy and the progress achieved over the last two years. The report, which will henceforth be published annually, was prepared in accordance with the Global Reporting Initiative (GRI) standards and also integrates indicators from the Sustainability Accounting Standards Board (SASB) Telecommunication Standards. It provides information on Cogeco's initiatives, targets and commitments, as well as detailing the most significant challenges. Cogeco's [ESG and Sustainability report](#) is available on the Corporation's website at corpo.cogeco.com, under "Sustainability - ESG Practices (Environment, Social, Governance)".

On February 16, 2022, Cogeco Communications announced that it had been ranked among the 2022 Carbon Clean200 which recognizes publicly traded companies that are leading the way by putting sustainability at the heart of their actions helping to move the world onto a more sustainable trajectory. Furthermore, on February 1, 2022, Cogeco Communications announced that it has been included, for the first time, in the prestigious Sustainability Yearbook 2022 presented by S&P Global for its excellence in implementing best ESG business practices. In order to be listed in the Yearbook, companies must score within the 15% top performers in their industry and achieve an S&P Global ESG Score within 30% of their industry's top-performing businesses. S&P evaluated more than 7,000 companies and designated only 716 as sustainability leaders.

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

On November 3, 2021, Cogeco announced that it was one of 45 companies globally that received His Royal Highness The Prince of Wales' Terra Carta Seal in recognition of its commitment to creating a sustainable future. This seal was awarded to companies whose ambitions are aligned with those of the Terra Carta, a recovery plan for Nature, People and Planet, launched in January 2021. Another important recognition for Cogeco is the receipt of the prestigious "A" rating from the CDP for its environmental transparency, announced on December 7, 2021. This rating, which places Cogeco in the top 2% of companies that were assessed by the CDP, demonstrates our leadership and commitment to best practices in governance, disclosure and emissions reduction. Cogeco was also recognized as a Supplier Engagement Leader by the CDP for taking climate action in our supply chain. Lastly, Cogeco and Cogeco Communications announced on December 17, 2021 that they both transitioned their term revolving facilities into the first syndicated sustainability-linked loans ("SLL") in Canada within the telecommunications and media sectors. The SLL facilities incorporate ESG-linked incentive pricing terms which reduce or increase the cost of funding, depending on the annual performance against specific targets related to Cogeco's GHG annual emissions reduction and digital inclusion initiatives by deploying high-speed Internet networks in underserved and unserved areas of Canada over a three-year period. Additionally, Cogeco and Cogeco Communications will dedicate any savings achieved from the SLL towards internal sustainability initiatives.

For details on the Corporation's ESG strategy and related achievements and priorities, please refer to the "Environmental, social and governance (ESG) practices" section of the Corporation's 2021 Annual Report and the [ESG and Sustainability report](#) published in March 2022. Detailed KPIs can be found in Cogeco's ESG data supplement, which is 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 Corporation has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of the Ohio broadband systems business acquired on September 1, 2021, as permitted by National Instrument 52-109, which allows for an issuer to limit the scope for a business it has acquired not more than 365 days before the end of the financial period to which the certificate relates. For the six-month period ended February 28, 2022, the Ohio broadband systems contributed approximately 9.9% to the consolidated revenue and approximately 11.8% to the consolidated profit for the period. As at February 28, 2022, the Ohio broadband systems represented approximately 4.4% of the current assets, 16.6% of the non-current assets, 4.9% of the current liabilities and a negligible portion of the non-current liabilities of the condensed interim consolidated financial statements. Management expects to complete its review of the design of DC&P and ICFR for the Ohio broadband systems and assess its effectiveness in the upcoming quarters. Further details on the Ohio broadband systems acquisition, including the preliminary purchase price allocation, can be found in Note 5 of the condensed interim consolidated financial statements for the three and six-month periods ended February 28, 2022.

In addition, on September 1, 2021, the Corporation's head office and Cogeco Connexion implemented a new financial system. This implementation resulted in changes to internal controls related to financial reporting for the six-month period ended February 28, 2022.

The CEO and CFO, supported by management, evaluated the design of the Corporation's DC&P and ICFR at February 28, 2022, and concluded that they are adequate.

11. UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco can be found in the 2021 Annual Report, available at www.sedar.com and corpo.cogeco.com, which are hereby incorporated by reference. The following update should be read together with the uncertainties and main risk factors described in the 2021 Annual Report.

Increasing global instability

Although Cogeco does not conduct business with or within Russia and Ukraine, increasing global instability is expected to impact our operations with worsening supply chain disruptions and semiconductor/chipset shortages (e.g. transportation delays, materials scarcity as both Ukraine and Russia are primary suppliers of key inputs such as neon gas and rare metals) coupled with macro-economic forces increasing market and foreign exchange volatility, driving up fuel prices and increasing inflationary pressures limiting consumer spending capacity and rising operating expenses. In addition, governments have warned of potential coordinated cyber attacks on critical infrastructures. Cogeco has risk mitigation measures in place such as advance placement of orders to secure materials and supplier diversification (alternate sourcing), and increased vigilance measures to protect against cyber attacks. Cogeco will continue to follow the situation closely and adjust existing measures and/or implement new measures, as needed.

12. ACCOUNTING POLICIES

12.1 CHANGE IN ACCOUNTING POLICIES

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

In March 2021, the IFRS Interpretations Committee finalized agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*, which clarified how to recognize certain configuration or customisation costs related to cloud computing arrangements. Management finalized its assessment of the impact of this agenda decision during the first quarter of fiscal 2022 and concluded it had no material impact on its consolidated financial statements for previously capitalized costs incurred in connection with cloud computing arrangements. As the Corporation continues to enter into certain cloud computing arrangements, mainly in connection with certain IT projects, the application of this agenda decision may have an impact on the Corporation's consolidated financial statements for future periods.

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

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

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

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

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

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

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

Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)	In September 2021, the IFRS Interpretations Committee (the "IFRIC") issued tentative agenda decision <i>Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)</i> , following the receipt of a request to clarify whether an entity should include a demand deposit as a component of cash and cash equivalents in its statements of cash flows and financial position when the demand deposit is subject to contractual restrictions on use agreed with a third party. In March 2022, the IFRIC decided to finalize the tentative agenda decision, which will be considered by the IASB at a future meeting. The Corporation is currently assessing the impact on its consolidated financial statements, particularly in regard to the presentation of the funds received from the provincial and federal governments to be used to fund certain high-speed Internet network expansion projects, which are currently presented as <i>Restricted cash</i> , and its related impact on the Corporation's key performance indicators.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1, <i>Presentation of Financial Statements</i> , to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its accounting policies disclosure.
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	In January 2020, the IASB amended IAS 1 to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments, if any, on its consolidated financial statements.

13. NON-IFRS FINANCIAL MEASURES

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

This MD&A also makes reference to key performance indicators on a constant currency basis, including revenue, "adjusted EBITDA", acquisition of property, plant and equipment and "free cash flow". Measures on a constant currency basis are considered non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies. In addition, this MD&A refers to the adjusted EBITDA margin and capital intensity of the Canadian broadband services and the American broadband services segments, key performance indicators used by Cogeco Communications' management and investors, respectively, to value its performance and to assess its investment in capital expenditures in order to support a certain level of revenue. These financial measures do not have standard definitions prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

Non-IFRS financial measures	Application	Calculation	Most comparable IFRS financial measures
Adjusted EBITDA and adjusted EBITDA margin	Adjusted EBITDA is a key measure commonly reported and used in the telecommunications industry, as it allows comparisons between companies that have different capital structures and is a more current measure since it excludes the impact of historical investments in assets. Adjusted EBITDA is one of the key metrics employed by the financial community to value a business and its financial strength. Adjusted EBITDA for Cogeco's business units is equal to the segment profit (loss) reported in Note 4 of the condensed interim consolidated financial statements.	Adjusted EBITDA: - Profit for the period add: - Income taxes; - Financial expense; - Depreciation and amortization; and - Integration, restructuring and acquisition costs. Adjusted EBITDA margin: - Adjusted EBITDA divided by: - Revenue.	Profit for the period No comparable IFRS financial measure
Free cash flow	Management and investors use free cash flow to measure Cogeco's ability to repay debt, distribute capital to its shareholders and finance its growth.	Free cash flow: - Adjusted EBITDA add: - Amortization of deferred transaction costs and discounts on long-term debt; - Share-based payment; - Loss (gain) on disposals and write-offs of property, plant and equipment and other; and - Defined benefit plans expense, net of contributions; deduct: - Integration, restructuring and acquisition costs; - Financial expense; - Current income taxes; - Acquisition of property, plant and equipment ⁽¹⁾ ; and - Repayment of lease liabilities.	Cash flows from operating activities
Constant currency basis	Revenue, operating expenses, adjusted EBITDA, acquisition of property, plant and equipment and free cash flow are measures presented on a constant currency basis to enable an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in foreign exchange rates.	Constant currency basis is obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year.	No comparable IFRS financial measure
Capital intensity	Capital intensity is used by Cogeco Communications' management and investors to assess the Cogeco Communications' investment in capital expenditures in order to support a certain level of revenue.	Capital intensity: - Acquisition of property, plant and equipment ⁽¹⁾ divided by: - Revenue.	No comparable IFRS financial measure

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

Non-IFRS financial measures	Application	Calculation	Most comparable IFRS financial measures
Indebtedness and net indebtedness	Indebtedness and net indebtedness are measures used by management and investors to assess Cogeco's financial leverage, as they represent the debt and the debt net of the available cash and cash equivalents, respectively.	Indebtedness: add: - Principal on long-term debt; and - Bank indebtedness. Net indebtedness: - Indebtedness deduct: - Cash and cash equivalents.	Long-term debt, including the current portion

13.1 ADJUSTED EBITDA RECONCILIATION

The reconciliation of adjusted EBITDA to the most comparable IFRS financial measure is as follows:

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Profit for the period	118,781	110,156	237,920	230,603
Income taxes	32,182	34,965	50,565	72,604
Financial expense	45,486	32,875	91,094	69,154
Depreciation and amortization	151,311	128,088	303,940	253,632
Integration, restructuring and acquisition costs	1,451	2,330	20,086	3,511
Adjusted EBITDA	349,211	308,414	703,605	629,504

13.2 FREE CASH FLOW RECONCILIATION

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

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Cash flows from operating activities	278,768	241,619	576,110	477,151
Amortization of deferred transaction costs and discounts on long-term debt	3,010	2,343	5,952	4,640
Changes in other non-cash operating activities	25,435	8,350	5,706	27,612
Income taxes paid	5,137	16,529	31,473	58,717
Current income taxes	(10,149)	(18,303)	(25,698)	(39,616)
Interest paid	40,809	40,040	73,681	64,502
Financial expense	(45,486)	(32,875)	(91,094)	(69,154)
Acquisition of property, plant and equipment	(142,475)	(115,748)	(283,984)	(232,239)
Repayment of lease liabilities	(1,346)	(1,400)	(2,623)	(2,822)
Free cash flow	153,703	140,555	289,523	288,791

13.3 INDEBTEDNESS AND NET INDEBTEDNESS RECONCILIATION

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

	At February 28, 2022	At August 31, 2021
<i>(In thousands of Canadian dollars)</i>	\$	\$
Long-term debt, including the current portion	4,689,989	3,329,910
Discounts, transaction costs and other	58,096	42,745
Bank indebtedness	707	4,460
Indebtedness	4,748,792	3,377,115
Cash and cash equivalents	(180,580)	(368,434)
Net indebtedness	4,568,212	3,008,681

14. SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

	Fiscal 2022					Fiscal 2021		Fiscal 2020
Three months ended	February 28, 2022	November 30, 2021	August 31, 2021	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020	May 31, 2020
<i>(In thousands of Canadian dollars, except per share data)</i>	\$	\$	\$	\$	\$	\$	\$	\$
Operations								
Revenue	748,066	745,258	655,074	649,260	653,156	646,355	624,195	626,013
Adjusted EBITDA	349,211	354,394	293,624	302,340	308,414	321,090	299,925	298,444
Integration, restructuring and acquisition costs	1,451	18,635	3,961	1,272	2,330	1,181	6,012	12
Profit for the period	118,781	119,139	103,418	104,994	110,156	120,447	96,737	97,496
Profit for the period attributable to owners of the Corporation	36,659	38,523	33,082	34,548	33,737	40,489	30,707	31,118
Cash flow								
Cash flows from operating activities	278,768	297,342	283,538	269,078	241,619	235,532	262,365	292,075
Acquisition of property, plant and equipment	142,475	141,509	175,718	126,745	115,748	116,491	130,210	123,778
Free cash flow	153,703	135,820	72,915	136,567	140,555	148,236	111,012	119,153
Per share data ⁽¹⁾								
Earnings per share								
Basic	2.30	2.42	2.08	2.17	2.12	2.55	1.93	1.96
Diluted	2.29	2.41	2.07	2.16	2.11	2.53	1.92	1.94
Dividends per share	0.625	0.625	0.545	0.545	0.545	0.545	0.475	0.475

(1) Per multiple and subordinate voting share.

14.1 SEASONAL VARIATIONS

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



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six-month periods ended February 28, 2022

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

		Three months ended February 28,		Six months ended February 28,	
	Notes	2022	2021	2022	2021
		\$	\$	\$	\$
<i>(In thousands of Canadian dollars, except per share data)</i>					
Revenue	3	748,066	653,156	1,493,324	1,299,511
Operating expenses	6	398,855	344,742	789,719	670,007
Integration, restructuring and acquisition costs	4	1,451	2,330	20,086	3,511
Depreciation and amortization	7	151,311	128,088	303,940	253,632
Financial expense	8	45,486	32,875	91,094	69,154
Profit before income taxes		150,963	145,121	288,485	303,207
Income taxes	9	32,182	34,965	50,565	72,604
Profit for the period		118,781	110,156	237,920	230,603
Profit for the period attributable to:					
Owners of the Corporation		36,659	33,737	75,182	74,226
Non-controlling interest		82,122	76,419	162,738	156,377
		118,781	110,156	237,920	230,603
Earnings per share					
Basic	10	2.30	2.12	4.73	4.67
Diluted	10	2.29	2.11	4.70	4.64

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

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Profit for the period	118,781	110,156	237,920	230,603
Other comprehensive income (loss)				
Items to be subsequently reclassified to profit or loss				
<i>Cash flow hedging adjustments</i>				
Net change in fair value of hedging derivative financial instruments	37,921	11,781	48,839	20,173
Related income taxes	(10,049)	(3,122)	(12,942)	(5,345)
	27,872	8,659	35,897	14,828
<i>Foreign currency translation adjustments</i>				
Net foreign currency translation differences on net investments in foreign operations	(14,974)	(40,844)	13,132	(52,400)
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	3,666	10,920	(3,159)	13,923
Related income taxes	30	112	(23)	137
	(11,278)	(29,812)	9,950	(38,340)
	16,594	(21,153)	45,847	(23,512)
Items not to be subsequently reclassified to profit or loss				
<i>Defined benefit plans actuarial adjustments</i>				
Remeasurement of net defined benefit liability or asset	6,086	6,432	7,014	11,724
Related income taxes	(1,613)	(1,705)	(1,859)	(3,108)
	4,473	4,727	5,155	8,616
	21,067	(16,426)	51,002	(14,896)
Comprehensive income for the period	139,848	93,730	288,922	215,707
Comprehensive income for the period attributable to:				
Owners of the Corporation	46,500	32,872	93,452	75,904
Non-controlling interest	93,348	60,858	195,470	139,803
	139,848	93,730	288,922	215,707

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

	Equity attributable to owners of the Corporation					Total shareholders' equity
	Share capital	Share-based payment reserve	Accumulated other comprehensive income (loss)	Retained earnings	Equity attributable to non-controlling interest	
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$	\$
	(Note 13)		(Note 14)			
Balance at August 31, 2020	105,019	11,120	(2,445)	647,807	1,944,598	2,706,099
Profit for the period	—	—	—	74,226	156,377	230,603
Other comprehensive (loss) income for the period	—	—	(4,214)	5,892	(16,574)	(14,896)
Comprehensive (loss) income for the period	—	—	(4,214)	80,118	139,803	215,707
Share-based payment (Note 13 D))	—	1,781	—	—	1,822	3,603
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(75)	—	—	1,512	1,437
Dividends (Note 13 C))	—	—	—	(17,293)	(40,940)	(58,233)
Effect of changes in ownership of a subsidiary on non-controlling interest	—	—	—	(6,534)	6,534	—
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(1,074)	—	—	—	—	(1,074)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	3,203	(3,189)	—	(14)	—	—
Purchase and cancellation of subordinate voting shares by a subsidiary	—	—	—	(8,990)	(27,535)	(36,525)
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	—	—	—	(4,439)	(4,439)
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	(1,571)	—	(52)	1,623	—
Total contributions by (distributions to) shareholders	2,129	(3,054)	—	(32,883)	(61,423)	(95,231)
Balance at February 28, 2021	107,148	8,066	(6,659)	695,042	2,022,978	2,826,575
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 13 D))	—	2,761	—	—	2,417	5,178
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(11)	—	—	233	222
Dividends (Note 13 C))	—	—	—	(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

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

	Notes	February 28, 2022	August 31, 2021
<i>(In thousands of Canadian dollars)</i>		\$	\$
Assets			
Current			
Cash and cash equivalents		180,580	368,434
Restricted cash		163,036	170,434
Trade and other receivables		135,923	97,624
Income taxes receivable		12,811	6,488
Prepaid expenses and other		38,280	35,496
Derivative financial instruments		198	1,507
		530,828	679,983
Non-current			
Restricted cash		—	13,100
Other assets	11	62,201	105,722
Property, plant and equipment		2,893,121	2,391,467
Intangible assets	11	3,613,719	2,826,066
Goodwill		1,950,137	1,504,162
Derivative financial instruments		19,475	—
Pension plan assets		7,331	—
Deferred tax assets		14,125	15,813
		9,090,937	7,536,313
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		707	4,460
Trade and other payables		314,872	287,915
Provisions		24,581	19,314
Income tax liabilities		7,085	6,551
Contract liabilities and other liabilities		69,847	57,479
Government subsidies received in advance		163,036	170,434
Derivative financial instruments		3,734	—
Current portion of long-term debt	12	42,210	261,970
		626,072	808,123
Non-current			
Long-term debt	12	4,647,779	3,067,940
Derivative financial instruments		9,518	42,000
Contract liabilities and other liabilities		8,255	9,224
Government subsidies received in advance		—	13,100
Pension plan liabilities and accrued employee benefits		10,500	10,757
Deferred tax liabilities		734,085	693,832
		6,036,209	4,644,976
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	13 B)	107,316	107,194
Share-based payment reserve		8,803	9,940
Accumulated other comprehensive income (loss)	14	8,743	(5,875)
Retained earnings		732,291	705,399
		857,153	816,658
Equity attributable to non-controlling interest		2,197,575	2,074,679
		3,054,728	2,891,337
		9,090,937	7,536,313

Subsequent event (Note 18)

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

		Three months ended February 28,		Six months ended February 28,	
	Notes	2022	2021	2022	2021
		\$	\$	\$	\$
<i>(In thousands of Canadian dollars)</i>					
Cash flows from operating activities					
Profit for the period		118,781	110,156	237,920	230,603
Adjustments for:					
Depreciation and amortization	7	151,311	128,088	303,940	253,632
Financial expense	8	45,486	32,875	91,094	69,154
Income taxes	9	32,182	34,965	50,565	72,604
Share-based payment		3,315	4,278	5,036	5,418
Gain on disposals and write-offs of property, plant and equipment and other		(56)	(609)	(1,149)	(1,177)
Defined benefit plans contributions, net of expense		(870)	(3,215)	(436)	(2,252)
		350,149	306,538	686,970	627,982
Changes in other non-cash operating activities	15 A)	(25,435)	(8,350)	(5,706)	(27,612)
Interest paid		(40,809)	(40,040)	(73,681)	(64,502)
Income taxes paid		(5,137)	(16,529)	(31,473)	(58,717)
		278,768	241,619	576,110	477,151
Cash flows from investing activities					
Acquisition of property, plant and equipment		(142,475)	(115,748)	(283,984)	(232,239)
Acquisition of spectrum licences	11	(236,073)	—	(236,073)	—
Business combinations, net of cash and cash equivalents acquired	5	—	(384,296)	(1,427,658)	(394,296)
Proceeds on disposals of property, plant and equipment		13	839	13	1,914
		(378,535)	(499,205)	(1,947,702)	(624,621)
Cash flows from financing activities					
Decrease in bank indebtedness		(13,731)	(2,534)	(3,753)	(7,610)
Net increase (decrease) under the revolving facilities		187,285	172,973	(44,226)	137,882
Issuance of long-term debt, net of discounts and transaction costs		(236)	—	1,611,303	—
Repayment of notes, debentures and credit facilities		(205,397)	(5,400)	(246,158)	(10,954)
Repayment of lease liabilities		(1,346)	(1,400)	(2,623)	(2,822)
Repayment of balance due on business combinations		—	—	—	(1,258)
Increase in deferred transaction costs		(795)	—	(795)	—
Purchase and cancellation of subordinate voting shares	13 B)	(12,339)	—	(12,339)	—
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	13 B)	—	—	(1,881)	(1,074)
Dividends paid on multiple and subordinate voting shares	13 C)	(19,845)	(8,640)	(19,845)	(17,293)
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		117	1,165	222	1,437
Purchase and cancellation of subordinate voting shares by a subsidiary		(19,241)	(35,046)	(48,749)	(36,525)
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)	(4,439)
Dividends paid on subordinate voting shares by a subsidiary to non-controlling interest	13 C)	(43,252)	(20,438)	(43,252)	(40,940)
		(128,780)	100,680	1,183,039	16,404
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency					
		(691)	(4,996)	699	(7,302)
Net change in cash and cash equivalents		(229,238)	(161,902)	(187,854)	(138,368)
Cash and cash equivalents, beginning of the period		409,818	429,647	368,434	406,113
Cash and cash equivalents, end of the period		180,580	267,745	180,580	267,745

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2022

(unaudited)

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

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 (formerly Atlantic Broadband). Cogeco Communications provides Internet, video and phone services to residential and business customers in Quebec and Ontario in Canada as well as in twelve states in the United States.

Its Cogeco Media subsidiary owns and operates 23 radio stations as well as a news agency, primarily in Quebec.

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

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

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

1. BASIS OF PRESENTATION

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim financial reporting*, as issued by the International Accounting Standards Board ("IASB") and do not include all the information required for annual financial statements. Certain information and footnote disclosure normally included in annual financial statements were omitted or condensed where such information is not considered material to the understanding of the Corporation's interim financial information. As such, these condensed interim consolidated financial statements should be read in conjunction with the Corporation's 2021 annual consolidated financial statements.

The condensed interim consolidated financial statements have been prepared with the same accounting policies and methods of computation followed by the Corporation in its 2021 annual consolidated financial statements. The accounting policies have been applied consistently to all periods presented in the condensed interim consolidated financial statements, except as described in Note 2.

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

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

The results of operations for the interim period are not necessarily indicative of the results of operations for the full year. The Corporation does not expect seasonality to be a material factor in quarterly results, except that the number of Internet and video services customers are generally lower in the second half of a fiscal year as a result of the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Communications offers its services in several towns with educational institutions. In the American broadband services segment, certain areas are also subject to seasonal fluctuations during the winter and summer seasons.

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

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2022

(unaudited)

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

2. ACCOUNTING POLICY DEVELOPMENTS

A) CHANGE IN ACCOUNTING POLICIES

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

In March 2021, the IFRS Interpretations Committee finalized agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*, which clarified how to recognize certain configuration or customisation costs related to cloud computing arrangements. Management finalized its assessment of the impact of this agenda decision during the first quarter of fiscal 2022 and concluded it had no material impact on its consolidated financial statements for previously capitalized costs incurred in connection with cloud computing arrangements. As the Corporation continues to enter into certain cloud computing arrangements, mainly in connection with certain IT projects, the application of this agenda decision may have an impact on the Corporation's consolidated financial statements for future periods.

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

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

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

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

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

February 28, 2022

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

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

3. REVENUE

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

Six months ended February 28,

	Cogeco Communications									
	Canadian broadband services		American broadband services		Sub-total		Other		Consolidated	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Residential ⁽¹⁾	638,184	611,373	625,524	491,010	1,263,708	1,102,383	—	—	1,263,708	1,102,383
Commercial	78,244	70,665	94,228	67,870	172,472	138,535	—	—	172,472	138,535
Other	942	873	9,968	11,670	10,910	12,543	46,234	46,050	57,144	58,593
	717,370	682,911	729,720	570,550	1,447,090	1,253,461	46,234	46,050	1,493,324	1,299,511

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

4. OPERATING SEGMENTS

The Corporation's segment profit (loss) is reported in two operating segments: Canadian broadband services and American broadband services. The reporting structure reflects how the Corporation manages its business activities to make decisions about resources to be allocated to the segments and to assess their performance.

The Canadian and American broadband services segments provide a wide range of Internet, video and telephony services primarily to residential customers, as well as business services across their coverage areas. The Canadian broadband services activities are carried out by Cogeco Connexion in the provinces of Quebec and Ontario and the American broadband services activities are carried out by Breezeline (formerly Atlantic Broadband) in twelve states in the United States: Connecticut, Delaware, Florida, Maine, Maryland, New Hampshire, New York, Ohio, Pennsylvania, South Carolina, Virginia and West Virginia.

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

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

The column entitled "Other" is comprised of the results of Cogeco Media and the corporate activities of Cogeco, as well as consolidation elimination entries. Through its subsidiary, Cogeco Media, the Corporation owns and operates 23 radio stations with complementary radio formats serving a wide range of audiences. Cogeco Media also operates Cogeco News, the largest private radio news network in Québec, feeding affiliates, independent and community radio stations.

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2022

(unaudited)

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

Three months ended February 28, 2022

	Cogeco Communications					Consolidated
	Canadian broadband services	American broadband services	Corporate and eliminations	Sub-total	Other	
	\$	\$	\$	\$	\$	\$
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)	—
Segment profit (loss)	193,016	169,790	(13,719)	349,087	124	349,211
Integration, restructuring and acquisition costs ⁽²⁾				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
Acquisition of property, plant and equipment	67,763	73,178	1,254	142,195	280	142,475
Acquisition of spectrum licences	236,073	—	—	236,073	—	236,073

(1) Revenue by geographic market includes \$381.8 million in Canada and \$366.2 million in the United States.

(2) Comprised primarily of costs incurred in connection with the ongoing integration of the Ohio broadband systems, which were acquired on September 1, 2021.

Three months ended February 28, 2021

	Cogeco Communications					Consolidated
	Canadian broadband services	American broadband services	Corporate and eliminations	Sub-total	Other	
	\$	\$	\$	\$	\$	\$
Revenue ⁽¹⁾	354,902	279,646	—	634,548	18,608	653,156
Operating expenses	165,194	150,117	6,390	321,701	23,041	344,742
Management fees – Cogeco Inc.	—	—	5,853	5,853	(5,853)	—
Segment profit (loss)	189,708	129,529	(12,243)	306,994	1,420	308,414
Integration, restructuring and acquisition costs ⁽²⁾				2,330	—	2,330
Depreciation and amortization				126,854	1,234	128,088
Financial expense				31,839	1,036	32,875
Profit before income taxes				145,971	(850)	145,121
Income taxes				35,412	(447)	34,965
Profit for the period				110,559	(403)	110,156
Acquisition of property, plant and equipment	57,454	57,559	201	115,214	534	115,748

(1) Revenue by geographic market includes \$373.5 million in Canada and \$279.6 million in the United States.

(2) Comprised primarily of costs related to the acquisition and integration of DERYtelecom, which was completed on December 14, 2020.

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2022

(unaudited)

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

Six months ended February 28, 2022

	Cogeco Communications					Consolidated
	Canadian broadband services	American broadband services	Corporate and eliminations	Sub-total	Other	
	\$	\$	\$	\$	\$	\$
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)	—
Segment profit (loss)	380,877	345,554	(28,057)	698,374	5,231	703,605
Integration, restructuring and acquisition costs ⁽²⁾				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
Acquisition of property, plant and equipment	135,234	146,405	1,584	283,223	761	283,984
Acquisition of spectrum licences	236,073	—	—	236,073	—	236,073

(1) Revenue by geographic market includes \$763.6 million in Canada and \$729.7 million in the United States.

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

Six months ended February 28, 2021

	Cogeco Communications					Consolidated
	Canadian broadband services	American broadband services	Corporate and eliminations	Sub-total	Other	
	\$	\$	\$	\$	\$	\$
Revenue ⁽¹⁾	682,911	570,550	—	1,253,461	46,050	1,299,511
Operating expenses	307,089	302,495	14,085	623,669	46,338	670,007
Management fees – Cogeco Inc.	—	—	11,705	11,705	(11,705)	—
Segment profit (loss)	375,822	268,055	(25,790)	618,087	11,417	629,504
Integration, restructuring and acquisition costs ⁽²⁾				3,545	(34)	3,511
Depreciation and amortization				251,104	2,528	253,632
Financial expense				67,049	2,105	69,154
Profit before income taxes				296,389	6,818	303,207
Income taxes				70,934	1,670	72,604
Profit for the period				225,455	5,148	230,603
Acquisition of property, plant and equipment	123,064	106,906	1,466	231,436	803	232,239

(1) Revenue by geographic market includes \$729.0 million in Canada and \$570.6 million in the United States.

(2) Comprised primarily of costs related to the acquisition and integration of DERYtelecom, which was completed on December 14, 2020.

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2022

(unaudited)

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

5. BUSINESS COMBINATIONS

BUSINESS COMBINATION IN FISCAL 2022

Acquisition of WideOpenWest's Ohio broadband systems

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

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

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

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

	At February 28, 2022	At November 30, 2021
	Preliminary	Preliminary, as previously presented
	\$	\$
Purchase price		
Base purchase price	1,418,288	1,418,288
Closing adjustment	9,370	9,370
Consideration paid at closing	1,427,658	1,427,658
Balance due on a business combination	3,152	3,152
	1,430,810	1,430,810
Net assets acquired		
Current assets	18,827	18,835
Other non-current assets	9,600	9,600
Property, plant and equipment	487,054	487,632
Intangible assets	497,977	497,977
Goodwill	432,890	432,870
Current liabilities	(14,220)	(14,415)
Non-current liabilities	(1,318)	(1,689)
	1,430,810	1,430,810

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

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

During the three and six-month periods ended February 28, 2022, with regard to the operations generated by the acquisition of the Ohio broadband systems, the Corporation recognized \$75.0 million and \$148.3 million of revenue, respectively, and \$12.1 million and \$28.0 million of profit, respectively, which excludes acquisition and integration costs, financial expense and income taxes. The results of operations of the Ohio broadband systems are reported in the American broadband services operating segment.

BUSINESS COMBINATION IN FISCAL 2021

Acquisition of DERYtelecom

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

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

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

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

6. OPERATING EXPENSES

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Salaries, employee benefits and outsourced services	125,486	117,847	250,838	226,449
Service delivery costs	202,284	175,238	401,397	343,573
Customer related costs	32,566	22,193	61,545	43,123
Other external purchases	38,519	29,464	75,939	56,862
	398,855	344,742	789,719	670,007

7. DEPRECIATION AND AMORTIZATION

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Depreciation of property, plant and equipment ⁽¹⁾	136,680	118,427	274,862	229,136
Amortization of intangible assets	14,631	9,661	29,078	24,496
	151,311	128,088	303,940	253,632

(1) Includes depreciation of right-of-use assets amounting to \$2.1 million and \$3.7 million for the three and six-month periods of fiscal 2022, respectively (\$1.9 million and \$3.8 million in fiscal 2021).

8. FINANCIAL EXPENSE

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Interest on long-term debt, excluding interest on lease liabilities	45,136	32,713	88,220	66,764
Interest on lease liabilities	679	567	1,128	1,152
Net foreign exchange gain	(1,339)	(1,471)	(69)	(662)
Amortization of deferred transaction costs related to the revolving facilities	193	205	396	435
Other	817	861	1,419	1,465
	45,486	32,875	91,094	69,154

9. INCOME TAXES

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Current	10,149	18,303	25,698	39,616
Deferred	22,033	16,662	24,867	32,988
	32,182	34,965	50,565	72,604

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2022

(unaudited)

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

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

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Profit before income taxes	150,963	145,121	288,485	303,207
Combined Canadian income tax rate	26.5 %	26.5 %	26.5 %	26.5 %
Income taxes at combined Canadian income tax rate	40,005	38,457	76,449	80,350
Difference in operations' statutory income tax rates	61	981	(41)	1,580
Impact on income taxes arising from non-deductible expenses and non-taxable profit	133	148	10	369
Tax impacts related to foreign operations	(7,208)	(4,892)	(13,769)	(10,035)
Other ⁽¹⁾	(809)	271	(12,084)	340
Income taxes at effective income tax rate	32,182	34,965	50,565	72,604
Effective income tax rate	21.3%	24.1%	17.5%	23.9%

(1) Primarily related to the reduction of the blended state income tax rate applied to the U.S. temporary tax differences, following the Ohio broadband systems acquisition in the first quarter of fiscal 2022.

10. EARNINGS PER SHARE

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

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Profit for the period attributable to owners of the Corporation	36,659	33,737	75,182	74,226
Weighted average number of multiple and subordinate voting shares outstanding	15,909,307	15,900,808	15,908,051	15,892,119
Effect of dilutive incentive share units	42,226	49,350	44,793	53,591
Effect of dilutive performance share units	40,401	48,302	42,183	50,114
Weighted average number of diluted multiple and subordinate voting shares outstanding	15,991,934	15,998,460	15,995,027	15,995,824

11. INTANGIBLE ASSETS

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

The \$59 million spectrum licences deposit was previously classified with *Other Assets*, as Cogeco Connexion did not have the right to commercially use the licences. During the second quarter of fiscal 2022, following the final payment made and upon obtaining the right to commercially use the spectrum licences in December, the Corporation reclassified the \$59 million deposit from *Other Assets* to *Intangible assets*. Accordingly, at February 28, 2022, the total \$295 million spectrum licences acquired in the 3500 MHz band auction are presented as *Intangible assets with an indefinite useful life* in the consolidated statement of financial position. Intangible assets with an indefinite useful life are not amortized, but are tested for impairment annually and whenever there is an indication that the intangible assets may be impaired.

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2022

(unaudited)

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

12. LONG-TERM DEBT

	February 28, 2022	August 31, 2021
	\$	\$
Notes, debentures and credit facilities	4,625,151	3,270,131
Lease liabilities	61,663	59,779
Balance due on business combinations	3,175	—
	4,689,989	3,329,910
Less current portion	42,210	261,970
	4,647,779	3,067,940

NOTES, DEBENTURES AND CREDIT FACILITIES

	Maturity	Interest rate	February 28, 2022	August 31, 2021
		%	\$	\$
Corporation				
Term Revolving Facility ^(a)				
Revolving loan - US\$31.5 million	February 2027	1.21 ^{(1) (2)}	39,999	—
Unsecured Debentures ^(b)	—	—	—	35,315
Subsidiaries				
Term Revolving Facility ^(a)				
Revolving loan	January 2027	—	—	52,972
Revolving loan – US\$136 million (US\$160 million at August 31, 2021)	January 2027	1.41 ^{(1) (3)}	172,693	201,872
Senior Secured Notes				
Series A - US\$25 million	September 2024	4.14	31,702	31,491
Series B - US\$150 million	September 2026	4.29	190,078	188,823
Senior Secured Notes - US\$215 million	June 2025	4.30	272,499	270,686
Senior Secured Notes ^(c)	September 2031	2.99	496,961	—
Senior Secured Debentures Series 3 ^(d)	—	—	—	199,895
Senior Secured Debentures Series 4	May 2023	4.18	299,550	299,371
First Lien Credit Facilities ^(e)				
Senior Secured Term Loan B Facility				
Tranche 1 - US\$1,601.3 million (US\$1,609.8 million at August 31, 2021)	January 2025	2.21 ^{(1) (4)}	1,997,795	1,989,706
Tranche 2 - US\$900 million ^(f)	September 2028	3.00 ^{(1) (5)}	1,123,874	—
Senior Secured Revolving Facility	July 2024	—	—	—
			4,625,151	3,270,131
Less current portion			33,015	256,659
			4,592,136	3,013,472

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

(2) An amount of US\$31.5 million drawn under the Corporation's Term Revolving Facility was hedged until March 31, 2022, using a cross-currency swap agreement which sets the amount redeemable at maturity at \$40.1 million and the effective interest rate on the Canadian dollar equivalent at 1.39%.

(3) An amount of US\$136 million drawn under Cogeco Communications' Term Revolving Facility was hedged until March 31, 2022, using a cross-currency swap agreement which sets the amount redeemable at maturity at \$173.2 million and the effective interest rate on the Canadian dollar equivalent at 1.59%.

(4) As of February 28, 2022, a U.S. subsidiary of the Corporation had entered into interest rate swap agreements to fix the interest rate on an amount of US\$770 million of the Senior Secured Term Loan B Facility - Tranche 1. These agreements have the effect of converting the floating US LIBOR base rate into fixed rates ranging from 2.017% to 2.262%, plus an applicable credit spread, for maturities between January 31, 2023 and November 30, 2024. Taking into account these agreements, the effective interest rate on the Tranche 1 of the Senior Secured Term Loan B Facility is 3.13%.

(5) As of February 28, 2022, a U.S. subsidiary of the Corporation had entered into interest rate swap agreements to fix the interest rate on an amount of US\$800 million of the Senior Secured Term Loan B Facility - Tranche 2. These agreements have the effect of converting the floating US LIBOR base rate, or the 50 bps LIBOR floor if higher, into fixed rates ranging from 1.2237% to 1.4631%, plus an applicable credit spread, for maturities between October 31, 2025 and July 31, 2027. Taking into account these agreements, the effective interest rate on the Tranche 2 of the Senior Secured Term Loan B Facility is 3.73%.

In January 2022, Cogeco Connexion contracted a new unsecured letter of credit, which was submitted to Infrastructure Ontario as a pre-auction deposit with the application to bid in Ontario's high-speed Internet expansion program, which aims to connect unserved and underserved communities to high-speed Internet. In accordance with the rules of confidentiality established by Infrastructure Ontario pertaining to communications during the auction process, the Corporation is forbidden from disclosing the amount of this letter of credit.

- a) On December 17, 2021, Cogeco amended and extended its \$100 million Term Revolving Facility to February 3, 2027 and Cogeco Communications amended and extended its \$750 million Term Revolving Facility to January 24, 2027. As part of the amendments, both Cogeco and Cogeco Communications transitioned their revolving facilities into a sustainability-linked loan ("SLL") structure, underscoring their strong leadership and dedication to sustainability and the organizations' Environmental, social and governance (ESG) goals. The SLL facilities incorporate ESG-linked incentive pricing terms which reduce or increase the cost of funding, depending on the annual performance against specific targets related to Cogeco's GHG annual emissions reduction and digital inclusion initiatives by deploying high-speed Internet networks in underserved and unserved areas of Canada over a three-year period.
- b) The Corporation reimbursed the Unsecured Debentures at their maturity date, on November 8, 2021.
- c) On September 20, 2021, Cogeco Communications completed, pursuant to a private placement, the issuance of \$500 million Senior Secured Notes, bearing interest at 2.991% and maturing on September 22, 2031. The interest on the Senior Secured Notes is payable semi-annually. These notes are redeemable at any time at Cogeco Communications' option, in whole or in part, at 100% of the principal amount plus a make-whole premium. These notes are indirectly secured by a first priority fixed and floating charge and a security interest on substantially all present and future real and personal property and undertaking of every nature and kind of the Corporation and most of its Canadian subsidiaries. The provisions under these notes provide for restrictions on the operations and activities of the Corporation and its subsidiaries except for the unrestricted subsidiaries.
- d) Cogeco Communications reimbursed the Senior Secured Debentures Series 3 at their maturity date, on February 14, 2022.
- e) The First Lien Credit Facilities are non-recourse to Cogeco Communications and most of its Canadian subsidiaries.
- f) On September 1, 2021, in connection with the financing of the Ohio broadband systems acquisition, a U.S. subsidiary of Cogeco Communications completed the issuance of a new US\$900 million tranche of the Senior Secured Term Loan B Facility, maturing on September 1, 2028. The interest rate is based on LIBOR, with a 50 bps floor, plus an applicable credit spread. The Senior Secured Term Loan B - Tranche 2 is subject to a quarterly amortization of 0.25% starting on May 31, 2022 until its maturity date. In addition to the quarterly amortization, the loan shall be prepaid according to a prepayment percentage of excess cash flows generated during the prior fiscal year as defined below, if applicable.
 - (i) 50% if the U.S. subsidiary's ratio of net senior secured indebtedness / adjusted EBITDA ("leverage ratio") is greater than or equal to 5.1;
 - (ii) 25% if the U.S. subsidiary's leverage ratio is greater than or equal to 4.6 but less than 5.1; and
 - (iii) 0% if the U.S. subsidiary's leverage ratio is less than 4.6.

13. SHARE CAPITAL

A) AUTHORIZED

Unlimited number of:

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

Multiple voting shares, 20 votes per share.

Subordinate voting shares, 1 vote per share.

B) ISSUED AND PAID

	February 28, 2022	August 31, 2021
	\$	\$
1,602,217 multiple voting shares	10	10
14,245,250 subordinate voting shares (14,399,638 at August 31, 2021)	114,001	115,237
	114,011	115,247
41,550 subordinate voting shares held in trust under the Incentive Share Unit Plan (49,824 at August 31, 2021)	(3,377)	(4,021)
41,315 subordinate voting shares held in trust under the Performance Share Unit Plan (50,644 at August 31, 2021)	(3,318)	(4,032)
	107,316	107,194

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2022

(unaudited)

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

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

	Number of shares	Amount \$
Balance at August 31, 2021	14,399,638	115,237
Purchase and cancellation of subordinate voting shares ⁽¹⁾	(154,388)	(1,236)
Balance at February 28, 2022	14,245,250	114,001

(1) During the second quarter and the first six months of fiscal 2022, under its Normal Course Issuer Bid ("NCIB") program, the Corporation purchased and cancelled 154,388 subordinate voting shares with an average stated value of \$1.2 million, for consideration of \$12.3 million. The excess of the purchase price over the average stated value of the shares totalled \$11.1 million and was charged to retained earnings.

Normal course issuer bid

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

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

Subordinate voting shares held in trust

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

	Number of shares	Amount \$
Balance at August 31, 2021	49,824	4,021
Subordinate voting shares acquired	12,976	1,072
Subordinate voting shares distributed to employees	(21,250)	(1,716)
Balance at February 28, 2022	41,550	3,377

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

	Number of shares	Amount \$
Balance at August 31, 2021	50,644	4,032
Subordinate voting shares acquired	9,797	809
Subordinate voting shares distributed to employees	(19,126)	(1,523)
Balance at February 28, 2022	41,315	3,318

C) DIVIDENDS

During the six-month period ended February 28, 2022, quarterly eligible dividends of \$0.625 per share, for a total of \$1.25 per share or \$19.8 million, were declared and paid to the holders of multiple and subordinate voting shares, compared to quarterly eligible dividends of \$0.545 per share, for a total of \$1.09 per share or \$17.3 million, during the six-month period ended February 28, 2021.

During the six-month period ended February 28, 2022, quarterly eligible dividends of \$0.705 per share, for a total of \$1.41 per share or \$43.3 million, were declared and paid by the Corporation's subsidiary, Cogeco Communications, to non-controlling interest, compared to quarterly eligible dividends of \$0.64 per share, for a total of \$1.28 per share or \$40.9 million, during the six-month period ended February 28, 2021.

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2022

(unaudited)

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

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Attributable to owners of the Corporation				
Dividends on multiple voting shares	1,002	873	2,003	1,746
Dividends on subordinate voting shares	8,909	7,767	17,842	15,547
	9,911	8,640	19,845	17,293
Attributable to non-controlling interest				
Dividends on subordinate voting shares	21,599	20,438	43,252	40,940

At its April 13, 2022 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of \$0.625 per share for multiple and subordinate voting shares, payable on May 11, 2022 to shareholders of record on April 27, 2022.

D) SHARE-BASED PAYMENT PLANS

The Corporation and its subsidiary, Cogeco Communications, offer Employee Stock Purchase Plans for the benefit of their employees and those of their subsidiaries, and Stock Option Plans for their executive officers and designated employees. No more than 10% of the outstanding subordinate voting shares are available for issuance under these plans. Furthermore, the Corporation and its subsidiary, Cogeco Communications, offer Incentive Share Unit Plans ("ISU Plans") and Performance Share Unit Plans ("PSU Plans") for their executive officers and designated employees, and Deferred Share Unit Plans ("DSU Plans") for members of the Board of Directors. A detailed description of these plans can be found in the 2021 annual consolidated financial statements of the Corporation.

For the six-month period ended February 28, 2022, 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, 2022 and August 31, 2021.

Under the Stock Option Plan of Cogeco Communications, the following options were granted and are outstanding at February 28, 2022:

	Options	Weighted average exercise price
		\$
Outstanding at August 31, 2021	835,074	81.73
Granted	154,825	100.78
Exercised ⁽¹⁾	(2,950)	75.37
Cancelled	(10,075)	99.52
Outstanding at February 28, 2022	976,874	84.58
Exercisable at February 28, 2022	517,379	73.31

(1) The weighted average share price for options exercised during the six-month period was \$101.84.

The weighted average fair value of stock options granted by Cogeco Communications for the six-month period ended February 28, 2022 was \$17.37 per option. The weighted average fair value of each option granted was estimated at the grant date for purposes of determining share-based payment expense using the Black-Scholes option pricing model based on the following weighted-average assumptions:

	%
Expected dividend yield	2.81
Expected volatility	24.35
Risk-free interest rate	1.56
Expected life (in years)	6.0

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2022

(unaudited)

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

Under the ISU Plan of the Corporation, the following ISUs were granted and are outstanding at February 28, 2022:

Outstanding at August 31, 2021	48,600
Granted ⁽¹⁾	14,450
Distributed	(21,250)
Cancelled	(250)
Outstanding at February 28, 2022	41,550

(1) The weighted average fair value of the ISUs granted during the six-month period was \$79.23.

Under the ISU Plan of Cogeco Communications, the following ISUs were granted and are outstanding at February 28, 2022:

Outstanding at August 31, 2021	68,835
Granted ⁽¹⁾	27,775
Distributed	(18,410)
Cancelled	(1,450)
Outstanding at February 28, 2022	76,750

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

Under the PSU Plan of the Corporation, the following PSUs were granted and are outstanding at February 28, 2022:

Outstanding at August 31, 2021	48,354
Granted ⁽¹⁾	14,450
Performance-based additional units granted	205
Distributed	(19,126)
Cancelled	(3,834)
Dividend equivalents	624
Outstanding at February 28, 2022	40,673

(1) The weighted average fair value of the PSUs granted during the six-month period was \$79.23.

Under the PSU Plan of Cogeco Communications, the following PSUs were granted and are outstanding at February 28, 2022:

Outstanding at August 31, 2021	96,183
Granted ⁽¹⁾	33,025
Performance-based additional units granted	443
Distributed	(31,863)
Cancelled	(3,320)
Dividend equivalents	1,307
Outstanding at February 28, 2022	95,775

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

Under the DSU Plan of the Corporation, the following DSUs were issued and are outstanding at February 28, 2022:

Outstanding at August 31, 2021	47,435
Issued ⁽¹⁾	13,424
Dividend equivalents	842
Outstanding at February 28, 2022	61,701

(1) The weighted average fair value of the DSUs issued during the six-month period was \$79.43.

COGECO INC.
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
February 28, 2022

(unaudited)

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

Under the DSU Plan of Cogeco Communications, the following DSUs were issued and are outstanding at February 28, 2022:

Outstanding at August 31, 2021	59,280
Issued ⁽¹⁾	10,862
Dividend equivalents	890
Outstanding at February 28, 2022	71,032

(1) The weighted average fair value of the DSUs issued during the six-month period was \$99.38.

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,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Stock options	507	381	1,060	994
ISUs	1,003	864	1,892	1,705
PSUs	1,085	990	2,226	904
DSUs	720	2,043	(142)	1,815
	3,315	4,278	5,036	5,418

14. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Cash flow hedge reserve	Foreign currency translation	Total
	\$	\$	\$
Balance at August 31, 2020	(16,780)	14,335	(2,445)
Other comprehensive income (loss)	4,853	(9,067)	(4,214)
Balance at February 28, 2021	(11,927)	5,268	(6,659)
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

15. ADDITIONAL CASH FLOWS INFORMATION

A) CHANGES IN OTHER NON-CASH OPERATING ACTIVITIES

	Three months ended February 28,		Six months ended February 28,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Trade and other receivables	(4,304)	(7,858)	(19,700)	(19,899)
Prepaid expenses and other	(263)	1,593	(973)	(10,480)
Other assets	(3,006)	(446)	(5,194)	(1,160)
Trade and other payables	(20,426)	(6,800)	18,442	4,297
Provisions	2,503	1,510	3,568	1,385
Contract liabilities and other liabilities	61	3,651	(1,849)	(1,755)
	(25,435)	(8,350)	(5,706)	(27,612)

B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Six months ended February 28, 2022 <i>(In thousands of Canadian dollars)</i>	Long-term debt			Balance due on business combinations	Total
	Bank indebtedness	Notes, debentures and credit facilities	Lease liabilities		
	\$	\$	\$	\$	\$
Balance at August 31, 2021	4,460	3,270,131	59,779	—	3,334,370
Decrease in bank indebtedness	(3,753)	—	—	—	(3,753)
Net decrease under the revolving facilities	—	(44,226)	—	—	(44,226)
Issuance of long-term debt, net of discounts and transaction costs	—	1,611,303	—	—	1,611,303
Repayment of notes, debentures and credit facilities	—	(246,158)	—	—	(246,158)
Repayment of lease liabilities	—	—	(2,623)	—	(2,623)
Total cash flows (used in) from financing activities excluding equity	(3,753)	1,320,919	(2,623)	—	1,314,543
Interest paid on lease liabilities	—	—	(825)	—	(825)
Total cash flow changes	(3,753)	1,320,919	(3,448)	—	1,313,718
Effect of changes in foreign exchange rates	—	26,172	74	23	26,269
Amortization of discounts, transaction costs and other	—	7,929	—	—	7,929
Net increase in lease liabilities	—	—	4,005	—	4,005
Assumed through business combinations	—	—	1,253	—	1,253
Increase in balance due on business combinations	—	—	—	3,152	3,152
Total non-cash changes	—	34,101	5,332	3,175	42,608
Balance at February 28, 2022	707	4,625,151	61,663	3,175	4,690,696

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2022

(unaudited)

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

16. FINANCIAL INSTRUMENTS

A) FINANCIAL RISK MANAGEMENT

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

Credit risk

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

The Corporation reduces the credit risk with regard to the derivative financial instruments by completing transactions with financial institutions that carry a high credit rating. At February 28, 2022, management believes this credit risk to be minimal, since the lowest credit rating of the counterparties to the agreements is "A" by Standard & Poor's rating services ("S&P").

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

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

Liquidity risk

At February 28, 2022, the Corporation had used \$40.0 million of its \$100 million Term Revolving Facility and an amount of \$172.7 million was used from Cogeco Communications' Term Revolving Facility of \$750 million, for remaining availabilities of \$60.0 million and \$577.3 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of \$190.5 million (US\$150 million), of which \$2.8 million (US\$2.2 million) was used at February 28, 2022 for a remaining availability of \$187.7 million (US\$147.8 million).

Interest rate risk

The Corporation and its subsidiary, Cogeco Communications, are exposed to interest rate risk on their floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At February 28, 2022, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiaries entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at February 28, 2022:

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate, which is only applicable to the unhedged portion of these facilities, would represent an increase of approximately \$13.6 million based on the outstanding debt and swap agreements at February 28, 2022.

Foreign exchange risk

Cogeco Communications is exposed to foreign exchange risk with respect to the interest associated with its notes, debentures and credit facilities denominated in US dollars. The impact of a 10% increase in the exchange rate of the US dollar into Canadian dollar would increase the annual financial expense by approximately \$12.8 million based on the outstanding debt and swap agreements at February 28, 2022.

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2022

(unaudited)

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

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

The exchange rate used to translate the US dollar currency into Canadian dollar for the consolidated statement of financial position accounts at February 28, 2022 was \$1.2698 (\$1.2617 at August 31, 2021) per US dollar. A 10% decrease in the exchange rate of the US dollar into Canadian dollar would decrease other comprehensive income by approximately \$107.2 million.

B) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

	February 28, 2022		August 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
	\$	\$	\$	\$
Notes, debentures and credit facilities	4,625,151	4,682,213	3,270,131	3,383,015

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, 2022 and August 31, 2021, 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.

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.

The following table summarizes certain of the key ratios used to monitor and manage Cogeco Communications' capital structure:

	February 28, 2022	August 31, 2021
Net indebtedness ⁽¹⁾ / adjusted EBITDA ⁽²⁾	3.5	2.4
Adjusted EBITDA ⁽²⁾ / financial expense ⁽²⁾	8.7	9.7

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

(2) Calculation based on adjusted EBITDA and financial expense for the twelve-month period ended February 28, 2022, which includes 6 months of the Ohio broadband services operations, and for the year ended August 31, 2021, which includes 8.5 months of DERYtelecom operations.

17. RELATED PARTY TRANSACTIONS

Cogeco is the parent company of Cogeco Communications and, as of February 28, 2022, held 33.8% of Cogeco Communications' equity shares, representing 83.6% 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, 2022, management fees paid by Cogeco Communications amounted to \$5.6 million and \$11.2 million, respectively, compared to \$5.9 million and \$11.7 million for the same periods of fiscal 2021.

COGECO INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

February 28, 2022

(unaudited)

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

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. However, during the six-month periods ended February 28, 2022 and 2021, Cogeco Communications granted stock options and PSUs to these executive officers, as executive officers of Cogeco Communications, and issued DSUs to Board directors of Cogeco, as shown in the following table:

	Six months ended February 28,	
	2022	2021
Stock options	72,200	69,200
PSUs	10,100	10,375
DSUs	—	792

The following table shows the amounts that Cogeco Communications charged Cogeco with regard to Cogeco Communications' stock options, ISUs 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,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Stock options	277	266	609	611
ISUs	—	—	—	6
PSUs	270	275	640	125
DSUs	39	213	(79)	188
	586	754	1,170	930

18. SUBSEQUENT EVENT

Acquisition and sale of radio stations

On May 6, 2021, the Corporation's subsidiary, Cogeco Media, announced that it had entered into an agreement with Arsenal Média to acquire and sell radio stations located in the Saguenay-Lac-Saint-Jean and Abitibi-Témiscamingue regions, respectively. Cogeco Media will acquire a radio station owned by Arsenal Média in the Saguenay-Lac-Saint-Jean region, known as the CILM radio station, and will simultaneously sell to Arsenal Média two radio stations owned by Cogeco Media in the Abitibi-Témiscamingue region, known as the Capitale Rock and Wow radio stations.

On March 25, 2022, the Canadian Radio-television and Telecommunications Commission approved the transaction, which is expected to close on April 24, 2022. This transaction does not have a material impact on the consolidated financial statements.

PRIMARY SERVICE UNIT STATISTICS

	February 28, 2022	November 30, 2021 ⁽¹⁾	August 31, 2021	May 31, 2021	February 28, 2021 ⁽²⁾
CONSOLIDATED					
Primary service units	3,219,221	3,233,564	2,972,073	2,976,391	2,982,402
Internet service customers	1,640,651	1,635,082	1,436,201	1,427,752	1,416,325
Video service customers	1,006,650	1,019,510	982,708	989,698	1,001,077
Telephony service customers	571,920	578,972	553,164	558,941	565,000
CANADA					
Homes passed	1,991,129	1,984,397	1,976,617	1,975,004	1,970,483
Primary service units	1,991,371	1,997,006	2,002,083	2,002,736	2,010,049
Internet service customers	921,043	918,304	915,684	909,901	905,321
Penetration as a percentage of homes passed	46.3%	46.3%	46.3%	46.1%	45.9%
Video service customers	667,629	672,781	677,194	680,456	687,486
Penetration as a percentage of homes passed	33.5%	33.9%	34.3%	34.5%	34.9%
Telephony service customers	402,699	405,921	409,205	412,379	417,242
Penetration as a percentage of homes passed	20.2%	20.5%	20.7%	20.9%	21.2%
UNITED STATES					
Homes passed	1,632,689	1,630,411	936,519	935,520	929,323
Primary service units ⁽³⁾	1,227,850	1,236,558	969,990	973,655	972,353
Internet service customers	719,608	716,778	520,517	517,851	511,004
Penetration as a percentage of homes passed	44.1%	44.0%	55.6%	55.4%	55.0%
Video service customers	339,021	346,729	305,514	309,242	313,591
Penetration as a percentage of homes passed	20.8%	21.3%	32.6%	33.1%	33.7%
Telephony service customers	169,221	173,051	143,959	146,562	147,758
Penetration as a percentage of homes passed	10.4%	10.6%	15.4%	15.7%	15.9%

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

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

(3) The percentage of homes passed reflects a lower penetration of the Ohio broadband systems, which were acquired during the first quarter of fiscal 2022.