COGECO

News Release

FOR IMMEDIATE RELEASE

Cogeco Releases its Financial Results for the Third Quarter of Fiscal 2023

- **In the context of its network expansion strategy, Cogeco added 30,922 homes passed in Canada and the United States, totalling 101,000 homes passed over the past nine months;**
- **The acquisition of oxio expanded Cogeco Connexion's value proposition by adding a second brand to serve the telecommunication needs of Canadians;**
- **Revenue grew by 1.7% compared to the same period of the prior year to $767.6 million;**
- **Adjusted EBITDA(1) of $355.5 million increased 0.6% over last year;**
- **Profit for the period amounted to $33.3 million, a decrease of 69.3%, while the loss for the period attributable to owners of the Corporation amounted to $34.5 million, a decrease of $72.0 million compared to a profit last year, due to non-cash impairment charges of $88 million related to the radio operations. Adjusted profit attributable to owners of the Corporation(1)(3) remained comparable to last year;**
- **Loss per share on a diluted basis was $2.22, a decrease compared to earnings per share of $2.37 last year, due to the non-cash impairment charges related to the radio operations. Adjusted diluted earnings per share(1)(3) rose by 1.3% to $2.43;**
- **Net capital expenditures(1)(2) amounted to $170.3 million, a 7.0% reduction versus last year. Acquisition of property, plant and equipment amounted to $190.1 million, a decrease of 4.1%;**
- **Free cash flow(1) of $107.4 million decreased by 1.4%, while cash flows from operating activities decreased by 20.4% to $283.2 million; and**
- **Declared a quarterly eligible dividend of $0.731 per share, representing a 17.0% increase over last year.**

Montréal, July 13, 2023 – Today, Cogeco Inc. (TSX: CGO) ("Cogeco" or the "Corporation") announced its financial results for the third quarter ended May 31, 2023.

"This quarter, we continued to demonstrate our strong and consistent execution in our fibre network expansion projects while remaining focused on delivering high quality product offerings and distinctive customer service," said Philippe Jetté, President and Chief Executive Officer of Cogeco.

"We are pleased with the performance of our Canadian telecommunications business again this quarter, where Internet customer additions are being driven by solid growth across our traditional and newly served footprints, as well as from our recently acquired oxio brand," continued Mr. Jetté.

"Although our U.S. telecommunications business, Breezeline, continues to face headwinds from the macroeconomic and nationwide competitive environments, our higher value product mix combined with cost efficiency initiatives led to a higher adjusted EBITDA margin over last year and compared to last quarter," added Mr. Jetté.

"At Cogeco Media, in an industry-wide changing advertising market, we are developing innovative digital solutions to create a multi-platform audio content model," continued Mr. Jetté. "Our listener engagement remained strong across many of our stations this quarter, including at 98.5 Montréal, where it remained in the top spot of the Numeris rankings," concluded Mr. Jetté.

Consolidated Financial Highlights

Three months ended May 31 *(In thousands of Canadian dollars, except % and per share data) (unaudited)*	**2023** **$**	2022 $	Change %	Change in constant currency [1] %
Revenue	**767,603**	754,777	1.7	(1.4)
Adjusted EBITDA [1]	**355,459**	353,473	0.6	(2.2)
Profit for the period	**33,314**	108,456	(69.3)	
(Loss) profit for the period attributable to owners of the Corporation	**(34,473)**	37,493	—	
Adjusted profit attributable to owners of the Corporation [1] [3]	**37,921**	38,009	(0.2)	
Cash flows from operating activities	**283,180**	355,681	(20.4)	
Free cash flow [1]	**107,379**	108,954	(1.4)	(1.1)
Free cash flow, excluding network expansion projects [1]	**139,210**	147,613	(5.7)	(6.1)
Acquisition of property, plant and equipment	**190,121**	198,271	(4.1)	
Net capital expenditures [1]	**170,258**	183,107	(7.0)	(10.7)
Net capital expenditures, excluding network expansion projects [1]	**138,427**	144,448	(4.2)	(8.2)
Diluted (loss) earnings per share	**(2.22)**	2.37	—	
Adjusted diluted earnings per share [1] [3]	**2.43**	2.40	1.3	

Operating results

For the third quarter of fiscal 2023:

- Revenue increased by 1.7% to reach $767.6 million. On a constant currency basis, revenue decreased by 1.4%, driven by declines in the American telecommunications segment and in the media activities, partly offset by growth in the Canadian telecommunications segment, which is further explained as follows:
    - Canadian telecommunications' revenue increased by 3.2%, mainly driven by the cumulative effect of high-speed Internet service additions over the past year, higher revenue per customer and the oxio acquisition completed on March 3, 2023.
    - American telecommunications' revenue decreased by 5.7% on a constant currency basis (increase of 0.5% as reported), mainly due to a lower customer base in Ohio and an overall decline in video and phone service customers, offset in part by a higher revenue per customer and a better product mix.
    - Revenue in the media activities decreased by 3.2%.
- Adjusted EBITDA increased by 0.6% to reach $355.5 million. On a constant currency basis, adjusted EBITDA decreased by 2.2%, due to a decline in the American telecommunications segment, while the Canadian telecommunications segment remained stable, as further explained below:
    - Canadian telecommunications adjusted EBITDA remained stable as its revenue growth was offset by higher operating expenses to drive customer growth.
    - American telecommunications adjusted EBITDA decreased by 2.8%, or 3.6% in constant currency, mainly resulting from lower revenue partly offset by reduced operating expenses.
- Profit for the period amounted to $33.3 million, while the loss for the period attributable to owners of the Corporation amounted to $34.5 million, or $2.22 per diluted share, compared to a profit of $108.5 million, $37.5 million, and $2.37 per diluted share, respectively, in the comparable period of fiscal 2022. The decreases in profit for the period and profit attributable to owners of the Corporation resulted mainly from non-cash impairment charges of $88 million related to the radio operations, higher financial expense and acquisition, integration, restructuring and other costs, partly offset by lower depreciation and amortization expense, income taxes and the appreciation of the US dollar.
    - Adjusted profit attributable to owners of the Corporation[3], was $37.9 million, or $2.43 per diluted share[3], compared to $38.0 million, or $2.40 per diluted share, last year.

- Net capital expenditures, which account for network expansion subsidies, were $170.3 million, a decrease of 7.0% compared to $183.1 million in the same period of the prior year. In constant currency, net capital expenditures were $163.5 million, a decrease of 10.7% compared to last year, mainly due to lower capital expenditures following reduced spending, mostly in the Canadian telecommunications segment.

    - Excluding network expansion projects, net capital expenditures were $138.4 million, a decrease of 4.2% compared to $144.4 million in the same period of the prior year. In constant currency, net capital expenditures excluding network expansion projects[1] were $132.6 million, a decrease of 8.2% compared to last year.

    - Fibre-to-the-home network expansion projects continued in both Canada and the United States, with unprecedented homes passed additions of more than 171,000 during fiscal 2022 and the first nine months of the current fiscal year. These fibre-to-the-home network expansion projects are increasing the Corporation's footprint in the provinces of Québec and Ontario and in several areas adjacent to Breezeline's network in the United States.

- Acquisition of property, plant and equipment decreased by 4.1% to $190.1 million, mainly due to reduced capital spending, mostly in the Canadian telecommunications segment.

- Free cash flow decreased by 1.4%, or 1.1% in constant currency, and amounted to $107.4 million, mainly due to higher financial expense, higher acquisition, integration, restructuring and other costs and lower adjusted EBITDA, partly offset by lower net capital expenditures and current income taxes.

    - Free cash flow, excluding network expansion projects decreased by 5.7%, or 6.1% in constant currency, and amounted to $139.2 million.

- Cash flows from operating activities decreased by 20.4% to reach $283.2 million, driven by a net inflow in non-cash operating activities of $20.7 million compared to $51.2 million in the comparative period, resulting mostly from the timing of trade and other payables, as well as an increase in income taxes and interest paid.

- Spectrum licences were acquired in the 2500 MHz and 3500 MHz bands in Québec in relation to our plan to offer mobility services within our operating footprint.

- Cogeco reiterates its fiscal 2023 financial guidelines as issued on January 12, 2023. Furthermore, on June 8, 2023, Cogeco announced that it will provide its fiscal 2024 financial guidelines when it reports its financial results for the fourth quarter of fiscal 2023, which is consistent with industry practice.

- At its July 13, 2023 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.731 per share, an increase of 17% compared to $0.625 per share in the comparable quarter of fiscal 2022.

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(1) Adjusted EBITDA and net capital expenditures are total of segments measures. Constant currency basis, adjusted profit attributable to owners of the Corporation, net capital expenditures, excluding network expansion projects, free cash flow and free cash flow, excluding network expansion projects are non-IFRS financial measures. Change in constant currency and adjusted diluted earnings per share are non-IFRS ratios. These indicated terms do not have standardized definitions prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable to similar measures presented by other companies. For more information on these financial measures, please consult the "Non-IFRS and other financial measures" section of this press release.

(2) Net capital expenditures are presented net of government subsidies, including the utilization of those received in advance.

(3) Excludes the impact of non-cash impairment charges, and acquisition, integration, restructuring and other costs, net of tax and non-controlling interest.

Financial highlights

Three and nine months ended May 31	**2023**	2022	Change	Change in constant currency [1] [2]	**2023**	2022	Change	Change in constant currency [1] [2]
(In thousands of Canadian dollars, except percentages and per share data)	**$**	$	%	%	**$**	$	%	%
Operations								
Revenue	**767,603**	754,777	1.7	(1.4)	**2,314,484**	2,248,101	3.0	(0.2)
Adjusted EBITDA [2]	**355,459**	353,473	0.6	(2.2)	**1,081,004**	1,057,078	2.3	(0.7)
Acquisition, integration, restructuring and other costs [3]	**11,377**	2,286	—		**21,006**	22,372	(6.1)	
Impairment of goodwill and intangible assets	**88,000**	—	—		**88,000**	—	—	
Profit for the period	**33,314**	108,456	(69.3)		**259,714**	346,376	(25.0)	
(Loss) profit for the period attributable to owners of the Corporation	**(34,473)**	37,493	—		**41,396**	112,675	(63.3)	
Adjusted profit attributable to owners of the Corporation [2]	**37,921**	38,009	(0.2)		**116,292**	117,225	(0.8)	
Cash flow								
Cash flows from operating activities	**283,180**	355,681	(20.4)		**683,844**	931,791	(26.6)	
Free cash flow [2]	**107,379**	108,954	(1.4)	(1.1)	**335,193**	398,477	(15.9)	(15.3)
Free cash flow, excluding network expansion projects [2]	**139,210**	147,613	(5.7)	(6.1)	**475,100**	494,134	(3.9)	(4.5)
Acquisition of property, plant and equipment	**190,121**	198,271	(4.1)		**598,803**	502,753	19.1	
Net capital expenditures [2]	**170,258**	183,107	(7.0)	(10.7)	**524,432**	467,091	12.3	7.3
Net capital expenditures, excluding network expansion projects [2]	**138,427**	144,448	(4.2)	(8.2)	**384,525**	371,434	3.5	(1.3)
Per share data [4]								
(Loss) earnings per share								
Basic	**(2.22)**	2.38	—		**2.65**	7.11	(62.7)	
Diluted	**(2.22)**	2.37	—		**2.64**	7.07	(62.7)	
Adjusted diluted [2]	**2.43**	2.40	1.3		**7.41**	7.35	0.8	
Dividends	**0.731**	0.625	17.0		**2.193**	1.875	17.0	

As at	**May 31, 2023**	August 31, 2022
(In thousands of Canadian dollars)	**$**	$
Financial condition		
Cash and cash equivalents	**365,665**	379,001
Total assets	**9,877,551**	9,468,025
Long-term debt		
Current	**43,064**	340,468
Non-current	**5,105,833**	4,398,142
Net indebtedness [2]	**4,905,659**	4,545,809
Equity attributable to owners of the Corporation	**907,222**	919,843

(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 rate of the comparable periods of the prior year. For the three and nine-month periods ended May 31, 2022, the average foreign exchange rates used for translation were 1.2713 USD/CDN and 1.2660 USD/CDN, respectively.

(2) Adjusted EBITDA and net capital expenditures are total of segments measures. Adjusted profit attributable to owners of the Corporation, free cash flow, free cash flow, excluding network expansion projects and net capital expenditures, excluding network expansion projects are non-IFRS financial measures. Change in constant currency and adjusted diluted earnings per share are non-IFRS ratios. Net indebtedness is a capital management measure. These indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on these financial measures, please consult the "Non-IFRS and other financial measures" section of this press release.

(3) For the three and nine-month periods ended May 31, 2023, acquisition, integration, restructuring and other costs resulted mostly from costs related to the ongoing integration of past acquisitions and from a retroactive adjustment of $3.3 million recognized during the third quarter of fiscal 2023, in addition to a $5.1 million adjustment recognized in the second quarter, both related to the Copyright Board preliminary conclusions of the 2016-2018 retransmission tariffs, impacting those years and estimated costs for the following years. For the three and nine-month periods ended May 31, 2022, acquisition, integration, restructuring and other costs resulted mostly from costs incurred in connection with the acquisition, completed on September 1, 2021, and integration of the Ohio broadband systems.

(4) 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" section of the Corporation's 2022 annual MD&A and of the fiscal 2023 third-quarter MD&A, the "Fiscal 2023 financial guidelines" section of the Corporation's 2022 annual MD&A and the "Fiscal 2023 revised financial guidelines" of the fiscal 2023 first-quarter MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as competitive risks (including changing competitive ecosystems and disruptive competitive strategies adopted by our competitors), business risks, regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including inflation pressuring revenue, reduced consumer spending and increasing costs), human-caused and natural threats to our network (including increased frequency of extreme weather events with the potential to disrupt operations), infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health and safety, many of which are beyond the Corporation's control. Moreover, the Corporation's radio operations are significantly exposed to advertising budgets from the retail industry, which can fluctuate due to changing economic conditions. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and main risk factors" sections of the Corporation's 2022 annual MD&A and of the fiscal 2023 third-quarter 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 nine-month periods ended May 31, 2023, 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 2022 Annual Report.

Non-IFRS and other financial measures

This press release includes references to non-IFRS and other financial measures used by Cogeco. These financial measures are reviewed in assessing the performance of Cogeco and used in the decision-making process with regard to its business units.

Reconciliations between non-IFRS and other financial measures to the most directly comparable IFRS financial measures are provided below. Certain additional disclosures for non-IFRS and other financial measures used in this press release have been incorporated by reference and can be found in the "Non-IFRS and other financial measures" section of the Corporation's MD&A for the three and nine-month periods ended May 31, 2023, available on SEDAR at www.sedar.com.

Financial measures presented on a constant currency basis for the three and nine-month periods ended May 31, 2023 are translated at the average foreign exchange rate of the comparable periods of the prior year, which were 1.2713 USD/CDN and 1.2660 USD/CDN, respectively.

Constant currency basis and foreign exchange impact reconciliation

Consolidated

					Three months ended May 31	
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**767,603**	(23,039)	**744,564**	754,777	**1.7**	**(1.4)**
Operating expenses	**412,144**	(13,134)	**399,010**	401,304	**2.7**	**(0.6)**
Adjusted EBITDA	**355,459**	(9,905)	**345,554**	353,473	**0.6**	**(2.2)**
Free cash flow	**107,379**	370	**107,749**	108,954	**(1.4)**	**(1.1)**
Net capital expenditures	**170,258**	(6,761)	**163,497**	183,107	**(7.0)**	**(10.7)**

					Nine months ended May 31	
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**2,314,484**	(71,231)	**2,243,253**	2,248,101	**3.0**	**(0.2)**
Operating expenses	**1,233,480**	(40,429)	**1,193,051**	1,191,023	**3.6**	**0.2**
Adjusted EBITDA	**1,081,004**	(30,802)	**1,050,202**	1,057,078	**2.3**	**(0.7)**
Free cash flow	**335,193**	2,353	**337,546**	398,477	**(15.9)**	**(15.3)**
Net capital expenditures	**524,432**	(23,439)	**500,993**	467,091	**12.3**	**7.3**

Canadian telecommunications segment

					Three months ended May 31	
					Change	
	2023	Foreign exchange impact	2023 in constant currency	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	**373,743**	—	**373,743**	362,072	**3.2**	**3.2**
Operating expenses	**177,794**	(722)	**177,072**	166,082	**7.1**	**6.6**
Adjusted EBITDA	**195,949**	722	**196,671**	195,990	**—**	**0.3**
Net capital expenditures	**84,415**	(1,566)	**82,849**	100,730	**(16.2)**	**(17.8)**

					Nine months ended May 31	
					Change	
	2023	Foreign exchange impact	2023 in constant currency	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	**1,114,161**	—	**1,114,161**	1,079,442	**3.2**	**3.2**
Operating expenses	**521,534**	(2,058)	**519,476**	502,575	**3.8**	**3.4**
Adjusted EBITDA	**592,627**	2,058	**594,685**	576,867	**2.7**	**3.1**
Net capital expenditures	**281,036**	(8,477)	**272,559**	235,964	**19.1**	**15.5**

American telecommunications segment

					Three months ended May 31	
					Change	
	2023	Foreign exchange impact	2023 in constant currency	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	**368,042**	(23,039)	**345,003**	366,046	**0.5**	**(5.7)**
Operating expenses	**197,273**	(12,412)	**184,861**	199,977	**(1.4)**	**(7.6)**
Adjusted EBITDA	**170,769**	(10,627)	**160,142**	166,069	**2.8**	**(3.6)**
Net capital expenditures	**82,923**	(5,195)	**77,728**	81,424	**1.8**	**(4.5)**

(In thousands of Canadian dollars, except percentages)	2023	Foreign exchange impact	2023 in constant currency	2022	Change Actual	Change In constant currency
	Nine months ended May 31					
	$	$	$	$	%	%
Revenue	**1,126,570**	(71,231)	**1,055,339**	1,095,766	**2.8**	**(3.7)**
Operating expenses	**607,237**	(38,371)	**568,866**	584,143	**4.0**	**(2.6)**
Adjusted EBITDA	**519,333**	(32,860)	**486,473**	511,623	**1.5**	**(4.9)**
Net capital expenditures	**236,422**	(14,962)	**221,460**	227,829	**3.8**	**(2.8)**

Adjusted profit attributable to owners of the Corporation

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
(Loss) profit for the period attributable to owners of the Corporation	**(34,473)**	37,493	**41,396**	112,675
Impairment of goodwill and intangible assets	**88,000**	—	**88,000**	—
Acquisition, integration, restructuring and other costs	**11,377**	2,286	**21,006**	22,372
Tax impact for the above items	**(21,386)**	(594)	**(23,938)**	(5,750)
Non-controlling interest impact for the above items	**(5,597)**	(1,176)	**(10,172)**	(12,072)
Adjusted profit attributable to owners of the Corporation	**37,921**	38,009	**116,292**	117,225

Free cash flow reconciliation

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Cash flows from operating activities	**283,180**	355,681	**683,844**	931,791
Amortization of deferred transaction costs and discounts on long-term debt [1]	**3,353**	2,944	**9,460**	8,896
Changes in other non-cash operating activities	**(20,729)**	(51,178)	**115,392**	(45,472)
Income taxes paid	**19,166**	291	**89,778**	31,764
Current income taxes	**(5,828)**	(17,651)	**(26,450)**	(43,349)
Interest paid	**64,507**	49,379	**176,777**	123,060
Financial expense	**(64,300)**	(45,810)	**(183,812)**	(136,904)
Net capital expenditures	**(170,258)**	(183,107)	**(524,432)**	(467,091)
Repayment of lease liabilities	**(1,712)**	(1,595)	**(5,364)**	(4,218)
Free cash flow	**107,379**	108,954	**335,193**	398,477

(1) Included within financial expense.

Net capital expenditures reconciliation

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Acquisition of property, plant and equipment	**190,121**	198,271	**598,803**	502,753
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(19,863)**	(15,164)	**(74,371)**	(35,662)
Net capital expenditures	**170,258**	183,107	**524,432**	467,091

Adjusted EBITDA reconciliation

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**33,314**	108,456	**259,714**	346,376
Income taxes	**2,271**	29,369	**60,552**	79,934
Financial expense	**64,300**	45,810	**183,812**	136,904
Impairment of goodwill and intangible assets	**88,000**	—	**88,000**	—
Depreciation and amortization	**156,197**	167,552	**467,920**	471,492
Acquisition, integration, restructuring and other costs	**11,377**	2,286	**21,006**	22,372
Adjusted EBITDA	**355,459**	353,473	**1,081,004**	1,057,078

Net capital expenditures and free cash flow excluding network expansion projects reconciliations

Net capital expenditures

					Three months ended May 31	
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Net capital expenditures	**170,258**	(6,761)	**163,497**	183,107	**(7.0)**	**(10.7)**
Net capital expenditures in connection with network expansion projects	**31,831**	(976)	**30,855**	38,659	**(17.7)**	**(20.2)**
Net capital expenditures, excluding network expansion projects	**138,427**	(5,785)	**132,642**	144,448	**(4.2)**	**(8.2)**

					Nine months ended May 31	
					Change	
	2023	Foreign exchange impact	2023 in constant currency	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Net capital expenditures	**524,432**	(23,439)	**500,993**	467,091	**12.3**	**7.3**
Net capital expenditures in connection with network expansion projects	**139,907**	(5,660)	**134,247**	95,657	**46.3**	**40.3**
Net capital expenditures, excluding network expansion projects	**384,525**	(17,779)	**366,746**	371,434	**3.5**	**(1.3)**

Free cash flow

					Three months ended May 31	
					Change	
	2023	Foreign exchange impact	2023 in constant currency	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Free cash flow	**107,379**	370	**107,749**	108,954	**(1.4)**	**(1.1)**
Net capital expenditures in connection with network expansion projects	**31,831**	(976)	**30,855**	38,659	**(17.7)**	**(20.2)**
Free cash flow, excluding network expansion projects	**139,210**	(606)	**138,604**	147,613	**(5.7)**	**(6.1)**

					Nine months ended May 31	
					Change	
	2023	Foreign exchange impact	2023 in constant currency	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Free cash flow	**335,193**	2,353	**337,546**	398,477	**(15.9)**	**(15.3)**
Net capital expenditures in connection with network expansion projects	**139,907**	(5,660)	**134,247**	95,657	**46.3**	**40.3**
Free cash flow, excluding network expansion projects	**475,100**	(3,307)	**471,793**	494,134	**(3.9)**	**(4.5)**

Additional information

Additional information relating to the Corporation is available on the SEDAR website at www.sedar.com and on the Corporation's website at corpo.cogeco.com.

About Cogeco Inc.

Rooted in the communities it serves, Cogeco Inc. is a growing competitive force in the North American telecommunications sector, serving 1.6 million residential and business customers. Its Cogeco Communications Inc. subsidiary provides Internet, video and phone services in the provinces of Québec and Ontario as well as in thirteen states in the United States through its business units Cogeco Connexion and Breezeline. Through Cogeco Media, it owns and operates 21 radio stations primarily in the province of Québec as well as a news agency. Cogeco's subordinate voting shares are listed on the Toronto Stock Exchange (TSX: CGO). The subordinate voting shares of Cogeco Communications Inc. are also listed on the Toronto Stock Exchange (TSX: CCA).

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Conference Call: **Friday, July 14, 2023 at 11:00 a.m. (EDT)**

The conference call will be available on Cogeco's website at https://corpo.cogeco.com/cgo/en/investors/investor-relations/. Financial analysts will be able to access the conference call and ask questions. Media representatives may attend as listeners only. The conference replay 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 **10 minutes** before the start of the conference:

Local - Toronto: **1 416-764-8658**
Toll Free - North America: **1 888-886-7786**

To join this conference call, 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 nine-month periods ended May 31, 2023

Financial highlights

Three and nine months ended May 31	2023	2022	Change	Change in constant currency [1] [2]	2023	2022	Change	Change in constant currency [1] [2]
(In thousands of Canadian dollars, except percentages and per share data)	$	$	%	%	$	$	%	%
Operations								
Revenue	**767,603**	754,777	1.7	(1.4)	**2,314,484**	2,248,101	3.0	(0.2)
Adjusted EBITDA [2]	**355,459**	353,473	0.6	(2.2)	**1,081,004**	1,057,078	2.3	(0.7)
Acquisition, integration, restructuring and other costs [3]	**11,377**	2,286	—		**21,006**	22,372	(6.1)	
Impairment of goodwill and intangible assets	**88,000**	—	—		**88,000**	—	—	
Profit for the period	**33,314**	108,456	(69.3)		**259,714**	346,376	(25.0)	
(Loss) profit for the period attributable to owners of the Corporation	**(34,473)**	37,493	—		**41,396**	112,675	(63.3)	
Adjusted profit attributable to owners of the Corporation [2]	**37,921**	38,009	(0.2)		**116,292**	117,225	(0.8)	
Cash flow								
Cash flows from operating activities	**283,180**	355,681	(20.4)		**683,844**	931,791	(26.6)	
Free cash flow [2]	**107,379**	108,954	(1.4)	(1.1)	**335,193**	398,477	(15.9)	(15.3)
Free cash flow, excluding network expansion projects [2]	**139,210**	147,613	(5.7)	(6.1)	**475,100**	494,134	(3.9)	(4.5)
Acquisition of property, plant and equipment	**190,121**	198,271	(4.1)		**598,803**	502,753	19.1	
Net capital expenditures [2]	**170,258**	183,107	(7.0)	(10.7)	**524,432**	467,091	12.3	7.3
Net capital expenditures, excluding network expansion projects [2]	**138,427**	144,448	(4.2)	(8.2)	**384,525**	371,434	3.5	(1.3)
Per share data [4]								
(Loss) earnings per share								
Basic	**(2.22)**	2.38	—		**2.65**	7.11	(62.7)	
Diluted	**(2.22)**	2.37	—		**2.64**	7.07	(62.7)	
Adjusted diluted [2]	**2.43**	2.40	1.3		**7.41**	7.35	0.8	
Dividends	**0.731**	0.625	17.0		**2.193**	1.875	17.0	

As at	May 31, 2023	August 31, 2022
(In thousands of Canadian dollars)	$	$
Financial condition		
Cash and cash equivalents	**365,665**	379,001
Total assets	**9,877,551**	9,468,025
Long-term debt		
Current	**43,064**	340,468
Non-current	**5,105,833**	4,398,142
Net indebtedness [2]	**4,905,659**	4,545,809
Equity attributable to owners of the Corporation	**907,222**	919,843

(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 rate of the comparable periods of the prior year. For the three and nine-month periods ended May 31, 2022, the average foreign exchange rates used for translation were 1.2713 USD/CDN and 1.2660 USD/CDN, respectively.

(2) Adjusted EBITDA and net capital expenditures are total of segments measures. Adjusted profit attributable to owners of the Corporation, free cash flow, free cash flow, excluding network expansion projects and net capital expenditures, excluding network expansion projects are non-IFRS financial measures. Change in constant currency and adjusted diluted earnings per share are non-IFRS ratios. Net indebtedness is a capital management measure. These indicated terms do not have standardized definitions prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS and other financial measures" section of the MD&A, including reconciliation to the most directly comparable IFRS financial measures.

(3) For the three and nine-month periods ended May 31, 2023, acquisition, integration, restructuring and other costs resulted mostly from costs related to the ongoing integration of past acquisitions and from a retroactive adjustment of $3.3 million recognized during the third quarter of fiscal 2023, in addition to a $5.1 million adjustment recognized in the second quarter, both related to the Copyright Board preliminary conclusions of the 2016-2018 retransmission tariffs, impacting those years and estimated costs for the following years. For the three and nine-month periods ended May 31, 2022, acquisition, integration, restructuring and other costs resulted mostly from costs incurred in connection with the acquisition, completed on September 1, 2021, and integration of the Ohio broadband systems.

(4) Per multiple and subordinate voting share.

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

Three and nine-month periods ended May 31, 2023

1. Forward-looking statements

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

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three and nine-month periods ended May 31, 2023 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2022 Annual Report.

In preparing this MD&A, the Corporation has taken into account information available up to July 13, 2023, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its 2022 Annual Report and Annual Information Form, is available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

2. Overview of the business

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

2.1 Corporate objectives and strategies

Strategy for continued growth

Our strategy and value creation activities are aimed at ensuring our success in an evolving market that is filled with opportunities largely fueled by the digitization of our society. We focus on growing the business organically, making attractive acquisitions and continuously innovating while returning capital to shareholders and maintaining a prudent level of financial leverage. Leveraging our unique North American broadband platform, reliable and resilient networks, innovative products and services, relationships with local communities and customer-centric mindset remains key for our growth strategy which is supported by robust environmental, social and governance (ESG) practices.

Our strategy focuses on six strategic growth vectors:

- Pursue Network Expansion to expand our footprint and reduce the digital divide by leveraging government programs
- Launch Mobile Services through a capital efficient model to enhance our offering in line with evolving customer needs and increased interest in bundled services
- Evolve our Wireline Network to meet increasing demand using a flexible and balanced technological approach
- Make Accretive & Complementary Acquisitions to expand our footprint geographically and broaden our capabilities and service offerings
- Expand in New Customer Segments with a multi-brand approach to serve new demographics and grow our operations
- Transform Our Radio Business into a multi-platform audio content provider

Supported by a differentiated people strategy and increased digitization, we continue to solidify our core business through operational efficiencies and by enhancing our product and service offerings for a distinct customer experience while strengthening our brands and marketing practices.

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

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

2.2 Business developments

Non-cash impairment charges related to Cogeco's radio operations

During the third quarter of fiscal 2023, Cogeco recognized non-cash impairment charges of $88 million related to its radio operations following an industry-wide reduction in radio advertising demand and a higher cost of capital. Out of the $88 million non-cash impairment charges, $28 million was allocated to goodwill and $60 million was allocated to indefinite-life intangible assets for broadcasting licences.

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

In May 2023, the CRTC released Telecom Order CRTC 2023-133, which finalized the terms and conditions for the wholesale mobile virtual network operator ("MVNO") access tariffs. In addition, the CRTC directed incumbent carriers to have the service operational and ready for use by June 8, 2023, and conveyed its expectation that parties would have executed MVNO access agreements by August 7, 2023. The Corporation has initiated MVNO access negotiations. Securing satisfactory wholesale rates for access to incumbent wireless networks will be critical to the viability and success of this undertaking.

During the third quarter of fiscal 2023, Cogeco Connexion acquired spectrum licences in the 2500 MHz and 3500 MHz bands in Québec from another licensee, for a total purchase price of $60 million.

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

As part of its plan to extend its high-speed Internet coverage to underserved and unserved areas [1], the Corporation continued its fibre-to-the-home Internet network expansion projects in both Canada and the United States, a portion of which is done in collaboration with governments. The Corporation has added close to 101,000 homes passed during the first nine months of fiscal 2023, in addition to the 70,000 homes passed added in fiscal 2022.

Acquisition of the telecommunication operations of oxio

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

2.3 Operating environment

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

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

(1) Areas that do not have access to high-speed Internet based on the criteria established by governments, including the Internet speeds offered in those areas.

2.4 Key performance indicators

The Corporation measures its financial performance, with regard to its corporate objectives, by monitoring revenue, adjusted EBITDA [(1)], net capital expenditures [(1)] and free cash flow [(1)] on a constant currency basis [(1)]. The Corporation also measures net capital expenditures and free cash flow excluding network expansion projects [(1)] as it provides a common basis for comparing the net capital expenditures to historical net capital expenditures prior to the acceleration of the network expansion projects and for assessing the impact of the network expansion projects on the net capital expenditures and free cash flow.

Overview

For the first nine months of fiscal 2023, Cogeco's financial results were as expected. While the American telecommunications segment continued to face headwinds from the macroeconomic and nationwide competitive environments, the Canadian telecommunications segment performed well again this quarter, marked by continued organic growth in its Internet customer base and further supplemented by our oxio acquisition in March.

During the first nine months of fiscal 2023, the decrease in revenue on a constant currency basis compared to the prior year was primarily due to the revenue growth in the Canadian telecommunications segment being more than offset by the decline in the American telecommunications segment resulting from a lower customer base in Ohio over the past year. The decrease in adjusted EBITDA on a constant currency basis compared to last year was also due to the adjusted EBITDA growth in the Canadian telecommunications segment, mostly driven by revenue growth, being offset by the decline, as expected, in the American telecommunications segment, due to lower revenue.

During the first nine months of fiscal 2023, both the Canadian and American telecommunications segments continued their network expansion activities, connecting more homes and businesses to their fibre-to-the-home networks. The Corporation has added close to 101,000 homes passed, an increase of approximately 2.7% to the total number of homes passed covered by their networks. Acceleration of network expansion activities, including the high-speed Internet network expansions in Québec which are nearly complete, led to increased net capital expenditures, while reducing free cash flow, as expected. These fibre-to-the-home network expansion projects are increasing the Corporation's footprint in the provinces of Québec and Ontario and in several areas adjacent to Breezeline's network in the United States.

As Cogeco moves into the fourth quarter, we expect revenue growth while continuing with cost efficiency initiatives. Accordingly, Cogeco maintains its fiscal 2023 financial guidelines as issued on January 12, 2023.

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

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

3. Consolidated operating and financial results

3.1 Operating results

					Three months ended May 31	
					Change	
	2023 [1]	Foreign exchange impact	**2023 in constant currency** [2]	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**767,603**	(23,039)	**744,564**	754,777	**1.7**	**(1.4)**
Operating expenses	**412,144**	(13,134)	**399,010**	401,304	**2.7**	**(0.6)**
Adjusted EBITDA	**355,459**	(9,905)	**345,554**	353,473	**0.6**	**(2.2)**

(1) For fiscal 2023 third-quarter, the average foreign exchange rate used for translation was 1.3562 USD/CDN.

(2) Fiscal 2023 third-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 third-quarter, which was 1.2713 USD/CDN.

					Nine months ended May 31	
					Change	
	2023 [1]	Foreign exchange impact	**2023 in constant currency** [2]	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**2,314,484**	(71,231)	**2,243,253**	2,248,101	**3.0**	**(0.2)**
Operating expenses	**1,233,480**	(40,429)	**1,193,051**	1,191,023	**3.6**	**0.2**
Adjusted EBITDA	**1,081,004**	(30,802)	**1,050,202**	1,057,078	**2.3**	**(0.7)**

(1) For fiscal 2023 first nine months, the average foreign exchange rate used for translation was 1.3513 USD/CDN.

(2) Fiscal 2023 first nine months in constant currency is translated at the average foreign exchange rate of fiscal 2022 first nine months, which was 1.2660 USD/CDN.

Revenue

					Three months ended May 31
	2023	2022	Change	Change in constant currency	Foreign exchange impact [1]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**373,743**	362,072	3.2	3.2	—
American telecommunications	**368,042**	366,046	0.5	(5.7)	(23,039)
Cogeco Communications	**741,785**	728,118	1.9	(1.3)	(23,039)
Other	**25,818**	26,659	(3.2)	(3.2)	—
Consolidated	**767,603**	754,777	1.7	(1.4)	(23,039)

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

(In thousands of Canadian dollars, except percentages)	2023 $	2022 $	Change %	Change in constant currency %	Foreign exchange impact[1] $
				Nine months ended May 31	
Canadian telecommunications	**1,114,161**	1,079,442	3.2	3.2	—
American telecommunications	**1,126,570**	1,095,766	2.8	(3.7)	(71,231)
Cogeco Communications	**2,240,731**	2,175,208	3.0	(0.3)	(71,231)
Other	**73,753**	72,893	1.2	1.2	—
Consolidated	**2,314,484**	2,248,101	3.0	(0.2)	(71,231)

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

For the third quarter and the first nine months of fiscal 2023, revenue increased by 1.7% and 3.0% (decrease of 1.4% and 0.2% in constant currency), respectively. The decrease in constant currency for both periods is primarily attributable to:

- a lower customer base in Ohio in the American telecommunications segment and an overall decline in video and phone service customers, offset in part by a higher revenue per customer and a better product mix resulting from customers subscribing to increasingly higher Internet speeds; partly offset by
- revenue growth in the Canadian telecommunications segment, driven by the cumulative effect of high-speed Internet service additions over the past year, higher revenue per customer and revenue from the oxio acquisition completed on March 3, 2023.

Operating expenses

(In thousands of Canadian dollars, except percentages)	2023 $	2022 $	Change %	Change in constant currency %	Foreign exchange impact $
				Three months ended May 31	
Canadian telecommunications	**177,794**	166,082	7.1	6.6	(722)
American telecommunications	**197,273**	199,977	(1.4)	(7.6)	(12,412)
Corporate and eliminations	**11,306**	8,871	27.4	27.4	—
Cogeco Communications	**386,373**	374,930	3.1	(0.5)	(13,134)
Other	**25,771**	26,374	(2.3)	(2.3)	—
Consolidated	**412,144**	401,304	2.7	(0.6)	(13,134)

(In thousands of Canadian dollars, except percentages)	2023 $	2022 $	Change %	Change in constant currency %	Foreign exchange impact $
				Nine months ended May 31	
Canadian telecommunications	**521,534**	502,575	3.8	3.4	(2,058)
American telecommunications	**607,237**	584,143	4.0	(2.6)	(38,371)
Corporate and eliminations	**27,310**	25,777	5.9	5.9	—
Cogeco Communications	**1,156,081**	1,112,495	3.9	0.3	(40,429)
Other	**77,399**	78,528	(1.4)	(1.4)	—
Consolidated	**1,233,480**	1,191,023	3.6	0.2	(40,429)

For the third quarter of fiscal 2023, operating expenses increased by 2.7% (decrease of 0.6% in constant currency). The decrease in constant currency resulted primarily from:

- lower operating expenses in the American telecommunications segment, mostly due to reduced video service costs resulting from the decline in video service customers and cost reduction initiatives; partly offset by
- higher operating expenses in the Canadian telecommunications segment, mainly due to the oxio acquisition completed on March 3, 2023 and higher operating expenses to drive and support customer growth; and
- higher corporate costs, primarily due to initiatives undertaken to support the Corporation's future growth and in relation to its plan to offer mobile services in Canada.

For the first nine months of fiscal 2023, operating expenses increased by 3.6% as reported and remained stable in constant currency, mainly as a result of the Canadian telecommunications segment's increased expenses being offset by the American telecommunications segment's reduced expenses, both due to the same factors noted above.

Adjusted EBITDA

			Three months ended May 31		
	2023	2022	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**195,949**	195,990	—	0.3	722
American telecommunications	**170,769**	166,069	2.8	(3.6)	(10,627)
Corporate and eliminations	**(15,390)**	(14,445)	(6.5)	(6.5)	—
Cogeco Communications	**351,328**	347,614	1.1	(1.8)	(9,905)
Other	**4,131**	5,859	(29.5)	(29.5)	—
Consolidated	**355,459**	353,473	0.6	(2.2)	(9,905)

			Nine months ended May 31		
	2023	2022	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**592,627**	576,867	2.7	3.1	2,058
American telecommunications	**519,333**	511,623	1.5	(4.9)	(32,860)
Corporate and eliminations	**(42,194)**	(42,502)	0.7	0.7	—
Cogeco Communications	**1,069,766**	1,045,988	2.3	(0.7)	(30,802)
Other	**11,238**	11,090	1.3	1.3	—
Consolidated	**1,081,004**	1,057,078	2.3	(0.7)	(30,802)

For the third quarter of fiscal 2023, adjusted EBITDA increased by 0.6% (decrease of 2.2% in constant currency). The decrease in constant currency is mainly explained by lower adjusted EBITDA in the American telecommunications segment, primarily due to lower revenue, partly offset by reduced operating expenses, while adjusted EBITDA remained stable in the Canadian telecommunications segment.

For the first nine months of fiscal 2023, adjusted EBITDA increased by 2.3% (decrease of 0.7% in constant currency). The decrease in constant currency is mainly resulting from lower adjusted EBITDA in the American telecommunications segment, as explained above, partly offset by an increase in the Canadian telecommunications segment, mainly from revenue growth.

3.2 Acquisition, integration, restructuring and other costs

For the third quarter and the first nine months of fiscal 2023, acquisition, integration, restructuring and other costs amounted to $11.4 million and $21.0 million, respectively, mostly related to:

- costs related to the ongoing integration of past acquisitions, as well as incurred in connection with the acquisition of oxio, completed on March 3, 2023;
- following the Copyright Board preliminary conclusions of the 2016-2018 retransmission tariffs, a retroactive adjustment of $3.3 million was recognized during the third quarter, in addition to a $5.1 million adjustment recognized in the second quarter, related to higher royalty rates than expected for the period of 2016 to 2022; and
- costs associated with the configuration and customization related to cloud computing arrangements.

For the third quarter and the first nine months of fiscal 2022, acquisition, integration, restructuring and other costs amounted to $2.3 million and $22.4 million, respectively, mostly related to costs incurred in connection with the acquisition, completed on September 1, 2021, and integration of the Ohio broadband systems.

3.3 Impairment on goodwill and intangible assets

During the third quarter of fiscal 2023, the Corporation's radio operations continued to face revenue pressure due to an industry-wide reduction in radio advertising demand. Consequently, assumptions on projected earnings and cash flow growth for the Radio broadcasting cash generating unit ("CGU") were revised, also factoring in a higher discount rate. As a result, the Corporation recognized non-cash pre-tax impairment charges of $88 million within its Cogeco Media subsidiary, of which $28 million was allocated to goodwill and $60 million was allocated to indefinite-life intangible assets for broadcasting licences, as it has concluded that the recoverable amount based on value in use was less than the carrying amount of the CGU.

3.4 Depreciation and amortization

For the third quarter and the first nine months of fiscal 2023, depreciation and amortization expense amounted to $156.2 million and $467.9 million, respectively, a decrease of 6.8% and 0.8%, respectively, compared to the same periods of the prior year, mainly due to:

- last year's $11 million retrospective adjustment recognized within *Depreciation of property, plant and equipment* following changes to the Ohio acquisition's purchase price allocation during the third quarter, mainly within the property, plant and equipment's classes, as well as their estimated useful lives; partly offset by
- the appreciation of the US dollar against the Canadian dollar since last year.

3.5 Financial expense

	Three months ended May 31			Nine months ended May 31		
	2023	2022	Change	**2023**	2022	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%	**$**	$	%
Interest on long-term debt, excluding interest on lease liabilities	**67,677**	45,106	50.0	**186,978**	133,326	40.2
Interest on lease liabilities	**697**	499	39.7	**2,037**	1,627	25.2
Net foreign exchange (gain) loss	**(1,013)**	167	—	**1,470**	98	—
Amortization of deferred transaction costs related to the revolving facilities	**189**	157	20.4	**558**	553	0.9
Interest income	**(3,519)**	(202)	—	**(7,648)**	(812)	—
Other	**269**	83	—	**417**	2,112	(80.3)
	64,300	45,810	40.4	**183,812**	136,904	34.3

For the third quarter of fiscal 2023, financial expense increased by 40.4%, mainly resulting from:

- higher interest expense on the floating interest rate portion of the Senior Secured Term Loan B Facility, mainly resulting from rising interest rates;
- higher debt outstanding; and
- the appreciation of the US dollar against the Canadian dollar; partly offset by
- higher interest income resulting from investments of excess cash at higher interest rates.

For the first nine months of fiscal 2023, financial expense increased by 34.3%, mainly due to:

- higher interest expense on the floating interest rate portion of the Senior Secured Term Loan B Facility, mainly resulting from rising interest rates;
- higher usage under the Term Revolving Facilities compared to last year;
- higher debt outstanding following the issuance of the $300 million Senior Secured Notes Series 2 issued on February 16, 2023; and
- the appreciation of the US dollar against the Canadian dollar; partly offset by
- higher interest income resulting from investments of excess cash at higher interest rates; and
- lower interest expense following the reimbursement of the $200 million Senior Secured Debentures Series 3 in February 2022.

3.6 Income taxes

	Three months ended May 31			Nine months ended May 31		
	2023	2022	Change	**2023**	2022	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%	**$**	$	%
Current	**5,828**	17,651	(67.0)	**26,450**	43,349	(39.0)
Deferred	**(3,557)**	11,718	—	**34,102**	36,585	(6.8)
Income taxes	**2,271**	29,369	(92.3)	**60,552**	79,934	(24.2)
Effective income tax rate	**6.4 %**	21.3 %	(70.0)	**18.9 %**	18.8 %	0.5

For the third quarter and the first nine months of fiscal 2023, income tax expense decreased by 92.3% and 24.2%, respectively, mainly due to:

- the tax impact in connection with the $88 million non-cash impairment charges related to the radio operations;
- higher tax benefits related to the financing costs in connection with past acquisitions; and
- the decrease in profit before income taxes.

In addition, last year's income tax expense was favorably impacted by an $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.

Current income taxes were lower in both periods of fiscal 2023 compared to the same periods of the prior year mainly resulting from higher tax benefits related to the financing costs in connection with past acquisitions and the variation in temporary differences.

3.7 Profit for the period

	Three months ended May 31			Nine months ended May 31		
	2023	2022	Change	**2023**	2022	Change
(In thousands of Canadian dollars, except percentages and earnings per share)	**$**	$	%	**$**	$	%
Profit for the period	**33,314**	108,456	(69.3)	**259,714**	346,376	(25.0)
(Loss) profit for the period attributable to owners of the Corporation	**(34,473)**	37,493	—	**41,396**	112,675	(63.3)
Profit for the period attributable to non-controlling interest [1]	**67,787**	70,963	(4.5)	**218,318**	233,701	(6.6)
Adjusted profit attributable to owners of the Corporation [2]	**37,921**	38,009	(0.2)	**116,292**	117,225	(0.8)
Basic (loss) earnings per share	**(2.22)**	2.38	—	**2.65**	7.11	(62.7)
Diluted (loss) earnings per share	**(2.22)**	2.37	—	**2.64**	7.07	(62.7)
Adjusted diluted earnings per share [2]	**2.43**	2.40	1.3	**7.41**	7.35	0.8

(1) At May 31, 2023, the non-controlling interest relates to a participation of approximately 64.7% in the profit for the period attributable to owners of Cogeco Communications in addition to the 21% ownership of Caisse de dépôt et placement du Québec ("CDPQ") in a U.S. subsidiary of Cogeco Communications.

(2) Adjusted profit attributable to owners of the Corporation is a non-IFRS financial measure. Adjusted diluted earnings per share is a non-IFRS ratio. These indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on these financial measures, please consult the "Non-IFRS and other financial measures" section.

For the third quarter of fiscal 2023, profit for the period decreased by 69.3%, while the loss for the period attributable to owners of the Corporation amounted to $34.5 million, a decrease of $72.0 million compared to a profit last year, mainly due to:

- non-cash impairment charges of $88 million related to the radio operations;
- higher financial expense; and
- higher acquisition, integration, restructuring and other costs; partly offset by
- lower depreciation and amortization expense;
- lower income taxes; and
- the impact of the appreciation of the US dollar against the Canadian dollar.

For the first nine months of fiscal 2023, profit for the period and profit for the period attributable to owners of the Corporation decreased by 25.0% and 63.3%, respectively, mainly as a result of:

- non-cash impairment charges of $88 million related to the radio operations; and
- higher financial expense; partly offset by
- the impact of the appreciation of the US dollar against the Canadian dollar.

For the third quarter of fiscal 2023, adjusted profit attributable to owners of the Corporation, which excludes the impact of non-cash impairment charges and acquisition, integration, restructuring and other costs, net of tax and non-controlling interest, remained comparable to last year, while it decreased by 0.8% for the first nine months of fiscal 2023 compared to the same period of last year.

4. Segmented operating and financial results

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

4.1 Canadian telecommunications

Operating and financial results

	Three months ended May 31					
					Change	
	2023 [1]	Foreign exchange impact	**2023 in constant currency** [2]	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**373,743**	—	**373,743**	362,072	**3.2**	**3.2**
Operating expenses	**177,794**	(722)	**177,072**	166,082	**7.1**	**6.6**
Adjusted EBITDA	**195,949**	722	**196,671**	195,990	**—**	**0.3**
Adjusted EBITDA margin [3]	**52.4 %**			54.1 %		
Net capital expenditures	**84,415**	(1,566)	**82,849**	100,730	**(16.2)**	**(17.8)**
Capital intensity [3]	**22.6 %**			27.8 %		

(1) For fiscal 2023 third-quarter, the average foreign exchange rate used for translation was 1.3562 USD/CDN.

(2) Fiscal 2023 third-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 third-quarter, which was 1.2713 USD/CDN.

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

	Nine months ended May 31					
					Change	
	2023 [1]	Foreign exchange impact	**2023 in constant currency** [2]	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**1,114,161**	—	**1,114,161**	1,079,442	**3.2**	**3.2**
Operating expenses	**521,534**	(2,058)	**519,476**	502,575	**3.8**	**3.4**
Adjusted EBITDA	**592,627**	2,058	**594,685**	576,867	**2.7**	**3.1**
Adjusted EBITDA margin [3]	**53.2 %**			53.4 %		
Net capital expenditures	**281,036**	(8,477)	**272,559**	235,964	**19.1**	**15.5**
Capital intensity [3]	**25.2 %**			21.9 %		

(1) For fiscal 2023 first nine months, the average foreign exchange rate used for translation was 1.3513 USD/CDN.

(2) Fiscal 2023 first nine months in constant currency is translated at the average foreign exchange rate of fiscal 2022 first nine months, which was 1.2660 USD/CDN.

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

Revenue

For the third quarter and the first nine months of fiscal 2023, revenue increased by 3.2% in both periods, as reported and in constant currency, mainly as a result of:

- a higher Internet service customer base and revenue per customer; and
- the oxio acquisition completed on March 3, 2023; partly offset by
- an overall decline in video and phone service customers.

Operating expenses

For the third quarter and the first nine months of fiscal 2023, operating expenses increased by 7.1% and 3.8% (6.6% and 3.4% in constant currency), respectively, mainly due to:

- the oxio acquisition completed on March 3, 2023; and
- higher operating expenses to drive and support customer growth; partly offset by
- some efficiencies resulting from the organizational changes implemented in the fourth quarter of fiscal 2022.

Adjusted EBITDA

For the third quarter of fiscal 2023, adjusted EBITDA remained stable as reported and in constant currency, mainly due to the revenue growth being offset by higher operating expenses to drive customer growth. For the first nine months of fiscal 2023, adjusted EBITDA increased by 2.7% (3.1% in constant currency), resulting from revenue growth, partly offset by increased operating expenses to drive customer growth.

Net capital expenditures and capital intensity

For the third quarter of fiscal 2023, net capital expenditures decreased by 16.2% (17.8% in constant currency), mainly due to reduced spending.

For the first nine months of fiscal 2023, net capital expenditures increased by 19.1% (15.5% in constant currency), mainly due to the acceleration of construction efforts and higher purchases of customer premise equipment related to high-speed Internet network expansions in Québec, which started to wind down in the third quarter of fiscal 2023.

For the third quarter and the first nine months of fiscal 2023, capital intensity was 22.6% and 25.2% compared to 27.8% and 21.9% for the same periods of fiscal 2022. The capital intensity decrease for the third quarter is mainly due to lower capital expenditures as explained above, whereas the capital intensity increase for the first nine months is due to higher net capital expenditures, related to network expansion projects in the first two quarters, partly offset by revenue growth.

Primary service unit and customer statistics

		Net additions (losses) Three months ended May 31		Net additions (losses) Nine months ended May 31	
	May 31, 2023	**2023** [1]	2022	**2023** [1]	2022
Primary service units	**1,867,317**	**6,292**	(7,907)	**(3,418)**	(13,577)
Internet service customers [2]	**840,662**	**11,144**	2,893	**21,406**	13,294
Video service customers	**639,920**	**(3,790)**	(6,357)	**(16,386)**	(15,922)
Phone service customers	**386,735**	**(1,062)**	(4,443)	**(8,438)**	(10,949)

(1) Excludes the 52,577 opening primary service units (46,656 Internet services, 3,716 video services and 2,205 phone services) from the acquisition of oxio as at March 3, 2023.

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

Primary service units

Internet

For the third quarter and the first nine months of fiscal 2023, Internet service customers net additions of 11,144 and 21,406, respectively, resulted primarily from organic growth in our traditional markets, and customer additions in fibre-to-the-home network expansions and under the oxio brand since the acquisition.

Video

For the third quarter and the first nine months of fiscal 2023, video service customers net losses of 3,790 and 16,386, respectively, were mainly due to ongoing changes in video consumption trends, further impacted by the current inflationary environment, with an increasing proportion of customers only subscribing to Internet services, partly offset by additions in network expansion areas.

Phone

For the third quarter and the first nine months of fiscal 2023, phone service customers net losses of 1,062 and 8,438, respectively, were mainly due to a higher mobile phone substitution in the context of a higher inflationary environment, partly offset by additions in network expansions areas.

Distribution of customers

At May 31, 2023, 65% of the Canadian telecommunications segment's customers subscribed to "double play" or "triple play" bundled services.

Homes passed [1]

For the third quarter and the first nine months of fiscal 2023, homes passed additions were 15,397 and 50,454, respectively, representing a 2.5% increase on a year to date basis.

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(1) Homes passed represents the number of serviceable homes and businesses which can be connected to the Corporation's broadband distribution network in the geographic area where the Corporation's services are offered.

4.2 American telecommunications

Operating and financial results

					Three months ended May 31	
					Change	
	2023 [1]	Foreign exchange impact	2023 in constant currency [2]	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	368,042	(23,039)	345,003	366,046	0.5	(5.7)
Operating expenses	197,273	(12,412)	184,861	199,977	(1.4)	(7.6)
Adjusted EBITDA	170,769	(10,627)	160,142	166,069	2.8	(3.6)
Adjusted EBITDA margin [3]	46.4 %			45.4 %		
Net capital expenditures	82,923	(5,195)	77,728	81,424	1.8	(4.5)
Capital intensity [3]	22.5 %			22.2 %		

(1) For fiscal 2023 third-quarter, the average foreign exchange rate used for translation was 1.3562 USD/CDN.

(2) Fiscal 2023 third-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 third-quarter, which was 1.2713 USD/CDN.

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

					Nine months ended May 31	
					Change	
	2023 [1]	Foreign exchange impact	2023 in constant currency [2]	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	1,126,570	(71,231)	1,055,339	1,095,766	2.8	(3.7)
Operating expenses	607,237	(38,371)	568,866	584,143	4.0	(2.6)
Adjusted EBITDA	519,333	(32,860)	486,473	511,623	1.5	(4.9)
Adjusted EBITDA margin [3]	46.1 %			46.7 %		
Net capital expenditures	236,422	(14,962)	221,460	227,829	3.8	(2.8)
Capital intensity [3]	21.0 %			20.8 %		

(1) For fiscal 2023 first nine months, the average foreign exchange rate used for translation was 1.3513 USD/CDN.

(2) Fiscal 2023 first nine months in constant currency is translated at the average foreign exchange rate of fiscal 2022 first nine months, which was 1.2660 USD/CDN.

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

Revenue

For the third quarter and the first nine months of fiscal 2023, revenue increased by 0.5% and 2.8% (decrease of 5.7% and 3.7% in constant currency), respectively. The decreases in constant currency for both periods resulted mainly from:

- a lower customer base in Ohio over the past year and an overall decline in video and phone service customers; partly offset by
- a higher revenue per customer and a better product mix resulting from customers subscribing to increasingly higher Internet speeds.

In local currency, revenue amounted to US$271.4 million and US$833.7 million compared to US$287.9 million and US$865.5 million for the same periods of fiscal 2022.

Operating expenses

For the third quarter of fiscal 2023, operating expenses decreased by 1.4% (7.6% in constant currency). For the first nine months of fiscal 2023, operating expenses increased by 4.0% (decrease of 2.6% in constant currency). The decrease in constant currency in both periods is mainly due to:

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

Adjusted EBITDA

For the third quarter and the first nine months of fiscal 2023, adjusted EBITDA increased by 2.8% and 1.5% (decrease of 3.6% and 4.9% in constant currency), respectively. The decrease in constant currency in both periods is primarily due to lower revenue resulting from a lower customer base, as explained above, partly offset by reduced operating expenses.

In local currency, adjusted EBITDA amounted to US$125.9 million and US$384.3 million compared to US$130.6 million and US$404.1 million for the same periods of fiscal 2022.

Net capital expenditures and capital intensity

For the third quarter and the first nine months of fiscal 2023, net capital expenditures increased by 1.8% and 3.8% (decrease of 4.5% and 2.8% in constant currency), respectively, compared to the same periods of the prior year. The decrease in constant currency in both periods is mainly due to the timing of certain initiatives.

In local currency, net capital expenditures amounted to US$61.1 million and US$174.9 million compared to US$64.1 million and US$179.9 million for the same periods of fiscal 2022.

For the third quarter and the first nine months of fiscal 2023, capital intensity was 22.5% and 21.0%, respectively, compared to 22.2% and 20.8% for the same periods of fiscal 2022. Capital intensity increases for both periods are mainly explained by lower revenue, partly offset by lower net capital expenditures, both in constant currency.

Primary service unit and customer statistics

		Net additions (losses)		Net additions (losses)	
		Three months ended May 31		Nine months ended May 31	
	May 31, 2023	**2023**	2022 [1]	**2023** [1]	2022 [1] [2]
Primary service units	**1,120,931**	**(14,209)**	(13,300)	**(67,716)**	(39,980)
Internet service customers	**680,785**	**(6,734)**	(2,100)	**(26,653)**	653
Video service customers	**296,952**	**(3,732)**	(6,709)	**(26,086)**	(27,800)
Phone service customers	**143,194**	**(3,743)**	(4,491)	**(14,977)**	(12,833)

(1) During the third quarter of fiscal 2023, Internet service customers have been adjusted following a change in Breezeline's system. This change has been applied retrospectively to the comparative figures.

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

Primary service units

Internet

For the third quarter and the first nine months of fiscal 2023, Internet service customers net losses amounted to 6,734 and 26,653, of which 4,053 and 19,895 were pertaining to Ohio, respectively. The net losses in Ohio were mainly due to a more competitive market and the time required to gain brand awareness. Internet customer variations in other regions also reflect a more competitive environment.

Video

For the third quarter and the first nine months of fiscal 2023, video service customers net losses of 3,732 and 26,086, respectively, were mainly due to:

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

Phone

For the third quarter and the first nine months of fiscal 2023, phone service customers net losses of 3,743 and 14,977, respectively, were mainly due to:

- the continued emphasis on offers that are Internet led; and
- a higher mobile phone substitution in the context of a higher inflationary environment.

Distribution of customers

At May 31, 2023, 34% of the American telecommunications segment's customers subscribed to "double play" or "triple play" bundled services. In recent years, the customer mix from double and triple play bundles has decreased which is in line with the Internet led strategy of focusing on higher margin Internet services.

Homes passed [(1)]

For the third quarter and the first nine months of fiscal 2023, homes passed additions were 15,525 and 50,226, respectively, representing a 3.0% increase on a year to date basis.

5. Related party transactions

Cogeco held, as of May 31, 2023, 35.3% of Cogeco Communications' equity shares, representing 84.5% of the votes attached to Cogeco Communications' voting shares.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the third quarter and the first nine months of fiscal 2023, management fees paid by Cogeco Communications amounted to $4.1 million and $14.9 million, respectively, compared to $5.6 million and $16.7 million for the same periods of fiscal 2022.

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

	Nine months ended May 31	
(In number of units)	**2023**	2022
Stock options	**79,348**	78,700
PSUs	**14,283**	11,775

(1) Homes passed represents the number of serviceable homes and businesses which can be connected to the Corporation's broadband distribution network in the geographic area where the Corporation's services are offered.

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

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Stock options	**282**	280	**878**	889
PSUs	**242**	265	**622**	905
DSUs	**—**	(22)	**(100)**	(101)
	524	523	**1,400**	1,693

6. Cash flow analysis

	Three months ended May 31			Nine months ended May 31		
	2023	2022	Change	**2023**	2022	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%	**$**	$	%
Cash flows from operating activities	**283,180**	355,681	(20.4)	**683,844**	931,791	(26.6)
Cash flows used in investing activities	**(344,091)**	(197,358)	74.3	**(751,776)**	(2,165,558)	(65.3)
Cash flows from (used in) financing activities	**70,649**	(121,802)	—	**46,398**	1,061,237	(95.6)
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	**56**	(905)	—	**8,198**	(206)	—
Net change in cash and cash equivalents	**9,794**	35,616	(72.5)	**(13,336)**	(172,736)	(92.3)
Cash and cash equivalents, beginning of the period	**355,871**	343,616	3.6	**379,001**	551,968	(31.3)
Cash and cash equivalents, end of the period	**365,665**	379,232	(3.6)	**365,665**	379,232	(3.6)

6.1 Operating activities

For the third quarter and the first nine months of fiscal 2023, cash flows from operating activities decreased by 20.4% and 26.6%, respectively, mainly due to:

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

6.2 Investing activities

For the third quarter of fiscal 2023, cash flows used in investing activities increased by 74.3%, mainly as a result of:

- cash flows used in connection with the acquisition of oxio, which was completed on March 3, 2023; and
- the $60 million payment made to acquire spectrum licenses in the 2500 MHz and 3500 MHz bands in Québec from another licensee; partly offset by
- the decrease in acquisition of property, plant and equipment, following reduced spending as Cogeco Connexion's network expansion activities in Québec started to wind down in the third quarter of fiscal 2023.

For the first nine months of fiscal 2023, cash flows used in investing activities decreased by 65.3%, mainly due to:

- cash flows used in connection with the acquisition of Ohio broadband systems last year; and
- the $236 million final payment made last year to acquire 38 spectrum licences in the 3500 MHz band auction; partly offset by
- cash flows used in connection with the acquisition of oxio, which was completed on March 3, 2023;
- the $60 million payment made to acquire spectrum licenses in the 2500 MHz and 3500 MHz bands in Québec from another licensee; and
- the increase in acquisition of property, plant and equipment, following accelerated network expansion activities in the first half of fiscal 2023 in the Canadian telecommunications segment.

Acquisition of property, plant and equipment, net capital expenditures and capital intensity

	Three months ended May 31				Nine months ended May 31			
	2023	2022	Change	Change in constant currency	**2023**	2022	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	**$**	$	%	%
Acquisition of property, plant and equipment	**190,121**	198,271	(4.1)		**598,803**	502,753	19.1	
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period [(1)]	**(19,863)**	(15,164)	31.0		**(74,371)**	(35,662)	—	
Net capital expenditures	**170,258**	183,107	(7.0)	(10.7)	**524,432**	467,091	12.3	7.3
Net capital expenditures, excluding network expansion projects [(2)]	**138,427**	144,448	(4.2)	(8.2)	**384,525**	371,434	3.5	(1.3)

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

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

Net capital expenditures and capital intensity

	Three months ended May 31				Nine months ended May 31			
	2023	2022	Change	Change in constant currency [1]	**2023**	2022	Change	Change in constant currency [1]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	**$**	$	%	%
Canadian telecommunications	**84,415**	100,730	(16.2)	(17.8)	**281,036**	235,964	19.1	15.5
Capital intensity	**22.6 %**	27.8 %			**25.2 %**	21.9 %		
American telecommunications	**82,923**	81,424	1.8	(4.5)	**236,422**	227,829	3.8	(2.8)
Capital intensity	**22.5 %**	22.2 %			**21.0 %**	20.8 %		
Corporate and eliminations	**2,455**	27	—	—	**5,431**	1,611	—	—
Cogeco Communications	**169,793**	182,181	(6.8)	(10.5)	**522,889**	465,404	12.4	7.3
Capital intensity	**22.9 %**	25.0 %			**23.3 %**	21.4 %		
Other	**465**	926	(49.8)	(49.8)	**1,543**	1,687	(8.5)	(8.5)
Consolidated	**170,258**	183,107	(7.0)	(10.7)	**524,432**	467,091	12.3	7.3

(1) Fiscal 2023 third-quarter and first nine months in constant currency are translated at the average foreign exchange rate of fiscal 2022 third-quarter and first nine months, which were 1.2713 and 1.2660 USD/CDN, respectively.

Net capital expenditures and capital intensity excluding network expansion projects

	Three months ended May 31				Nine months ended May 31			
	2023	2022	Change	Change in constant currency	**2023**	2022	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	**$**	$	%	%
Cogeco Communications	**137,962**	143,522	(3.9)	(7.9)	**382,982**	369,747	3.6	(1.2)
Capital intensity, excluding network expansion projects [1]	**18.6 %**	19.7 %			**17.1 %**	17.0 %		
Other	**465**	926	(49.8)	(49.8)	**1,543**	1,687	(8.5)	(8.5)
Consolidated	**138,427**	144,448	(4.2)	(8.2)	**384,525**	371,434	3.5	(1.3)

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

For the third quarter of fiscal 2023, net capital expenditures decreased by 7.0% (10.7% in constant currency), mainly due to lower capital expenditures following reduced spending, mostly in the Canadian telecommunications segment.

For the first nine months of fiscal 2023, net capital expenditures increased by 12.3% (7.3% in constant currency), mainly due to:

- higher capital expenditures in the Canadian telecommunications segment following the acceleration of construction efforts and higher purchases of customer premise equipment related to high-speed Internet network expansions in Québec, which started to wind down in the third quarter of fiscal 2023; partly offset by
- lower capital expenditures in the American telecommunications segment primarily due to the timing of certain initiatives.

Excluding network expansion projects, net capital expenditures decreased by 4.2% (8.2% in constant currency) for the third quarter of fiscal 2023, while for the first nine months of fiscal 2023, net capital expenditures increased by 3.5% (decrease of 1.3% in constant currency).

For the third quarter and the first nine months of fiscal 2023, capital intensity of Cogeco Communications was 22.9% and 23.3%, respectively, compared to 25.0% and 21.4% for the same periods of the prior year. The capital intensity decrease for the third quarter is mainly due to lower capital expenditures as explained above, whereas the capital intensity increase for the first nine months is due to higher net capital expenditures in the Canadian telecommunications segment as explained above, partly offset by revenue growth. Excluding network expansion projects, the third quarter and the first nine months of fiscal 2023 capital intensity of Cogeco Communications was 18.6% and 17.1% compared to 19.7% and 17.0% for the same periods of the prior year.

6.3 Financing activities

Issuance and repayment of debt

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

	Three months ended May 31		Nine months ended May 31		
	2023	2022	**2023**	2022	Explanations
(In thousands of Canadian dollars)	**$**	$	**$**	$	
Increase in bank indebtedness	**24,917**	14,123	**16,284**	10,370	Related to the timing of payments made to suppliers.
Net increase (decrease) under the revolving facilities	**388,576**	(62,172)	**281,191**	(106,398)	Funds used mainly to repay the $300 million Senior Secured Debentures Series 4, which matured in May 2023, and to finance the oxio and spectrum licence acquisitions during the third quarter of fiscal 2023, partly offset by the repayment of amounts drawn under the revolving facilities using net proceeds from the issuance of the $300 million Senior Secured Notes Series 2 during the second quarter of fiscal 2023.
Issuance of long-term debt, net of discounts and transaction costs	**—**	—	**298,056**	1,611,303	Related to the issuance of the $300 million Senior Secured Notes Series 2 during the second quarter of fiscal 2023. Last year's debt issuance was mainly related to the Ohio broadband systems acquisition completed in the first quarter of fiscal 2022, which was financed in part through the issuance of a US$900 million Senior Secured Term B loan, and the issuance of $500 million Senior Secured Notes.
Repayment of notes, debentures and credit facilities	**(308,822)**	(8,221)	**(326,448)**	(254,379)	Related to the repayment of the $300 million Senior Secured Debentures Series 4 during the third quarter of fiscal 2023 and the quarterly repayments on the Senior Secured Term Loan B Facility, with quarterly repayments on Tranche 2 starting in May 2022. Last year also included the repayment of the $200 million Senior Secured Debentures Series 3, which matured in February 2022, and of the $35 million Unsecured Debentures, which matured in November 2021.
Repayment of lease liabilities	**(1,712)**	(1,595)	**(5,364)**	(4,218)	Comparable.
Repayment of balance due on business combinations	**—**	(3,162)	**—**	(3,162)	Related to the Ohio broadband systems acquisition, which was paid during the third quarter of fiscal 2022.
Increase in deferred transaction costs	**—**	—	**(338)**	(795)	Related to the amendments of the revolving facilities.
	102,959	(61,027)	**263,381**	1,252,721	

Dividends

During the third quarter of fiscal 2023, a quarterly eligible dividend of $0.731 per share was paid to the holders of multiple and subordinate voting shares, totalling $11.2 million, compared to a quarterly eligible dividend of $0.625 per share, or $9.9 million, in the third quarter of fiscal 2022. Dividend payments in the first nine months of fiscal 2023 totalled $2.193 per share or $33.9 million compared to $1.875 or $29.7 million in the prior year.

Normal course issuer bid ("NCIB")

Cogeco

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

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at May 31, 2023
2023 NCIB	January 18, 2023	January 17, 2024	325,000	121,600
2022 NCIB	January 18, 2022	January 17, 2023	325,000	268,086

The following table provides the NCIB purchases for the three and nine-month periods ended May 31, 2023 and 2022:

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$	**$**	$
Subordinate voting shares purchased and cancelled	**21,500**	37,014	**166,784**	191,402
Weighted average purchase price per share	**57.91**	76.70	**58.54**	79.30
Purchase costs	**1,245**	2,839	**9,763**	15,178

Cogeco Communications

On May 1, 2023, Cogeco Communications announced that the Toronto Stock Exchange (the "TSX") accepted the renewal of its notice of intention for a NCIB, enabling it to acquire for cancellation up to 1,776,125 subordinate voting shares from May 4, 2023 to May 3, 2024, representing approximately 10% of the public float of the Corporation's issued and outstanding subordinate shares as of April 24, 2023.

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at May 31, 2023
2023 NCIB	May 4, 2023	May 3, 2024	1,776,125	—
2022 NCIB [1]	May 4, 2022	May 3, 2023	1,960,905	1,825,168
2021 NCIB	May 4, 2021	May 3, 2022	2,068,000	958,125

(1) On November 24, 2022, Cogeco Communications received the approval of the TSX to amend its 2022 normal course issuer bid in order to increase the maximum number of its subordinate voting shares that may be repurchased for cancellation from 1,500,000 to 1,960,905, representing 10% of the 19,609,056 subordinate voting shares that constituted the public float of Cogeco Communications' issued and outstanding subordinate voting shares as of the reference date of April 22, 2022. No other terms of the NCIB had been amended.

The following table provides the NCIB purchases for the three and nine-month periods ended May 31, 2023 and 2022:

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$	**$**	$
Subordinate voting shares purchased and cancelled	**—**	294,800	**1,357,368**	758,225
Weighted average purchase price per share	**—**	103.65	**74.43**	104.59
Purchase costs	**—**	30,556	**101,033**	79,305

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

6.4 Free cash flow

				Three months ended May 31	
	2023 [1]	2022	Change	Change in constant currency [2]	Foreign exchange impact [2]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Adjusted EBITDA	**355,459**	353,473	0.6	(2.2)	(9,905)
Amortization of deferred transaction costs and discounts on long-term debt	**3,353**	2,944	13.9		
Share-based payment	**2,012**	2,757	(27.0)		
Gain on disposals and write-offs of property, plant and equipment	**(187)**	(327)	(42.8)		
Defined benefit plans expense, net of contributions	**217**	556	(61.0)		
Acquisition, integration, restructuring and other costs	**(11,377)**	(2,286)	—		
Financial expense	**(64,300)**	(45,810)	40.4		
Current income taxes	**(5,828)**	(17,651)	(67.0)		
Net capital expenditures	**(170,258)**	(183,107)	(7.0)		
Repayment of lease liabilities	**(1,712)**	(1,595)	7.3		
Free cash flow	**107,379**	108,954	(1.4)	(1.1)	370
Free cash flow, excluding network expansion projects [3]	**139,210**	147,613	(5.7)	(6.1)	(606)

(1) For fiscal 2023 third-quarter, the average foreign exchange rate used for translation was 1.3562 USD/CDN.

(2) Fiscal 2023 third-quarter in constant currency is translated at the average foreign exchange rate of fiscal 2022 third-quarter, which was 1.2713 USD/ CDN.

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

				Nine months ended May 31	
	2023 [1]	2022	Change	Change in constant currency [2]	Foreign exchange impact [2]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Adjusted EBITDA	**1,081,004**	1,057,078	2.3	(0.7)	(30,802)
Amortization of deferred transaction costs and discounts on long-term debt	**9,460**	8,896	6.3		
Share-based payment	**6,018**	7,793	(22.8)		
Gain on disposals and write-offs of property, plant and equipment	**(428)**	(1,476)	(71.0)		
Defined benefit plans expense, net of contributions	**203**	120	69.2		
Acquisition, integration, restructuring and other costs	**(21,006)**	(22,372)	(6.1)		
Financial expense	**(183,812)**	(136,904)	34.3		
Current income taxes	**(26,450)**	(43,349)	(39.0)		
Net capital expenditures	**(524,432)**	(467,091)	12.3		
Repayment of lease liabilities	**(5,364)**	(4,218)	27.2		
Free cash flow	**335,193**	398,477	(15.9)	(15.3)	2,353
Free cash flow, excluding network expansion projects [3]	**475,100**	494,134	(3.9)	(4.5)	(3,307)

(1) For fiscal 2023 first nine months, the average foreign exchange rate used for translation was 1.3513 USD/CDN.

(2) Fiscal 2023 first nine months in constant currency is translated at the average foreign exchange rate of fiscal 2022 first nine months, which was 1.2660 USD/CDN.

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

For the third quarter of fiscal 2023, free cash flow decreased by 1.4% (1.1% in constant currency) mainly due to:

- higher financial expense;
- higher acquisition, integration, restructuring and other costs; and
- lower adjusted EBITDA; partly offset by
- lower net capital expenditures; and
- lower current income taxes.

For the first nine months of fiscal 2023, free cash flow decreased by 15.9% (15.3% in constant currency). The variation in constant currency is mainly due to:

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

Excluding network expansion projects, the third-quarter and the first nine months of fiscal 2023 free cash flow amounted to $139.2 million and $475.1 million ($138.6 million and $471.8 million in constant currency), respectively, a decrease of 5.7% and 3.9% (6.1% and 4.5% in constant currency), respectively, compared to the same periods of the prior year.

6.5 Dividend declaration

At its July 13, 2023 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.731 per share for multiple and subordinate voting shares, payable on August 10, 2023 to shareholders of record on July 27, 2023. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

7. Financial position

7.1 Working capital

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

The variations are as follows:

(In thousands of Canadian dollars)	**May 31, 2023** **$**	August 31, 2022 $	Change $	Explanations
Current assets				
Cash and cash equivalents	**365,665**	379,001	(13,336)	Refer to the "Cash flows analysis" section.
Trade and other receivables	**144,847**	123,617	21,230	Mainly related to the timing of collection of trade and other receivables, combined with the appreciation of the US dollar against the Canadian dollar.
Income taxes receivable	**32,124**	7,581	24,543	Related to the payment of income tax instalments which were higher than the income taxes expense for the nine-month period due to a decrease in current income taxes, partly offset by income tax refunds received.
Prepaid expenses and other	**46,134**	41,830	4,304	Mainly related to the increase in prepayments for annual services agreements made during the first quarter of fiscal 2023 and the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	**11,075**	3,465	7,610	Mainly related to interest swap tranches maturing in January 2024, reclassified as current.
	599,845	555,494	44,351	
Current liabilities				
Bank indebtedness	**24,917**	8,633	16,284	Refer to the "Cash flows analysis" section.
Trade and other payables	**324,950**	396,480	(71,530)	Mainly related to the timing of payments made to suppliers, partly offset by the appreciation of the US dollar against the Canadian dollar.
Provisions	**32,854**	28,942	3,912	Mainly related to the retroactive adjustments recognized during the second and third quarters of fiscal 2023 following the Copyright Board preliminary conclusions of the 2016-2018 retransmission tariffs, partly offset by the payment of restructuring costs previously recognized.
Income tax liabilities	**414**	39,251	(38,837)	Related to the final payment of income tax balances for fiscal 2022.
Contract liabilities and other liabilities	**60,035**	64,221	(4,186)	Not significant.
Government subsidies received in advance	**58,037**	127,851	(69,814)	Related to the network construction progress in Québec.
Derivative financial instruments	**1,483**	2,273	(790)	Not significant.
Current portion of long-term debt	**43,064**	340,468	(297,404)	Mainly related to the repayment of the $300 million Senior Secured Debentures Series 4, which matured in May 2023.
	545,754	1,008,119	(462,365)	
Working capital surplus (deficiency)	**54,091**	(452,625)	506,716	

7.2 Other significant changes

(In thousands of Canadian dollars)	May 31, 2023 $	August 31, 2022 $	Change $	Explanations
Non-current assets				
Property, plant and equipment	**3,235,396**	3,061,177	174,219	Mainly related to capital investments made during the first nine months of fiscal 2023, the appreciation of the US dollar against the Canadian dollar and the acquisition of oxio, partly offset by the depreciation expense for the period.
Intangible assets	**3,714,587**	3,656,790	57,797	Mainly related to the appreciation of the US dollar against the Canadian dollar, the spectrum licences acquired for a total purchase price of $60 million and the acquisition of oxio, partly offset by the non-cash impairment charges related to the radio operations, of which $60 million were allocated to indefinite-life intangible assets for broadcasting licenses and the amortization expense for the period.
Goodwill	**2,127,536**	2,010,510	117,026	Related to the acquisition of oxio and the appreciation of the US dollar against the Canadian dollar, partly offset by the non-cash impairment charges related to the radio operations, of which $28 million were allocated to goodwill.
Non-current liabilities				
Long-term debt	**5,105,833**	4,398,142	707,691	Mainly related to the issuance of the $300 million Senior Secured Notes Series 2, amounts drawn under the Term Revolving Facilities and the appreciation of the US dollar against the Canadian dollar, partly offset by the quarterly repayments on the Senior Secured Term B Facility.
Deferred tax liabilities	**820,300**	773,036	47,264	Mainly related to the timing of temporary differences, the tax impact in connection with the $88 million non-cash impairment charges related to the radio operations and the appreciation of the US dollar against the Canadian dollar.

8. Capital resources and liquidity

8.1 Capital structure

The table below summarizes the Corporation's available liquidity:

(In thousands of Canadian dollars)	At May 31, 2023 $	At August 31, 2022 $
Cash and cash equivalents	**365,665**	379,001
Cash with restrictions on use [1]	**(58,037)**	(127,851)
Amounts available under revolving credit facilities [2]	**597,000**	888,276
Available liquidity [3]	**904,628**	1,139,426

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

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

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

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

Cogeco Communications

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

	May 31, 2023	August 31, 2022
Net indebtedness / adjusted EBITDA ratio [1] [2]	**3.4**	3.2
Adjusted EBITDA / financial expense ratio [1] [2]	**6.1**	7.4

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

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

At May 31, 2023, Cogeco Communications' weighted average cost of indebtedness, excluding the amortization of deferred transaction costs and commitment fees but including the impact of interest rate swaps, was 5.1%. The overall debt's weighted average term to maturity was 3.9 years.

8.2 Outstanding share data

A description of Cogeco's share data at June 30, 2023 is presented in the table below. Additional details are provided in Note 13 A) of the condensed interim consolidated financial statements.

(In thousands of Canadian dollars, except number of shares)	Number of shares	Amount $
Common shares		
Multiple voting shares	**1,602,217**	**10**
Subordinate voting shares	**14,009,952**	**112,118**

8.3 Financing

Upon maturity on May 26, 2023, Cogeco Communications reimbursed its Senior Secured Debentures Series 4. On May 25, 2023, Cogeco Communications First Lien Credit Facilities were amended in order to replace the benchmark interest rate from US LIBOR to the Secured Overnight Financing Rate ("SOFR"). The interest derivatives associated with Tranche 1 and 2 of the Senior Secured Term Loan B Facility were also transitioned to substantially similar interest derivatives referencing the SOFR.

On May 19, 2023, Cogeco amended its $100 million Term Revolving Facility, replacing US LIBOR with the SOFR as the benchmark interest rate. The amendment also introduced fallback provisions with regard to the transition of the benchmark interest rate from Canadian Dollar Offered Rate ("CDOR") to Canadian Overnight Repo Rate Average ("CORRA") when CDOR will be discontinued.

On February 16, 2023, Cogeco Communications completed, pursuant to a private placement, the issuance of $300 million senior secured notes, bearing interest at 5.299% and maturing in February 2033. Cogeco Communications used the net proceeds of the offering to repay existing indebtedness and for other general corporate purposes.

On December 21, 2022, Cogeco Communications amended its $750 million Term Revolving Facility to extend the maturity by one additional year to January 24, 2028. The amendment also replaced US LIBOR with SOFR as the benchmark interest rate. Furthermore, in December 2022, Cogeco Communications entered into a 20-year senior unsecured non-revolving facility, having an aggregate principal amount of up to $38.1 million, with the Canada Infrastructure Bank. The credit facility can only be drawn to finance the network expansion projects undertaken in connection with Ontario's Accelerated High Speed Internet Program. At May 31, 2023, the facility was undrawn.

Performance and payment bonds

At May 31, 2023, Cogeco Communications had $157.9 million of performance and payment bonds outstanding, issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program (AHSIP).

8.4 Cogeco Communications' credit ratings

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

At May 31, 2023	S&P	DBRS	Moody's
Cogeco Communications			
Senior Secured Notes and Debentures	**BBB-**	**BBB (low)**	**NR**
Corporate credit issuer default rating	**BB+**	**BB (high)**	**NR**
U.S. subsidiaries			
First Lien Credit Facilities	**BB**	**NR**	**B1**
Corporate credit issuer default rating	**BB**	**NR**	**B1**

NR : Not rated

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

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

8.5 Financial risk management

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

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at May 31, 2023 is "A" by Standard & Poor's rating services ("S&P"). In the current volatile financial market environment, management continues to monitor its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

At May 31, 2023, the Corporation had used $44.1 million of its $100 million Term Revolving Facility and an amount of $409.4 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $55.9 million and $340.6 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $204.0 million (US$150 million), of which $3.6 million (US$2.6 million) was used at May 31, 2023 for a remaining availability of $200.5 million (US$147.4 million).

Interest rate risk

At May 31, 2023, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at May 31, 2023:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate [1]	Maturity	Hedged item
Cash flow [2]	US$540 million	Term SOFR	2.01% - 2.21%	January 2024 - November 2024	Senior Secured Term Loan B - Tranche 1
Cash flow	US$800 million	Term SOFR with a 39 bps floor	1.17% - 1.44%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) Hedges have the effect of converting the floating SOFR base rate into fixed rates, plus an applicable credit spread.

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $19.7 million based on the outstanding debt and swap agreements at May 31, 2023.

In May 2023, the interest derivatives associated with Tranche 1 and 2 of the Senior Secured Term Loan B Facility were transitioned to substantially similar interest derivatives referencing SOFR. The Corporation applied the practical expedients of the interest rate benchmark reform allowing the continuation of the hedge relationships.

8.6 Foreign currency

For the three and nine-month periods ended May 31, 2023 and 2022, the average rates prevailing used to convert the operating results of the American telecommunications segment were as follows:

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
US dollar vs Canadian dollar	**1.3562**	1.2713	**1.3513**	1.2660

8.7 Contingencies

Royalties payable for retransmission of distant television signals

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

On February 6, 2023, the Copyright Board issued its preliminary conclusions in its redetermination of the 2016 to 2018 rates, which would result in an increase from the rate set in its original decision. In light of these preliminary determinations, a retroactive adjustment of $5.1 million was recognized in the second quarter of fiscal 2023. Upon further evaluation, an additional charge of $3.3 million was recognized during the third quarter of fiscal 2023. Both retroactive adjustments were recognized within *Acquisition, integration, restructuring and other costs*, and cover the estimated retroactive costs for the period of 2016 to 2022. The final outcome of this proceeding is still unknown and the Copyright Board's final determinations regarding royalty rates may vary from its preliminary determinations.

9. Environmental, social and governance (ESG) practices

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

On June 28, 2023, Cogeco Communications announced that it has been ranked among Corporate Knights' 2023 Best 50 Corporate Citizens in Canada for a sixth consecutive year. This highly regarded ranking recognizes Canadian companies that are setting the standard for sustainable growth leadership. On January 18, 2023, Cogeco Communications announced that it has been ranked for a fourth consecutive year among the world's 100 most sustainable corporations according to Corporate Knights which recognizes companies that are leading the way in making the world a better place. Furthermore, Cogeco Communications was included in the 2023 S&P Global Sustainability Yearbook for the second year in a row. The annual Sustainability Yearbook aims to distinguish individual companies, within their industries, that have demonstrated strengths in corporate sustainability.

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

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

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

For details on the Corporation's ESG strategy and related achievements and priorities, please refer to the "Environmental, social and governance (ESG) practices" section of the Corporation's 2022 annual MD&A, available at www.sedar.com and corpo.cogeco.com, and the ESG and Sustainability report published in March 2023, available on the Corporation's website at corpo.cogeco.com. Detailed KPIs can be found in Cogeco's ESG data supplement, which is also available on the Corporation's website at corpo.cogeco.com.

ESG reporting regulations

ESG-related reporting for public enterprises continues to evolve and the Corporation may be subject to additional future disclosure requirements. Proposed National Instrument 51-107, *respecting Disclosure of Climate-related Matters,* from the Canadian Securities Administrators, would mandate, if adopted, reporting issuers to disclose climate-related information in alignment with the four core disclosure elements of the Task Force on Climate-related Financial Disclosures. Furthermore, the International Sustainability Standards Board (ISSB), established by the IFRS Foundation, issued IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information*, and IFRS S2, *Climate-related Disclosures*, in June 2023, with the goal to provide sustainability disclosure standards that are globally consistent, comparable and reliable. The Corporation will continue to monitor the developments of these ESG-reporting requirements and assess the impact on its disclosure.

10. Controls and procedures

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

The CEO and CFO, supported by management, evaluated the design of the Corporation's DC&P and ICFR at May 31, 2023, and concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the three and nine-month periods ended May 31, 2023.

11. Uncertainties and main risk factors

A detailed description of the uncertainties and main risk factors faced by Cogeco can be found in the 2022 annual MD&A, available at www.sedar.com and corpo.cogeco.com. The following update should be read together with the uncertainties and main risk factors described in the 2022 Annual Report, which are hereby incorporated by reference.

New policy direction to the CRTC

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

Review of the wholesale high-speed access framework

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

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

12. Accounting policy developments

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, except as indicated below. The following issued amendments to standards may have an impact on future consolidated financial statements of the Corporation:

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12, *Income Taxes*	In May 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules*, which amended IAS 12, *Income Taxes*, to introduce a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and targeted disclosure requirements for affected entities. The relief is effective immediately upon issuance of the amendments and should be applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, while the targeted disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2023. The Corporation applied the temporary exception during its third quarter of fiscal 2023, retrospectively. The Corporation is currently assessing the impact of the remaining disclosure requirements on its consolidated financial statements.
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1, *Presentation of Financial Statements*	In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements.
Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1 to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its accounting policies disclosure.

13. Non-IFRS and other financial measures

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

Financial measures presented on a constant currency basis for the three and nine-month periods ended May 31, 2023 are translated at the average foreign exchange rate of the comparable periods of the prior year, which were 1.2713 USD/CDN and 1.2660 USD/CDN, respectively.

Non-IFRS financial measures

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

Specified financial measures	Usefulness	Calculation	Most directly comparable IFRS financial measures
Adjusted profit attributable to owners of the Corporation	Adjusted profit attributable to owners of the Corporation is a measure used by management to assess the Corporation's performance before the impact of impairment of assets, acquisition, integration, restructuring and other costs, (gain) loss on debt modification, net of tax and non-controlling interest for these items. Adjusted profit attributable to owners of the Corporation excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. Excluding the impact of these items does not imply they are non-recurring.	Profit for the period attributable to owners of the Corporation add: - impairment of assets, if any; - acquisition, integration, restructuring and other costs; - (gain) loss on debt modification, if any; - tax impact for the above items; and - non-controlling interest for the above items.	Profit for the period attributable to owners of the Corporation
Constant currency basis and foreign exchange impact	The Corporation presents certain financial measures in constant currency to enable an improved understanding of its underlying financial performance, undistorted by the effects of changes in foreign exchange rates, in order to facilitate period-to-period comparisons. Financial measures presented on a constant currency basis include financial guidelines and certain historical financial measures, including revenue, operating expenses, adjusted EBITDA, net capital expenditures and free cash flow.	Financial guidelines presented on a constant currency basis are obtained by translating expected financial results denominated in US dollars at the foreign exchange rates of the prior fiscal year. Historical financial measures presented on a constant currency basis are obtained by translating financial results from the current period denominated in US dollars at the foreign exchange rates of the comparable period of the prior year. Foreign exchange impact represents the quantification of such impact.	Revenue, operating expenses, adjusted EBITDA and net capital expenditures. For free cash flow, refer to the definition below for the most directly comparable IFRS financial measure.
Organic revenue in constant currency and adjusted EBITDA in constant currency	Organic revenue in constant currency and adjusted EBITDA in constant currency are used by management to analyze the Corporations' revenue and adjusted EBITDA growth excluding the effect of changes in foreign exchange rates and the impact of acquisitions, in order to facilitate period-to-period comparisons. Management believes these measures are used by certain investors and analysts to evaluate the Corporation's performance.	Revenue in constant currency (as calculated per above) deduct: - impact of acquisitions. Adjusted EBITDA in constant currency (as calculated per above) deduct: - impact of acquisitions.	Revenue and adjusted EBITDA.

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

Adjusted profit attributable to owners of the Corporation

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
(Loss) profit for the period attributable to owners of the Corporation	**(34,473)**	37,493	**41,396**	112,675
Impairment of goodwill and intangible assets	**88,000**	—	**88,000**	—
Acquisition, integration, restructuring and other costs	**11,377**	2,286	**21,006**	22,372
Tax impact for the above items	**(21,386)**	(594)	**(23,938)**	(5,750)
Non-controlling interest impact for the above items	**(5,597)**	(1,176)	**(10,172)**	(12,072)
Adjusted profit attributable to owners of the Corporation	**37,921**	38,009	**116,292**	117,225

Constant currency basis and foreign exchange impact reconciliation

Consolidated

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

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

					Three months ended May 31	
						Change
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Free cash flow	**107,379**	370	**107,749**	108,954	**(1.4)**	**(1.1)**
Net capital expenditures	**170,258**	(6,761)	**163,497**	183,107	**(7.0)**	**(10.7)**

					Nine months ended May 31	
						Change
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Free cash flow	**335,193**	2,353	**337,546**	398,477	**(15.9)**	**(15.3)**
Net capital expenditures	**524,432**	(23,439)	**500,993**	467,091	**12.3**	**7.3**

Segmented

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

Free cash flow reconciliation

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Cash flows from operating activities	**283,180**	355,681	**683,844**	931,791
Amortization of deferred transaction costs and discounts on long-term debt [1]	**3,353**	2,944	**9,460**	8,896
Changes in other non-cash operating activities	**(20,729)**	(51,178)	**115,392**	(45,472)
Income taxes paid	**19,166**	291	**89,778**	31,764
Current income taxes	**(5,828)**	(17,651)	**(26,450)**	(43,349)
Interest paid	**64,507**	49,379	**176,777**	123,060
Financial expense	**(64,300)**	(45,810)	**(183,812)**	(136,904)
Net capital expenditures	**(170,258)**	(183,107)	**(524,432)**	(467,091)
Repayment of lease liabilities	**(1,712)**	(1,595)	**(5,364)**	(4,218)
Free cash flow	**107,379**	108,954	**335,193**	398,477

(1) Included within financial expense.

Available liquidity reconciliation

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

Net capital expenditures and free cash flow excluding network expansion projects reconciliations

Net capital expenditures

	Three months ended May 31					
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Net capital expenditures	**170,258**	(6,761)	**163,497**	183,107	**(7.0)**	**(10.7)**
Net capital expenditures in connection with network expansion projects	**31,831**	(976)	**30,855**	38,659	**(17.7)**	**(20.2)**
Net capital expenditures, excluding network expansion projects	**138,427**	(5,785)	**132,642**	144,448	**(4.2)**	**(8.2)**

(In thousands of Canadian dollars, except percentages)	2023 $	Foreign exchange impact $	2023 in constant currency $	2022 $	Change Actual %	Change In constant currency %
					Nine months ended May 31	
Net capital expenditures	**524,432**	(23,439)	**500,993**	467,091	**12.3**	**7.3**
Net capital expenditures in connection with network expansion projects	**139,907**	(5,660)	**134,247**	95,657	**46.3**	**40.3**
Net capital expenditures, excluding network expansion projects	**384,525**	(17,779)	**366,746**	371,434	**3.5**	**(1.3)**

Free cash flow

(In thousands of Canadian dollars, except percentages)	2023 $	Foreign exchange impact $	2023 in constant currency $	2022 $	Change Actual %	Change In constant currency %
					Three months ended May 31	
Free cash flow	**107,379**	370	**107,749**	108,954	**(1.4)**	**(1.1)**
Net capital expenditures in connection with network expansion projects	**31,831**	(976)	**30,855**	38,659	**(17.7)**	**(20.2)**
Free cash flow, excluding network expansion projects	**139,210**	(606)	**138,604**	147,613	**(5.7)**	**(6.1)**

(In thousands of Canadian dollars, except percentages)	2023 $	Foreign exchange impact $	2023 in constant currency $	2022 $	Change Actual %	Change In constant currency %
					Nine months ended May 31	
Free cash flow	**335,193**	2,353	**337,546**	398,477	**(15.9)**	**(15.3)**
Net capital expenditures in connection with network expansion projects	**139,907**	(5,660)	**134,247**	95,657	**46.3**	**40.3**
Free cash flow, excluding network expansion projects	**475,100**	(3,307)	**471,793**	494,134	**(3.9)**	**(4.5)**

Non-IFRS ratios

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

Specified financial measures	Usefulness	Calculation
Adjusted diluted earnings per share	Adjusted diluted earnings per share is a measure used by management to assess the Corporation's performance before the impact of acquisition, integration, restructuring and other costs, impairment of assets, (gain) loss on debt modification, net of tax and non-controlling interest for the above items. Adjusted diluted earnings per share excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. Excluding the impact of these items does not imply they are non-recurring.	Adjusted profit attributable to owners of the Corporation divided by the weighted average number of diluted multiple and subordinate voting shares outstanding. Adjusted profit attributable to owners of the Corporation is a non-IFRS financial measure. For more details on adjusted profit attributable to owners of the Corporation, please refer to the "Non-IFRS financial measures" sub-section.
Change in constant currency	The Corporation presents changes of certain financial measures in constant currency to enable an improved understanding of its underlying financial performance, undistorted by the effects of changes in foreign exchange rates, in order to facilitate period-to-period comparisons.	Change in constant currency, expressed as a percentage of the variation between the periods presented, is obtained by translating financial results from the current period denominated in US dollars using the foreign exchange rates of the comparable period of the prior year.
Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency	Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency are used by management to analyze the Corporations' revenue and adjusted EBITDA growth excluding the effect of changes in foreign exchange rates and the impact of acquisitions, in order to facilitate period-to-period comparisons. Management believes these measures are used by certain investors and analysts to evaluate the Corporation's performance.	Revenue and adjusted EBITDA changes in constant currency (as calculated above), expressed as a percentage of the variation between the periods presented, adjusted for the impact of acquisitions.
Capital intensity, excluding network expansion projects	Capital intensity, excluding network expansion projects is used by Cogeco Communications' management to assess Cogeco Communications' investment in capital expenditures and to make certain decisions, without taking into consideration capitalized investments in network expansion projects, in order to support a certain level of revenue. Cogeco Communications measures capital intensity, excluding network expansion projects, as it provides a common basis for comparing the impact of the net capital expenditures to the impact of the historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, Cogeco Communications' management believes this helps certain investors and analysts to assess the impact of the network expansion projects on Cogeco Communications' capital intensity ratio. Excluding the impact of net capital expenditures in connection with network expansion projects does not imply it is non-recurring.	Net capital expenditures, excluding network expansion projects divided by revenue. Net capital expenditures, excluding network expansion projects is a non-IFRS financial measure. For more details on net capital expenditures, excluding network expansion projects, please refer to the "Non-IFRS financial measures" sub-section.

Total of segments measures

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

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

Adjusted EBITDA reconciliation

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**33,314**	108,456	**259,714**	346,376
Income taxes	**2,271**	29,369	**60,552**	79,934
Financial expense	**64,300**	45,810	**183,812**	136,904
Impairment of goodwill and intangible assets	**88,000**	—	**88,000**	—
Depreciation and amortization	**156,197**	167,552	**467,920**	471,492
Acquisition, integration, restructuring and other costs	**11,377**	2,286	**21,006**	22,372
Adjusted EBITDA	**355,459**	353,473	**1,081,004**	1,057,078

Net capital expenditures reconciliation

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

Capital management measures

The following financial measures used by Cogeco are capital management measures, as reported in the notes to the consolidated financial statements.

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

Supplementary financial measures

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

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

14. Supplementary quarterly financial information

	Fiscal 2023						Fiscal 2022	Fiscal 2021
Three months ended	**May 31, 2023**	**February 28, 2023**	**November 30, 2022**	August 31, 2022	May 31, 2022	February 28, 2022 [1]	November 30, 2021 [1]	August 31, 2021 [1]
(In thousands of Canadian dollars, except per share data)	**$**		**$**	$	$	$	$	$
Operations								
Revenue	**767,603**	**757,191**	**789,690**	746,911	754,777	748,066	745,258	655,074
Adjusted EBITDA	**355,459**	**351,663**	**373,882**	348,510	353,473	349,211	354,394	293,624
Acquisition, integration, restructuring and other costs	**11,377**	**6,952**	**2,677**	12,657	2,286	1,451	18,635	3,961
Impairment of goodwill and intangible assets	**88,000**	**—**	**—**	—	—	—	—	—
Profit for the period	**33,314**	**102,592**	**123,808**	111,379	108,456	118,781	119,139	103,418
(Loss) profit for the period attributable to owners of the Corporation	**(34,473)**	**33,788**	**42,081**	36,433	37,493	36,659	38,523	33,082
Cash flow								
Cash flows from operating activities	**283,180**	**206,843**	**193,821**	326,636	355,681	278,768	297,342	283,538
Free cash flow	**107,379**	**118,331**	**109,483**	34,704	108,954	153,703	135,820	72,915
Acquisition of property, plant and equipment	**190,121**	**173,674**	**235,008**	244,855	198,271	158,153	146,329	180,192
Net capital expenditures	**170,258**	**156,832**	**197,342**	224,775	183,107	142,475	141,509	175,718
Per share data [2]								
(Loss) earnings per share								
Basic	**(2.22)**	**2.17**	**2.68**	2.32	2.38	2.30	2.42	2.08
Diluted	**(2.22)**	**2.15**	**2.67**	2.31	2.37	2.29	2.41	2.07
Dividends per share	**0.731**	**0.731**	**0.731**	0.625	0.625	0.625	0.625	0.545

(1) Comparative figures have been restated following the application of the IFRS Interpretations Committee issued agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)* during the third quarter of fiscal 2022. For further details, refer to the "Accounting policy developments" section of the Corporation's 2022 annual consolidated financial statements.

(2) Per multiple and subordinate voting share.

14.1 Seasonal variations

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and nine-month periods ended May 31, 2023

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

		Three months ended May 31		Nine months ended May 31	
	Notes	**2023**	2022	**2023**	2022
(In thousands of Canadian dollars, except per share data)		**$**	$	**$**	$
Revenue	*3*	**767,603**	754,777	**2,314,484**	2,248,101
Operating expenses	*6*	**412,144**	401,304	**1,233,480**	1,191,023
Acquisition, integration, restructuring and other costs	*7*	**11,377**	2,286	**21,006**	22,372
Depreciation and amortization		**156,197**	167,552	**467,920**	471,492
Impairment of goodwill and intangible assets	*8*	**88,000**	—	**88,000**	—
Financial expense	*9*	**64,300**	45,810	**183,812**	136,904
Profit before income taxes		**35,585**	137,825	**320,266**	426,310
Income taxes	*10*	**2,271**	29,369	**60,552**	79,934
Profit for the period		**33,314**	108,456	**259,714**	346,376
Profit (loss) for the period attributable to:					
Owners of the Corporation		**(34,473)**	37,493	**41,396**	112,675
Non-controlling interest		**67,787**	70,963	**218,318**	233,701
		33,314	108,456	**259,714**	346,376
(Loss) earnings per share					
Basic	*11*	**(2.22)**	2.38	**2.65**	7.11
Diluted	*11*	**(2.22)**	2.37	**2.64**	7.07

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

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**33,314**	108,456	**259,714**	346,376
Other comprehensive income (loss)				
Items to be subsequently reclassified to profit or loss				
Cash flow hedging adjustments				
Net change in fair value of hedging derivative financial instruments	**(29,546)**	56,255	**4,415**	105,094
Related income taxes	**7,830**	(14,908)	**(1,169)**	(27,850)
	(21,716)	41,347	**3,246**	77,244
Foreign currency translation adjustments				
Net foreign currency translation differences on net investments in foreign operations	**(940)**	(8,237)	**82,290**	4,895
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	**234**	1,950	**(19,189)**	(1,209)
Related income taxes	**17**	—	**(67)**	(23)
	(689)	(6,287)	**63,034**	3,663
	(22,405)	35,060	**66,280**	80,907
Items not to be subsequently reclassified to profit or loss				
Defined benefit plans actuarial adjustments				
Remeasurement of net defined benefit liability or asset	**945**	9,724	**3,841**	16,738
Related income taxes	**(249)**	(2,576)	**(1,017)**	(4,435)
	696	7,148	**2,824**	12,303
	(21,709)	42,208	**69,104**	93,210
Comprehensive income for the period	**11,605**	150,664	**328,818**	439,586
Comprehensive income (loss) for the period attributable to:				
Owners of the Corporation	**(41,844)**	54,642	**60,316**	148,094
Non-controlling interest	**53,449**	96,022	**268,502**	291,492
	11,605	150,664	**328,818**	439,586

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

	Equity attributable to owners of the Corporation					
(In thousands of Canadian dollars)	Share capital $	Share-based payment reserve $	Accumulated other comprehensive income (loss) $	Retained earnings $	Equity attributable to non-controlling interest $	Total shareholders' equity $
	(Note 13)		*(Note 14)*			
Balance at August 31, 2021	107,194	9,940	(5,875)	705,399	2,074,679	2,891,337
Profit for the period	—	—	—	112,675	233,701	346,376
Other comprehensive income for the period	—	—	27,109	8,310	57,791	93,210
Comprehensive income for the period	—	—	27,109	120,985	291,492	439,586
Share-based payment (Note 13 C))	—	4,092	—	—	3,751	7,843
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(235)	—	—	4,293	4,058
Dividends (Note 13 B))	—	—	—	(29,747)	(64,566)	(94,313)
Effect of changes in ownership of a subsidiary on non-controlling interest	—	—	—	(12,914)	12,914	—
Purchase and cancellation of subordinate voting shares	(1,532)	—	—	(13,646)	—	(15,178)
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	—	—	—	(19,596)	(59,709)	(79,305)
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 distributions to shareholders	(174)	(30)	—	(76,737)	(106,700)	(183,641)
Balance at May 31, 2022	107,020	9,910	21,234	749,647	2,259,471	3,147,282
Balance at August 31, 2022	**106,768**	**11,031**	**44,397**	**757,647**	**2,349,670**	**3,269,513**
Profit for the period	**—**	**—**	**—**	**41,396**	**218,318**	**259,714**
Other comprehensive income for the period	**—**	**—**	**16,967**	**1,953**	**50,184**	**69,104**
Comprehensive income for the period	**—**	**—**	**16,967**	**43,349**	**268,502**	**328,818**
Share-based payment (Note 13 C))	**—**	**3,308**	**—**	**—**	**3,329**	**6,637**
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	**—**	**(253)**	**—**	**—**	**3,910**	**3,657**
Dividends (Note 13 B))	**—**	**—**	**—**	**(33,871)**	**(67,143)**	**(101,014)**
Effect of changes in ownership of a subsidiary on non-controlling interest	**—**	**—**	**—**	**(5,727)**	**5,727**	**—**
Purchase and cancellation of subordinate voting shares	**(1,335)**	**—**	**—**	**(8,428)**	**—**	**(9,763)**
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**(2,941)**	**—**	**—**	**—**	**—**	**(2,941)**
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**2,120**	**(2,560)**	**—**	**440**	**—**	**—**
Purchase and cancellation of subordinate voting shares by a subsidiary	**—**	**—**	**—**	**(21,915)**	**(79,118)**	**(101,033)**
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**—**	**—**	**—**	**—**	**(5,889)**	**(5,889)**
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**—**	**(2,113)**	**—**	**338**	**1,775**	**—**
Total distributions to shareholders	**(2,156)**	**(1,618)**	**—**	**(69,163)**	**(137,409)**	**(210,346)**
Balance at May 31, 2023	**104,612**	**9,413**	**61,364**	**731,833**	**2,480,763**	**3,387,985**

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

(In thousands of Canadian dollars)	*Notes*	**May 31, 2023** **$**	August 31, 2022 $
Assets			
Current			
Cash and cash equivalents	*15 D)*	**365,665**	379,001
Trade and other receivables		**144,847**	123,617
Income taxes receivable		**32,124**	7,581
Prepaid expenses and other		**46,134**	41,830
Derivative financial instruments		**11,075**	3,465
		599,845	555,494
Non-current			
Other assets		**94,762**	72,934
Property, plant and equipment		**3,235,396**	3,061,177
Intangible assets		**3,714,587**	3,656,790
Goodwill		**2,127,536**	2,010,510
Derivative financial instruments		**93,529**	95,537
Deferred tax assets		**11,896**	15,583
		9,877,551	9,468,025
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**24,917**	8,633
Trade and other payables		**324,950**	396,480
Provisions		**32,854**	28,942
Income tax liabilities		**414**	39,251
Contract liabilities and other liabilities		**60,035**	64,221
Government subsidies received in advance		**58,037**	127,851
Derivative financial instruments		**1,483**	2,273
Current portion of long-term debt	*12*	**43,064**	340,468
		545,754	1,008,119
Non-current			
Long-term debt	*12*	**5,105,833**	4,398,142
Contract liabilities and other liabilities		**8,593**	9,510
Pension plan liabilities and accrued employee benefits		**9,086**	9,705
Deferred tax liabilities		**820,300**	773,036
		6,489,566	6,198,512
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*13 A)*	**104,612**	106,768
Share-based payment reserve		**9,413**	11,031
Accumulated other comprehensive income	*14*	**61,364**	44,397
Retained earnings		**731,833**	757,647
		907,222	919,843
Equity attributable to non-controlling interest		**2,480,763**	2,349,670
		3,387,985	3,269,513
		9,877,551	9,468,025

Contingencies (Note 18)

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

(In thousands of Canadian dollars)	Notes	Three months ended May 31 2023 $	2022 $	Nine months ended May 31 2023 $	2022 $
Cash flows from operating activities					
Profit for the period		**33,314**	108,456	**259,714**	346,376
Adjustments for:					
Depreciation and amortization		**156,197**	167,552	**467,920**	471,492
Impairment of goodwill and intangible assets	*8*	**88,000**	—	**88,000**	—
Financial expense	*9*	**64,300**	45,810	**183,812**	136,904
Income taxes	*10*	**2,271**	29,369	**60,552**	79,934
Share-based payment		**2,012**	2,757	**6,018**	7,793
Gain on disposals and write-offs of property, plant and equipment		**(187)**	(327)	**(428)**	(1,476)
Defined benefit plans expense, net of contributions		**217**	556	**203**	120
		346,124	354,173	**1,065,791**	1,041,143
Changes in other non-cash operating activities	*15 A)*	**20,729**	51,178	**(115,392)**	45,472
Interest paid		**(64,507)**	(49,379)	**(176,777)**	(123,060)
Income taxes paid		**(19,166)**	(291)	**(89,778)**	(31,764)
		283,180	355,681	**683,844**	931,791
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(190,121)**	(198,271)	**(598,803)**	(502,753)
Acquisition of spectrum licences		**(60,000)**	—	**(60,000)**	(236,073)
Business combinations, net of cash and cash equivalents acquired	*5*	**(99,141)**	—	**(99,141)**	(1,427,658)
Subsidies received in advance		**4,189**	—	**4,552**	—
Proceeds on disposals of property, plant and equipment		**982**	913	**1,616**	926
		(344,091)	(197,358)	**(751,776)**	(2,165,558)
Cash flows from financing activities					
Increase in bank indebtedness		**24,917**	14,123	**16,284**	10,370
Net increase (decrease) under the revolving facilities		**388,576**	(62,172)	**281,191**	(106,398)
Issuance of long-term debt, net of discounts and transaction costs		**—**	—	**298,056**	1,611,303
Repayment of notes, debentures and credit facilities		**(308,822)**	(8,221)	**(326,448)**	(254,379)
Repayment of lease liabilities		**(1,712)**	(1,595)	**(5,364)**	(4,218)
Repayment of balance due on business combinations		**—**	(3,162)	**—**	(3,162)
Increase in deferred transaction costs		**—**	—	**(338)**	(795)
Purchase and cancellation of subordinate voting shares	*13 A)*	**(1,245)**	(2,839)	**(9,763)**	(15,178)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	*13 A)*	**—**	—	**(2,941)**	(1,881)
Dividends paid on multiple and subordinate voting shares	*13 B)*	**(11,165)**	(9,902)	**(33,871)**	(29,747)
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		**2,220**	3,836	**3,657**	4,058
Purchase and cancellation of subordinate voting shares by a subsidiary		**—**	(30,556)	**(101,033)**	(79,305)
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans		**—**	—	**(5,889)**	(4,865)
Dividends paid on subordinate voting shares by a subsidiary to non-controlling interest	*13 B)*	**(22,120)**	(21,314)	**(67,143)**	(64,566)
		70,649	(121,802)	**46,398**	1,061,237
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency		**56**	(905)	**8,198**	(206)
Net change in cash and cash equivalents		**9,794**	35,616	**(13,336)**	(172,736)
Cash and cash equivalents, beginning of the period		**355,871**	343,616	**379,001**	551,968
Cash and cash equivalents, end of the period	*15 D)*	**365,665**	379,232	**365,665**	379,232

1. Nature of operations

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

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

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

Cogeco is a Canadian public corporation whose subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CGO". The subordinate voting shares of Cogeco Communications are also listed on the TSX under the trading symbol "CCA". The Corporation's registered office is located at 1 Place Ville Marie, Suite 3301, Montréal, Québec, H3B 3N2.

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

2. Basis of presentation and accounting policy developments

A) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and were approved and authorized for issuance by the Board of Directors of the Corporation on July 13, 2023. These condensed interim consolidated financial statements have been prepared with the same accounting policies and methods of computation followed by the Corporation in its 2022 annual consolidated financial statements. These condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Corporation's 2022 annual consolidated financial statements. Certain comparative amounts in the condensed interim consolidated financial statements have been reclassified in order to conform to the fiscal 2023 consolidated financial statements presentation.

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

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

B) Accounting policy developments

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, except as indicated below. The following issued amendments to standards may have an impact on future consolidated financial statements of the Corporation:

International Tax Reform - Pillar Two Model Rules - Amendments to IAS 12, *Income Taxes*	In May 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules*, which amended IAS 12, *Income Taxes*, to introduce a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and targeted disclosure requirements for affected entities. The relief is effective immediately upon issuance of the amendments and should be applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, while the targeted disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2023. The Corporation applied the temporary exception during its third quarter of fiscal 2023, retrospectively. The Corporation is currently assessing the impact of the remaining disclosure requirements on its consolidated financial statements.
Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1, *Presentation of Financial Statements*	In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)* to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements.
Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1 to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its accounting policies disclosure.

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

3. Revenue

Three months ended May 31	Cogeco Communications									
	Canadian telecommunications		American telecommunications		Sub-total		Other		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Residential [1] [2] [3]	**313,303**	301,771	**320,133**	320,525	**633,436**	622,296	**—**	—	**633,436**	622,296
Commercial [3]	**43,782**	44,321	**44,384**	41,022	**88,166**	85,343	**—**	—	**88,166**	85,343
Other [2]	**16,658**	15,980	**3,525**	4,499	**20,183**	20,479	**25,818**	26,659	**46,001**	47,138
	373,743	362,072	**368,042**	366,046	**741,785**	728,118	**25,818**	26,659	**767,603**	754,777

Nine months ended May 31	Cogeco Communications									
	Canadian telecommunications		American telecommunications		Sub-total		Other		Consolidated	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Residential [1] [2] [3]	**932,885**	901,223	**975,323**	959,117	**1,908,208**	1,860,340	**—**	—	**1,908,208**	1,860,340
Commercial [3]	**130,377**	130,256	**133,406**	122,182	**263,783**	252,438	**—**	—	**263,783**	252,438
Other [2]	**50,899**	47,963	**17,841**	14,467	**68,740**	62,430	**73,753**	72,893	**142,493**	135,323
	1,114,161	1,079,442	**1,126,570**	1,095,766	**2,240,731**	2,175,208	**73,753**	72,893	**2,314,484**	2,248,101

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

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

(3) During the first quarter of fiscal 2023, the Corporation changed the presentation of the revenue related to certain bulk accounts, from residential to commercial. This change has been applied retrospectively to the comparative figures, and consequently revenue reclassifications of $3.9 million and $11.6 million were reflected for the three and nine-month periods of fiscal 2022, respectively. The total revenue reclassification for fiscal 2022 amounts to $15.7 million.

4. Segment information

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

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

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

The column entitled "Other" is comprised of the results of Cogeco Media and the corporate activities of Cogeco, as well as consolidation elimination entries.

						Three months ended May 31, 2023
	Cogeco Communications					
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Sub-total	Other	Consolidated
	$	$	$	$	$	$
Revenue [1]	373,743	368,042	—	741,785	25,818	767,603
Operating expenses	177,794	197,273	11,306	386,373	25,771	412,144
Management fees – Cogeco Inc.	—	—	4,084	4,084	(4,084)	—
Adjusted EBITDA	195,949	170,769	(15,390)	351,328	4,131	355,459
Acquisition, integration, restructuring and other costs				11,368	9	11,377
Depreciation and amortization				155,041	1,156	156,197
Impairment of goodwill and intangible assets				—	88,000	88,000
Financial expense				63,385	915	64,300
Profit before income taxes				121,534	(85,949)	35,585
Income taxes				19,996	(17,725)	2,271
Profit for the period				101,538	(68,224)	33,314
Net capital expenditures [2]	84,415	82,923	2,455	169,793	465	170,258
Acquisition of spectrum licences	60,000	—	—	60,000	—	60,000

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

	Three months ended May 31, 2022					
	Cogeco Communications					
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Sub-total	Other	Consolidated
	$	$	$	$	$	$
Revenue [1]	362,072	366,046	—	728,118	26,659	754,777
Operating expenses	166,082	199,977	8,871	374,930	26,374	401,304
Management fees – Cogeco Inc.	—	—	5,574	5,574	(5,574)	—
Adjusted EBITDA	195,990	166,069	(14,445)	347,614	5,859	353,473
Acquisition, integration, restructuring and other costs				2,263	23	2,286
Depreciation and amortization				166,409	1,143	167,552
Financial expense				45,334	476	45,810
Profit before income taxes				133,608	4,217	137,825
Income taxes				28,202	1,167	29,369
Profit for the period				105,406	3,050	108,456
Net capital expenditures [2]	100,730	81,424	27	182,181	926	183,107

	Nine months ended May 31, 2023					
	Cogeco Communications					
	Canadian telecommunications	**American telecommunications**	**Corporate and eliminations**	**Sub-total**	**Other**	**Consolidated**
	$	**$**	**$**	**$**	**$**	**$**
Revenue [1]	**1,114,161**	**1,126,570**	**—**	**2,240,731**	**73,753**	**2,314,484**
Operating expenses	**521,534**	**607,237**	**27,310**	**1,156,081**	**77,399**	**1,233,480**
Management fees – Cogeco Inc.	**—**	**—**	**14,884**	**14,884**	**(14,884)**	**—**
Adjusted EBITDA	**592,627**	**519,333**	**(42,194)**	**1,069,766**	**11,238**	**1,081,004**
Acquisition, integration, restructuring and other costs				**20,997**	**9**	**21,006**
Depreciation and amortization				**464,532**	**3,388**	**467,920**
Impairment of goodwill and intangible assets				**—**	**88,000**	**88,000**
Financial expense				**181,420**	**2,392**	**183,812**
Profit before income taxes				**402,817**	**(82,551)**	**320,266**
Income taxes				**76,642**	**(16,090)**	**60,552**
Profit for the period				**326,175**	**(66,461)**	**259,714**
Net capital expenditures [2]	**281,036**	**236,422**	**5,431**	**522,889**	**1,543**	**524,432**
Acquisition of spectrum licences	**60,000**	**—**	**—**	**60,000**	**—**	**60,000**

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

						Nine months ended May 31, 2022
	Cogeco Communications					
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Sub-total	Other	Consolidated
	$	$	$	$	$	$
Revenue [1]	1,079,442	1,095,766	—	2,175,208	72,893	2,248,101
Operating expenses	502,575	584,143	25,777	1,112,495	78,528	1,191,023
Management fees – Cogeco Inc.	—	—	16,725	16,725	(16,725)	—
Adjusted EBITDA	576,867	511,623	(42,502)	1,045,988	11,090	1,057,078
Acquisition, integration, restructuring and other costs				22,349	23	22,372
Depreciation and amortization				468,071	3,421	471,492
Financial expense				135,268	1,636	136,904
Profit before income taxes				420,300	6,010	426,310
Income taxes				78,373	1,561	79,934
Profit for the period				341,927	4,449	346,376
Net capital expenditures [2]	235,964	227,829	1,611	465,404	1,687	467,091
Acquisition of spectrum licences	236,073	—	—	236,073	—	236,073

(1) For the third quarter and the first nine months of fiscal 2023, revenue by geographic market included $399.6 million and $1,187.9 million in Canada, and $368.0 million and $1,126.6 million in the United States, respectively. For the same periods of the prior year, revenue included $388.7 million and $1,152.3 million in Canada and $366.0 million and $1,095.8 million in the United States.

(2) Net capital expenditures exclude non-cash acquisitions of right-of-use assets and the purchases of spectrum licences, and are presented net of government subsidies, including subsidies received in advance recognized as a reduction of the cost of property, plant and equipment. Refer to Note 15 B) for a reconciliation of net capital expenditures to cash payments for acquisition of property, plant and equipment as reported in the consolidated statements of cash flows.

5. Business combinations

Fiscal 2023

Acquisition of the telecommunications operations of oxio

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

The Corporation's subsidiary 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. The Corporation will finalize the purchase price allocation by the end of the fiscal year.

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

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

	At May 31, 2023
	Preliminary
	$
Purchase price	
Base purchase price	**100,000**
Preliminary working capital adjustments	**(859)**
	99,141
Net assets acquired	
Current assets	**752**
Property, plant and equipment	**9,616**
Intangible assets	**16,400**
Goodwill	**76,275**
Current liabilities	**(3,902)**
	99,141

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 through an asset purchase, the goodwill is also attributable to the realization of expected tax benefits.

The financial information of this acquisition is not material to the Corporation's consolidated financial results, and therefore has not been disclosed.

Fiscal 2022

Acquisition of WideOpenWest's Ohio broadband systems

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

6. Operating expenses

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Salaries, employee benefits and outsourced services	**143,422**	130,231	**423,393**	381,069
Service delivery costs	**199,312**	198,803	**602,834**	600,200
Customer related costs	**30,744**	33,448	**91,246**	94,993
Other external purchases	**38,666**	38,822	**116,007**	114,761
	412,144	401,304	**1,233,480**	1,191,023

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

7. Acquisition, integration, restructuring and other costs

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Acquisition and integration costs	**5,363**	2,063	**7,344**	22,149
Restructuring costs	**321**	223	**1,137**	223
Configuration and customization costs related to cloud computing arrangements	**2,347**	—	**4,065**	—
Costs related to litigation and regulatory decisions	**3,346**	—	**8,460**	—
	11,377	2,286	**21,006**	22,372

8. Impairment of goodwill and intangible assets

During the third quarter of fiscal 2023, the Corporation's radio operations continued to face revenue pressure due to an industry-wide reduction in radio advertising demand. Consequently, assumptions on projected earnings and cash flow growth for the Radio broadcasting cash generating unit ("CGU") were revised, also factoring in a higher discount rate. As a result, the Corporation recognized non-cash pre-tax impairment charges of $88 million within its Cogeco Media subsidiary, of which $28 million was allocated to goodwill and $60 million was allocated to indefinite-life intangible assets for broadcasting licences, as it has concluded that the recoverable amount based on value in use was less than the carrying amount of the CGU.

The value in use of the Radio broadcasting CGU was determined using cash flow projections derived from internal financial projections covering a five-year period. Cash flows beyond the five-year period have been extrapolated using an estimated terminal growth rate determined with regard to projected growth rates for the specific markets in which the CGU participates and are not considered to exceed the long-term average growth rates for those markets. Discount rates applied to the cash flow forecasts were derived from the Corporation's pre-tax weighted average cost of capital, adjusted for the risk profile of the Radio broadcasting CGU.

The key assumptions used to determine the recoverable amount in the most recent impairment tests performed for the Radio broadcasting CGU, were as follows:

	2023	2022
Pre-tax discount rate (%)	**12.7**	11.3
Terminal growth rate (%)	**0.5**	0.5

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

9. Financial expense

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Interest on long-term debt, excluding interest on lease liabilities	**67,677**	45,106	**186,978**	133,326
Interest on lease liabilities	**697**	499	**2,037**	1,627
Net foreign exchange (gain) loss	**(1,013)**	167	**1,470**	98
Amortization of deferred transaction costs related to the revolving facilities	**189**	157	**558**	553
Interest income	**(3,519)**	(202)	**(7,648)**	(812)
Other	**269**	83	**417**	2,112
	64,300	45,810	**183,812**	136,904

10. Income taxes

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Current	**5,828**	17,651	**26,450**	43,349
Deferred	**(3,557)**	11,718	**34,102**	36,585
	2,271	29,369	**60,552**	79,934

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 May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Profit before income taxes	**35,585**	137,825	**320,266**	426,310
Combined Canadian income tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %
Income taxes at combined Canadian income tax rate	**9,430**	36,524	**84,870**	112,972
Difference in operations' statutory income tax rates	**(188)**	227	**(173)**	186
Impact on income taxes arising from non-deductible expenses and non-taxable profit [(1)]	**5,201**	145	**6,559**	155
Tax impacts related to foreign operations	**(12,177)**	(7,579)	**(32,911)**	(21,348)
Other [(2)]	**5**	52	**2,207**	(12,031)
Income taxes at effective income tax rate	**2,271**	29,369	**60,552**	79,934
Effective income tax rate	**6.4%**	21.3%	**18.9%**	18.8%

(1) Including $4.9 million of tax impact related to the non-deductible impairment of goodwill.
(2) For the nine-month period ending May 31, 2022, primarily related to the reduction of the blended state income tax rate applied to the U.S. temporary tax differences, following the Ohio broadband systems acquisition in the first quarter of fiscal 2022.

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

11. Earnings (loss) per share

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

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Profit (loss) for the period attributable to owners of the Corporation	**(34,473)**	37,493	**41,396**	112,675
Weighted average number of multiple and subordinate voting shares outstanding	**15,513,133**	15,750,943	**15,598,515**	15,855,106
Effect of dilutive incentive share units	**—**	42,692	**47,493**	44,085
Effect of dilutive performance share units	**—**	41,167	**46,308**	41,840
Weighted average number of diluted multiple and subordinate voting shares outstanding	**15,513,133**	15,834,802	**15,692,316**	15,941,031

Excluded from the above calculation for the three-month period ended May 31, 2023 are 49,305 incentive share units and 48,415 performance share units which were deemed to be anti-dilutive.

12. Long-term debt

	May 31, 2023	August 31, 2022
	$	$
Notes, debentures and credit facilities	**5,080,804**	4,671,797
Lease liabilities	**68,093**	66,813
	5,148,897	4,738,610
Less current portion	**43,064**	340,468
	5,105,833	4,398,142

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

A) Notes, debentures and credit facilities

	Maturity	Interest rate		May 31, 2023	August 31, 2022
		%		$	$
Corporation					
Term Revolving Facility					
Revolving loan - US$32.4 million (US$32 million at August 31, 2022)	February 2027	6.25	(1) (2)	**44,074**	41,955
Subsidiaries					
Term Revolving Facility					
Revolving loan – US$287 million (US$81 million at August 31, 2022)	January 2028	6.42	(1) (3)	**390,406**	106,199
Senior Secured Notes					
Series A - US$25 million	September 2024	4.14		**33,985**	32,742
Series B - US$150 million	September 2026	4.29		**203,754**	196,313
Senior Secured Notes - US$215 million	June 2025	4.30		**292,140**	281,450
Senior Secured Notes - Series 1	September 2031	2.99		**497,213**	496,993
Senior Secured Notes - Series 2	February 2033	5.30		**298,100**	—
Senior Secured Debentures Series 4	—	—		**—**	299,730
Senior Unsecured Non-Revolving Facility	November 2042	—		**—**	—
First Lien Credit Facilities					
Senior Secured Term Loan B Facility					
Tranche 1 - US$1,580 million (US$1,592.8 million at August 31, 2022)	January 2025	7.25	(1) (4)	**2,128,847**	2,060,614
Tranche 2 - US$888.8 million (US$895.5 million at August 31, 2022)	September 2028	7.77	(1) (5)	**1,192,285**	1,155,801
Senior Secured Revolving Facility	July 2024	—		**—**	—
				5,080,804	4,671,797
Less current portion				**35,368**	333,818
				5,045,436	4,337,979

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

(2) An amount of US$32.4 million drawn under the Corporation's Term Revolving Facility was hedged until June 30, 2023, using a cross-currency swap agreement which sets the amount redeemable at maturity at $44.1 million and the effective interest rate on the Canadian dollar equivalent at 5.55%.

(3) An amount of US$287 million drawn under Cogeco Communications' Term Revolving Facility was hedged until June 30, 2023, using a cross-currency swap agreement which sets the amount redeemable at maturity at $387.9 million and the effective interest rate on the Canadian dollar equivalent at 5.77%.

(4) As of May 31, 2023, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US$540 million of the Senior Secured Term Loan B Facility - Tranche 1. These agreements have the effect of converting the floating SOFR base rate into fixed rates ranging from 2.01% to 2.21%, plus an applicable credit spread, for maturities between January 31, 2024 and November 30, 2024. Taking into account these agreements, the effective interest rate on Tranche 1 of the Senior Secured Term Loan B Facility is 6.20%.

(5) As of May 31, 2023, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US$800 million of the Senior Secured Term Loan B Facility - Tranche 2. These agreements have the effect of converting the floating SOFR base rate, or the 39 bps SOFR floor if higher, into fixed rates ranging from 1.17% to 1.44%, plus an applicable credit spread, for maturities between October 31, 2025 and July 31, 2027. Taking into account these agreements, the effective interest rate on Tranche 2 of the Senior Secured Term Loan B Facility is 4.28%.

Corporation

Term Revolving Facility

On May 19, 2023, Cogeco Inc. amended its $100 million Term Revolving Facility, replacing US LIBOR with the Secured Overnight Financing Rate ("SOFR") as the benchmark interest rate. The amendment also introduced fallback provisions with regard to the transition of the benchmark interest rate from Canadian Dollar Offered Rate ("CDOR") to Canadian Overnight Repo Rate Average ("CORRA") when CDOR will be discontinued.

Subsidiaries

Term Revolving Facility

On December 21, 2022, Cogeco Communications amended its $750 million Term Revolving Facility to extend the maturity by one additional year to January 24, 2028. The amendment also replaced US LIBOR with SOFR as the benchmark interest rate.

Senior Secured Debentures Series 4

Upon maturity on May 26, 2023, Cogeco Communications reimbursed its Senior Secured Debentures Series 4.

Senior Secured Notes - Series 2

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

Senior Unsecured Non-Revolving Facility

In December 2022, Cogeco Communications entered into a 20-year senior unsecured non-revolving facility, having an aggregate principal amount of up to $38.1 million, with the Canada Infrastructure Bank. The credit facility can only be drawn to finance the network expansion projects undertaken in connection with Ontario's Accelerated High Speed Internet Program. At May 31, 2023, the facility was undrawn.

First Lien Credit Facilities

On May 25, 2023, the First Lien Credit Facilities were amended in order to replace the benchmark interest rate from US LIBOR to SOFR. The interest derivatives associated with Tranche 1 and 2 of the Senior Secured Term Loan B Facility were also transitioned to substantially similar interest derivatives referencing SOFR. The Corporation applied the practical expedients of the interest rate benchmark reform allowing the continuation of the hedge relationships.

B) Other information

Performance and payment bonds

At May 31, 2023, Cogeco Communications had $157.9 million of performance and payment bonds outstanding, issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program (AHSIP).

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

13. Share capital

A) Issued and paid

	May 31, 2023	August 31, 2022
	$	$
1,602,217 multiple voting shares	10	10
14,009,952 subordinate voting shares (14,176,736 at August 31, 2022)	112,118	113,453
	112,128	113,463
53,645 subordinate voting shares held in trust under the Incentive Share Unit Plan (41,550 at August 31, 2022)	(3,754)	(3,377)
54,550 subordinate voting shares held in trust under the Performance Share Unit Plan (41,315 at August 31, 2022)	(3,762)	(3,318)
	104,612	106,768

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

	Number of shares	Amount
		$
Balance at August 31, 2022	14,176,736	113,453
Purchase and cancellation of subordinate voting shares	(166,784)	(1,335)
Balance at May 31, 2023	**14,009,952**	**112,118**

Subordinate voting shares repurchase programs

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at May 31, 2023
2023 Normal course issuer bid ("NCIB")	January 18, 2023	January 17, 2024	325,000	121,600
2022 NCIB	January 18, 2022	January 17, 2023	325,000	268,086

The following table provides the NCIB purchases for the three and nine-month periods ended May 31, 2023 and 2022:

	Three months ended May 31		Nine months ended May 31	
	2023	2022	2023	2022
	$	$	$	$
Subordinate voting shares purchased and cancelled	21,500	37,014	166,784	191,402
Weighted average purchase price per share	57.91	76.70	58.54	79.30
Purchase costs	1,245	2,839	9,763	15,178

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

Subordinate voting shares held in trust

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

	ISU Plan		PSU Plan	
	Number of shares	Amount	Number of shares	Amount
		$		$
Balance at August 31, 2022	**41,550**	**3,377**	**41,315**	**3,318**
Subordinate voting shares acquired	**24,986**	**1,425**	**26,578**	**1,516**
Subordinate voting shares distributed to employees	**(12,891)**	**(1,048)**	**(13,343)**	**(1,072)**
Balance at May 31, 2023	**53,645**	**3,754**	**54,550**	**3,762**

B) Dividends

The following tables provide a summary of the dividends declared for the Corporation's and Cogeco Communications' multiple and subordinate voting shares during the three and nine-month periods ended May 31, 2023 and 2022:

Declaration date	Record date	Payment date	Dividend per share (in dollars)	
			Cogeco	Cogeco Communications
October 27, 2022	**November 10, 2022**	**November 24, 2022**	**0.731**	**0.776**
January 12, 2023	**January 26, 2023**	**February 9, 2023**	**0.731**	**0.776**
April 13, 2023	**April 27, 2023**	**May 11, 2023**	**0.731**	**0.776**
			2.193	**2.328**
November 11, 2021	November 25, 2021	December 9, 2021	0.625	0.705
January 13, 2022	January 27, 2022	February 10, 2022	0.625	0.705
April 13, 2022	April 27, 2022	May 11, 2022	0.625	0.705
			1.875	2.115

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Attributable to owners of the Corporation				
Dividends on multiple voting shares	**1,172**	1,001	**3,514**	3,004
Dividends on subordinate voting shares	**9,993**	8,901	**30,357**	26,743
	11,165	9,902	**33,871**	29,747
Attributable to non-controlling interest				
Dividends on subordinate voting shares	**22,120**	21,314	**67,143**	64,566

At its July 13, 2023 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.731 per share for multiple and subordinate voting shares, payable on August 10, 2023 to shareholders of record on July 27, 2023.

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

C) Share-based payment plans

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

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Stock options	**508**	546	**1,488**	1,606
ISUs	**825**	1,022	**2,431**	2,914
PSUs	**967**	1,097	**2,718**	3,323
DSUs	**(288)**	92	**(619)**	(50)
	2,012	2,757	**6,018**	7,793

Stock options

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

Under the Stock Option Plan of Cogeco Communications, changes in the outstanding number of stock options for the nine-month period ended May 31, 2023 were as follows:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2022	**874,165**	**86.52**
Granted	**151,028**	**69.48**
Exercised [1]	**(69,279)**	**52.78**
Cancelled	**(36,144)**	**95.28**
Outstanding at May 31, 2023	**919,770**	**85.92**
Exercisable at May 31, 2023	**495,556**	**83.17**

(1) The weighted average share price for options exercised during the nine-month period was $52.78.

The weighted average fair value of stock options granted by Cogeco Communications for the nine-month period ended May 31, 2023 was $11.69 per option. The fair value of the options granted was estimated using the Black-Scholes option pricing model based on the following weighted-average assumptions:

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

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

ISUs, PSUs and DSUs

Under the Corporation's share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs for the nine-month period ended May 31, 2023 were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2022	**44,175**	**42,304**	**62,822**
Granted/Issued [1] [2]	**21,155**	**20,620**	**13,655**
Performance-based additional units granted	**—**	**569**	**—**
Distributed/Redeemed	**(12,891)**	**(13,343)**	**—**
Cancelled	**(3,134)**	**(3,055)**	**—**
Dividend equivalents	**—**	**1,808**	**2,762**
Outstanding at May 31, 2023	**49,305**	**48,903**	**79,239**

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

(2) The weighted average fair value of the DSUs issued during the nine-month period was $62.67.

Under Cogeco Communications' share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs for the nine-month period ended May 31, 2023 were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2022	**75,375**	**94,589**	**72,166**
Granted/Issued [1] [2] [3]	**28,652**	**40,100**	**14,482**
Performance-based additional units granted	**—**	**2,242**	**—**
Distributed/Redeemed	**(24,688)**	**(31,796)**	**—**
Cancelled	**(6,972)**	**(7,228)**	**—**
Dividend equivalents	**—**	**3,415**	**2,830**
Outstanding at May 31, 2023	**72,367**	**101,322**	**89,478**

(1) The weighted average fair value of the ISUs granted during the nine-month period was $69.37.

(2) The weighted average fair value of the PSUs granted during the nine-month period was $69.45.

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

14. Accumulated other comprehensive income (loss)

	Cash flow hedge reserve $	Foreign currency translation $	Total $
Balance at August 31, 2021	(10,060)	4,185	(5,875)
Other comprehensive income	26,200	909	27,109
Balance at May 31, 2022	16,140	5,094	21,234
Balance at August 31, 2022	**24,744**	**19,653**	**44,397**
Other comprehensive income	**1,111**	**15,856**	**16,967**
Balance at May 31, 2023	**25,855**	**35,509**	**61,364**

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

15. Additional cash flows information

A) Changes in other non-cash operating activities

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Trade and other receivables	**13,417**	5,156	**(16,384)**	(14,544)
Prepaid expenses and other	**9,323**	748	**(3,569)**	(225)
Other assets	**(6,644)**	(721)	**(16,784)**	(5,915)
Trade and other payables	**8,225**	44,354	**(73,515)**	62,796
Provisions	**426**	2,791	**3,077**	6,359
Contract liabilities and other liabilities	**(4,018)**	(1,150)	**(8,217)**	(2,999)
	20,729	51,178	**(115,392)**	45,472

B) Acquisition of property, plant and equipment

The following table shows the reconciliation between the cash payments for acquisition of property, plant and equipment, as reported within the investing section in the consolidated statements of cash flows, and the net capital expenditures, as presented in Note 4.

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Acquisition of property, plant and equipment	**190,121**	198,271	**598,803**	502,753
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(19,863)**	(15,164)	**(74,371)**	(35,662)
Net capital expenditures	**170,258**	183,107	**524,432**	467,091

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

C) Changes in liabilities arising from financing activities

Nine months ended May 31, 2023	Bank indebtedness	Long-term debt: Notes, debentures and credit facilities	Long-term debt: Lease liabilities	Total
	$	$	$	$
Balance at August 31, 2022	**8,633**	**4,671,797**	**66,813**	**4,747,243**
Increase in bank indebtedness	**16,284**	**—**	**—**	**16,284**
Net increase under the revolving facilities	**—**	**281,191**	**—**	**281,191**
Issuance of long-term debt, net of discounts and transaction costs	**—**	**298,056**	**—**	**298,056**
Repayment of notes, debentures and credit facilities	**—**	**(326,448)**	**—**	**(326,448)**
Repayment of lease liabilities	**—**	**—**	**(5,364)**	**(5,364)**
Total cash flows from (used in) financing activities excluding equity	**16,284**	**252,799**	**(5,364)**	**263,719**
Interest paid on lease liabilities	**—**	**—**	**(2,316)**	**(2,316)**
Total cash flow changes	**16,284**	**252,799**	**(7,680)**	**261,403**
Effect of changes in foreign exchange rates	**—**	**145,037**	**538**	**145,575**
Amortization of discounts, transaction costs and other	**—**	**11,171**	**—**	**11,171**
Net increase in lease liabilities	**—**	**—**	**8,422**	**8,422**
Total non-cash changes	**—**	**156,208**	**8,960**	**165,168**
Balance at May 31, 2023	**24,917**	**5,080,804**	**68,093**	**5,173,814**

D) Cash and cash equivalents

	May 31, 2023	August 31, 2022
	$	$
Cash	**237,284**	185,401
Cash with restrictions on use [(1)]	**58,037**	127,851
Cash equivalents [(2)]	**70,344**	65,749
	365,665	379,001

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

16. Financial instruments

A) Financial risk management

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

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

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at May 31, 2023 is "A" by Standard & Poor's rating services ("S&P"). In the current volatile financial market environment, management continues to monitor its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

At May 31, 2023, the Corporation had used $44.1 million of its $100 million Term Revolving Facility and an amount of $409.4 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $55.9 million and $340.6 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $204.0 million (US$150 million), of which $3.6 million (US$2.6 million) was used at May 31, 2023 for a remaining availability of $200.5 million (US$147.4 million).

Interest rate risk

At May 31, 2023, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at May 31, 2023:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate (1)	Maturity	Hedged item
Cash flow (2)	US$540 million	Term SOFR	2.01% - 2.21%	January 2024 - November 2024	Senior Secured Term Loan B - Tranche 1
Cash flow	US$800 million	Term SOFR with a 39 bps floor	1.17% - 1.44%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) Hedges have the effect of converting the floating SOFR base rate into fixed rates, plus an applicable credit spread.
(2) Two tranches amounting to US$230 million have matured on January 31, 2023.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $19.7 million based on the outstanding debt and swap agreements at May 31, 2023.

In May 2023, the interest derivatives associated with Tranche 1 and 2 of the Senior Secured Term Loan B Facility were transitioned to substantially similar interest derivatives referencing SOFR. The Corporation applied the practical expedients of the interest rate benchmark reform allowing the continuation of the hedge relationships.

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:

		May 31, 2023		August 31, 2022
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Notes, debentures and credit facilities	**5,080,804**	**4,957,193**	4,671,797	4,549,523

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

C) Capital management

The Corporation's objectives in managing capital are to ensure sufficient liquidity to support the capital requirements of its various businesses, including development of the business by acquisition, 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 May 31, 2023 and August 31, 2022, the Corporation and its subsidiary, Cogeco Communications, were in compliance with all of their debt covenants and were not subject to any other externally imposed capital requirements.

Corporation

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

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

	May 31, 2023	August 31, 2022
Long-term debt, including the current portion	**5,148,897**	4,738,610
Discounts, transaction costs and other	**39,473**	49,716
Long-term debt before discounts, transaction costs and other	**5,188,370**	4,788,326
Bank indebtedness	**24,917**	8,633
Cash and cash equivalents, excluding cash with restrictions on use [(1)]	**(307,628)**	(251,150)
Net indebtedness	**4,905,659**	4,545,809

(1) See Note 15 D).

Cogeco Communications

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

As at, or for the 12-month periods ended	May 31, 2023	August 31, 2022
Components of debt and coverage ratios		
Net indebtedness	**4,835,682**	4,489,330
Adjusted EBITDA	**1,416,840**	1,393,062
Financial expense	**233,769**	187,617
Debt and coverage ratios		
Net indebtedness / adjusted EBITDA	**3.4**	3.2
Adjusted EBITDA / financial expense	**6.1**	7.4

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

17. Related party transactions

Cogeco is the parent company of Cogeco Communications and, as of May 31, 2023, held 35.3% of Cogeco Communications' equity shares, representing 84.5% of the votes attached to Cogeco Communications' voting shares.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the three and nine-month periods ended May 31, 2023, management fees paid by Cogeco Communications amounted to $4.1 million and $14.9 million, respectively, compared to $5.6 million and $16.7 million for the same periods of fiscal 2022.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. However, during the nine-month periods ended May 31, 2023 and 2022, Cogeco Communications granted stock options and PSUs to these executive officers, as executive officers of Cogeco Communications, the value of which was charged back to Cogeco, as shown in the following table:

	Nine months ended May 31	
	2023	2022
Stock options	**79,348**	78,700
PSUs	**14,283**	11,775

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

	Three months ended May 31		Nine months ended May 31	
	2023	2022	**2023**	2022
	$	$	**$**	$
Stock options	**282**	280	**878**	889
PSUs	**242**	265	**622**	905
DSUs	**—**	(22)	**(100)**	(101)
	524	523	**1,400**	1,693

18. Contingencies

Royalties payable for retransmission of distant television signals

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

On February 6, 2023, the Copyright Board issued its preliminary conclusions in its redetermination of the 2016 to 2018 rates, which would result in an increase from the rate set in its original decision. In light of these preliminary determinations, a retroactive adjustment of $5.1 million was recognized in the second quarter of fiscal 2023. Upon further evaluation, an additional charge of $3.3 million was recognized during the third quarter of fiscal 2023. Both retroactive adjustments were recognized within *Acquisition, integration, restructuring and other costs*, and cover the estimated retroactive costs for the period of 2016 to 2022. The final outcome of this proceeding is still unknown and the Copyright Board's final determinations regarding royalty rates may vary from its preliminary determinations.

Primary service unit statistics

	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022
CONSOLIDATED					
Primary service units (1)	**2,988,248**	2,943,588	2,960,566	3,006,805	3,043,426
Internet service customers (1)	**1,521,447**	1,470,381	1,467,533	1,480,038	1,486,856
Video service customers	**936,872**	940,678	953,956	975,628	993,584
Phone service customers	**529,929**	532,529	539,077	551,139	562,986
CANADA					
Homes passed (2) (3)	**2,048,872**	2,033,475	2,018,146	1,998,418	1,990,209
Primary service units (4)	**1,867,317**	1,808,448	1,807,079	1,818,158	1,828,876
Internet service customers (3)	**840,662**	782,862	775,063	772,600	769,348
Video service customers	**639,920**	639,994	644,329	652,590	661,272
Phone service customers	**386,735**	385,592	387,687	392,968	398,256
UNITED STATES					
Homes passed (2) (5)	**1,728,165**	1,712,640	1,695,261	1,677,939	1,657,201
Primary service units (1) (5)	**1,120,931**	1,135,140	1,153,487	1,188,647	1,214,550
Internet service customers (1)	**680,785**	687,519	692,470	707,438	717,508
Video service customers	**296,952**	300,684	309,627	323,038	332,312
Phone service customers	**143,194**	146,937	151,390	158,171	164,730

(1) During the third quarter of fiscal 2023, Internet service customers have been adjusted following a change in Breezeline's system. This change has been applied retrospectively to the comparative figures.

(2) Homes passed represents the number of serviceable homes and businesses which can be connected to the Corporation's broadband distribution network in the geographic area where the Corporation's services are offered.

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

(4) On March 3, 2023, 52,577 primary service units (46,656 Internet services, 3,716 video services and 2,205 phone services) were added related to the acquisition of oxio.

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