SHAREHOLDERS' REPORT

Three-month period ended November 30, 2023

Financial highlights

Three months ended November 30	2023	2022	Change	Change in constant currency [1][2]
(In thousands of Canadian dollars, except % and per share data)	$	$	%	%
Operations				
Revenue	776,172	789,690	(1.7)	(2.3)
Adjusted EBITDA [2]	366,033	373,882	(2.1)	(2.6)
Acquisition, integration, restructuring and other costs [3]	3,265	2,677	22.0	
Profit for the period	98,729	123,808	(20.3)	
Profit for the period attributable to owners of the Corporation	34,541	42,081	(17.9)	
Adjusted profit attributable to owners of the Corporation [2][4]	40,038	42,762	(6.4)	
Cash flow				
Cash flows from operating activities	236,919	193,821	22.2	
Free cash flow [2]	141,823	109,483	29.5	29.4
Free cash flow, excluding network expansion projects [2]	173,483	175,317	(1.0)	(1.2)
Acquisition of property, plant and equipment	153,789	235,008	(34.6)	
Net capital expenditures [2][5]	146,667	197,342	(25.7)	(26.2)
Net capital expenditures, excluding network expansion projects [2]	115,007	131,508	(12.5)	(13.2)
Per share data [6]				
Earnings per share				
Basic	2.23	2.68	(16.8)	
Diluted	2.21	2.67	(17.2)	
Adjusted diluted [2][4]	2.57	2.71	(5.2)	
Dividends per share	0.854	0.731	16.8	

(1) Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current period denominated in US dollars at the foreign exchange rate of the comparable period of the prior year. For the three-month period ended November 30, 2022, the average foreign exchange rate used for translation was 1.3489 USD/CDN.

(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. 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-month periods ended November 30, 2023 and 2022, acquisition, integration, restructuring and other costs mostly related to costs associated with the configuration and customization related to cloud computing and other arrangements.

(4) Excludes the impact of acquisition, integration, restructuring and other costs, and gains/losses on debt modification and/or extinguishment, net of tax and non-controlling interest.

(5) 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 the utilization of those received in advance.

(6) Per multiple and subordinate voting share.

As at	November 30, 2023	August 31, 2023
(In thousands of Canadian dollars)	$	$
Financial condition		
Cash and cash equivalents	86,921	363,854
Total assets	9,607,256	9,869,778
Long-term debt		
Current	67,540	43,325
Non-current	4,741,681	5,045,672
Net indebtedness [1]	4,815,873	4,817,113
Equity attributable to owners of the Corporation	943,601	925,863

(1) Net indebtedness is a capital management measure. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section of the MD&A.

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

Three-month period ended November 30, 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 2023 annual MD&A and of the current MD&A, and the "Fiscal 2024 financial guidelines" section of the Corporation's 2023 annual MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as general market and other conditions, 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), talent management risks (including highly competitive market for limited pool of digitally skilled employees), human-caused and natural threats to the Corporation's 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 2023 annual MD&A and of the current MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco and future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information contained in this MD&A which represent Cogeco's expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and are subject to change after such date. While management may elect to do so, the Corporation is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three-month period ended November 30, 2023 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2023 Annual Report.

In preparing this MD&A, the Corporation has taken into account information available up to January 10, 2024, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its 2023 Annual Report and Annual Information Form, is available on SEDAR+ at www.sedarplus.ca 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 growth

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, supported by robust environmental, social and governance (ESG) practices. Leveraging our fibre-powered reliable and resilient networks, strong audio content offering, innovative products and services and commitment to offering a compelling customer experience, distinguished by the deep connections within the communities we serve, are key for our growth strategy. Our people-culture is focused on collaboration, connection and commitment offering a meaningful and personalized experience to our customers, employees, communities and other key stakeholders.

Every day, we drive sustainable and inclusive growth through our long-standing tradition of social engagement and community involvement, our commitment to digital inclusion, our leading operating practices as well as our strong commitment to responsible and ethical management. Ultimately, Cogeco exists to enrich people's lives through human connection and vibrant communities. Our purpose is at the core of the relationships with our stakeholders and is a central element of our long-term growth.

Growth vectors

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 driving continuous improvement to our brands and marketing practices. In addition, our strategic plan focuses on six growth vectors:

1

PURSUE NETWORK EXPANSION to reduce the digital divide

2

EVOLVE OUR WIRELINE NETWORK to meet increasing demand using a flexible and balanced technological approach

3

MAKE ACCRETIVE & COMPLEMENTARY ACQUISITIONS to expand our footprint and broaden our capabilities and service offerings

4

EXPAND IN NEW CUSTOMER SEGMENTS with a multi-brand approach to serve new demographics and grow our operations

5

LAUNCH AND GROW MOBILE SERVICES through a capital efficient model to enhance our offering in line with evolving customer needs and increased interest in bundled services

6

TRANSFORM OUR RADIO BUSINESS into a multi-platform audio content provider

For details on the Corporation's key areas of focus within the fiscal 2024 strategic plan, please refer to the "Corporate objectives and strategies" section of the Corporation's 2023 annual MD&A, available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at corpo.cogeco.com.

2.2 Business developments

Repurchases of Rogers holdings in Cogeco and Cogeco Communications

On December 13, 2023, Cogeco repurchased for cancellation 5,969,390 of its subordinate voting shares from CDPQ for $280.0 million. This transaction followed the purchase by CDPQ of the entirety of Rogers Communications Inc.'s ("Rogers") holdings in both Cogeco and Cogeco Communications. In order to partially finance this purchase, Cogeco concurrently sold 2,266,537 subordinate voting shares of its holding in Cogeco Communications to Cogeco Communications for $116.5 million and 1,423,692 subordinate voting shares to CDPQ for $73.2 million, following the conversion and cancellation of an equivalent number of Cogeco Communications multiple voting shares. The 2,266,537 subordinate voting shares repurchased by Cogeco Communications were repurchased for cancellation. As a result of this transaction, CDPQ became an anchor investor in Cogeco Communications, with a holding of 6,809,339 subordinate voting shares, representing approximately 16.1% of all outstanding Cogeco Communications shares. In addition to strengthening Cogeco Communications' existing partnership with CDPQ, these transactions provide several benefits including increasing the net asset value of Cogeco, increasing the public float of Cogeco Communications and generating free cash flow per share accretion in both companies. This opportunity represented a unique and attractive use of both corporation's capital to build value for shareholders and increase trading liquidity.

The $280.0 million share buyback transaction and related transaction costs and expenses were initially financed by Cogeco from proceeds from a portion of its Cogeco Communications' shares sold to Cogeco Communications for $116.5 million and to CDPQ for $73.2 million and from drawdowns from its term loan and credit facilities. As for Cogeco Communications, it initially financed the $116.5 million repurchase and related transaction costs and expenses through a drawdown on its existing term revolving facility. On December 11, 2023, Cogeco entered into a 3-year $75 million non-revolving term credit facility to partially finance its share buyback transaction, as mentioned above. On the same day, in order to maintain its borrowing capacity, Cogeco Communications entered into a $125 million non-revolving term credit facility, which is available to be drawn until April 9, 2024, and is currently undrawn.

3800 MHz spectrum auction

On November 30, 2023, Innovation, Science and Economic Development Canada ("ISED") announced the provisional spectrum licence winners in the 3800 MHz spectrum auction. Cogeco Communications, through its wholly-owned subsidiary Elite General Partnership, secured 99 spectrum licences in urban and rural markets, including the greater Toronto, Montréal, Québec City and Ottawa areas, for a total purchase price of $190.3 million. With this acquisition, the Corporation will hold spectrum covering 100% of its Canadian broadband network footprint.

The required deposit of $38.1 million to ISED, representing 20% of the total purchase price, is expected to be paid on or before January 17, 2024, while the final payment is expected to be paid on or before May 29, 2024. The unsecured letter of credit issued to ISED in July 2023 as a pre-auction deposit will remain outstanding until the final payment is made.

First Lien Credit Facility refinancing

On September 29, 2023, the Corporation amended the First Lien Credit Facility related to its U.S. operations, as follows:

- the issuance of a US$775 million 7-year Term Loan B - Tranche 3;
- the issuance of a US$475 million 5-year Farm Credit Term Loan B; and

- an increase in the credit limit of the Senior Secured Revolving Facility from US$150 million to US$250 million and the extension of the maturity date to September 2028.

The proceeds from the newly issued Term B loans, together with US$150 million drawn on the Senior Secured Revolving Facility and US$200 million of cash on hand, were used to reimburse the existing US$1.6 billion Tranche 1 of the Senior Secured Term Loan B Facility.

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 persistent high inflation and rising 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 are being partially addressed through proactive cost mitigation measures.

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

2.4 Key performance indicators

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

Overview

For the first quarter of fiscal 2024, Cogeco's financial results were as expected. Accordingly, Cogeco maintains its fiscal 2024 financial guidelines as issued on November 1, 2023. While the American telecommunications segment continued to face headwinds from the macroeconomic and nationwide competitive environments, the Canadian telecommunications segment executed well again this quarter, marked by continued growth in its Internet customer base driven by a mix of new customers added under the Corporation's digital oxio brand, in fibre-to-the-home network expansions and in other operating areas.

During the first quarter of fiscal 2024, 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 offset by the decline in the American telecommunications segment resulting from a lower customer base over the past year. The decrease in adjusted EBITDA on a constant currency basis compared to last year was in line with our expectations. It was primarily due to a decline in both the Canadian and American telecommunications segments, in addition to higher corporate costs, due to the timing of certain operating expenses including in relation to its plan to offer mobile services in Canada.

During the first quarter of fiscal 2024, 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 added more than 13,000 homes passed during the first quarter of fiscal 2024. 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.

For further details on the Corporation's operating results for the first quarter of fiscal 2024, please refer to the "Consolidated operating and financial results", the "Segmented operating and financial results" and the "Cash flows analysis" sections.

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

3. Consolidated operating and financial results

3.1 Operating results

						Three months ended November 30	
						Change	
	2023 [1]	Foreign exchange impact	**2023 in constant currency** [2]	2022		**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$		**%**	**%**
Revenue	**776,172**	(4,462)	**771,710**	789,690		**(1.7)**	**(2.3)**
Operating expenses	**410,139**	(2,507)	**407,632**	415,808		**(1.4)**	**(2.0)**
Adjusted EBITDA	**366,033**	(1,955)	**364,078**	373,882		**(2.1)**	**(2.6)**

(1) For fiscal 2024 first-quarter, the average foreign exchange rate used for translation was 1.3654 USD/CDN.

(2) Fiscal 2024 first-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3489 USD/CDN.

Revenue

				Three months ended November 30	
	2023	2022	Change	Change in constant currency	Foreign exchange impact [1]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**376,448**	372,084	1.2	1.2	—
American telecommunications	**371,241**	390,216	(4.9)	(6.0)	(4,462)
Cogeco Communications	**747,689**	762,300	(1.9)	(2.5)	(4,462)
Other	**28,483**	27,390	4.0	4.0	—
Consolidated	**776,172**	789,690	(1.7)	(2.3)	(4,462)

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

Fiscal 2024 first-quarter revenue decreased by 1.7% (2.3% in constant currency), mainly due to:

- a lower customer base over the past year in the American telecommunications segment, with an increasing proportion of customers only subscribing to Internet services, as well as the timing of price increases introduced in the fiscal 2023 first-quarter which gave rise to a difficult comparison between both periods, offset in part by a higher revenue per customer and a better product mix resulting from customers subscribing to increasingly fast Internet speeds; partly offset by
- revenue growth in the Canadian telecommunications segment, driven mostly by the oxio acquisition completed on March 3, 2023 as well as the cumulative effect of high-speed Internet service additions over the past year; and
- higher revenue in the media activities.

Operating expenses

	Three months ended November 30				
	2023	2022	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**180,094**	173,451	3.8	3.7	(191)
American telecommunications	**193,071**	207,710	(7.0)	(8.2)	(2,316)
Corporate and eliminations	**10,326**	8,516	21.3	21.3	—
Cogeco Communications	**383,491**	389,677	(1.6)	(2.2)	(2,507)
Other	**26,648**	26,131	2.0	2.0	—
Consolidated	**410,139**	415,808	(1.4)	(2.0)	(2,507)

Fiscal 2024 first-quarter operating expenses decreased by 1.4% (2.0% in constant currency), mainly due to:

- reduced operating expenses in the American telecommunications segment, mostly due to reduced video and phone service costs resulting from the decline in 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 the timing of certain operating expenses; and
- higher corporate costs, primarily due to the timing of certain operating expenses including in relation to its plan to offer mobile services in Canada.

Adjusted EBITDA

	Three months ended November 30				
	2023	2022	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**196,354**	198,633	(1.1)	(1.1)	191
American telecommunications	**178,170**	182,506	(2.4)	(3.6)	(2,146)
Corporate and eliminations	**(15,564)**	(13,916)	(11.8)	(11.8)	—
Cogeco Communications	**358,960**	367,223	(2.3)	(2.8)	(1,955)
Other	**7,073**	6,659	6.2	6.2	—
Consolidated	**366,033**	373,882	(2.1)	(2.6)	(1,955)

Fiscal 2024 first-quarter adjusted EBITDA decreased by 2.1% (2.6% in constant currency), as expected, mainly as a result of:

- lower adjusted EBITDA in the American telecommunications segment due to lower revenue, partly offset by a better product mix and cost reduction initiatives;
- lower adjusted EBITDA in the Canadian telecommunications segment mainly due to revenue growth being offset by higher operating expenses; and
- higher corporate costs.

3.2 Acquisition, integration, restructuring and other costs

Fiscal 2024 first-quarter acquisition, integration, restructuring and other costs amounted to $3.3 million, an increase of 22.0% compared to the same period of the prior year. For both periods, acquisition, integration, restructuring and other costs mostly related to costs associated with the configuration and customization related to cloud computing and other arrangements.

3.3 Depreciation and amortization

Fiscal 2024 first-quarter depreciation and amortization expense amounted to $160.4 million, an increase of 2.5%, mainly due to a higher level of capital assets and the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

3.4 Financial expense

	Three months ended November 30		
	2023	2022	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Interest on long-term debt, excluding interest on lease liabilities	**69,137**	55,857	23.8
Interest on lease liabilities	**708**	646	9.6
Loss on debt extinguishment	**16,880**	—	—
Net foreign exchange (gain) loss	**(1,626)**	2,372	—
Amortization of deferred transaction costs related to the revolving facilities	**516**	182	—
Interest income	**(1,447)**	(1,697)	(14.7)
Other	**126**	167	(24.6)
Financial expense	**84,294**	57,527	46.5
Adjusted financial expense [1]	67,414	57,527	17.2

(1) Adjusted financial expense, which excludes gains/losses on debt modification and/or extinguishment, is a non-IFRS financial measure. This indicated term does not have a standardized definition prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section.

Fiscal 2024 first-quarter financial expense increased by 46.5%, mainly due to:

- a non-cash loss on debt extinguishment of $16.9 million recognized following the prepayment of Cogeco Communications' US$1.6 billion Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of Cogeco Communications' Senior Secured Revolving Facility in September 2023; and
- higher interest expense following the refinancing and from rising interest rates on the floating interest rate portion of the Senior Secured Term Loan B Facility.

Fiscal 2024 first-quarter adjusted financial expense, which excludes the loss on debt extinguishment, increased by 17.2%.

3.5 Income taxes

	Three months ended November 30		
	2023	2022	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Current	**8,042**	9,290	(13.4)
Deferred	**11,339**	24,190	(53.1)
Income taxes	**19,381**	33,480	(42.1)
Effective income tax rate	**16.4 %**	21.3 %	(23.0)

Fiscal 2024 first-quarter income tax expense decreased by 42.1%, mainly resulting from:

- the decrease in profit before income taxes, partly due to the $16.9 million non-cash loss on debt extinguishment recognized; and
- higher tax benefits related to financing costs in connection with past acquisitions.

Current income taxes were lower in the first quarter of fiscal 2024 compared to the prior year mainly resulting from higher tax benefits related to financing costs in connection with past acquisitions, as mentioned above, and the variation in temporary differences.

3.6 Profit for the period

	Three months ended November 30		
	2023	2022	Change
(In thousands of Canadian dollars, except percentages and earnings per share)	**$**	$	%
Profit for the period	**98,729**	123,808	(20.3)
Profit for the period attributable to owners of the Corporation	**34,541**	42,081	(17.9)
Profit for the period attributable to non-controlling interest [1]	**64,188**	81,727	(21.5)
Adjusted profit attributable to owners of the Corporation [2]	**40,038**	42,762	(6.4)
Basic earnings per share	**2.23**	2.68	(16.8)
Diluted earnings per share	**2.21**	2.67	(17.2)
Adjusted diluted earnings per share [2]	**2.57**	2.71	(5.2)

(1) At November 30, 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.

Fiscal 2024 first-quarter profit for the period and profit for the period attributable to owners of the Corporation decreased by 20.3% and 17.9%, respectively, mainly as a result of:

- higher financial expense, mainly due to a pre-tax $16.9 million non-cash loss on debt extinguishment;
- lower adjusted EBITDA; and
- higher depreciation and amortization expense; partly offset by
- lower income tax expense.

Fiscal 2024 first-quarter adjusted profit attributable to owners of the Corporation, which excludes the impact of acquisition, integration, restructuring and other costs, and the loss on debt extinguishment, both net of tax and non-controlling interest, decreased by 6.4% compared to the same period of the prior 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 November 30	
					Change	
	2023 [1]	Foreign exchange impact	**2023 in constant currency** [2]	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**376,448**	—	**376,448**	372,084	**1.2**	**1.2**
Operating expenses	**180,094**	(191)	**179,903**	173,451	**3.8**	**3.7**
Adjusted EBITDA	**196,354**	191	**196,545**	198,633	**(1.1)**	**(1.1)**
Adjusted EBITDA margin [3]	**52.2 %**			53.4 %		
Net capital expenditures	**87,836**	(388)	**87,448**	115,238	**(23.8)**	**(24.1)**
Capital intensity [3]	**23.3 %**			31.0 %		

(1) For fiscal 2024 first-quarter, the average foreign exchange rate used for translation was 1.3654 USD/CDN.

(2) Fiscal 2024 first-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3489 USD/CDN.

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

Revenue

Fiscal 2024 first-quarter revenue increased by 1.2% as reported and in constant currency, mainly as a result of:

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

Operating expenses

Fiscal 2024 first-quarter operating expenses increased by 3.8% (3.7% in constant currency), mainly due to the oxio acquisition completed on March 3, 2023 and the timing of certain operating expenses.

Adjusted EBITDA

Fiscal 2024 first-quarter adjusted EBITDA decreased by 1.1% as reported and in constant currency, mainly due to revenue growth being offset by higher operating expenses.

Net capital expenditures and capital intensity

Fiscal 2024 first-quarter net capital expenditures decreased by 23.8% (24.1% in constant currency) and capital intensity was 23.3% compared to 31.0% for the same period of the prior year, mostly due to reduced spending resulting from the completion of several rural fibre-to-the-home network expansion projects, mainly in Québec.

Primary service units and customer statistics

		Net additions (losses)	
		Three months ended November 30	
	November 30, 2023	**2023**	2022
Primary service units	**1,873,244**	**(1,552)**	(11,079)
Internet service customers	**865,468**	**10,765**	2,463
Video service customers	**626,672**	**(8,064)**	(8,261)
Phone service customers	**381,104**	**(4,253)**	(5,281)

Primary service units

Internet

Fiscal 2024 first-quarter Internet service customers net additions of 10,765 resulted from new customers added under our digital oxio brand as well as new customers gained from our fibre-to-the-home network expansions and in other operating areas.

Video

Fiscal 2024 first-quarter video service customers net losses of 8,064 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

Fiscal 2024 first-quarter phone service customers net losses of 4,253 were mainly due to a higher mobile phone substitution, further impacted by the current inflationary environment, partly offset by additions in network expansion areas.

Distribution of customers

On November 30, 2023, 63% of the Canadian telecommunications segment's customers subscribed to "double play" or "triple play" bundled services.

Homes passed

Fiscal 2024 first-quarter homes passed additions were 7,769.

4.2 American telecommunications

Operating and financial results

	Three months ended November 30					
					Change	
	2023 [1]	Foreign exchange impact	2023 in constant currency [2]	2022	Actual	In constant currency
(In thousands of Canadian dollars, except percentages)	$	$	$	$	%	%
Revenue	**371,241**	(4,462)	**366,779**	390,216	**(4.9)**	**(6.0)**
Operating expenses	**193,071**	(2,316)	**190,755**	207,710	**(7.0)**	**(8.2)**
Adjusted EBITDA	**178,170**	(2,146)	**176,024**	182,506	**(2.4)**	**(3.6)**
Adjusted EBITDA margin [3]	**48.0 %**			46.8 %		
Net capital expenditures	**55,853**	(672)	**55,181**	80,408	**(30.5)**	**(31.4)**
Capital intensity [3]	**15.0 %**			20.6 %		

(1) For fiscal 2024 first-quarter, the average foreign exchange rate used for translation was 1.3654 USD/CDN.

(2) Fiscal 2024 first-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3489 USD/CDN.

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

Revenue

Fiscal 2024 first-quarter revenue decreased by 4.9% (6.0% in constant currency), as expected. The decrease in constant currency is mainly the result of:

- a lower customer base over the past year with an increasing proportion of customers only subscribing to Internet services, as well as the timing of price increases introduced in the fiscal 2023 first-quarter which gave rise to a difficult comparison between both periods; partly offset by
- higher revenue per customer and a better product mix resulting from customers subscribing to increasingly fast Internet speeds.

In local currency, revenue amounted to US$271.9 million compared to US$289.3 million for the same period of fiscal 2023.

Operating expenses

Fiscal 2024 first-quarter operating expenses decreased by 7.0% (8.2% in constant currency). The decrease in constant currency is mainly due to:

- reduced video and phone service costs resulting from the decline in customers; and
- cost reduction initiatives.

Adjusted EBITDA

Fiscal 2024 first-quarter adjusted EBITDA decreased by 2.4% (3.6% in constant currency), as expected, mainly due to lower revenue resulting from a lower customer base, as explained above, partly offset by a better product mix and cost reduction initiatives.

In local currency, adjusted EBITDA amounted to US$130.5 million compared to US$135.3 million for the same period of fiscal 2023.

Net capital expenditures and capital intensity

Fiscal 2024 first-quarter net capital expenditures decreased by 30.5% (31.4% in constant currency) and capital intensity was 15.0% compared to 20.6% for the same period of fiscal 2023, mainly resulting from lower spending due to the timing of network expansion projects and from drawdowns in customer premise equipment inventory accumulated to mitigate potential supply chain disruptions during the COVID-19 pandemic.

In local currency, net capital expenditures amounted to US$40.9 million compared to US$59.6 million for the same period of fiscal 2023.

Primary service units and customer statistics

		Net additions (losses)	
		Three months ended November 30	
	November 30, 2023	2023	2022 [1]
Primary service units	**1,077,813**	**(20,918)**	(35,160)
Internet service customers	**663,286**	**(8,476)**	(14,968)
Video service customers	**280,145**	**(8,736)**	(13,411)
Phone service customers	**134,382**	**(3,706)**	(6,781)

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

Primary service units

Internet

Fiscal 2024 first-quarter Internet service customers net losses were 8,476 of which 3,882 were in Ohio. The decrease in net losses compared to last year was primarily due to an improvement in customer management in the Ohio market resulting from investments made in the network infrastructure and the proactive replacement of the customer video equipment for an IPTV solution. Overall, the net losses in Ohio were mainly due to a competitive market and the time required to gain brand awareness. Internet customer variations in other regions also reflect a more competitive environment, partially offset by new customers gained from the fibre-to-the-home network expansions.

Video

Fiscal 2024 first-quarter video service customers net losses of 8,736, which improved compared to last year, were 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, including online platforms.

Phone

Fiscal 2024 first-quarter phone service customers net losses of 3,706 were mainly due to:

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

Distribution of customers

On November 30, 2023, 33% 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 segment's Internet led strategy of focusing on higher margin Internet services.

Homes passed

Fiscal 2024 first-quarter homes passed additions were 5,697.

5. Related party transactions

Cogeco held, as of November 30, 2023, 35.3% of Cogeco Communications' equity shares, representing 84.5% of the votes attached to Cogeco Communications' voting shares. On December 13, 2023, Cogeco sold to Cogeco Communications 2,266,537 subordinate voting shares of its holdings in Cogeco Communications for $116.5 million, following the conversion and cancellation of an equivalent number of Cogeco Communications multiple voting shares. The subordinate voting shares were repurchased for cancellation, representing approximately 5.1% of all outstanding Cogeco Communications shares. For further details, see "Business developments" section.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the first quarter of fiscal 2024, management fees paid by Cogeco Communications amounted to $5.2 million compared to $5.4 million for the same period of fiscal 2023.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. The following table provides the number of stock options and performance share units ("PSUs") granted during the three-month periods ended November 30, 2023 and 2022 to these executive officers, as executive officers of Cogeco Communications, the value of which was charged back to Cogeco. Due to internal trading restrictions in place at the time when Cogeco Communications typically issues stock options, PSUs and deferred share units ("DSUs"), none were issued during the first quarter of fiscal 2024 and are instead expected to be issued in the second quarter of fiscal 2024.

	Three months ended November 30	
(In number of units)	**2023**	2022
Stock options	**—**	79,348
PSUs	**—**	14,283

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

	Three months ended November 30	
	2023	2022
(In thousands of Canadian dollars)	**$**	$
Stock options	**222**	355
PSUs	**99**	143
DSUs	**—**	(100)
	321	398

6. Cash flow analysis

	Three months ended November 30		
	2023	2022	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%
Cash flows from operating activities	**236,919**	193,821	22.2
Cash flows used in investing activities	**(153,354)**	(234,670)	(34.7)
Cash flows from (used in) financing activities	**(359,865)**	64,051	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	**(633)**	6,295	—
Net change in cash and cash equivalents	**(276,933)**	29,497	—
Cash and cash equivalents, beginning of the period	**363,854**	379,001	(4.0)
Cash and cash equivalents, end of the period	**86,921**	408,498	(78.7)

6.1 Operating activities

Fiscal 2024 first-quarter cash flows from operating activities increased by 22.2%, mainly from:

- lower income taxes paid mainly due to the final payment of income tax balances for fiscal 2022 that was made last year while none was required for fiscal 2023; and
- changes in other non-cash operating activities, primarily due to the timing of the collection of trade accounts receivable; partly offset by
- lower adjusted EBITDA; and
- higher interest paid.

6.2 Investing activities

Fiscal 2024 first-quarter cash flows used in investing activities decreased by 34.7%, primarily due to the decrease in acquisition of property, plant and equipment, mostly due to lower spending in both the Canadian and American telecommunications segments following the completion, or near completion, as well as the timing of several fibre-to-the-home network expansion projects.

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

	Three months ended November 30			
	2023	2022	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%
Acquisition of property, plant and equipment	**153,789**	235,008	(34.6)	
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(7,122)**	(37,666)	(81.1)	
Net capital expenditures	**146,667**	197,342	(25.7)	(26.2)
Net capital expenditures, excluding network expansion projects [(1)]	**115,007**	131,508	(12.5)	(13.2)

(1) 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 November 30	2023	2022	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	$	$	%	%
Canadian telecommunications	**87,836**	115,238	(23.8)	(24.1)
Capital intensity	**23.3 %**	31.0 %		
American telecommunications	**55,853**	80,408	(30.5)	(31.4)
Capital intensity	**15.0 %**	20.6 %		
Corporate and eliminations	**2,738**	1,325	—	—
Cogeco Communications	**146,427**	196,971	(25.7)	(26.2)
Capital intensity	**19.6 %**	25.8 %		
Other	**240**	371	(35.3)	(35.3)
Consolidated	**146,667**	197,342	(25.7)	(26.2)

Net capital expenditures and capital intensity excluding network expansion projects

	Three months ended November 30			
	2023	2022	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	$	$	%	%
Cogeco Communications	**114,767**	131,137	(12.5)	(13.2)
Capital intensity, excluding network expansion projects [1]	**15.3 %**	17.2 %		
Other	**240**	371	(35.3)	(35.3)
Consolidated	**115,007**	131,508	(12.5)	(13.2)

(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.

Fiscal 2024 first-quarter net capital expenditures decreased by 25.7% (26.2% in constant currency), mainly due to reduced spending in both the Canadian and American telecommunications segments, as explained above. Excluding network expansion projects, fiscal 2024 first-quarter net capital expenditures decreased by 12.5% (13.2% in constant currency).

Fiscal 2024 first-quarter capital intensity of Cogeco Communications was 19.6% compared to 25.8% for the same period of the prior year. The capital intensity decrease is mainly explained by lower net capital expenditures. Excluding network expansion projects, Cogeco Communications fiscal 2024 first-quarter capital intensity was 15.3% compared to 17.2% for the same period of the prior year.

6.3 Financing activities

Issuance and repayment of debt

Fiscal 2024 first-quarter changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

	Three months ended November 30		
	2023	2022	Explanations
(In thousands of Canadian dollars)	**$**	$	
Decrease in bank indebtedness	**(2,212)**	(7,711)	Related to the timing of payments made to suppliers.
Net increase under the revolving facilities	**156,639**	163,726	Mainly related to funds drawn on the Senior Secured Revolving Facility in connection with the reimbursement of Tranche 1 of the Senior Secured Term Loan B Facility in September 2023.
Issuance of long-term debt, net of discounts and transaction costs	**1,656,208**	—	Related to the issuance of two Term B loans, a US$775 million 7-year loan and a US$475 million 5-year loan, in connection with the refinancing of the First Lien Credit Facilities in September 2023.
Repayment of notes and credit facilities	**(2,129,215)**	(8,780)	Mainly related to the reimbursement of Tranche 1 of the Senior Secured Term Loan B Facility in September 2023.
Repayment of lease liabilities	**(2,100)**	(1,689)	Comparable.
Increase in deferred transaction costs	**(1,801)**	—	Related to the amendment of the Senior Secured Revolving Facility in September 2023.
	(322,481)	145,546	

Dividends

During the first quarter of fiscal 2024, a quarterly eligible dividend of $0.854 per share was paid to the holders of multiple and subordinate voting shares, totalling $13.2 million, compared to a quarterly eligible dividend of $0.731 per share, or $11.4 million, in the first quarter of fiscal 2023.

Normal course issuer bid ("NCIB")

Cogeco

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at November 30, 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-month periods ended November 30, 2023 and 2022:

	Three months ended November 30	
	2023	2022
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$
Subordinate voting shares purchased and cancelled	**—**	27,700
Weighted average purchase price per share	**—**	57.87
Purchase costs	**—**	1,603

Cogeco Communications

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at November 30, 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	1,175,925

(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 the Corporation's 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-month periods ended November 30, 2023 and 2022:

	Three months ended November 30	
	2023	2022
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$
Subordinate voting shares purchased and cancelled	**—**	512,170
Weighted average purchase price per share	**—**	72.79
Purchase costs	**—**	37,283

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

6.4 Free cash flow

	Three months ended November 30				
	2023 [1]	2022	Change	Change in constant currency [2]	Foreign exchange impact [2]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Adjusted EBITDA	**366,033**	373,882	(2.1)	(2.6)	(1,955)
Amortization of deferred transaction costs and discounts on long-term debt [3]	**2,691**	3,062	(12.1)		
Loss on debt extinguishment [3]	**16,880**	—	—		
Share-based payment	**499**	1,404	(64.5)		
Gain on disposals and write-offs of property, plant and equipment	**(113)**	(71)	59.2		
Defined benefit plans expense, net of contributions	**201**	(269)	—		
Acquisition, integration, restructuring and other costs	**(3,265)**	(2,677)	22.0		
Financial expense	**(84,294)**	(57,527)	46.5		
Current income taxes	**(8,042)**	(9,290)	(13.4)		
Net capital expenditures	**(146,667)**	(197,342)	(25.7)		
Repayment of lease liabilities	**(2,100)**	(1,689)	24.3		
Free cash flow	**141,823**	109,483	29.5	29.4	(176)
Free cash flow, excluding network expansion projects [4]	**173,483**	175,317	(1.0)	(1.2)	(338)

(1) For fiscal 2024 first-quarter, the average foreign exchange rate used for translation was 1.3654 USD/CDN.

(2) Fiscal 2024 first-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3489 USD/CDN.

(3) Included within financial expense.

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

Fiscal 2024 first-quarter free cash flow increased by 29.5% (29.4% in constant currency), mainly due to:

- lower net capital expenditures in both the Canadian and American telecommunications segments; partly offset by
- lower adjusted EBITDA; and
- higher interest paid.

Excluding network expansion projects, fiscal 2024 first-quarter free cash flow amounted to $173.5 million ($173.1 million in constant currency), and remained stable compared to the same period of the prior year.

6.5 Dividend declaration

At its January 10, 2024 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.854 per share for multiple and subordinate voting shares, payable on February 7, 2024 to shareholders of record on January 24, 2024. 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)	**November 30, 2023** **$**	August 31, 2023 $	Change $	Explanations
Current assets				
Cash and cash equivalents	**86,921**	363,854	(276,933)	Refer to the "Cash flows analysis" section.
Trade and other receivables	**140,189**	139,412	777	Not significant.
Income taxes receivable	**23,650**	28,816	(5,166)	Not significant.
Prepaid expenses and other	**56,546**	43,262	13,284	Mainly related to the increase in prepayments for annual services agreements.
Derivative financial instruments	**12,135**	5,355	6,780	Mainly related to interest swap tranches maturing in November 2024, reclassified as current.
	319,441	580,699	(261,258)	
Current liabilities				
Bank indebtedness	**21,017**	23,229	(2,212)	Refer to the "Cash flows analysis" section.
Trade and other payables	**303,461**	334,782	(31,321)	Mainly related to the timing of payments made to suppliers and lower level of capital expenditures following the completion of certain network expansion projects.
Provisions	**26,871**	33,019	(6,148)	Mainly related to the payments of certain programming and restructuring costs previously recognized.
Income tax liabilities	**415**	413	2	Not significant.
Contract liabilities and other liabilities	**61,600**	62,061	(461)	Not significant.
Government subsidies received in advance	**22,325**	29,262	(6,937)	Mainly related to the fibre-to-the-home network construction progress in Québec.
Derivative financial instruments	**3,644**	3,487	157	Not significant.
Current portion of long-term debt	**67,540**	43,325	24,215	Related to the reclassification of the US$25 million Senior Secured Notes Series A as current and to the quarterly repayments of the Senior Secured Term Loan B Facility.
	506,873	529,578	(22,705)	
Working capital surplus (deficiency)	**(187,432)**	51,121	(238,553)	

7.2 Other significant changes

(In thousands of Canadian dollars)	**November 30, 2023**	August 31, 2023	Change	Explanations
	$	$	$	
Non-current assets				
Property, plant and equipment	**3,275,781**	3,264,303	11,478	Mainly related to capital investments made during the first quarter of fiscal 2024 and the appreciation of the US dollar against the Canadian dollar, partly offset by the depreciation expense for the period.
Derivative financial instruments	**79,097**	100,792	(21,695)	Mainly related to changes in market interest rates and to the interest swap tranches maturing in November 2024 classified as current.
Non-current liabilities				
Long-term debt	**4,741,681**	5,045,672	(303,991)	Mainly related to the First Lien Credit Facilities, which were refinanced in September 2023, and to the reclassification of the US$25 million Senior Secured Notes Series A as current.

8. Capital resources and liquidity

8.1 Capital structure

The table below summarizes the Corporation's available liquidity:

(In thousands of Canadian dollars)	**At November 30, 2023**	At August 31, 2023
	$	$
Cash and cash equivalents	**86,921**	363,854
Cash with restrictions on use [1]	**(22,325)**	(29,262)
Amounts available under revolving credit facilities [2]	**777,351**	629,581
Available liquidity [3]	**841,947**	964,173

(1) Included within cash and cash equivalents (see Note 13 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$250 million (US$150 million at August 31, 2023) Senior Secured Revolving Facility (see Note 14 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 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 adjusted financial expense reflect the average exchange rate throughout the corresponding 12-month period.

	November 30, 2023	August 31, 2023
Net indebtedness / adjusted EBITDA ratio [1] [2]	**3.4**	3.3
Adjusted EBITDA / adjusted financial expense ratio [1] [2]	**5.4**	5.6

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

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

At November 30, 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 5.4%. The overall debt's weighted average term to maturity was 5.5 years.

8.2 Outstanding share data

A description of Cogeco's share data at December 31, 2023, taking into consideration the net effect of the share buyback transaction (refer to the "Business developments" section), is presented in the table below. Additional details are provided in Note 11 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	**8,040,562**	**64,346**

8.3 Financing

On September 29, 2023, a new US$775 million 7-year Term Loan B - Tranche 3 was issued following the amendment of Cogeco Communications' First Lien Credit Facility related to its U.S. subsidiaries, in addition to a new US$475 million 5-year Farm Credit Term Loan B and increasing the credit limit of the Senior Secured Revolving Facility from US$150 million to US$250 million and extending the maturity date to September 2028. Cogeco Communications then reimbursed the US$1.6 billion Tranche 1 of the Senior Secured Term Loan B Facility using the proceeds from the newly issued Term B loans, together with US$150 million drawn on the Senior Secured Revolving Facility and US$200 million of cash on hand.

On December 13, 2023, Cogeco initially financed its $280.0 million share buyback transaction and related transaction costs and expenses from proceeds from a portion of its Cogeco Communications' shares sold to Cogeco Communications for $116.5 million and to CDPQ for $73.2 million and from drawdowns from its term loan and credit facilities. As for Cogeco Communications, it initially financed the $116.5 million repurchase and related transaction costs and expenses through a drawdown on its existing term revolving facility (refer to the "Business developments" section). On December 11, 2023, Cogeco entered into a 3-year $75 million non-revolving term credit facility to partially finance its share buyback transaction, as mentioned above. On the same day, in order to maintain its borrowing capacity, Cogeco Communications entered into a $125 million non-revolving term credit facility, which is available to be drawn until April 9, 2024, and is currently undrawn.

8.4 Cogeco Communications' credit ratings

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

At November 30, 2023	S&P	DBRS	Moody's
Cogeco Communications			
Senior Secured Notes	**BBB-**	**BBB (low)**	**NR**
Corporate credit issuer rating	**BB+** [(1)]	**BB (high)**	**NR**
U.S. subsidiaries			
First Lien Credit Facilities	**BB**	**NR**	**B1**
Corporate credit issuer rating	**BB** [(1)]	**NR**	**B1**

(1) Negative outlook as of December 11, 2023, following the share buyback transaction (refer to the "Business developments" section).
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 2023 annual consolidated financial statements.

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at November 30, 2023 is "A" by Standard & Poor's rating services ("S&P"). Management monitors its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

On November 30, 2023, the Corporation had used $46.9 million of its $100 million Term Revolving Facility and an amount of $361.7 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $53.1 million and $388.3 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $339.6 million (US$250 million), of which $3.6 million (US$2.7 million) was used at November 30, 2023 for a remaining availability of $335.9 million (US$247.3 million). An unsecured letter of credit facility was put in place in connection with the 3800 MHz spectrum auction (refer to the "Business developments" section).

Interest rate risk

On November 30, 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 November 30, 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 3
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) Following the early repayment of Tranche 1 in September 2023, the debt associated with the hedged variable interest cash flows was replaced by Tranche 3 of the Senior Secured Term Loan B Facility.

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 $16.4 million based on the outstanding debt and swap agreements at November 30, 2023.

8.6 Foreign currency

For the three-month periods ended November 30, 2023 and 2022, the average rates prevailing used to convert the operating results of the American telecommunications segment were as follows:

	Three months ended November 30	
	2023	2022
	$	$
US dollar vs Canadian dollar	**1.3654**	1.3489

8.7 Contractual obligations and guarantees

3800 MHz spectrum auction

On November 30, 2023, ISED announced the provisional spectrum licence winners in the 3800 MHz spectrum auction. Cogeco Communications, through its wholly-owned subsidiary Elite General Partnership, secured 99 spectrum licences in urban and rural markets, including the greater Toronto, Montréal, Québec City and Ottawa areas, for a total purchase price of $190.3 million.

The required deposit of $38.1 million to ISED, representing 20% of the total purchase price, is expected to be paid on or before January 17, 2024, while the final payment is expected to be paid on or before May 29, 2024. The unsecured letter of credit issued to ISED in July 2023 as a pre-auction deposit will remain outstanding until the final payment is made.

Performance and payment bonds

On November 30, 2023, the Corporation had $157.9 million of performance and payment bonds outstanding, issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program (AHSIP).

9. Sustainability strategy

At Cogeco, we take immense pride in pursuing a sustainability agenda through the implementation of various initiatives that are aligned to leading environmental, social and governance (ESG) practices. Our sustainability strategy is based on a long-standing tradition of social engagement and community involvement, a commitment to digital inclusion and climate action, leading operating practices as well as a strong commitment to responsible and ethical management. It forms an integral part of the company's business strategy as we acknowledge the fundamental role that corporations must play in addressing the most pressing environmental, social and economic challenges of our time, as well as our responsibility towards effective monitoring and management of our sustainability-related risks and opportunities to ensure long-term and resilient value creation.

We have defined our sustainability strategy, guided by both our core organizational values and the results of our double materiality assessment, which takes into account sustainability topics that are material to the corporation, to society, and to the planet. Our commitments are centered on the key ESG levers of reducing our environmental footprint, implementing strong governance practices and supporting our key stakeholders. We monitor our sustainability related progress based on a set of key performance indicators that are reviewed as needed to ensure continued relevance. We continue to adopt leading practices and recognized frameworks to report progress in a transparent manner. For details on the Corporation's sustainability strategy and related achievements and priorities, please refer to the "Sustainability strategy" section of the Corporation's 2023 annual MD&A, available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at corpo.cogeco.com.

For more information on our initiatives and our performance, please refer to Cogeco's latest ESG and Sustainability Report, which was published in March 2023 and is available directly on the Corporation's website at corpo.cogeco.com. Our new report will be released in March 2024. In addition, detailed KPIs can be found in our ESG data supplement available on the corpo.cogeco.com website.

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. For more detailed information about our actions related to climate change mitigation and adaptation, please refer to our Climate Action Plan and TCFD Report (corpo.cogeco.com), which was published in January 2023. Our new report will be released in March 2024.

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 November 30, 2023, and concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the three-month period ended November 30, 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 2023 annual MD&A, available on SEDAR+ at www.sedarplus.ca and corpo.cogeco.com. The following update should be read together with the uncertainties and main risk factors described in the 2023 MD&A, which are hereby incorporated by reference.

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.

On November 6, 2023, the CRTC issued a decision requiring Bell and Telus to provide temporary wholesale access to their FTTP facilities in Ontario and Québec by May 7, 2024. The decision also sets the interim rates that competitors will pay when selling services over these facilities. This temporary access is to be made available until the conclusion of the CRTC's broader review of the wholesale high-speed access framework. Cable carriers, including Cogeco, are not required to implement this temporary mandate, as the CRTC found that they already service the majority of wholesale-based competitors via their hybrid fibre-coaxial networks and that, given the temporary nature of the interim FTTP access mandate, it would be neither efficient nor proportionate to mandate cable carriers to implement it. Bell is seeking to appeal the CRTC's decision to the Federal Court of Appeal.

A decision by the CRTC on its broader review of the wholesale HSA framework 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

The following amendments to accounting standards were issued by the IASB and have not yet been applied in preparing these consolidated financial statements.

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 retrospectively upon the amendments' release during its third quarter of fiscal 2023. Currently, the Corporation is operating in jurisdictions in which the Pillar Two legislation has not yet been enacted or substantively enacted. The Corporation will continue to monitor the Pillar Two legislation and assess the impact of the remaining targeted disclosure requirements on its consolidated financial statements.
Supplier Finance Arrangements - Amendments to IAS 7, *Statement of Cash Flows*, and IFRS 7, *Financial Instruments: Disclosures*	In May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 and IFRS 7, introducing new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. 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, but does not expect that its disclosure will be materially impacted by the application of these amendments.

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-month period ended November 30, 2023 are translated at the average foreign exchange rate of the comparable period of the prior year, which was 1.3489 USD/CDN.

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, and (gain) loss on debt modification and/or extinguishment, 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 and/or extinguishment, 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
Adjusted financial expense	Adjusted financial expense is a measure used by management to calculate certain covenant ratios and to assess the Corporation's ability to service its debt.	Financial expense deduct: - (gain) loss on debt modification and/or extinguishment, if any.	Financial expense
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 effect 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 periods denominated in US dollars at the foreign exchange rates of the comparable periods 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 Corporation's 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. During the first quarter of fiscal 2024, the Corporation updated the free cash flow calculation to exclude (gain) loss on debt modification and/or extinguishment, as applicable, following the reimbursement of Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility. Excluding these items does not imply they are non-recurring.	Free cash flow: - Adjusted EBITDA add: - amortization of deferred transaction costs and discounts on long-term debt; - (gain) loss on debt modification and/or extinguishment; - 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.	Cash flows from operating activities
	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, excluding network expansion projects: - Free cash flow add: - net capital expenditures in connection with network expansion projects.	
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 capital intensity and 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 November 30	
	2023	2022
(In thousands of Canadian dollars)	**$**	$
Profit for the period attributable to owners of the Corporation	**34,541**	42,081
Acquisition, integration, restructuring and other costs	**3,265**	2,677
Loss on debt extinguishment [1]	**16,880**	—
Tax impact for the above items	**(5,333)**	(710)
Non-controlling interest impact for the above items	**(9,315)**	(1,286)
Adjusted profit attributable to owners of the Corporation	**40,038**	42,762

(1) Included within financial expense.

Adjusted financial expense

	Three months ended November 30	
	2023	2022
(In thousands of Canadian dollars)	**$**	$
Financial expense	**84,294**	57,527
Loss on debt extinguishment	**(16,880)**	—
Adjusted financial expense	**67,414**	57,527

Constant currency basis and foreign exchange impact reconciliation

Consolidated

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

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

	Three months ended November 30					
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Free cash flow	**141,823**	(176)	**141,647**	109,483	**29.5**	**29.4**
Net capital expenditures	**146,667**	(1,060)	**145,607**	197,342	**(25.7)**	**(26.2)**

Segmented

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

Free cash flow reconciliation

	Three months ended November 30	
	2023	2022
(In thousands of Canadian dollars)	**$**	$
Cash flows from operating activities	**236,919**	193,821
Amortization of deferred transaction costs and discounts on long-term debt [1]	**2,691**	3,062
Loss on debt extinguishment [1]	**16,880**	—
Changes in other non-cash operating activities	**58,495**	69,949
Income taxes paid	**2,903**	47,293
Current income taxes	**(8,042)**	(9,290)
Interest paid	**65,038**	61,206
Financial expense	**(84,294)**	(57,527)
Net capital expenditures [2]	**(146,667)**	(197,342)
Repayment of lease liabilities	**(2,100)**	(1,689)
Free cash flow	**141,823**	109,483

(1) Included within financial expense.

(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 the utilization of those received in advance.

Available liquidity reconciliation

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

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

Net capital expenditures

				Three months ended November 30		
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Net capital expenditures	**146,667**	(1,060)	**145,607**	197,342	**(25.7)**	**(26.2)**
Net capital expenditures in connection with network expansion projects	**31,660**	(162)	**31,498**	65,834	**(51.9)**	**(52.2)**
Net capital expenditures, excluding network expansion projects	**115,007**	(898)	**114,109**	131,508	**(12.5)**	**(13.2)**

Free cash flow

					Three months ended November 30	
					Change	
	2023	Foreign exchange impact	**2023 in constant currency**	2022	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Free cash flow	**141,823**	(176)	**141,647**	109,483	**29.5**	**29.4**
Net capital expenditures in connection with network expansion projects	**31,660**	(162)	**31,498**	65,834	**(51.9)**	**(52.2)**
Free cash flow, excluding network expansion projects	**173,483**	(338)	**173,145**	175,317	**(1.0)**	**(1.2)**

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 its 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 impairment of assets, acquisition, integration, restructuring and other costs, and (gain) loss on debt modification and/or extinguishment, 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 periods denominated in US dollars using the foreign exchange rates of the comparable periods of the prior year. Constant currency basis is a non-IFRS financial measure. For more details on constant currency basis, please refer to the "Non-IFRS financial measures" sub-section.
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 Corporation's 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. Constant currency basis is a non-IFRS financial measure. For more details on constant currency basis, please refer to the "Non-IFRS financial measures" sub-section.

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

Total of segments measures

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

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

Adjusted EBITDA reconciliation

	Three months ended November 30	
	2023	2022
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**98,729**	123,808
Income taxes	**19,381**	33,480
Financial expense	**84,294**	57,527
Depreciation and amortization	**160,364**	156,390
Acquisition, integration, restructuring and other costs	**3,265**	2,677
Adjusted EBITDA	**366,033**	373,882

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 and/or Cogeco Communications are capital management measures, as disclosed in the notes to the Corporation's and/or Cogeco Communications' consolidated financial statements and/or condensed interim consolidated financial statements.

Specified financial measures	Usefulness	Calculation
Net indebtedness	Net indebtedness is a measure used by management, and management believes it is also used by certain investors and analysts, to assess the Corporation's and Cogeco Communications' financial leverage, as it represents the debt net of the available unrestricted cash and cash equivalents. Net indebtedness is a component of "Net indebtedness to adjusted EBITDA ratio".	Long-term debt before discounts, transaction costs and other add: - Bank indebtedness deduct: - Cash and cash equivalents, excluding cash with restrictions on use.
Net indebtedness to adjusted EBITDA ratio	Net indebtedness to adjusted EBITDA ratio is a measure used by management to assess the Corporation's and Cogeco Communications' financial leverage and their capital structure decisions, including the issuance of new debt, and to manage the Corporation's and Cogeco Communications' debt maturity risks.	Net indebtedness divided by the twelve-month trailing adjusted EBITDA.
Adjusted EBITDA to adjusted financial expense ratio	Adjusted EBITDA to adjusted 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 adjusted financial expense. Adjusted financial expense is a non-IFRS financial measure. For more details on adjusted financial expense, please refer to the "Non-IFRS financial measures" sub-section.
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 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.
Return on equity	Profit attributable to owners of the Corporation for the year divided by the average of the equity attributable to owners of the Corporation for the year.

14. Supplementary quarterly financial information

Three months ended	**Fiscal 2024**			Fiscal 2023				Fiscal 2022 [1]
	November 30, 2023	August 31, 2023	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022	May 31, 2022	February 28, 2022 [1]
(In thousands of Canadian dollars, except per share data)	**$**	$	$	$	$	$	$	$
Operations								
Revenue	**776,172**	766,652	767,603	757,191	789,690	746,911	754,777	748,066
Adjusted EBITDA	**366,033**	351,925	355,459	351,663	373,882	348,510	353,473	349,211
Acquisition, integration, restructuring and other costs	**3,265**	15,239	11,377	6,952	2,677	12,657	2,286	1,451
Impairment of goodwill and intangible assets	**—**	—	88,000	—	—	—	—	—
Profit for the period	**98,729**	90,521	33,314	102,592	123,808	111,379	108,456	118,781
Profit (loss) for the period attributable to owners of the Corporation	**34,541**	29,234	(34,473)	33,788	42,081	36,433	37,493	36,659
Adjusted profit attributable to owners of the Corporation	**40,038**	33,006	37,921	35,609	42,762	39,459	38,009	36,990
Cash flow								
Cash flows from operating activities	**236,919**	284,370	283,180	206,843	193,821	326,636	355,681	278,768
Free cash flow	**141,823**	86,237	107,379	118,331	109,483	34,704	108,954	153,703
Acquisition of property, plant and equipment	**153,789**	207,434	190,121	173,674	235,008	244,855	198,271	158,153
Net capital expenditures	**146,667**	178,481	170,258	156,832	197,342	224,775	183,107	142,475
Per share data [2]								
Earnings (loss) per share								
Basic	**2.23**	1.89	(2.22)	2.17	2.68	2.32	2.38	2.30
Diluted	**2.21**	1.87	(2.22)	2.15	2.67	2.31	2.37	2.29
Adjusted diluted [3]	**2.57**	2.12	2.43	2.27	2.71	2.50	2.40	2.31
Dividends per share	**0.854**	0.731	0.731	0.731	0.731	0.625	0.625	0.625

(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.

(3) For the three-month period ended May 31, 2023, the weighted average number of diluted voting shares used for the calculation of the adjusted diluted earnings per share included 49,305 incentive shares units and 48,415 performance share units. As for the calculation of the diluted loss per share, these share-based compensation units were deemed to be anti-dilutive due to the loss incurred during the period and therefore were excluded from the calculation.

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-month period ended November 30, 2023

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

		Three months ended November 30	
	Notes	**2023**	2022
(In thousands of Canadian dollars, except per share data)		**$**	$
Revenue	*3*	**776,172**	789,690
Operating expenses	*5*	**410,139**	415,808
Acquisition, integration, restructuring and other costs	*6*	**3,265**	2,677
Depreciation and amortization		**160,364**	156,390
Financial expense	*7*	**84,294**	57,527
Profit before income taxes		**118,110**	157,288
Income taxes	*8*	**19,381**	33,480
Profit for the period		**98,729**	123,808
Profit for the period attributable to:			
Owners of the Corporation		**34,541**	42,081
Non-controlling interest		**64,188**	81,727
		98,729	123,808
Earnings per share			
Basic	*9*	**2.23**	2.68
Diluted	*9*	**2.21**	2.67

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

	Three months ended November 30	
	2023	2022
(In thousands of Canadian dollars)	**$**	$
Profit for the period	**98,729**	123,808
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	**(14,915)**	27,066
Related income taxes	**3,952**	(7,172)
	(10,963)	19,894
Foreign currency translation adjustments		
Net foreign currency translation differences on net investments in foreign operations	**8,701**	65,929
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	**(1,989)**	(15,484)
Related income taxes	**(698)**	(63)
	6,014	50,382
	(4,949)	70,276
Items not to be subsequently reclassified to profit or loss		
Defined benefit plans actuarial adjustments		
Remeasurement of net defined benefit liability or asset	**(574)**	3,520
Related income taxes	**152**	(933)
	(422)	2,587
	(5,371)	72,863
Comprehensive income for the period	**93,358**	196,671
Comprehensive income for the period attributable to:		
Owners of the Corporation	**31,952**	63,657
Non-controlling interest	**61,406**	133,314
	93,358	196,971

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 11)		*(Note 12)*			
Balance at August 31, 2022	106,768	11,031	44,397	757,647	2,349,670	3,269,513
Profit for the period	—	—	—	42,081	81,727	123,808
Other comprehensive income for the period	—	—	19,556	1,720	51,587	72,863
Comprehensive income for the period	—	—	19,556	43,801	133,314	196,671
Share-based payment (Note 11 C))	—	1,027	—	—	1,193	2,220
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	—	(36)	—	—	591	555
Dividends (Note 11 B))	—	—	—	(11,397)	(22,937)	(34,334)
Effect of changes in ownership of a subsidiary on non-controlling interest	—	—	—	(1,904)	1,904	—
Purchase and cancellation of subordinate voting shares	(222)	—	—	(1,381)	—	(1,603)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(2,941)	—	—	—	—	(2,941)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	2,120	(2,560)	—	440	—	—
Purchase and cancellation of subordinate voting shares by a subsidiary	—	—	—	(7,892)	(29,391)	(37,283)
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	—	—	—	(5,889)	(5,889)
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	—	(1,935)	—	318	1,617	—
Total distributions to shareholders	(1,043)	(3,504)	—	(21,816)	(52,912)	(79,275)
Balance at November 30, 2022	105,725	7,527	63,953	779,632	2,430,072	3,386,909
Balance at August 31, 2023	**104,882**	**10,380**	**60,197**	**750,404**	**2,517,286**	**3,443,149**
Profit for the period	**—**	**—**	**—**	**34,541**	**64,188**	**98,729**
Other comprehensive loss for the period	**—**	**—**	**(2,372)**	**(217)**	**(2,782)**	**(5,371)**
Comprehensive income (loss) for the period	**—**	**—**	**(2,372)**	**34,324**	**61,406**	**93,358**
Share-based payment (Note 11 C))	**—**	**457**	**—**	**—**	**764**	**1,221**
Issuance of subordinate voting shares by a subsidiary to non-controlling interest	**—**	**(15)**	**—**	**—**	**215**	**200**
Dividends (Note 11 B))	**—**	**—**	**—**	**(13,193)**	**(24,391)**	**(37,584)**
Effect of changes in ownership of a subsidiary on non-controlling interest	**—**	**—**	**—**	**(26)**	**26**	**—**
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**1,362**	**(1,489)**	**—**	**127**	**—**	**—**
Distribution to employees, by a subsidiary, of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**—**	**(1,559)**	**—**	**122**	**1,437**	**—**
Total contributions by (distributions to) shareholders	**1,362**	**(2,606)**	**—**	**(12,970)**	**(21,949)**	**(36,163)**
Balance at November 30, 2023	**106,244**	**7,774**	**57,825**	**771,758**	**2,556,743**	**3,500,344**

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

(In thousands of Canadian dollars)	*Notes*	**November 30, 2023 $**	August 31, 2023 $
Assets			
Current			
Cash and cash equivalents	*13 D)*	**86,921**	363,854
Trade and other receivables		**140,189**	139,412
Income taxes receivable		**23,650**	28,816
Prepaid expenses and other		**56,546**	43,262
Derivative financial instruments		**12,135**	5,355
		319,441	580,699
Non-current			
Other assets		**115,302**	105,499
Property, plant and equipment		**3,275,781**	3,264,303
Intangible assets		**3,681,736**	3,687,486
Goodwill		**2,124,884**	2,117,756
Derivative financial instruments		**79,097**	100,792
Deferred tax assets		**11,015**	13,243
		9,607,256	9,869,778
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**21,017**	23,229
Trade and other payables		**303,461**	334,782
Provisions		**26,871**	33,019
Income tax liabilities		**415**	413
Contract liabilities and other liabilities		**61,600**	62,061
Government subsidies received in advance		**22,325**	29,262
Derivative financial instruments		**3,644**	3,487
Current portion of long-term debt	*10*	**67,540**	43,325
		506,873	529,578
Non-current			
Long-term debt	*10*	**4,741,681**	5,045,672
Contract liabilities and other liabilities		**9,135**	8,687
Pension plan liabilities and accrued employee benefits		**8,536**	9,258
Deferred tax liabilities		**840,687**	833,434
		6,106,912	6,426,629
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*11 A)*	**106,244**	104,882
Share-based payment reserve		**7,774**	10,380
Accumulated other comprehensive income	*12*	**57,825**	60,197
Retained earnings		**771,758**	750,404
		943,601	925,863
Equity attributable to non-controlling interest		**2,556,743**	2,517,286
		3,500,344	3,443,149
		9,607,256	9,869,778

Commitments and guarantees (Note 16) and Subsequent event (Note 17)

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

		Three months ended November 30	
	Notes	**2023**	2022
(In thousands of Canadian dollars)		**$**	$
Cash flows from operating activities			
Profit for the period		**98,729**	123,808
Adjustments for:			
Depreciation and amortization		**160,364**	156,390
Financial expense	*7*	**84,294**	57,527
Income taxes	*8*	**19,381**	33,480
Share-based payment		**499**	1,404
Gain on disposals and write-offs of property, plant and equipment		**(113)**	(71)
Defined benefit plans expense, net of contributions		**201**	(269)
		363,355	372,269
Changes in other non-cash operating activities	*13 A)*	**(58,495)**	(69,949)
Interest paid		**(65,038)**	(61,206)
Income taxes paid		**(2,903)**	(47,293)
		236,919	193,821
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(153,789)**	(235,008)
Subsidies received in advance		**183**	181
Proceeds on disposals of property, plant and equipment and other		**252**	157
		(153,354)	(234,670)
Cash flows from financing activities			
Decrease in bank indebtedness		**(2,212)**	(7,711)
Net increase under the revolving facilities		**156,639**	163,726
Issuance of long-term debt, net of discounts and transaction costs		**1,656,208**	—
Repayment of notes and credit facilities		**(2,129,215)**	(8,780)
Repayment of lease liabilities		**(2,100)**	(1,689)
Increase in deferred transaction costs		**(1,801)**	—
Purchase and cancellation of subordinate voting shares	*11 A)*	**—**	(1,603)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	*11 A)*	**—**	(2,941)
Dividends paid on multiple and subordinate voting shares	*11 B)*	**(13,193)**	(11,397)
Issuance of subordinate voting shares by a subsidiary to non-controlling interest		**200**	555
Purchase and cancellation of subordinate voting shares by a subsidiary		**—**	(37,283)
Acquisition by a subsidiary from non-controlling interest of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans		**—**	(5,889)
Dividends paid on subordinate voting shares by a subsidiary to non-controlling interest	*11 B)*	**(24,391)**	(22,937)
		(359,865)	64,051
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency		**(633)**	6,295
Net change in cash and cash equivalents		**(276,933)**	29,497
Cash and cash equivalents, beginning of the period		**363,854**	379,001
Cash and cash equivalents, end of the period	*13 D)*	**86,921**	408,498

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 which provides Internet, video and phone services in Canada as well as in thirteen states in the United States through its business units Cogeco Connexion and Breezeline.

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 January 10, 2024. These condensed interim consolidated financial statements have been prepared with the same accounting policies and methods of computation followed by the Corporation in its 2023 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 2023 annual consolidated financial statements. Certain comparative amounts in the condensed interim consolidated financial statements have been reclassified in order to conform to the fiscal 2024 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) Foreign currency translation

Foreign currency rates used to translate the Corporation's foreign operation, Breezeline, are as follows:

	Closing rates as of		Average rates for the three-month periods ended	
	November 30, 2023	August 31, 2023	**November 30, 2023**	November 30, 2022
US dollar vs Canadian dollar	**1.3582**	1.3531	**1.3654**	1.3489

C) Accounting policy developments

The following amendments to accounting standards were issued by the IASB and have not yet been applied in preparing these consolidated financial statements.

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 retrospectively upon the amendments' release during its third quarter of fiscal 2023. Currently, the Corporation is operating in jurisdictions in which the Pillar Two legislation has not yet been enacted or substantively enacted. The Corporation will continue to monitor the Pillar Two legislation and assess the impact of the remaining targeted disclosure requirements on its consolidated financial statements.
Supplier Finance Arrangements - Amendments to IAS 7, *Statement of Cash Flows*, and IFRS 7, *Financial Instruments: Disclosures*	In May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 and IFRS 7, introducing new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. 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, but does not expect that its disclosure will be materially impacted by the application of these amendments.

3. Revenue

										Three months ended November 30
	Cogeco Communications									
	Canadian telecommunications		**American telecommunications**		**Sub-total**		**Other**		**Consolidated**	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
	$	$	**$**	$	**$**	$	**$**	$	**$**	$
Residential [1]	**315,200**	312,008	**322,079**	336,251	**637,279**	648,259	**—**	—	**637,279**	648,259
Commercial	**44,902**	43,362	**45,145**	44,768	**90,047**	88,130	**—**	—	**90,047**	88,130
Other	**16,346**	16,714	**4,017**	9,197	**20,363**	25,911	**28,483**	27,390	**48,846**	53,301
	376,448	372,084	**371,241**	390,216	**747,689**	762,300	**28,483**	27,390	**776,172**	789,690

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

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

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.

The column in the tables below 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 November 30, 2023					
	Cogeco Communications					
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Sub-total	Other	Consolidated
	$	$	$	$	$	$
Revenue [1]	376,448	371,241	—	747,689	28,483	776,172
Operating expenses	180,094	193,071	10,326	383,491	26,648	410,139
Management fees – Cogeco Inc.	—	—	5,238	5,238	(5,238)	—
Adjusted EBITDA	196,354	178,170	(15,564)	358,960	7,073	366,033
Acquisition, integration, restructuring and other costs				2,616	649	3,265
Depreciation and amortization				159,200	1,164	160,364
Financial expense				83,294	1,000	84,294
Profit before income taxes				113,850	4,260	118,110
Income taxes				18,098	1,283	19,381
Profit for the period				95,752	2,977	98,729
Net capital expenditures [2]	87,836	55,853	2,738	146,427	240	146,667

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

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

(1) For the first quarter of fiscal 2024, revenue by geographic market included $404.9 million in Canada, and $371.2 million in the United States, respectively. For the same period of the prior year, revenue included $399.5 million in Canada and $390.2 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 13 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. Operating expenses

	Three months ended November 30	
	2023	2022
	$	$
Salaries, employee benefits and outsourced services	**141,604**	139,483
Service delivery costs	**194,305**	202,467
Customer related costs	**32,300**	32,477
Other external purchases	**41,930**	41,381
	410,139	415,808

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

6. Acquisition, integration, restructuring and other costs

	Three months ended November 30	
	2023	2022
	$	$
Acquisition and integration costs	**179**	583
Restructuring costs	**466**	816
Configuration and customization costs related to cloud computing and other arrangements	**2,620**	1,278
	3,265	2,677

7. Financial expense

	Three months ended November 30	
	2023	2022
	$	$
Interest on long-term debt, excluding interest on lease liabilities	**69,137**	55,857
Interest on lease liabilities	**708**	646
Loss on debt extinguishment [1]	**16,880**	—
Net foreign exchange (gain) loss	**(1,626)**	2,372
Amortization of deferred transaction costs related to the revolving facilities	**516**	182
Interest income	**(1,447)**	(1,697)
Other	**126**	167
	84,294	57,527

(1) In connection with the prepayment of Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility in September 2023.

8. Income taxes

	Three months ended November 30	
	2023	2022
	$	$
Current	**8,042**	9,290
Deferred	**11,339**	24,190
	19,381	33,480

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

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

	Three months ended November 30	
	2023	2022
	$	$
Profit before income taxes	**118,110**	157,288
Combined Canadian income tax rate	**26.5 %**	26.5 %
Income taxes at combined Canadian income tax rate	**31,299**	41,681
Difference in operations' statutory income tax rates	**(155)**	(242)
Impact on income taxes arising from non-deductible expenses and non-taxable profit	**699**	704
Tax impacts related to foreign operations	**(12,682)**	(9,763)
Other	**220**	1,100
Income taxes at effective income tax rate	**19,381**	33,480
Effective income tax rate	**16.4%**	21.3%

9. Earnings per share

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

	Three months ended November 30	
	2023	2022
	$	$
Profit for the period attributable to owners of the Corporation	**34,541**	42,081
Weighted average number of multiple and subordinate voting shares outstanding	**15,512,563**	15,680,267
Effect of dilutive incentive share units	**42,445**	43,869
Effect of dilutive performance share units	**43,328**	42,664
Weighted average number of diluted multiple and subordinate voting shares outstanding	**15,598,336**	15,766,800

10. Long-term debt

	November 30, 2023	August 31, 2023
	$	$
Notes and credit facilities	**4,737,356**	5,019,513
Lease liabilities	**71,865**	69,484
	4,809,221	5,088,997
Less current portion	**67,540**	43,325
	4,741,681	5,045,672

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

A) Notes and credit facilities

	Maturity	Interest rate		November 30, 2023	August 31, 2023
		%		$	$
Corporation					
Term Revolving Facility					
Revolving loan - US$34.5 million (US$32.5 million at August 31, 2023)	February 2027	6.49	(1) (2)	**46,858**	43,975
Subsidiaries					
Term Revolving Facility					
Revolving loan – US$252 million (US$262 million at August 31, 2023)	January 2028	6.91	(1) (3)	**342,266**	354,512
Senior Secured Notes					
Series A - US$25 million	September 2024	4.14		**33,942**	33,810
Series B - US$150 million	September 2026	4.29		**203,482**	202,695
Senior Secured Notes - US$215 million	June 2025	4.30		**291,764**	290,629
Senior Secured Notes - Series 1	September 2031	2.99		**497,362**	497,286
Senior Secured Notes - Series 2	February 2033	5.30		**298,176**	298,137
Senior Unsecured Non-Revolving Facility	November 2042	—		**—**	—
First Lien Credit Facilities					
Senior Secured Term Loan B Facility					
Tranche 1 - US$1,575.8 million at August 31, 2023	—	—		**—**	2,114,649
Tranche 2 - US$884.3 million (US$886.5 million at August 31, 2023)	September 2028	7.96	(1) (4)	**1,185,925**	1,183,820
Tranche 3 - US$775 million	September 2030	8.60	(1) (5)	**1,033,916**	—
Farm Credit - US$475 million	September 2028	8.60	(1)	**633,890**	—
Senior Secured Revolving Facility - US$125 million	September 2028	7.32	(1)	**169,775**	—
				4,737,356	5,019,513
Less current portion				**58,899**	35,181
				4,678,457	4,984,332

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

(2) An amount of US$34.5 million drawn under the Corporation's Term Revolving Facility was hedged until January 10, 2024, using a cross-currency swap agreement which sets the amount redeemable at maturity at $46.9 million and the effective interest rate on the Canadian dollar equivalent at 6.06%.

(3) An amount of US$252 million drawn under Cogeco Communications' Term Revolving Facility was hedged until January 10, 2024, using a cross-currency swap agreement which sets the amount redeemable at maturity at $342.7 million and the effective interest rate on the Canadian dollar equivalent at 6.42%.

(4) As of November 30, 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%.

(5) As of November 30, 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 3. 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 3 of the Senior Secured Term Loan B Facility is 6.32%.

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

Subsidiaries

First Lien Credit Facilities

On September 29, 2023, Cogeco Communications amended the First Lien Credit Facility related to its U.S. operations, as follows:

- the issuance of the US$775 million 7-year Term Loan B - Tranche 3;
- the issuance of the US$475 million 5-year Farm Credit Term Loan B; and
- an increase in the credit limit of the Senior Secured Revolving Facility from US$150 million to US$250 million and the extension of the maturity date to September 2028.

The proceeds from the newly issued Term B loans, together with US$150 million drawn on the Senior Secured Revolving Facility and US$200 million of cash on hand, were used to reimburse the existing US$1.6 billion Tranche 1 of the Senior Secured Term Loan B Facility. The prepayment of Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility were accounted for as a debt extinguishment. As a result, a loss on debt extinguishment of $16.9 million was recognized during the first quarter of fiscal 2024, within financial expense.

11. Share capital

A) Issued and paid

	November 30, 2023	August 31, 2023
	$	$
1,602,217 multiple voting shares	10	10
14,009,952 subordinate voting shares	112,118	112,118
	112,128	112,128
42,032 subordinate voting shares held in trust under the Incentive Share Unit Plan (51,257 at August 31, 2023)	(2,937)	(3,582)
42,697 subordinate voting shares held in trust under the Performance Share Unit Plan (53,092 at August 31, 2023)	(2,947)	(3,664)
	106,244	104,882

Subordinate voting shares repurchase programs

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at November 30, 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

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

The following table provides the NCIB purchases for the three-month periods ended November 30, 2023 and 2022:

	Three months ended November 30	
	2023	2022
	$	$
Subordinate voting shares purchased and cancelled	**—**	27,700
Weighted average purchase price per share	**—**	57.87
Purchase costs	**—**	1,603

Subordinate voting shares held in trust

During the first three months of fiscal 2024, 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, 2023	**51,257**	**3,582**	**53,092**	**3,664**
Subordinate voting shares distributed to employees	**(9,225)**	**(645)**	**(10,395)**	**(717)**
Balance at November 30, 2023	**42,032**	**2,937**	**42,697**	**2,947**

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-month periods ended November 30, 2023 and 2022:

Declaration date	**Record date**	**Payment date**	**Dividend per share (in dollars)**	
			Cogeco	**Cogeco Communications**
November 1, 2023	**November 15, 2023**	**November 29, 2023**	**0.854**	**0.854**
October 27, 2022	November 10, 2022	November 24, 2022	0.731	0.776

	Three months ended November 30	
	2023	2022
	$	$
Attributable to owners of the Corporation		
Dividends on multiple voting shares	**1,368**	1,171
Dividends on subordinate voting shares	**11,825**	10,226
	13,193	11,397
Attributable to non-controlling interest		
Dividends on subordinate voting shares	**24,391**	22,937

At its January 10, 2024 meeting, the Board of Directors of Cogeco declared a quarterly eligible dividend of $0.854 per share for multiple and subordinate voting shares, payable on February 7, 2024 to shareholders of record on January 24, 2024.

(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 November 30	
	2023	2022
	$	$
Stock options	**409**	597
ISUs	**236**	835
PSUs	**576**	788
DSUs	**(722)**	(816)
	499	1,404

Stock options

For the three-month period ended November 30, 2023, no stock options were granted to employees by Cogeco under the Stock Option Plan of the Corporation and no options were outstanding at November 30, 2023 and August 31, 2023.

Under the Stock Option Plan of Cogeco Communications, changes in the outstanding number of stock options for the three-month period ended November 30, 2023 were as follows:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2023	**913,338**	**85.91**
Exercised [(1)]	**(4,000)**	**50.10**
Cancelled	**(27,539)**	**91.57**
Outstanding at November 30, 2023	**881,799**	**85.89**
Exercisable at November 30, 2023	**614,995**	**84.70**

(1) The weighted average share price for options exercised during the three-month period was $50.10.

ISUs, PSUs and DSUs

Under the Corporation's share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs for the three-month period ended November 30, 2023 were as follows:

	ISUs	**PSUs**	**DSUs**
Outstanding at August 31, 2023	**46,917**	**48,148**	**80,386**
Performance-based additional units granted	**—**	**103**	**—**
Distributed/Redeemed	**(9,225)**	**(10,395)**	**—**
Cancelled	**(2,722)**	**(2,938)**	**—**
Dividend equivalents	**—**	**638**	**1,468**
Outstanding at November 30, 2023	**34,970**	**35,556**	**81,854**

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

Under Cogeco Communications' share-based payment plans, changes in the outstanding number of ISUs, PSUs and DSUs for the three-month period ended November 30, 2023 were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2023	**68,837**	**101,703**	**90,542**
Performance-based additional units granted	**—**	**1,116**	**—**
Distributed/Redeemed	**(19,652)**	**(29,861)**	**—**
Cancelled	**(2,786)**	**(4,704)**	**—**
Dividend equivalents	**—**	**1,110**	**1,472**
Outstanding at November 30, 2023	**46,399**	**69,364**	**92,014**

12. Accumulated other comprehensive income

	Cash flow hedge reserve $	Foreign currency translation $	Total $
Balance at August 31, 2022	24,744	19,653	44,397
Other comprehensive income	6,835	12,721	19,556
Balance at November 30, 2022	31,579	32,374	63,953
Balance at August 31, 2023	**27,031**	**33,166**	**60,197**
Other comprehensive (loss) income	**(3,864)**	**1,492**	**(2,372)**
Balance at November 30, 2023	**23,167**	**34,658**	**57,825**

13. Additional cash flows information

A) Changes in other non-cash operating activities

	Three months ended November 30	
	2023	2022
	$	$
Trade and other receivables	**71**	(15,355)
Prepaid expenses and other	**(14,464)**	(14,670)
Other assets	**(7,846)**	(3,919)
Trade and other payables	**(29,841)**	(28,086)
Provisions	**(6,207)**	(4,279)
Contract liabilities and other liabilities	**(208)**	(3,640)
	(58,495)	(69,949)

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

B) Acquisition of property, plant and equipment

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

	Three months ended November 30	
	2023	2022
	$	$
Acquisition of property, plant and equipment	**153,789**	235,008
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(7,122)**	(37,666)
Net capital expenditures	**146,667**	197,342

C) Changes in liabilities arising from financing activities

		Long-term debt		
Three months ended November 30, 2023	Bank indebtedness	Notes and credit facilities	Lease liabilities	Total
	$	$	$	$
Balance at August 31, 2023	**23,229**	**5,019,513**	**69,484**	**5,112,226**
Decrease in bank indebtedness	**(2,212)**	**—**	**—**	**(2,212)**
Net increase under the revolving facilities	**—**	**156,639**	**—**	**156,639**
Issuance of long-term debt, net of discounts and transaction costs	**—**	**1,656,208**	**—**	**1,656,208**
Repayment of notes and credit facilities	**—**	**(2,129,215)**	**—**	**(2,129,215)**
Repayment of lease liabilities	**—**	**—**	**(2,100)**	**(2,100)**
Total cash flows from (used in) financing activities excluding equity	**(2,212)**	**(316,368)**	**(2,100)**	**(320,680)**
Interest paid on lease liabilities	**—**	**—**	**(786)**	**(786)**
Total cash flow changes	**(2,212)**	**(316,368)**	**(2,886)**	**(321,466)**
Loss on debt extinguishment [1]	**—**	**16,552**	**—**	**16,552**
Effect of changes in foreign exchange rates	**—**	**15,144**	**54**	**15,198**
Amortization of discounts, transaction costs and other	**—**	**2,515**	**—**	**2,515**
Net increase in lease liabilities	**—**	**—**	**5,213**	**5,213**
Total non-cash changes	**—**	**34,211**	**5,267**	**39,478**
Balance at November 30, 2023	**21,017**	**4,737,356**	**71,865**	**4,830,238**

(1) Out of the $16.9 million loss on debt extinguishment recorded in connection with the refinancing of the First Lien Credit Facilities, a portion amounting to $0.3 million is presented in *Other Assets*, as it pertains to the Senior Secured Revolving Facility.

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

D) Cash and cash equivalents

	November 30, 2023	August 31, 2023
	$	$
Cash	**64,596**	263,699
Cash with restrictions on use	**22,325**	29,262
Cash equivalents [1]	**—**	70,893
	86,921	363,854

(1) Comprised of bank term deposits.

14. 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 2023 annual consolidated financial statements.

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at November 30, 2023 is "A" by Standard & Poor's rating services ("S&P"). Management monitors its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

On November 30, 2023, the Corporation had used $46.9 million of its $100 million Term Revolving Facility and an amount of $361.7 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $53.1 million and $388.3 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $339.6 million (US$250 million), of which $3.6 million (US$2.7 million) was used at November 30, 2023 for a remaining availability of $335.9 million (US$247.3 million). An unsecured letter of credit facility was put in place in connection with the 3800 MHz spectrum auction (see Note 16).

Interest rate risk

On November 30, 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.

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

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 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 3
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) Following the early repayment of Tranche 1 in September 2023, the debt associated with the hedged variable interest cash flows was replaced by Tranche 3 of the Senior Secured Term Loan B Facility.

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 $16.4 million based on the outstanding debt and swap agreements at November 30, 2023.

B) Fair value of financial instruments

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

	November 30, 2023		August 31, 2023	
	Carrying value	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Notes and credit facilities	**4,737,356**	**4,406,473**	5,019,513	4,911,998

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.

On November 30, 2023 and August 31, 2023, the Corporation and its subsidiary, Cogeco Communications, were in compliance with all of their debt covenants and were not subject to any other externally imposed capital requirements.

Corporation

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

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

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

	November 30, 2023	August 31, 2023
Long-term debt, including the current portion	**4,809,221**	5,088,997
Discounts, transaction costs and other	**50,231**	39,479
Long-term debt before discounts, transaction costs and other	**4,859,452**	5,128,476
Bank indebtedness	**21,017**	23,229
Cash and cash equivalents, excluding cash with restrictions on use [1]	**(64,596)**	(334,592)
Net indebtedness	**4,815,873**	4,817,113

(1) See Note 13 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 adjusted financial expense reflect the average exchange rate throughout the corresponding 12-month period.

As at, or for the 12-month periods ended	November 30, 2023	August 31, 2023
Components of debt and coverage ratios		
Net indebtedness	**4,747,734**	4,749,214
Adjusted EBITDA	**1,412,803**	1,421,066
Adjusted financial expense [1]	**261,137**	251,642
Debt and coverage ratios		
Net indebtedness / adjusted EBITDA	**3.4**	3.3
Adjusted EBITDA / adjusted financial expense	**5.4**	5.6

(1) Excludes the loss on debt extinguishment recognized in connection with the refinancing of the First Lien Credit Facilities in September 2023.

15. Related party transactions

Cogeco is the parent company of Cogeco Communications and, as of November 30, 2023, held 35.3% of Cogeco Communications' equity shares, representing 84.5% of the votes attached to Cogeco Communications' voting shares. On December 13, 2023, Cogeco sold to Cogeco Communications 2,266,537 subordinate voting shares of its holdings in Cogeco Communications for $116.5 million, following the conversion and cancellation of an equivalent number of Cogeco Communications multiple voting shares. The subordinate voting shares were repurchased for cancellation, representing approximately 5.1% of all outstanding Cogeco Communications shares. For further details, see Note 17.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the three-month period ended November 30, 2023, management fees paid by Cogeco Communications amounted to $5.2 million compared to $5.4 million for the same period of fiscal 2023.

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

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. The following table provides the number of stock options and PSUs granted during the three-month periods ended November 30, 2023 and 2022 to these executive officers, as executive officers of Cogeco Communications, the value of which was charged back to Cogeco.

	Three months ended November 30	
	2023	2022
Stock options	**—**	79,348
PSUs	**—**	14,283

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

	Three months ended November 30	
	2023	2022
	$	$
Stock options	**222**	355
PSUs	**99**	143
DSUs	**—**	(100)
	321	398

16. Commitments and guarantees

3800 MHz spectrum auction

On November 30, 2023, Innovation, Science and Economic Development Canada ("ISED") announced the provisional spectrum licence winners in the 3800 MHz spectrum auction. Cogeco Communications, through its wholly-owned subsidiary Elite General Partnership, secured 99 spectrum licences in urban and rural markets, including the greater Toronto, Montréal, Québec City and Ottawa areas, for a total purchase price of $190.3 million.

The required deposit of $38.1 million to ISED, representing 20% of the total purchase price, is expected to be paid on or before January 17, 2024, while the final payment is expected to be paid on or before May 29, 2024. The unsecured letter of credit issued to ISED in July 2023 as a pre-auction deposit will remain outstanding until the final payment is made.

Performance and payment bonds

On November 30, 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).

17. Subsequent event

Repurchases of Rogers holdings in Cogeco and Cogeco Communications

On December 13, 2023, Cogeco repurchased for cancellation 5,969,390 of its subordinate voting shares from CDPQ for $280.0 million. This transaction followed the purchase by CDPQ of the entirety of Rogers Communications Inc.'s ("Rogers") holdings in both Cogeco and Cogeco Communications. In order to partially finance this purchase, Cogeco concurrently sold 2,266,537 subordinate voting shares of its holding in Cogeco Communications to Cogeco Communications for $116.5 million and 1,423,692 subordinate voting shares to CDPQ for $73.2 million, following the conversion and cancellation of an equivalent number of Cogeco Communications multiple voting shares. The 2,266,537 subordinate voting shares repurchased by Cogeco Communications were repurchased for cancellation. As a result of this transaction, CDPQ became an anchor investor in Cogeco Communications, with a holding of 6,809,339 subordinate voting shares, representing approximately 16.1% of all outstanding Cogeco Communications shares. The $280.0 million share buyback transaction and related transaction costs and expenses were initially financed by Cogeco from proceeds from a portion of its Cogeco Communications' shares sold to Cogeco Communications for $116.5 million and to CDPQ for $73.2 million and from drawdowns from its term loan and credit facilities. As for Cogeco Communications, it initially financed the $116.5 million repurchase and related transaction costs and expenses through a drawdown on its existing term revolving facility. On December 11, 2023, Cogeco entered into a 3-year $75 million non-revolving term credit facility to partially finance its share buyback transaction. On the same day, in order to maintain its borrowing capacity, Cogeco Communications entered into a $125 million non-revolving term credit facility, which is available to be drawn until April 9, 2024, and is currently undrawn.

Primary service unit statistics

	November 30, 2023	August 31, 2023	May 31, 2023	February 28, 2023	November 30, 2022
CONSOLIDATED					
Homes passed	**3,813,534**	3,800,068	3,777,037	3,746,115	3,713,407
Primary service units [(1)]	**2,951,057**	2,973,527	2,988,248	2,943,588	2,960,566
Internet service customers [(1)]	**1,528,754**	1,526,465	1,521,447	1,470,381	1,467,533
Video service customers	**906,817**	923,617	936,872	940,678	953,956
Phone service customers	**515,486**	523,445	529,929	532,529	539,077
CANADA					
Homes passed	**2,063,949**	2,056,180	2,048,872	2,033,475	2,018,146
Primary service units [(2)]	**1,873,244**	1,874,796	1,867,317	1,808,448	1,807,079
Internet service customers	**865,468**	854,703	840,662	782,862	775,063
Video service customers	**626,672**	634,736	639,920	639,994	644,329
Phone service customers	**381,104**	385,357	386,735	385,592	387,687
UNITED STATES					
Homes passed	**1,749,585**	1,743,888	1,728,165	1,712,640	1,695,261
Primary service units [(1)]	**1,077,813**	1,098,731	1,120,931	1,135,140	1,153,487
Internet service customers [(1)]	**663,286**	671,762	680,785	687,519	692,470
Video service customers	**280,145**	288,881	296,952	300,684	309,627
Phone service customers	**134,382**	138,088	143,194	146,937	151,390

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

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