

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

MD&A

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1. FORWARD-LOOKING STATEMENTS

Certain statements contained in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Inc.'s ("Cogeco" or the "Corporation") future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee"; "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding the Corporation's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, purchase price allocation, tax rates, weighted average cost of capital, performance and business prospects and opportunities, which Cogeco believes are reasonable as of the current date. Refer in particular to the "Corporate objectives and strategies" and "Fiscal 2023 financial guidelines" sections of the present MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as competitive risks, business risks (including potential disruption to our supply chain caused by economic and geopolitical instability resulting from the war in Ukraine and other contributing factors, increasing transportation lead times, scarcity and shortage of input materials and key telecommunication equipment and competition for resources), regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including elevated inflation reaching historical highs pressuring revenue, due to reduced consumer spending, and increasing costs), human-caused and natural threats to our network, 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" section of the present 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 consolidated financial statements and the notes thereto prepared in accordance with the International Financial Reporting Standards ("IFRS") for the year ended August 31, 2022.

In preparing this MD&A, the Corporation has taken into account information available up to October 27, 2022, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

2. OVERVIEW OF THE BUSINESS

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

2.1 CANADIAN AND AMERICAN TELECOMMUNICATIONS SEGMENTS

DESCRIPTION OF SERVICES

Through its subsidiary Cogeco Communications Inc. ("Cogeco Communications"), the Canadian and American telecommunications segments provide a wide range of Internet, video and phone services primarily to residential customers as well as business services across its coverage areas.

The Canadian telecommunications activities are carried out by Cogeco Connexion in the provinces of Québec and Ontario and the American telecommunications activities are carried out by Breezeline (formerly Atlantic Broadband) in 13 states: Connecticut, Delaware, Florida, Maine, Maryland, Massachusetts, New Hampshire, New York, Ohio, Pennsylvania, South Carolina, Virginia and West Virginia.

The following four services represent our core suite of offerings:

Internet services: We offer a wide range of Internet packages with top download speeds of up to 1 Gbps for residential customers and 10 Gbps for commercial customers in Canada and the United States. We also offer best-in-class managed Wi-Fi, with new home Wi-Fi solutions launched in fiscal 2021 in both Canada and the United States. These solutions improve the overall customer experience by providing expanded Wi-Fi coverage with enhanced reliability and consistent speed in every area of the home. Both Cogeco Connexion and Breezeline's home Wi-Fi solutions include self-installation devices which are provided to customers on a rental basis and work with any of the available gateways or modems. We also offer a simple and complete security suite and email solutions to our Internet customers with automatic updates to protect their devices. As an added benefit, Internet customers can connect wirelessly to the Internet at no extra cost from designated Wi-Fi Internet hotspots in our Canadian and American footprints.

Video services: We offer our customers a full array of digital video services and programming offerings. Our customers have access to a basic service, various digital tier packages, pay-per-view ("PPV") channels, video on demand ("VOD") services, advanced video services and an Internet protocol television ("IPTV") service, launched in Canada in fiscal 2021 and in the United States in fiscal 2022.

Phone services: Phone services use internet protocol ("IP") to transport digitized voice signals over the same private network that brings video and Internet services to customers. Residential customers can subscribe to different packages. All residential phone service customers have access to direct international calling and can subscribe to various international long distance plans, voicemail and other popular custom calling features.

Business services: We offer to our business customers, depending on the area, a wide range of Internet packages, video services, phone services and other advanced network connectivity services, such as session initiation protocol ("SIP"), primary rate interface ("PRI") trunk solutions and hosted private branch exchange ("HPBX") solutions.

Furthermore, we actively bundle our services into "double play" and "triple play" offerings at competitive prices to promote cross-selling within our customer base and to attract new customers.

NETWORKS AND INFRASTRUCTURE

Cogeco Connexion and Breezeline provide residential Internet, video and phone services and business services through advanced fibre optic and two-way telecommunications distribution networks. Cogeco Connexion and Breezeline deliver these services through their own long distance fibre optic systems, advanced hybrid fibre-coaxial ("HFC") telecommunications distribution networks, point-to-point fibre networks and fibre-to-the-home ("FTTH") network technologies.

Cogeco Connexion's distribution network covers a large territory from Western Ontario to Eastern Québec. Breezeline's distribution network covers 13 states along the East Coast of the United States, from Maine to Florida, as well as Pennsylvania and Ohio. Each of Cogeco Connexion and Breezeline's core transport networks have a broad reach and are designed to easily interconnect, at very high speed, their many local distribution systems to video content providers, other public phone networks, software application providers and the Internet.

For residential services, Cogeco Connexion and Breezeline are constantly densifying optical fibres to nodes serving small clusters of homes passed, with multiple fibres per node in most cases, to rapidly increase speed and capacity of the system when necessary. This "just in time" process, known as "node splitting", leads to further improve the quality and reliability while increasing the capacity of two-way services such as Internet, VOD and phone and optimizing the efficiency of capital investments. The HFC distribution infrastructure is designed with radio frequency ("RF") capacity of up to 1 GHz of bandwidth capacity, depending on the market served and customer needs.

This hybrid combination of fibre optic and coaxial cable is the most efficient choice when it comes to delivering high quality networks with judicious capital investments in legacy territories. Cogeco Connexion and Breezeline are also deploying FTTH technology in all new residential developments which meet specific criteria of size, proximity to the existing plant and service penetration rate. Cogeco Connexion and Breezeline's current FTTH deployment utilizes Passive Optical Networking ("PON") technology, as it is a robust solution offering customers symmetrical speeds.

Cogeco Connexion and Breezeline use CableLabs' DOCSIS technology to deliver Internet and business services over HFC networks. DOCSIS has numerous advanced features to ensure a continuous transmission and high quality of service delivery. In addition, this technology provides a flexible and expandable platform to further increase IP transmission speeds and to provide other products such as symmetrical services, which are particularly well suited for commercial customer applications. Cogeco Connexion offers Internet speeds of up to 1 Gbps in approximately 74% of its footprint and at least 120 Mbps in virtually all of its footprint and Breezeline offers up to 1 Gbps Internet speeds to approximately 97% of its footprint of serviceable homes and businesses. Higher speed packages are available to business and on a bespoke basis. Cogeco Connexion and Breezeline intend to continue deploying 1 Gbps speeds in the coming years using the DOCSIS 3.1 technology and selectively deploy DOCSIS 4.0, capable of offering 8 to 10 Gbps download speeds.

Cogeco Connexion and Breezeline's phone service uses VoIP technology which makes it possible to have a telephone conversation over a dedicated Internet IP network instead of dedicated voice transmission lines. IP networks allow the elimination of circuit switching phone and the associated waste of bandwidth. Instead, packet switching is used, whereby IP packets with voice data are sent over the network only when data needs to be sent, for example when a caller is talking. VoIP's advantages over traditional phone include lower costs per call, especially for long-distance calls, and lower infrastructure costs as, once the IP infrastructure is installed, little or no additional phone infrastructure is needed.

2.2 MEDIA ACTIVITIES

Cogeco Media is the most important radio broadcaster in Québec. It owns and operates 21 radio stations, delivering varied and complementary programming to a wide range of audiences. Stations include 98.5 in Montréal, the most listened to station in Canada in the last Numeris surveys of spring 2022, as well as 106.9 in Mauricie, 107.7 in Estrie, 104.7 in Outaouais, FM93 in Québec City and KYK 95.7 in Saguenay; the Rythme network stations: 105.7 in Montréal, 102.9 in Québec City, 100.1 in Mauricie, 98.3 in Saguenay and 93.7 in Estrie; and the CIME network in the Laurentians and Eastern Ontario, 96.9 CKOI, The Beat 92.5, the four Planète stations in Lac-St-Jean and Radio Circulation in Montréal.

As an audio leader in Québec, Cogeco Media reaches more than 5 million listeners per week in the province. It also owns and operates, Cogeco Nouvelles, the largest private news agency in Québec.

2.3 CORPORATE OBJECTIVES AND STRATEGIES

Our Strategy

Competitive and evolving ecosystem

Our industry and competitive environment are shaped by external forces such as economic conditions, laws and regulations and by new and evolving trends driven by such factors as technological advancements and customer needs and preferences.

The assessment of current and evolving trends is an integral part of our strategic planning process. The onset of the pandemic hastened and amplified the trajectory of many trends representing new and notable opportunities for us. The shift to a more digital society led us to play a greater role in connecting our customers and communities and in closing the digital divide while improving the way we interact with our customers and suppliers, and increasing efficiencies. Customers are focusing beyond mere services and products and prioritizing the total experience, leading us to take further action to provide thoughtful, integrated, seamless and memorable interactions both online and offline. Individuals are looking for greater alignment with their values leading to enhancements in our ways of working and overall employee well-being. Social purpose also took centre stage across industries, providing us with a platform to play an even greater role helping society move forward with long-term success.

In our increasingly competitive and evolving ecosystem, our commitment to excellence endures as evidenced by 65 years of history, dedication and growth.

Strategy for continued growth

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



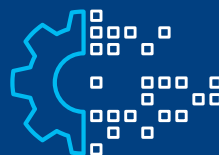
Organic

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



Acquisitions

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

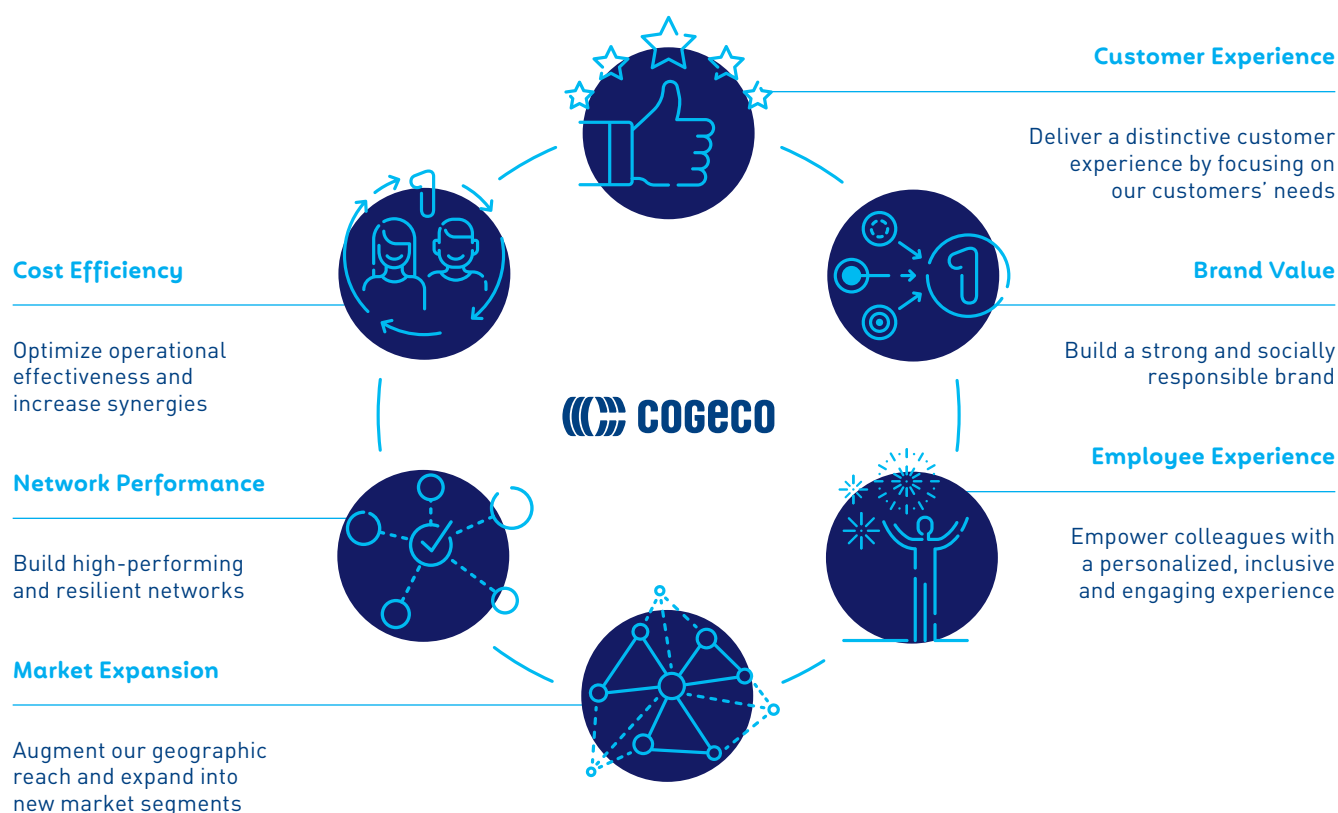


Innovation

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

Growth Pillars

Our vision is to be the organization that delivers the best and most sustainable value to its stakeholders, including its customers, communities, colleagues, suppliers and shareholders. We focus our efforts on six strategic growth pillars:



Cogeco's mission to bring people together through powerful communications and entertainment experiences continues to enable strong strategic focus and discipline. As we move forward with our growth strategy, we recognize the importance of ensuring a strong foundation. For Cogeco, this includes building a solid organizational culture, guided by our core values, and ensuring that robust environmental, social, and governance (ESG) practices are systematically embedded in our growth pillars. Ultimately, Cogeco exists to enrich people's lives through human connection and vibrant communities. 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. Our purpose is at the core of the relationships with our stakeholders and is a central element of our long-term growth.

Our strategic plan is elaborated in alignment with the growth pillars defined on the previous page. The key achievements and areas of focus of the strategic plan are as follows:

	 Progress in Fiscal 2022	 Focus in Fiscal 2023
Customer Experience 	• Pursued initiatives to enhance customer value proposition through increased Internet speeds, product enhancements and service improvements. • Continued advancements in consumer analytics, introducing machine learning, to better understand customer needs, improving targeted marketing strategies providing tailored recommendations for personalized offerings. • Broadened digital services, encouraging customers to use self-care, virtual connect, and diagnostic tools to improve customer experience. • In our American footprint, launched fibre-to-the-home (FTTH) with symmetrical Internet speeds, cloud-based IPTV (Breezeline Stream TV), a mobile app (My Breezeline), and a new managed Wi-Fi solution (WiFi Your Way) for homes and businesses. • In our Canadian footprint, pursued improvements to IPTV platform (EPICO), improved experience in the home with Wi-Fi 6, revamped the self-installation process, and introduced intelligent routing in our Interactive Voice Response (IVR) system. • Focused on progressively redefining our radio stations as multi-platform audio content providers, expanding digital activities and introducing Dynamic Ad Insertion (DAI) technology to deliver seamless and personalized ad experiences. • Pursued our talent management strategy and developed a roster of new on-air radio personalities.	Continue to enhance our service and product offering to provide our customers with a distinctive experience that anticipates and delivers on their evolving expectations.

Brand Value



Progress in Fiscal 2022

- Strengthened our brand strategy in Canada to elevate our key differentiator, the local brand champion, at every touchpoint. Developed a refreshed visual brand platform while increasing awareness of fibre deployment in greenfield markets.
- Rebranded Atlantic Broadband to Breezeline, in the United States, to reflect the growing geographic reach, full product breadth and commitment to a streamlined customer experience. Successfully launched a campaign to raise brand awareness and familiarity.
- Continued to elevate public relations, social media presence and optimize media investments to both acquire and retain customers.
- Received several sustainability recognitions such as being named among the World's 100 Most Sustainable Corporations by Corporate Knights. Leveraged our leadership in ESG practices and strong community involvement to further strengthen our brand.
- Pursued our philanthropic strategy and community impact initiatives focused on education, environment and inclusion. In both Canada and the United States, partnered with non-profit organizations to foster digital inclusion. Also held a company-wide Community Involvement Day focused on tree planting activities across our footprint.
- Achieved high rankings in Numeris radio listening survey results: 98.5 was the most listened-to station in Canada, The Beat station ranked first amongst anglophone listeners aged 25-54 in Montréal, and CKOI had the largest audience reach in Montréal.
- Strengthened our brand by consolidating some radio stations under the well-known Rythme banner.



Focus in Fiscal 2023

Pursue our customer-focused brand investments, ESG leadership and community involvement, to build a strong and socially responsible brand that is the preferred choice in our markets.

Employee Experience



Progress in Fiscal 2022

- Implemented hybrid working principles called FlexWork and a new teleworking policy to provide greater flexibility and help employees balance their personal and professional lives, while achieving the Corporation's objectives and growth strategy.
- Launched a new dynamic employee engagement survey platform increasing our global engagement score through improved two-way employee communications and more frequent feedback.
- Offered enriching professional development activities to build competencies and skills through our new 1Cogeco LEAD training and development framework combined with wellness initiatives.
- Pursued diversity and inclusion initiatives, including new training modules, and established new employee-led Employee Resource Groups (ERGs) to drive engagement and foster a sense of belonging.
- Implemented an integrated, engaging and interactive modern intranet which enhances the employee experience by offering easy-to-access targeted and relevant content, enabling collaborative communities while providing a common vision.



Focus in Fiscal 2023

Deliver an employee experience in a flexible and collaborative environment that drives performance, fosters well-being and supports our customer-centric culture.

Market Expansion



Progress in Fiscal 2022

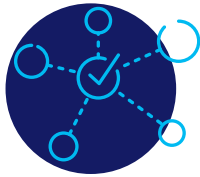
- Initiated the construction of several fibre-to-the-home network expansion projects in underserved and unserved markets in Québec and Ontario, in conjunction with the provincial and federal governments.
- Initiated the expansion of fibre-to-the-home networks in New Hampshire and West Virginia, adjacent to our operations.
- Continued integrating the Ohio broadband systems.
- Progressed on developing our plans to enter the Canadian mobile services market through a capital efficient model.



Focus in Fiscal 2023

Execute our ambitious market expansion strategy, continue collaboration with governments to bridge the digital divide, capture acquisition opportunities, and pursue our plans to enter the mobile market in Canada.

Network Performance



Progress in Fiscal 2022

- Continued the deployment of 1 Gbps Internet service, now offered in virtually all of the United States and the majority of the Canadian footprints.
- Increased investments in network upgrades (e.g. headends, power supplies) designed to improve technical stability, enhance performance monitoring, reduce network outages, and accelerate response time.
- Pursued deployment of preventive network maintenance initiatives, added network capacity and further strengthened redundancy.
- Launched technology enhancements to improve in-home Wi-Fi and increase coverage in the home.
- Introduced upgrades to our IPTV entertainment service, EPICO, in Québec and Ontario, improving the customer experience and proactive outage prevention.



Focus in Fiscal 2023

Continue to invest in ensuring the reliability and resilience of our infrastructures, and in delivering high performing networks.

Cost Efficiency



Progress in Fiscal 2022

- Implemented data analytics initiatives to further automate and improve management of content and customer interactions aimed at driving efficiency.
- Pursued innovative approaches in our procurement strategy to further drive cost optimization and agility while integrating strong ESG practices across our supply chain.
- Provided our customer-facing teams with tailored analysis of customer call history leading to decreased truck rolls and reducing overall number of calls.
- Measured customer satisfaction in real time at every touchpoint of the customer journey (store, online, contact centre agents, etc.), to better understand customer priorities and where to optimize investments.
- Broadened digital tools and services enabling more personalized services and improved operational efficiencies.



Focus in Fiscal 2023

Enhance operational excellence and accelerate cost optimization to enable further efficiencies and savings.

2.4 BUSINESS DEVELOPMENTS

Update on Cogeco's plan to enter the mobile market in Canada

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

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

For further details, please refer to the "Uncertainties and main risk factors" section.

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

As part of its plan to pursue its growth and to extend its high-speed Internet coverage and to provide Internet access in underserved and unserved areas, the Corporation continued during fiscal 2022 the acceleration of its high-speed Internet network expansion projects in both Canada and the United States, in collaboration with governments from both countries. During fiscal 2022, Internet network expansion projects added 70,000 homes passed in total in Canada and the United States.

In Canada, over the past years, Cogeco Connexion announced investments in several high-speed Internet network expansion projects in Québec and Ontario. In addition to the 13 high-speed Internet network expansion projects in several regions of Québec announced last year, Cogeco Communications announced in August 2022 that Cogeco Connexion will carry out six new high-speed Internet network expansion projects in several regions of Ontario as part of the Ontario's Accelerated High Speed Internet Program (AHSIP), which will benefit 37 municipalities and will connect over 13,800 homes and businesses. These digital infrastructure investment projects are scheduled to be completed by the end of calendar year 2025. Overall network expansion projects, including those in unserved or underserved areas in collaboration with the provincial and federal governments of Ontario and Québec, should add over 150,000 homes to the Canadian network. This equates to an 8% increase in Canadian homes passed, with 2% already added in fiscal 2022, and a 3% increase expected in fiscal 2023, 1% in fiscal 2024 and 2% in fiscal 2025. The Corporation is aiming to achieve a customer penetration rate of 50% over the three years following the construction of each project.

In the United States, Breezeline continued its geographical fibre-to-the-home network expansion in adjacent cities with attractive demographic and economic growth, including those recently announced in multiple communities in New Hampshire and West Virginia. Overall, networks expansion projects should add over 110,000 homes to the U.S. network, with 4% homes passed already added in fiscal 2022 and 5% expected in fiscal 2023. The Corporation is aiming to achieve a customer penetration rate of 36% over the three years following the construction of each project.

Acquisition and sale of radio stations

On April 25, 2022, the Corporation's subsidiary, Cogeco Media, finalized the acquisition of a radio station owned by Arsenal Média in the Saguenay-Lac-Saint-Jean region, known as the CILM radio station, and simultaneously sold to Arsenal Média two radio stations owned by Cogeco Media in the Abitibi-Témiscamingue region, known as the Capitale Rock and Wow radio stations. The acquired radio station was then relaunched as Rythme 98.3.

Atlantic Broadband changed its name to Breezeline

On January 10, 2022, the American telecommunications segment announced a full rebrand, changing its operating name to Breezeline (formerly Atlantic Broadband). The name change reflects the segment's commitment to an easy and convenient customer experience, while better representing the segment's geographic reach and full product breadth. Furthermore, Breezeline has also rebranded, effective May 9, 2022, its recently acquired broadband systems in Cleveland and Columbus, Ohio, which had been operating as WOW!

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

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

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

Acquisition of WideOpenWest's Ohio broadband systems

On September 1, 2021, Breezeline (formerly Atlantic Broadband), completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Ohio ("Ohio broadband systems") for a purchase price of \$1.418 billion (US\$1.125 billion), subject to customary post-closing adjustments. The transaction was executed through an asset purchase agreement. With the closing of this transaction, Breezeline is expanding its activities in Ohio and significantly growing its customer base.

The purchase price and transaction costs have been financed through the issuance of a US\$900 million senior secured Term B loan maturing in September 2028 and excess cash on hand. During the fourth quarter of fiscal 2022, the Corporation finalized the purchase price allocation. Further details on the Ohio broadband systems acquisition, including the purchase price allocation, can be found in Note 6 of the consolidated financial statements for the year ended August 31, 2022.

Issuance of \$500 million senior secured notes

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

Final payment for the 3500 MHz band spectrum licences

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

2.5 OPERATING ENVIRONMENT

The current global economic and political instability has resulted in rising inflation and interest rates and, for certain purchased products, more scarcity and longer delivery lead times. While we are proactively working at minimizing the impact on the Corporation, we expect the combination of those elements to continue to put pressure on revenue, as some customers seek ways to reduce their monthly spending, and on the costs to deliver our services.

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

In our radio operations, the advertising market was strongly affected by the pandemic due to restrictions imposed on portions of the customer base, such as the travel industry, as well as supply chain disruptions limiting other customers' businesses, such as the automobile industry. Furthermore, listeners were spending less time commuting in their cars, which had negatively impacted listening hours. While the market remains challenging, Cogeco Media continues to manage its operating expenses tightly, while maintaining quality programming.

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

2.6 KEY PERFORMANCE INDICATORS

The following key performance indicators are closely monitored to ensure that business strategies and objectives are closely aligned with shareholder value creation. The key performance indicators are not measurements in accordance with IFRS and should not be considered an alternative to other measures of performance in accordance with IFRS. The Corporation's method of calculating key performance indicators may differ from other companies and, accordingly, these key performance indicators may not be comparable to similar measures presented by other companies. The Corporation measures its performance, with regard to these objectives, by monitoring revenue, adjusted EBITDA, net capital expenditures and free cash flow on a constant currency basis. The Corporation also measures net capital expenditures and free cash flow excluding network expansion projects as it provides a common basis for comparing the impact of the net capital expenditures prior to the acceleration of the network expansion projects in fiscal 2022. Excluding the impact of net capital expenditures in connection with network expansion projects does not imply it is non-recurring.

	Fiscal 2022 performance and results				Fiscal 2022 projections (constant currency) ⁽¹⁾	Achievement of the revised projections
	Actuals		In constant currency ⁽¹⁾		April 13, 2022 Revised projections ⁽³⁾	
(In millions of Canadian dollars, except percentages)	\$	% increase (decrease) ⁽⁵⁾	\$	% increase (decrease) ⁽⁵⁾		
Financial guidelines						
Revenue	2,995	15.0	2,992	14.9	Increase of 15% to 17%	Under- achieved
Adjusted EBITDA ⁽²⁾	1,406	14.7	1,405	14.7	Increase of 14% to 16%	Achieved
Profit for the year ⁽⁶⁾	458	4.3	N/A	N/A	N/A	N/A
Net capital expenditures ⁽²⁾	692	29.4	688	28.7	\$725 to \$755	Lower
Acquisition of property, plant and equipment ⁽⁶⁾	748	38.7	N/A	N/A	N/A	N/A
Free cash flow ⁽²⁾	433	(13.1)	437	(12.4)	Decrease of 13% to 23%	Surpassed
Free cash flow, excluding network expansion projects ⁽²⁾	590	18.5	593	19.0	Increase of 16% to 26% ⁽⁷⁾	Achieved
Cash flows from operating activities ⁽⁶⁾	1,258	22.2	N/A	N/A	N/A	N/A

(1) Actual results and projections are presented in constant currency based on fiscal 2021 average foreign exchange rate of 1.2691 USD/CDN.

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

(3) Fiscal 2022 financial guidelines were revised at the time of issuing fiscal 2022 second-quarter results following a reduction of capital expenditures projections and a corresponding increase in projected free cash flow.

(4) Includes approximately \$180 to \$200 million in network expansion projects, net of government subsidies, and approximately \$30 million of acquisition and integration costs in connection with the acquisition of the Ohio broadband systems. The assumed current income tax effective rate is approximately 12%.

(5) Percentage of changes compared to fiscal 2021.

(6) These are presented as the most directly comparable IFRS financial measures and are not presented as part of the Corporation's fiscal 2022 projections.

(7) Calculated based on an estimated range of net capital expenditures, excluding network expansion projects, between \$540 to \$560 million. The increase in free cash flow, excluding the network expansion projects, is calculated by taking into consideration the fiscal 2022 net capital expenditures in connection with network expansion projects, compared to the fiscal 2021 actual free cash flow, in order to provide a common basis for comparing the impact of the net capital expenditures prior to the acceleration of the network expansion projects in fiscal 2022.

The Corporation under-achieved its revenue growth projections as Cogeco Media's fourth-quarter revenue were lower than expected, while both the Canadian and American telecommunications segments were in line with expectations. The Corporation achieved its adjusted EBITDA growth projections mainly as a result of both the Canadian and American telecommunications segments being in line with expectations. Revenue and adjusted EBITDA growth were driven by the Ohio broadband systems and DERYtelecom acquisitions, combined with organic revenue growth in both segments.

During fiscal 2022, net capital expenditures in connection with network expansion projects amounted to \$156 million in constant currency (\$157 million as reported), compared to the expected \$180 to \$200 million. Capital expenditures were lower than planned as a result of a slower construction pace mainly due to supply chain and labor shortages impacting many industries. Excluding fiscal 2022 network expansion projects, the Corporation achieved its free cash flow projections.

As for the free cash flow, the Corporation surpassed its projections mainly due to lower net capital expenditures, as explained above.

For further details on the Corporation's operating results, please refer to the "Operating and financial results", the "Segmented operating and financial results" and the "Cash flows analysis" sections.

2.7 THREE-YEAR ANNUAL FINANCIAL HIGHLIGHTS

Years ended August 31,	2022	2021 ⁽¹⁾	2020
<i>(In thousands of Canadian dollars, except percentages and per share data)</i>	\$	\$	\$
Operations			
Revenue	2,995,012	2,603,845	2,479,474
Adjusted EBITDA ⁽²⁾	1,405,588	1,225,468	1,168,487
Acquisition, integration, restructuring and other costs	35,029	8,744	11,562
Profit for the year	457,755	439,015	401,833
Profit for the year attributable to owners of the Corporation	149,108	141,856	128,084
Cash flow			
Cash flows from operating activities	1,258,427	1,029,767	941,628
Free cash flow ⁽²⁾	433,181	498,273	464,125
Acquisition of property, plant and equipment	747,608	539,176	487,240
Net capital expenditures ^{(1) (2)}	691,866	534,702	487,240
Financial condition			
Cash and cash equivalents	379,001	551,968	406,113
Total assets	9,468,025	7,536,313	7,024,696
Long-term debt			
Current	340,468	261,970	32,914
Non-current	4,398,142	3,067,940	3,192,301
Net indebtedness ⁽²⁾	4,545,809	3,008,681	2,884,241
Long-term financial liabilities ⁽³⁾	4,398,868	3,110,616	3,260,521
Equity attributable to owners of the Corporation	919,843	816,658	761,501
Per share data ⁽⁴⁾			
Earnings per share			
Basic	9.43	8.92	8.05
Diluted	9.37	8.87	7.98
Dividends	2.50	2.18	1.90

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

(2) Adjusted EBITDA and net capital expenditures are total of segments measures. Free cash flow is a non-IFRS financial measure. Net indebtedness is a capital management measure. These indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more information on these financial measures, 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.

(3) Long-term financial liabilities include long-term debt and derivative financial instruments.

(4) Per multiple and subordinate voting shares.

3. CONSOLIDATED OPERATING AND FINANCIAL RESULTS

3.1 OPERATING RESULTS

Years ended August 31, (In thousands of Canadian dollars, except percentages)	2022 ⁽¹⁾	Foreign exchange impact	2022 in constant currency ⁽²⁾	2021	Change	
					Actual	In constant currency
	\$	\$	\$	\$	%	%
Revenue	2,995,012	(2,881)	2,992,131	2,603,845	15.0	14.9
Operating expenses	1,589,424	(2,460)	1,586,964	1,378,377	15.3	15.1
Adjusted EBITDA	1,405,588	(421)	1,405,167	1,225,468	14.7	14.7

(1) For fiscal 2022, the average foreign exchange rate used for translation was 1.2718 USD/CDN.

(2) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of fiscal 2021, which was 1.2691 USD/CDN.

REVENUE

Years ended August 31, (In thousands of Canadian dollars, except percentages)	2022	2021	Change	Change in constant currency	Foreign exchange impact ⁽¹⁾
	\$	\$	%	%	\$
Canadian telecommunications	1,440,276	1,393,097	3.4	3.4	—
American telecommunications	1,460,378	1,117,356	30.7	30.4	(2,881)
Cogeco Communications	2,900,654	2,510,453	15.5	15.4	(2,881)
Other	94,358	93,392	1.0	1.0	—
Consolidated	2,995,012	2,603,845	15.0	14.9	(2,881)

(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 2022 revenue increased by 15.0% (14.9% in constant currency), mainly resulting from:

- the Ohio broadband systems acquisition completed on September 1, 2021, which contributed to the revenue growth in the American telecommunications segment;
- the DERYtelecom acquisition completed on December 14, 2020, which contributed to the revenue growth in the Canadian telecommunications segment;
- organic revenue growth in both the American and Canadian telecommunications segments, driven by the cumulative effect of high-speed Internet service additions over the past year through organic growth and a higher value product mix;
- last year's retroactive adjustment of \$4.6 million recognized as a reduction of revenue during the third quarter of fiscal 2021 following the CRTC's decision on aggregated wholesale Internet rates, within the Canadian telecommunications segment; and
- higher revenue in the media activities.

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

OPERATING EXPENSES

Years ended August 31,	2022	2021	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian telecommunications	665,732	642,568	3.6	3.5	(374)
American telecommunications	783,704	605,856	29.4	29.0	(2,086)
Corporate and eliminations	35,856	32,908	9.0	9.0	—
Cogeco Communications	1,485,292	1,281,332	15.9	15.7	(2,460)
Other	104,132	97,045	7.3	7.3	—
Consolidated	1,589,424	1,378,377	15.3	15.1	(2,460)

Fiscal 2022 operating expenses increased by 15.3% (15.1% in constant currency), mainly attributable to:

- higher operating expenses in the American telecommunications segment, mainly resulting from the Ohio broadband systems acquisition, higher marketing and advertising expenses including costs incurred in connection with the rebranding of Atlantic Broadband to Breezeline and higher operating expenses to drive and support customer growth, partly offset by reduced video services costs;
- higher operating expenses in the Canadian telecommunications segment, mainly resulting from the DERYtelecom acquisition, higher overall operating expenses associated with the revenue growth, partly offset by lower marketing expenses;
- higher corporate costs, primarily due to initiatives undertaken to support the Corporation's future growth and strategies; and
- higher operating expenses in the media activities compared to last year's overall lower expenses in the context of the COVID-19 pandemic.

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

ADJUSTED EBITDA

Years ended August 31,	2022	2021	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian telecommunications	774,544	750,529	3.2	3.2	374
American telecommunications	676,674	511,500	32.3	32.1	(795)
Corporate and eliminations	(58,156)	(56,373)	(3.2)	(3.2)	—
Cogeco Communications	1,393,062	1,205,656	15.5	15.5	(421)
Other	12,526	19,812	(36.8)	(36.8)	—
Consolidated	1,405,588	1,225,468	14.7	14.7	(421)

Fiscal 2022 adjusted EBITDA increased by 14.7%, as reported and in constant currency, mainly as a result of:

- an increase in the American telecommunications segment, mainly resulting from the Ohio broadband systems acquisition and organic revenue growth, partly offset by higher marketing and advertising expenses, including Breezeline's rebranding costs, to continue to drive and support customer growth; and
- an increase in the Canadian telecommunications segment, mainly resulting from the DERYtelecom acquisition and organic growth; partly offset by
- a decrease in the media activities, mainly resulting from higher operating expenses compared to last year's overall lower expenses in the context of the COVID-19 pandemic; and
- higher corporate costs.

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

3.2 ACQUISITION, INTEGRATION, RESTRUCTURING AND OTHER COSTS

Fiscal 2022 acquisition, integration, restructuring and other costs amounted to \$35.0 million, mostly related to:

- acquisition and integration costs incurred in connection with the acquisition, completed on September 1, 2021, of the Ohio broadband systems;
- restructuring costs associated with organizational changes during the fourth quarter of fiscal 2022 within the Canadian telecommunications segment, resulting in cost optimization;
- costs associated with configuration and customization related to cloud computing arrangements; and
- integration costs related to the DERYtelecom acquisition.

Fiscal 2021 acquisition, integration, restructuring and other costs amounted to \$8.7 million, mostly related to:

- costs incurred in connection with the acquisition, completed on December 14, 2020, and integration of DERYtelecom; and
- due diligence costs and legal fees related to the acquisition of the Ohio broadband systems, which was completed on September 1, 2021.

3.3 DEPRECIATION AND AMORTIZATION

Years ended August 31,	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	\$	\$	%
Depreciation of property, plant and equipment	569,454	471,518	20.8
Amortization of intangible assets	56,149	43,737	28.4
	625,603	515,255	21.4

Fiscal 2022 depreciation and amortization expense increased by 21.4%, mainly as a result of the acquisition of the Ohio broadband systems, combined with a higher level of capital expenditures.

3.4 FINANCIAL EXPENSE

Years ended August 31,	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	\$	\$	%
Interest on long-term debt, excluding interest on lease liabilities	185,551	128,606	44.3
Interest on lease liabilities	2,287	2,290	(0.1)
Net foreign exchange gain	(691)	(947)	(27.0)
Amortization of deferred transaction costs related to the revolving facilities	730	840	(13.1)
Other	2,037	(2,577)	—
	189,914	128,212	48.1

Fiscal 2022 financial expense increased by 48.1%, mainly due to:

- higher outstanding debt following the issuance of a US\$900 million senior secured Term B loan to finance the Ohio broadband systems acquisition completed on September 1, 2021 and the issuance of \$500 million senior secured notes on September 20, 2021;
- a non-recurring \$5.9 million favourable reversal in fiscal 2021 of a previously recognized provision upon reaching a settlement; and
- higher interest expense on the floating interest rate portion of the Senior Secured Term Loan B Facility, mainly resulting from the increase in interest rates; partly offset by
- lower interest expense following the reimbursement of the \$200 million Senior Secured Debentures Series 3 in February 2022.

3.5 INCOME TAXES

Years ended August 31,	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	<i>\$</i>	<i>\$</i>	<i>%</i>
Current	70,711	67,560	4.7
Deferred	26,576	66,682	(60.1)
Income taxes	97,287	134,242	(27.5)
Effective income tax rate	17.5 %	23.4 %	(25.2)

Fiscal 2022 income tax expense decreased by 27.5%, mainly as a result of:

- an \$11.9 million adjustment recognized in the first quarter of fiscal 2022 following the Ohio broadband systems acquisition, which reduced the blended state income tax rate, enabling the Corporation to recognize a reduction of deferred tax liability related to U.S. temporary tax differences;
- other tax benefits from the Ohio broadband systems acquisition;
- an \$8.5 million tax benefit recognized in the fourth quarter of fiscal 2022 following a change in tax rate, signed into law on July 8, 2022, to reduce the corporate net income tax rate in the state of Pennsylvania from 9.99% to 4.99% by decreasing it by 0.5% annually until 2031, effective for the Corporation on September 1, 2023; and
- the decrease in profit before income taxes.

3.6 PROFIT FOR THE YEAR

Years ended August 31,	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages and earnings per share)</i>	<i>\$</i>	<i>\$</i>	<i>%</i>
Profit for the year	457,755	439,015	4.3
Profit for the year attributable to owners of the Corporation	149,108	141,856	5.1
Profit for the year attributable to non-controlling interest ⁽¹⁾	308,647	297,159	3.9
Basic earnings per share	9.43	8.92	5.7
Diluted earnings per share	9.37	8.87	5.6

(1) At August 31, 2022, the non-controlling interest relates to a participation of approximately 65.7% in the profit for the year attributable to owners of Cogeco Communications in addition to the 21% ownership of Caisse de dépôt et placement du Québec ("CDPQ") in Cogeco Communications' Breezeline subsidiary.

Fiscal 2022 profit for the year and profit for the year attributable to owners of the Corporation increased by 4.3% and 5.1%, respectively, as a result of:

- higher adjusted EBITDA; and
- lower income tax expense; partly offset by
- higher depreciation and amortization expense, mainly as a result of the Ohio broadband systems acquisition, combined with a higher level of capital expenditures;
- higher financial expense, mainly due to an increased debt level, in part to finance the Ohio broadband systems acquisition; and
- higher acquisition, integration, restructuring and other costs, mainly resulting from the Ohio broadband systems acquisition.

4. SEGMENTED OPERATING AND FINANCIAL RESULTS

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

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

4.1 CANADIAN TELECOMMUNICATIONS

OPERATING AND FINANCIAL RESULTS

Years ended August 31, (In thousands of Canadian dollars, except percentages)	2022 ⁽¹⁾	Foreign exchange impact	2022 in constant currency ⁽²⁾	2021	Change	
					Actual	In constant currency
	\$	\$	\$	\$	%	%
Revenue	1,440,276	—	1,440,276	1,393,097	3.4	3.4
Operating expenses	665,732	(374)	665,358	642,568	3.6	3.5
Adjusted EBITDA	774,544	374	774,918	750,529	3.2	3.2
Adjusted EBITDA margin ⁽³⁾	53.8 %			53.9 %		
Net capital expenditures	336,104	(1,500)	334,604	256,636	31.0	30.4
Capital intensity ⁽³⁾	23.3 %			18.4 %		

(1) For fiscal 2022, the average foreign exchange rate used for translation was 1.2718 USD/CDN.

(2) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of fiscal 2021, which was 1.2691 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 2022 revenue increased by 3.4% as reported and in constant currency, mainly as a result of:

- the DERYtelecom acquisition completed on December 14, 2020;
- higher Internet service customer base and revenue per customer;
- growth in the commercial sector, mainly driven by a higher value Internet product mix; and
- last year's retroactive adjustment of \$4.6 million recognized as a reduction of revenue during the third quarter of fiscal 2021 following the CRTC's decision on aggregated wholesale Internet rates; partly offset by
- a decline in video and phone service customers.

OPERATING EXPENSES

Fiscal 2022 operating expenses increased by 3.6% (3.5% in constant currency), mainly due to:

- higher operating expenses resulting from the DERYtelecom acquisition; and
- higher overall operating expenses associated with the revenue growth; partly offset by
- lower marketing expenses.

ADJUSTED EBITDA

Fiscal 2022 adjusted EBITDA increased by 3.2% as reported and in constant currency, mainly resulting from:

- the DERYtelecom acquisition;
- organic growth;
- lower marketing expenses;
- the impact of last year's retroactive adjustment of \$4.6 million recognized as a reduction of revenue, as mentioned above; partly offset by
- higher overall operating expenses.

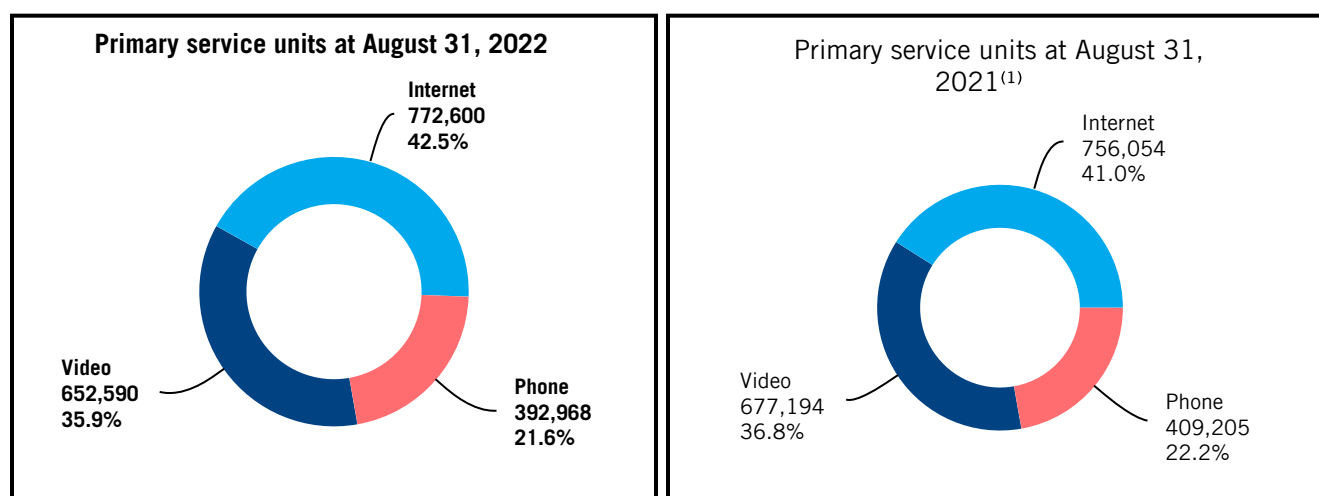
NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

Fiscal 2022 net capital expenditures increased by 31.0% (30.4% in constant currency), mainly due to:

- the acceleration of construction efforts related to Cogeco Connexion's high-speed Internet network expansion in Québec and Ontario;
- higher purchases of customer premise equipment related to the network expansion projects; and
- the timing of certain initiatives.

Fiscal 2022 capital intensity reached 23.3% compared to 18.4% for fiscal 2021. The capital intensity increase is mainly explained by higher net capital expenditures related to network expansion projects, partly offset by the revenue growth.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS



(1) The comparative figures have been restated. Refer to the table below for further details.

	August 31, 2022	Net additions (losses) Years ended August 31,		% of penetration ⁽¹⁾	
		2022	2021 ⁽²⁾	August 31, 2022	August 31, 2021
Primary service units	1,818,158	(24,295)	(18,369)		
Internet service customers ⁽³⁾	772,600	16,546	21,319	38.7	38.6
Video service customers	652,590	(24,604)	(22,273)	32.7	34.6
Phone service customers	392,968	(16,237)	(17,415)	19.7	20.9

(1) As a percentage of homes passed. During the fourth quarter of fiscal 2022, homes passed have been adjusted downwards following an exhaustive review of the calculation of Canadian homes passed. This change has been applied retrospectively to the comparative figures.

(2) Excludes the opening primary service units resulting from the DERYtelecom acquisition as at December 14, 2020.

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

INTERNET

Fiscal 2022 Internet service customers net additions amounted to 16,546 compared to 21,319 for the prior year, both excluding wholesale Internet customers as per the new definition adopted during the fourth quarter of fiscal 2022. The net additions of fiscal 2022 were mainly resulting from the ongoing interest in high-speed offerings. Last year's net additions were elevated, mainly driven by the increase in high-speed Internet demand in the context of the COVID-19 pandemic restrictions.

VIDEO

Fiscal 2022 video service customers net losses amounted to 24,604 compared to 22,273 for the prior year. The net losses of fiscal 2022 were mainly due to the continuous change in the video consumption environment, further impacted by the current highly inflationary environment, with an increasing proportion of customers only subscribing to Internet services.

PHONE

Fiscal 2022 phone service customers net losses amounted to 16,237 compared to 17,415 for the prior year. The net losses of fiscal 2022 were mainly due to increasing mobile penetration in Canada, various unlimited offers launched by mobile operators, and the current inflationary environment, causing some customers to cancel their landline phone services for mobile phone services only.

DISTRIBUTION OF CUSTOMERS

At August 31, 2022, 66% of the Canadian telecommunications segment's customers subscribed to "double play" or "triple play" bundled services.

4.2 AMERICAN TELECOMMUNICATIONS

OPERATING AND FINANCIAL RESULTS

Years ended August 31, (In thousands of Canadian dollars, except percentages)	2022 ⁽¹⁾	Foreign exchange impact	2022 in constant currency ⁽²⁾	2021	Change	
					Actual	In constant currency
	\$	\$	\$	\$	%	%
Revenue	1,460,378	(2,881)	1,457,497	1,117,356	30.7	30.4
Operating expenses	783,704	(2,086)	781,618	605,856	29.4	29.0
Adjusted EBITDA	676,674	(795)	675,879	511,500	32.3	32.1
Adjusted EBITDA margin ⁽³⁾	46.3 %			45.8 %		
Net capital expenditures	348,176	(2,376)	345,800	271,474	28.3	27.4
Capital intensity ⁽³⁾	23.8 %			24.3 %		

(1) For fiscal 2022, the average foreign exchange rate used for translation was 1.2718 USD/CDN.

(2) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of fiscal 2021, which was 1.2691 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 2022 revenue increased by 30.7% (30.4% in constant currency). In local currency, revenue amounted to US\$1,148.3 million compared to US\$880.4 million for fiscal 2021. The increase resulted mainly from:

- the Ohio broadband systems acquisition completed on September 1, 2021;
- a higher Internet service customer base outside of Ohio; and
- a higher value product mix.

Fiscal 2022 organic revenue growth in constant currency ⁽¹⁾ was 4.9%.

(1) Organic revenue growth in constant currency 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.

OPERATING EXPENSES

Fiscal 2022 operating expenses increased by 29.4% (29.0% in constant currency), mainly as a result of:

- the Ohio broadband systems acquisition completed on September 1, 2021;
- higher marketing and advertising expenses to drive and support customer growth, as increased marketing efforts are being directed toward Internet led offerings under the Broadband First strategy, compared to unusually low costs during the first half of the previous year in the context of the COVID-19 pandemic restrictions;
- costs incurred in connection with the rebranding of Atlantic Broadband to Breezeline, which was announced in January 2022 and completed during the third quarter; and
- higher operating expenses to drive and support customer growth; partly offset by
- reduced video services costs resulting from the decline in video service customers.

ADJUSTED EBITDA

Fiscal 2022 adjusted EBITDA increased by 32.3% (32.1% in constant currency). In local currency, adjusted EBITDA amounted to US\$532.2 million compared to US\$402.8 million for fiscal 2021. The increase is mainly resulting from:

- the Ohio broadband systems acquisition; and
- organic revenue growth; partly offset by
- higher marketing and advertising expenses, including Breezeline's rebranding costs.

Fiscal 2022 organic adjusted EBITDA growth in constant currency ⁽¹⁾ was 7.3%.

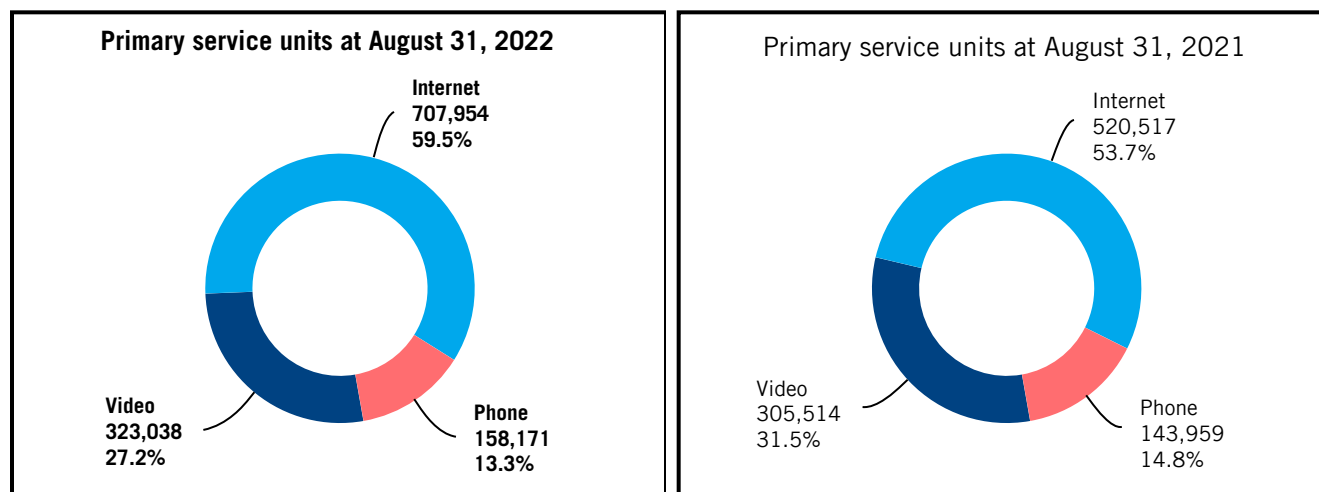
NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

Fiscal 2022 net capital expenditures increased by 28.3% (27.4% in constant currency) resulting mainly from:

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

Fiscal 2022 capital intensity reached 23.8% compared to 24.3% for fiscal 2021. The capital intensity decrease is mainly due to the revenue growth exceeding higher net capital expenditures.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS



(1) Organic adjusted EBITDA growth in constant currency is a non-IFRS ratio. For more information on this financial measure, please consult the "Non-IFRS and other financial measures" section.

	August 31, 2022	Net additions (losses) Years ended August 31,		% of penetration ⁽¹⁾	
		2022 ⁽²⁾	2021	August 31, 2022 ⁽³⁾	August 31, 2021
Primary service units	1,189,163	(65,367)	12,065		
Internet service customers	707,954	(8,901)	28,305	42.2	55.6
Video service customers	323,038	(37,074)	(11,873)	19.3	32.6
Phone service customers	158,171	(19,392)	(4,367)	9.4	15.4

(1) As a percentage of homes passed.

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

(3) The percentage of homes passed reflects a lower penetration of the Ohio broadband systems.

INTERNET

During fiscal 2022, the segment recorded positive organic growth in Internet service customers excluding the Ohio broadband systems acquired September 1, 2021, with the Internet service customer base increasing approximately 2% on a year-over-year basis. However, this was offset by a reduction in the Internet service customer base in Ohio in the fourth quarter mainly due to higher levels of disconnections mostly triggered by the Ohio customer management and billing systems' migration. Fiscal 2022 Internet service customers net losses amounted to 8,901 compared to net additions of 28,305 for the prior year.

Excluding net losses in Ohio, growth of approximately 9,995 Internet service customers resulted primarily from the ongoing interest in high-speed Internet offerings. The segment's product mix also improved with a greater proportion of new connections taking faster Internet speeds, resulting in a higher average revenue per unit.

VIDEO

Fiscal 2022 video service customers net losses amounted to 37,074 compared to 11,873 for the prior year. The net losses of fiscal 2022 were mainly due to:

- the continued emphasis on offers that are Internet led and the cessation of non-bulk residential video-only new offers;
- higher levels of video disconnections in Ohio, as expected, due to the previous owner's highly Internet centric strategy, and also due to the customer management and billing systems' migration; and
- competitive offers in the industry.

PHONE

Fiscal 2022 phone service customers net losses amounted to 19,392 compared to 4,367 for the prior year. The net losses of fiscal 2022 were mainly due to:

- the continued emphasis on offers that are Internet led; and
- higher levels of disconnections in Ohio following the customer management and billing systems' migration; partly offset by
- growth in the commercial sector mainly driven by the Hosted Voice product offerings.

DISTRIBUTION OF CUSTOMERS

At August 31, 2022, 38% of the American telecommunications segment's customers subscribed to "double play" or "triple play" bundled services.

5. RELATED PARTY TRANSACTIONS

Cogeco held, as of August 31, 2022, 34.3% of Cogeco Communications' equity shares, representing 83.9% of the votes attached to Cogeco Communications' voting shares.

Cogeco provides executive and administrative services to Cogeco Communications under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco Communications or the Corporation from time to time during the term of the Agreement. For the year ended August 31, 2022, management fees paid by Cogeco Communications amounted to \$22.3 million compared to \$23.5 million for fiscal 2021.

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

Years ended August 31,	2022	2021
<i>(In number of units)</i>		
Stock options	78,700	74,275
PSUs	11,000	10,375
DSUs	—	792

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

Years ended August 31,	2022	2021
<i>(In thousands of Canadian dollars)</i>	\$	\$
Stock options	1,178	1,242
ISUs	—	6
PSUs	1,174	632
DSUs	(267)	269
	2,085	2,149

6. CASH FLOWS ANALYSIS

Years ended August 31,	2022	2021 ⁽¹⁾	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Cash flows from operating activities	1,258,427	1,029,767	22.2
Cash flows used in investing activities	(2,409,442)	(802,708)	—
Cash flows from (used in) financing activities	970,896	(73,408)	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	7,152	(7,796)	—
Net change in cash and cash equivalents	(172,967)	145,855	—
Cash and cash equivalents, beginning of the year	551,968	406,113	35.9
Cash and cash equivalents, end of the year	379,001	551,968	(31.3)

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

6.1 OPERATING ACTIVITIES

Fiscal 2022 cash flows from operating activities increased by 22.2%, mainly from:

- higher adjusted EBITDA;
- lower income taxes paid, mainly due to lower required income tax instalments;
- changes in other non-cash operating activities, primarily due to the timing of payments of trade and other payables and the collection of trade accounts receivable; partly offset by
- higher interest paid; and
- higher acquisition, integration, restructuring and other costs.

6.2 INVESTING ACTIVITIES

Fiscal 2022 cash flows used in investing activities increased by \$1,606.7 million, mainly due to:

- the Ohio broadband systems acquisition;
- the \$236 million final payment made during the second quarter of fiscal 2022 to acquire 38 spectrum licences in the 3500 MHz band auction;
- last year's \$187.5 million subsidies received from the provincial and federal governments in connection with Cogeco Connexion's high-speed Internet network expansion projects; and
- the increase in acquisition of property, plant and equipment, in both the Canadian and the American telecommunications segments; partly offset by
- cash flows used in connection with the acquisition of DERYtelecom last year; and
- last year's \$59 million deposit paid in order to secure 38 spectrum licences in the 3500 MHz band auction.

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

Years ended August 31,	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	\$	\$	%
Acquisition of property, plant and equipment	747,608	539,176	38.7
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the year ⁽¹⁾	(55,742)	(4,474)	—
Net capital expenditures	691,866	534,702	29.4

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

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

Years ended August 31,	2022	2021	Change	Change in constant currency ⁽¹⁾
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%
Canadian telecommunications	336,104	256,636	31.0	30.4
Capital intensity ⁽²⁾	23.3 %	18.4 %		
American telecommunications	348,176	271,474	28.3	27.4
Capital intensity ⁽²⁾	23.8 %	24.3 %		
Corporate and eliminations	4,633	5,076	(8.7)	(8.7)
Cogeco Communications	688,913	533,186	29.2	28.5
Capital intensity ⁽²⁾	23.8 %	21.2 %		
Other	2,953	1,516	94.8	94.8
Consolidated	691,866	534,702	29.4	28.7

(1) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2691 USD/CDN.

(2) Capital intensity is a supplementary financial measure calculated as net capital expenditures divided by revenue.

Fiscal 2022 net capital expenditures increased by 29.4% (28.7% in constant currency), mainly due to:

- higher capital expenditures in the Canadian telecommunications segment due to the acceleration of construction efforts related to Cogeco Connexion's high-speed Internet network expansion in Québec and Ontario and the timing of certain initiatives; and
- higher capital expenditures in the American telecommunications segment related to the Ohio broadband systems acquisition, additional capital expenditures related to the geographical network expansion projects, the high level of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries, and the timing of certain initiatives.

Fiscal 2022 capital intensity of Cogeco Communications reached 23.8% compared to 21.2% for the prior year. The capital intensity increase is mainly explained by higher net capital expenditures, partly offset by the revenue growth, in both the Canadian and American telecommunications segments.

Fiscal 2022 net capital expenditures, excluding network expansion projects ⁽¹⁾, amounted to \$534.6 million.

6.3 FINANCING ACTIVITIES

ISSUANCE AND REPAYMENT OF DEBT

Fiscal 2022 changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

Years ended August 31, (In thousands of Canadian dollars)	2022 \$	2021 \$	Explanations
Increase (decrease) in bank indebtedness	4,173	(3,150)	Related to the timing of payments made to suppliers.
Net (decrease) increase under the revolving facilities	(113,137)	207,608	Repayment of amounts drawn under the revolving facilities as a result of net proceeds used from the issuance of \$500 million senior secured notes and generated free cash flow, partly offset by funds used in the second quarter to acquire the 38 spectrum licences, for which the final payment was made in December 2021, and to reimburse the \$200 million Senior Secured Debentures Series 3 in February 2022.
Issuance of long-term debt, net of discounts and transaction costs	1,611,064	—	Mainly related to the Ohio broadband systems acquisition, which was financed in part through the issuance of a US\$900 million senior secured Term B loan, and the issuance of \$500 million senior secured notes in the first quarter of fiscal 2022.
Repayment of notes, debentures and credit facilities	(262,901)	(21,410)	Mainly related to the repayment of the \$200 million Senior Secured Debentures Series 3 during the second quarter of fiscal 2022 and to the repayment of the \$35 million Unsecured Debentures in the first quarter of fiscal 2022.
Repayment of lease liabilities	(5,591)	(5,420)	Comparable.
Repayment of balance due on business combinations	(3,162)	(2,308)	Repayment of the balance due related to the Ohio broadband systems acquisition during the third quarter of fiscal 2022. Last year's balance due repayment was related to the FiberLight, iTéract and RNC acquisitions.
Increase in deferred transaction costs	(795)	—	Related to the amendment and extension of the Term Revolving Facilities in December 2021.
	1,229,651	175,320	

DIVIDENDS

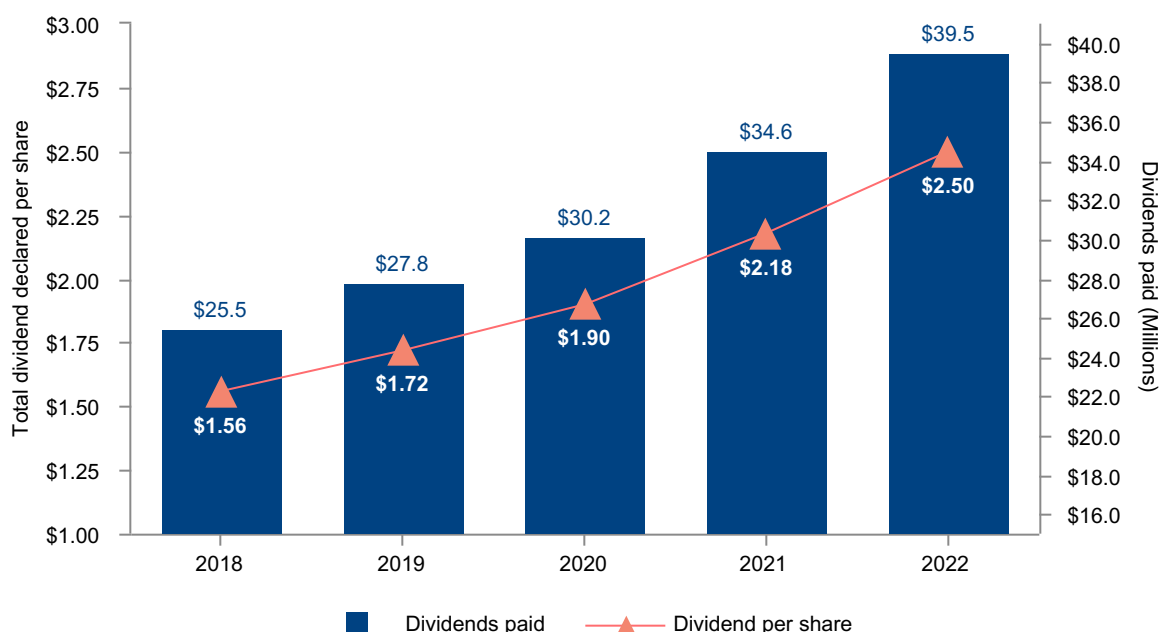
During fiscal 2022, quarterly eligible dividends of \$0.625 per share, totalling \$2.50 per share, were paid to the holders of multiple and subordinate voting shares, for a total paid of \$39.5 million. In fiscal 2021, quarterly eligible dividends of \$0.545 per share, totalling \$2.18 per share, were paid to the holders of multiple and subordinate voting shares, for a total paid of \$34.6 million. In addition, dividends paid by a subsidiary to non-controlling interest during fiscal 2022 amounted to \$85.7 million compared to \$80.9 million for the prior year.

The dividends declaration dates and payments for multiple and subordinate voting shares are as follows:

Declaration date	Record date	Payment date	Dividend per share (in dollars)
November 11, 2021	November 25, 2021	December 9, 2021	0.625
January 13, 2022	January 27, 2022	February 10, 2022	0.625
April 13, 2022	April 27, 2022	May 11, 2022	0.625
July 13, 2022	July 27, 2022	August 10, 2022	0.625
October 27, 2020	November 10, 2020	November 24, 2020	0.545
January 14, 2021	January 28, 2021	February 11, 2021	0.545
April 13, 2021	April 27, 2021	May 11, 2021	0.545
July 14, 2021	July 28, 2021	August 11, 2021	0.545

(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.

During the last five years, dividends paid per share increased by 12.5% on a compounded annual basis. Total dividends and dividends per share over the last five years are as follows:



NORMAL COURSE ISSUER BID ("NCIB")

Cogeco

During fiscal 2022, Cogeco purchased and cancelled 222,902 subordinate voting shares with a weighted average price per share purchased of \$77.94 for a total consideration of \$17.4 million.

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

The NCIB purchases were as follows:

					2022
Quarters ended	Nov. 30	Feb. 28	May 31	Aug. 31	Total
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>					
	\$	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	—	154,388	37,014	31,500	222,902
Weighted average purchase price per share	—	79.92	76.70	69.65	77.94
Purchase costs	—	12,339	2,839	2,194	17,372

Cogeco Communications

During fiscal 2022, Cogeco Communications purchased and cancelled 1,149,025 subordinate voting shares with a weighted average price per share repurchased of \$99.07 for a total consideration of \$113.8 million. During fiscal 2021, Cogeco Communications purchased and cancelled 1,134,100 subordinate voting shares with a weighted average price per share repurchased of \$115.91 for a total consideration of \$131.5 million.

On May 2, 2022, the Corporation announced that the TSX accepted the renewal of its NCIB, enabling it to acquire for cancellation up to 1,500,000 subordinate voting shares from May 4, 2022 to May 3, 2023, representing approximately 4.9% of the Corporation's outstanding balance of subordinate voting shares and 7.6% of the public float of the Corporation's issued and outstanding subordinate shares as of April 22, 2022. Under its previous NCIB that commenced on May 4, 2021 and ended on May 3, 2022, the Corporation could purchase for cancellation a maximum of 2,068,000 subordinate voting shares.

The NCIB purchases were as follows:

					2022
Quarters ended	Nov. 30	Feb. 28	May 31	Aug. 31	Total
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>					
	\$	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	274,000	189,425	294,800	390,800	1,149,025
Weighted average purchase price per share	107.69	101.58	103.65	88.35	99.07
Purchase costs	29,508	19,241	30,556	34,528	113,833

					2021
Quarters ended	Nov. 30	Feb. 28	May 31	Aug. 31	Total
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>					
	\$	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	14,900	313,700	414,000	391,500	1,134,100
Weighted average purchase price per share	99.24	111.72	118.28	117.41	115.91
Purchase costs	1,479	35,046	48,967	45,967	131,459

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

Years ended August 31,	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA	1,405,588	1,225,468	14.7	14.7	(421)
Amortization of deferred transaction costs and discounts on long-term debt	11,888	9,355	27.1		
Share-based payment	9,456	10,723	(11.8)		
Gain on disposals and write-offs of property, plant and equipment and other	(1,378)	(1,314)	4.9		
Defined benefit plans expense, net of contributions	738	(1,321)	—		
Acquisition, integration, restructuring and other costs	(35,029)	(8,744)	—		
Financial expense	(189,914)	(128,212)	48.1		
Current income taxes	(70,711)	(67,560)	4.7		
Net capital expenditures ⁽³⁾	(691,866)	(534,702)	29.4		
Repayment of lease liabilities	(5,591)	(5,420)	3.2		
Free cash flow	433,181	498,273	(13.1)	(12.4)	3,524

(1) For fiscal 2022, the average foreign exchange rate used for translation was 1.2718 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2691 USD/CDN.

Fiscal 2022 free cash flow decreased by 13.1% (12.4% in constant currency), mainly due to:

- higher net capital expenditures in both the Canadian and American telecommunications segments;
- higher financial expense, mainly due to an increased debt level, in part to finance the Ohio broadband systems acquisition; and
- higher acquisition, integration, restructuring and other costs, mainly resulting from the Ohio broadband systems acquisition; partly offset by
- higher adjusted EBITDA.

Fiscal 2022 free cash flow, excluding network expansion projects ⁽¹⁾ was \$590.5 million.

(1) 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 these financial measures, please consult the "Non-IFRS and other financial measures" section.

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:

At August 31,	2022	2021 ⁽¹⁾	Change	Explanations
(In thousands of Canadian dollars)	\$	\$	\$	
Current assets				
Cash and cash equivalents	379,001	551,968	(172,967)	Refer to the "Cash flows analysis" section.
Trade and other receivables	123,617	97,624	25,993	Mainly related to a higher level of trade accounts receivable resulting from the acquisition of the Ohio broadband systems, the timing of collection of trade accounts receivable and the appreciation of the US dollar against the Canadian dollar.
Income taxes receivable	7,581	6,488	1,093	Not significant.
Prepaid expenses and other	41,830	35,496	6,334	Mainly related to a higher level of prepaid expenses resulting from the acquisition of the Ohio broadband systems, the increase in prepayments for annual services agreements and the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	3,465	1,507	1,958	Not significant.
	555,494	693,083	(137,589)	
Current liabilities				
Bank indebtedness	8,633	4,460	4,173	Timing of payments made to suppliers.
Trade and other payables	396,480	287,915	108,565	Mainly related to the timing of payments made to suppliers, a higher level of trade and other payables resulting from the acquisition of the Ohio broadband systems and the appreciation of the US dollar against the Canadian dollar.
Provisions	28,942	19,314	9,628	Mainly related to contract renegotiations with content providers and restructuring costs, partly offset by reversals of previously recognized provisions following new developments on outstanding matters from past acquisitions.
Income tax liabilities	39,251	6,551	32,700	Mainly related to the current income tax expense for the year, partly offset by the payment of income tax instalments, as the required income tax instalments in fiscal 2022 were lower than the current income tax provision.
Contract liabilities and other liabilities	64,221	57,479	6,742	Mainly related to the acquisition of the Ohio broadband systems.
Government subsidies received in advance	127,851	170,434	(42,583)	Relates to the network construction progress in Québec, which ramped up during the second half of fiscal 2022.
Derivative financial instruments	2,273	—	2,273	Not significant.
Current portion of long-term debt	340,468	261,970	78,498	Mainly related to the reclassification of the \$300 million Senior Secured Debentures Series 4 as current and to the current portion of the US\$900 million Senior Secured Term B loan issued during the first quarter of fiscal 2022 to finance the acquisition of the Ohio broadband systems, partly offset by the repayment of the \$35 million Unsecured Debentures and the \$200 million Senior Secured Debentures Series 3, which matured in November 2021 and February 2022, respectively.
	1,008,119	808,123	199,996	
Working capital deficiency	(452,625)	(115,040)	(337,585)	

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

7.2 OTHER SIGNIFICANT CHANGES

At August 31,	2022	2021	Change	Explanations
<i>(In thousands of Canadian dollars)</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	
Non-current assets				
Other assets	72,934	105,722	(32,788)	Mainly related to the reclassification of the \$59 million deposit paid in August 2021 in order to secure 38 spectrum licences in the 3500 MHz band auction to intangible assets following the final payment made in December 2021, partly offset by other assets acquired as part of the acquisition of the Ohio broadband systems and the appreciation of the US dollar against the Canadian dollar.
Property, plant and equipment	3,061,177	2,391,467	669,710	Mainly related to the acquisition of the Ohio broadband systems, capital investments made during fiscal 2022 and the appreciation of the US dollar against the Canadian dollar, partly offset by the depreciation expense for the year.
Intangible assets	3,656,790	2,826,066	830,724	Mainly related to the acquisition of the Ohio broadband systems, the 38 spectrum licences acquired for a total purchase price of \$295 million, and the appreciation of the US dollar against the Canadian dollar, partly offset by the amortization for the year.
Goodwill	2,010,510	1,504,162	506,348	Mainly related to the acquisition of the Ohio broadband systems and the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	95,537	—	95,537	Related to the additional interest rate swap agreements entered into in connection with the issuance of the US\$900 million Senior Secured Term B loan, combined with changes in market interest rates impacting the outstanding interest swap agreements' valuation.
Non-current liabilities				
Long-term debt	4,398,142	3,067,940	1,330,202	Mainly related to the issuance of the US\$900 million Senior Secured Term B loan to finance the acquisition of the Ohio broadband systems, the issuance of \$500 million senior secured notes and the appreciation of the US dollar against the Canadian dollar, partly offset by the reclassification of the \$300 million Senior Secured Debentures Series 4 as current, by the net decrease of amounts drawn under the revolving facilities and the quarterly repayments on the Senior Secured Term B Loan Facility.
Derivative financial instruments	—	42,000	(42,000)	Related to changes in market interest rates impacting the Corporation's interest swap agreements' valuation.
Government subsidies received in advance	—	13,100	(13,100)	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Balance was classified as current at August 31, 2022.
Deferred tax liabilities	773,036	693,832	79,204	Mainly related to the timing of temporary differences and the appreciation of the US dollar against the Canadian dollar, partly offset by the adjustments recognized in fiscal 2022 in connection with a reduction in the blended state income tax rate resulting from the impact of the acquisition of the Ohio broadband systems and the Pennsylvania tax reform.

8. CAPITAL RESOURCES AND LIQUIDITY

8.1 CAPITAL STRUCTURE

The table below summarizes the Corporation's available liquidity:

At August 31,	2022	2021
(In thousands of Canadian dollars)	\$	\$
Cash and cash equivalents	379,001	551,968
Cash with restrictions on use ⁽¹⁾	(127,851)	(183,534)
Amounts available under revolving credit facilities ⁽²⁾	888,276	780,342
Available liquidity ⁽³⁾	1,139,426	1,148,776

(1) In connection with government subsidies received in advance, pertaining mainly to Cogeco Connexion's high-speed Internet network expansion projects (see Note 21 D)) of the Corporation's consolidated financial statements).

(2) Total amount available under the \$750 million and \$100 million term revolving facilities and the US\$150 million Senior Secured Revolving Facility (see Note 23 A) of the Corporation's consolidated financial statements).

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

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

COGECO COMMUNICATIONS

The table below summarizes certain of Cogeco Communications' key ratios over the last two fiscal years and the fiscal 2023 guidelines:

Years ended August 31,	2023 Guidelines ⁽¹⁾	2022	2021
Weighted average cost of indebtedness ⁽²⁾	4.7 %	4.0 %	3.3 %
Fixed-rate indebtedness ^{(3) (4)}	65 %	72 %	60 %
Weighted average term: long-term debt (in years)	3.8	4.0	3.2
Net indebtedness / adjusted EBITDA ratio ⁽⁴⁾	3.1	3.2	2.5
Adjusted EBITDA / financial expense ratio ⁽⁴⁾	N/A ⁽⁵⁾	7.4	9.7

(1) Based on mid-range guidelines.

(2) Excludes amortization of deferred transaction costs and commitment fees but includes the impact of interest rate swaps.

(3) Taking into consideration the interest rate swaps in effect at the end of each fiscal year.

(4) Fixed-rate indebtedness, net indebtedness to adjusted EBITDA ratio, and adjusted EBITDA to financial expense ratio are Cogeco Communications' 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, 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.

(5) Specific guidance on interest coverage cannot be provided given that financial expense guidance is not provided.

In fiscal 2022, the financial leverage ratio relating to net indebtedness over adjusted EBITDA has increased as a result of the increase in net indebtedness in relation to the Ohio broadband systems acquisition.

8.2 OUTSTANDING SHARE DATA

A description of Cogeco's share data at September 30, 2022 is presented in the table below. Additional details are provided in Note 19 of the consolidated financial statements.

<i>(In thousands of Canadian dollars, except number of shares)</i>	Number of shares	Amount \$
Common shares		
Multiple voting shares	1,602,217	10
Subordinate voting shares	14,170,336	113,400

8.3 FINANCING

At August 31, 2022, an amount of \$42.0 million was used from the Corporation's Term Revolving Facility of \$100 million and \$112.9 million was used from Cogeco Communications' Term Revolving Facility of \$750 million, for remaining availabilities of \$58.0 million and \$637.1 million, respectively. In addition, two subsidiaries of Cogeco Communications also benefit from a Senior Secured Revolving Facility of \$196.7 million (US\$150 million), of which \$3.6 million (US\$2.7 million) was used at August 31, 2022, in the form of letters of credit, for a remaining availability of \$193.1 million (US\$147.3 million).

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

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

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

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

As at August 31, 2022, performance and payment bonds amounting to \$157.9 million were issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program.

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

8.4 COGECO COMMUNICATIONS' CREDIT RATINGS

The table below shows Cogeco Communications' and Breezeline's credit ratings:

At August 31, 2022	S&P	DBRS	Moody's
Cogeco Communications			
Senior Secured Notes and Debentures	BBB-	BBB (low)	NR
Corporate credit issuer default rating	BB+	BB (high)	NR
U.S. subsidiaries			
First Lien Credit Facilities	BB	NR	B1
Corporate credit issuer default rating	BB	NR	B1

NR : Not rated

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

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

8.5 FINANCIAL RISK MANAGEMENT

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

Credit risk

Credit risk represents the risk of financial loss for the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents and trade accounts receivable, the maximum exposure of which is represented by the carrying amounts reported on the consolidated statements of financial position.

Credit risk from derivative financial instruments arises from the possibility that counterparties to the interest rate swaps may default on their obligations in instances where these agreements have positive fair values for the Corporation. The Corporation reduces this risk by completing transactions with financial institutions that carry a high credit rating. The Corporation assesses the creditworthiness of the counterparties in order to minimize the risk of counterparties default under the agreements. At August 31, 2022, management believes that the credit risk relating to its derivative financial instruments is minimal, since the lowest credit rating of the counterparties to the agreements is "A-" by Standard & Poor's rating services ("S&P").

Cash equivalents consist mainly of short-term, highly liquid investments. The Corporation has deposited the cash and cash equivalents with reputable financial institutions, for which management believes the risk of loss to be remote. At August 31, 2022 and 2021, cash and cash equivalents consisted solely of cash in banks.

The Corporation is also exposed to credit risk in relation to its trade accounts receivable. To mitigate such risk, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new large customer. The Corporation establishes an allowance for lifetime expected credit losses related to doubtful accounts. The doubtful accounts allowance is calculated on a specific-identification basis for larger customer accounts receivable and on a statistically derived basis for the remainder. Factors such as the current economic conditions, forward-looking macroeconomic data and historical information (number of overdue days of the customer's balance outstanding as well as the customer's collection history) are examined. The Corporation believes that its allowance for doubtful accounts is sufficient to cover the related credit risk. The Corporation has credit policies in place and has established various credit controls, including credit checks, deposits on accounts and advance billing, and has also established procedures to suspend the availability of services when customers have fully utilized approved credit limits or have violated existing payment terms. Since the Corporation has a large and diversified clientele dispersed throughout its market areas in Canada and the United States, there is no significant concentration of credit risk.

The following table provides further details on trade and other receivables, net of allowance for doubtful accounts:

At August 31,	2022	2021
(In thousands of Canadian dollars)	\$	\$
Trade accounts receivable	115,875	95,462
Allowance for doubtful accounts	(13,758)	(6,907)
	102,117	88,555
Other accounts receivable	21,500	9,069
	123,617	97,624

Trade accounts receivable past due is defined as the amount outstanding beyond normal credit terms and conditions for the respective customers. The Corporation considers the amount outstanding at the due date as trade accounts receivable past due. A large portion of the Corporation's customers are billed and pay before the services are rendered.

The following table provides further details on trade accounts receivable past due, net of allowance for doubtful accounts:

At August 31,	2022	2021
<i>(In thousands of Canadian dollars)</i>	\$	\$
Less than 60 days past due	25,980	22,207
60 to 90 days past due	1,699	1,505
More than 90 days past due	352	491
	28,031	24,203

The following table shows changes in the allowance for doubtful accounts:

Years ended August 31,	2022	2021
<i>(In thousands of Canadian dollars)</i>	\$	\$
Balance, beginning of the year	6,907	7,152
Provision for impaired receivables	32,296	15,931
Net use	(25,744)	(16,122)
Foreign currency translation adjustments	299	(54)
Balance, end of the year	13,758	6,907

Liquidity risk

The Corporation manages liquidity risk through the management of its capital structure and access to different capital markets. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure sufficient liquidity to meet its obligations when due.

The following table summarizes the contractual maturities of the financial liabilities and lease liabilities, and related capital amounts at August 31, 2022:

	Contractual cash flows						
	2023	2024	2025	2026	2027	Thereafter	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$	\$	\$
Bank indebtedness	8,633	—	—	—	—	—	8,633
Trade and other payables ⁽¹⁾	378,431	—	—	—	—	—	378,431
Notes, debentures and credit facilities	334,089	34,089	2,370,141	11,800	356,619	1,615,090	4,721,828
Lease liabilities	6,076	5,848	5,542	5,330	4,865	38,837	66,498
Other liabilities	176	176	176	176	22	—	726
	727,405	40,113	2,375,859	17,306	361,506	1,653,927	5,176,116

(1) Excluding accrued interest on notes, debentures and credit facilities.

The following table is a summary of interest payable on long-term debt that is due for each of the next five years and thereafter:

	2023	2024	2025	2026	2027	Thereafter	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$	\$	\$
Interest payments on notes, debentures and credit facilities ⁽¹⁾	207,682	193,556	138,450	85,809	77,828	123,096	826,421
Interest payments on lease liabilities	2,856	2,341	2,042	1,843	1,645	8,714	19,441
Interest receipts on derivative financial instruments ⁽¹⁾	(47,512)	(38,743)	(28,540)	(15,442)	(7,170)	—	(137,407)
Interest payments on derivative financial instruments ⁽¹⁾	31,616	24,116	15,557	8,499	4,116	—	83,904
	194,642	181,270	127,509	80,709	76,419	131,810	792,359

(1) Based on the principal amounts and interest rates prevailing on the outstanding debt at August 31, 2022 and their respective maturities.

Interest rate risk

The Corporation and its subsidiary, Cogeco Communications, are exposed to interest rate risk on their floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At August 31, 2022, all of the Corporation's and Cogeco Communications' long-term debt were 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 August 31, 2022:

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately \$13.5 million based on the outstanding debt and swap agreements at August 31, 2022.

Foreign exchange risk

A large portion of the Corporation's consolidated revenue and expenses are received or denominated in the functional currency of the business units operating in the markets in which it does business. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited. The Corporation's main source of foreign exchange risk resides in the Canadian operations' business transactions denominated in US dollars. The Corporation's objective in managing its foreign exchange risk is to minimize its exposure to foreign currency cash flows and operations, by transacting with third parties in the functional currency of the business units to the maximum extent possible and practical and through the use of derivative financial instruments.

The Corporation's current financial assets and liabilities subject to foreign exchange risk are as follows:

At August 31,	2022	2021
	US	US
(In thousands of Canadian dollars)	\$	\$
Financial assets (liabilities)		
Cash and cash equivalents	18,303	30,636
Trade and other payables	(22,488)	(169)
	(4,185)	30,467

The impact of a 10% increase in the exchange rate of the US dollar to the Canadian dollar would affect the measurement of the above financial instruments denominated in US dollars, which would therefore increase financial expense by approximately \$0.4 million.

The Corporation is also exposed to foreign exchange risk with respect to the interest, amounting to \$158.8 million, associated with its notes, debentures and credit facilities denominated in US dollars. The impact of a 10% increase in the exchange rate of the US dollar to the Canadian dollar would increase financial expense by approximately \$15.9 million based on the outstanding debt and swap agreements at August 31, 2022.

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

The following table shows the aggregate investment in foreign operations attributable to owners of Cogeco Communications and the notional amount of debt borrowed to hedge this investment at August 31, 2022:

Type of hedge	Notional amount of debt	Aggregate investment	Hedged item
Net investment	US\$390 million	US\$1,266 million	Net investment in foreign operations in US dollar

The exchange rate used to translate the US dollar currency to the Canadian dollar for the consolidated statement of financial position accounts at August 31, 2022 was \$1.3111 (\$1.2617 at August 31, 2021) per US dollar. A 10% decrease in the exchange rate of the US dollar to the Canadian dollar would decrease other comprehensive income by approximately \$114.9 million.

Market risk

The Corporation and its subsidiary, Cogeco Communications, use derivative instruments to manage the cash flow exposure to the risk of changes in the price of their subordinate voting shares under the DSU plans. As such, the Corporation and Cogeco Communications use equity swap agreements to economically hedge the market price appreciation risk of their subordinate voting shares.

The following table shows the Corporation's equity derivative contracts outstanding at August 31, 2022:

Type of hedge	Notional	Maturity	Average share price	Hedged item
Economic	60,900 units	January 2023	\$79.63	Equity price exposure

The following table shows Cogeco Communications' equity derivative contracts outstanding at August 31, 2022:

Type of hedge	Notional	Maturity	Average share price	Hedged item
Economic	70,200 units	January 2023	\$98.94	Equity price exposure

As at August 31, 2022, the fair value of the equity swaps was \$2.3 million and recognized as a liability. As a result of the equity swaps, a 10% increase in the market price of the subordinate voting shares would not have a material financial impact on the Corporation's results.

8.6 FOREIGN CURRENCY

For the years ended August 31, 2022 and 2021, the average rates prevailing used to convert the operating results of the American telecommunications segment were as follows:

Years ended August 31,	2022	2021
	\$	\$
US dollar vs Canadian dollar	1.2718	1.2691

8.7 CONTRACTUAL OBLIGATIONS, CONTINGENCIES AND GUARANTEES

A) CONTRACTUAL OBLIGATIONS

The following table presents the Corporation's contractual obligations, at August 31, 2022, that are due in each of the next five years and thereafter:

Years ended August 31,	2023	2024	2025	2026	2027	Thereafter	Total
(In thousands of Canadian dollars)	\$	\$	\$	\$	\$	\$	\$
Acquisition of property, plant and equipment ⁽¹⁾	185,224	2,130	2,760	2,824	1,031	927	194,896
Other long-term contracts ⁽²⁾	88,807	77,874	56,368	50,636	27,264	38,964	339,913
Lease commitments ⁽³⁾	2,303	581	450	447	444	220	4,445
Financial liabilities and lease liabilities, and related capital amounts	727,405	40,113	2,375,859	17,306	361,506	1,653,927	5,176,116
Interest payable on long-term debt	194,642	181,270	127,509	80,709	76,419	131,810	792,359
	1,198,381	301,968	2,562,946	151,922	466,664	1,825,848	6,507,729

(1) Includes contractual obligations in connection with the Corporation's high-speed Internet expansion projects, accelerated purchases of certain equipment in order to avoid potential supply chain shortages and minimum spend commitments for acquisition of customer premise equipment.

(2) Includes long-term commitments under service and product contracts for operating expenditures, including minimum spend commitments.

(3) Includes leases committed not yet commenced and leases of low value items.

As at August 31, 2022, performance and payment bonds amounting to \$157.9 million were issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program.

B) CONTINGENCIES

Final rates for aggregated wholesale Internet access services

On May 27, 2021, the CRTC released Telecom Decision 2021-181, which ruled on applications by cable carriers (including Cogeco Communications) and telecommunications carriers to review and vary Telecom Order 2019-288. In Telecom Order 2019-288, the CRTC had set final rates for Cogeco Connexion's aggregated wholesale high-speed Internet access service that were significantly lower than the interim rates set in October 2016, and had made them retroactive to March 31, 2016. In Telecom Decision 2021-181, the CRTC overturned the 2019 rate reductions and made the interim rates it had previously established in 2016, with certain adjustments, final. As a result of this decision, the Corporation was required to make retroactive payments to wholesale Internet access customers for the period of March to October 2016 and recognized an amount of \$4.6 million as a reduction of revenue during the third quarter of fiscal 2021.

Since then, two independent Internet service providers ("Resellers") and a trade association representing Resellers petitioned the Governor in Council to overturn Telecom Decision 2021-181 and reinstate the CRTC's 2019 rate decision (the "Petitions"). On June 4, 2022, the Governor in Council dismissed the Petitions. On July 28, 2021, a Reseller sought leave to appeal Telecom Decision 2021-181 to the Federal Court of Appeal, which was granted on September 15, 2021. The Reseller is seeking an order from the Federal Court of Appeal that sets aside Telecom Order 2021-181 and reinstates Telecom Order 2019-288 or, in the alternative, that refers back Telecom Order 2021-181 to the CRTC for redetermination. The Corporation, along with several other cable carriers, is opposing the appeal.

Royalties payable for retransmission of distant television signals

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

Due to the significant uncertainty surrounding both the outcome of this decision and its financial implications, the Corporation has not recorded any financial impact as at August 31, 2022.

Other

The Corporation and its subsidiaries are involved in matters involving litigations, other regulatory decisions or potential claims from customers and suppliers arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider these exposures to be significant to the consolidated financial statements. At August 31, 2022 and 2021, no liability has been recorded with respect to these litigations, other regulatory decisions and potential claims, except for those included in Note 16 of the consolidated financial statements.

C) GUARANTEES

In the normal course of business, the Corporation provides indemnification in conjunction with certain transactions. While many of the agreements specify a maximum potential exposure, some do not specify a maximum amount. The overall maximum amount of an indemnification obligation will depend on future events and conditions and therefore cannot be reasonably estimated. As a result, the Corporation cannot determine how they could affect its future liquidity, capital resources or credit risk profile. At August 31, 2022 and 2021, no liability has been recorded with respect to these indemnifications, except for those disclosed in Note 16 of the consolidated financial statements.

Sale of a business

In connection with the sale of a business, the Corporation and its subsidiaries have agreed to indemnify the purchaser against claims related to events that occurred prior to the date of sale.

Long-term debt

Under the terms of Cogeco Communications' US Senior Secured Notes, the subsidiary has agreed to indemnify the lenders against changes in regulations relative to withholding taxes and costs incurred due to changes in laws.

Employees and contractual indemnification agreements

The Corporation's subsidiary, Cogeco Media, indemnifies certain of its on-air hosts against charges, costs and expenses as a result of any lawsuit, resulting from judicial or administrative proceedings in which they are named as defending party and arising from the performance of their services. The Corporation has purchased employees' and contractual's liability insurance with a deductible per loss.

Sale of services

As part of transactions involving the sale of services, the Corporation and its subsidiaries may be required to make payments to counterparties as a result of breaches of representations and warranties made into the service agreements.

Purchase and development of assets

As part of transactions involving the purchase and development of assets, the Corporation and its subsidiaries may be required to pay counterparties for costs and losses incurred as a result of breaches of representations and warranties contained in the purchase agreements.

9. QUARTERLY OPERATING RESULTS

9.1 QUARTERLY FINANCIAL HIGHLIGHTS

Three months ended	Fiscal 2022				Fiscal 2021			
	Nov. 30 ⁽¹⁾	Feb. 28 ⁽¹⁾	May 31	Aug. 31	Nov. 30	Feb. 28	May 31	Aug. 31 ⁽¹⁾
<i>(In thousands of Canadian dollars, except percentages and per share data)</i>	\$	\$	\$	\$	\$	\$	\$	\$
Operations								
Revenue	745,258	748,066	754,777	746,911	646,355	653,156	649,260	655,074
Adjusted EBITDA	354,394	349,211	353,473	348,510	321,090	308,414	302,340	293,624
Acquisition, integration, restructuring and other costs	18,635	1,451	2,286	12,657	1,181	2,330	1,272	3,961
Profit for the period	119,139	118,781	108,456	111,379	120,447	110,156	104,994	103,418
Profit for the period attributable to owners of the Corporation	38,523	36,659	37,493	36,433	40,489	33,737	34,548	33,082
Cash flow								
Cash flows from operating activities	297,342	278,768	355,681	326,636	235,532	241,619	269,078	283,538
Free cash flow	135,820	153,703	108,954	34,704	148,236	140,555	136,567	72,915
Acquisition of property, plant and equipment	146,329	158,153	198,271	244,855	116,491	115,748	126,745	180,192
Net capital expenditures	141,509	142,475	183,107	224,775	116,491	115,748	126,745	175,718
Per share data ^{(2) (3)}								
Earnings per share								
Basic	2.42	2.30	2.38	2.32	2.55	2.12	2.17	2.08
Diluted	2.41	2.29	2.37	2.31	2.53	2.11	2.16	2.07
Dividends per share	0.625	0.625	0.625	0.625	0.545	0.545	0.545	0.545

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

(2) The addition of quarterly information may not correspond to the annual total due to rounding.

(3) Per multiple and subordinate voting share.

9.2 SEASONAL VARIATIONS

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

9.3 FOURTH-QUARTER OPERATING AND FINANCIAL RESULTS

CONSOLIDATED

OPERATING AND FINANCIAL RESULTS

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2022 ⁽¹⁾ \$	Foreign exchange impact \$	2022 in constant currency ⁽²⁾ \$	2021 \$	Change	
					Actual %	In constant currency %
Revenue	746,911	(12,518)	734,393	655,074	14.0	12.1
Operating expenses	398,401	(7,346)	391,055	361,450	10.2	8.2
Adjusted EBITDA	348,510	(5,172)	343,338	293,624	18.7	16.9

(1) For the three-month period ended August 31, 2022, the average foreign exchange rate used for translation was 1.2893 USD/CND.

(2) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2021 which was 1.2450 USD/CND.

REVENUE

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2022 \$	2021 \$	Change %	Change in constant currency %	Foreign exchange impact \$
Canadian telecommunications	360,834	356,850	1.1	1.1	—
American telecommunications	364,612	275,834	32.2	27.6	(12,518)
Cogeco Communications	725,446	632,684	14.7	12.7	(12,518)
Other	21,465	22,390	(4.1)	(4.1)	—
Consolidated	746,911	655,074	14.0	12.1	(12,518)

Fiscal 2022 fourth-quarter revenue increased by 14.0% (12.1% in constant currency), mainly resulting from:

- the Ohio broadband systems acquisition completed on September 1, 2021, which contributed to the revenue growth in the American telecommunications segment; and
- organic revenue growth in both the American and Canadian telecommunications segments, driven by the cumulative effect of high-speed Internet service additions over the past year through organic growth and a higher value product mix; partly offset by
- lower revenue in the media activities, as the radio advertising market continued to be impacted by supply chain disruptions limiting other customers' businesses.

OPERATING EXPENSES

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2022 \$	2021 \$	Change %	Change in constant currency %	Foreign exchange impact \$
Canadian telecommunications	163,157	171,128	(4.7)	(5.0)	(527)
American telecommunications	199,561	153,903	29.7	25.2	(6,819)
Corporate and eliminations	10,079	11,175	(9.8)	(9.8)	—
Cogeco Communications	372,797	336,206	10.9	8.7	(7,346)
Other	25,604	25,244	1.4	1.4	—
Consolidated	398,401	361,450	10.2	8.2	(7,346)

Fiscal 2022 fourth-quarter operating expenses increased by 10.2% (8.2% in constant currency), mainly due to:

- higher operating expenses in the American telecommunications segment, mainly resulting from the Ohio broadband systems acquisition, higher marketing and advertising expenses and higher operating expenses to drive and support customer growth, partly offset by reduced video services costs; and
- higher operating expenses in the media activities; partly offset by
- reduced operating expenses in the Canadian telecommunications segment, mainly resulting from lower marketing expenses, lower video services costs and certain year-end adjustments recorded during the fourth quarter of fiscal 2022, partly offset by higher overall operating expenses associated with the revenue growth.

ADJUSTED EBITDA

Three months ended August 31,	2022	2021	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian telecommunications	197,677	185,722	6.4	6.7	527
American telecommunications	165,051	121,931	35.4	30.7	(5,699)
Corporate and eliminations	(15,654)	(17,083)	8.4	8.4	—
Cogeco Communications	347,074	290,570	19.4	17.7	(5,172)
Other	1,436	3,054	(53.0)	(53.0)	—
Consolidated	348,510	293,624	18.7	16.9	(5,172)

Fiscal 2022 fourth-quarter adjusted EBITDA increased by 18.7% (16.9% in constant currency), mainly due to:

- an increase in the American telecommunications segment, mainly resulting from the Ohio broadband systems acquisition and organic revenue growth, partly offset by higher marketing and advertising expenses to continue to drive and support customer growth; and
- an increase in the Canadian telecommunications segment, mainly resulting from lower marketing expenses and certain year-end adjustments recorded during the fourth quarter of fiscal 2022.

ACQUISITION, INTEGRATION, RESTRUCTURING AND OTHER COSTS

Fiscal 2022 fourth-quarter acquisition, integration, restructuring and other costs amounted to \$12.7 million, mostly related to:

- the ongoing integration of the Ohio broadband systems;
- restructuring costs associated with organizational changes during the fourth quarter of fiscal 2022 within the Canadian telecommunications segment, resulting in cost optimization; and
- costs associated with configuration and customization related to cloud computing arrangements.

Fiscal 2021 fourth-quarter acquisition, integration, restructuring and other costs amounted to \$4.0 million, mostly related to:

- due diligence costs and legal fees related to the acquisition of the Ohio broadband systems, which was completed on September 1, 2021; and
- integration costs incurred in connection with the acquisition of DERYtelecom.

DEPRECIATION AND AMORTIZATION

Three months ended August 31,	2022	2021	Change
(In thousands of Canadian dollars, except percentages)	\$	\$	%
Depreciation of property, plant and equipment	140,337	122,680	14.4
Amortization of intangible assets	13,774	9,574	43.9
	154,111	132,254	16.5

Fiscal 2022 fourth-quarter depreciation and amortization expense increased by 16.5%, mainly due to:

- the Ohio broadband systems acquisition;
- a higher level of capital expenditures, in both the American and Canadian telecommunications segments; and
- the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

FINANCIAL EXPENSE

Three months ended August 31,	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Interest on long-term debt, excluding interest on lease liabilities	52,225	30,955	68.7
Interest on lease liabilities	660	567	16.4
Net foreign exchange gain	(789)	(1,983)	(60.2)
Amortization of deferred transaction costs related to the revolving facilities	177	202	(12.4)
Other	737	(5,206)	—
	53,010	24,535	—

Fiscal 2022 fourth-quarter financial expense increased by \$28.5 million, mainly due to:

- higher outstanding debt following the issuance of a US\$900 million senior secured Term B loan to finance the Ohio broadband systems acquisition completed on September 1, 2021 and the issuance of \$500 million senior secured notes on September 20, 2021;
- higher interest expense on the floating interest rate portion of the Senior Secured Term Loan B Facility, mainly resulting from the increase in interest rates;
- a non-recurring \$5.9 million favourable reversal in fiscal 2021 of a previously recognized provision upon reaching a settlement; and
- the appreciation of the US dollar against the Canadian dollar compared to the same period of the prior year; partly offset by
- lower interest expense following the reimbursement of the \$200 million Senior Secured Debentures Series 3 in February 2022.

INCOME TAXES

Three months ended August 31,	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Current	27,362	20,892	31.0
Deferred	(10,009)	8,564	—
Income taxes	17,353	29,456	(41.1)
Effective income tax rate	13.5 %	22.2 %	(39.2)

Fiscal 2022 fourth-quarter income tax expense decreased by 41.1%, mainly due to:

- an \$8.5 million tax benefit recognized in the fourth quarter of fiscal 2022 following a change in tax rate, signed into law on July 8, 2022, to reduce the corporate net income tax rate in the state of Pennsylvania from 9.99% to 4.99% by decreasing it by 0.5% annually until 2031, effective for the Corporation on September 1, 2023; and
- tax benefits from the Ohio broadband systems acquisition.

Current income taxes are higher in the fourth quarter of fiscal 2022 compared to last year due to higher assets under construction at Cogeco Connexion, which increased the taxable profit.

PROFIT FOR THE PERIOD

Three months ended August 31,	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages and earnings per share)</i>	\$	\$	%
Profit for the period	111,379	103,418	7.7
Profit for the period attributable to owners of the Corporation	36,433	33,082	10.1
Profit for the period attributable to non-controlling interest ⁽¹⁾	74,946	70,336	6.6
Basic earnings per share	2.32	2.08	11.5
Diluted earnings per share	2.31	2.07	11.6

(1) At August 31, 2022, the non-controlling interest relates to a participation of approximately 65.7% in the profit for the year attributable to owners of Cogeco Communications in addition to the 21% ownership of CDPQ in Cogeco Communications' Breezeline subsidiary.

Fiscal 2022 fourth-quarter profit for the period and profit for the period attributable to owners of the Corporation increased by 7.7% and 10.1%, respectively, as a result of:

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

CANADIAN TELECOMMUNICATIONS

OPERATING AND FINANCIAL RESULTS

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2022 ⁽¹⁾	Foreign exchange impact	2022 in constant currency ⁽²⁾	2021	Change	
					Actual	In constant currency
	\$	\$	\$	\$	%	%
Revenue	360,834	—	360,834	356,850	1.1	1.1
Operating expenses	163,157	(527)	162,630	171,128	(4.7)	(5.0)
Adjusted EBITDA	197,677	527	198,204	185,722	6.4	6.7
Adjusted EBITDA margin	54.8 %			52.0 %		
Net capital expenditures	100,140	(1,305)	98,835	76,342	31.2	29.5
Capital intensity	27.8 %			21.4 %		

(1) For the three-month period ended August 31, 2022, the average foreign exchange rate used for translation was 1.2893 USD/CDN.

(2) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2021 which was 1.2450 USD/CDN.

REVENUE

Fiscal 2022 fourth-quarter revenue increased by 1.1% as reported and in constant currency, mainly as a result of:

- higher Internet service customer base and revenue per customer; and
- growth in the commercial sector, mainly driven by a higher value Internet product mix; partly offset by
- a decline in video and phone service customers.

OPERATING EXPENSES

Fiscal 2022 fourth-quarter operating expenses decreased by 4.7% (5.0% in constant currency), mainly due to:

- lower marketing expenses;
- lower video services costs; and
- certain year-end adjustments; partly offset by
- higher overall operating expenses associated with the revenue growth.

ADJUSTED EBITDA

Fiscal 2022 fourth-quarter adjusted EBITDA increased by 6.4% (6.7% in constant currency), mainly resulting from:

- lower marketing expenses;
- organic growth; and
- the impact of certain year-end adjustments; partly offset by
- higher overall operating expenses.

NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

Fiscal 2022 fourth-quarter net capital expenditures increased by 31.2% (29.5% in constant currency), mostly related to:

- the acceleration of construction efforts related to Cogeco Connexion's high-speed Internet network expansion in Québec and Ontario;
- higher purchases of customer premise equipment related to the network expansion projects; and
- the timing of certain initiatives.

Fiscal 2022 fourth-quarter capital intensity reached 27.8% compared to 21.4% for the same period of the prior year. The capital intensity increase is mainly explained by higher net capital expenditures related to network expansion projects, partly offset by the revenue growth.

PRIMARY SERVICE UNIT STATISTICS

	August 31, 2022	Net additions (losses) Three months ended August 31,	
		2022	2021
Primary service units	1,818,158	(10,718)	2,104
Internet service customers ⁽¹⁾	772,600	3,252	8,540
Video service customers	652,590	(8,682)	(3,262)
Phone service customers	392,968	(5,288)	(3,174)

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

INTERNET

Fiscal 2022 fourth-quarter Internet service customers net additions amounted to 3,252 compared to 8,540 for the same period of the prior year, both excluding wholesale Internet customers as per the new definition adopted during the fourth quarter of fiscal 2022. The fiscal 2022 fourth-quarter net additions were mainly resulting from the ongoing interest in high-speed offerings. Last year's net additions were elevated, mainly driven by the increase in high-speed Internet demand in the context of the COVID-19 pandemic restrictions.

VIDEO

Fiscal 2022 fourth-quarter video service customers net losses amounted to 8,682 compared to 3,262 for the same period of the prior year. The fiscal 2022 fourth-quarter net losses were mainly due to the continuous change in the video consumption environment, further impacted by the current highly inflationary environment, with an increasing proportion of customers only subscribing to Internet services. The fiscal 2021 fourth-quarter net losses were low by historical measure in the context of the COVID-19 pandemic restrictions and strong Internet additions.

PHONE

Fiscal 2022 fourth-quarter phone service customers net losses amounted to 5,288 compared to 3,174 for the same period of the prior year. The fiscal 2022 fourth-quarter net losses were mainly due to a higher level of service disconnections in the context of the current inflationary environment causing some customers to cancel their landline phone services for mobile phone services only.

AMERICAN TELECOMMUNICATIONS

OPERATING AND FINANCIAL RESULTS

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2022 ⁽¹⁾	Foreign exchange impact	2022 in constant currency ⁽²⁾	2021	Change	
					Actual	In constant currency
	\$	\$	\$	\$	%	%
Revenue	364,612	(12,518)	352,094	275,834	32.2	27.6
Operating expenses	199,561	(6,819)	192,742	153,903	29.7	25.2
Adjusted EBITDA	165,051	(5,699)	159,352	121,931	35.4	30.7
Adjusted EBITDA margin	45.3 %			44.2 %		
Net capital expenditures	120,347	(4,129)	116,218	96,989	24.1	19.8
Capital intensity	33.0 %			35.2 %		

(1) For the three-month period ended August 31, 2022, the average foreign exchange rate used for translation was 1.2893 USD/CND.

(2) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2021 which was 1.2450 USD/CND.

REVENUE

Fiscal 2022 fourth-quarter revenue increased by 32.2% (27.6% in constant currency). In local currency, revenue amounted to US\$282.8 million compared to US\$221.5 million for the same period of fiscal 2021. The increase in constant currency is mainly resulting from:

- the Ohio broadband systems acquisition completed on September 1, 2021;
- a higher Internet service customer base outside of Ohio; and
- higher value product mix.

Fiscal 2022 fourth-quarter organic revenue growth in constant currency ⁽¹⁾ was 4.9%.

OPERATING EXPENSES

Fiscal 2022 fourth-quarter operating expenses increased by 29.7% (25.2% in constant currency), mainly due to:

- the Ohio broadband systems acquisition completed on September 1, 2021; and
- higher marketing and advertising, and other operating expenses to drive and support customer growth; partly offset by
- reduced video services costs resulting from the decline in video service customers.

ADJUSTED EBITDA

Fiscal 2022 fourth-quarter adjusted EBITDA increased by 35.4% (30.7% in constant currency). In local currency, adjusted EBITDA amounted to US\$128.0 million compared to US\$98.0 million for the same period of fiscal 2021. The increase in constant currency is mainly resulting from:

- the Ohio broadband systems acquisition; and
- organic revenue growth; partly offset by
- higher marketing and advertising expenses.

Fiscal 2022 fourth-quarter organic adjusted EBITDA growth in constant currency ⁽¹⁾ was 11.6%.

(1) Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency are non-IFRS ratios. 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.

NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

Fiscal 2022 fourth-quarter net capital expenditures increased by 24.1% (19.8% in constant currency) mainly as a result of:

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

Fiscal 2022 fourth-quarter capital intensity reached 33.0% compared to 35.2% for the same period of the prior year. The capital intensity decrease is mainly explained by the revenue growth exceeding higher net capital expenditures.

PRIMARY SERVICE UNIT STATISTICS

	August 31, 2022	Net additions (losses)	
		Three months ended August 31,	
		2022	2021
Primary service units	1,189,163	(25,798)	(3,665)
Internet service customers	707,954	(9,965)	2,666
Video service customers	323,038	(9,274)	(3,728)
Phone service customers	158,171	(6,559)	(2,603)

INTERNET

During the fourth quarter of fiscal 2022, the segment recorded positive organic growth in Internet service customers excluding the Ohio broadband systems acquired September 1, 2021, with the Internet service customer base increasing approximately 2% on a year-over-year basis. However, this was offset by a reduction in the Internet service customer base in Ohio mainly due to higher levels of disconnections mostly triggered by the Ohio customer management and billing systems' migration. Fiscal 2022 fourth-quarter Internet service customers net losses amounted to 9,965 compared to net additions of 2,666 for the same period of the prior year.

Excluding net losses in Ohio, growth of approximately 4,747 Internet service customers resulted primarily from the ongoing interest in high-speed Internet offerings. The segment's product mix also improved with a greater proportion of new connections taking faster Internet speeds, resulting in a higher average revenue per unit.

VIDEO

Fiscal 2022 fourth-quarter video service customers net losses amounted to 9,274 compared to 3,728 for the same period of the prior year. The fiscal 2022 fourth-quarter net losses were due to:

- the continued emphasis on offers that are Internet led and the cessation of non-bulk residential video-only new offers;
- higher levels of video disconnections in Ohio, as expected, due to the previous owner's highly Internet centric strategy, and also due to the customer management and billing systems' migration; and
- competitive offers in the industry.

PHONE

Fiscal 2022 fourth-quarter phone service customers net losses amounted to 6,559 compared to 2,603 for the same period of the prior year. The fiscal 2022 fourth-quarter net losses were mainly due to:

- the continued emphasis on offers that are Internet led; and
- higher levels of disconnections in Ohio following the customer management and billing systems' migration; partly offset by
- growth in the commercial sector mainly driven by the Hosted Voice product offerings.

CASH FLOWS ANALYSIS

Three months ended August 31,	2022	2021 ⁽¹⁾	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Cash flows from operating activities	326,636	283,538	15.2
Cash flows used in investing activities	(243,884)	(239,920)	1.7
Cash flows (used in) from financing activities	(90,341)	968	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	7,358	13,293	(44.6)
Net change in cash and cash equivalents	(231)	57,879	—
Cash and cash equivalents, beginning of the period	379,232	494,089	(23.2)
Cash and cash equivalents, end of the period	379,001	551,968	(31.3)

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

OPERATING ACTIVITIES

Fiscal 2022 fourth-quarter cash flows from operating activities increased by 15.2%, mainly from:

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

INVESTING ACTIVITIES

Fiscal 2022 fourth-quarter cash flows used in investing activities increased by 1.7%, mainly due to:

- the increase in acquisition of property, plant and equipment, in both the Canadian and the American telecommunications segments; partly offset by
- last year's \$59 million deposit paid in order to secure 38 spectrum licences in the 3500 MHz band auction.

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

Three months ended August 31,	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Acquisition of property, plant and equipment	244,855	180,192	35.9
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period ⁽¹⁾	(20,080)	(4,474)	—
Net capital expenditures	224,775	175,718	27.9

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

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

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2022 \$	2021 \$	Change %	Change in constant currency ⁽¹⁾ %
Canadian telecommunications	100,140	76,342	31.2	29.5
Capital intensity	27.8 %	21.4 %		
American telecommunications	120,347	96,989	24.1	19.8
Capital intensity	33.0 %	35.2 %		
Corporate and eliminations	3,022	1,849	63.4	63.4
Cogeco Communications	223,509	175,180	27.6	24.5
Capital intensity	30.8 %	27.7 %		
Other	1,266	538	—	—
Consolidated	224,775	175,718	27.9	24.8

(1) Fiscal 2022 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2021 which was 1.2450 USD/CDN.

Fiscal 2022 fourth-quarter net capital expenditures increased by 27.9% (24.8% in constant currency), mainly due to:

- higher capital expenditures in the American telecommunications segment related to the Ohio broadband systems acquisition, additional capital expenditures related to the geographical network expansion projects, the high level of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries, and the timing of certain initiatives; and
- higher capital expenditures in the Canadian telecommunications segment due to the acceleration of construction efforts related to Cogeco Connexion's high-speed Internet network expansion in Québec and Ontario and the timing of certain initiatives.

Fiscal 2022 fourth-quarter capital intensity of Cogeco Communications reached 30.8% compared to 27.7% for the same period of the prior year. The capital intensity increase is mainly explained by higher net capital expenditures, partly offset by the revenue growth.

Fiscal 2022 fourth-quarter net capital expenditures, excluding network expansion projects ⁽¹⁾, amounted to \$163.1 million.

FINANCING ACTIVITIES

ISSUANCE AND REPAYMENT OF DEBT

Fiscal 2022 fourth-quarter changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

Three months ended August 31, (In thousands of Canadian dollars)	2022 \$	2021 \$	Explanations
Decrease in bank indebtedness	(6,197)	(2,228)	Related to the timing of payments made to suppliers.
Net (decrease) increase under the revolving facilities	(6,739)	84,458	Repayment of amounts drawn under the revolving facility in the fourth quarter of fiscal 2022, while the fiscal 2021 quarterly increase is mainly related to the \$59 million deposit paid in order to secure 38 spectrum licences in the 3500 MHz band auction.
Issuance of long-term debt, net of discounts and transaction costs	(239)	—	Increase in deferred transaction costs.
Repayment of notes, debentures and credit facilities	(8,522)	(5,298)	Related to the quarterly repayments on the Senior Secured Term Loan B Facility, with quarterly repayments on Tranche 2 starting in May 2022.
Repayment of lease liabilities	(1,373)	(1,075)	Comparable.
Repayment of balance due on business combinations	—	(450)	Repayment of balance due related to the iTéract acquisition in 2021.
	(23,070)	75,407	

(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.

DIVIDENDS

During the fourth quarter of fiscal 2022, a quarterly eligible dividend of \$0.625 per share was paid to the holders of subordinate and multiple voting shares, totalling \$9.8 million, compared to a quarterly eligible dividend paid of \$0.545 per share, or \$8.6 million, in the fourth quarter of fiscal 2021.

NORMAL COURSE ISSUER BID

Cogeco

During the fourth quarter of fiscal 2022, Cogeco purchased and cancelled 31,500 subordinate voting shares with a weighted average price per share purchased of \$69.65 for a total consideration of \$2.2 million. During the fourth quarter of fiscal 2021, the Corporation did not purchase and cancel subordinate voting shares.

Cogeco Communications

During the fourth quarter of fiscal 2022, Cogeco Communications purchased and cancelled 390,800 subordinate voting shares with a weighted average price per share purchased of \$88.35 for a total consideration of \$34.5 million. During the fourth quarter of fiscal 2021, Cogeco Communications purchased and cancelled 391,500 subordinate voting shares with a weighted average price per share purchased of \$117.41 for a total consideration of \$46.0 million.

FREE CASH FLOW

Three months ended August 31,	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA	348,510	293,624	18.7	16.9	(5,172)
Amortization of deferred transaction costs and discounts on long-term debt	2,992	2,361	26.7		
Share-based payment	1,663	2,283	(27.2)		
Loss on disposals and write-offs of property, plant and equipment	98	779	(87.4)		
Defined benefit plans expense, net of contributions	618	49	—		
Acquisition, integration, restructuring and other costs	(12,657)	(3,961)	—		
Financial expense	(53,010)	(24,535)	—		
Current income taxes	(27,362)	(20,892)	31.0		
Net capital expenditures	(224,775)	(175,718)	27.9		
Repayment of lease liabilities	(1,373)	(1,075)	27.7		
Free cash flow	34,704	72,915	(52.4)	(49.9)	1,825

(1) For the three-month period ended August 31, 2022, the average foreign exchange rate used for translation was 1.2893 USD/CND.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2021 which was 1.2450 USD/CND.

Fiscal 2022 fourth-quarter free cash flow decreased by 52.4% (49.9% in constant currency), mainly due to:

- higher net capital expenditures in both the Canadian and American telecommunications segments;
- higher financial expense, mainly due to an increased debt level, in part to finance the Ohio broadband systems acquisition;
- higher acquisition, integration, restructuring and other costs; and
- the increase in current income taxes; partly offset by
- higher adjusted EBITDA.

Fiscal 2022 fourth-quarter free cash flow, excluding network expansion projects ⁽¹⁾ was \$96.3 million.

(1) 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 these financial measures, please consult the "Non-IFRS and other financial measures" section.

10. FISCAL 2023 FINANCIAL GUIDELINES

Cogeco and Cogeco Communications maintain their fiscal 2023 financial guidelines as issued on July 13, 2022. Although the general economic prospects for fiscal 2023 have deteriorated since then, Cogeco and Cogeco Communications have initiated measures to potentially offset any impact on both of the corporations' revenue and adjusted EBITDA. As the year unfolds, Cogeco and Cogeco Communications will continue to assess the market conditions and the impact they have on their operations.

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

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

Cogeco

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

The following table outlines the Corporation's fiscal 2023 financial guidelines ranges on a consolidated basis:

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

(1) Percentage of changes compared to fiscal 2022.

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

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

Cogeco Communications

On a constant currency and consolidated basis, Cogeco Communications expects fiscal 2023 revenue to grow between 2% and 4%, mainly as a result of organic growth in the American telecommunications segment resulting from the Internet led strategy, growth of commercial subscribers and, to a lesser extent, growth resulting from the network expansion program. In the Canadian telecommunications segment, revenue growth should stem primarily from the demand for the residential Internet product and new subscribers resulting from the network expansion in Québec and Ontario.

On a constant currency and consolidated basis, fiscal 2023 adjusted EBITDA should grow between 1.5% and 3.5%, mainly as a result of revenue growth exceeding operating expenses increases in both the American and Canadian telecommunications segments, partly offset by initiatives undertaken to support the Corporation's future growth and strategies.

Net capital expenditures should amount to between \$750 and \$800 million, including approximately \$180 to \$230 million in growth-oriented network expansion projects, resulting in capital intensity of approximately 26%, or 19% excluding network expansion projects. The Canadian telecommunications segment is planning higher than usual capital intensity primarily due to government sponsored network expansion projects which will increase the Corporation's footprint in the provinces of Québec and Ontario. The American telecommunications segment is also planning higher than usual capital intensity mainly due to network expansion projects which will increase the Corporation's footprint in several areas adjacent to its network and to the finalization of Ohio integration.

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

The following table outlines Cogeco Communications' fiscal 2023 financial guidelines ranges on a consolidated basis:

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

(1) Percentage of changes compared to fiscal 2022.

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

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

11. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES

At Cogeco, we take immense pride in pursuing a sustainability agenda through the implementation of various initiatives that are aligned to the best ESG practices. We strive to build a more sustainable and inclusive future through an ESG strategy that is based on a long-standing tradition of social engagement and community involvement, a commitment to digital inclusion, leading operating practices as well as a strong commitment to responsible and ethical management. Our ESG strategy 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. We therefore strive to align our ESG strategy with the United Nations's ("UN") Sustainable Development Goals ("SDGs") as part of our continued effort to drive long-term corporate sustainability and contribute to a better and more sustainable future for all.

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



KEY ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES

Below are some of the key ESG initiatives that were deployed in fiscal 2022, along with some ESG key performance indicators that support the achievement of our goals.

ENVIRONMENT

Climate change adaptation and mitigation

The most recent and final installment of the Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report (AR6) highlights that urgent climate action is needed to halve emissions by 2030. The decisions we make today and in the coming decades will shape our planet's future and support the ambitions of the Paris Agreement. To limit global warming to 1.5°C and help prevent the worst impacts of climate change, countries and businesses must set ambitious paths towards decarbonization. While our industry's environmental footprint is arguably smaller than that of many other sectors, Cogeco is nonetheless committed to leading the decarbonization pathway in the industry.

As part of this commitment, we have set near-term emissions reduction targets that have been approved by the Science Based Targets initiative (SBTi) as consistent with levels required to meet the goals of the Paris Agreement. To further underscore our commitment, we have linked a portion of our executives' and other leaders' variable compensation to the achievement of our emissions reduction targets. Our targets cover emissions from our operations as well as emissions from our value chain and are as follows:

- Reduce absolute Scope 1 & 2 emissions by 65% by 2030 from a 2019 baseline.
- Have 50% of our suppliers by spend covering purchased goods & services and capital goods setting science-based scope 1 & 2 emissions reduction targets by 2025.
- Reduce emissions from the use of sold products and employee commuting by 30% by 2030 from a 2019 baseline.

We have further committed to achieving a longer term target of net-zero emissions by 2050 and will be seeking approval of this target by the SBTi during fiscal 2023.

Our strategy to reduce emissions from our operations focuses on the following key levers: fleet fuel efficiency, fleet electrification, energy efficiency in our buildings and across our broadband network, and investments in renewable energy. With regards to reducing emissions from our value chain, our strategy relies on engaging with our suppliers to set ambitious emissions reduction targets and to identify opportunities to collaborate in reducing emissions. Ensuring that we increase the energy efficiency of the equipment used by our customers to access our services is another component of our strategy to reduce downstream emissions along with increasing employee engagement around emission reduction activities.

In terms of results for fiscal 2022, we achieved a 28% reduction in operational emissions (Scope 1 & 2) compared to 2019. Emissions from the use of sold products have decreased by 10% and emissions from employee commuting have decreased by 26% since 2019. Also, 24% of our suppliers by spend have set or committed to set a science-based target and our percentage of renewable energy consumption increased by 75% versus 2019. For more detailed information about our actions related to climate change mitigation and adaptation, please refer to our Climate Action and TCFD Report (corpo.cogeco.com), which was published in November 2021. Our new report will be released in December 2022.

SOCIAL

OUR EMPLOYEES

Diversity and inclusion

At Cogeco, respect is a long-standing core value that we embrace by fostering a respectful workplace where integrity, trust and inclusion are the norm. We recognize that diverse and inclusive environments enable collaboration, drive innovation, improve organizational performance, and help us better support communities and customers. We believe that diverse backgrounds, perspectives, skills, and experiences are a competitive advantage. We strive to offer an inclusive workplace for all, where everyone feels a sense of belonging, has a safe environment in which to work and develop, and shares equal opportunities for career advancement.

This year we continued to put a comprehensive Diversity and Inclusion strategy into action with a focus on enhancements to processes and policies, employee education and engagement, and an inclusive approach to talent acquisition outreach and community support. Select highlights include:

- We adopted a Diversity and Inclusion Policy to set out the principles and commitments by which Cogeco will enhance diversity and inclusion throughout the organization.
- In addition to the existing Cogeco Women's Network, we established 3 new employee-led Employee Resource Groups (ERGs) to promote inclusion, drive engagement and foster a sense of belonging.
- We engaged colleagues in learning and awareness initiatives, including panel discussions around Pride, Mental Health Awareness, as well as Diversity Month, D&I *Lunch and Learn* events and Cogeco's digital learning courses.

- We established new and deepened existing external partnerships to showcase our employer brand and further attract diverse candidates.
- We deepened our support to local initiatives through a Diversity and Inclusion philanthropic fund to support various organizations across our operating footprint.

In fiscal 2022, 34% of women occupied managerial positions and above. While there is always more work to do in diversity and inclusion, we are pleased to report that our efforts are being highlighted through several industry recognitions such as Globe & Mail's *Women Lead Here* and Equileap's 2022 *Gender Equality Evaluation* where Cogeco ranked in the list of Top 10 companies in Canada. Full details of our diversity and inclusion commitment can be found on the corpo.cogeco.com website.

Employee health, safety & well-being

Our workforce is a key driver of our success which is why providing a superior employee experience is one of Cogeco's top strategic priorities. This includes our commitment to providing a safe and healthy workplace for all employees, volunteers and business partners. We do not simply consider this to be our duty of care but an important business practice as it lowers injury/illness costs, reduces absenteeism and turnover, increases productivity and quality, and raises employee morale. To further underscore our commitment to health, safety and well-being, we have linked a portion of our executives' and other leaders' variable compensation to the achievement of associated targets.

Year over year, we continue to evolve health & safety and wellness practices and processes to ensure the well-being of our employees. Initiatives deployed include providing in-depth training on health & safety, ensuring systems and processes are in place to guide and track health & safety efforts, providing all employees and their families with access to confidential consultations and information services from external professionals to address and find solutions for a wide range of life's challenges through our Employee Assistance Program, and providing employees with a subscription to a meditation and mindfulness application to support employees' overall well-being and mental health.

In fiscal 2022, we achieved our goal of maintaining a frequency of workplace related incidents below industry averages in the jurisdictions we operate.

Employee engagement

Employee engagement matters to Cogeco as it is our firm belief that engaged employees care about what they do and are thus motivated to contribute to organizational success. Engaged employees are also more attuned to the needs of customers and can therefore make a real difference in terms of providing the best customer experience. Research has shown that high employee engagement increases profitability, work quality and productivity of employees, and is also an important enabler of employee retention. In the current highly competitive market for top talent, the ability for any organization to provide a highly engaging work environment can represent a key differentiator. As a reflection of the importance we give to employee engagement, we have linked a portion of our executives' and other leaders' variable compensation to the achievement of associated targets.

Creating a productive and positive employee experience is a fundamental pillar of Cogeco's growth strategy. We firmly believe that this can only be achieved through an engaging and continuous dialogue between employees and managers. To this effect, we deployed in fiscal 2022 a new pulse survey tool which seeks feedback from employees on ten key engagement metrics representing the ten most important dimensions of working life. These monthly surveys offer employees a regular opportunity to share their feedback, boost their trust, and help us to maintain and grow a healthy company culture. We also decided to switch our main measurement metric for employee engagement in fiscal 2022 from an engagement score to an employee Net Promoter Score (eNPS). We are pleased that our eNPS increased in fiscal 2022 compared to fiscal 2021.

Furthermore, we implemented hybrid working principles called FlexWork as well as a new teleworking policy to provide greater flexibility and help employees attain a better balance between their personal and professional lives. Other elements offered by Cogeco to drive employee engagement include comprehensive compensation packages with competitive salaries, group benefits and reward programs, training and development opportunities, a stock purchase plan with an employer match component, and user-friendly digital tools to enhance collaboration.

OUR COMMUNITIES

Community investment & digital inclusion

Social engagement is one of Cogeco's core values. We are a company that is deeply rooted in the communities we serve through the operation of local offices where our team members and customers live. We aim to make our communities thrive by supporting local economies, building partnerships and fostering community cohesion. In fiscal 2022, we supported over 600 non-profit organizations in Canada and the U.S. and our total donations amounted to 3.1% of our pre-tax profits.

Connectivity is essential to ensuring digital inclusion in our society and is a powerful driving force for the economic and social development of our communities. In line with our desire to be a good corporate citizen, we believe that our industry has an essential role to play in closing the digital divide and we view this as a key priority. Expanding our broadband network into underserved and unserved areas⁽¹⁾ supports our

(1) Areas identified by governments, as part of the broadband coverage information they collect, where some or no households have Internet connection with access to broadband speeds of at least 50 Mbps download and 10 Mbps upload.

communities and contributes to the economic vitality of rural regions. We therefore actively seek to participate in government programs in both Canada and the U.S. to accelerate access to high-speed Internet in these regions. We have committed to delivering a minimum of 75,000 homes passed over 3 years to underserved and unserved areas and delivered 7,518 homes passed in fiscal 2022. Supply chain and labour capacity constraint issues, fueled by inflationary pressures and the persistent impacts of COVID-19, have presented unexpected challenges during fiscal 2022. Notwithstanding, we expect that the bulk of targeted homes passed will be delivered in fiscal 2023 and 2024.

Cogeco recognizes that affordability and accessibility of devices are also key elements to address in order to close the digital divide. In fiscal 2022, we continued to provide access to affordable Internet services to low-income families through the Federal Communications Commission's Emergency Broadband Benefit Program in the U.S. and through the Connecting Families Program in Canada, which was expanded to benefit low income seniors as well. Affordable Internet access was provided to more than 15,000 low-income families and seniors in fiscal 2022 as a result of these programs. Also, Cogeco continued its support of Computers for Success Canada to improve access to technology for Canadians at risk of digital exclusion with donations of more than 1,450 units over the last 4 years.

OUR CUSTOMERS

Data security and data privacy

As cybersecurity threats and breaches in the public and private sectors have grown in frequency and complexity over recent years, data security has become a top priority for all corporations. To mitigate this risk, Cogeco has put in place governance structures, teams, technological tools and programs to ensure the security of Cogeco's ecosystem.

As part of our operations, we collect personal information and our customers and employees entrust us with their data. We have mechanisms in place to ensure that personal information is kept confidential and secure, and used only for the purposes for which it was collected as that is what our customers and employees expect from us.

In fiscal 2022, we continued to progress on the deployment of a comprehensive multi-year cybersecurity program that is aligned to best practices. Much focus has been placed on increasing security awareness of our workforce so as to enable a strong first line of defense. As part of our information security initiatives, regularly scheduled phishing tests are deployed to train our workforce on email security. Furthermore, we completed a third-party risk assessment process review to identify risks associated with our supply chain and this review is scheduled to be updated in fiscal 2023.

Network investment

Providing customers with a robust and state-of-the-art network is critical to ensure that our customers can depend on reliable connectivity and quality services. On-going investments in digital infrastructure are critical to connect families and businesses, to enable economic activity, education and other critical services as well as to reduce the digital divide between urban centres and rural areas.

In fiscal 2022, we continued to invest to maintain, upgrade, or replace our network and infrastructure to maximize system reliability and resiliency. In total, \$348 million was invested in fiscal 2022, which includes \$191 million for resilience upgrades and \$157 million for network expansion. We also have strong business continuity and disaster recovery plans, policies and procedures to limit network downtime in the event of any emergency. In fiscal 2022, our network was available more than 99.9% of the time.

GOVERNANCE

Ethical business practices & compliance

Operating according to ethical values is of utmost importance for any business striving to succeed in today's growing global marketplace. Increasingly, companies are an integral part of a complex society that expects the highest standards of behaviour from businesses. Our stakeholders wish to be associated with responsible and ethical organizations. Therefore, operating with integrity is deemed essential for our sustainable success.

Our Code of Ethics is the core foundation that sets out the principles related to expected ethical behavior. It is supported by mandatory ethics training for all employees, various ethics awareness initiatives deployed throughout the year, an anonymous and confidential Ethics Line that allows employees and other individuals to report any perceived or actual instances of Code of Ethics violations, a formal conflict of interest declaration process and an Ethics Steering Committee composed of members of the Executive Management Team. Furthermore, to ensure that we partner with businesses that are also committed to sustainable and ethical behavior, we require suppliers to acknowledge our Supplier Code of Conduct. In fiscal 2022, 100% of our top suppliers acknowledged Cogeco's Supplier Code of Conduct or we approved the supplier's own ESG related standards.

OVERSIGHT OF ESG PROGRAM

Beginning in fiscal 2022, we elevated ESG oversight responsibilities to the highest governance instance with the Board of Directors now overseeing the Corporation's ESG strategy, goals, performance and related initiatives on a quarterly basis. In addition, ESG-related risks are reviewed and discussed at the Audit Committee of the Board of Directors on a quarterly basis.

At the Corporation level, oversight of ESG issues lies within the Sustainability function which is under the purview of the Sustainability Steering Committee. This committee is composed of the President & CEO and his direct reports as well as some other executive members.

AWARDS AND RECOGNITIONS

In fiscal 2022, we were gratified to have our ESG efforts recognized by leading voices in ESG practices and reporting as demonstrated here below.



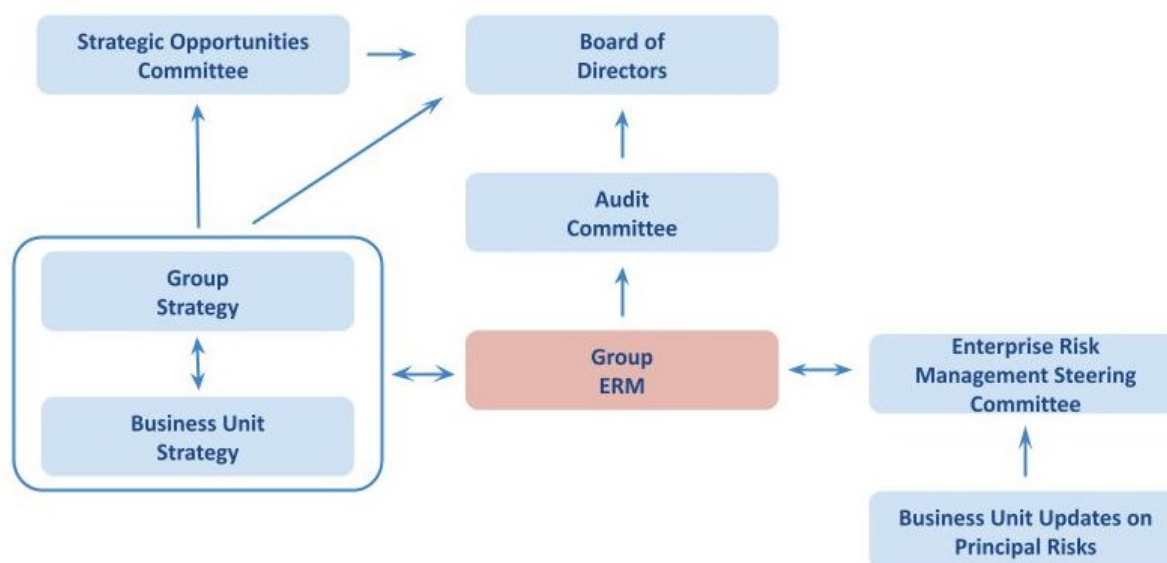
For more information on our initiatives and our performance, please refer to Cogeco's latest ESG and Sustainability Report, which was published in March 2022 and is available directly on the Corporation's website at corpo.cogeco.com. Our new report will be released in March 2023. In addition, detailed KPIs can be found in our ESG data supplement available on the corpo.cogeco.com website.

12. UNCERTAINTIES AND MAIN RISK FACTORS

This section outlines the principal risks and uncertainties that Cogeco and its subsidiaries currently believe to be material. It does not purport to cover all contingencies, or to describe all possible factors that might have an influence on the Corporation or its activities at any point in time. Furthermore, the risks and uncertainties outlined in this section may or may not materialize in the end, may evolve differently than expected or may have different consequences than those that are currently anticipated. If any of the following risks, or any other risks and uncertainties that the Corporation and its subsidiaries have not yet identified or that they currently consider not to be material, actually occur or become material risks, the Corporation and its subsidiaries' businesses, guidance, prospects, financial condition, results of operations and cash flows and consequently the price of the subordinate voting shares could be materially and adversely affected.

ENTERPRISE RISK MANAGEMENT

The Corporation has a formal integrated enterprise-wide risk management ("ERM") program structured and governed based on the widely adopted *Committee of Sponsoring Organizations of the Treadway Commission* ("COSO") ERM integrated framework. This framework puts forward the strong connection between risk, strategy and enterprise performance. As a result, the ERM approach at Cogeco is supported by a Risk Governance Ecosystem as illustrated below.



The Risk Governance Ecosystem solicits input from corporate functions as well as business units and feeds the strategic planning process.

Annual Consolidated Risk Assessment	Principal business risks that could impact the Corporation are formally identified on an annual basis. Risks considered are not only strategic, operational, financial, regulatory and compliance related in nature but also environmental, social and governance ("ESG") related, and take into consideration both short and longer term existing and emerging risks, as deemed relevant. In addition, as part of this annual risk assessment process, the Risk Appetite Framework, guiding strategic decision making, is reviewed and updated, as needed. Critical output from this annual risk assessment is used in the preparation of the corporate strategy and presented to the Board of Directors as part of the strategic planning process.
Business Unit Risk Assessment	As part of the strategic planning process, business units identify the principal risks specific to their business unit as well as mitigation plans. In addition, they provide quarterly updates on principal risks for the Corporation and related mitigation measures, from their perspective.
Risk Oversight	On an annual basis, the Board, with the Audit Committee, reviews the principal business risks facing the Corporation and its subsidiaries as well as the mitigation measures implemented to manage these risks. On a quarterly basis: – the Enterprise Risk Management Steering Committee, composed of the CEO and his direct reports, governs risk management. A risk profile update is presented and discussed at each meeting and mitigation measures are reviewed to ensure adequacy; – the Audit Committee oversees ERM activities and the risk profile update as well as the operational and financial risks associated with significant programs or projects of the Corporation.
Other Risk Related Activities	A risk universe is maintained by the ERM function and updated through exchanges with members of the business units covering risks that could impact the Corporation's risk assessment and strategic planning. In addition, top trends and external forces that shape the Corporation's environment, representing potential risks and opportunities, are identified and analyzed (e.g. demographic trends, rules and regulations, economy and environment, competition, technology trends and customer expectations).

12.1 COMPETITIVE RISKS

The environment in which the Corporation operates is highly competitive. The Corporation expects competition to remain intense as traditional and non-traditional competitors seek increased market share and competitive trends evolve in response to customer demands, regulatory developments and emerging technologies. Those trends can lead competitors to adopt new and in some cases, more aggressive strategies to protect and grow market share, revenues and profit.

Competition stems from various sources. Large traditional phone companies and mobile service operators are upgrading their offerings with products such as exclusive, direct-to-consumer video content, investing in fibre-to-the-home ("FTTH") and in fixed-wireless access ("FWA"), expanding their 5G networks, offering mobile substitutes for fixed home Internet and expanding outside their footprint. Competition also comes from other sources, such as Internet resellers in Canada, companies and municipalities overbuilding the Corporation's facilities, communities in the U.S. building open access broadband networks, digital-native organizations, including leading content providers, and new entrants offering Internet access services by leveraging low Earth orbit satellite technology. The Corporation also faces competition in the merger and acquisitions space in the United States from financial players, such as private equity firms and infrastructure funds, competing for the same opportunities in the telecommunications sector.

Some of the Corporation's competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, greater brand recognition and a larger base of customers while some are digital-native organizations with lower cost structures due to the absence of legacy systems to maintain. The Corporation's competitors may be able to more quickly adopt new or emerging technologies, adapt to changes in customer expectations, and develop alternative services at more competitive prices. Aggressive pricing and market offers by competitors could result in pricing pressures, lower customer acquisition and higher retention costs. The Corporation's ability to compete successfully within one or more of its market segments may thus decline in the future due to increased competition from current competitors or from new entrants taking bold actions to establish, sustain or increase their position in the market. The Corporation's businesses and results of operations could be materially adversely affected to the extent that it is unable to retain its existing customers and grow its customer base or have to lower revenue per customer in order to maintain market share.

To mitigate the Corporation's competitive risks, focus is placed on providing customers with a distinctive experience with state-of-the-art Internet services, a modern IP television service and high-quality customer service.

The Corporation's principal competitive risks can be broken down as follows.

Intensifying competition in the Canadian telecommunications segment from traditional service providers and new entrants.

Large traditional phone companies and mobile service providers remain the Corporation's main network-based competitors. These operators offer their services through evolving technologies such as FTTH, mobile high-speed Internet services (including 4G and 5G), fixed-wireless services that allow for lower deployment costs in rural areas, and traditional satellite-based services primarily for video services. In addition to traditional competitors, other companies are developing new delivery models such as Internet through low earth orbit satellites.

Over the years, Internet resellers have gained significant market share in the Canadian territories where the Corporation offers its services, particularly in Ontario. A favourable regulated wholesale regime that does not require resellers to invest in network construction and sets low mandated wholesale rates has enabled resellers to offer a range of service plans at competitive prices. While resellers are primarily focused on Internet services, some are also providing video and phone services and growing their offering.

In addition, certain Canadian municipalities plan to or have entered into public/private partnership arrangements to build and operate their own broadband networks, entering into competition with the Corporation in some of its service areas.

Intensifying competition in the American telecommunications segment.

The United States market continues to consolidate with mergers and acquisitions among industry players. For Internet connectivity services, the Corporation - as it does in Canada - competes against incumbent phone companies, wireless providers, municipal broadband networks and satellite broadband providers. For video services, the Corporation's main source of competition comes from incumbent phone companies and satellite service providers. The Corporation's phone services face competition from the incumbent phone companies, as well as other providers such as mobile and VoIP providers. The Corporation is also facing intensified competition from competitors such as Comcast, Verizon and AT&T which are overbuilding the Corporation's facilities on its operating footprint in the states of Florida, Connecticut and New Hampshire. The United States market is also seeing an increase in the number of providers that offer fixed wireless broadband and Internet delivered via satellite, some of which have been awarded federal funding to expand their service territories to unserved areas.

Faced with increasing competition and evolving customer demands, providers are enhancing the value they offer customers. Some are looking to disrupt the cable bundle by offering more choice to subscribers through personalized and tailored services that would eliminate contracts and bundling, while others are expanding their service offering to include mobility services, cybersecurity and home security.

Competition in both the Canadian and American telecommunications segments from streaming services.

Cogeco Connexion and Breezeline face increasing competition from streaming services offered not only from over-the-top ("OTT") video content providers such as Netflix but also from content owners launching or acquiring a streaming service of their own (e.g. Disney+, Peacock, HBO Max). A majority of households already subscribe to streaming services as a complement to traditional video services and a surge in subscriptions was fueled by the COVID-19 crisis although a post-pandemic slowdown is being observed. Some OTT video content providers now offer live-feed channels traditionally offered only by broadcasting distribution undertakings. The streaming trend is expected to continue to increase and the Corporation could be materially adversely affected if, as a result, a significant number of video customers disconnect their services or reduce their video spending.

Some of the Corporation's main video competitors have entered the streaming sphere with their own streaming services. Additionally, several programming networks distributed by the Corporation offer direct-to-consumer products, such as Sportsnet in Canada or HBO Now, CBS All Access and Showtime Anytime in the United States. The Corporation enables the delivery of certain streaming services within its video product but does not own any streaming platform.

Increased number of consumers switching from landline phone to mobile and IP based phone services.

As mobile phone and smartphone adoption grows, an increasing number of fixed phone customers are disconnecting fixed lines. The Corporation does not currently offer mobile services and, therefore, further erosion of fixed phone customers could have a material adverse effect on the Corporation's business, financial condition, prospects and results of operations.

The Corporation does not currently offer "four play" bundles that include mobile communications.

Although the Corporation provides "double play" and "triple play" bundled services in Canada and the United States, with various combinations of Internet, video and landline phone services being offered at bundled prices, the Corporation does not offer "four play" bundles that include mobile services.

The Corporation remains interested, as part of its growth strategy, in offering mobile services on its operating footprint in order to offer a wider range of services and gain a greater share of its customers' telecommunications services. The Corporation is currently considering entering the mobile market in Canada, in a capital efficient manner, supported by the decision by the CRTC, on April 15, 2021, to allow regional players investing in telecommunications infrastructure and spectrum to access the mobile networks of Canada's dominant providers. Should the Corporation conclude that this is financially attractive, it would expect to make investments over time, in addition to making use of the MVNO regime. Launching a mobile operation includes significant risks as investments include the acquisition of spectrum licenses, network infrastructure and systems devices, as well as start-up costs. The incumbents' wholesale MVNO access tariffs have not yet been approved by the CRTC and the MVNO rates the Corporation may be able to secure, either through commercial negotiation or arbitration before the CRTC, are still unknown and may not be appropriate to launch a mobile operation. A mobile operation in Canada may result in downward pressure on adjusted EBITDA margins, profits and free cash flow and may not, in the long term, meet profitability expectations.

The Corporation's business services face competition from a variety of service providers.

Cogeco Connexion and Breezeline offer Internet, video and phone services to businesses across their served areas, mainly to small to medium-sized businesses. The Corporation's business services in Canada and the United States face competition from a variety of service providers that often have a wider product offering. The Corporation's results of operations could be materially adversely affected to the extent that it is unable to retain its existing customers and grow its business customer base.

12.2 BUSINESS RISKS

ECONOMIC CONDITIONS

The Corporation is influenced by general economic conditions, consumer confidence and spending, and the demand for its products and services. Adverse general economic conditions, such as heightened inflation, economic downturns or recessions, leading to a declining level of retail and commercial activity, could have a negative impact on the demand for the Corporation's products and services. Inflation remains high as central banks respond with unusually large interest rate hikes and fears of a recession increase.

More specifically, adverse general economic conditions could result in customers delaying or reducing purchases of the Corporation's products and services or discontinuing using them, and a decline in the creditworthiness of its customers could increase its bad debt expense. In addition, geopolitical conditions, such as the war between Russia and the Ukraine, could lead to instability in financial markets, sustained high energy prices and supply chain issues, leading to increased costs and supply chain delays.

STRATEGIC PLAN AND BUSINESS STRATEGIES

The Corporation's ability to successfully implement its business strategies described above in section "Corporate objectives and strategies" of this report in a timely and coordinated manner and to realize their anticipated benefits could be adversely affected by a number of factors beyond the Corporation's control, including operating difficulties, increased ongoing operating expenses, regulatory developments, general economic conditions, increased competition, technological changes and the other factors described in this "Uncertainties and main risk factors" section. Failure to successfully implement and execute the Corporation's strategic plan and business strategies in a timely and coordinated manner could have a material adverse effect on the Corporation's reputation, business, financial condition, prospects and results of operations and on its ability to meet its obligations, including its ability to service its debt.

ACCESS TO PROGRAMMING AND PROGRAMMING COSTS

The financial performance of the Corporation's businesses depends in large part on its ability to sustain and increase adjusted EBITDA by tightly controlling operating expenses. One of the largest drivers of such operating expenses is the programming license fees the Corporation pays to television programming service suppliers. The programming license fees of certain television programming services have increased significantly in Canada and in the United States in recent years, particularly for sports programming. Future increases in programming license fees could have a material adverse effect on the Corporation's business and results of operations.

In Canada, the market for video content services is characterized by high levels of supplier concentration and vertical integration. Some of the large integrated communications service providers with whom the Corporation competes in Canada own broadcast television content assets. This vertical integration could result in content being withheld from the Corporation or being made available at inflated prices or unattractive terms. In order to limit the power of vertically integrated entities on the public's access to diverse and quality programming services, the CRTC adopted in 2015 a Wholesale Code which applies to all broadcasting distribution undertakings ("BDU") and licensed programming undertakings. The Code prohibits a number of commercially unreasonable practices and sets out a dispute resolution mechanism for the renewal of affiliation agreements in situations where both the BDU and the programming undertaking intend to renew the agreement but are unable to agree on terms. The Corporation's largest programming supplier is Bell, with approximately 39% of the Corporation's overall programming costs. Bell is vertically integrated and is also the Corporation's largest competitor in Canada. While the Corporation has generally been able to obtain satisfactory distribution agreements with programming service suppliers in Canada to date, it may not be able to maintain its current arrangements, or conclude new arrangements that are economically viable; therefore the number of video channels may change from year to year.

Certain affiliation agreements with some of the Corporation's major programming suppliers have expired and the terms and conditions for their renewal have not yet been fully concluded. The Corporation may be subject in upcoming Canadian programming services renewals to regulatory dispute resolution proceedings which could either help it obtain reasonable affiliation terms or compel it to pay increased programming license fees or otherwise subject it to adverse competitive conditions.

While the programming costs in the United States showed ongoing signs of stabilization in the last three years, the Corporation's ability to access content at reasonable rates, terms and conditions for "must have" content including live sports and retransmission consent is continuously challenged. Continued consolidation, cost increases and division of US sports rights among traditional television and streaming platforms impact the Corporation's ability to procure content at reasonable rates and terms. This ongoing consolidation activity enables combined companies to leverage popular content and negotiate better terms with the Corporation in the future or require that the Corporation carry their less popular video entertainment offers, thus further increasing costs. In addition to the increase in programming costs, most of the Corporation's programming agreements require it to meet certain penetration thresholds, which limit its ability to offer smaller tiers and packages. Many of these same programmers are simultaneously launching their own direct-to-consumer products to effectively compete with programming distributors or offering their content through OTT video providers.

The Corporation is also subject in the United States to increasing financial and other demands by broadcasters to obtain the required consent for the transmission of local broadcast programming to its customers. Federal law prohibits cable operators from carrying local broadcast stations without consent. Under federal "must-carry" regulations, local broadcast stations may require cable operators to carry such stations without compensation. Alternatively, local broadcast stations may require cable operators to engage in "retransmission consent" negotiations, pursuant to which broadcast stations require significant payments and other concessions, in exchange for the right to carry such stations. The Corporation expects to continue to be subject to significant increases in fees by broadcasters in exchange for their required consent for the

retransmission of local broadcast programming to customers. Failure to reach an agreement with a broadcaster could result in the loss of popular programming from the Corporation's video services.

The inability to acquire and provide content to the Corporation's customers that meets their expectations in terms of quality, format, variety of programming choices, packages and platforms at competitive rates which customers can afford to pay, could have a material adverse effect on the Corporation's businesses as well as on its adjusted EBITDA should the Corporation fail to pass on the incremental increase in costs of programming to its customers.

ACCESS TO SUPPORT STRUCTURES AND MUNICIPAL RIGHTS OF WAYS FOR THE CORPORATION'S BROADBAND OPERATIONS

The Corporation's business requires the execution of contracts with utilities in order to obtain access to utility support structures (such as utility poles) and with municipalities to obtain access to public rights-of-ways. Access to the support structures of telephone companies in Canada is provided on a tariff basis approved by the CRTC. In the case of Canadian provincial and municipal electric utilities, access to those support structures is subject to provincial and municipal requirements, and the terms for access to these structures may need to be obtained through provincial and municipal authorities. Where access to municipal rights-of-ways in the Corporation's Canadian footprint cannot be secured, the Corporation may apply to the CRTC to obtain a right of access under the Telecommunications Act. In the United States, the Communications Act requires telephone companies and other utilities (other than those owned by municipalities or cooperatives) to provide cable systems with non-discriminatory access to any pole or rights-of-ways controlled by the utility. The rates that utilities may charge, together with certain terms and conditions for such access are regulated by the Federal Communications Commission ("FCC"), or, alternatively, by states that certify to the FCC that they regulate pole attachments.

Make ready work, which is the strengthening of the poles and/or relocation of other facilities on the poles to accommodate additional attachments, often takes several months to years to complete, which delays the Corporation's network expansion. If the Corporation has to support increasing costs in securing access to support structures needed for its broadband network or are unable to secure such agreements, it may not be able to implement its business strategies and the Corporation's businesses, financial condition, results of operations, reputation and prospects could be materially adversely affected.

GOVERNMENT SUBSIDY PROGRAMS TO PROVIDE HIGH-SPEED INTERNET IN UNDERSERVED OR UNSERVED REGIONS

Cogeco Connexion is participating in government programs in Canada to provide high-speed Internet to underserved or unserved regions and has been awarded funding for over 75 broadband expansion projects in Ontario and Québec, representing approximately 95,000 homes passed over three years. The digital infrastructure investment projects in Québec are scheduled to be completed by 2023 and are subject to penalties for late delivery, except if due to events out of Cogeco Connexion's control.

In the U.S., Breezeline has been awarded funding under the Rural Digital Opportunity Fund and certain State broadband funding programs and has applied for additional funding for rural broadband expansion, for which awards have not yet been announced. On November 15, 2021, President Biden signed the Infrastructure Investment and Jobs Act ("IIJA"), which provided for broadband funding in the amount of US\$65 billion. Under IIJA, the National Telecommunications and Information Administration ("NTIA") will allocate US\$42 billion of the funding to states for broadband expansion. The FCC and several states have commenced proceedings to collect broadband mapping data from service providers to more accurately reflect served and unserved areas and ensure that funds are not awarded for competitive overbuilds. With fixed-wireless and other new entrants applying to serve more homes for less funding, which lowers the return on investment, it may be harder for Breezeline to win funding to expand its network.

CUSTOMER EXPERIENCE

The Corporation strives to maintain respectful and transparent relationships with its customers by providing a distinctive customer experience and through honest marketing of its products. The loyalty of the Corporation's customers and their retention depend on the Corporation's ability to provide a service experience that meets or exceeds their expectations. The Corporation firmly believes that customer experience represents a key differentiator and has enacted various programs and actions at its different business units to constantly improve the customer experience and build upon this reputational capital.

With increased demand for digital capabilities, a failure to keep pace with customer demands could result in loss of customer base and difficulty in attracting potential new customers. In fiscal 2022, the Corporation continued to accelerate its digital transformation efforts and made advancements in consumer analytics to better understand customer needs and meet increasing and evolving demands. In the United States, the Corporation launched its cloud-based IPTV service (Breezeline Stream TV) and mobile app (My Breezeline) and launched a new managed Wi-Fi solution (WiFi Your Way). In Canada, Cogeco Connexion further enhanced IPTV entertainment (EPICO) and Wi-Fi service to improve the customer experience and revamped the self-install process to enable customers to better manage the telecommunication service relationship online. In addition, feedback on customer satisfaction and trends on new ways in which consumers wish to engage are measured, and advanced survey tools collect information at every point of contact, all in real time. Failure by the Corporation to evolve its customer experience in line with customer demands could adversely affect its business, financial results, reputation and brand value.

MEETING CUSTOMER EXPECTATIONS

Increasing needs for digital connectivity, bolstered by the COVID-19 crisis, further highlighted the importance of the Internet. To meet rising customer expectations, the Corporation launched a new Broadband First offer strategy last year, in the United States, putting broadband connectivity at the centre of the customer experience and offering an advanced managed Wi-Fi solution. In Canada, the Corporation continues to expand its fibre offering with symmetrical speeds beyond 1 Gbps and an advanced managed Wi-Fi solution.

Rising OTT fragmentation is also triggering a consumer call for aggregation of OTT offerings on a common platform. The Corporation's IPTV service in Canada and the newly added IPTV service in the United States with a supporting mobile app, enable more source-agnostic integrated content navigation and consumption. The Corporation has various ongoing initiatives in place to evolve its products and service offerings, in the digital space, in line with customer expectations. Failure to anticipate and respond in a timely manner to changing customer expectations, changes in consumer behavior, technology trends and new market conditions may result in an outdated product/services portfolio, thus impairing the Corporation's ability to retain current customers and attract new ones.

MARKETING AND SALES

Continued evolution of technology and advancements in consumer analytics are enabling more targeted marketing approaches, initiatives and campaigns, thus changing the dynamics of the competitive environment. The Corporation continues to evolve its marketing and sales approach to align with customer preferences powered by data analytics and automated marketing platforms based on a highly segmented outreach. Furthermore, in the current market, transparency in pricing, easy to understand promotions and high value product packaging, with high-performance Internet at its core, will continue to be critical for both the acquisition and retention of customers.

The failure to achieve sales growth targets as a result of inadequate marketing and/or sales strategies, a deficient execution of said strategies and/or operating difficulties could have a material adverse effect on the Corporation's business, financial condition and results of operations. To mitigate the Corporation's risk, a strong multi-tiered marketing and sales approach to create high levels of brand awareness and build a strong local customer connection, with a distinctive offer strategy and value proposition, will aim to ensure continued growth in highly competitive markets with multiple providers.

GLOBAL SUPPLY CHAIN AND RELIANCE ON THIRD PARTIES

The Corporation currently offers high speed Internet, video and phone services to its customers on its Canadian and American footprint through a combination of equipment and services from various suppliers, and depends on long-term agreements with suppliers for the provision of such services to its residential and business customers. All these suppliers may experience business difficulties, restructure their operations, discontinue products or sell their operations to other suppliers, which could affect the availability and future development of the Corporation's products and services. The inability to meet product or service delivery objectives or having to incur increased costs as a result of a failure in supply from third-party suppliers (chipssets, fibre and other network components shortage) or change in suppliers could have a material adverse effect on the Corporation's business, financial condition and results of operations. Risk mitigation approaches vary depending on suppliers and circumstances and can include strategies such as enhanced governance, alternative sourcing, advance purchasing and increased inventory levels.

The Corporation relies on its supply chain to deliver its services. COVID-19 and geopolitical tensions created shortages in materials and workforce and disrupted global supply chain transport and logistics increasing lead times, the effects of which are expected to last for some time. Given the inter-dependencies with other telecommunication and utility providers, disturbances in the global supply chain could have serious adverse effects on the Corporation's business operations, innovation and evolution of its network and services including government subsidized programs, financial results and reputation.

MERGERS/ACQUISITIONS, DIVESTITURES AND REORGANIZATIONS

The Corporation has grown through acquisitions and will continue to seek attractive acquisition opportunities in the future. Achieving the expected benefits of acquisitions depends in part on successfully consolidating functions, integrating operations, procedures and personnel in a timely and efficient manner and realizing revenue, synergies and other growth opportunities from combining acquired businesses with the Corporation's. There is no assurance that the integration of acquisitions will be successful and will deliver the anticipated benefits and results. The nature of a carve-out asset acquisition, such as the acquisition of Ohio broadband systems, makes it inherently more difficult to assume operations upon closing and to integrate activities, as certain systems, processes and employees may not all be transferred with the acquired systems to support such activities. Such risk is mitigated by entering into Transition Service Agreements with the seller. It is possible however that the integration process could result in the disruption of the respective ongoing businesses or inconsistencies in standards, information technology, security and financial reporting systems, controls, procedures and policies that adversely affect the ability of management to achieve the anticipated benefits of the acquisition. The integration process may lead to greater than expected operating expenses, financial leverage, capital costs, customer losses, asset write-offs, business disruption of the Corporation's other businesses and management's diversion of time and resources. The Corporation may also be required to make capital expenditures or other investments, which may affect its ability to implement its business strategies to the extent the Corporation is unable to secure additional financing on acceptable terms or generate sufficient funds internally to cover these requirements. In addition, an acquired business could have liabilities that the Corporation fails or is unable to uncover and for which it may be responsible. Depending on the circumstances, pursuing acquisitions may also require that the Corporation raise additional capital, through debt or equity, and establish relationships with new financing partners, or use cash that would otherwise have been available to support its existing business operations. Also, the Corporation generally faces competition in acquisition processes from strategic players and private equity funds, which can result in having to pay high acquisition prices or not be the ultimate buyers of the companies being sold. Any failure by the Corporation to successfully integrate or address the risks

associated with acquisitions or to take advantage of future strategic opportunities could materially adversely affect its financial position, financial performance, cash flows, business or reputation. To mitigate its risk, the Corporation follows a proactive and agile mergers and acquisitions process and evolves and enhances its integration procedures, as needed.

FOREIGN OPERATIONS

The Corporation's American telecommunications activities are carried out by Breezeline in 13 states along the East Coast and the Midwest and represent 48.8% of the consolidated revenue of the Corporation. There are significant complexities and risks involved with carrying foreign operations, such as geographical specificities and differences in political, legal, regulatory and taxation regimes. Furthermore, these activities expose the Corporation to currency risk as most of them are carried out in US dollars. These factors could have a material adverse effect on the Corporation's operating and financial results.

TALENT MANAGEMENT AND SUCCESSION PLANNING

The fast pace of technological advancements and the digitization within the industry and the workplace have created a highly competitive market for digitally skilled employees as industry players compete for the same resources. In addition, employees' expectations continue to evolve following the COVID-19 crisis, requiring a compelling employee value proposition to attract and retain talent. For this reason, the Corporation is focused on creating an engaging employee experience and culture through continued focus on talent and total rewards programs and an ongoing commitment to ensuring a healthy and safe work environment. Additionally, the Corporation is actively adapting its practices around equity, inclusion and belonging to support the needs of its diverse employee base. The Corporation's success is substantially dependent on its capacity to attract new talent and its ability to retain existing talent and foster continued performance of its employees and executive officers. Many of the Corporation's employees and executive officers are uniquely qualified in their areas of expertise, making it difficult to replace their services. Retaining key employees and executive officers is especially important to the Corporation's business in order to keep pace with technological change and to avoid losing critical knowledge in the context of its continued expansion. The loss of the services of key executives and/or employees in critical roles or inadequate processes designed to attract, develop, motivate and retain productive and engaged employees could impact the Corporation's ability to deliver on organizational goals and have a material adverse effect on its growth, business and profitability.

LABOUR RELATIONS

Collective bargaining agreements are in place with some of the Corporation's employees that are renewed from time to time in the normal course of business. The Corporation has been successful to date in negotiating satisfactory collective agreements with unions without significant labour disruption. While the Corporation's labour relations have been satisfactory in the past, the Corporation can neither predict the outcome of current or future negotiations relating to labour disputes, union representation or renewal of collective bargaining agreements, nor be able to avoid future work stoppages, strikes or other forms of labour protests pending the outcome of any current or future negotiations. A prolonged work stoppage, strike or other form of labour protest could have a material adverse effect on the Corporation's businesses, operations and reputation. Although the Corporation has not experienced strikes or other forms of labour protests in recent years, the outcome of labour negotiations could adversely affect its businesses and results of operations. In addition, the Corporation's ability to make short-term adjustments to control compensation and benefits costs is limited by the terms of its collective bargaining agreements.

12.3 REGULATORY RISKS

REGULATORY RISKS - CANADIAN AND AMERICAN TELECOMMUNICATIONS

The Corporation's Canadian and American telecommunications operations are subject to extensive and evolving laws, regulations and policies at the federal, provincial, state and local levels. Cogeco Connexion is primarily regulated under the *Broadcasting Act* and the *Telecommunications Act* and regulations thereunder while Breezeline is regulated mainly by the Communications Act. In addition, both Cogeco Connexion and Breezeline are subject to other legislation relating to copyright and intellectual property, data protection, privacy of personal information, spam, e-commerce, direct marketing and digital advertising which have become more prevalent in recent years. Changes to existing laws and regulations, the adoption of new laws and regulations as well as periodic reviews of copyright royalties payable in relation to the use by the Corporation of protected content could have negative financial, operational or competitive consequences on the Corporation's business, financial condition, prospects and results of operations by increasing its costs, limiting its revenues and/or imposing additional restrictions on its operations.

Several recent and ongoing legislative reviews, regulatory proceedings of the CRTC in Canada and the FCC in the United States or judicial hearings could have a material adverse effect on the Corporation's business and results of operations depending on outcome. The Corporation describes below some of these legislative, judicial and regulatory developments in Canada and the United States.

Canada

Appeals of CRTC's 2021 Internet Wholesale Rate Decision

On May 27, 2021, the CRTC released Telecom Decision 2021-181, which ruled on applications by cable carriers (including Cogeco Communications) and telecommunications carriers to review and vary Telecom Order 2019-288. In Telecom Order 2019-288, the CRTC had set final rates for Cogeco Connexion's aggregated wholesale high-speed Internet access service that were significantly lower than the interim

rates set in October 2016, and had made them retroactive to March 31, 2016. In Telecom Decision 2021-181, the CRTC overturned the 2019 rate reductions and made the interim rates it had previously established in 2016, with certain adjustments, final.

Since then, two independent Internet service providers ("Resellers") and a trade association representing Resellers petitioned the Governor in Council to overturn Telecom Decision 2021-181 and reinstate the CRTC's 2019 rate decision (the "Petitions"). On May 26, 2022, the Governor in Council denied the Petitions. On July 28, 2021, a Reseller sought leave to appeal Telecom Decision 2021-181 to the Federal Court of Appeal, which was granted on September 15, 2021. The Corporation, along with several other cable carriers, has intervened before the Federal Court of Appeal. An adverse decision by the Federal Court of Appeal that would result in the implementation of final wholesale rates that are significantly below the 2021 final rates and/or the requirement to refund monies to Resellers could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Review of Network Configuration for Disaggregated Wholesale High-Speed Access Services

On June 11, 2020, the CRTC launched a consultation to reconsider the proposed network configuration for disaggregated wholesale high-speed access service for large telephone and cable carriers. The consultation may result in the CRTC adopting a different level of disaggregation for the Corporation that had been mandated in 2015, which could require costly changes to the Corporation's broadband network architecture. The final rates for disaggregated wholesale high-speed access services, as well as the outcome of the CRTC's review of network configuration, could have a material adverse effect on the Corporation's business, financial condition and results of operations.

Review of Rate-Setting Methodology for Wholesale Telecommunications Services

On April 24, 2020, the CRTC initiated a proceeding to review its approach to rate setting for wholesale telecommunications services. The costing approach that is selected could potentially be substantially different from the current "Phase II" costing methodology. If the selected methodology fails to adequately compensate the Corporation for the costs associated with the provisioning of wholesale high-speed Internet access services and allow it to secure a reasonable return on investment, it could negatively affect its ability to compete with Resellers and could have a material adverse effect on its financial conditions and results of operations.

Royalties Payable for Retransmission of Distant Television Signals

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

Implementation of CRTC's MVNO Framework for Mobile Services

On April 15, 2021, the CRTC issued Telecom Regulatory Policy 2021-130, *Review of mobile wireless services*, which aims to provide Canadians with greater mobile choice, better services and affordable prices. Telecom Regulatory Policy 2021-130 mandates the provision of wholesale MVNO access, including seamless roaming, by national mobile carriers (Bell, TELUS, Rogers) and SaskTel, in Saskatchewan, to regional carriers that invest in infrastructure and spectrum. Terms and conditions for the MVNO service are to be approved by the CRTC, while rates are to be commercially negotiated between parties, with final offer arbitration by the CRTC as a last resort.

On October 19, 2022, the CRTC issued Telecom Decision 2022-288, *Facilities-based wholesale mobile virtual network operator (MVNO) access tariffs – Commission determinations on proposed terms and conditions*, a follow-up decision establishing the terms and conditions of the service that will support the deployment of MVNOs, and directed the national mobile carriers to make changes to the wholesale MVNO access tariffs they had proposed. In this decision, the CRTC determined that, in order to be eligible for the MVNO access service, regional carriers must not only satisfy the previously established criteria of owning spectrum at the Tier 4 level or higher in a given Tier 4 licence area, but must also be actively offering mobile wireless services commercially to retail customers somewhere in Canada. While the Corporation owns spectrum covering 91% of its Canadian operating footprint, it does not currently offer mobile wireless services commercially to retail customers. Failure by the CRTC to approve wholesale MVNO access tariffs conducive to market entry, or by the Corporation to negotiate reasonable rates with one of the national mobile carriers, could impact the Corporation's decision to offer mobile services.

In August 2021, TELUS was granted leave to appeal the legality of CRTC's seamless roaming mandate, a key component of the MVNO framework, before the Federal Court of Appeal. Cogeco, along with Vidéotron, Eastlink and Xplornet, is opposing the challenge. An adverse decision by the Court could impact the implementation of the CRTC's MVNO framework and make the Corporation's plans to launch mobile services more challenging.

Limitations on the Distribution of Distant Signals

In an application posted by the CRTC on February 21, 2020, Rogers Media Inc. asked the Commission to enforce sections 21 and 49 of the Broadcasting Distribution Regulations ("BDU Regulations"), which state that BDUs must obtain consent of an over-the-air broadcaster in order to distribute its signal in a distant market. Cogeco, as well as other BDUs, opposed the application on the basis that there are doubts regarding the validity of these provisions. Should the CRTC confirm their validity, broadcasters could attempt to limit distribution of distant signals or seek remuneration for their distribution by Cogeco Connexion, which would increase the Corporation's costs and/or limit its offering to consumers. An adverse decision by the CRTC that would result in a confirmation of the validity of sections 21 and 49 of the BDU Regulations could also lead non-Canadian broadcasters to make similar demands, and could have a material adverse effect on the Corporation's business, financial condition and results of operation.

Privacy

In June 2022, the Canadian government introduced Bill C-27, the *Digital Charter Implementation Act, 2022*, which aims to update Canada's federal private sector privacy legislation, to create a new tribunal and to propose new rules for artificial intelligence systems. If enacted in its current form, Bill C-27 could result in additional compliance costs for the Corporation and expose the Corporation to significant monetary penalties in the event of non-compliance.

United States

Regulation of Internet

In 2017, the FCC classified broadband Internet access service as an information service, rather than a telecommunications service under Title II of the Communications Act (which would subject such service to more onerous regulations). In 2019, the U.S. Court of Appeals for the District of Columbia upheld the FCC's classification, but it vacated the FCC's directive preventing state and local governments from adopting any requirements inconsistent with the FCC's decision, which will likely empower state and local governments to adopt legislation regulating Internet service. Several states have passed or proposed legislation that imposes open Internet requirements. Some federal and state legislators have advocated for increased regulation of broadband service, especially in light of the COVID-19 crisis, during which broadband service has been deemed to be an essential service. The U.S. Senate has not yet confirmed a fifth FCC Commissioner under the Biden Administration. Once this occurs, increased regulation of broadband Internet services is likely, including the potential reclassification of broadband Internet as telecommunications services under Title II of the Communications Act. Such regulation would prohibit blocking, throttling and paid prioritization of Internet content, increase oversight of broadband service providers and create the potential for rate regulation of broadband services. Any such rate regulation of broadband Internet services could have an adverse impact on the Corporation's business and results of operations.

Modern Television Act of 2021

A U.S. House of Representatives bipartisan bill titled the *Modern Television Act of 2021* was introduced on March 11, 2021 which could overhaul the existing broadcast carriage system, by eliminating the must-carry/retransmission consent laws and leaving copyright protection to market negotiations between broadcasters and Multichannel video programming distributors ("MVPDs"). Specifically, the proposed legislation would protect consumers from blackouts by requiring MVPDs to carry broadcast signals for up to sixty days while the parties continue renewal negotiations, repeal retransmission consent and compulsory copyright licenses and allow traditional copyright laws to govern free-market negotiations for content rights and establish an optional mechanism for the FCC to impose binding arbitration to resolve disputes. While the Corporation supports the elimination of must-carry/retransmission consent, any legislation to that effect could potentially disadvantage the Corporation in free-market negotiations, given its size compared to larger broadcasting conglomerates.

Privacy

In June 2022, the U.S. Congress introduced bipartisan privacy legislation. The legislation, if enacted, would pre-empt most state data privacy laws. The legislation would limit the collection and processing of personal data to that which is reasonably necessary. The bill would also allow individuals to opt out of targeted advertising. Several states have also enacted privacy legislation and others have pending legislation. Differing privacy requirements across state lines makes it difficult to conduct business and achieve compliance in multiple states, in addition to raising our compliance costs.

REGULATORY RISKS - MEDIA ACTIVITIES

Review of commercial radio policy framework

On November 12, 2020, the CRTC launched a consultation to review the regulatory framework for the commercial radio sector. The CRTC aims to update the framework to best serve the needs and interests of Canadians, while taking into account increased competition from online services. The consultation may result in the CRTC imposing new regulatory requirements on commercial radio operators, which could negatively affect the Corporation's competitive position or the cost of providing services. This could have a material adverse effect on the Corporation's financial conditions and results of operations.

12.4 TECHNOLOGY RISKS

NETWORK FAILURE

The Corporation manages network failure risks through a business continuity planning program as well as through a Disaster Recovery Policy and related procedures. Operational risk assessments are also conducted on an annual basis minimally to consider anticipated and unanticipated events (including climate-related incidents) in order to protect the viability of all critical business processes.

A failure in the Corporation's headends could prevent the Corporation from delivering some of its services through a portion of its network until it has implemented backup solutions or resolved the failure and result in significant customer dissatisfaction and loss of revenue, depending on the severity of the outage condition.

NETWORK, INFRASTRUCTURE AND IT SYSTEMS

The Corporation continuously maintains, upgrades or replaces its network, infrastructure and IT systems in order to optimize its networks and systems performance and reliability, increase the speed of its Internet service and improve and provide new or enhanced services that meet the needs and expectations of its customers. If the Corporation is unable to do so because of capital or other constraints, this may materially adversely affect its ability to compete and negatively impact its business and financial performance.

DEPENDENCE ON TECHNOLOGY SYSTEMS

The Corporation's daily operations are highly dependent on information technology systems and software, including those provided by certain third-party suppliers, and cloud-based services. The Corporation's business is dependent on its payroll, customer billing, service provisioning, financial, accounting, and other data processing systems. The Corporation relies on these systems to process, on a daily basis, a large number of transactions. An inability to maintain, enhance, update or replace its existing information technology systems or obtain new systems to support additional customer growth or new products and services could have a material adverse effect on the Corporation's ability to acquire new customers, retain existing customers, produce accurate and timely billing, generate revenue growth and manage operating expenses, or comply with regulatory requirements, all of which could materially adversely affect the Corporation's brand and reputation as well as operational results and financial position.

CYBER THREATS

Cybersecurity threats have grown in frequency and complexity over recent years in the public and private sectors. Security measures are in place to protect the Corporation and its subsidiaries against such threats. The Corporation continues to enhance its cyber resilience posture, the overall governance over information security and the security awareness of its employees through continuous training and continuous improvement efforts surrounding the security of its IT systems, the controls within its IT systems and its business processes. During fiscal 2022, the Corporation did not experience any major cybersecurity breach.

There can however be no certainty that future cybersecurity threats such as data theft, unauthorized usage and disclosure, viruses, ransomware and sabotage will not occur and have an adverse effect on the Corporation's brand and reputation as well as entail significant legal and financial exposure.

DATA PROTECTION

The Corporation does not disclose its customers' personal information without their consent, unless otherwise required or authorized by law, or in accordance with the Privacy Policy of each subsidiary. The Corporation does not sell, trade, or exchange that information either. In the course of the Corporation's business, it collects, uses and manages various data about its customers, including personal information but policies, procedures, guidelines, business rules and safeguards are in place to ensure that this information is protected and treated appropriately under applicable privacy laws. Each subsidiary within the Corporation has implemented customary security measures that are designed to safeguard personal information against unauthorized access or disclosure, which include advanced technologies that monitor for appropriate authorized access and report on such. The Corporation is committed to providing transparency to its customers with respect to the Corporation's practices in handling their information, and has a legal obligation to provide access thereto to individuals to whom this information belongs.

Each year, the Corporation's employees must agree to abide by the rules of the Corporation's Code of Ethics, the Information and Cybersecurity Policy and the Acceptable Use Policy. Every employee is required to certify in writing that they will comply with them. Privacy training is provided on a regular basis, taking into consideration legal requirements, risks, needs and best practices. Existing and proposed privacy legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts in Canada and the United States, may impose limits on the Corporation's collection, use and disclosure of certain kinds of information.

Privacy incident risks evolved with increased sophistication of threat actors. Any malfunction of the Corporation's systems or security breaches resulting in unauthorized access to, loss, use or disclosure of, customer and employee personal information could result in the potential loss of business, damage to the Corporation's market reputation, litigation, regulatory scrutiny and expose the Corporation to the payment of damages.

12.5 FINANCIAL RISKS

CAPITAL COMMITMENTS, LIQUIDITY AND DEBT

The Corporation relies on its cash flow generated from operating activities and on capital markets to fund its capital expenditures program including network expansion and its innovation initiatives, to grow its business through acquisitions and to refinance its indebtedness. Capital markets are volatile and the Corporation may not be able to access them at reasonable conditions if its credit profile and general economic conditions deteriorate. Such conditions could lead to higher cost of funding, deteriorating financial position and liquidity.

The Corporation may be unable to generate sufficient cash flows or obtain financing to maintain an adequate liquidity position to ensure and preserve its financial stability, and fund strategic initiatives as well as its operational and financial obligations.

The Corporation's debt instruments contain covenants that limit, among other things, the ability of the company to incur debt, grant liens and make distributions. A failure by the Corporation to comply with contractual obligation or pay amount due under debt agreement could result in an acceleration of the debt.

CURRENCY AND INTEREST RATES

The Corporation's financial results are reported in Canadian dollars and a significant portion of its revenue, operating expenses and capital expenditures are realized in US dollars. For financial reporting purposes, any change in the value of the Canadian dollar against the US dollar during a given financial reporting period would result in variations of the Corporation's operating results and financial condition. Although a significant portion of the Corporation indebtedness, which is denominated in US dollars, serves as hedges of net investments in foreign operations, its revenue, adjusted EBITDA and indebtedness could fluctuate materially as a result of foreign exchange rate fluctuations.

Interest rate volatility can also impact interest cost on floating interest rate instruments and have a material adverse effect on the Corporation's financial results. To mitigate this risk, the Corporation enters into contracts to partially fix the interest rate.

CREDIT RATINGS

Credit ratings issued by rating agencies can affect the availability and terms of Cogeco Communications' debt, particularly, a downgrade below investment grade of secured debt currently rated as investment grade, could materially increase its cost of capital and reduce access to capital.

TAXATION MATTERS

The Corporation's business operations are subject to various international tax laws and regulations. These tax laws and regulations are subject to frequent changes and evolving interpretations. While management believes the Corporation has adequately provided for all taxes based on the information available, the calculation of taxes requires significant judgment in interpreting laws and regulations. A failure to accurately assess and record taxes could result in material changes to tax amounts recorded and an assessment of interest and penalties having a material adverse effect on the Corporation's financial results.

Changes to Canadian and foreign tax policies in the tax jurisdictions where the Corporation is present may also have a material adverse effect on its current financial structure and the level of its future tax costs and liabilities.

Canadian Tax

In accordance with the federal budget introduced on April 19, 2021, the Canadian federal government released draft tax legislations on February 4 and April 29, 2022 relating to the Organization for Economic Co-operation and Development's ("OECD") Base Erosion and Profit Shifting ("BEPS") project, which could affect the financing structure of the Company. The Corporation will monitor the release and progress of these draft rules, to assess any potential adverse impact on its global tax situation.

United States Tax

On August 7, 2022, the U.S. Senate passed the *Inflation Reduction Act* of 2022, which replaces the proposed *Build Back Better Act*. Previously discussed additional interest deductibility limitations rules were not retained. Corporate minimum tax has been re-introduced but is not expected to apply to the Corporation as it does not meet the US1G minimum net income threshold.

OECD - Pillar Two

OECD released on December 21, 2021 "model rules" detailing the global minimum tax rate methodology. Commentary and illustrative examples to the Pillar Two Model Rules were released on March 14, 2022. These rules might come into effect at a global level in 2023. Although increasing the global administrative burden, this new global 15% minimum tax, as it currently stands, is not expected to have adverse tax considerations on the Corporation.

12.6 HUMAN-CAUSED AND NATURAL THREATS TO THE CORPORATION'S NETWORK, INFRASTRUCTURE AND SYSTEMS

In the event of natural disasters, terrorist acts or other catastrophic occurrences, either natural or man-made, the Corporation's ability to protect its network, infrastructure, including customer data, and to maintain ongoing operations could be significantly impaired. Although the Corporation has business continuity and disaster recovery plans and strategies in place, they may not be successful in mitigating the effects of a natural disaster, terrorist act or catastrophic occurrence which could have a material adverse effect on the Corporation's business, prospects, financial condition and results of operations. Moreover, the Corporation has limited insurance coverage against the losses resulting from natural disasters affecting its networks.

CLIMATE CHANGE

The effects of global climate change are increasing the severity and frequency of natural threats on the Corporation's business, such as weather-related events, and may result in increased operational and capital costs. Certain of the Corporation's facilities are located in areas more prone to weather-related events such as Breezeline's operations in Florida, though no facilities are completely immune to damage due to the increasing occurrence of climate-related weather events across the continent. Wildfires raged this summer in North America and temperatures reached extreme levels with rising threat of blackouts. The Corporation's operations were not immune (e.g. wind and thunderstorms in Ontario, heatwave in Ohio causing loss of power). Proactively, the Corporation has conducted a qualitative climate-scenario analysis to identify material weather related risks to its network and infrastructure. Some of the more significant climate-related risks that the Corporation has identified include: 1) increased operational and capital costs as a result of damage to facilities and/or equipment because of extreme weather events or increased variability in weather patterns; 2) increased operational and capital costs due to longer term shifts in climate patterns such as chronic heat waves or wildfires; and 3) increased operational costs due to increase in fuel and energy prices coming from policies related to carbon pricing. For example, increased temperatures could impact the Corporation's network equipment which could entail the need for additional cooling devices and could reduce equipment lifespan. Ice storms or extreme precipitation could have a negative impact on the physical network infrastructure which could affect the delivery of service to the Corporation's customers. Extreme weather events could impact or destroy the facilities or portions of the network and could also impact the Corporation's insurance-related expenses. Impacts to the Corporation's supply chain would adversely affect the ability of suppliers to supply required products and services and increased capital expenditures could result from the substitution of existing products and services with lower emissions options.

Some measures taken to mitigate climate-related risks include business continuity and disaster recovery plans and strategies as well as the implementation of energy efficiency and fleet electrification initiatives that will contribute to the reduction of operational costs (for further details on the Corporation's measures to mitigate climate-related risks, please refer to the Corporation's Climate Action Plan and TCFD Report). The magnitude of the effects of climate change could be unpredictable and therefore, the Corporation's plans may not successfully mitigate the consequences of a natural disaster. This could have a material adverse effect on the Corporation's business, prospects, financial condition and results of operations.

12.7 COMMUNITY ACCEPTANCE RISKS

The Corporation is committed to taking part in developing communities. The Corporation's markets cover many smaller urban centres, suburban areas and rural areas. By bringing affordable broadband services to underserved markets, the Corporation makes an important contribution to their economic and social development. The availability of broadband services at competitive prices fosters regional economic development by supporting local businesses in becoming more competitive. Moreover, the Corporation's network investments help companies establish operations, expand and diversify. While call centres are often outsourced offshore in the Corporation's industry, the majority of its call centres have local customer service agents from the communities where the Corporation operates. In addition, the Corporation has developed community-focused initiatives, reflecting the particular needs of its communities. In 2022, the Corporation contributed \$10.8 million in cash and in-kind through donations and sponsorships, mostly contributing to education, health and well-being, environment, diversity & inclusion, culture, as well as connectivity initiatives enabling digital inclusion. Lastly, YourTV/NousTV, the Corporation's unique community television channels in Canada, are a powerful complement to its donations and sponsorship activities by providing broad visibility to local community activities and interests. YourTV/NousTV stations are dedicated to in-depth coverage of local people, places, events and issues of interest to the communities the Corporation serves and are funded by a regulated percentage of the Corporation's gross video revenues. In addition, the Corporation's radio stations contribute air time to local non-profit organizations across its network.

Failure to maintain its community acceptance may affect the Corporation's capacity to attract and retain customers therefore impacting its revenue generation and growth prospects. Furthermore, it may result in losing the Corporation's social license to operate and its capacity to remain competitive in the market.

12.8 ETHICAL BEHAVIOR RISKS

Maintaining high ethical practices throughout the Corporation is particularly important in the context of the Corporation's continued expansion. The Corporation's Ethics Steering Committee, composed of representatives from Human Resources, Legal, Finance and Internal Audit functions, provides executive oversight of its overall Ethics program, including the review of its Code of Ethics and related policies. Besides having a comprehensive Code of Ethics and an Information Code of Conduct for its radio activities, the Corporation has an anonymous and confidential Ethics Line which allows employees and other individuals to report any perceived or actual instances of violations to the Corporation's Code of Ethics and employees are also encouraged to use this tool to seek advice about ethical and lawful behavior. In order to increase employee's awareness on ethics, a formal online training on the Code of Ethics is mandatory for all new employees and Board members and must be completed by employees every two years subsequently. Furthermore, articles on various topics related to ethics are published throughout the year to all employees. Despite these efforts, the Corporation may experience ethics breaches which could not only adversely affect its reputation, but may also cause the Corporation to incur extraordinary expenses related to penalties and fines.

12.9 OWNERSHIP RISKS

The Corporation is controlled by Gestion Audem Inc., a company controlled by the members of the family of the late Henri and Marie-Jeanne Audet (the "Audet Family"), through its ownership of Cogeco's multiple and subordinate voting shares. Both Cogeco Communications Inc. and Cogeco Inc. are reporting issuers in Canada with subordinate voting shares listed on the Toronto Stock Exchange. Pursuant to the Conflicts Agreement in effect between Cogeco Communications Inc. and Cogeco Inc., all cable television undertakings must be owned or controlled by Cogeco Communications Inc. Cogeco Inc. is otherwise free to own and operate any other business or to invest as it deems appropriate. It is possible that situations could arise where the respective interests of the Audet Family and shareholders or other stakeholders of Cogeco Inc. and of the shareholders or other stakeholders of Cogeco Communications Inc. could differ and that the interests of these shareholders or stakeholders be adversely affected by such situations.

12.10 LITIGATION RISKS

The Corporation is involved in various litigation matters arising in the course of its business. The outcome of these claims or litigations is uncertain and may adversely affect the Corporation's reputation, results of operation, liquidity or financial condition. Based on information currently known, the Corporation does not expect that the resolution of any of these claims and proceedings, individually or in total, to the extent not provided for through insurance or otherwise, will have a material adverse effect on its business, results of operations or financial condition.

12.11 PUBLIC HEALTH AND SAFETY

The COVID-19 crisis continues to pose a risk to the Corporation's business despite vaccine rollout in Canada and the United States, given the unpredictability of the evolution of the virus with new variants continuing to emerge. Although the Corporation experienced sustained demand for its residential high-speed Internet product, due to customers spending more time at home for work, online education and entertainment purposes, a softening of the market is being observed with the re-opening of the economy and a return to the workplace. COVID-19 continues to pose a number of potential threats such as supply chain disruption, health and safety concerns impacting both employees and customers that could impact the Corporation's ability to deliver its services and meet its obligations. Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to the Corporation.

13. 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 of 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* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*. Following these implementations, internal controls over financial reporting have been updated and tested in order to support adequate DC&P and ICFR.

The Corporation has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of the Ohio broadband systems business acquired on September 1, 2021, as permitted by National Instrument 52-109, which allows for an issuer to limit the scope for a business it has acquired not more than 365 days before the end of the financial period to which the certificate relates. For the year ended August 31, 2022, the Ohio broadband systems contributed approximately 9.5% to the consolidated revenue and approximately 3.4% to the consolidated profit for the period. As at August 31, 2022, the Ohio broadband systems represented approximately 2.8% of the current assets, 16.2% of the non-current assets, 3.9% of the current liabilities and a negligible portion of the non-current liabilities of the annual consolidated financial statements. Management expects to complete its review of the design of DC&P and ICFR for the Ohio broadband systems and assess its effectiveness in the upcoming quarter. Further details on the Ohio broadband systems acquisition, including the final purchase price allocation, can be found in Note 6 of the consolidated financial statements for the year ended August 31, 2022.

In addition, on September 1, 2021, the Corporation's head office and Cogeco Connexion implemented a new financial system. This implementation resulted in changes to internal controls related to financial reporting for the year ended August 31, 2022.

The CEO and CFO, supported by management, evaluated the overall design and effectiveness of the Corporation's DC&P and ICFR at August 31, 2022, and concluded that they were effective.

14. ACCOUNTING POLICIES

14.1 CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparation of the consolidated financial statements in accordance with IFRS requires management to adopt accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities and revenue and expenses during the reporting year. A summary of the Corporation's significant accounting policies is presented in Note 2 of the consolidated financial statements. The following accounting policies were identified as critical to Cogeco's business operations.

REVENUE RECOGNITION

Revenue is measured based on the consideration received or receivable from a customer, net of returns, promotional activities and discounts. The Corporation recognizes revenue from the sale of products or the rendering of services when it transfers control to the customer.

Revenue is recognized applying the following five steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the Corporation satisfies a performance obligation.

The Corporation's principal sources of revenue are recognized as follows:

Residential

- Monthly subscription revenue (net of any discounts, rebates, refunds and credits) for Internet, video and phone services and rental of equipment is recognized on a monthly basis, as the services are provided;
- Revenue from data services, long-distance and other pay-per-use services is recognized on a monthly basis, as the services are provided; and
- Revenue generated from the sale of customer premise equipment or other equipment is recognized when the customer accepts the delivery of the equipment.

Commercial

- Monthly subscription revenue (net of any discounts, rebates, refunds and credits) for Internet, video and phone services and rental of equipment is recognized on a straight-line basis over the contractual period arrangement; and
- Revenue generated from the sale of customer premise equipment or other equipment is recognized when the customer accepts the delivery of the equipment.

Other

- Revenue mainly from Internet resellers and advertising, which is recognized as the services are provided.

BUSINESS COMBINATIONS

Fair value of assets acquired and liabilities assumed in a business combination is estimated based on information available at the date of acquisition and involves considerable judgment in determining the fair values assigned to the identifiable assets acquired and liabilities assumed on acquisition. Among other things, the determination of these fair values involves the use of discounted cash flow analyses, estimated future margins and estimated future customer counts.

CAPITALIZATION OF PROPERTY, PLANT AND EQUIPMENT

During construction of new assets, direct costs plus overhead costs directly attributable to the asset are capitalized. Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which require a substantial amount of time to get ready for their intended use or sale, are capitalized until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are recorded as financial expense in the period in which they are incurred.

The cost of replacing a part of property, plant and equipment that is ready for its intended use is added to the carrying amount of the property, plant and equipment or recognized as a separate component if applicable, only if it is probable that the economic benefits associated with the cost will flow to the Corporation and the cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other day-to-day maintenance costs are recognized in profit or loss in the period in which they are incurred.

PROVISIONS

Management's judgment is used to determine the timing, likelihood and the amount of expected cash outflows as well as the discount rate.

CONTINGENCIES

Contingencies such as lawsuits, taxes, impact of regulatory decisions, and commitments under contractual and other commercial obligations are estimated based on applying significant judgement in determining if a loss is probable and in determining the estimated outflow of economic resources. Such contingencies are estimated based on the information available to the Corporation.

MEASUREMENT OF NON-FINANCIAL ASSETS

The measurement of non-financial assets requires the use of management judgment to identify the existence of impairment indicators and the determination of cash-generating units ("CGUs"). Furthermore, when determining the recoverable amount of a CGU or an asset, the Corporation uses significant estimates such as the estimation of future cash flows and discount rates applicable. Any significant modification of market conditions could translate into an inability to recover the carrying amounts of non-financial assets.

DEFERRED TAXES

Deferred tax assets and liabilities require estimates about the nature and timing of future permanent and temporary differences, the expected timing of reversals of those temporary differences and the future tax rates that will apply to those differences.

14.2 CHANGE IN ACCOUNTING POLICIES

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

In April 2022, the IFRS Interpretations Committee finalized the agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)*, which clarified that restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash. Accordingly, such demand deposits should be presented as a component of cash and cash equivalents in the statements of cash flows and financial position, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in IAS 7, *Statement of Cash Flows*.

Following the application of this agenda decision, the Corporation changed the presentation of the cash from subsidies received in advance, mainly from the Québec and Canadian governments, which are used to fund certain high-speed Internet network expansion projects, on a retrospective basis. These funds, which were previously presented as *Restricted cash*, were reclassified as *Cash and cash equivalents* in the Corporation's consolidated statements of financial position and consolidated statements of cash flows.

The change in presentation, which was applied retrospectively, resulted in the following changes to the Corporation's consolidated financial statements:

Consolidated statement of financial position

At August 31, 2021	As previously reported	Effect of change in presentation	As currently reported
	\$	\$	\$
Cash and cash equivalents	368,434	183,534	551,968
Restricted cash - current	170,434	(170,434)	—
Restricted cash - non-current	13,100	(13,100)	—

Consolidated statements of cash flows

For the year ended August 31, 2021, subsidies received in advance amounting to \$188.0 million, mainly related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects, are presented separately within cash flows from investing activities. These subsidies were previously presented as a reduction of *Acquisition of property, plant and equipment*, based on the costs incurred in connection with these projects over the total expected costs. This change in presentation has no impact on the ultimate recognition of the subsidies, for which *Property, plant and equipment* continues to be recorded net of subsidies, within the consolidated statement of financial position.

Hedge Accounting

As permitted by IFRS 9, *Financial Instruments*, the Corporation had previously elected to continue to apply the hedge accounting requirements under IAS 39, *Financial Instruments: Recognition and Measurement*. Effective March 1, 2022, the Corporation changed its accounting policy and elected to apply the general hedge accounting model in IFRS 9, which requires the Corporation to ensure its hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach in assessing hedge effectiveness. As part of the Corporation's financial risk management process, this change in accounting policy may allow more hedge strategies and provide the ability to use more judgment in assessing the effectiveness of the Corporation's hedge accounting relationships. The application of the hedge accounting requirements under IFRS 9 resulted in no adjustment to the Corporation's consolidated financial statements.

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

In March 2021, the IFRS Interpretations Committee finalized agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*, which clarified how to recognize certain configuration or customization costs related to cloud computing arrangements. Management finalized its assessment of the impact of this agenda decision during the first quarter of fiscal 2022 and concluded it had no material impact on the Corporation's consolidated financial statements for previously capitalized costs incurred in connection with cloud computing arrangements. Following the application of this agenda decision, the Corporation changed its accounting policy accordingly. Configuration and customization costs related to cloud computing arrangements that do not meet the capitalization criteria are now expensed as incurred and presented under *Acquisition, integration, restructuring and other costs* in the consolidated statements of profit or loss.

14.3 INITIAL APPLICATIONS OF STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1, <i>Presentation of Financial Statements</i> , to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its accounting policies disclosure.
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	In January 2020, the IASB amended IAS 1 to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments, if any, on its consolidated financial statements.

15. 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 the fiscal 2022 network expansion projects, as it had previously announced certain financial guidelines excluding the impact of net capital expenditures in connection with network expansion projects.

Non-IFRS financial measures

A "non-IFRS financial measure" is a financial measure that depicts its historical or expected future financial performance, financial position or cash flow, and with respect to its composition, excludes an amount that is included in, or includes an amount that is excluded from, the composition of the most directly comparable financial measure disclosed in the Corporation's primary consolidated financial statements, is not disclosed in the Corporation's consolidated financial statements, and is not a ratio, fraction, percentage or similar representation.

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

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

Specified financial measures	Usefulness	Calculation	Most directly comparable IFRS financial measures
Free cash flow and free cash flow, excluding network expansion projects	Free cash flow and free cash flow, excluding network expansion projects are used by management to measure the Corporation's ability to repay debt, distribute capital to its shareholders and finance its growth. Management believes these measures are used by certain investors and analysts to value the Corporation's business and its underlying assets, and to assess the Corporation's financial strength and performance. Free cash flow excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring. The Corporation also measures free cash flow excluding network expansion projects as it provides a common basis for comparing the impact of the net capital expenditures prior to the acceleration of the network expansion projects in fiscal 2022. Excluding the impact of net capital expenditure in connection with network expansion projects does not imply it is non-recurring.	Free cash flow: - Adjusted EBITDA add: - Amortization of deferred transaction costs and discounts on long-term debt; - Share-based payment; - Loss (gain) on disposals and write-offs of property, plant and equipment; and - Defined benefit plans expense, net of contributions deduct: - Acquisition, integration, restructuring and other costs; - Financial expense; - Current income taxes; - Net capital expenditures; and - Repayment of lease liabilities. Free cash flow, excluding network expansion projects: - Free cash flow add: - Net capital expenditures in connection with network expansion projects.	Cash flows from operating activities
Net capital expenditures, excluding network expansion projects	Net capital expenditures, excluding network expansion projects is a measure used by management to assess the Corporation's total capital investments, without taking into consideration capitalized investments in network expansion projects, as it provides a common basis for comparing the impact of the net capital expenditures prior to the acceleration of the network expansion projects in fiscal 2022. 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 sufficient liquidity to support its capital requirements, including development of the business by acquisition and other growth opportunities. Management believes this measure is used by certain investors and analysts to assess Cogeco's financial strength.	Cash and cash equivalents deduct: - Cash with restrictions on use; add: - Amounts available under revolving credit facilities.	Cash and cash equivalents

CONSTANT CURRENCY BASIS AND FOREIGN EXCHANGE IMPACT RECONCILIATION

Consolidated

For the reconciliations of consolidated revenue, operating expenses and adjusted EBITDA in constant currency to the most directly comparable IFRS financial measures, refer to the 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 sub-sections below.

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2022 \$	Foreign exchange impact \$	2022 in constant currency ⁽¹⁾ \$	2021 \$	Change	
					Actual %	In constant currency %
Free cash flow	34,704	1,825	36,529	72,915	(52.4)	(49.9)
Net capital expenditures	224,775	(5,434)	219,341	175,718	27.9	24.8

(1) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2021 which was 1.2450 USD/CDN.

Years ended August 31, (In thousands of Canadian dollars, except percentages)	2022 \$	Foreign exchange impact \$	2022 in constant currency ⁽¹⁾ \$	2021 \$	Change	
					Actual %	In constant currency %
Free cash flow	433,181	3,524	436,705	498,273	(13.1)	(12.4)
Net capital expenditures	691,866	(3,876)	687,990	534,702	29.4	28.7

(1) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of fiscal 2021, which was 1.2691 USD/CDN.

Segmented

For the reconciliations of segmented revenue, operating expenses, adjusted EBITDA, net capital expenditures in constant currency to the most directly comparable IFRS financial measures, refer to the section 4 "Segmented operating and financial results" and the sub-section 9.3 "Fourth-quarter operating and financial results".

ORGANIC REVENUE GROWTH IN CONSTANT CURRENCY RECONCILIATION

(In thousands of Canadian dollars, except percentages)	Fiscal 2022 revenue in constant currency \$	Impact of acquisitions \$	Fiscal 2022 organic revenue in constant currency \$	Three months ended August 31,	
				Fiscal 2021 actual \$	Organic revenue growth in constant currency %
Canadian telecommunications	360,834	—	360,834	356,850	1.1
American telecommunications	352,094	62,737	289,357	275,834	4.9
Other	21,465	—	21,465	22,390	(4.1)
	734,393	62,737	671,656	655,074	2.5

Years ended August 31,

	Fiscal 2022 revenue in constant currency	Impact of acquisitions	Fiscal 2022 organic revenue in constant currency	Fiscal 2021 actual	Organic revenue growth in constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%
Canadian telecommunications	1,440,276	33,135	1,407,141	1,393,097	1.0
American telecommunications	1,457,497	285,725	1,171,772	1,117,356	4.9
Other	94,358	—	94,358	93,392	1.0
	2,992,131	318,860	2,673,271	2,603,845	2.7

ORGANIC ADJUSTED EBITDA IN CONSTANT CURRENCY RECONCILIATION

Three months ended August 31,

	Fiscal 2022 adjusted EBITDA in constant currency	Impact of acquisitions	Fiscal 2022 organic adjusted EBITDA in constant currency	Fiscal 2021 actual	Organic adjusted EBITDA growth in constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%
Canadian telecommunications	198,204	—	198,204	185,722	6.7
American telecommunications	159,352	23,223	136,129	121,931	11.6
Corporate and eliminations	(15,654)	—	(15,654)	(17,083)	(8.4)
Other	1,436	—	1,436	3,054	(53.0)
	343,338	23,223	320,115	293,624	9.0

Years ended August 31,

	Fiscal 2022 adjusted EBITDA in constant currency	Impact of acquisitions	Fiscal 2022 organic adjusted EBITDA in constant currency	Fiscal 2021 actual	Organic adjusted EBITDA growth in constant currency
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$	%
Canadian telecommunications	774,918	16,106	758,812	750,529	1.1
American telecommunications	675,879	127,198	548,681	511,500	7.3
Corporate and eliminations	(58,156)	—	(58,156)	(56,373)	3.2
Other	12,526	—	12,526	19,812	(36.8)
	1,405,167	143,304	1,261,863	1,225,468	3.0

FREE CASH FLOW RECONCILIATION

	Three months ended August 31,		Years ended August 31,	
	2022	2021	2022	2021
(In thousands of Canadian dollars)	\$	\$	\$	\$
Cash flows from operating activities	326,636	283,538	1,258,427	1,029,767
Amortization of deferred transaction costs and discounts on long-term debt ⁽¹⁾	2,992	2,361	11,888	9,355
Changes in other non-cash operating activities	(36,411)	(48,187)	(81,883)	(35,370)
Income taxes paid	7,404	25,072	39,168	102,470
Current income taxes	(27,362)	(20,892)	(70,711)	(67,560)
Interest paid	40,603	32,351	163,663	127,945
Financial expense	(53,010)	(24,535)	(189,914)	(128,212)
Net capital expenditures	(224,775)	(175,718)	(691,866)	(534,702)
Repayment of lease liabilities	(1,373)	(1,075)	(5,591)	(5,420)
Free cash flow	34,704	72,915	433,181	498,273

(1) Included within financial expense.

AVAILABLE LIQUIDITY RECONCILIATION

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

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

Net capital expenditures

	Three months ended,				Fiscal 2022	Foreign exchange impact	Fiscal 2022 in constant currency ⁽¹⁾
	Nov. 30	Feb. 28	May 31	Aug. 31			
(In thousands of Canadian dollars)	\$	\$	\$	\$	\$	\$	\$
Net capital expenditures	141,509	142,475	183,107	224,775	691,866	(3,876)	687,990
Net capital expenditures in connection with network expansion projects	20,016	36,982	38,659	61,632	157,289	(1,178)	156,111
Net capital expenditures, excluding network expansion projects	121,493	105,493	144,448	163,143	534,577	(2,698)	531,879

(1) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of fiscal 2021, which was 1.2691 USD/CDN.

Free cash flow

	Three months ended,				Fiscal 2022	Foreign exchange impact	Fiscal 2022 in constant currency ⁽¹⁾
	Nov. 30	Feb. 28	May 31	Aug. 31			
(In thousands of Canadian dollars)	\$	\$	\$	\$	\$	\$	\$
Free cash flow	135,820	153,703	108,954	34,704	433,181	3,524	436,705
Net capital expenditures in connection with network expansion projects	20,016	36,982	38,659	61,632	157,289	(1,178)	156,111
Free cash flow, excluding network expansion projects	155,836	190,685	147,613	96,336	590,470	2,346	592,816

(1) Fiscal 2022 in constant currency is translated at the average foreign exchange rate of fiscal 2021, which was 1.2691 USD/CDN.

Non-IFRS ratios

A "non-IFRS ratio" is a financial measure that is in the form of a ratio, fraction, percentage or similar representation, has a non-IFRS financial measure as one or more of its components, and is not disclosed in the Corporation's consolidated financial statements.

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.

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

Total of segments measures

A "total of segments measure" is a financial measure that is a subtotal or total of 2 or more reportable segments, is not a component of a line item disclosed in the Corporation's primary consolidated financial statements, is disclosed in the notes to the Corporation's consolidated financial statements, and is not disclosed in the Corporation's primary consolidated financial statements.

The following financial measures used by Cogeco are total of segments measures as reported in Note 5 of the 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 August 31,		Years ended August 31,	
	2022	2021	2022	2021
(In thousands of Canadian dollars)	\$	\$	\$	\$
Profit for the period	111,379	103,418	457,755	439,015
Income taxes	17,353	29,456	97,287	134,242
Financial expense	53,010	24,535	189,914	128,212
Depreciation and amortization	154,111	132,254	625,603	515,255
Acquisition, integration, restructuring and other costs	12,657	3,961	35,029	8,744
Adjusted EBITDA	348,510	293,624	1,405,588	1,225,468

NET CAPITAL EXPENDITURES RECONCILIATION

For the reconciliations of net capital expenditures to the most directly comparable IFRS financial measure, refer to the sub-sections 6.2 "Investing activities" and 9.3 "Fourth-quarter operating and financial results".

Capital management measures

A "capital management measure" is a financial measure disclosed by the Corporation that is intended to enable an individual to evaluate Cogeco's objectives, policies and processes for managing its capital, is not a component of a line item disclosed in the Corporation's primary consolidated financial statements, and is disclosed in the notes to the Corporation's consolidated financial statements but not in the primary consolidated financial statements.

The following financial measures used by Cogeco are capital management measures as reported in Note 23 C) of the consolidated financial statements.

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

Supplementary financial measures

A "supplementary financial measure" is a financial measure disclosed by the Corporation that is, or is intended to be, disclosed on a periodic basis to depict the Corporation's historical or expected future financial performance, financial position or cash flow, is not disclosed in the Corporation's consolidated financial statements and is not a non-IFRS financial measure or ratio. This MD&A refers to the capital intensity of Cogeco Communications, as well as of the Canadian telecommunications and the American telecommunications segments, and the adjusted EBITDA margin of both segments, key performance indicators used by Cogeco Communications' management and investors, respectively, to value its 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.