CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three-month period ended November 30, 2023

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

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

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

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

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

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

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

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

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

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

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

1. Nature of operations

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

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

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

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

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

2. Basis of presentation and accounting policy developments

A) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and were approved and authorized for issuance by the Board of Directors of the Corporation on January 10, 2024. These condensed interim consolidated financial statements have been prepared with the same accounting policies and methods of computation followed by the Corporation in its 2023 annual consolidated financial statements. These condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Corporation's 2023 annual consolidated financial statements. Certain comparative amounts in the condensed interim consolidated financial statements have been reclassified in order to conform to the fiscal 2024 consolidated financial statements presentation.

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

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

B) Foreign currency translation

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

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

C) Accounting policy developments

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

International Tax Reform—Pillar Two Model Rules - Amendments to IAS 12, *Income Taxes*	In May 2023, the IASB issued *International Tax Reform—Pillar Two Model Rules*, which amended IAS 12, *Income Taxes*, to introduce a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and targeted disclosure requirements for affected entities. The relief is effective immediately upon issuance of the amendments and should be applied retrospectively in accordance with IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*, while the targeted disclosure requirements are effective for annual reporting periods beginning on or after January 1, 2023. The Corporation applied the temporary exception retrospectively upon the amendments' release during its third quarter of fiscal 2023. Currently, the Corporation is operating in jurisdictions in which the Pillar Two legislation has not yet been enacted or substantively enacted. The Corporation will continue to monitor the Pillar Two legislation and assess the impact of the remaining targeted disclosure requirements on its consolidated financial statements.
Supplier Finance Arrangements - Amendments to IAS 7, *Statement of Cash Flows*, and IFRS 7, *Financial Instruments: Disclosures*	In May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 and IFRS 7, introducing new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements, but does not expect that its disclosure will be materially impacted by the application of these amendments.

3. Revenue

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

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

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

4. Segment information

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

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

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

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

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

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

(2) Net capital expenditures exclude non-cash acquisitions of right-of-use assets and the purchases of spectrum licences, and are presented net of government subsidies, including subsidies received in advance recognized as a reduction of the cost of property, plant and equipment. Refer to Note 13 B) for a reconciliation of net capital expenditures to cash payments for acquisition of property, plant and equipment as reported in the consolidated statements of cash flows.

5. Operating expenses

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

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

6. Acquisition, integration, restructuring and other costs

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

7. Financial expense

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

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

8. Income taxes

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

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

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

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

9. Earnings per share

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

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

10. Long-term debt

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

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

A) Notes and credit facilities

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

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

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

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

(4) As of November 30, 2023, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US$800 million of the Senior Secured Term Loan B Facility - Tranche 2. These agreements have the effect of converting the floating SOFR base rate, or the 39 bps SOFR floor if higher, into fixed rates ranging from 1.17% to 1.44%, plus an applicable credit spread, for maturities between October 31, 2025 and July 31, 2027. Taking into account these agreements, the effective interest rate on Tranche 2 of the Senior Secured Term Loan B Facility is 4.28%.

(5) As of November 30, 2023, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US$540 million of the Senior Secured Term Loan B Facility - Tranche 3. These agreements have the effect of converting the floating SOFR base rate into fixed rates ranging from 2.01% to 2.21%, plus an applicable credit spread, for maturities between January 31, 2024 and November 30, 2024. Taking into account these agreements, the effective interest rate on Tranche 3 of the Senior Secured Term Loan B Facility is 6.32%.

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

Subsidiaries

First Lien Credit Facilities

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

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

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

11. Share capital

A) Issued and paid

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

Subordinate voting shares repurchase programs

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at November 30, 2023
2023 Normal course issuer bid ("NCIB")	January 18, 2023	January 17, 2024	325,000	121,600
2022 NCIB	January 18, 2022	January 17, 2023	325,000	268,086

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

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

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

Subordinate voting shares held in trust

During the first three months of fiscal 2024, the transactions pertaining to the subordinate voting shares held in trust under the Incentive Share Unit Plan ("ISU Plan") and the Performance Share Unit Plan ("PSU Plan") were as follows:

		ISU Plan		PSU Plan
	Number of shares	Amount	Number of shares	Amount
		$		$
Balance at August 31, 2023	**51,257**	**3,582**	**53,092**	**3,664**
Subordinate voting shares distributed to employees	**(9,225)**	**(645)**	**(10,395)**	**(717)**
Balance at November 30, 2023	**42,032**	**2,937**	**42,697**	**2,947**

B) Dividends

The following tables provide a summary of the dividends declared for the Corporation's and Cogeco Communications' multiple and subordinate voting shares during the three-month periods ended November 30, 2023 and 2022:

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

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

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

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

C) Share-based payment plans

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

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

Stock options

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

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

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

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

ISUs, PSUs and DSUs

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

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

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

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

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

12. Accumulated other comprehensive income

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

13. Additional cash flows information

A) Changes in other non-cash operating activities

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

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

B) Acquisition of property, plant and equipment

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

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

C) Changes in liabilities arising from financing activities

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

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

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

D) Cash and cash equivalents

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

(1) Comprised of bank term deposits.

14. Financial instruments

A) Financial risk management

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate, foreign exchange and market risks which are described in the Corporation's 2023 annual consolidated financial statements.

Credit risk

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

Liquidity risk

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

Interest rate risk

On November 30, 2023, all of the Corporation's and Cogeco Communications' long-term debt was at fixed rate, except for the amounts drawn under the Corporation's Term Revolving Facility and Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

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

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at November 30, 2023:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate [1]	Maturity	Hedged item
Cash flow [2]	US$540 million	Term SOFR	2.01% - 2.21%	January 2024 - November 2024	Senior Secured Term Loan B - Tranche 3
Cash flow	US$800 million	Term SOFR with a 39 bps floor	1.17% - 1.44%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

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

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $16.4 million based on the outstanding debt and swap agreements at November 30, 2023.

B) Fair value of financial instruments

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

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

C) Capital management

The Corporation's objectives in managing capital are to ensure sufficient liquidity to support the capital requirements of its various businesses, including development of the business by acquisition, internal growth opportunities and innovation. The Corporation manages its capital structure and makes adjustments in light of general economic conditions, the regulatory environment, the risk characteristics of the underlying assets and the Corporation's working capital requirements. Management of the capital structure involves the issuance of new debt, the repayment of existing debt, the issuance or repurchase of equity and distributions to shareholders.

The capital structure of the Corporation is composed of shareholders' equity, cash and cash equivalents, bank indebtedness and long-term debt.

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

Corporation

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

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

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

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

(1) See Note 13 D).

Cogeco Communications

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

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

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

15. Related party transactions

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

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

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

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

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

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

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

16. Commitments and guarantees

3800 MHz spectrum auction

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

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

Performance and payment bonds

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

17. Subsequent event

Repurchases of Rogers holdings in Cogeco and Cogeco Communications

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