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

Three and nine-month periods ended May 31, 2024

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 relating to the Corporation's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, purchase price allocation, tax rates, weighted average cost of capital, performance and business prospects and opportunities, which Cogeco believes are reasonable as of the current date. Refer in particular to the "Corporate objectives and strategies" section of the Corporation's 2023 annual MD&A and of the current MD&A, and the "Fiscal 2024 financial guidelines" section of the Corporation's 2023 annual MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco currently expects. These factors include risks such as general market conditions, competitive risks (including changing competitive ecosystems and disruptive competitive strategies adopted by our competitors), business risks, regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including inflation pressuring revenue, reduced consumer spending and increasing costs), talent management risks (including highly competitive market for limited pool of digitally skilled employees), human-caused and natural threats to the Corporation's network (including increased frequency of extreme weather events with the potential to disrupt operations), infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health and safety, many of which are beyond the Corporation's control. Moreover, the Corporation's radio operations are significantly exposed to advertising budgets from the retail industry, which can fluctuate due to changing economic conditions. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and main risk factors" section of the Corporation's 2023 annual MD&A and of the current MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco and future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information contained in this MD&A and the forward-looking statements contained in this MD&A represent Cogeco's expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and are subject to change after such date. While management may elect to do so, the Corporation is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's condensed interim consolidated financial statements and the notes thereto for the three and nine-month periods ended May 31, 2024 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2023 Annual Report.

In preparing this MD&A, the Corporation has taken into account information available up to July 11, 2024, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its 2023 Annual Report and Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on the Corporation's website at corpo.cogeco.com.

2. Overview of the business

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

2.1 Corporate objectives and strategies

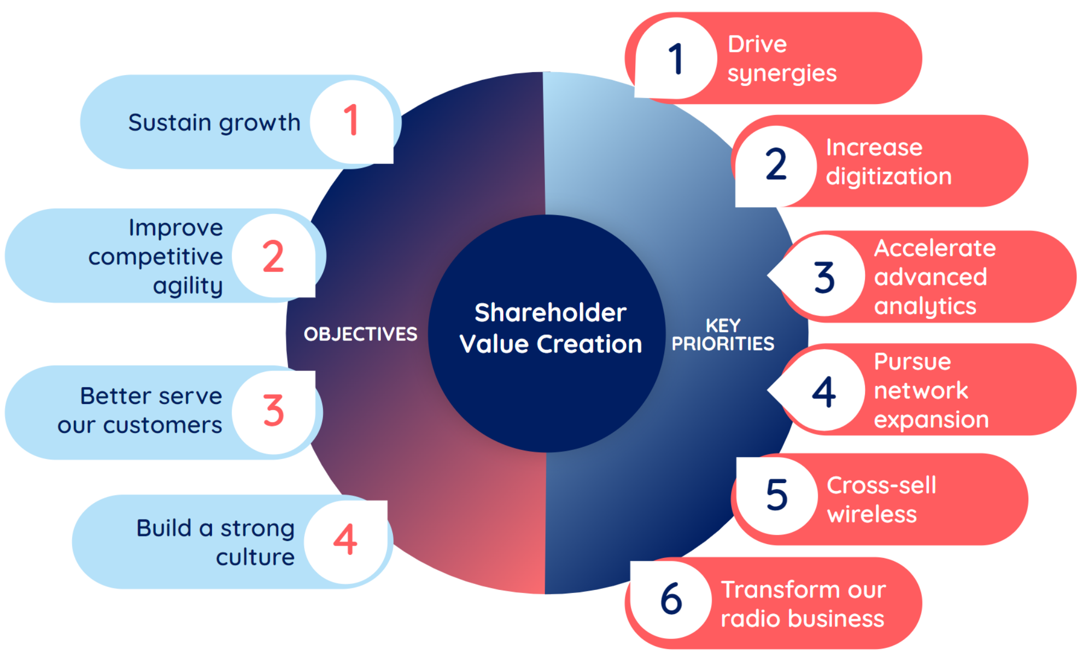
Strategy for growth

We focus on growing the business and continuously innovating while returning capital to shareholders and maintaining a prudent level of financial leverage, supported by robust environmental, social and governance (ESG) practices. Leveraging our fibre-powered networks, strong multi-platform digital content offering, innovative products and services, commitment to offering a compelling customer experience, and maintaining deep connections with the communities we serve are all key elements of our growth strategy. Our human-scale culture is focused on collaboration, connection and commitment to our customers, employees, communities and other key stakeholders.

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

Transforming to deliver sustainable growth

To ensure our continued success, we recently announced a new operating model and transformation that will allow us to sustain our growth, take our competitive agility to new heights, better serve our customers, and continue to build a strong culture where our colleagues thrive and succeed (refer to section "Business developments" for further details).



Shareholder value creation will remain at the forefront of everything we do, including positioning the Corporation for a sustainable growth trajectory by broadening our product offering, reaching new segments and markets, and accelerating our digital and analytics capabilities.

Our key priorities are as follows:

1) **Drive synergies:** We will implement best practices across our various geographies and harmonize technologies, systems, and products wherever feasible.

2) **Increase digitization:** We will enhance the level of digitization across the Corporation and drive both revenue growth and cost reduction by increasing the share of sales and service transactions which are done online.

3) **Accelerate advanced analytics:** We will elevate our use of analytics and, over time, artificial intelligence (AI), to deploy more personalized customer offers, optimize revenue management, improve retention performance and optimize proactive network maintenance.

4) **Pursue network expansion:** We will seek to selectively expand our wireline network into adjacent areas, mainly through government programs that subsidize broadband deployment in underserved areas.

5) **Cross-sell wireless:** We will bolster our existing product set with our recently-launched U.S. wireless service and continue to prepare for an upcoming commercial launch in Canada.

6) **Transform our radio business:** We will continue to innovate and develop our digital solutions, social media formats and studio facilities to become a leading multi-platform digital content provider.

For details on the Corporation's key areas of focus within the fiscal 2024 strategic plan, please refer to the "Corporate objectives and strategies" section of the Corporation's 2023 annual MD&A, available on SEDAR+ at www.sedarplus.ca and on the Corporation's website at corpo.cogeco.com. The fiscal 2025 strategic plan will be further detailed in the fiscal 2024 annual MD&A.

2.2 Business developments

New organizational structure combining Cogeco's and Cogeco Communications' U.S. and Canadian telecommunications teams

On May 29, 2024, Cogeco Inc. and Cogeco Communications Inc. announced a new operating model to further optimize both corporations' focus on customer experience and operational excellence, and to power future growth. Effective September 1, 2024, both corporations will combine the commercial, operational and technical functions of their Canadian and U.S. telecommunications businesses into a simpler North American organization.

The changes will enable the creation of strong cross-border centers of expertise in key strategic areas such as digitization, advanced analytics and technology. It will also accelerate the deployment of top talent and best practices across the organization and will facilitate the harmonization of systems and platforms.

Breezeline launches wireless service in the United States, expanding its service offerings

On May 23, 2024, Breezeline launched its wireless service across most of its wireline footprint. Breezeline Mobile, which is offered as a bundle to Breezeline's customers who also subscribe to home broadband service, enables the Corporation to bolster its already robust value proposition and further enhance its competitive position in the United States. Breezeline Mobile is available to Breezeline's broadband customers through an MVNO agreement with a major wireless network operator and an agreement with a national technology service company.

New temporary fund to support the production of news programming by commercial radio stations

On June 4, 2024, the CRTC released Broadcasting Regulatory Policy 2024-121, *The Path Forward - Supporting Canadian and Indigenous content through base contributions*, which will require online streaming services to make financial contributions to the production of Canadian and Indigenous programming. Specifically, the Commission will require both audio-visual and audio online services that make $25 million or more in gross broadcasting revenues (excluding revenues generated from audiobook, podcast and video games services, and from user-generated content) and that are not affiliated with a Canadian broadcaster to contribute 5% of those revenues to certain funds. Audio streaming services subject to this requirement will be required to direct at least 30% of their contributions to a new temporary fund to support news on commercial radio stations outside of the Montréal, Toronto, Vancouver, Calgary, Edmonton and Ottawa-Gatineau markets. Some of Cogeco Média's radio stations will be entitled to receive funding from this new fund, which will be administered by the Canadian Association of Broadcasters ("CAB"). The CAB must, by July 4, 2024, submit an operational plan to administer the fund to the CRTC, which will launch a public consultation to seek comments on the plan. The CRTC expects these new measures to take effect in the 2024-2025 broadcasting year.

2.3 Operating environment

The Corporation operates in an industry which provides important services for residential and commercial consumers, and which is known for its resiliency during various economic cycles. Due to greater competitive intensity, changing video subscriber trends and consumer-related inflation, the Corporation expects continued pressure on its revenue and operating costs, which are actively being addressed through proactive cost mitigation measures and new product opportunities.

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

2.4 Key performance indicators

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

Overview

For the first nine months of fiscal 2024, Cogeco's financial results were as expected. While the American telecommunications segment continued to face headwinds in the context of a competitive environment, subscriber metrics have shown an improvement from the prior year and cost reduction initiatives and operating efficiencies have positively contributed to adjusted EBITDA margin. As for the Canadian telecommunications segment, it performed as expected in the first nine months, marked by continued growth in its Internet subscriber base driven by a mix of new subscribers added under the Cogeco and oxio brands, as well as new subscribers from fibre-to-the-home network expansions.

During the first nine months of fiscal 2024, the Corporation's lower revenue on a constant currency basis compared to the prior year was primarily due to revenue growth in the Canadian telecommunications segment being offset by a decline in the American telecommunications segment resulting from lower video subscriptions and a lower Internet subscriber base over the past year, with an increasing proportion of customers only subscribing to Internet services. Adjusted EBITDA remained stable on a constant currency basis compared to last year, as growth in the Canadian telecommunications segment was offset by higher corporate costs, while adjusted EBITDA remained stable in the American telecommunications segment.

During the first nine months of fiscal 2024, both the Canadian and American telecommunications segments continued their network expansion activities, connecting more homes and businesses to their fibre-to-the-home networks. The Corporation added close to 44,000 [(2)] homes passed during the first nine months of fiscal 2024. These fibre-to-the-home network expansion projects are increasing the Corporation's footprint in the provinces of Québec and Ontario and in several areas adjacent to Breezeline's network in the United States.

As for the remainder of the fiscal year, management does not expect the announcement in May 2024 of the new organizational structure and the acquisition of NRBN to have a material impact on the Corporation's previously issued financial guidelines. Accordingly, Cogeco maintains its fiscal 2024 financial guidelines as issued on November 1, 2023.

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

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

(2) Organic growth calculated by excluding additions resulting from acquisitions.

3. Consolidated operating and financial results

3.1 Operating results

Three months ended May 31	2024			2023	Change	
	Actual [1]	Foreign exchange impact	**In constant currency** [2]	Actual	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**777,249**	(1,802)	**775,447**	767,603	**1.3**	**1.0**
Operating expenses	**407,463**	(934)	**406,529**	412,144	**(1.1)**	**(1.4)**
Adjusted EBITDA	**369,786**	(868)	**368,918**	355,459	**4.0**	**3.8**

(1) For fiscal 2024 third-quarter, the average foreign exchange rate used for translation was 1.3628 USD/CDN.

(2) Fiscal 2024 third-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3562 USD/CDN.

Nine months ended May 31	2024			2023	Change	
	Actual [1]	Foreign exchange impact	**In constant currency** [2]	Actual	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**2,305,329**	(5,293)	**2,300,036**	2,314,484	**(0.4)**	**(0.6)**
Operating expenses	**1,221,728**	(2,887)	**1,218,841**	1,233,480	**(1.0)**	**(1.2)**
Adjusted EBITDA	**1,083,601**	(2,406)	**1,081,195**	1,081,004	**0.2**	**—**

(1) For fiscal 2024 first nine months, the average foreign exchange rate used for translation was 1.3578 USD/CDN.

(2) Fiscal 2024 first nine months in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3513 USD/CDN.

Revenue

Three months ended May 31	**2024**	2023	Change	Change in constant currency	Foreign exchange impact [1]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**381,877**	373,743	2.2	2.2	—
American telecommunications	**368,706**	368,042	0.2	(0.3)	(1,802)
Cogeco Communications	**750,583**	741,785	1.2	0.9	(1,802)
Other	**26,666**	25,818	3.3	3.3	—
Consolidated	**777,249**	767,603	1.3	1.0	(1,802)

(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.

Nine months ended May 31	2024	2023	Change	Change in constant currency	Foreign exchange impact [1]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**1,131,804**	1,114,161	1.6	1.6	—
American telecommunications	**1,096,969**	1,126,570	(2.6)	(3.1)	(5,293)
Cogeco Communications	**2,228,773**	2,240,731	(0.5)	(0.8)	(5,293)
Other	**76,556**	73,753	3.8	3.8	—
Consolidated	**2,305,329**	2,314,484	(0.4)	(0.6)	(5,293)

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

For the third quarter of fiscal 2024, revenue increased by 1.3% (1.0% in constant currency), mainly due to:

- revenue growth in the Canadian telecommunications segment, driven mostly by the cumulative effect of high-speed Internet service additions over the past year as well as the NRBN acquisition completed on February 5, 2024; and
- higher revenue in the media activities; while
- revenue remained stable in the American telecommunications segment, mainly due to a higher revenue per subscriber and a better product mix resulting from customers subscribing to increasingly fast Internet speeds, offset by lower video subscriptions and a lower Internet subscriber base over the past year, with an increasing proportion of customers only subscribing to Internet services.

For the first nine months of fiscal 2024, revenue decreased by 0.4% (0.6% in constant currency), resulting mainly from:

- lower video subscriptions and a lower Internet subscriber base over the past year in the American telecommunications segment, offset in part by a higher revenue per subscriber and a better product mix, as explained above; partly offset by
- revenue growth in the Canadian telecommunications segment, driven mostly by the cumulative effect of high-speed Internet service additions over the past year and the oxio acquisition completed on March 3, 2023 as well as the NRBN acquisition completed on February 5, 2024; and
- higher revenue in the media activities.

Operating expenses

Three months ended May 31	2024	2023	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**180,204**	177,794	1.4	1.3	(31)
American telecommunications	**190,327**	197,273	(3.5)	(4.0)	(887)
Corporate and eliminations	**8,990**	11,306	(20.5)	(20.6)	(16)
Cogeco Communications	**379,521**	386,373	(1.8)	(2.0)	(934)
Other	**27,942**	25,771	8.4	8.4	—
Consolidated	**407,463**	412,144	(1.1)	(1.4)	(934)

Nine months ended May 31	**2024**	2023	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**535,018**	521,534	2.6	2.6	(159)
American telecommunications	**574,070**	607,237	(5.5)	(5.9)	(2,716)
Corporate and eliminations	**32,075**	27,310	17.4	17.4	(12)
Cogeco Communications	**1,141,163**	1,156,081	(1.3)	(1.5)	(2,887)
Other	**80,565**	77,399	4.1	4.1	—
Consolidated	**1,221,728**	1,233,480	(1.0)	(1.2)	(2,887)

For the third quarter of fiscal 2024, operating expenses decreased by 1.1% (1.4% in constant currency), mainly due to:

- reduced operating expenses in the American telecommunications segment, which were mostly due to reduced video service costs resulting from a decline in subscriptions, cost reduction initiatives and operating efficiencies; and
- lower corporate costs, primarily due to the timing of certain operating expenses; partly offset by
- higher operating expenses in the Canadian telecommunications segment, mainly due to higher sales and other operating expenses to drive subscriber growth and the NRBN acquisition completed on February 5, 2024.

For the first nine months of fiscal 2024, operating expenses decreased by 1.0% (1.2% in constant currency), mainly as a result of:

- reduced operating expenses in the American telecommunications segment, as explained above; offset in part by
- higher operating expenses in the Canadian telecommunications segment mainly resulting from the oxio and the NRBN acquisitions and higher sales and other operating expenses to drive subscriber growth; and
- higher corporate costs, primarily due to the timing of certain operating expenses.

Adjusted EBITDA

Three months ended May 31	**2024**	2023	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**201,673**	195,949	2.9	2.9	31
American telecommunications	**178,379**	170,769	4.5	3.9	(915)
Corporate and eliminations	**(14,228)**	(15,390)	7.6	7.7	16
Cogeco Communications	**365,824**	351,328	4.1	3.9	(868)
Other	**3,962**	4,131	(4.1)	(4.1)	—
Consolidated	**369,786**	355,459	4.0	3.8	(868)

Nine months ended May 31	**2024**	2023	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Canadian telecommunications	**596,786**	592,627	0.7	0.7	159
American telecommunications	**522,899**	519,333	0.7	0.2	(2,577)
Corporate and eliminations	**(47,789)**	(42,194)	(13.3)	(13.2)	12
Cogeco Communications	**1,071,896**	1,069,766	0.2	—	(2,406)
Other	**11,705**	11,238	4.2	4.2	—
Consolidated	**1,083,601**	1,081,004	0.2	—	(2,406)

For the third quarter of fiscal 2024, adjusted EBITDA increased by 4.0% (3.8% in constant currency), mainly due to:

- higher adjusted EBITDA in the American telecommunications segment mainly due to lower operating expenses driven by cost reduction initiatives and operating efficiencies;
- higher adjusted EBITDA in the Canadian telecommunications segment resulting from revenue growth, partly offset by higher sales and other operating expenses to drive subscriber growth; and
- lower corporate costs, as explained above.

For the first nine months of fiscal 2024, adjusted EBITDA remained stable as reported and in constant currency, mainly due to higher corporate costs being offset by higher adjusted EBITDA in the Canadian telecommunications segment, due to the same factors noted above, while adjusted EBITDA remained stable in the American telecommunications segment.

3.2 Acquisition, integration, restructuring and other costs

For the third quarter and the first nine months of fiscal 2024, acquisition, integration, restructuring and other costs amounted to $46.6 million and $51.1 million, respectively, mostly related to:

- restructuring costs recognized during the third quarter of fiscal 2024 consisting mainly of severance charges, including accelerated share-based compensation expense, and other related costs; and
- costs associated with the configuration and customization related to cloud computing and other arrangements, including certain costs associated with Breezeline's recent launch of wireless service in the United States.

In addition, for the first nine months of fiscal 2024, acquisition, integration, restructuring and other costs were partly offset by a $4.2 million reversal of a charge, recognized during the second quarter following the Copyright Board decision issued in January 2024 on the redetermination of the 2014-2018 royalty rates (refer to the "Contractual obligations, guarantees and contingencies" section for further details).

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

- costs related to the integration of past acquisitions as well as those incurred in connection with the acquisition of oxio, completed on March 3, 2023;
- a $3.3 million retroactive adjustment recognized during the third quarter, in addition to a $5.1 million adjustment recognized during the second quarter following the Copyright Board preliminary conclusions on the redetermination of the 2014-2018 royalty rates, related to higher rates than previously expected for the period of 2016 to 2022; and
- costs associated with the configuration and customization related to cloud computing arrangements.

3.3 Impairment on goodwill and intangible assets

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

3.4 Depreciation and amortization

For the third quarter and the first nine months of fiscal 2024, depreciation and amortization expense amounted to $169.6 million and $494.8 million, respectively, an increase of 8.6% and 5.7%, respectively, compared to the same periods of the prior year, mainly due to a higher level of capital assets and the appreciation of the US dollar against the Canadian dollar since last year.

3.5 Financial expense

(In thousands of Canadian dollars, except percentages)	Three months ended May 31			Nine months ended May 31		
	2024	2023	Change	**2024**	2023	Change
	$	$	%	**$**	$	%
Interest on long-term debt, excluding interest on lease liabilities	**75,530**	67,677	11.6	**218,812**	186,978	17.0
Interest on lease liabilities	**1,037**	697	48.8	**2,548**	2,037	25.1
Loss on debt extinguishment [1]	**—**	—	—	**16,880**	—	—
Net foreign exchange loss (gain)	**2,927**	(1,013)	—	**(543)**	1,470	—
Amortization (reversal) of deferred transaction costs related to the revolving facilities	**(167)**	189	—	**524**	558	(6.1)
Interest and other income	**(3,645)**	(3,519)	3.6	**(7,713)**	(7,648)	0.8
Capitalized borrowing costs [2]	**(9,506)**	(447)	—	**(10,510)**	(1,230)	—
Other	**933**	716	30.3	**2,213**	1,647	34.4
Financial expense	**67,109**	64,300	4.4	**222,211**	183,812	20.9
Adjusted financial expense [3]	**67,109**	64,300	4.4	**205,331**	183,812	11.7

(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.

(2) Capitalized borrowing costs in connection with debt incurred for the purchase of spectrum licences and the construction of certain networks.

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

For the third quarter of fiscal 2024, financial expense increased by 4.4%, mainly due to:

- higher interest expense following the refinancing of the First Lien Credit Facilities in September 2023 as well as the issuance of the $275 million Senior Unsecured Notes in February 2024, and from rising interest rates on the floating interest rate portion of the Senior Secured Term Loan B Facility;
- higher usage under the term revolving facilities and rising interest rates compared to last year; and
- higher interest expense following the issuance of the $75 million Non-Revolving Term Credit Facility in December 2023; partly offset by
- capitalized interest recognized during the third quarter of fiscal 2024 in connection with debt incurred mainly for previously acquired spectrum licences.

For the first nine months of fiscal 2024, financial expense increased by 20.9%, mostly due to:

- higher interest expense following the refinancing of the First Lien Credit Facilities in September 2023 as well as the issuance of the $275 million Senior Unsecured Notes in February 2024, and from rising interest rates on the floating interest rate portion of the Senior Secured Term Loan B Facility;
- a non-cash loss on debt extinguishment of $16.9 million recognized in the first quarter of fiscal 2024 following the prepayment of the US$1.6 billion Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility in September 2023;
- higher usage under the term revolving facilities and rising interest rates compared to last year; and
- higher interest expense following the issuance of the $75 million Non-Revolving Term Credit Facility in December 2023; partly offset by
- capitalized interest recognized during the third quarter of fiscal 2024 in connection with debt incurred mainly for previously acquired spectrum licences.

Excluding the non-cash loss on debt extinguishment recognized in the first quarter, financial expense for the first nine months of fiscal 2024 increased by 11.7%.

3.6 Income taxes

(In thousands of Canadian dollars, except percentages)	Three months ended May 31			Nine months ended May 31		
	2024	2023	Change	**2024**	2023	Change
	$	$	%	**$**	$	%
Current	**3,390**	5,828	(41.8)	**20,313**	26,450	(23.2)
Deferred	**7,782**	(3,557)	—	**27,233**	34,102	(20.1)
Income taxes	**11,172**	2,271	—	**47,546**	60,552	(21.5)
Effective income tax rate	**12.9 %**	6.4 %	—	**15.1 %**	18.9 %	(20.1)

For the third quarter of fiscal 2024, income tax expense increased by $8.9 million compared to the same period of the prior year, mainly due to last year's tax impact in connection to the non-deductible impairment of goodwill.

For the first nine months of fiscal 2024, income tax expense decreased by 21.5%, mainly due to higher tax benefits related to financing costs in connection with past acquisitions and to last year's tax impact in connection to the non-deductible impairment of goodwill.

Current income taxes were lower in the third quarter of fiscal 2024 compared to the same period of the prior year, mainly resulting from the variation in temporary differences. For the first nine months of fiscal 2024, current income taxes were lower mainly due to higher tax benefits related to financing costs in connection with past acquisitions.

3.7 Profit for the period

(In thousands of Canadian dollars, except percentages and earnings per share)	Three months ended May 31			Nine months ended May 31		
	2024	2023	Change	**2024**	2023	Change
	$	$	%	**$**	$	%
Profit for the period	**75,285**	33,314	—	**267,944**	259,714	3.2
Profit (loss) for the period attributable to owners of the Corporation	**18,960**	(34,473)	—	**77,498**	41,396	87.2
Profit for the period attributable to non-controlling interest [1]	**56,325**	67,787	(16.9)	**190,446**	218,318	(12.8)
Adjusted profit attributable to owners of the Corporation [2]	**29,102**	37,921	(23.3)	**93,486**	116,292	(19.6)
Basic earnings (loss) per share	**1.99**	(2.22)	—	**6.58**	2.65	—
Diluted earnings (loss) per share	**1.97**	(2.22)	—	**6.52**	2.64	—
Adjusted diluted earnings per share [2]	**3.02**	2.43	24.3	**7.87**	7.41	6.2

(1) At May 31, 2024, the non-controlling interest relates to its participation of approximately 71.6% in the profit for the period attributable to owners of Cogeco Communications in addition to the 21% ownership of Caisse de dépôt et placement du Québec ("CDPQ") in a U.S. subsidiary of Cogeco Communications.

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

For the third quarter of fiscal 2024, profit for the period and profit for the period attributable to owners of the Corporation amounted to $75.3 million and $19.0 million, an increase of $42.0 million and $53.4 million, respectively, compared to the same period of the prior year, mainly as a result of:

- last year's non-cash impairment charges of $88 million related to the radio operations; and
- higher adjusted EBITDA; partly offset by
- higher acquisition, integration, restructuring and other costs, mainly due to restructuring costs recognized during the third quarter of fiscal 2024;
- higher depreciation and amortization expense; and
- higher income tax expense.

For the first nine months of fiscal 2024, profit for the period and profit for the period attributable to owners of the Corporation increased by 3.2% and 87.2%, respectively, mostly resulting from:

- last year's non-cash impairment charges of $88 million related to the radio operations; and
- lower income tax expense; partly offset by
- higher financial expense, due in part to a pre-tax $16.9 million non-cash loss on debt extinguishment recognized in the first quarter of fiscal 2024;
- higher acquisition, integration, restructuring and other costs, mainly due to restructuring costs recognized during the third quarter of fiscal 2024; and
- higher depreciation and amortization expense.

Profit for the period attributable to owners of the Corporation also reflects the impact of the reduced ownership in Cogeco Communications following a share repurchase transaction in December 2023.

For the third quarter and the first nine months of fiscal 2024, adjusted profit attributable to owners of the Corporation, which excludes the impact of non-cash impairment charges, acquisition, integration, restructuring and other costs, as well as the non-cash loss on debt extinguishment, all net of tax and non-controlling interest, decreased by 23.3% and 19.6%, respectively, compared to the same periods of the prior year.

4. Segmented operating and financial results

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

Considering wireless service is now offered commercially in multiple locations throughout the Corporation's U.S. footprint, the Corporation changed the label of its "phone" service to "wireline phone" service during the third quarter of fiscal 2024. In addition, the Corporation changed the label of its primary service units "customer" measure to "subscriber".

4.1 Canadian telecommunications

Operating and financial results

Three months ended May 31	2024			2023	Change	
	Actual [1]	Foreign exchange impact	**In constant currency** [2]	Actual	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**381,877**	—	**381,877**	373,743	**2.2**	**2.2**
Operating expenses	**180,204**	(31)	**180,173**	177,794	**1.4**	**1.3**
Adjusted EBITDA	**201,673**	31	**201,704**	195,949	**2.9**	**2.9**
Adjusted EBITDA margin [3]	**52.8 %**			52.4 %		
Net capital expenditures	**91,093**	(258)	**90,835**	84,415	**7.9**	**7.6**
Capital intensity [3]	**23.9 %**			22.6 %		

(1) For fiscal 2024 third-quarter, the average foreign exchange rate used for translation was 1.3628 USD/CDN.

(2) Fiscal 2024 third-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3562 USD/CDN.

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

Nine months ended May 31	2024			2023	Change	
	Actual [1]	Foreign exchange impact	**In constant currency** [2]	Actual	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Revenue	**1,131,804**	—	**1,131,804**	1,114,161	**1.6**	**1.6**
Operating expenses	**535,018**	(159)	**534,859**	521,534	**2.6**	**2.6**
Adjusted EBITDA	**596,786**	159	**596,945**	592,627	**0.7**	**0.7**
Adjusted EBITDA margin [3]	**52.7 %**			53.2 %		
Net capital expenditures	**285,274**	(218)	**285,056**	281,036	**1.5**	**1.4**
Capital intensity [3]	**25.2 %**			25.2 %		

(1) For fiscal 2024 first nine months, the average foreign exchange rate used for translation was 1.3578 USD/CDN.

(2) Fiscal 2024 first nine months in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3513 USD/CDN.

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

Revenue

For the third quarter of fiscal 2024, revenue increased by 2.2% as reported and in constant currency, mainly as a result of:

- a higher Internet service subscriber base; and
- the NRBN acquisition completed on February 5, 2024; partly offset by
- an overall decline in video and wireline phone service subscribers.

For the first nine months of fiscal 2024, revenue increased by 1.6% as reported and in constant currency, mainly resulting from:

- a higher Internet service subscriber base; and
- the oxio acquisition completed on March 3, 2023 and the NRBN acquisition completed on February 5, 2024; partly offset by
- an overall decline in video and wireline phone service subscribers.

Operating expenses

For the third quarter of fiscal 2024, operating expenses increased by 1.4% (1.3% in constant currency), mainly resulting from:

- higher sales and other operating expenses to drive subscriber growth; and
- the NRBN acquisition; partly offset by
- lower technology licensing costs and the timing of certain operating expenses.

For the first nine months of fiscal 2024, operating expenses increased by 2.6% as reported and in constant currency, mainly due to:

- the oxio and the NRBN acquisitions; and
- higher sales and other operating expenses to drive subscriber growth; partly offset by
- lower technology licensing costs and the timing of certain operating expenses.

Adjusted EBITDA

For the third quarter and the first nine months of fiscal 2024, adjusted EBITDA increased by 2.9% and 0.7%, respectively, as reported and in constant currency, driven mainly from revenue growth, partly offset by higher sales and other operating expenses to drive subscriber growth.

Net capital expenditures and capital intensity

For the third quarter and the first nine months of fiscal 2024, net capital expenditures increased by 7.9% and 1.5% (7.6% and 1.4% in constant currency), respectively, mostly due to higher purchases of customer premise equipment and other capital spending related to fibre-to-the-home network expansions.

For the third quarter and the first nine months of fiscal 2024, capital intensity was 23.9% and 25.2%, respectively, compared to 22.6% and 25.2% for the same periods of the prior year. The capital intensity increase for the third quarter is mainly due to higher net capital expenditures, as explained above, while capital intensity remained stable for the first nine months due to higher net capital expenditures being offset by revenue growth.

Primary service units and subscriber statistics

		Net additions (losses)		Net additions (losses)	
		Three months ended May 31		Nine months ended May 31	
	May 31, 2024	2024 [1]	2023 [2]	2024 [1] [3]	2023 [2]
Primary service units [1][4]	**1,872,290**	**(3,098)**	6,292	**(7,312)**	(3,418)
Internet service subscribers	**882,992**	**5,879**	11,144	**25,598**	21,406
Video service subscribers	**612,701**	**(6,006)**	(3,790)	**(22,258)**	(16,386)
Wireline phone service subscribers	**376,597**	**(2,971)**	(1,062)	**(10,652)**	(8,438)

(1) During the third quarter of fiscal 2024, primary service units were adjusted following the finalization of the detailed calculation of the number of units acquired from the recent Niagara Regional Broadband Network acquisition, to include those acquired from it. This change was applied retrospectively to the comparative figures.

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

(3) Excludes the 4,806 opening primary service units (2,691 Internet services, 223 video services and 1,892 wireline phone services) from the acquisition of Niagara Regional Broadband Network as at February 5, 2024.

(4) Primary service units exclude mobile phone service subscribers.

Primary service units

Internet

Fiscal 2024 third-quarter and first nine months Internet service subscriber net additions of 5,879 and 25,598, respectively, resulted from new subscribers added under the Cogeco and oxio brands, as well as new subscribers from fibre-to-the-home network expansions.

Video

Fiscal 2024 third-quarter and first nine months video service subscriber net losses of 6,006 and 22,258, respectively, were mainly due to ongoing changes in video consumption trends, further impacted by the current sustained inflationary environment, with an increasing proportion of customers only subscribing to Internet services, partly offset by additions in network expansion areas.

Wireline phone

Fiscal 2024 third-quarter and first nine months wireline phone service subscriber net losses of 2,971 and 10,652, respectively, were mainly due to a higher mobile phone substitution, further impacted by the current sustained inflationary environment, partly offset by additions in network expansion areas.

Distribution of subscribers

On May 31, 2024, 59% of subscribers in the Canadian telecommunications segment subscribed to "double play" or "triple play" bundled services.

Homes passed

For the third quarter and the first nine months of fiscal 2024, homes passed net additions were 5,409 and 33,654[1], respectively, driven by homes passed added following fibre-to-the-home network expansions and those acquired from the NRBN acquisition, while certain homes passed were disconnected during the quarter due to the disbandment of an older rural network.

(1) Comparative figures were restated following the finalization, during the third quarter of fiscal 2024, of the detailed calculation of the number of homes passed acquired from the recent NRBN acquisition, to include those acquired from it.

4.2 American telecommunications

Operating and financial results

Three months ended May 31	2024			2023	Change	
(In thousands of Canadian dollars, except percentages)	Actual [1]	Foreign exchange impact	In constant currency [2]	Actual	Actual	In constant currency
	$	$	$	$	%	%
Revenue	368,706	(1,802)	366,904	368,042	0.2	(0.3)
Operating expenses	190,327	(887)	189,440	197,273	(3.5)	(4.0)
Adjusted EBITDA	178,379	(915)	177,464	170,769	4.5	3.9
Adjusted EBITDA margin [3]	48.4 %			46.4 %		
Net capital expenditures	72,782	(349)	72,433	82,923	(12.2)	(12.7)
Capital intensity [3]	19.7 %			22.5 %		

(1) For fiscal 2024 third-quarter, the average foreign exchange rate used for translation was 1.3628 USD/CDN.

(2) Fiscal 2024 third-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3562 USD/CDN.

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

Nine months ended May 31	2024			2023	Change	
(In thousands of Canadian dollars, except percentages)	Actual [1]	Foreign exchange impact	In constant currency [2]	Actual	Actual	In constant currency
	$	$	$	$	%	%
Revenue	1,096,969	(5,293)	1,091,676	1,126,570	(2.6)	(3.1)
Operating expenses	574,070	(2,716)	571,354	607,237	(5.5)	(5.9)
Adjusted EBITDA	522,899	(2,577)	520,322	519,333	0.7	0.2
Adjusted EBITDA margin [3]	47.7 %			46.1 %		
Net capital expenditures	191,490	(854)	190,636	236,422	(19.0)	(19.4)
Capital intensity [3]	17.5 %			21.0 %		

(1) For fiscal 2024 first nine months, the average foreign exchange rate used for translation was 1.3578 USD/CDN.

(2) Fiscal 2024 first nine months in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3513 USD/CDN.

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

Revenue

For the third quarter of fiscal 2024, revenue remained stable as reported and in constant currency, mainly due to:

- higher revenue per subscriber and a better product mix resulting from customers subscribing to increasingly fast Internet speeds; offset by
- lower video subscriptions and a lower Internet subscriber base over the past year, with an increasing proportion of customers only subscribing to Internet services.

For the first nine months of fiscal 2024, revenue decreased by 2.6% (3.1% in constant currency), mainly resulting from:

- lower video subscriptions and a lower Internet subscriber base over the past year, as explained above; partly offset by
- higher revenue per subscriber and a better product mix resulting from customers subscribing to increasingly fast Internet speeds.

In local currency, revenue amounted to US$270.5 million and US$807.9 million, respectively, compared to US$271.4 million and US$833.7 million for the same periods of fiscal 2023.

Operating expenses

For the third quarter and the first nine months of fiscal 2024, operating expenses decreased by 3.5% and 5.5% (4.0% and 5.9% in constant currency), respectively. The decrease in constant currency in both periods is mainly due to:

- reduced video service costs resulting from a decline in subscriptions; and
- cost reduction initiatives and operating efficiencies.

Adjusted EBITDA

For the third quarter of fiscal 2024, adjusted EBITDA increased by 4.5% (3.9% in constant currency), mainly resulting from lower operating expenses driven by cost reduction initiatives and operating efficiencies. For the first nine months of fiscal 2024, adjusted EBITDA remained stable as reported and in constant currency, mainly due to lower operating expenses offset by lower revenue, as explained above.

In local currency, adjusted EBITDA amounted to US$130.9 million and US$385.0 million, respectively, compared to US$125.9 million and US$384.3 million for the same periods of fiscal 2023.

Net capital expenditures and capital intensity

For the third quarter and the first nine months of fiscal 2024, net capital expenditures decreased by 12.2% and 19.0% (12.7% and 19.4% in constant currency), respectively, mainly resulting from lower spending due to the timing of network expansion projects, partly offset by IPTV equipment upgrades in specific markets.

In local currency, net capital expenditures amounted to US$53.4 million and US$141.0 million, respectively, compared to US$61.1 million and US$174.9 million for the same periods of fiscal 2023.

For the third quarter and the first nine months of fiscal 2024, capital intensity was 19.7% and 17.5%, respectively, compared to 22.5% and 21.0% for the same periods of fiscal 2023. Capital intensity decrease for both periods is mainly due to reduced capital spending, as explained above.

Primary service units and subscriber statistics

		Net additions (losses)		Net additions (losses)	
		Three months ended May 31		Nine months ended May 31	
	May 31, 2024	**2024**	2023	**2024**	2023 [1]
Primary service units [2]	**1,049,113**	**(17,734)**	(14,209)	**(49,618)**	(67,716)
Internet service subscribers	**652,330**	**(7,897)**	(6,734)	**(19,432)**	(26,653)
Video service subscribers	**268,747**	**(6,192)**	(3,732)	**(20,134)**	(26,086)
Wireline phone service subscribers	**128,036**	**(3,645)**	(3,743)	**(10,052)**	(14,977)

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

(2) Primary service units exclude mobile phone service subscribers.

Primary service units

Internet

Fiscal 2024 third-quarter and first nine months Internet service subscriber net losses were 7,897 and 19,432, respectively, of which 4,349 and 10,771 were in Ohio. The increase in net losses for the quarter over last year was primarily due to an estimated 3,300 of mostly lower ARPU subscribers, primarily in Ohio, following an advance notice sent to Affordable Connectivity Program ("ACP") customers informing them of the discontinuation of the government-sponsored program, which was effective on June 1, 2024. The losses were partially offset by new subscribers gained from fibre-to-the-home network expansions. For the first nine months, the improvement in net losses over last year was primarily due to improved customer management in the Ohio market resulting from investments made in the network infrastructure and the proactive replacement of customer IPTV video equipment, partly offset by ACP customer losses. Internet customer variations in other regions also reflect a more competitive environment and ACP customer losses, partially offset by new customers gained from fibre-to-the-home network expansions.

Video

Fiscal 2024 third-quarter and first nine months video service subscriber net losses of 6,192 and 20,134, respectively, were mainly due to:

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

Wireline phone

Fiscal 2024 third-quarter and first nine months wireline phone service subscriber net losses of 3,645 and 10,052, respectively, were mainly due to:

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

Distribution of subscribers

On May 31, 2024, 31% of subscribers in the American telecommunications segment subscribed to "double play" or "triple play" bundled services. In recent years, the subscriber mix from double and triple play bundles has decreased, which was in line with the segment's Internet led strategy of focusing on higher margin Internet service. With the recent launch of wireless service, which is targeted exclusively to new and existing customers that subscribe to Internet services, this is expected to have a positive impact on the segment's bundled services metrics, as well as reducing overall subscriber churn.

Homes passed

For the third quarter and the first nine months of fiscal 2024, homes passed additions were 6,399 and 16,124, respectively.

5. Related party transactions

On December 13, 2023, Cogeco and Cogeco Communications entered into a series of transactions pursuant to the sale by Rogers Communications Inc. of its entire holdings in both companies. 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, and represented approximately 5.1% of all outstanding Cogeco Communications shares. As of May 31, 2024, Cogeco held 28.4% of Cogeco Communications' equity shares, representing 79.9% 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 three and nine-month periods ended May 31, 2024, management fees paid by Cogeco Communications amounted to $5.2 million and $15.7 million, respectively, compared to $4.1 million and $14.9 million for the same periods of fiscal 2023.

No direct remuneration is payable to Cogeco's executive officers by Cogeco Communications. The following table provides the number of stock options, incentive share units ("ISUs") and performance share units ("PSUs") granted during the nine-month periods ended May 31, 2024 and 2023 to these executive officers, as executive officers of Cogeco Communications, as well as deferred share units ("DSUs") issued to Board directors of Cogeco, the value of which was charged back to Cogeco.

Nine months ended May 31	**2024**	2023
(In number of units)		
Stock options	**199,487**	79,348
ISUs	**974**	—
PSUs	**30,897**	14,283
DSUs	**2,368**	—

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

	Three months ended May 31		Nine months ended May 31	
	2024	2023	**2024**	2023
(In thousands of Canadian dollars)	**$**	$	**$**	$
Stock options	**346**	282	**671**	878
ISUs	**35**	—	**37**	—
PSUs	**349**	242	**692**	622
DSUs	**61**	—	**61**	(100)
	791	524	**1,461**	1,400

At May 31, 2024, the Corporation had a $3.1 million receivable from Cogeco Communications.

Further information on related party transactions can be found in Note 18 of the Corporation's condensed interim consolidated financial statements.

6. Cash flow analysis

	Three months ended May 31			Nine months ended May 31		
	2024	2023	Change	**2024**	2023	Change
(In thousands of Canadian dollars, except percentages)	**$**	$	%	**$**	$	%
Cash flows from operating activities	**335,126**	283,180	18.3	**858,427**	683,844	25.5
Cash flows used in investing activities	**(332,535)**	(344,091)	(3.4)	**(761,511)**	(751,776)	1.3
Cash flows from (used in) financing activities	**(30,199)**	70,649	—	**(405,017)**	46,398	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	**255**	56	—	**(618)**	8,198	—
Net change in cash and cash equivalents	**(27,353)**	9,794	—	**(308,719)**	(13,336)	—
Cash and cash equivalents, beginning of the period	**82,488**	355,871	(76.8)	**363,854**	379,001	(4.0)
Cash and cash equivalents, end of the period	**55,135**	365,665	(84.9)	**55,135**	365,665	(84.9)

6.1 Operating activities

For the third quarter of fiscal 2024, cash flows from operating activities increased by 18.3%, mainly due:

- to the timing of payments of trade and other payables and the collection of trade accounts receivable;
- lower income taxes paid; and
- higher adjusted EBITDA.

For the first nine months of fiscal 2024, cash flows from operating activities increased by 25.5%, mainly due:

- to the timing of payments of trade and other payables and the collection of trade accounts receivable; and
- lower income taxes paid; partly offset by
- higher interest paid.

6.2 Investing activities

For the third quarter of fiscal 2024, cash flows used in investing activities decreased by 3.4%, mainly as a result of:

- cash flows used in connection with the acquisition of oxio last year;
- last year's $60 million payment made to acquire 2500 MHz and 3500 MHz spectrum licenses in Québec from another licensee; and
- the decrease in acquisition of property, plant and equipment over last year; partly offset by
- a $152 million final payment made in May 2024 to acquire 99 spectrum licences in the 3800 MHz spectrum auction.

For the first nine months of fiscal 2024, cash flows used in investing activities increased by 1.3%, mostly due to:

- a $152 million final payment made in May 2024 in addition to a $38 million deposit paid in January 2024 to acquire 99 spectrum licences in the 3800 MHz spectrum auction; and
- cash flows used in connection with the acquisition of NRBN, which was completed on February 5, 2024; partly offset by
- cash flows used in connection with the acquisition of oxio last year;
- the decrease in acquisition of property, plant and equipment over last year; and
- last year's $60 million payment made to acquire 2500 MHz and 3500 MHz spectrum licenses in Québec from another licensee.

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

	Three months ended May 31				Nine months ended May 31			
	2024	2023	Change	Change in constant currency	**2024**	2023	Change	Change in constant currency
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	**$**	$	%	%
Acquisition of property, plant and equipment	**172,404**	190,121	(9.3)		**507,427**	598,803	(15.3)	
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(2,650)**	(19,863)	(86.7)		**(19,250)**	(74,371)	(74.1)	
Net capital expenditures	**169,754**	170,258	(0.3)	(0.7)	**488,177**	524,432	(6.9)	(7.1)
Net capital expenditures, excluding network expansion projects [1]	**145,321**	138,427	5.0	4.6	**407,694**	384,525	6.0	5.8

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

Net capital expenditures and capital intensity

(In thousands of Canadian dollars, except percentages)	Three months ended May 31 2024	2023	Change	Change in constant currency	Nine months ended May 31 2024	2023	Change	Change in constant currency
	$	$	%	%	**$**	$	%	%
Canadian telecommunications	**91,093**	84,415	7.9	7.6	**285,274**	281,036	1.5	1.4
Capital intensity	**23.9 %**	22.6 %			**25.2 %**	25.2 %		
American telecommunications	**72,782**	82,923	(12.2)	(12.7)	**191,490**	236,422	(19.0)	(19.4)
Capital intensity	**19.7 %**	22.5 %			**17.5 %**	21.0 %		
Corporate and eliminations	**4,509**	2,455	83.7	83.1	**8,816**	5,431	62.3	62.1
Cogeco Communications	**168,384**	169,793	(0.8)	(1.2)	**485,580**	522,889	(7.1)	(7.3)
Capital intensity	**22.4 %**	22.9 %			**21.8 %**	23.3 %		
Other	**1,370**	465	—	—	**2,597**	1,543	68.3	68.3
Consolidated	**169,754**	170,258	(0.3)	(0.7)	**488,177**	524,432	(6.9)	(7.1)

Net capital expenditures and capital intensity excluding network expansion projects

(In thousands of Canadian dollars, except percentages)	Three months ended May 31 2024	2023	Change	Change in constant currency	Nine months ended May 31 2024	2023	Change	Change in constant currency
	$	$	%	%	**$**	$	%	%
Cogeco Communications	**143,951**	137,962	4.3	3.9	**405,097**	382,982	5.8	5.5
Capital intensity, excluding network expansion projects [1]	**19.2 %**	18.6 %			**18.2 %**	17.1 %		
Other	**1,370**	465	—	—	**2,597**	1,543	68.3	68.3
Consolidated	**145,321**	138,427	5.0	4.6	**407,694**	384,525	6.0	5.8

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

For the third quarter and the first nine months of fiscal 2024, net capital expenditures decreased by 0.3% and 6.9% (0.7% and 7.1% in constant currency), respectively, mainly due to:

- lower spending in the American telecommunications segment, mainly resulting from lower spending due to the timing of network expansion projects, partly offset by IPTV equipment upgrades in specific markets; partly offset by
- higher spending in the Canadian telecommunications segment, mostly due to higher purchases of customer premise equipment and other capital spending related to fibre-to-the-home network expansions.

For the third quarter and the first nine months of fiscal 2024, capital intensity of Cogeco Communications was 22.4% and 21.8%, respectively, compared to 22.9% and 23.3% for the same periods of the prior year. The capital intensity decrease for the third quarter is mainly due to revenue growth, whereas the capital intensity decrease for the first nine months is mostly due to lower net capital expenditures.

For the third quarter and the first nine months of fiscal 2024, excluding network expansion projects, net capital expenditures increased by 5.0% and 6.0% (4.6% and 5.8% in constant currency), respectively, while capital intensity of Cogeco Communications was 19.2% and 18.2%, respectively, compared to 18.6% and 17.1% for the same periods of the prior year.

6.3 Financing activities

Issuance and repayment of debt

For the third quarter and the first nine months of fiscal 2024, changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

	Three months ended May 31		Nine months ended May 31		
(In thousands of Canadian dollars)	**2024**	2023	**2024**	2023	Explanations
	$	$	**$**	$	
Increase (decrease) in bank indebtedness	**(7,032)**	24,917	**(5,154)**	16,284	Related to the timing of working capital needs.
Net increase under revolving facilities	**22,595**	388,576	**76,402**	281,191	Related to funds drawn under the revolving facilities.
Issuance of long-term debt, net of discounts and transaction costs	**188**	—	**2,001,646**	298,056	Mainly related to the issuance of two Term B loans, a US$775 million 7-year loan and a US$475 million 5-year loan, in connection with the refinancing of the First Lien Credit Facilities in September 2023, and the issuance of the $275 million Senior Unsecured Notes in February 2024, as well as the issuance of the 3-year $75 million Non-Revolving Term Credit Facility in December 2023. Last year's debt issuance was related to the $300 million Senior Secured Notes - Series 2 during the second quarter of fiscal 2023.
Repayment of notes, debentures and credit facilities	**(8,266)**	(308,822)	**(2,141,472)**	(326,448)	Mainly related to the reimbursement of Tranche 1 of the Senior Secured Term Loan B Facility in September 2023, and the quarterly repayments of the Senior Secured Term Loan B Facility and the $75 million Non-Revolving Term Credit Facility. Last year also included the repayment of the $300 million Senior Secured Debentures Series 4 during the third quarter of fiscal 2023.
Repayment of lease liabilities	**(2,894)**	(1,712)	**(7,466)**	(5,364)	Comparable.
Increase in deferred transaction costs	**(617)**	—	**(2,537)**	(338)	Related to the amendment of the Senior Secured Revolving Facility in September 2023 and of the term revolving facilities in May 2024.
	3,974	102,959	**(78,581)**	263,381	

Dividends

During the third quarter of fiscal 2024, a quarterly eligible dividend of $0.854 per share was paid to the holders of multiple and subordinate voting shares, totalling $8.0 million, compared to a quarterly eligible dividend of $0.731 per share, or $11.2 million, in the third quarter of fiscal 2023. Dividend payment in the first nine months of fiscal 2024 totalled $2.562 per share, or $29.3 million, compared to $2.193 per share, or $33.9 million, in the prior year.

Purchase of subordinate voting shares for cancellation from CDPQ and disposal of shares in Cogeco Communications to CDPQ

On December 13, 2023, following a share buyback transactions, Cogeco repurchased for cancellation 5,969,390 of its subordinate voting shares from CDPQ for $280.0 million and concurrently sold 1,423,692 subordinate voting shares of its holding in Cogeco Communications to CDPQ for $73.2 million. During the third quarter and the first nine months of fiscal 2024, the Corporation paid $0.6 million and $7.1 million, respectively, of costs related to these transactions.

Normal course issuer bid ("NCIB")

Cogeco

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at May 31, 2024
2023 NCIB [(1)]	January 18, 2023	January 17, 2024	325,000	121,600
2022 NCIB	January 18, 2022	January 17, 2023	325,000	268,086

(1) The Corporation did not renew its NCIB program following the ending of the program on January 17, 2024.

The following table provides the NCIB purchases for the three and nine-month periods ended May 31, 2024 and 2023:

	Three months ended May 31		Nine months ended May 31	
	2024	2023	**2024**	2023
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$	**$**	$
Subordinate voting shares purchased and cancelled	**—**	21,500	**—**	166,784
Weighted average purchase price per share	**—**	57.91	**—**	58.54
Purchase costs	**—**	1,245	**—**	9,763

Cogeco Communications

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at May 31, 2024
2023 NCIB [(1)]	May 4, 2023	May 3, 2024	1,776,125	—
2022 NCIB	May 4, 2022	May 3, 2023	1,960,905	1,825,168
2021 NCIB	May 4, 2021	May 3, 2022	2,068,000	1,175,925

(1) Cogeco Communications did not renew its NCIB program following the ending of the program on May 3, 2024.

The following table provides the NCIB purchases for the three and nine-month periods ended May 31, 2024 and 2023:

	Three months ended May 31		Nine months ended May 31	
	2024	2023	**2024**	2023
(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)	**$**	$	**$**	$
Subordinate voting shares purchased and cancelled	**—**	—	**—**	1,357,368
Weighted average purchase price per share	**—**	—	**—**	74.43
Purchase costs	**—**	—	**—**	101,033

The Corporation and Cogeco Communications had 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 were executed by the broker based on parameters established by the Corporation and Cogeco Communications prior to the pre-established ASPP period.

6.4 Free cash flow

Three months ended May 31	2024 [1]	2023	Change	Change in constant currency [2]	Foreign exchange impact [2]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Adjusted EBITDA	**369,786**	355,459	4.0	3.8	(868)
Share-based payment [3]	**7,014**	2,012	—		
Gain on disposals and write-offs of property, plant and equipment	**(504)**	(187)	—		
Defined benefit plans expense, net of contributions	**432**	217	99.1		
Acquisition, integration, restructuring and other costs	**(46,634)**	(11,377)	—		
Financial expense	**(67,109)**	(64,300)	4.4		
Amortization of deferred transaction costs and discounts on long-term debt [4]	**2,329**	3,353	(30.5)		
Current income taxes	**(3,390)**	(5,828)	(41.8)		
Net capital expenditures	**(169,754)**	(170,258)	(0.3)		
Repayment of lease liabilities	**(2,894)**	(1,712)	69.0		
Free cash flow	**89,276**	107,379	(16.9)	(16.8)	50
Free cash flow, excluding network expansion projects [5]	**113,709**	139,210	(18.3)	(18.3)	(3)

(1) For fiscal 2024 third-quarter, the average foreign exchange rate used for translation was 1.3628 USD/CDN.

(2) Fiscal 2024 third-quarter in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3562 USD/CDN.

(3) Includes an acceleration of non-cash share-based compensation, which is recognized within *Acquisition, integration, restructuring and other costs*.

(4) Included within financial expense.

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

Nine months ended May 31	**2024** [1]	2023	Change	Change in constant currency [2]	Foreign exchange impact [2]
(In thousands of Canadian dollars, except percentages)	**$**	$	%	%	$
Adjusted EBITDA	**1,083,601**	1,081,004	0.2	—	(2,406)
Share-based payment [3]	**11,882**	6,018	97.4		
Gain on disposals and write-offs of property, plant and equipment	**(1,088)**	(428)	—		
Defined benefit plans expense, net of contributions	**857**	203	—		
Acquisition, integration, restructuring and other costs	**(51,121)**	(21,006)	—		
Financial expense	**(222,211)**	(183,812)	20.9		
Loss on debt extinguishment [4]	**16,880**	—	—		
Amortization of deferred transaction costs and discounts on long-term debt [4]	**7,079**	9,460	(25.2)		
Current income taxes	**(20,313)**	(26,450)	(23.2)		
Net capital expenditures	**(488,177)**	(524,432)	(6.9)		
Repayment of lease liabilities	**(7,466)**	(5,364)	39.2		
Free cash flow	**329,923**	335,193	(1.6)	(1.7)	(470)
Free cash flow, excluding network expansion projects [5]	**410,406**	475,100	(13.6)	(13.8)	(674)

(1) For fiscal 2024 first nine months, the average foreign exchange rate used for translation was 1.3578 USD/CDN.

(2) Fiscal 2024 first nine months in constant currency is translated at the average foreign exchange rate of the comparable period of fiscal 2023, which was 1.3513 USD/CDN.

(3) Includes an acceleration of non-cash share-based compensation, which is recognized within *Acquisition, integration, restructuring and other costs*.

(4) Included within financial expense.

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

For the third quarter of fiscal 2024, free cash flow decreased by 16.9% (16.8% in constant currency). The variation in constant currency is mainly due to:

- higher acquisition, integration, restructuring and other costs, mainly due to restructuring costs recognized during the third quarter of fiscal 2024; partly offset by
- higher adjusted EBITDA.

For the first nine months of fiscal 2024, free cash flow decreased by 1.6% (1.7% in constant currency), mostly due to:

- higher acquisition, integration, restructuring and other costs, primarily due to restructuring costs recognized during the third quarter of fiscal 2024; and
- higher financial expense, net of the pre-tax $16.9 million non-cash loss on debt extinguishment recognized in the first quarter of fiscal 2024; partly offset by
- lower net capital expenditures, mostly in the American telecommunications segment; and
- lower current income taxes.

Excluding network expansion projects, the third-quarter and the first nine months of fiscal 2024 free cash flow amounted to $113.7 million and $410.4 million ($113.7 million and $409.7 million in constant currency), respectively, a decrease of 18.3% and 13.6% (18.3% and 13.8% in constant currency), respectively, compared to $139.2 million and $475.1 million for the same periods of the prior year.

6.5 Dividend declaration

At its July 11, 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 August 8, 2024 to shareholders of record on July 25, 2024. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

7. Financial position

7.1 Working capital

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

The variations are as follows:

(In thousands of Canadian dollars)	**May 31, 2024** **$**	August 31, 2023 $	Change $	Explanations
Current assets				
Cash and cash equivalents	**55,135**	363,854	(308,719)	Refer to the "Cash flows analysis" section.
Trade and other receivables	**133,424**	139,412	(5,988)	Mainly related to the timing of collection of trade and other receivables.
Income taxes receivable	**13,803**	28,816	(15,013)	Mainly due to income tax refunds received and amounts applied against income tax instalments.
Prepaid expenses and other	**43,953**	43,262	691	Not significant.
Derivative financial instruments	**5,952**	5,355	597	Not significant.
	252,267	580,699	(328,432)	
Current liabilities				
Bank indebtedness	**18,075**	23,229	(5,154)	Refer to the "Cash flows analysis" section.
Trade and other payables	**346,237**	334,782	11,455	Mainly related to the timing of payments made to suppliers.
Provisions	**55,670**	33,019	22,651	Mainly related to the restructuring provision recognized during the third quarter of fiscal 2024, partly offset by the payment of certain programming and restructuring costs previously recognized, and the reversal of previously recognized provisions following the Copyright Board decision issued in January 2024 in regard to the 2014-2018 retransmission tariffs.
Income tax liabilities	**10,955**	413	10,542	Related to lower income tax instalments paid compared to the current income tax expenses.
Contract liabilities and other liabilities	**56,102**	62,061	(5,959)	Not significant.
Government subsidies received in advance	**10,564**	29,262	(18,698)	Mainly related to the fibre-to-the-home network construction progress in Québec.
Derivative financial instruments	**853**	3,487	(2,634)	Not significant.
Current portion of long-term debt	**79,403**	43,325	36,078	Related to the reclassification of the US$25 million Senior Secured Notes Series A as current, and to the quarterly repayments of the Senior Secured Term Loan B Facility and the $75 million Non-Revolving Term Credit Facility.
	577,859	529,578	48,281	
Working capital surplus (deficiency)	**(325,592)**	51,121	(376,713)	

7.2 Other significant changes

(In thousands of Canadian dollars)	May 31, 2024 $	August 31, 2023 $	Change $	Explanations
Non-current assets				
Other assets	**129,950**	105,499	24,451	Mainly related to an increase in sales commissions.
Property, plant and equipment	**3,386,641**	3,264,303	122,338	Mainly related to capital investments made during the first nine months of fiscal 2024, the acquisition of Niagara Regional Broadband Network and the appreciation of the US dollar against the Canadian dollar, partly offset by the depreciation expense for the period.
Intangible assets	**3,873,623**	3,687,486	186,137	Mainly related to the 99 spectrum licences acquired for a total purchase price of $190 million, the appreciation of the US dollar against the Canadian dollar, the intangible assets acquired as part of the acquisition of Niagara Regional Broadband Network and the capitalized interest during the third quarter of fiscal 2024 in connection with previously acquired spectrum licences, partly offset by the amortization for the period.
Goodwill	**2,150,735**	2,117,756	32,979	Mainly related to the acquisition of Niagara Regional Broadband Network and the appreciation of the US dollar against the Canadian dollar.
Derivative financial instruments	**75,853**	100,792	(24,939)	Mainly related to changes in market interest rates and to the interest swap tranches maturing in November 2024 classified as current.
Non-current liabilities				
Long-term debt	**5,026,116**	5,045,672	(19,556)	Mainly related to the First Lien Credit Facilities, which were refinanced in September 2023, and to the reclassification of the US$25 million Senior Secured Notes Series A as current, partly offset by the issuance of the $275 million Senior Unsecured Notes and the $75 million Non-Revolving Term Credit Facility, as well as the balance due on the Niagara Regional Broadband Network acquisition.
Deferred tax liabilities	**872,318**	833,434	38,884	Mainly related to the timing of temporary differences.

8. Capital resources and liquidity

8.1 Capital structure

The table below summarizes the Corporation's available liquidity:

(In thousands of Canadian dollars)	At May 31, 2024 $	At August 31, 2023 $
Cash and cash equivalents	**55,135**	363,854
Cash with restrictions on use [(1)]	**(10,564)**	(29,262)
Amounts available under revolving credit facilities [(2)]	**693,699**	629,581
Available liquidity [(3)]	**738,270**	964,173

(1) Included within cash and cash equivalents (see Note 16 D) of the Corporation's condensed interim consolidated financial statements).

(2) Total amount available under the $750 million and $100 million term revolving facilities and the US$250 million (US$150 million at August 31, 2023) Senior Secured Revolving Facility (see Note 17 A) of the Corporation's condensed interim consolidated financial statements).

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

The financial covenants related to the indebtedness of Cogeco 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.

Cogeco Communications

The following table summarizes certain 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.

	May 31, 2024	August 31, 2023
Net indebtedness / adjusted EBITDA ratio [(1) (2)]	**3.5**	3.3
Adjusted EBITDA / adjusted financial expense ratio [(1) (2)]	**5.3**	5.6

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

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

At May 31, 2024, Cogeco Communications' weighted average cost of indebtedness, excluding the amortization of deferred transaction costs and commitment fees but including the impact of interest rate swaps, was 5.6%. The overall debt's weighted average term to maturity was 5.1 years.

8.2 Outstanding share data

A description of Cogeco's share data at June 28, 2024, is presented in the table below. Additional details are provided in Note 14 B) of the condensed interim consolidated financial statements.

(In thousands of Canadian dollars, except number of shares)	Number of shares	Amount $
Common shares		
Multiple voting shares	**1,602,217**	**10**
Subordinate voting shares	**8,040,562**	**64,347**

8.3 Financing

On May 24, 2024, the Corporation and Cogeco Communications amended their term revolving facilities of $100 million and $750 million, respectively, by extending their maturity date to May 24, 2029 and transitioning to Canadian Overnight Repo Rate Average ("CORRA").

On February 27, 2024, Cogeco Communications completed, pursuant to a private offering, the issuance of $275 million senior unsecured notes, bearing interest at 6.125% and maturing in February 2029. Cogeco Communications used the net proceeds of the offering to repay existing indebtedness and for other general corporate purposes. The senior unsecured notes are direct and unsubordinated unsecured debt obligations of Cogeco Communications and rank equally and *pari passu* with all other unsecured senior indebtedness of Cogeco Communications.

On December 13, 2023, Cogeco initially financed its $280.0 million share buyback transaction and related transaction costs and expenses from proceeds from a portion of its Cogeco Communications' shares sold to Cogeco Communications for $116.5 million and to CDPQ for $73.2 million and from a drawdown on its credit facility and a new $75 million non-revolving term credit facility. As for Cogeco Communications, it initially financed the $116.5 million share buyback transaction and related transaction costs and expenses through a drawdown on its existing term revolving facility. On December 11, 2023, Cogeco entered into a 3-year $75 million non-revolving term credit facility to partially finance its share buyback transaction, as mentioned above. On the same day, in order to maintain its borrowing capacity, Cogeco Communications entered into a $125 million non-revolving term credit facility, which was then cancelled on March 1, 2024, following the issuance of the $275 million senior unsecured notes.

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

8.4 Cogeco Communications' credit ratings

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

At May 31, 2024	S&P	DBRS	Moody's
Cogeco Communications			
Senior Secured Notes	**BBB-**	**BBB (low) (stable)**	**NR**
Senior Unsecured Notes	**BB+**	**BB (high) (stable)**	**NR**
Corporate credit issuer rating	**BB+ (negative outlook)**	**BB (high) (stable)**	**NR**
U.S. subsidiaries			
First Lien Credit Facilities	**BB**	**NR**	**B1 (negative outlook)**
Corporate credit issuer rating	**BB (negative outlook)**	**NR**	**B1 (negative outlook)**

NR : Not rated

In December 2023, S&P lowered Cogeco Communications' and the U.S. subsidiaries' corporate credit issuer rating outlook to "negative" following a share buyback transaction.

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

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

8.5 Financial risk management

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

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at May 31, 2024 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 May 31, 2024, the Corporation had used $63.0 million of its $100 million Term Revolving Facility and an amount of $389.7 million was used from Cogeco Communications' Term Revolving Facility of $750 million, for remaining availabilities of $37.0 million and $360.3 million, respectively. In addition, Cogeco Communications' U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $340.9 million (US$250 million), of which $44.6 million (US$32.7 million) was used at May 31, 2024 for a remaining availability of $296.4 million (US$217.3 million).

Following the $152.2 million final payment made to acquire 99 spectrum licences in the 3800 MHz spectrum auction, the unsecured letter of credit issued as a pre-auction deposit was cancelled on June 3, 2024.

Interest rate risk

On May 31, 2024, 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 Non-Revolving Term Credit Facility, and under Cogeco Communications' Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, Cogeco Communications' U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at May 31, 2024:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate [1]	Maturity	Hedged item
Cash flow [2] [3]	US$550 million	Term SOFR	2.01% - 4.18%	November 2024 - February 2029	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.

(3) Interest rate swaps amounting to US$290 million matured in January 2024, while new US$300 million interest rate swaps were entered into, for a total hedge amount of US$550 million.

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 $16.1 million based on the outstanding debt and swap agreements at May 31, 2024.

8.6 Foreign currency

For the three and nine-month periods ended May 31, 2024 and 2023, the average rates prevailing used to convert the operating results of the American telecommunications segment were as follows:

	Three months ended May 31		Nine months ended May 31	
	2024	2023	**2024**	2023
	$	$	**$**	$
US dollar vs Canadian dollar	**1.3628**	1.3562	**1.3578**	1.3513

8.7 Contractual obligations, guarantees and contingencies

A) Contractual obligations and guarantees

Performance and payment bonds

On May 31, 2024, the Corporation had $157.9 million of performance and payment bonds outstanding, issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program (AHSIP).

B) Contingencies

Royalties payable for retransmission of distant television signals

On July 22, 2021, the Federal Court of Appeal issued a decision in response to two applications for judicial review filed by six broadcasting distribution undertakings ("BDUs") (including Cogeco Communications) and nine collective societies challenging a decision by the Copyright Board setting the quantum of royalties payable for the retransmission of distant Canadian and U.S. television over-the-air signals in Canada, for the 2014-2018 period. The Federal Court of Appeal identified errors made in the Copyright Board's initial rate decision and directed the Copyright Board to correct these errors. On January 12, 2024, the Copyright Board issued its decision on the redetermination of the 2014-2018 royalty rates, which resulted in a reduction of these rates for the years 2015-2018 on a retroactive basis. On February 9, 2024, the copyright collectives made an application seeking judicial review of the Copyright Board's redetermination decision. If the Copyright Board's redetermination decision is not upheld, the Corporation could become subject to higher royalty rates for the 2016-2018 period.

The Copyright Board will be setting the rates for subsequent tariff periods (2019-2023 and 2024-2028) in a proceeding that could start later in calendar 2024. Any decision from the Copyright Board that would align with the copyright collectives' proposed tariff rates for either of such subsequent periods could result in the Corporation being subject to higher royalty rates.

The Corporation had previously recognized a provision in the amount of $11.5 million for the 2014-2018 and 2019-2023 tariff periods. As a result of the Copyright Board's January 2024 redetermination decision, a $4.2 million reversal of this previously recognized provision was recognized during the second quarter of fiscal 2024 within *Acquisition, integration, restructuring and other costs*.

9. Sustainability strategy

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

On March 20, 2024, Cogeco unveiled its 2023 Sustainability report, which details its sustainability strategy, commitments, initiatives, and performance. The report was prepared using the international standards of the Global Reporting Initiative ("GRI") and Sustainability Accounting Standards Board ("SASB"). Cogeco's 2023 Sustainability Report and detailed KPIs found in Cogeco's ESG data supplement are both available on the Corporation's website at corpo.cogeco.com, under "Sustainability - Sustainability Practices".

Concurrently on March 20, 2024, Cogeco also published its third Climate Action Plan and TCFD Report in line with the recommendations of the Task Force on Climate-Related Financial Disclosures ("TCFD"). The report describes how the impacts of climate change are systematically considered and integrated into Cogeco's business strategy and related decisions. It also presents the measures put in place to support the transition to a resilient, low-carbon economy. Cogeco's 2023 Climate Action Plan and TCFD Report is also available on the Corporation's website at corpo.cogeco.com, under "Sustainability - Sustainability Practices".

10. Controls and procedures

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

The CEO and CFO, supported by management, evaluated the design of the Corporation's DC&P and ICFR at May 31, 2024, and concluded that they are adequate. Furthermore, no significant changes to the internal controls over financial reporting occurred during the three and nine-month periods ended May 31, 2024.

11. Uncertainties and main risk factors

A detailed description of the uncertainties and main risk factors faced by Cogeco can be found in the 2023 annual MD&A, available on SEDAR+ at www.sedarplus.ca and corpo.cogeco.com. The following update should be read together with the uncertainties and main risk factors described in the 2023 annual MD&A, which are hereby incorporated by reference.

Canadian taxation matters

On August 4, 2023, the federal Department of Finance released significant new draft legislative proposals on a variety of topics. These proposals included (a) a 2% share buyback tax; and (b) changes to the general anti-avoidance rule (the "GAAR") that both came into force as of January 1, 2024. The proposals also included (c) a new 15% global minimum tax (implementing the OECD Pillar Two initiative); and (d) a new interest deduction limitation based on a percentage of the EBITDA (also referred to as the EIFEL rules).

On November 23, 2023, the Government of Canada introduced Bill C-59, *An Act to implement certain provisions of the fall economic statement tabled in Parliament on November 21, 2023 and certain provisions of the budget tabled in Parliament on March 28, 2023.* The Bill received third reading in the House of Commons on May 28, 2024 and is now considered as substantively enacted. This Bill includes legislation to implement, effective for the Corporation as of September 1, 2024, a Canadian interest deduction limitation set at 30% of the EBITDA (as calculated for tax purposes), which is expected to limit the deduction of some of the interest expense in Canada. The EIFEL rules are not applicable for the current fiscal year. The Corporation is currently assessing the impact on its consolidated financial statements for subsequent years. It is expected that the new rules described above as well as the awaited second package of the anti-hybrid rules announced in the 2021 federal budget will have an impact on the Corporation's income tax costs in the future.

On June 19, 2024, Bill C-69, *An Act to implement certain provisions of the budget tabled in Parliament on April 16, 2024*, received third reading in the House of Commons and became substantively enacted for Canadian financial reporting purposes. Bill C-69 includes the Pillar Two rules published by the Organisation for Economic Co-operation and Development ("OECD") and applies to fiscal years beginning on or after December 31, 2023 (September 1, 2024 for the Corporation). The Pillar Two model rules impose a 15% global minimum tax applicable to large multinational enterprises, to be applied in each country. The rules are not applicable for the current fiscal year. The Corporation is currently assessing its potential exposure to income taxes resulting from these rules, but does not expect any material impact on its consolidated financial statements.

Review of the wholesale high-speed access framework

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

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

On March 28, 2024, Cogeco Communications, jointly with Bell Canada, the Competitive Network Operators of Canada, Bragg Communications Inc. (Eastlink) and TekSavvy Solutions Inc., requested that the CRTC issue a final ruling on the issue of the Bell, Rogers and Telus eligibility to access aggregated wholesale FTTP services before the May 7, 2024 start of the temporary aggregated FTTP wholesale mandate. On May 3, 2024, the CRTC denied our request for an expedited determination on this issue.

The CRTC's consultation ended on April 22, 2024, with the submission of final written submissions. The Corporation anticipates a decision by fall 2024. The implementation of final aggregated wholesale HSA rates that are significantly below the final rates established in Telecom Decision 2021-181, the failure of the CRTC to exclude Canada's three national carriers from accessing mandated wholesale HSA services, or the introduction of regulatory measures at the retail level, could have a material adverse effect on the Corporation's business, financial condition and results of operations.

12. Accounting policy developments

The following new standard and amendments to standards were issued by the IASB and were not yet applied in preparing the condensed interim consolidated financial statements.

Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9, *Financial Instruments,* and IFRS 7, *Financial Instruments: Disclosures*	In May 2024, the IASB issued *Amendments to the Classification and Measurement of Financial Instruments,* which amended IFRS 9 and IFRS 7, to clarify when a financial asset or a financial liability is recognized and derecognized and to introduce an accounting policy choice to derecognize financial liabilities settled using an electronic payment system before the settlement date. The amendments also clarify the classification of financial assets with environmental, social and governance ("ESG")-linked features, non-recourse loans and contractually linked instruments, and introduce disclosure requirements for financial instruments with contingent features and equity instruments classified at fair value through other comprehensive income. The amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements.
IFRS 18, *Presentation and Disclosure in Financial Statements*	In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements*, which replaces IAS 1, *Presentation of Financial Statements*. IFRS 18 introduces three sets of new requirements to improve companies' reporting of financial performance and give investors a better basis for analyzing and comparing companies: • improved comparability in the statement of profit or loss by introducing three defined categories for income and expenses (operating, investing and financing) and requiring companies to provide new defined subtotals, including operating profit; • enhanced transparency of management-defined performance measures by requiring companies to disclose explanations of those company-specific measures that are related to the income statement; and • enhanced guidance on how companies group information in the financial statements, including guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The Corporation is currently assessing the impact of the new standard on its consolidated financial statements presentation and disclosure.
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 does not expect these amendments to have a material impact on its consolidated financial statements.

13. Non-IFRS and other financial measures

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

Financial measures presented on a constant currency basis for the three and nine-month periods ended May 31, 2024 are translated at the average foreign exchange rate of the comparable periods of the prior year, which were 1.3562 USD/CDN and 1.3513 USD/CDN, respectively.

Non-IFRS financial measures

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

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

Specified financial measures	Usefulness	Calculation	Most directly comparable IFRS financial measures
Free cash flow and free cash flow, excluding network expansion projects	Free cash flow and free cash flow, excluding network expansion projects are used by management to measure the Corporation's ability to repay debt, distribute capital to its shareholders and finance its growth. Management believes these measures are used by certain investors and analysts to value the Corporation's business and its underlying assets, and to assess the Corporation's financial strength and performance. Free cash flow excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. During the first quarter of fiscal 2024, the Corporation updated the free cash flow calculation to exclude loss (gain) on debt modification and/or extinguishment, as applicable, following the reimbursement of Tranche 1 of the Senior Secured Term Loan B Facility and the amendment of the Senior Secured Revolving Facility. Excluding these items does not imply they are non-recurring. The Corporation also measures free cash flow, excluding network expansion projects as it provides a common basis for comparing the impact of the net capital expenditures to the impact of the historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, management believes this helps certain investors and analysts to assess the impact of the network expansion projects on the Corporation's free cash flow. Excluding the impact of net capital expenditure in connection with network expansion projects does not imply it is non-recurring.	Free cash flow: - Adjusted EBITDA add: - amortization of deferred transaction costs and discounts on long-term debt; - loss (gain) on debt modification and/or extinguishment; - share-based payment; - loss (gain) on disposals and write-offs of property, plant and equipment; and - defined benefit plans expense, net of contributions deduct: - acquisition, integration, restructuring and other costs; - financial expense; - current income taxes; - net capital expenditures; and - repayment of lease liabilities. Free cash flow, excluding network expansion projects: - Free cash flow add: - net capital expenditures in connection with network expansion projects.	Cash flows from operating activities
Net capital expenditures, excluding network expansion projects	Net capital expenditures, excluding network expansion projects is a measure used by management to assess the Corporation's total capital investments, without taking into consideration capitalized investments in network expansion projects, as it provides a common basis for comparing the net capital expenditures to historical net capital expenditures prior to the acceleration of the network expansion projects. In addition, management believes this helps certain investors and analysts to assess the impact of the network expansion projects on the net capital expenditures. This measure is also used in the calculation of the capital intensity and free cash flow, excluding network expansion projects. Excluding the impact of net capital expenditure in connection with network expansion projects does not imply it is non-recurring.	Net capital expenditures deduct: - net capital expenditures in connection with network expansion projects.	Acquisition of property, plant and equipment
Available liquidity	Management uses available liquidity to assess Cogeco's ability to meet its financial obligations and ensure there is sufficient liquidity to support its capital requirements, including development of the business by acquisition and other growth opportunities. Available liquidity is presented on a consolidated basis, including the liquidity of distinct borrowing structures for the Canadian and American telecommunications segments. Management believes this measure is used by certain investors and analysts to assess Cogeco's financial strength.	Cash and cash equivalents deduct: - cash with restrictions on use add: - amounts available under revolving credit facilities.	Cash and cash equivalents

Adjusted profit attributable to owners of the Corporation

	Three months ended May 31		Nine months ended May 31	
	2024	2023	**2024**	2023
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit (loss) for the period attributable to owners of the Corporation	**18,960**	(34,473)	**77,498**	41,396
Impairment of goodwill and intangible assets	**—**	88,000	**—**	88,000
Acquisition, integration, restructuring and other costs	**46,634**	11,377	**51,121**	21,006
Loss on debt extinguishment [1]	**—**	—	**16,880**	—
Tax impact for the above items	**(12,337)**	(21,386)	**(17,978)**	(23,938)
Non-controlling interest impact for the above items	**(24,155)**	(5,597)	**(34,035)**	(10,172)
Adjusted profit attributable to owners of the Corporation	**29,102**	37,921	**93,486**	116,292

(1) Included within financial expense.

Adjusted financial expense

	Three months ended May 31		Nine months ended May 31	
	2024	2023	**2024**	2023
(In thousands of Canadian dollars)	**$**	$	**$**	$
Financial expense	**67,109**	64,300	**222,211**	183,812
Loss on debt extinguishment	**—**	—	**(16,880)**	—
Adjusted financial expense	**67,109**	64,300	**205,331**	183,812

Constant currency basis and foreign exchange impact reconciliation

Consolidated

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

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

Three months ended May 31			**2024**	2023		**Change**
(In thousands of Canadian dollars, except percentages)	**Actual**	Foreign exchange impact	**In constant currency**	Actual	**Actual**	**In constant currency**
	$	$	**$**	$	**%**	**%**
Free cash flow	**89,276**	50	**89,326**	107,379	**(16.9)**	**(16.8)**
Net capital expenditures	**169,754**	(622)	**169,132**	170,258	**(0.3)**	**(0.7)**

Nine months ended May 31			**2024**	2023		**Change**
(In thousands of Canadian dollars, except percentages)	**Actual**	Foreign exchange impact	**In constant currency**	Actual	**Actual**	**In constant currency**
	$	$	**$**	$	**%**	**%**
Free cash flow	**329,923**	(470)	**329,453**	335,193	**(1.6)**	**(1.7)**
Net capital expenditures	**488,177**	(1,086)	**487,091**	524,432	**(6.9)**	**(7.1)**

Segmented

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

Corporate and eliminations

Three months ended May 31	2024			2023	Change	
(In thousands of Canadian dollars, except percentages)	Actual $	Foreign exchange impact $	In constant currency $	Actual $	Actual %	In constant currency %
Operating expenses	8,990	(16)	8,974	11,306	(20.5)	(20.6)
Management fees – Cogeco Inc.	5,238	—	5,238	4,084	28.3	28.3
Adjusted EBITDA	(14,228)	16	(14,212)	(15,390)	7.6	7.7
Net capital expenditures	4,509	(15)	4,494	2,455	83.7	83.1

Nine months ended May 31	2024			2023	Change	
(In thousands of Canadian dollars, except percentages)	Actual $	Foreign exchange impact $	In constant currency $	Actual $	Actual %	In constant currency %
Operating expenses	32,075	(12)	32,063	27,310	17.4	17.4
Management fees – Cogeco Inc.	15,714	—	15,714	14,884	5.6	5.6
Adjusted EBITDA	(47,789)	12	(47,777)	(42,194)	(13.3)	(13.2)
Net capital expenditures	8,816	(14)	8,802	5,431	62.3	62.1

Free cash flow reconciliation

	Three months ended May 31		Nine months ended May 31	
	2024	2023	2024	2023
(In thousands of Canadian dollars)	$	$	$	$
Cash flows from operating activities	335,126	283,180	858,427	683,844
Changes in other non-cash operating activities	(73,787)	(20,729)	(14,195)	115,392
Income taxes paid (received)	3,502	19,166	(1,234)	89,778
Current income taxes	(3,390)	(5,828)	(20,313)	(26,450)
Interest paid	65,253	64,507	201,133	176,777
Financial expense	(67,109)	(64,300)	(222,211)	(183,812)
Loss on debt extinguishment [1]	—	—	16,880	—
Amortization of deferred transaction costs and discounts on long-term debt [1]	2,329	3,353	7,079	9,460
Net capital expenditures [2]	(169,754)	(170,258)	(488,177)	(524,432)
Repayment of lease liabilities	(2,894)	(1,712)	(7,466)	(5,364)
Free cash flow	89,276	107,379	329,923	335,193

(1) Included within financial expense.

(2) Net capital expenditures exclude non-cash acquisitions of right-of-use assets and the purchases, and related borrowing costs, of spectrum licences, and are presented net of government subsidies, including the utilization of those received in advance.

Available liquidity reconciliation

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

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

Net capital expenditures

Three months ended May 31	2024			2023	Change	
(In thousands of Canadian dollars, except percentages)	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency
	$	$	$	$	%	%
Net capital expenditures	**169,754**	(622)	**169,132**	170,258	**(0.3)**	**(0.7)**
Net capital expenditures in connection with network expansion projects	**24,433**	(53)	**24,380**	31,831	**(23.2)**	**(23.4)**
Net capital expenditures, excluding network expansion projects	**145,321**	(569)	**144,752**	138,427	**5.0**	**4.6**

Nine months ended May 31	2024			2023	Change	
(In thousands of Canadian dollars, except percentages)	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency
	$	$	$	$	%	%
Net capital expenditures	**488,177**	(1,086)	**487,091**	524,432	**(6.9)**	**(7.1)**
Net capital expenditures in connection with network expansion projects	**80,483**	(204)	**80,279**	139,907	**(42.5)**	**(42.6)**
Net capital expenditures, excluding network expansion projects	**407,694**	(882)	**406,812**	384,525	**6.0**	**5.8**

Free cash flow

Three months ended May 31	2024			2023	Change	
(In thousands of Canadian dollars, except percentages)	Actual	Foreign exchange impact	In constant currency	Actual	Actual	In constant currency
	$	$	$	$	%	%
Free cash flow	**89,276**	50	**89,326**	107,379	**(16.9)**	**(16.8)**
Net capital expenditures in connection with network expansion projects	**24,433**	(53)	**24,380**	31,831	**(23.2)**	**(23.4)**
Free cash flow, excluding network expansion projects	**113,709**	(3)	**113,706**	139,210	**(18.3)**	**(18.3)**

Nine months ended May 31	**2024**			2023	**Change**	
	Actual	Foreign exchange impact	**In constant currency**	Actual	**Actual**	**In constant currency**
(In thousands of Canadian dollars, except percentages)	**$**	$	**$**	$	**%**	**%**
Free cash flow	**329,923**	(470)	**329,453**	335,193	**(1.6)**	**(1.7)**
Net capital expenditures in connection with network expansion projects	**80,483**	(204)	**80,279**	139,907	**(42.5)**	**(42.6)**
Free cash flow, excluding network expansion projects	**410,406**	(674)	**409,732**	475,100	**(13.6)**	**(13.8)**

Non-IFRS ratios

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

Specified financial measures	**Usefulness**	**Calculation**
Adjusted diluted earnings per share	Adjusted diluted earnings per share is a measure used by management to assess the Corporation's performance before the impact of impairment of assets, acquisition, integration, restructuring and other costs, and loss (gain) on debt modification and/or extinguishment, net of tax and non-controlling interest for the above items. Adjusted diluted earnings per share excludes certain items that management believes could affect the comparability of the Corporation's financial results and could potentially distort the analysis of trends in business performance. Excluding the impact of these items does not imply they are non-recurring.	Adjusted profit attributable to owners of the Corporation divided by the weighted average number of diluted multiple and subordinate voting shares outstanding. Adjusted profit attributable to owners of the Corporation is a non-IFRS financial measure. For more details on this financial measure, please refer to the "Non-IFRS financial measures" sub-section.
Change in constant currency	The Corporation presents changes of certain financial measures in constant currency to enable an improved understanding of its underlying financial performance, undistorted by the effects of changes in foreign exchange rates, in order to facilitate period-to-period comparisons.	Change in constant currency, expressed as a percentage of the variation between the periods presented, is obtained by translating financial results from the current periods denominated in US dollars using the foreign exchange rates of the comparable periods of the prior year. Constant currency basis is a non-IFRS financial measure. For more details on this financial measure, please refer to the "Non-IFRS financial measures" sub-section.
Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency	Organic revenue growth in constant currency and organic adjusted EBITDA growth in constant currency are used by management to analyze the Corporation's revenue and adjusted EBITDA growth excluding the effect of changes in foreign exchange rates and the impact of acquisitions, in order to facilitate period-to-period comparisons. Management believes these measures are used by certain investors and analysts to evaluate the Corporation's performance.	Revenue and adjusted EBITDA changes in constant currency (as calculated above), expressed as a percentage of the variation between the periods presented, adjusted for the impact of acquisitions. Constant currency basis is a non-IFRS financial measure. For more details on this financial measure, please refer to the "Non-IFRS financial measures" sub-section.

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

Total of segments measures

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

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

Adjusted EBITDA reconciliation

	Three months ended May 31		Nine months ended May 31	
	2024	2023	**2024**	2023
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**75,285**	33,314	**267,944**	259,714
Income taxes	**11,172**	2,271	**47,546**	60,552
Financial expense	**67,109**	64,300	**222,211**	183,812
Impairment of goodwill and intangible assets	**—**	88,000	**—**	88,000
Depreciation and amortization	**169,586**	156,197	**494,779**	467,920
Acquisition, integration, restructuring and other costs	**46,634**	11,377	**51,121**	21,006
Adjusted EBITDA	**369,786**	355,459	**1,083,601**	1,081,004

Net capital expenditures reconciliation

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

Capital management measures

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

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

Supplementary financial measures

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

Specified financial measures	Calculation
Adjusted EBITDA margin	Adjusted EBITDA divided by revenue.
Capital intensity	Net capital expenditures divided by revenue.
Return on equity	Profit attributable to owners of the Corporation for the year divided by the average of the equity attributable to owners of the Corporation for the year.

14. Supplementary quarterly financial information

Three months ended	May 31, 2024	February 29, 2024	November 30, 2023	August 31, 2023	May 31, 2023	February 28, 2023	November 30, 2022	August 31, 2022
			Fiscal 2024				Fiscal 2023	Fiscal 2022
(In thousands of Canadian dollars, except per share data)	**$**	**$**	**$**	$	$	$	$	$
Operations								
Revenue	**777,249**	**751,908**	**776,172**	766,652	767,603	757,191	789,690	746,911
Adjusted EBITDA	**369,786**	**347,782**	**366,033**	351,925	355,459	351,663	373,882	348,510
Acquisition, integration, restructuring and other costs	**46,634**	**1,222**	**3,265**	15,239	11,377	6,952	2,677	12,657
Impairment of goodwill and intangible assets	**—**	**—**	**—**	—	88,000	—	—	—
Profit for the period	**75,285**	**93,930**	**98,729**	90,521	33,314	102,592	123,808	111,379
Profit (loss) for the period attributable to owners of the Corporation	**18,960**	**23,997**	**34,541**	29,234	(34,473)	33,788	42,081	36,433
Adjusted profit attributable to owners of the Corporation	**29,102**	**24,346**	**40,038**	33,006	37,921	35,609	42,762	39,459
Cash flow								
Cash flows from operating activities	**335,126**	**286,382**	**236,919**	284,370	283,180	206,843	193,821	326,636
Free cash flow	**89,276**	**98,824**	**141,823**	86,237	107,379	118,331	109,483	34,704
Acquisition of property, plant and equipment	**172,404**	**181,234**	**153,789**	207,434	190,121	173,674	235,008	244,855
Net capital expenditures	**169,754**	**171,756**	**146,667**	178,481	170,258	156,832	197,342	224,775
Per share data [1]								
Earnings (loss) per share								
Basic	**1.99**	**2.32**	**2.23**	1.89	(2.22)	2.17	2.68	2.32
Diluted	**1.97**	**2.30**	**2.21**	1.87	(2.22)	2.15	2.67	2.31
Adjusted diluted [2]	**3.02**	**2.33**	**2.57**	2.12	2.43	2.27	2.71	2.50
Dividends per share	**0.854**	**0.854**	**0.854**	0.731	0.731	0.731	0.731	0.625

(1) Per multiple and subordinate voting share.

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

14.1 Seasonal variations

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