



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

Three and nine-month periods ended May 31, 2022

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 Communications Inc.'s ("Cogeco Communications" or the "Corporation") future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding the Corporation's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, purchase price allocation, tax rates, weighted average cost of capital, performance and business prospects and opportunities, which Cogeco Communications believes are reasonable as of the current date. Refer in particular to the "Corporate objectives and strategies" and "Fiscal 2022 financial guidelines" sections of the Corporation's 2021 annual MD&A and of the current MD&A, and the "Fiscal 2023 financial guidelines" section of the current 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 Communications currently expects. These factors include risks such as competitive risks, business risks (including potential disruption to our supply chain worsened by the increasing geopolitical instability resulting from the war in Ukraine and other contributing factors, increasing transportation lead times, scarcity of input materials and shortages of chipsets, semiconductors and key telecommunication equipment and competition for resources), regulatory risks, technology risks (including cybersecurity), financial risks (including variations in currency and interest rates), economic conditions (including elevated inflation reaching historical highs pressuring revenue, due to reduced consumer spending, and increasing costs), human-caused and natural threats to our network, infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health crisis and emergencies such as the COVID-19 pandemic, many of which are beyond the Corporation's control. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and main risk factors" sections of the Corporation's 2021 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 Communications and future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information contained in this MD&A which represent Cogeco Communications' 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, 2022 prepared in accordance with International Financial Reporting Standards ("IFRS") and the Corporation's 2021 Annual Report.

In preparing this MD&A, the Corporation has taken into account information available up to July 13, 2022, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its 2021 Annual Report and Annual Information Form, is available on the SEDAR website at www.sedar.com or on the Corporation's website at corpo.cogeco.com.

2. CORPORATE OBJECTIVES AND STRATEGIES

OUR STRATEGY FOR CONTINUED GROWTH

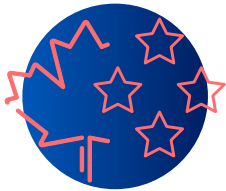
Cogeco's mission to bring people together through powerful communications and entertainment experiences continues to enable strong strategic focus and discipline.

In an evolving and competitive ecosystem, our commitment to excellence endures as evidenced by 65 years of history, dedication and growth. Leveraging our unique North American broadband platform, our reliable and resilient networks as well as our financial discipline, we have built our strategy around three key vectors of growth:



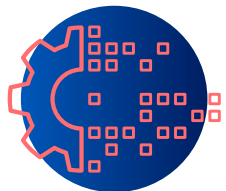
Organic

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



Acquisitions

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



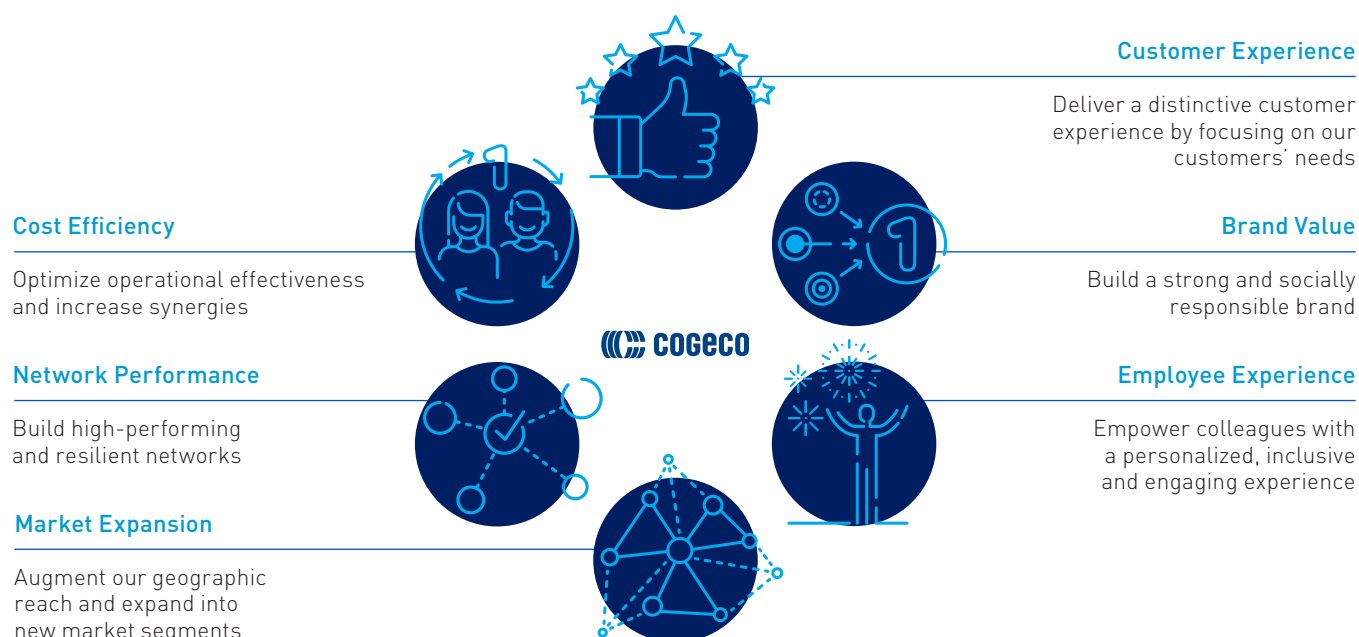
Innovation

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

A strategy is only as strong as the foundations it's built on. For Cogeco, these foundations include a solid organizational culture that is aligned with our core values and strong ESG practices which, in turn, are systematically embedded into our operations as a reflection of our commitment to a more sustainable and inclusive future.

OUR GROWTH PILLARS

In line with our vision to be the organization that delivers the best and most sustainable value to its stakeholders, be they our customers, communities, employees, suppliers or shareholders, we focus on six strategic growth pillars:



Each Business Unit of the Corporation has in turn elaborated a strategic plan that is aligned to the growth pillars defined above. For further details on the key areas of focus of those strategic plans, please refer to the Corporation's 2021 Annual Report available on www.sedar.com or on the Corporation's website at corpo.cogeco.com.

The Corporation measures its financial performance, with regard to these objectives, by monitoring revenue, adjusted EBITDA⁽¹⁾, net capital expenditures⁽¹⁾, capital intensity⁽¹⁾ and free cash flow⁽¹⁾ on a constant currency basis⁽¹⁾.

⁽¹⁾ The 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 details, please consult the "Non-IFRS financial measures" section.

2.1 KEY PERFORMANCE INDICATORS

Overall, fiscal 2022 third-quarter financial results were in line with the financial guidelines issued on April 13, 2022. Refer to the "Fiscal 2022 financial guidelines" section below for further details.

REVENUE

For the first nine months of fiscal 2022, revenue increased by 15.8% (16.4% in constant currency) resulting from:

- growth of 30.2% (31.4% in constant currency) in the American broadband services segment, mainly from the Ohio broadband systems acquisition completed on September 1, 2021 and organic revenue growth driven by the cumulative effect of high-speed Internet service additions over the past year, a higher value product mix and annual rate increases implemented for certain services; and
- an increase of 4.2%, as reported and in constant currency, in the Canadian broadband services segment, mainly from the DERYtelecom acquisition completed on December 14, 2020, last year's retroactive adjustment of \$4.6 million recognized as a reduction of revenue during the third quarter of fiscal 2021 following the CRTC's decision on aggregated wholesale Internet rates, and stable organic revenue.

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

ADJUSTED EBITDA ⁽¹⁾

For the first nine months of fiscal 2022, adjusted EBITDA increased by 14.3% (14.8% in constant currency) as a result of:

- an increase of 31.3% (32.6% in constant currency) in the American broadband services segment, mainly resulting from the Ohio broadband systems acquisition and a higher margin driven by the organic revenue growth, partly offset by costs incurred in connection with the rebranding of Atlantic Broadband to Breezeline and overall higher marketing and advertising costs, which were unusually low last year in the context of the COVID-19 pandemic restrictions; and
- an increase of 2.1% (2.1% in constant currency) in the Canadian broadband services segment, mainly resulting from the DERYtelecom acquisition; partly offset by
- higher corporate costs, primarily due to costs incurred and initiatives undertaken to support the Corporation's future growth and strategies.

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

NET CAPITAL EXPENDITURES ⁽¹⁾ AND CAPITAL INTENSITY ⁽¹⁾

For the first nine months of fiscal 2022, net capital expenditures increased by 30.0% (30.4% in constant currency) resulting from:

- higher capital expenditures in the Canadian broadband services segment due to the acceleration of construction efforts related to Cogeco Connexion's high-speed Internet network expansion in Québec and Ontario in collaboration with the provincial and federal governments; and
- higher capital expenditures in the American broadband services segment related to the Ohio acquisition, geographical network expansion, the accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries and the timing of certain initiatives.

For the first nine months of fiscal 2022, capital intensity reached 21.4% compared to 19.1% for the same period of the prior year, mainly as a result of higher capital expenditures, partly offset by the revenue growth, in both the American and Canadian broadband services segments.

FREE CASH FLOW ⁽¹⁾

For the first nine months of fiscal 2022, free cash flow decreased by 6.1% (5.7% in constant currency), as expected, mainly due to:

- higher capital expenditures;
- higher financial expense; and
- higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems; partly offset by
- higher adjusted EBITDA.

(1) The 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 details, please consult the "Non-IFRS financial measures" section.

2.2 FINANCIAL GUIDELINES FOR FISCAL 2022 AND 2023

The following section contains forward-looking statements concerning the business outlook for Cogeco Communications. For a description of risk factors that could cause actual results to differ materially from what Cogeco Communications expects, please refer to the "Uncertainties and main risk factors" section of the current MD&A and of the Corporation's 2021 annual MD&A.

FISCAL 2022 FINANCIAL GUIDELINES

Cogeco Communications maintains its fiscal 2022 financial guidelines as issued on April 13, 2022.

On a constant currency and consolidated basis, Cogeco Communications expects fiscal 2022 revenue to grow between 15% and 17% and adjusted EBITDA between 14% and 16%, mainly as a result of the Ohio broadband systems acquisition and organic revenue growth in both the American and Canadian broadband services segments.

Projections for net capital expenditures amount to between \$720 and \$750 million, including those related to the Ohio broadband systems integration and approximately \$180 to \$200 million in growth-oriented network expansion projects, resulting in capital intensity of approximately 25%, or 19% excluding network expansion projects. Free cash flow is expected to decrease between 13% and 23% compared to the previous fiscal year, mainly due to higher capital intensity resulting from the network expansion projects. Excluding the fiscal 2022 network expansion projects, free cash flow on a constant currency and consolidated basis would otherwise increase between 16% and 26% compared to the previous fiscal year.

The financial guidelines exclude the impact from other possible business acquisitions and do not take into consideration the potential impact of the review of the royalties payable for retransmission of distant television signals currently pending before the Copyright Board. Capital intensity and free cash flow definitions do not include the acquisition of spectrum licenses (refer to the section "Non-IFRS financial measures"). The projections take into consideration the experience gained while operating during the COVID-19 pandemic so far, but exclude potential unexpected significant material impacts from it.

The following table outlines fiscal 2022 financial guidelines on a consolidated basis:

	April 13, 2022 Projections Fiscal 2022 (constant currency ^{(2), (5)})
<i>(In millions of Canadian dollars, except percentages)</i>	
Financial guidelines	
Revenue	Increase of 15% to 17% ⁽¹⁾
Adjusted EBITDA ⁽⁵⁾	Increase of 14% to 16% ⁽¹⁾
Net capital expenditures ^{(5) (6)}	\$720 to \$750
Capital intensity ⁽⁵⁾	Approximately 25%
Free cash flow ⁽⁵⁾	Decrease of 13% to 23% ^{(3) (4)}

(1) The acquisition of the Ohio broadband systems is expected to have a positive impact of approximately 11.5% on fiscal 2022 consolidated revenue and 11% on consolidated adjusted EBITDA.

(2) Fiscal 2022 financial guidelines are based on a USD/CDN constant exchange rate of 1.2691 USD/CDN.

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

(4) Includes approximately \$30 million of acquisition and integration costs in connection with the acquisition of the Ohio broadband systems.

(5) The 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 details, please consult the "Non-IFRS financial measures" section.

(6) Following the application of the IFRS Interpretations Committee issued agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)* during the third quarter of fiscal 2022, the Corporation changed the label of its "Acquisition of property, plant and equipment" key performance indicator measure to "Net capital expenditures".

FISCAL 2023 FINANCIAL GUIDELINES

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

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

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

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

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

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

	Projections ⁽¹⁾
	Fiscal 2023 ^{(2) (4)} (constant currency ^{(2) (4)})
<i>(In millions of dollars, except percentages)</i>	
Financial guidelines	
Revenue	Increase of 2% to 4%
Adjusted EBITDA ⁽⁴⁾	Increase of 1.5% to 3.5%
Net capital expenditures ⁽⁴⁾	\$750 to \$800
Capital intensity ⁽⁴⁾	Approximately 26%
Free cash flow ⁽⁴⁾	Decrease of 2% to 12% ⁽³⁾

(1) Fiscal 2023 financial guidelines presented as percentages reflect increases over projections for fiscal 2022.

(2) Fiscal 2023 financial guidelines are based on a USD/CDN constant exchange rate of 1.2700 USD/CDN.

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

(4) The 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 details, please consult the "Non-IFRS financial measures" section.

2.3 OPERATING ENVIRONMENT

While the impact of the COVID-19 pandemic on the Corporation is generally stabilizing, our priority remains on ensuring the well-being of our employees, customers and business partners. We have conducted our operations normally during the recent quarters and will remain vigilant should the situation change in the future.

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

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.

3. BUSINESS DEVELOPMENTS

Atlantic Broadband changes its name to Breezeline

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

Amendment of the \$750 million Term Revolving Facility into a sustainability-linked loan

On December 17, 2021, Cogeco Communications amended and extended its \$750 million Term Revolving Facility to January 24, 2027. As part of the amendments, Cogeco Communications transitioned its revolving facility into a sustainability-linked loan ("SLL") structure, underscoring its strong leadership and dedication to sustainability and the organization's Environmental, social and governance (ESG) goals. On the same day, Cogeco, the parent company, also announced the amendment and extension of its term revolving facility. Both Cogeco's and Cogeco Communications' revolving facilities represent the first syndicated SLL in Canada within the telecommunications and media sectors.

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

Acquisition of WideOpenWest's Ohio broadband systems

On September 1, 2021, Breezeline (formerly Atlantic Broadband), completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Ohio ("Ohio broadband systems") for a purchase price of \$1.418 billion (US\$1.125 billion), subject to customary post-closing adjustments. During the first quarter, the allocation of the purchase price was established on a preliminary basis, and will be finalized during the fourth quarter of fiscal 2022. The transaction was executed through an asset purchase agreement. With the closing of this transaction, Breezeline is expanding its activities in Ohio and significantly growing its customer base. The acquired Ohio broadband systems passed approximately 689,000 homes and businesses in Cleveland and Columbus and served 196,338 Internet, 54,598 video and 33,604 telephony customers at the acquisition date. The acquisition represents a strong strategic fit for Cogeco Communications as it is complementary to its existing U.S. footprint and capitalizes on its existing platform.

The purchase price and transaction costs have been financed through the issuance of a US\$900 million senior secured Term B loan maturing in September 2028 and excess cash on hand.

Breezeline also entered into a Transition Service Agreement with WOW! to ensure a smooth transition period and allow Breezeline to further upgrade the network and launch its products and services, including a state-of-the-art IPTV platform.

Further details on the Ohio broadband systems acquisition, including the preliminary purchase price allocation, can be found in Note 5 of the condensed interim consolidated financial statements for the three and nine-month periods ended May 31, 2022.

Issuance of \$500 million senior secured notes

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

Final payment for the 3500 MHz band spectrum licences

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

4. CONSOLIDATED OPERATING AND FINANCIAL RESULTS

4.1 OPERATING RESULTS

	Three months ended May 31,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	728,118	624,308	16.6	15.2	9,056
Operating expenses	374,930	321,457	16.6	15.0	5,365
Management fees – Cogeco Inc.	5,574	5,852	(4.8)	(4.8)	—
Adjusted EBITDA ⁽³⁾	347,614	296,999	17.0	15.8	3,691
Adjusted EBITDA margin ⁽³⁾	47.7 %	47.6%			

(1) For the three-month period ended May 31, 2022, the average foreign exchange rate used for translation was 1.2713 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2399 USD/CDN.

(3) The 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 details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most directly comparable IFRS financial measures.

	Nine months ended May 31,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	2,175,208	1,877,769	15.8	16.4	(9,637)
Operating expenses	1,112,495	945,126	17.7	18.2	(4,886)
Management fees – Cogeco Inc.	16,725	17,557	(4.7)	(4.7)	—
Adjusted EBITDA ⁽³⁾	1,045,988	915,086	14.3	14.8	(4,751)
Adjusted EBITDA margin ⁽³⁾	48.1 %	48.7%			

(1) For the nine-month period ended May 31, 2022, the average foreign exchange rate used for translation was 1.2660 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2771 USD/CDN.

(3) The 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 details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most directly comparable IFRS financial measures.

REVENUE

	Three months ended May 31,				
	2022	2021	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian broadband services	362,072	353,336	2.5	2.5	—
American broadband services	366,046	270,972	35.1	31.7	9,056
	728,118	624,308	16.6	15.2	9,056

	2022	2021	Change	Nine months ended May 31,	
				Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	1,079,442	1,036,247	4.2	4.2	—
American broadband services	1,095,766	841,522	30.2	31.4	(9,637)
	2,175,208	1,877,769	15.8	16.4	(9,637)

For the third quarter and the first nine months of fiscal 2022, revenue increased by 16.6% and 15.8% (15.2% and 16.4% in constant currency), respectively, resulting mainly from:

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

In addition, the increase for the first nine months of fiscal 2022 is also explained by the DERYtelecom acquisition completed on December 14, 2020, which contributed to revenue growth in the Canadian broadband services segment.

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

OPERATING EXPENSES

	2022	2021	Change	Three months ended May 31,	
				Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	166,082	164,351	1.1	0.8	397
American broadband services	199,977	149,458	33.8	30.5	4,968
Corporate and eliminations	8,871	7,648	16.0	16.0	—
	374,930	321,457	16.6	15.0	5,365

	2022	2021	Change	Nine months ended May 31,	
				Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	502,575	471,440	6.6	6.6	(153)
American broadband services	584,143	451,953	29.2	30.3	(4,733)
Corporate and eliminations	25,777	21,733	18.6	18.6	—
	1,112,495	945,126	17.7	18.2	(4,886)

For the third quarter and the first nine months of fiscal 2022, operating expenses increased by 16.6% and 17.7% (15.0% and 18.2% in constant currency), respectively, mainly resulting from:

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

In addition, the increase for the first nine months of fiscal 2022 is also explained by the DERYtelecom acquisition, within the Canadian broadband services segment.

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

MANAGEMENT FEES

For the third quarter and the first nine months of fiscal 2022, management fees paid to Cogeco Inc. ("Cogeco") reached \$5.6 million and \$16.7 million, respectively, compared to \$5.9 million and \$17.6 million for the same periods of fiscal 2021. The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

ADJUSTED EBITDA

	2022	2021	Change	Three months ended May 31,	
				Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	195,990	188,985	3.7	3.9	(397)
American broadband services	166,069	121,514	36.7	33.3	4,088
Corporate and eliminations	(14,445)	(13,500)	(7.0)	(7.0)	—
	347,614	296,999	17.0	15.8	3,691

	2022	2021	Change	Nine months ended May 31,	
				Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	576,867	564,807	2.1	2.1	153
American broadband services	511,623	389,569	31.3	32.6	(4,904)
Corporate and eliminations	(42,502)	(39,290)	(8.2)	(8.2)	—
	1,045,988	915,086	14.3	14.8	(4,751)

For the third quarter of fiscal 2022, adjusted EBITDA increased by 17.0% (15.8% in constant currency), as a result of:

- an increase in the American broadband services segment, mainly resulting from the Ohio broadband systems acquisition and organic revenue growth, partly offset by higher marketing and advertising expenses, including Breezeline's rebranding costs, to continue to drive and support customer growth; and
- an increase in the Canadian broadband services segment, mainly resulting from last year's retroactive adjustment of \$4.6 million recognized as a reduction of revenue during the third quarter of fiscal 2021 following the CRTC's decision on aggregated wholesale Internet rates and organic growth; partly offset by
- higher corporate costs.

For the first nine months of fiscal 2022, adjusted EBITDA increased by 14.3% (14.8% in constant currency), resulting mainly from:

- an increase in the American broadband services segment, mainly resulting from the Ohio broadband systems acquisition and organic revenue growth, partly offset by higher marketing and advertising expenses, including Breezeline's rebranding costs, to continue to drive and support customer growth; and
- an increase in the Canadian broadband services segment, mainly resulting from the DERYtelecom acquisition; partly offset by
- higher corporate costs.

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

4.2 INTEGRATION, RESTRUCTURING AND ACQUISITION COSTS

For the third quarter and the first nine months of fiscal 2022, integration, restructuring and acquisition costs amounted to \$2.3 million and \$22.3 million, respectively, mostly related to costs incurred in connection with the acquisition, completed on September 1, 2021, and ongoing integration of the Ohio broadband systems, as well as integration costs related to the DERYtelecom acquisition.

For the third quarter and the first nine months of fiscal 2021, integration, restructuring and acquisition costs amounted to \$1.2 million and \$4.8 million, respectively, mostly related to due diligence costs related to the acquisition of the Ohio broadband systems and costs related to the acquisition, which was completed on December 14, 2020, and integration of DERYtelecom.

4.3 DEPRECIATION AND AMORTIZATION

	Three months ended May 31,			Nine months ended May 31,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Depreciation of property, plant and equipment ⁽¹⁾	153,112	118,489	29.2	425,696	345,097	23.4
Amortization of intangible assets	13,297	9,667	37.6	42,375	34,163	24.0
	166,409	128,156	29.8	468,071	379,260	23.4

(1) Includes depreciation of right-of-use assets amounting to \$1.3 million and \$4.1 million for the three and nine-month periods of fiscal 2022, respectively (\$1.5 million and \$4.4 million in fiscal 2021).

For the third quarter and the first nine months of fiscal 2022, depreciation and amortization expense increased by 29.8% and 23.4%, respectively, mainly as a result of the acquisition of the Ohio broadband systems, combined with a higher level of capital expenditures. Furthermore, during the third quarter of fiscal 2022, an \$11 million retrospective adjustment was recognized within *Depreciation of property, plant and equipment* following changes to the Ohio broadband systems acquisition's purchase price allocation, mainly within the property, plant and equipment's classes, as well as their estimated useful lives.

4.4 FINANCIAL EXPENSE

	Three months ended May 31,			Nine months ended May 31,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Interest on long-term debt, excluding interest on lease liabilities	44,942	30,282	48.4	132,599	95,688	38.6
Interest on lease liabilities	244	326	(25.2)	878	988	(11.1)
Net foreign exchange loss	150	1,669	(91.0)	99	992	(90.0)
Amortization of deferred transaction costs related to the revolving facilities	140	183	(23.5)	498	579	(14.0)
Other	(142)	1,046	—	1,194	2,308	(48.3)
	45,334	33,506	35.3	135,268	100,555	34.5

For the third quarter of fiscal 2022, financial expense increased by 35.3%, mainly due to:

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

For the first nine months of fiscal 2022, financial expense increased by 34.5%, mainly due to:

- higher debt outstanding following the issuance of a US\$900 million senior secured Term B loan to finance the Ohio broadband systems acquisition completed on September 1, 2021 and the issuance of \$500 million senior secured notes on September 20, 2021; partly offset by
- lower interest expense on the Senior Secured Term Loan B Facility - Tranche 1, mainly resulting from the decrease in the principal amount outstanding;
- lower interest expense following the reimbursement of the \$200 million Senior Secured Debentures Series 3 in February 2022; and
- the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

4.5 INCOME TAXES

	Three months ended May 31,			Nine months ended May 31,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Current	16,734	6,504	—	42,083	44,739	(5.9)
Deferred	11,468	24,822	(53.8)	36,290	57,521	(36.9)
	28,202	31,326	(10.0)	78,373	102,260	(23.4)

	Three months ended May 31,			Nine months ended May 31,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Profit before income taxes	133,608	134,112	(0.4)	420,300	430,501	(2.4)
Combined Canadian income tax rate	26.5 %	26.5 %	—	26.5 %	26.5 %	—
Income taxes at combined Canadian income tax rate	35,406	35,540	(0.4)	111,380	114,083	(2.4)
Difference in operations' statutory income tax rates	207	600	(65.5)	163	2,366	(93.1)
Impact on income taxes arising from non-deductible expenses and non-taxable profit	114	351	(67.5)	203	680	(70.1)
Tax impacts related to foreign operations	(7,579)	(4,765)	59.1	(21,348)	(14,800)	44.2
Other	54	(400)	—	(12,025)	(69)	—
Income taxes at effective income tax rate	28,202	31,326	(10.0)	78,373	102,260	(23.4)
Effective income tax rate	21.1 %	23.4 %	(9.8)	18.6 %	23.8 %	(21.8)

For the third quarter of fiscal 2022, income tax expense decreased by 10.0%, mainly due to tax benefits from the Ohio broadband systems acquisition.

For the first nine months of fiscal 2022, income tax expense decreased by 23.4%, mainly due to:

- an \$11.9 million adjustment recognized in the first quarter of fiscal 2022 following the Ohio broadband systems acquisition, which reduced the blended state income tax rate, enabling the Corporation to recognize a reduction of deferred tax liability related to U.S. temporary tax differences;
- other tax benefits from the Ohio broadband systems acquisition; and
- the decrease in profit before income taxes.

In addition, last year's current income taxes were favorably impacted by a retroactive adjustment of \$7.1 million recognized during the third quarter of fiscal 2021, and \$4.1 million for the first nine months, following the harmonization of the Québec tax legislation with the federal's accelerated tax depreciation measure, which was considered substantively enacted on March 10, 2021.

4.6 PROFIT FOR THE PERIOD

	Three months ended May 31,			Nine months ended May 31,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages and earnings per share)</i>	\$	\$	%	\$	\$	%
Profit for the period	105,406	102,786	2.5	341,927	328,241	4.2
Profit for the period attributable to owners of the Corporation	100,250	95,702	4.8	318,362	305,317	4.3
Profit for the period attributable to non-controlling interest ⁽¹⁾	5,156	7,084	(27.2)	23,565	22,924	2.8
Basic earnings per share	2.17	2.02	7.4	6.87	6.42	7.0

(1) The non-controlling interest relates to the 21% ownership of Caisse de dépôt et placement du Québec ("CDPQ") in a U.S. subsidiary.

For the third quarter of fiscal 2022, profit for the period and profit for the period attributable to owners of the Corporation increased by 2.5% and 4.8%, respectively. For the first nine months of fiscal 2022, profit for the period and profit for the period attributable to owners of the Corporation increased by 4.2% and 4.3%, respectively. The increases for both periods are mainly resulting from:

- higher adjusted EBITDA; and
- lower income tax expense; partly offset by
- higher depreciation and amortization expense; and
- higher financial expense.

In addition, the increases for the first nine months of fiscal 2022 are also partly offset by higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems.

5. SEGMENTED OPERATING AND FINANCIAL RESULTS

The Corporation reports its operating results in two operating segments: Canadian broadband services and American broadband services. 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.

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

5.1 CANADIAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

	2022 ⁽¹⁾	2021	Change	Three months ended May 31,	
				Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Revenue	362,072	353,336	2.5	2.5	—
Operating expenses	166,082	164,351	1.1	0.8	397
Adjusted EBITDA	195,990	188,985	3.7	3.9	(397)
Adjusted EBITDA margin	54.1 %	53.5 %			
Net capital expenditures	100,730	57,230	76.0	74.0	1,148
Capital intensity	27.8 %	16.2 %			

(1) For the three-month period ended May 31, 2022, the average foreign exchange rate used for translation was 1.2713 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2399 USD/CDN.

	2022 ⁽¹⁾	2021	Change	Nine months ended May 31,	
				Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Revenue	1,079,442	1,036,247	4.2	4.2	—
Operating expenses	502,575	471,440	6.6	6.6	(153)
Adjusted EBITDA	576,867	564,807	2.1	2.1	153
Adjusted EBITDA margin	53.4 %	54.5 %			
Net capital expenditures	235,964	180,294	30.9	30.8	195
Capital intensity	21.9 %	17.4 %			

(1) For the nine-month period ended May 31, 2022, the average foreign exchange rate used for translation was 1.2660 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2771 USD/CDN.

REVENUE

For the third quarter of fiscal 2022, revenue increased by 2.5%, as reported and in constant currency, mainly as a result of:

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

For the first nine months of fiscal 2022, revenue increased by 4.2%, as reported and in constant currency, mainly resulting from:

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

OPERATING EXPENSES

For the third quarter of fiscal 2022, operating expenses increased by 1.1% (0.8% in constant currency), mainly due to:

- higher overall operating expenses associated with the revenue growth; partly offset by
- lower marketing and advertising expenses.

For the first nine months of fiscal 2022, operating expenses increased by 6.6% (6.6% in constant currency), mainly due to:

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

ADJUSTED EBITDA

For the third quarter of fiscal 2022, adjusted EBITDA increased by 3.7% (3.9% in constant currency), mainly resulting from:

- last year's retroactive adjustment of \$4.6 million recognized as a reduction of revenue during the third quarter of fiscal 2021 following the CRTC's decision on aggregated wholesale Internet rates;
- organic growth; and
- lower marketing and advertising expenses.

For the first nine months of fiscal 2022, adjusted EBITDA increased by 2.1% (2.1% in constant currency), mainly as a result of:

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

NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

For the third quarter and the first nine months of fiscal 2022, net capital expenditures increased by 76.0% and 30.9% (74.0% and 30.8% in constant currency), respectively, mainly due to:

- the acceleration of construction efforts related to Cogeco Connexion's high-speed Internet network expansion in Québec and Ontario in collaboration with the provincial and federal governments;
- higher purchases of customer premise equipment in light of Cogeco Connexion's high-speed Internet network expansion and also due to accelerated purchases in order to avoid supply chain shortages; and
- higher investment in the maintenance, growth and expansion of Cogeco Connexion's network infrastructure.

For the third quarter and the first nine months of fiscal 2022, capital intensity reached 27.8% and 21.9%, respectively, compared to 16.2% and 17.4% for the same periods of fiscal 2021. Capital intensity increases for both periods are explained mainly by higher net capital expenditures, partly offset by the revenue growth.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

	May 31, 2022	Net additions (losses) Three months ended May 31,		Net additions (losses) Nine months ended May 31,		% of penetration ⁽¹⁾	
		2022	2021	2022	2021 ⁽²⁾	May 31, 2022	May 31, 2021
Primary service units	1,982,223	(9,148)	(7,313)	(19,860)	(21,009)		
Internet service customers	922,695	1,652	4,580	7,011	12,243	46.1	46.1
Video service customers	661,272	(6,357)	(7,030)	(15,922)	(19,011)	33.0	34.5
Telephony service customers	398,256	(4,443)	(4,863)	(10,949)	(14,241)	19.9	20.9

(1) As a percentage of homes passed.

(2) Excludes 224,039 primary service units (85,642 Internet services, 80,218 video services and 58,179 telephony services) from the acquisition of DERYtelecom completed in the second quarter of fiscal 2021.

INTERNET

For the third quarter and the first nine months of fiscal 2022, Internet service customers' net additions amounted to 1,652 and 7,011, respectively, compared to 4,580 and 12,243 for the same periods of the prior year. The net additions for both periods of fiscal 2022 were mainly resulting from the ongoing interest in high-speed offerings.

VIDEO

For the third quarter and the first nine months of fiscal 2022, video service customers' net losses amounted to 6,357 and 15,922, respectively, compared to 7,030 and 19,011 for the same periods of the prior year. The net losses for both periods of fiscal 2022 were mainly due to the continuous change in the video consumption environment, with an increasing proportion of customers only subscribing to Internet services, and highly competitive offers in the industry.

TELEPHONY

For the third quarter and the first nine months of fiscal 2022, telephony service customers' net losses amounted to 4,443 and 10,949, respectively, compared to 4,863 and 14,241, respectively, for the same periods of the prior year. The net losses for both periods of fiscal 2022 were mainly due to increasing mobile wireless penetration in Canada and various unlimited offers launched by mobile wireless operators causing some customers to cancel their landline telephony services for mobile wireless telephony services only.

DISTRIBUTION OF CUSTOMERS

At May 31, 2022, 67% of the Canadian broadband services segment's customers subscribed to "double play" or "triple play" bundled services.

5.2 AMERICAN BROADBAND SERVICES

OPERATING AND FINANCIAL RESULTS

	2022 ⁽¹⁾	2021	Change	Three months ended May 31,	
				Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	366,046	270,972	35.1	31.7	9,056
Operating expenses	199,977	149,458	33.8	30.5	4,968
Adjusted EBITDA	166,069	121,514	36.7	33.3	4,088
Adjusted EBITDA margin	45.4 %	44.8 %			
Net capital expenditures	81,424	67,579	20.5	17.5	2,011
Capital intensity	22.2 %	24.9 %			

(1) For the three-month period ended May 31, 2022, the average foreign exchange rate used for translation was 1.2713 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2399 USD/CDN.

				Nine months ended May 31,	
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	1,095,766	841,522	30.2	31.4	(9,637)
Operating expenses	584,143	451,953	29.2	30.3	(4,733)
Adjusted EBITDA	511,623	389,569	31.3	32.6	(4,904)
Adjusted EBITDA margin	46.7 %	46.3 %			
Net capital expenditures	227,829	174,485	30.6	31.6	(1,753)
Capital intensity	20.8 %	20.7 %			

(1) For the nine-month period ended May 31, 2022, the average foreign exchange rate used for translation was 1.2660 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2771 USD/CDN.

REVENUE

For the third quarter and the first nine months of fiscal 2022, revenue increased by 35.1% and 30.2% (31.7% and 31.4% in constant currency), respectively. In local currency, revenue amounted to US\$287.9 million and US\$865.5 million compared to US\$218.6 million and US\$658.9 million for the same periods of fiscal 2021. The increases in both periods resulted mainly from:

- the Ohio broadband systems acquisition completed on September 1, 2021;
- a higher Internet service customer base and a higher value product mix; and
- annual rate increases implemented for certain services.

Excluding the acquisition of the Ohio broadband systems, revenue in constant currency for the third quarter increased by 5.6% compared to the same period of the prior year.

OPERATING EXPENSES

For the third quarter and the first nine months of fiscal 2022, operating expenses increased by 33.8% and 29.2% (30.5% and 30.3% in constant currency), mainly due to:

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

ADJUSTED EBITDA

For the third quarter and the first nine months of fiscal 2022, adjusted EBITDA increased by 36.7% and 31.3% (33.3% and 32.6% in constant currency), respectively. In local currency, adjusted EBITDA amounted to US\$130.6 million and US\$404.1 million compared to US\$98.0 million and US\$304.8 million for the same periods of fiscal 2021. The increases in both periods are mainly resulting from:

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

Excluding the acquisition of the Ohio broadband systems, adjusted EBITDA in constant currency for the third quarter increased by 8.9% compared to the same period of the prior year.

NET CAPITAL EXPENDITURES AND CAPITAL INTENSITY

For the third quarter and the first nine months of fiscal 2022, net capital expenditures increased by 20.5% and 30.6% (17.5% and 31.6% in constant currency), respectively, resulting mainly from:

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

For the third quarter and the first nine months of fiscal 2022, capital intensity reached 22.2% and 20.8% compared to 24.9% and 20.7% for the same periods of fiscal 2021. The capital intensity decrease for the third quarter is explained by the revenue growth exceeding higher net capital expenditures, whereas the capital intensity increase for the first nine months is explained mainly by higher net capital expenditures, which were partly offset by the revenue growth.

PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS

	May 31, 2022	Net additions (losses) Three months ended May 31,		Net additions (losses) Nine months ended May 31,		% of penetration ⁽¹⁾	
		2022	2021	2022 ⁽²⁾	2021	May 31, 2022 ⁽³⁾	May 31, 2021
Primary service units	1,214,961	(12,889)	1,302	(39,569)	15,730		
Internet service customers	717,919	(1,689)	6,847	1,064	25,639	43.3	55.4
Video service customers	332,312	(6,709)	(4,349)	(27,800)	(8,145)	20.1	33.1
Telephony service customers	164,730	(4,491)	(1,196)	(12,833)	(1,764)	9.9	15.7

(1) As a percentage of homes passed.

(2) Excludes 284,540 primary service units (196,338 Internet services, 54,598 video services and 33,604 telephony services) from the acquisition of the Ohio broadband systems completed on September 1, 2021, the first day of fiscal 2022.

(3) The percentage of homes passed reflects a lower penetration of the Ohio broadband systems, which were acquired during the first quarter of fiscal 2022.

INTERNET

For the third quarter and the first nine months of fiscal 2022, Internet service net losses and net additions amounted to 1,689 and 1,064, respectively, compared to net additions of 6,847 and 25,639 for the same periods of the prior year. Despite the third quarter Internet service losses, the product mix improved with a greater proportion of new connections taking faster Internet speeds, resulting in a higher average revenue per unit.

The net losses for the third quarter of fiscal 2022 were mainly due to:

- limited customer movements in the industry, following a more active period during the acute phase of the pandemic;
- higher levels of disconnections, especially for entry-level Internet services, due to some customers no longer working from home or attending school remotely and the high inflation environment; and
- increased competition in certain portions of the footprint; partly offset by
- growth in the commercial sector.

The net additions for the first nine months of fiscal 2022 were mainly resulting from:

- growth in the residential sector primarily driven by ongoing demand for high-speed offerings, partly offset by certain residential Internet disconnects as mentioned above;
- increased marketing efforts toward the Internet led offerings under the Broadband First strategy; and
- growth in the commercial sector; partly offset by
- increased competition in certain portions of the footprint.

VIDEO

For the third quarter and the first nine months of fiscal 2022, video service customers' net losses amounted to 6,709 and 27,800, respectively, compared to 4,349 and 8,145 for the same periods of the prior year. The net losses for both periods of fiscal 2022 were mainly due to:

- the continued emphasis on offers that are Internet led and the cessation of non-bulk residential video-only new offers;
- seasonal commercial disconnects;
- lower Internet service customer additions and certain customers declining to subscribe to video services as they move to strictly streaming video content; and
- competitive offers in the industry.

TELEPHONY

For the third quarter and the first nine months of fiscal 2022, telephony service customers' net losses amounted to 4,491 and 12,833, respectively, compared to 1,196 and 1,764 for the same periods of the prior year. The net losses for both periods of fiscal 2022 were mainly due to:

- the continued emphasis on offers that are Internet led; partly offset by
- growth in the commercial sector mainly driven by Hosted Voice product offerings.

DISTRIBUTION OF CUSTOMERS

At May 31, 2022, 37% of the American broadband services segment's customers subscribed to "double play" or "triple play" bundled services.

6. RELATED PARTY TRANSACTIONS

The Corporation is a subsidiary of Cogeco, which as of May 31, 2022 held 34.0% of the Corporation's equity shares, representing 83.7% of the votes attached to the Corporation's voting shares.

Cogeco provides executive and administrative services to the Corporation 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 or the Corporation from time to time during the term of the Agreement. For the third quarter and the first nine months of fiscal 2022, management fees paid to Cogeco amounted to \$5.6 million and \$16.7 million, respectively, compared to \$5.9 million and \$17.6 million for the same periods of fiscal 2021.

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

	Nine months ended May 31,	
(In number of units)	2022	2021
Stock options	78,700	69,200
PSUs	11,775	10,375
DSUs	—	792

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

	Three months ended May 31,		Nine months ended May 31,	
(In thousands of Canadian dollars)	2022	2021	2022	2021
	\$	\$	\$	\$
Stock options	280	274	889	885
ISUs	—	—	—	6
PSUs	265	233	905	358
DSUs	(22)	61	(101)	249
	523	568	1,693	1,498

7. CASH FLOWS ANALYSIS

	Three months ended May 31,			Nine months ended May 31,		
	2022	2021 ⁽¹⁾	Change	2022	2021 ⁽¹⁾	Change
(In thousands of Canadian dollars, except percentages)	\$	\$	%	\$	\$	%
Cash flows from operating activities	353,001	264,621	33.4	921,145	737,512	24.9
Cash flows (used in) from investing activities	(197,332)	62,006	—	(2,164,771)	(561,902)	—
Cash flows (used in) from financing activities	(118,282)	(85,565)	38.2	1,072,488	(27,570)	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	(905)	(13,787)	(93.4)	(206)	(21,089)	(99.0)
Net change in cash and cash equivalents	36,482	227,275	(83.9)	(171,344)	126,951	—
Cash and cash equivalents, beginning of the period	341,228	266,173	28.2	549,054	366,497	49.8
Cash and cash equivalents, end of the period	377,710	493,448	(23.5)	377,710	493,448	(23.5)

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

7.1 OPERATING ACTIVITIES

For the third quarter and the first nine months of fiscal 2022, cash flows from operating activities increased by 33.4% and 24.9%, respectively, mainly from:

- higher adjusted EBITDA;
- changes in other non-cash operating activities, primarily due to the timing of payments made to suppliers; and
- lower income taxes paid, mainly due to the timing of income tax instalments; partly offset by
- higher interest paid.

7.2 INVESTING ACTIVITIES

For the third quarter of fiscal 2022, cash flows used in investing activities increased by \$259.3 million, mainly as a result of:

- the increase in acquisition of property, plant and equipment, in both the Canadian and the American broadband services segments; and
- last year's \$187.5 million subsidies received from the provincial and federal governments in connection with Cogeco Connexion's high-speed Internet network expansion projects.

For the first nine months of fiscal 2022, cash flows used in investing activities increased by \$1,602.9 million, mainly due to:

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

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

	Three months ended May 31,			Nine months ended May 31,		
	2022	2021	Change	2022	2021	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	\$	\$	%
Acquisition of property, plant and equipment	197,345	126,570	55.9	501,066	358,006	40.0
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period ⁽¹⁾	(15,164)	—	—	(35,662)	—	—
Net capital expenditures	182,181	126,570	43.9	465,404	358,006	30.0

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

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

	Three months ended May 31,				Nine months ended May 31,			
	2022	2021	Change	Change in constant currency ⁽¹⁾	2022	2021	Change	Change in constant currency ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$	\$	%	%
Canadian broadband services	100,730	57,230	76.0	74.0	235,964	180,294	30.9	30.8
Capital intensity	27.8 %	16.2 %			21.9 %	17.4 %		
American broadband services	81,424	67,579	20.5	17.5	227,829	174,485	30.6	31.6
Capital intensity	22.2 %	24.9 %			20.8 %	20.7 %		
Corporate and eliminations	27	1,761	(98.5)	(98.5)	1,611	3,227	(50.1)	(50.1)
Consolidated	182,181	126,570	43.9	41.4	465,404	358,006	30.0	30.4
Capital intensity	25.0 %	20.3 %			21.4 %	19.1 %		

(1) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2399 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2771 USD/CDN.

For the third quarter and the first nine months of fiscal 2022, net capital expenditures increased by 43.9% and 30.0% (41.4% and 30.4% in constant currency), respectively, mainly due to:

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

For the third quarter and the first nine months of fiscal 2022, capital intensity reached 25.0% and 21.4%, respectively, compared to 20.3% and 19.1% for the same periods of the prior year. Capital intensity increases for both periods are explained mainly as a result of higher net capital expenditures, partly offset by the revenue growth, in both the American and Canadian broadband services segments.

7.3 FINANCING ACTIVITIES

ISSUANCE AND REPAYMENT OF DEBT

For the third quarter and the first nine months of fiscal 2022, 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,		
	2022	2021	2022	2021	Explanations
(In thousands of Canadian dollars)	\$	\$	\$	\$	
Increase (decrease) in bank indebtedness	13,795	6,384	9,335	(1,226)	Related to the timing of payments made to suppliers.
Net (decrease) increase under the revolving facilities	(60,283)	(8,740)	(144,053)	171,772	Repayment of amounts drawn under the revolving facilities as a result of net proceeds used from the issuance of \$500 million senior secured notes and generated free cash flow, partly offset by funds used in the second quarter to acquire the 38 spectrum licences, for which the final payment was made in December 2021, and to reimburse the \$200 million Senior Secured Debentures Series 3 in February 2022.
Issuance of long-term debt, net of discounts and transaction costs	—	—	1,611,303	—	Mainly related to the Ohio broadband systems acquisition, which was financed in part through the issuance of a US\$900 million senior secured Term B loan, and the issuance of \$500 million senior secured notes in the first quarter of fiscal 2022.
Repayment of notes, debentures and credit facilities	(8,221)	(5,158)	(219,055)	(16,112)	Mainly related to the repayment of the \$200 million Senior Secured Debentures Series 3 during the second quarter of fiscal 2022.
Repayment of lease liabilities	(1,314)	(1,196)	(3,340)	(3,339)	Comparable.
Repayment of balance due on business combinations	(3,162)	—	(3,162)	(1,258)	Repayment of the balance due related to the Ohio broadband systems during the third quarter of fiscal 2022. Last year's balance due repayment was related to the FiberLight acquisition, paid in the first quarter of fiscal 2021.
Increase in deferred transaction costs	—	—	(675)	—	Related to the amendment and extension of the Term Revolving Facility in December 2021.
	(59,185)	(8,710)	1,250,353	149,837	

DIVIDENDS

During the third quarter of fiscal 2022, a quarterly eligible dividend of \$0.705 per share was paid to the holders of multiple and subordinate voting shares, totalling \$32.4 million, an increase of 10.2% per share, compared to a quarterly eligible dividend of \$0.64 per share, or \$30.2 million, in the third quarter of fiscal 2021. Dividend payment in the first nine months of fiscal 2022 totalled \$2.12 per share or \$97.8 million compared to \$1.92 or \$91.2 million in the prior year.

NORMAL COURSE ISSUER BID ("NCIB")

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

The NCIB purchases were as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2022	2021	2022	2021
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	294,800	414,000	758,225	742,600
Weighted average purchase price per share	103.65	118.28	104.59	115.13
Purchase costs	30,556	48,967	79,305	85,492

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

7.4 FREE CASH FLOW

	Three months ended May 31,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA ⁽³⁾	347,614	296,999	17.0	15.8	3,691
Amortization of deferred transaction costs and discounts on long-term debt	2,926	2,334	25.4	22.5	66
Share-based payment	2,162	2,177	(0.7)	(0.7)	—
Gain on disposals and write-offs of property, plant and equipment	(301)	(863)	(65.1)	(65.1)	—
Defined benefit plans expense, net of contributions	220	424	(48.1)	(48.1)	—
Integration, restructuring and acquisition costs	(2,263)	(1,225)	84.7	81.8	(36)
Financial expense	(45,334)	(33,506)	35.3	32.5	(930)
Current income taxes	(16,734)	(6,504)	—	—	(78)
Net capital expenditures ⁽³⁾	(182,181)	(126,570)	43.9	41.4	(3,159)
Repayment of lease liabilities	(1,314)	(1,196)	9.9	8.9	(12)
Free cash flow ⁽³⁾	104,795	132,070	(20.7)	(20.3)	(458)

(1) For the three-month period ended May 31, 2022, the average foreign exchange rate used for translation was 1.2713 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2399 USD/CDN.

(3) The 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 details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most directly comparable IFRS financial measures.

	Nine months ended May 31,				
	2022 ⁽¹⁾	2021	Change	Change in constant currency ⁽²⁾ ⁽³⁾	Foreign exchange impact ⁽²⁾
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA ⁽³⁾	1,045,988	915,086	14.3	14.8	(4,751)
Amortization of deferred transaction costs and discounts on long-term debt	8,841	6,935	27.5	28.7	(82)
Share-based payment	5,672	5,931	(4.4)	(4.4)	—
Gain on disposals and write-offs of property, plant and equipment	(1,450)	(607)	—	—	—
Defined benefit plans contributions, net of expense	(701)	(482)	45.4	45.4	—
Integration, restructuring and acquisition costs	(22,349)	(4,770)	—	—	812
Financial expense	(135,268)	(100,555)	34.5	35.3	764
Current income taxes	(42,083)	(44,739)	(5.9)	(6.0)	(10)
Net capital expenditures ⁽³⁾	(465,404)	(358,006)	30.0	30.4	1,558
Repayment of lease liabilities	(3,340)	(3,339)	—	0.3	10
Free cash flow ⁽³⁾	389,906	415,454	(6.1)	(5.7)	(1,699)

(1) For the nine-month period ended May 31, 2022, the average foreign exchange rate used for translation was 1.2660 USD/CDN.

(2) Fiscal 2022 actuals are translated at the average foreign exchange rate of fiscal 2021, which was 1.2771 USD/CDN.

(3) The 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 details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most directly comparable IFRS financial measures.

For the third quarter of fiscal 2022, free cash flow decreased by 20.7% (20.3% in constant currency) mainly due to the following:

- higher capital expenditures in both the Canadian and American broadband services segments;
- higher financial expense; and
- the increase in current income taxes, as last year's current income taxes expense was favorably impacted by a retroactive adjustment of \$7.1 million recognized during the third quarter of fiscal 2021 following the harmonization of the Québec tax legislation with the federal's accelerated tax depreciation measure, which was considered substantively enacted on March 10, 2021; partly offset by
- higher adjusted EBITDA.

For the first nine months of fiscal 2022, free cash flow decreased by 6.1% (5.7% in constant currency) mainly due to the following:

- higher capital expenditures in both the Canadian and American broadband services segments;
- higher financial expense; and
- higher integration, restructuring and acquisition costs, mainly resulting from the acquisition of the Ohio broadband systems; partly offset by
- higher adjusted EBITDA.

7.5 DIVIDEND DECLARATION

At its July 13, 2022 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of \$0.705 per share for multiple and subordinate voting shares, payable on August 10, 2022 to shareholders of record on July 27, 2022, an increase of 10.2% compared to the previous year. 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.

8. FINANCIAL POSITION

8.1 WORKING CAPITAL

As part of the usual conduct of its business, Cogeco Communications 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:

	May 31, 2022	August 31, 2021 ⁽¹⁾	Change	Explanations
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	
Current assets				
Cash and cash equivalents	377,710	549,054	(171,344)	Refer to the "Cash flows analysis" section.
Trade and other receivables	111,107	78,346	32,761	Mainly related to a higher level of trade accounts receivable resulting from the acquisition of the Ohio broadband systems and the timing of collection of trade accounts receivable.
Income taxes receivable	10,381	6,063	4,318	Not significant.
Prepaid expenses and other	34,103	32,681	1,422	Not significant.
Derivative financial instruments	474	1,076	(602)	Not significant.
	533,775	667,220	(133,445)	
Current liabilities				
Bank indebtedness	13,795	4,460	9,335	Timing of payments made to suppliers.
Trade and other payables	335,398	270,497	64,901	Mainly related to the timing of payments made to suppliers and a higher level of trade and other payables resulting from the acquisition of the Ohio broadband systems.
Provisions	24,949	17,949	7,000	Mainly related to contract renegotiations with content providers.
Income tax liabilities	22,466	5,800	16,666	Related the current income taxes expense for the nine-month period, partly offset by the payment of income tax instalments.
Contract liabilities and other liabilities	66,702	57,231	9,471	Mainly related to the acquisition of the Ohio broadband systems.
Government subsidies received in advance	147,872	170,434	(22,562)	Relates to the network construction progress in connection with Cogeco Connexion's high-speed Internet network expansion in Québec, for which capital spending ramped up during the third quarter of fiscal 2022.
Derivative financial instruments	1,498	—	1,498	Not significant.
Current portion of long-term debt	337,143	225,344	111,799	Mainly related to the reclassification of the \$300 million Senior Secured Debentures Series 4 as current and to the current portion of the US\$900 million Senior Secured Term B loan issued during the first quarter of fiscal 2022 to finance the acquisition of the Ohio broadband systems, partly offset by the repayment of the \$200 million Senior Secured Debentures Series 3, which matured in February 2022.
	949,823	751,715	198,108	
Working capital deficiency	(416,048)	(84,495)	(331,553)	

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

8.2 OTHER SIGNIFICANT CHANGES

	May 31, 2022	August 31, 2021	Change	Explanations
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	
Non-current assets				
Other assets	62,444	105,445	(43,001)	Mainly related to the reclassification of the \$59 million deposit paid in August 2021 in order to secure 38 spectrum licences in the 3500 MHz band auction to intangible assets following the final payment made in December 2021, partly offset by other assets acquired as part of the acquisition of the Ohio broadband systems.
Property, plant and equipment	2,886,613	2,357,845	528,768	Mainly related to the acquisition of the Ohio broadband systems and to capital investments made during the first nine months of fiscal 2022, partly offset by the depreciation expense of the period.
Intangible assets	3,505,695	2,739,911	765,784	Mainly related to the acquisition of the Ohio broadband systems and the 38 spectrum licences acquired for a total purchase price of \$295 million, partly offset by the amortization for the period.
Goodwill	1,915,149	1,476,150	438,999	Mainly related to the acquisition of the Ohio broadband systems.
Derivative financial instruments	63,121	—	63,121	Related to the additional interest rate swap agreements entered into in connection with the issuance of the US\$900 million Senior Secured Term B loan, combined with changes in market interest rates impacting the outstanding interest swap agreements' valuation.
Non-current liabilities				
Long-term debt	4,208,728	3,046,872	1,161,856	Mainly related to the issuance of the US\$900 million Senior Secured Term B loan to finance the Ohio broadband systems acquisition, the issuance of \$500 million senior secured notes and the appreciation of the US dollar against the Canadian dollar, partly offset by the reclassification of the \$300 million Senior Secured Debentures Series 4 as current, by the repayment of the revolving facilities and the quarterly repayments on the Senior Secured Term B Loan Facility.
Derivative financial instruments	—	42,000	(42,000)	Related to changes in market interest rates impacting the Corporation's interest swap agreements' valuation.
Government subsidies received in advance	—	13,100	(13,100)	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects. Balance was classified as current at May 31, 2022.
Deferred tax liabilities	739,341	673,278	66,063	Mainly related to the timing of temporary differences, partly offset by the \$11.9 million adjustment recognized in the first quarter of fiscal 2022 to reflect the blended state income tax rate resulting from the impact of the Ohio acquisition and the impact of a favorable tax adjustment recorded in the second quarter of fiscal 2022.

9. CAPITAL RESOURCES AND LIQUIDITY

9.1 OUTSTANDING SHARE DATA

A description of Cogeco Communications' share data at June 30, 2022 is presented in the table below. Additional details are provided in Note 13 B) of the condensed interim consolidated financial statements.

<i>(In thousands of Canadian dollars, except number of shares/options)</i>	Number of shares/options	Amount \$
Common shares		
Multiple voting shares	15,691,100	98,346
Subordinate voting shares	30,323,327	854,830
Options to purchase subordinate voting shares		
Outstanding options	907,585	
Exercisable options	450,875	

9.2 FINANCING

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

On September 20, 2021, Cogeco Communications completed, pursuant to a private placement, the issuance of \$500 million Senior Secured Notes, bearing interest at 2.991% and maturing on September 22, 2031. Cogeco Communications used the net proceeds of the offering to fund spectrum auction spend, repay existing indebtedness and for other general corporate purposes.

On December 17, 2021, Cogeco Communications amended and extended its \$750 million Term Revolving Facility to January 24, 2027. As part of the amendments, Cogeco Communications transitioned its revolving facility into a sustainability-linked loan ("SLL") structure, underscoring its strong leadership and dedication to sustainability and the organization's ESG goals. On the same day, Cogeco, the parent company, also announced the amendment and extension of its term revolving facility. Both Cogeco's and Cogeco Communications' revolving facilities represent the first syndicated SLL in Canada within the telecommunications and media sectors. The SLL facilities incorporate ESG-linked incentive pricing terms which reduce or increase the cost of funding, depending on the annual performance against specific targets related to Cogeco's GHG annual emissions reduction and digital inclusion initiatives by deploying high-speed Internet networks in underserved and unserved areas of Canada over a three-year period. Additionally, Cogeco and Cogeco Communications will dedicate any savings achieved from the SLL towards internal sustainability initiatives.

In January 2022, Cogeco Connexion contracted an unsecured letter of credit, which was submitted to Infrastructure Ontario as a pre-auction deposit with the application to bid in Ontario's high-speed Internet expansion program, which aims to connect unserved and underserved communities to high-speed Internet. In May 2022, the letter of credit was cancelled and replaced by performance and payment bonds. In accordance with the rules of confidentiality established by Infrastructure Ontario pertaining to communications during the auction process, the Corporation is unauthorized from disclosing the amount of the letter of credit and of the performance and payment bonds.

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

9.3 CREDIT RATINGS

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

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

NR : Not rated

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

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

9.4 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 annual consolidated financial statements.

Credit risk

The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents and trade accounts receivable, the maximum exposure of which is represented by the carrying amounts reported on the condensed interim consolidated statements of financial position.

The Corporation reduces the credit risk with regard to the derivative financial instruments by completing transactions with financial institutions that carry a high credit rating. At May 31, 2022, management believes this credit risk to be minimal, since the lowest credit rating of the counterparties to the agreements is "A" by Standard & Poor's rating services ("S&P").

Cash equivalents consist of short-term, highly liquid investments, such as bank term deposits. The Corporation has deposited the cash and cash equivalents with reputable financial institutions, for which management believes the risk of loss to be remote.

To mitigate the credit risk in relation to its trade accounts receivable, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new large customer. The Corporation has credit policies in place and has established various credit controls, including credit checks, deposits on accounts and advance billing, and has also established procedures to suspend the availability of services when customers have fully utilized approved credit limits or have violated existing payment terms. Furthermore, a large portion of the Corporation's customers are billed and pay before the services are rendered. The Corporation believes that its allowance for doubtful accounts is sufficient to cover the related credit risk. Since the Corporation has a large and diversified clientele dispersed throughout its market areas in Canada and the United States, there is no significant concentration of credit risk.

Liquidity risk

At May 31, 2022, the Corporation had used \$122.4 million of its \$750 million Term Revolving Facility for a remaining availability of \$627.6 million. In addition, the U.S. subsidiaries benefit from a Senior Secured Revolving Facility of \$189.7 million (US\$150 million), of which \$3.4 million (US\$2.7 million) was used at May 31, 2022 for a remaining availability of \$186.3 million (US\$147.3 million).

Interest rate risk

The Corporation is exposed to interest rate risk on its floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At May 31, 2022, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the 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, the U.S. subsidiaries entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at May 31, 2022:

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

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate, which is only applicable to the unhedged portion of these facilities, would represent an increase of approximately \$12.8 million based on the outstanding debt and swap agreements at May 31, 2022.

Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest associated with its notes, debentures and credit facilities denominated in US dollars. The impact of a 10% increase in the exchange rate of the US dollar into Canadian dollar would increase the annual financial expense by approximately \$13.6 million based on the outstanding debt and swap agreements at May 31, 2022.

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

The exchange rate used to translate the US dollar currency into Canadian dollar for the consolidated statement of financial position accounts at May 31, 2022 was \$1.2648 (\$1.2617 at August 31, 2021) per US dollar. A 10% decrease in the exchange rate of the US dollar into Canadian dollar would decrease other comprehensive income by approximately \$108.7 million.

9.5 FOREIGN CURRENCY

For the three and nine-month periods ended May 31, 2022 and 2021, the average rates prevailing used to convert the operating results of the American broadband services segment were as follows:

	Three months ended May 31,				Nine months ended May 31,			
	2022	2021	Change	Change	2022	2021	Change	Change
	\$	\$	\$	%	\$	\$	\$	%
US dollar vs Canadian dollar	1.2713	1.2399	0.03	2.5	1.2660	1.2771	(0.01)	(0.9)

The following table highlights in Canadian dollars, the impact of a \$0.01 variation of the Canadian dollar against the US dollar, which corresponds to the variation in the exchange rate between the first nine months of fiscal 2022 and 2021, on Cogeco Communications' segmented and consolidated operating results for the nine-month period ended May 31, 2022:

	Canadian broadband services	American broadband services	Consolidated ⁽¹⁾
	Exchange rate impact	Exchange rate impact	Exchange rate impact
Nine months ended May 31, 2022			
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$
Revenue	—	(9,637)	(9,637)
Operating expenses	(153)	(4,733)	(4,886)
Adjusted EBITDA	153	(4,904)	(4,751)
Net capital expenditures	195	(1,753)	(1,558)
Free cash flow			(1,699)

(1) The consolidated results do not correspond to the addition of the operating segment's results as the "Corporate and eliminations" information is not presented.

10. ENVIRONMENTAL, SOCIAL AND GOVERNANCE PRACTICES

On June 29, 2022, Cogeco Communications announced that it had been ranked among Corporate Knights' 2022 Best 50 Corporate Citizens in Canada for a fifth consecutive year. This highly regarded ranking recognizes Canadian companies that are setting the standard for sustainable growth leadership.

On March 1, 2022, Cogeco published its sixth ESG and Sustainability report, in which it provides an update on its environmental, social and governance (ESG) performance indicators along with other information pertaining to its sustainability strategy and the progress achieved over the last two years. The report, which will henceforth be published annually, was prepared in accordance with the Global Reporting Initiative (GRI) standards and also integrates indicators from the Sustainability Accounting Standards Board (SASB) Telecommunication Standards. It provides information on Cogeco's initiatives, targets and commitments, as well as detailing the most significant challenges. Cogeco's [ESG and Sustainability report](#) is available on the Corporation's website at corpo.cogeco.com, under "Sustainability - ESG Practices (Environment, Social, Governance)".

On February 16, 2022, Cogeco Communications was also pleased to announce that it had been ranked among the 2022 Carbon Clean200 which recognizes publicly traded companies that are leading the way by putting sustainability at the heart of their actions helping to move the world onto a more sustainable trajectory. Furthermore, on February 1, 2022, Cogeco Communications announced that it has been included, for the first time, in the prestigious Sustainability Yearbook 2022 presented by S&P Global for its excellence in implementing best ESG business practices. S&P evaluated more than 7,000 companies and designated only 716 as sustainability leaders. On January 19, 2022, Cogeco announced it was ranked among Corporate Knights' World's 100 Most Sustainable Corporations for the third consecutive year, demonstrating its leadership in making the world a better place.

On December 7, 2021, Cogeco published its first Task Force on Climate Related Financial Disclosures ("TCFD") report as part of its Climate Action Plan, outlining the key steps it is taking in support of urgent climate action, as well as its processes and strategies to assess and manage climate-related risks and opportunities. Cogeco's [2021 Climate Action Plan and TCFD report](#) is available on the Corporation's website at corpo.cogeco.com, under "Sustainability - ESG Practices (Environment, Social, Governance)".

On November 3, 2021, Cogeco announced that it was one of 45 companies globally that received His Royal Highness The Prince of Wales' Terra Carta Seal in recognition of its commitment to the creation of a sustainable future. This seal was awarded to companies whose ambitions are aligned with those of the Terra Carta, a recovery plan for Nature, People and Planet, launched in January 2021. Another important recognition for Cogeco is the receipt of the prestigious "A" rating from the CDP for its environmental transparency, announced on December 7, 2021. This rating, which places Cogeco in the top 2% of companies that were assessed by the CDP, demonstrates Cogeco's leadership and commitment to best practices in governance, disclosure and emissions reduction. Cogeco was also recognized as a Supplier Engagement Leader by the CDP for taking climate action in its supply chain. Lastly, Cogeco and Cogeco Communications announced on December 17, 2021 that they both transitioned their term revolving facilities into the first syndicated sustainability-linked loans ("SLL") in Canada within the telecommunications and media sectors. The SLL facilities incorporate ESG-linked incentive pricing terms which reduce or increase the cost of funding, depending on the annual performance against specific targets related to Cogeco's GHG annual emissions reduction and digital inclusion initiatives by deploying high-speed Internet networks in underserved and unserved areas of Canada over a three-year period. Additionally, Cogeco and Cogeco Communications will dedicate any savings achieved from the SLL towards internal sustainability initiatives.

For details on the Corporation's ESG strategy and related achievements and priorities, please refer to the "Environmental, social and governance (ESG) practices" section of the Corporation's 2021 Annual Report and the [ESG and Sustainability report](#) published in March 2022. Detailed KPIs can be found in Cogeco's ESG data supplement, which is available on the Corporation's website at corpo.cogeco.com.

11. 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 Communications' 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 Corporation has limited the scope of its design of DC&P and ICFR to exclude controls, policies and procedures of the Ohio broadband systems business acquired on September 1, 2021, as permitted by National Instrument 52-109, which allows for an issuer to limit the scope for a business it has acquired not more than 365 days before the end of the financial period to which the certificate relates. For the nine-month period ended May 31, 2022, the Ohio broadband systems contributed approximately 10.2% to the consolidated revenue and approximately 5.8% to the consolidated profit for the period. As at May 31, 2022, the Ohio broadband systems represented approximately 4.3% of the current assets, 16.4% of the non-current assets, 3.1% of the current liabilities and a negligible portion of the non-current liabilities of the condensed interim consolidated financial statements. Management expects to complete its review of the design of DC&P and ICFR for the Ohio broadband systems and assess its effectiveness in the upcoming quarters. Further details on the Ohio broadband systems acquisition, including the preliminary purchase price allocation, can be found in Note 5 of the condensed interim consolidated financial statements for the three and nine-month periods ended May 31, 2022.

In addition, on September 1, 2021, the Corporation's head office and Cogeco Connexion implemented a new financial system. This implementation resulted in changes to internal controls related to financial reporting for the nine-month period ended May 31, 2022. No significant changes to the internal controls over financial reporting occurred during the three-month period ended May 31, 2022.

The CEO and CFO, supported by management, evaluated the design of the Corporation's DC&P and ICFR at May 31, 2022, and concluded that they are adequate.

12. UNCERTAINTIES AND MAIN RISK FACTORS

A detailed description of the uncertainties and main risk factors faced by Cogeco Communications can be found in the 2021 Annual Report, available at www.sedar.com and corpo.cogeco.com, which are hereby incorporated by reference. The following update should be read together with the uncertainties and main risk factors described in the 2021 Annual Report.

Increasing global economic and political instability

Although Cogeco Communications does not conduct business with or within Russia and Ukraine, increasing global instability is expected to impact our operations with worsening supply chain disruptions and semiconductor/chipset shortages (e.g. transportation delays, materials scarcity as both Ukraine and Russia are primary suppliers of key inputs such as neon gas and rare metals) coupled with macro-economic forces increasing market and foreign exchange volatility, driving up fuel prices and increasing inflationary pressures limiting consumer spending capacity and rising operating expenses. In addition, governments have warned of potential coordinated cyber attacks on critical infrastructures. Cogeco Communications has risk mitigation measures in place such as advance placement of orders to secure materials and supplier diversification (alternate sourcing), and increased vigilance measures to protect against cyber attacks. Cogeco Communications will continue to follow the situation closely and adjust existing measures and/or implement new measures, as needed.

13. ACCOUNTING POLICIES

13.1 CHANGE IN ACCOUNTING POLICIES

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

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

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

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

Consolidated statement of financial position

At August 31, 2021	As previously reported	Effect of change in presentation	As currently reported
	\$	\$	\$
Cash and cash equivalents	365,520	183,534	549,054
Restricted cash - current	170,434	(170,434)	—
Restricted cash - non-current	13,100	(13,100)	—

Consolidated statements of cash flows

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

Hedge Accounting

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

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

In March 2021, the IFRS Interpretations Committee finalized agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)*, which clarified how to recognize certain configuration or customisation costs related to cloud computing arrangements. Management finalized its assessment of the impact of this agenda decision during the first quarter of fiscal 2022 and concluded it had no material impact on the Corporation's consolidated financial statements for previously capitalized costs incurred in connection with cloud computing arrangements. As the Corporation continues to enter into certain cloud computing arrangements, mainly in connection with certain IT projects, the application of this agenda decision may have an impact on the Corporation's consolidated financial statements for future periods.

13.2 INITIAL APPLICATION OF STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

14. NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by Cogeco Communications throughout this MD&A. These financial measures are reviewed in assessing the performance of the Corporation and used in the decision-making process with regard to its business units. Reconciliations between "adjusted EBITDA", "adjusted EBITDA margin", "free cash flow", "net capital expenditures", "capital intensity" and "net indebtedness" and the most directly comparable IFRS financial measures are also provided. These financial measures do not have standard definitions prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

This MD&A also makes reference to key performance indicators on a constant currency basis, including revenue, "adjusted EBITDA", "net capital expenditures" and "free cash flow". Measures on a constant currency basis are considered non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

Non-IFRS financial measures	Application	Calculation	Most directly comparable IFRS financial measures
Adjusted EBITDA and adjusted EBITDA margin	Adjusted EBITDA and adjusted EBITDA margin are key measures commonly reported and used in the telecommunications industry, as they allow comparisons between companies that have different capital structures and are more current measures since they exclude the impact of historical investments in assets. Adjusted EBITDA is one of the key metrics employed by the financial community to value a business and its financial strength. Adjusted EBITDA for Cogeco Communications' business units is equal to the segment profit (loss) reported in Note 4 of the condensed interim consolidated financial statements.	Adjusted EBITDA: - Profit for the period add: - Income taxes; - Financial expense; - Depreciation and amortization; and - Integration, restructuring and acquisition costs. Adjusted EBITDA margin: - Adjusted EBITDA divided by: - Revenue.	Profit for the period No directly comparable IFRS financial measure
Free cash flow	Management and investors use free cash flow to measure Cogeco Communications' ability to repay debt, distribute capital to its shareholders and finance its growth.	Free cash flow: - Adjusted EBITDA add: - Amortization of deferred transaction costs and discounts on long-term debt; - Share-based payment; - Loss (gain) on disposals and write-offs of property, plant and equipment; and - Defined benefit plans expense, net of contributions deduct: - Integration, restructuring and acquisition costs; - Financial expense; - Current income taxes; - Net capital expenditures; and - Repayment of lease liabilities.	Cash flows from operating activities
Net capital expenditures	Net capital expenditures is a measure used by Cogeco Communications' management to assess the Corporation's total capital investments, net of subsidies recognized as a reduction of the cost of property, plant and equipment during the period, regardless of whether they were received in advance or not. Subsidies received in advance are recognized as a reduction of property, plant and equipment based on the costs incurred in connection with the high-speed Internet network expansion construction projects over the total expected costs. Net capital expenditures for Cogeco Communication's business units is equal to the measure reported in Note 4 of the condensed interim consolidated financial statements.	Net capital expenditures: - Acquisition of property, plant and equipment ⁽¹⁾ deduct: - Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period.	Acquisition of property, plant and equipment

(1) Excludes the non-cash acquisition of right-of-use assets and the purchases of spectrum licences.

Non-IFRS financial measures	Application	Calculation	Most directly comparable IFRS financial measures
Constant currency basis	Revenue, operating expenses, adjusted EBITDA, net capital expenditures and free cash flow are measures presented on a constant currency basis to enable an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in foreign exchange rates.	Constant currency basis is 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.	No directly comparable IFRS financial measure
Capital intensity	Capital intensity is used by Cogeco Communications' management and investors to assess the Corporation's investment in capital expenditures in order to support a certain level of revenue.	Capital intensity: - Net capital expenditures divided by: - Revenue.	No directly comparable IFRS financial measure
Net indebtedness	Net indebtedness is a measure used by management and investors to assess Cogeco Communications' financial leverage, as it represents the debt net of the available unrestricted cash and cash equivalents.	Net indebtedness: add: - Principal on long-term debt; and - Bank indebtedness deduct: - Cash and cash equivalents, excluding cash with restrictions on use.	Long-term debt, including the current portion

14.1 ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN RECONCILIATION

The reconciliation of adjusted EBITDA to the most directly comparable IFRS financial measure and the calculation of adjusted EBITDA margin are as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2022	2021	2022	2021
(In thousands of Canadian dollars, except percentages)	\$	\$	\$	\$
Profit for the period	105,406	102,786	341,927	328,241
Income taxes	28,202	31,326	78,373	102,260
Financial expense	45,334	33,506	135,268	100,555
Depreciation and amortization	166,409	128,156	468,071	379,260
Integration, restructuring and acquisition costs	2,263	1,225	22,349	4,770
Adjusted EBITDA	347,614	296,999	1,045,988	915,086
Revenue	728,118	624,308	2,175,208	1,877,769
Adjusted EBITDA margin	47.7 %	47.6 %	48.1 %	48.7 %

14.2 FREE CASH FLOW RECONCILIATION

The reconciliation of free cash flow to the most directly comparable IFRS financial measure is as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2022	2021	2022	2021
(In thousands of Canadian dollars)	\$	\$	\$	\$
Cash flows from operating activities	353,001	264,621	921,145	737,512
Amortization of deferred transaction costs and discounts on long-term debt	2,926	2,334	8,841	6,935
Changes in other non-cash operating activities	(54,184)	(15,536)	(44,814)	9,779
Income taxes paid	(369)	18,085	29,692	76,395
Current income taxes	(16,734)	(6,504)	(42,083)	(44,739)
Interest paid	48,984	30,342	121,137	91,472
Financial expense	(45,334)	(33,506)	(135,268)	(100,555)
Net capital expenditures	(182,181)	(126,570)	(465,404)	(358,006)
Repayment of lease liabilities	(1,314)	(1,196)	(3,340)	(3,339)
Free cash flow	104,795	132,070	389,906	415,454

14.3 NET CAPITAL EXPENDITURES RECONCILIATION

The reconciliation of net capital expenditures to the most directly comparable IFRS financial measure is as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2022	2021	2022	2021
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Acquisition of property, plant and equipment	197,345	126,570	501,066	358,006
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	(15,164)	—	(35,662)	—
Net capital expenditures	182,181	126,570	465,404	358,006

14.4 CAPITAL INTENSITY RECONCILIATION

The calculation of capital intensity is as follows:

	Three months ended May 31,		Nine months ended May 31,	
	2022	2021	2022	2021
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$
Net capital expenditures	182,181	126,570	465,404	358,006
Revenue	728,118	624,308	2,175,208	1,877,769
Capital intensity	25.0 %	20.3 %	21.4 %	19.1 %

14.5 NET INDEBTEDNESS RECONCILIATION

The reconciliation of net indebtedness to the most directly comparable IFRS financial measure is as follows:

	At May 31, 2022	At August 31, 2021
<i>(In thousands of Canadian dollars)</i>	\$	\$
Long-term debt, including the current portion	4,545,871	3,272,216
Discounts, transaction costs and other	54,548	43,032
Bank indebtedness	13,795	4,460
Cash and cash equivalents, excluding cash with restrictions on use	(229,838)	(365,520)
Net indebtedness	4,384,376	2,954,188

15. SUPPLEMENTARY QUARTERLY FINANCIAL INFORMATION

Three months ended	Fiscal 2022				Fiscal 2021			Fiscal 2020
	May 31, 2022	February 28, 2022 ⁽¹⁾	November 30, 2021 ⁽¹⁾	August 31, 2021 ⁽¹⁾	May 31, 2021	February 28, 2021	November 30, 2020	August 31, 2020
<i>(In thousands of Canadian dollars, except percentages and per share data)</i>	\$	\$	\$	\$	\$	\$	\$	\$
Operations								
Revenue	728,118	728,749	718,541	632,684	624,308	634,548	618,913	605,168
Adjusted EBITDA	347,614	349,087	349,287	290,570	296,999	306,994	311,093	294,535
Adjusted EBITDA margin	47.7 %	47.9 %	48.6 %	45.9 %	47.6 %	48.4 %	50.3 %	48.7 %
Integration, restructuring and acquisition costs	2,263	1,451	18,635	3,974	1,225	2,330	1,215	3,955
Profit for the period	105,406	119,911	116,610	103,406	102,786	110,559	114,896	96,148
Profit for the period attributable to owners of the Corporation	100,250	111,275	106,837	96,200	95,702	102,936	106,679	90,834
Cash flow								
Cash flows from operating activities	353,001	281,199	286,945	281,547	264,621	231,166	241,725	254,745
Free cash flow	104,795	153,000	132,111	71,423	132,070	142,768	140,616	111,372
Acquisition of property, plant and equipment	197,345	157,873	145,848	179,654	126,570	115,214	116,222	128,195
Net capital expenditures	182,181	142,195	141,028	175,180	126,570	115,214	116,222	128,195
Capital intensity	25.0 %	19.5 %	19.6 %	27.7 %	20.3 %	18.2 %	18.8 %	21.2 %
Per share data⁽²⁾								
Earnings per share								
Basic	2.17	2.40	2.29	2.05	2.02	2.16	2.24	1.90
Diluted	2.16	2.38	2.27	2.03	2.01	2.14	2.22	1.88
Dividends per share	0.705	0.705	0.705	0.64	0.64	0.64	0.64	0.58

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

(2) Per multiple and subordinate voting share.

15.1 SEASONAL VARIATIONS

Cogeco Communications' operating results are not generally subject to material seasonal fluctuations. Although, in the Canadian and American broadband services segments, the number of Internet and video services customers are generally lower in the second half of a fiscal year as a result of the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Communications offers its services in several towns with educational institutions. In the American broadband services segment, certain areas are also subject to seasonal fluctuations during the winter and summer seasons.