COGECO COMMUNICATIONS

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Three and six-month periods ended February 28, 2023

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

		Three months ended February 28		Six months ended February 28	
	Notes	**2023**	2022	**2023**	2022
(In thousands of Canadian dollars, except per share data)		**$**	$	**$**	$
Revenue	*3*	**736,646**	728,549	**1,498,946**	1,447,090
Operating expenses	*6*	**380,031**	373,891	**769,708**	737,565
Management fees – Cogeco Inc.	*16*	**5,400**	5,571	**10,800**	11,151
Acquisition, integration, restructuring and other costs	*7*	**6,952**	1,451	**9,629**	20,086
Depreciation and amortization		**154,192**	150,025	**309,491**	301,662
Financial expense	*8*	**61,116**	44,979	**118,035**	89,934
Profit before income taxes		**128,955**	152,632	**281,283**	286,692
Income taxes	*9*	**24,693**	32,721	**56,646**	50,171
Profit for the period		**104,262**	119,911	**224,637**	236,521
Profit for the period attributable to:					
Owners of the Corporation		**98,378**	111,275	**209,882**	218,112
Non-controlling interest		**5,884**	8,636	**14,755**	18,409
		104,262	119,911	**224,637**	236,521
Earnings per share					
Basic	*10*	**2.21**	2.40	**4.66**	4.69
Diluted	*10*	**2.19**	2.38	**4.64**	4.65

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
(In thousands of Canadian dollars)	**$**	$	**$**	$
Profit for the period	**104,262**	119,911	**224,637**	236,521
Other comprehensive income (loss)				
Items to be subsequently reclassified to profit or loss				
Cash flow hedging adjustments				
Net change in fair value of hedging derivative financial instruments	**6,895**	37,921	**33,961**	48,839
Related income taxes	**(1,827)**	(10,049)	**(8,999)**	(12,942)
	5,068	27,872	**24,962**	35,897
Foreign currency translation adjustments				
Net foreign currency translation differences on net investments in foreign operations	**17,301**	(14,974)	**83,230**	13,132
Net changes on translation of long-term debt designated as hedges of net investments in foreign operations	**(3,939)**	3,666	**(19,423)**	(3,159)
Related income taxes	**(21)**	30	**(84)**	(23)
	13,341	(11,278)	**63,723**	9,950
	18,409	16,594	**88,685**	45,847
Items not to be subsequently reclassified to profit or loss				
Defined benefit plans actuarial adjustments				
Remeasurement of net defined benefit liability or asset	**(472)**	2,617	**1,334**	3,090
Related income taxes	**125**	(694)	**(354)**	(819)
	(347)	1,923	**980**	2,271
	18,062	18,517	**89,665**	48,118
Comprehensive income for the period	**122,324**	138,428	**314,302**	284,639
Comprehensive income for the period attributable to:				
Owners of the Corporation	**112,929**	132,811	**282,683**	263,585
Non-controlling interest	**9,395**	5,617	**31,619**	21,054
	122,324	138,428	**314,302**	284,639

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

	Equity attributable to owners of the Corporation					
(In thousands of Canadian dollars)	Share capital $	Share-based payment reserve $	Accumulated other comprehensive income (loss) $	Retained earnings $	Equity attributable to non-controlling interest $	Total shareholders' equity $
	(Note 12)		*(Note 13)*			
Balance at August 31, 2021	958,251	16,889	(17,994)	1,457,998	391,183	2,806,327
Profit for the period	—	—	—	218,112	18,409	236,521
Other comprehensive income for the period	—	—	43,202	2,271	2,645	48,118
Comprehensive income for the period	—	—	43,202	220,383	21,054	284,639
Issuance of subordinate voting shares under the Stock Option Plan	222	—	—	—	—	222
Share-based payment (Notes 12 C) and 16)	—	3,644	—	—	—	3,644
Share-based payment previously recorded in share-based payment reserve for options exercised	32	(32)	—	—	—	—
Dividends (Note 12 B))	—	—	—	(65,376)	—	(65,376)
Purchase and cancellation of subordinate voting shares	(13,023)	—	—	(35,726)	—	(48,749)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(4,865)	—	—	—	—	(4,865)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	4,401	(3,325)	—	(1,076)	—	—
Total (distributions to) contributions by shareholders	(13,233)	287	—	(102,178)	—	(115,124)
Balance at February 28, 2022	945,018	17,176	25,208	1,576,203	412,237	2,975,842
Balance at August 31, 2022	**930,974**	**19,965**	**129,606**	**1,670,535**	**438,051**	**3,189,131**
Profit for the period	**—**	**—**	**—**	**209,882**	**14,755**	**224,637**
Other comprehensive income for the period	**—**	**—**	**71,821**	**980**	**16,864**	**89,665**
Comprehensive income for the period	**—**	**—**	**71,821**	**210,862**	**31,619**	**314,302**
Issuance of subordinate voting shares under the Stock Option Plan	**1,437**	**—**	**—**	**—**	**—**	**1,437**
Share-based payment (Notes 12 C) and 16)	**—**	**3,386**	**—**	**—**	**—**	**3,386**
Share-based payment previously recorded in share-based payment reserve for options exercised	**250**	**(250)**	**—**	**—**	**—**	**—**
Dividends (Note 12 B))	**—**	**—**	**—**	**(69,376)**	**—**	**(69,376)**
Purchase and cancellation of subordinate voting shares	**(38,294)**	**—**	**—**	**(62,739)**	**—**	**(101,033)**
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**(5,889)**	**—**	**—**	**—**	**—**	**(5,889)**
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	**5,027**	**(5,992)**	**—**	**965**	**—**	**—**
Total distributions to shareholders	**(37,469)**	**(2,856)**	**—**	**(131,150)**	**—**	**(171,475)**
Balance at February 28, 2023	**893,505**	**17,109**	**201,427**	**1,750,247**	**469,670**	**3,331,958**

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

(In thousands of Canadian dollars)	*Notes*	**February 28, 2023** **$**	August 31, 2022 $
Assets			
Current			
Cash and cash equivalents	*14 D)*	**353,051**	370,899
Trade and other receivables		**141,505**	108,444
Income taxes receivable		**16,863**	6,501
Prepaid expenses and other		**53,821**	39,234
Derivative financial instruments		**11,129**	2,932
		576,369	528,010
Non-current			
Other assets		**79,846**	66,971
Property, plant and equipment		**3,163,678**	3,027,640
Intangible assets		**3,627,633**	3,571,221
Goodwill		**2,052,099**	1,982,498
Derivative financial instruments		**119,861**	95,537
Deferred tax assets		**5,025**	6,632
		9,624,511	9,278,509
Liabilities and Shareholders' equity			
Liabilities			
Current			
Bank indebtedness		**—**	8,633
Trade and other payables		**303,045**	380,461
Provisions		**29,622**	26,584
Income tax liabilities		**510**	39,252
Contract liabilities and other liabilities		**62,038**	63,958
Government subsidies received in advance		**73,711**	127,851
Derivative financial instruments		**394**	1,285
Current portion of long-term debt	*11*	**341,371**	339,096
		810,691	987,120
Non-current			
Long-term debt	*11*	**4,656,564**	4,334,373
Contract liabilities and other liabilities		**8,521**	8,960
Pension plan liabilities and accrued employee benefits		**5,283**	6,242
Deferred tax liabilities		**811,494**	752,683
		6,292,553	6,089,378
Shareholders' equity			
Equity attributable to owners of the Corporation			
Share capital	*12 A)*	**893,505**	930,974
Share-based payment reserve		**17,109**	19,965
Accumulated other comprehensive income	*13*	**201,427**	129,606
Retained earnings		**1,750,247**	1,670,535
		2,862,288	2,751,080
Equity attributable to non-controlling interest		**469,670**	438,051
		3,331,958	3,189,131
		9,624,511	9,278,509

Contingencies (Note 17) and Subsequent event (Note 18)

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

		Three months ended February 28		Six months ended February 28	
	Notes	**2023**	2022	**2023**	2022
(In thousands of Canadian dollars)		**$**	$	**$**	$
			(restated, Note 2)		*(restated, Note 2)*
Cash flows from operating activities					
Profit for the period		**104,262**	119,911	**224,637**	236,521
Adjustments for:					
Depreciation and amortization		**154,192**	150,025	**309,491**	301,662
Financial expense	*8*	**61,116**	44,979	**118,035**	89,934
Income taxes	*9*	**24,693**	32,721	**56,646**	50,171
Share-based payment		**1,590**	2,417	**2,935**	3,510
Gain on disposals and write-offs of property, plant and equipment		**(170)**	(56)	**(240)**	(1,149)
Defined benefit plans expense, net of contributions		**165**	(999)	**35**	(921)
		345,848	348,998	**711,539**	679,728
Changes in other non-cash operating activities	*14 A)*	**(69,619)**	(22,544)	**(134,035)**	(9,370)
Interest paid		**(50,326)**	(40,554)	**(110,824)**	(72,153)
Income taxes paid		**(22,860)**	(4,701)	**(69,478)**	(30,061)
		203,043	281,199	**397,202**	568,144
Cash flows from investing activities					
Acquisition of property, plant and equipment		**(172,967)**	(157,873)	**(407,604)**	(303,721)
Acquisition of spectrum licences		**—**	(236,073)	**—**	(236,073)
Business combinations, net of cash and cash equivalents acquired	*5*	**—**	—	**—**	(1,427,658)
Subsidies received in advance		**182**	—	**363**	—
Proceeds on disposals of property, plant and equipment		**477**	13	**633**	13
		(172,308)	(393,933)	**(406,608)**	(1,967,439)
Cash flows from financing activities					
Decrease in bank indebtedness		**—**	(13,900)	**(8,633)**	(4,460)
Net (decrease) increase under the revolving facilities		**(277,372)**	172,693	**(110,184)**	(83,770)
Issuance of long-term debt, net of discounts and transaction costs		**298,056**	(236)	**298,056**	1,611,303
Repayment of notes, debentures and credit facilities		**(8,846)**	(205,397)	**(17,626)**	(210,834)
Repayment of lease liabilities		**(1,657)**	(1,031)	**(2,998)**	(2,026)
Increase in deferred transaction costs		**(338)**	(675)	**(338)**	(675)
Issuance of subordinate voting shares	*12 A)*	**882**	117	**1,437**	222
Purchase and cancellation of subordinate voting shares	*12 A)*	**(63,750)**	(19,241)	**(101,033)**	(48,749)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	*12 A)*	**—**	—	**(5,889)**	(4,865)
Dividends paid	*12 B)*	**(34,263)**	(65,376)	**(69,376)**	(65,376)
		(87,288)	(133,046)	**(16,584)**	1,190,770
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency		**1,847**	(691)	**8,142**	699
Net change in cash and cash equivalents		**(54,706)**	(246,471)	**(17,848)**	(207,826)
Cash and cash equivalents, beginning of the period		**407,757**	587,699	**370,899**	549,054
Cash and cash equivalents, end of the period	*14 D)*	**353,051**	341,228	**353,051**	341,228

1. Nature of operations

Cogeco Communications Inc. ("Cogeco Communications" or the "Corporation") is a telecommunications corporation operating through its business units Cogeco Connexion and Breezeline. Cogeco Communications provides Internet, video and phone services to residential and business customers in Québec and Ontario in Canada as well as in thirteen states in the United States.

The Corporation is a subsidiary of Cogeco Inc. ("Cogeco"), which as of February 28, 2023 held 35.3% of the Corporation's equity shares, representing 84.5% of the votes attached to the Corporation's voting shares. Cogeco Communications is a Canadian public corporation whose subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CCA". The Corporation's registered office is located at 1 Place Ville Marie, Suite 3301, Montréal, Québec, H3B 3N2.

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

2. Basis of presentation and accounting policy developments

A) Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB") and were approved and authorized for issuance by the Board of Directors of the Corporation on April 13, 2023. These condensed interim consolidated financial statements have been prepared with the same accounting policies and methods of computation followed by the Corporation in its 2022 annual consolidated financial statements. These condensed interim consolidated financial statements do not include all the information required for annual financial statements and should be read in conjunction with the Corporation's 2022 annual consolidated financial statements. Certain comparative amounts in the condensed interim consolidated financial statements have been reclassified in order to conform to the fiscal 2023 consolidated financial statements presentation.

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

B) Change in accounting policies

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 presentation of the cash from subsidies received in advance, following the application of the IFRS Interpretations Committee's agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)*. 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, on a retrospective basis. The application of this agenda decision had 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.

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

The changes in presentation for the comparative periods presented in these condensed interim consolidated financial statements are summarized as follows:

Consolidated statements of cash flows

	Three months ended February 28, 2022			Six months ended February 28, 2022		
	As previously reported	Effect of change in presentation	As currently reported	As previously reported	Effect of change in presentation	As currently reported
	$	$	$	$	$	$
Cash flows from investing activities						
Acquisition of property, plant and equipment [1]	(142,195)	(15,678)	(157,873)	(283,223)	(20,498)	(303,721)
Net change in cash and cash equivalents	(230,793)	(15,678)	(246,471)	(187,328)	(20,498)	(207,826)
Cash and cash equivalents, beginning of the period [2]	408,985	178,714	587,699	365,520	183,534	549,054
Cash and cash equivalents, end of the period	178,192	163,036	341,228	178,192	163,036	341,228

(1) The application of this agenda decision resulted in an increase of $15.7 million and $20.5 million, respectively, in *Acquisition of property, plant and equipment*, in the Corporation's interim consolidated statements of cash flows for the three and six-month periods ended February 28, 2022, as subsidies received in advance were previously presented as a reduction of *Acquisition of property, plant and equipment* based on the costs incurred in connection with these subsidized projects over the total expected costs.

(2) At November 30, 2021 and August 31, 2021, restricted cash totalling $178.7 million and $183.5 million, respectively, were reclassified to *Cash and cash equivalents*, in the Corporation's consolidated statements of financial position and consolidated statements of cash flows for the periods then ended.

C) Future changes to standards, interpretations and amendments to standards and interpretations

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

Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1, *Presentation of Financial Statements*	In January 2020, the IASB issued *Classification of Liabilities as Current or Non-current (Amendments to 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. In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also require an entity to disclose additional information in the notes to the financial statements to enable stakeholders to understand the risk that non-current liabilities could become repayable within twelve months after the reporting date. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements.
Disclosure of Accounting Policies - Amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2	In February 2021, the IASB amended IAS 1 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.

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

3. Revenue

						Three months ended February 28
	Canadian telecommunications		**American telecommunications**		**Consolidated**	
	2023	2022	**2023**	2022	**2023**	2022
	$	$	**$**	$	**$**	$
Residential [1] [2] [3]	**307,574**	303,883	**318,939**	321,279	**626,513**	625,162
Commercial [3]	**43,233**	42,639	**44,254**	40,781	**87,487**	83,420
Other [2]	**17,527**	15,801	**5,119**	4,166	**22,646**	19,967
	368,334	362,323	**368,312**	366,226	**736,646**	728,549

						Six months ended February 28
	Canadian telecommunications		**American telecommunications**		**Consolidated**	
	2023	2022	**2023**	2022	**2023**	2022
	$	$	**$**	$	**$**	$
Residential [1] [2] [3]	**619,582**	599,452	**655,190**	638,592	**1,274,772**	1,238,044
Commercial [3]	**86,595**	85,935	**89,022**	81,160	**175,617**	167,095
Other [2]	**34,241**	31,983	**14,316**	9,968	**48,557**	41,951
	740,418	717,370	**758,528**	729,720	**1,498,946**	1,447,090

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

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

(3) During the first quarter of fiscal 2023, the Corporation changed the presentation of the revenue related to certain bulk accounts, from residential to commercial. This change has been applied retrospectively to the comparative figures, and consequently revenue reclassifications of $3.6 million and $7.7 million were reflected for the three and six-month periods of fiscal 2022, respectively. The total revenue reclassification for fiscal 2022 amounts to $15.7 million.

4. Segment information

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

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

				Three months ended February 28, 2023
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Consolidated
	$	$	$	$
Revenue	368,334	368,312	—	736,646
Operating expenses	170,289	202,254	7,488	380,031
Management fees – Cogeco Inc.	—	—	5,400	5,400
Adjusted EBITDA	198,045	166,058	(12,888)	351,215
Acquisition, integration, restructuring and other costs				6,952
Depreciation and amortization				154,192
Financial expense				61,116
Profit before income taxes				128,955
Income taxes				24,693
Profit for the period				104,262
Net capital expenditures [1]	81,383	73,091	1,651	156,125

				Three months ended February 28, 2022
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Consolidated
	$	$	$	$
Revenue	362,323	366,226	—	728,549
Operating expenses	169,307	196,436	8,148	373,891
Management fees – Cogeco Inc.	—	—	5,571	5,571
Adjusted EBITDA	193,016	169,790	(13,719)	349,087
Acquisition, integration, restructuring and other costs				1,451
Depreciation and amortization				150,025
Financial expense				44,979
Profit before income taxes				152,632
Income taxes				32,721
Profit for the period				119,911
Net capital expenditures [1]	67,763	73,178	1,254	142,195
Acquisition of spectrum licences	236,073	—	—	236,073

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

				Six months ended February 28, 2023
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Consolidated
	$	$	$	$
Revenue	**740,418**	**758,528**	**—**	**1,498,946**
Operating expenses	**343,740**	**409,964**	**16,004**	**769,708**
Management fees – Cogeco Inc.	**—**	**—**	**10,800**	**10,800**
Adjusted EBITDA	**396,678**	**348,564**	**(26,804)**	**718,438**
Acquisition, integration, restructuring and other costs				**9,629**
Depreciation and amortization				**309,491**
Financial expense				**118,035**
Profit before income taxes				**281,283**
Income taxes				**56,646**
Profit for the period				**224,637**
Net capital expenditures [(1)]	**196,621**	**153,499**	**2,976**	**353,096**

				Six months ended February 28, 2022
	Canadian telecommunications	American telecommunications	Corporate and eliminations	Consolidated
	$	$	$	$
Revenue	717,370	729,720	—	1,447,090
Operating expenses	336,493	384,166	16,906	737,565
Management fees – Cogeco Inc.	—	—	11,151	11,151
Adjusted EBITDA	380,877	345,554	(28,057)	698,374
Acquisition, integration, restructuring and other costs				20,086
Depreciation and amortization				301,662
Financial expense				89,934
Profit before income taxes				286,692
Income taxes				50,171
Profit for the period				236,521
Net capital expenditures [(1)]	135,234	146,405	1,584	283,223
Acquisition of spectrum licences	236,073	—	—	236,073

(1) Net capital expenditures exclude non-cash acquisitions of right-of-use assets and the purchases of spectrum licences, and are presented net of government subsidies, including subsidies received in advance recognized as a reduction of the cost of property, plant and equipment. Refer to Note 14 B) for a reconciliation of net capital expenditures to cash payments for acquisition of property, plant and equipment as reported in the consolidated statements of cash flows. Following the application of the IFRS Interpretations Committee issued agenda decision *Demand Deposits with Restrictions on Use arising from a Contract with a Third Party (IAS 7 Statement of Cash Flows)* during the third quarter of fiscal 2022, the Corporation changed the label of its "Acquisition of property, plant and equipment" measure to "Net capital expenditures".

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

5. Business combination

Fiscal 2022

Acquisition of WideOpenWest's Ohio broadband systems

On September 1, 2021, Breezeline completed the acquisition of the broadband systems of WideOpenWest, Inc. located in Ohio ("Ohio broadband systems") for a purchase price of $1.418 billion (US$1.125 billion), subject to customary post-closing adjustments. The transaction was executed through an asset purchase agreement. The purchase price and transaction costs were financed through the issuance of a US$900 million senior secured Term B loan maturing in September 2028 and excess cash on hand. During the fourth quarter of fiscal 2022, the Corporation finalized the purchase price allocation.

6. Operating expenses

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Salaries, employee benefits and outsourced services	**121,549**	107,030	**242,852**	212,801
Service delivery costs	**199,091**	200,419	**399,278**	397,056
Customer related costs	**26,794**	30,739	**56,888**	57,818
Other external purchases	**32,597**	35,703	**70,690**	69,890
	380,031	373,891	**769,708**	737,565

7. Acquisition, integration, restructuring and other costs

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Acquisition and integration costs	**1,398**	1,451	**1,981**	20,086
Restructuring costs	**—**	—	**816**	—
Configuration and customization costs related to cloud computing arrangements	**440**	—	**1,718**	—
Costs related to litigation and regulatory decisions	**5,114**	—	**5,114**	—
	6,952	1,451	**9,629**	20,086

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

8. Financial expense

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Interest on long-term debt, excluding interest on lease liabilities	**62,767**	45,021	**118,162**	87,657
Interest on lease liabilities	**430**	324	**828**	634
Net foreign exchange loss (gain)	**163**	(1,323)	**2,583**	(51)
Amortization of deferred transaction costs related to the revolving facilities	**170**	175	**334**	358
Other	**(2,414)**	782	**(3,872)**	1,336
	61,116	44,979	**118,035**	89,934

9. Income taxes

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Current	**12,039**	10,786	**20,415**	25,349
Deferred	**12,654**	21,935	**36,231**	24,822
	24,693	32,721	**56,646**	50,171

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Profit before income taxes	**128,955**	152,632	**281,283**	286,692
Combined Canadian income tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %
Income taxes at combined Canadian income tax rate	**34,173**	40,447	**74,540**	75,973
Difference in operations' statutory income tax rates	**257**	83	**15**	(44)
Impact on income taxes arising from non-deductible expenses and non-taxable profit	**453**	192	**1,004**	89
Tax impacts related to foreign operations	**(10,971)**	(7,208)	**(20,734)**	(13,769)
Other [(1)]	**781**	(793)	**1,821**	(12,078)
Income taxes at effective income tax rate	**24,693**	32,721	**56,646**	50,171
Effective income tax rate	**19.1%**	21.4%	**20.1 %**	17.5 %

(1) For the six-month period ending February 28, 2022, primarily related to the reduction of the blended state income tax rate applied to the U.S. temporary tax differences, following the Ohio broadband systems acquisition in the first quarter of fiscal 2022.

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

10. Earnings per share

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Profit for the period attributable to owners of the Corporation	**98,378**	111,275	**209,882**	218,112
Weighted average number of multiple and subordinate voting shares outstanding	**44,613,424**	46,372,951	**45,044,972**	46,485,109
Effect of dilutive stock options [(1)]	**50,640**	180,832	**48,597**	203,018
Effect of dilutive incentive share units	**75,309**	76,818	**74,974**	73,047
Effect of dilutive performance share units	**99,972**	95,290	**98,937**	94,650
Weighted average number of diluted multiple and subordinate voting shares outstanding	**44,839,345**	46,725,891	**45,267,480**	46,855,824

(1) For the three and six-month periods ended February 28, 2023, 538,190 stock options (331,815 and 176,990 in 2022) were excluded from the calculation of diluted earnings per share due to the exercise price of the options being greater than the average share price of the subordinate voting shares.

11. Long-term debt

	February 28, 2023	August 31, 2022
	$	$
Notes, debentures and credit facilities	**4,953,270**	4,629,842
Lease liabilities	**44,665**	43,627
	4,997,935	4,673,469
Less current portion	**341,371**	339,096
	4,656,564	4,334,373

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

A) Notes, debentures and credit facilities

	Maturity	Interest rate		February 28, 2023	August 31, 2022
		%		$	$
Corporation					
Term Revolving Facility					
Revolving loan – US$81 million at August 31, 2022	January 2028	—		—	106,199
Senior Secured Notes					
Series A - US$25 million	September 2024	4.14		33,996	32,742
Series B - US$150 million	September 2026	4.29		203,824	196,313
Senior Secured Notes - US$215 million	June 2025	4.30		292,232	281,450
Senior Secured Notes - Series 1	September 2031	2.99		497,140	496,993
Senior Secured Notes - Series 2	February 2033	5.30		298,062	—
Senior Secured Debentures Series 4	May 2023	4.18		299,910	299,730
Senior Unsecured Non-Revolving Facility	November 2042	—		—	—
U.S. subsidiaries					
First Lien Credit Facilities					
Senior Secured Term Loan B Facility					
Tranche 1 - US$1,584.3 million (US$1,592.8 million at August 31, 2022)	January 2025	6.63	(1) (2)	2,133,141	2,060,614
Tranche 2 - US$891 million (US$895.5 million at August 31, 2022)	September 2028	7.13	(1) (3)	1,194,965	1,155,801
Senior Secured Revolving Facility	July 2024	—		—	—
				4,953,270	4,629,842
Less current portion				335,293	333,818
				4,617,977	4,296,024

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

(2) As of February 28, 2023, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US$540 million of the Senior Secured Term Loan B Facility - Tranche 1. These agreements have the effect of converting the floating US LIBOR base rate into fixed rates ranging from 2.07% to 2.26%, plus an applicable credit spread, for maturities between January 31, 2024 and November 30, 2024. Taking into account these agreements, the effective interest rate on Tranche 1 of the Senior Secured Term Loan B Facility is 5.78%.

(3) As of February 28, 2023, a U.S. subsidiary had outstanding interest rate swap agreements to fix the interest rate on an amount of US$800 million of the Senior Secured Term Loan B Facility - Tranche 2. These agreements have the effect of converting the floating US LIBOR base rate, or the 50 bps LIBOR floor if higher, into fixed rates ranging from 1.22% to 1.46%, plus an applicable credit spread, for maturities between October 31, 2025 and July 31, 2027. Taking into account these agreements, the effective interest rate on Tranche 2 of the Senior Secured Term Loan B Facility is 4.16%.

Term Revolving Facility

On December 21, 2022, Cogeco Communications amended its $750 million Term Revolving Facility to extend the maturity by one additional year to January 24, 2028. The amendment also replaced US LIBOR with the Secured Overnight Financing Rate ("SOFR") as the benchmark interest rate.

Senior Secured Notes - Series 2

In February 2023, Cogeco Communications completed, pursuant to a private placement, the issuance of $300 million Senior Secured Notes - Series 2 maturing on February 16, 2033. 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.

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

Senior Unsecured Non-Revolving Facility

In December 2022, Cogeco Communications entered into a 20-year senior unsecured non-revolving facility, having an aggregate principal amount of up to $38.1 million, with the Canada Infrastructure Bank. The credit facility can only be drawn to finance the network expansion projects undertaken in connection with Ontario's Accelerated High Speed Internet Program. At February 28, 2023, the facility was undrawn.

B) Other information

Weighted average interest rate and term to maturity

At February 28, 2023, the Corporation's weighted average interest rate on all debt, excluding the amortization of deferred transaction costs and commitment fees but including the impact of interest rate swaps, was 4.8%. The overall debt's weighted average term to maturity was 3.9 years.

Performance and payment bonds

At February 28, 2023, the Corporation had $157.9 million of performance and payment bonds outstanding, issued in accordance with the rules established by Infrastructure Ontario in connection with Ontario's Accelerated High Speed Internet Program (AHSIP).

12. Share capital

A) Issued and paid

	February 28, 2023	August 31, 2022
	$	$
15,691,100 multiple voting shares	**98,346**	98,346
28,749,078 subordinate voting shares (30,081,467 at August 31, 2022)	**811,657**	848,264
	910,003	946,610
84,303 subordinate voting shares held in trust under the Incentive Share Unit Plan (77,367 at August 31, 2022)	**(7,053)**	(7,020)
115,032 subordinate voting shares held in trust under the Performance Share Unit Plan (94,216 at August 31, 2022)	**(9,445)**	(8,616)
	893,505	930,974

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

During the first six months of fiscal 2023, subordinate voting share transactions were as follows:

	Number of shares	Amount
		$
Balance at August 31, 2022	**30,081,467**	**848,264**
Shares issued for cash under the Stock Option Plan	**24,979**	**1,437**
Share-based payment previously recorded in share-based payment reserve for options exercised	**—**	**250**
Purchase and cancellation of subordinate voting shares	**(1,357,368)**	**(38,294)**
Balance at February 28, 2023	**28,749,078**	**811,657**

Subordinate voting shares repurchase programs

	Commencement date	Expiry	Maximum subordinate voting shares for repurchase	Number of shares repurchased at February 28
2022 Normal course issuer bid [1]	May 4, 2022	May 3, 2023	1,960,905	1,825,168
2021 Normal course issuer bid	May 4, 2021	May 3, 2022	2,068,000	958,125

(1) On November 24, 2022, Cogeco Communications amended its normal course issuer bid ("NCIB") in order to increase the maximum number of its subordinate voting shares that may be repurchased for cancellation from 1,500,000 to 1,960,905, representing 10% of the 19,609,056 subordinate voting shares that constituted the public float of the Corporation's issued and outstanding subordinate voting shares as of the reference date of April 22, 2022. No other terms of the NCIB have been amended.

The following table provides the NCIB purchases for the three and six-month periods ended February 28, 2023 and 2022:

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Subordinate voting shares purchased and cancelled	**845,198**	189,425	**1,357,368**	463,425
Weighted average purchase price per share	**75.43**	101.58	**74.43**	105.19
Purchase costs	**63,750**	19,241	**101,033**	48,749

Subordinate voting shares held in trust

During the first six months of fiscal 2023, the transactions pertaining to the subordinate voting shares held in trust under the Incentive Share Unit Plan ("ISU Plan") and the Performance Share Unit Plan ("PSU Plan") were as follows:

	ISU Plan		PSU Plan	
	Number of shares	Amount	Number of shares	Amount
		$		**$**
Balance at August 31, 2022	**77,367**	**7,020**	**94,216**	**8,616**
Subordinate voting shares acquired	**30,590**	**2,165**	**52,612**	**3,724**
Subordinate voting shares distributed to employees	**(23,654)**	**(2,132)**	**(31,796)**	**(2,895)**
Balance at February 28, 2023	**84,303**	**7,053**	**115,032**	**9,445**

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

B) Dividends

The following tables provide a summary of the dividends declared for the Corporation's multiple and subordinate voting shares during the three and six-month periods ended February 28, 2023 and 2022:

Declaration date	Record date	Payment date	Dividend per share (in dollars)
October 27, 2022	**November 10, 2022**	**November 24, 2022**	**0.776**
January 12, 2023	**January 26, 2023**	**February 9, 2023**	**0.776**
			1.552
November 11, 2021	November 25, 2021	December 9, 2021	0.705
January 13, 2022	January 27, 2022	February 10, 2022	0.705
			1.410

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Dividends on multiple voting shares	**12,177**	11,062	**24,353**	22,124
Dividends on subordinate voting shares	**22,086**	21,599	**45,023**	43,252
	34,263	32,661	**69,376**	65,376

At its April 13, 2023 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of $0.776 per share for multiple and subordinate voting shares, payable on May 11, 2023 to shareholders of record on April 27, 2023.

C) Share-based payment plans

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Stock options	**142**	230	**384**	451
ISUs	**484**	660	**1,048**	1,119
PSUs	**461**	517	**978**	825
DSUs	**25**	424	**(351)**	(55)
	1,112	1,831	**2,059**	2,340

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

Stock options

Changes in the outstanding number of stock options for the six-month period ended February 28, 2023 were as follows:

	Options	Weighted average exercise price
		$
Outstanding at August 31, 2022	874,165	86.52
Granted	151,028	69.48
Exercised [1]	(24,979)	57.54
Cancelled	(36,144)	95.28
Outstanding at February 28, 2023	964,070	84.28
Exercisable at February 28, 2023	537,946	80.36

(1) The weighted average share price for options exercised during the six-month period was $57.54.

The weighted average fair value of stock options granted for the six-month period ended February 28, 2023 was $11.69 per option. The fair value of the options granted was estimated using the Black-Scholes option pricing model based on the following weighted-average assumptions:

	%
Expected dividend yield	4.33
Expected volatility	25.67
Risk-free interest rate	3.39
Expected life (in years)	5.1

ISUs, PSUs and DSUs

Changes in the outstanding number of ISUs, PSUs and DSUs for the six-month period ended February 28, 2023 were as follows:

	ISUs	PSUs	DSUs
Outstanding at August 31, 2022	75,375	94,589	72,166
Granted/Issued [1] [2]	28,004	39,851	14,482
Performance-based additional units granted	—	2,242	—
Distributed/Redeemed	(23,654)	(31,796)	—
Cancelled	(6,972)	(7,228)	—
Dividend equivalents	—	2,170	1,730
Outstanding at February 28, 2023	72,753	99,828	88,378

(1) The weighted average fair value of the ISUs and PSUs granted during the six-month period was $69.48.
(2) The weighted average fair value of the DSUs issued during the six-month period was $76.50.

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

13. Accumulated other comprehensive income (loss)

	Cash flow hedge reserve	Foreign currency translation	Total
	$	$	$
Balance at August 31, 2021	(30,870)	12,876	(17,994)
Other comprehensive income	35,897	7,305	43,202
Balance at February 28, 2022	5,027	20,181	25,208
Balance at August 31, 2022	**71,315**	**58,291**	**129,606**
Other comprehensive income	**24,962**	**46,859**	**71,821**
Balance at February 28, 2023	**96,277**	**105,150**	**201,427**

14. Additional cash flows information

A) Changes in other non-cash operating activities

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Trade and other receivables	**(21,173)**	(16,910)	**(29,442)**	(24,559)
Prepaid expenses and other	**589**	(645)	**(13,838)**	(2,127)
Other assets	**(6,221)**	(3,006)	**(10,140)**	(5,194)
Trade and other payables	**(49,073)**	(4,353)	**(78,663)**	21,275
Provisions	**6,808**	2,302	**2,234**	3,058
Contract liabilities and other liabilities	**(549)**	68	**(4,186)**	(1,823)
	(69,619)	(22,544)	**(134,035)**	(9,370)

B) Acquisition of property, plant and equipment

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
		(restated, Note 2)		*(restated, Note 2)*
Acquisition of property, plant and equipment	**172,967**	157,873	**407,604**	303,721
Subsidies received in advance recognized as a reduction of the cost of property, plant and equipment during the period	**(16,842)**	(15,678)	**(54,508)**	(20,498)
Net capital expenditures	**156,125**	142,195	**353,096**	283,223

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

C) Changes in liabilities arising from financing activities

		Long-term debt		
Six months ended February 28, 2023	Bank indebtedness	Notes, debentures and credit facilities	Lease liabilities	Total
	$	$	$	$
Balance at August 31, 2022	**8,633**	**4,629,842**	**43,627**	**4,682,102**
Decrease in bank indebtedness	**(8,633)**	**—**	**—**	**(8,633)**
Net decrease under the revolving facilities	**—**	**(110,184)**	**—**	**(110,184)**
Issuance of long-term debt, net of discounts and transaction costs	**—**	**298,056**	**—**	**298,056**
Repayment of notes, debentures and credit facilities	**—**	**(17,626)**	**—**	**(17,626)**
Repayment of lease liabilities	**—**	**—**	**(2,998)**	**(2,998)**
Total cash flows (used in) from financing activities excluding equity	**(8,633)**	**170,246**	**(2,998)**	**158,615**
Interest paid on lease liabilities	**—**	**—**	**(839)**	**(839)**
Total cash flow changes	**(8,633)**	**170,246**	**(3,837)**	**157,776**
Effect of changes in foreign exchange rates	**—**	**145,577**	**554**	**146,131**
Amortization of discounts, transaction costs and other	**—**	**7,605**	**—**	**7,605**
Net increase in lease liabilities	**—**	**—**	**4,321**	**4,321**
Total non-cash changes	**—**	**153,182**	**4,875**	**158,057**
Balance at February 28, 2023	**—**	**4,953,270**	**44,665**	**4,997,935**

D) Cash and cash equivalents

	February 28, 2023	August 31, 2022
	$	$
Cash	**209,811**	177,299
Cash with restrictions on use [1]	**73,711**	127,851
Cash equivalents [2]	**69,529**	65,749
	353,051	370,899

(1) In connection with government subsidies received in advance, pertaining mainly to Cogeco Connexion's high-speed Internet network expansion projects.
(2) Comprised of bank term deposits.

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

15. Financial instruments

A) Financial risk management

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate, foreign exchange and market risks which are described in the Corporation's 2022 annual consolidated financial statements.

Credit risk

The lowest credit rating of the counterparties to the derivative financial instruments agreements at February 28, 2023 is "A-" by Standard & Poor's rating services ("S&P"). In the current volatile financial market environment, management continues to monitor its exposure to financial institutions which is primarily in the form of deposits, derivatives and revolver commitments.

Liquidity risk

At February 28, 2023, the Corporation had used $0.03 million of its $750 million Term Revolving Facility for a remaining availability of $749.98 million. In addition, the U.S. subsidiaries benefit from a Senior Secured Revolving Facility of $204.1 million (US$150 million), of which $3.7 million (US$2.7 million) was used at February 28, 2023 for a remaining availability of $200.4 million (US$147.3 million). The amounts used from these facilities consist solely of letters of credit.

Interest rate risk

At February 28, 2023, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the 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 Corporation's U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at February 28, 2023:

Type of hedge	Notional amount	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US$540 million	US LIBOR base rate (1)	2.07% - 2.26%	January 2024 - November 2024	Senior Secured Term Loan B - Tranche 1
Cash flow	US$800 million	US LIBOR base rate with a 50 bps floor	1.22% - 1.46%	October 2025 - July 2027	Senior Secured Term Loan B - Tranche 2

(1) Two tranches amounting to US$230 million have matured on January 31, 2023.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately $15.4 million based on the outstanding debt and swap agreements at February 28, 2023.

Considering that the remaining US LIBOR benchmark rates will be discontinued on June 30, 2023, the Corporation will transition its US LIBOR interest derivatives to expected substantially similar interest derivatives referencing SOFR.

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

B) Fair value of financial instruments

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

	February 28, 2023		August 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
	$	$	$	$
Notes, debentures and credit facilities	4,953,270	4,861,025	4,629,842	4,507,568

C) Capital management

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

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

At February 28, 2023 and August 31, 2022, the Corporation was in compliance with all of its debt covenants and was not subject to any other externally imposed capital requirements.

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

As at, or for the 12-month periods ended	February 28, 2023	August 31, 2022
Components of debt and coverage ratios		
Net indebtedness	4,764,276	4,489,330
Adjusted EBITDA	1,413,126	1,393,062
Financial expense	215,718	187,617
Debt and coverage ratios		
Net indebtedness / adjusted EBITDA	3.4	3.2
Adjusted EBITDA / financial expense	6.6	7.4

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

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

	February 28, 2023	August 31, 2022
Long-term debt, including the current portion	**4,997,935**	4,673,469
Discounts, transaction costs and other	**45,681**	50,276
Long-term debt before discounts, transaction costs and other	**5,043,616**	4,723,745
Bank indebtedness	**—**	8,633
Cash and cash equivalents, excluding cash with restrictions on use [1]	**(279,340)**	(243,048)
Net indebtedness	**4,764,276**	4,489,330

(1) See Note 14 D).

16. Related party transactions

Cogeco Communications is a subsidiary of Cogeco, which as of February 28, 2023 held 35.3% of the Corporation's equity shares, representing 84.5% 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 three and six-month periods ended February 28, 2023, management fees paid to Cogeco amounted to $5.4 million and $10.8 million, respectively, compared to $5.6 million and $11.2 million for the same periods of fiscal 2022.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during the six-month periods ended February 28, 2023 and 2022, the Corporation granted stock options and PSUs to these executive officers, as executive officers of Cogeco Communications, the value of which was charged back to Cogeco, as shown in the following table:

	Six months ended February 28	
	2023	2022
Stock options	**79,348**	72,200
PSUs	**14,283**	10,100

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

	Three months ended February 28		Six months ended February 28	
	2023	2022	**2023**	2022
	$	$	**$**	$
Stock options	**241**	277	**596**	609
PSUs	**237**	270	**380**	640
DSUs	**—**	39	**(100)**	(79)
	478	586	**876**	1,170

17. Contingencies

Royalties payable for retransmission of distant television signals

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

On February 6, 2023, the Copyright Board issued its preliminary conclusions in its redetermination of the 2016 to 2018 rates, which would result in an increase from the rate set in its original decision. In light of these preliminary determinations, the Corporation has recognized an amount of $5.1 million during the second quarter of fiscal 2023, within *Acquisition, integration, restructuring and other costs,* related to the estimated retroactive costs for the period of 2016 to 2022. The final outcome of this proceeding is still unknown and the Copyright Board's final determinations regarding royalty rates may vary from its preliminary determinations.

18. Subsequent event

Acquisition of the telecommunications operations of oxio

On March 3, 2023, the Corporation's subsidiary's Cogeco Connexion completed the acquisition of the telecommunications operations of oxio, for a purchase price of $100 million, subject to customary post-closing adjustments. oxio serves approximately 48,000 residential broadband customers in Québec, Ontario and western provinces. With this acquisition, Cogeco Connexion will now have a second brand to serve the telecommunications needs of Canadians.