MANAGEMENT DISCUSSION AND ANALYSIS
FIRST QUARTER 2024

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CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. in the first quarter of 2024 and the major changes from the previous financial year. Quebecor Inc., one of Canada's largest telecommunications and media groups, operates in the following segments: Telecommunications, Media, and Sports and Entertainment. Unless the context otherwise requires, in this Management Discussion and Analysis, "Quebecor" and "the Corporation" refer to Quebecor Inc. and its subsidiaries.

A Canadian leader in telecommunications and media, Quebecor is expanding its geographic footprint in the Canadian telecom market through a strategy focused on increasing competition in mobile telephony, and is pursuing a convergence strategy to leverage the value of its content for the benefit of its various properties and multiple distribution platforms.

Videotron acquired Freedom Mobile ("Freedom") from Shaw Communications Inc. on April 3, 2023. Videotron paid $2.07 billion in cash and assumed certain liabilities, mainly lease obligations. The acquisition included the Freedom brand's entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets.

This report should be read in conjunction with the information in the consolidated financial statements and Management Discussion and Analysis for the financial year ended December 31, 2023. All amounts are stated in Canadian dollars ("CAN") unless otherwise indicated.

The Corporation uses financial measures not standardized under International Financial Reporting Standards ("IFRS"), such as adjusted EBITDA, adjusted income from operating activities, adjusted cash flows from operations, free cash flows from operating activities and consolidated net debt leverage ratio. It also uses key performance indicators, such as revenue-generating unit ("RGU") and average monthly mobile revenue per unit ("mobile ARPU"). The Corporation discontinued the use of total ARPU as of the first quarter of 2024. With the evolution of the product mix as a result of the Corporation's geographic diversification, total ARPU is no longer meaningful. Definitions of the non-IFRS measures and key performance indicators used by the Corporation are provided in the "Non-IFRS financial measures" and "Key performance indicators" sections below.

HIGHLIGHTS

First quarter 2024

Revenues: $1.36 billion, a $247.2 million (22.2%) increase due to the acquisition of Freedom.

Adjusted EBITDA:[1] $559.5 million, a $116.7 million (26.4%) increase due primarily to Freedom's contribution, as well as reductions in operating expenses, including in the Media segment.

Net income attributable to shareholders: $173.2 million ($0.75 per basic share), an increase of $52.3 million ($0.23 per basic share) or 43.3%.

Adjusted income from operating activities:[1] $163.1 million ($0.71 per basic share), an increase of $27.1 million ($0.12 per basic share) or 19.9%.

Adjusted cash flows from operations:[1] $419.0 million, a $73.0 million (21.1%) increase, including the contribution of the Freedom acquisition.

Cash flows provided by operating activities: $388.8 million, a $116.9 million (43.0%) increase.

[1] See "Non-IFRS financial measures."

Table 1
Consolidated summary of income, cash flows and balance sheet
(in millions of Canadian dollars, except per basic share data)

	Three months ended March 31	
	2024	2023
Income		
Revenues:		
Telecommunications	**$ 1,179.5**	$ 925.0
Media	**168.8**	170.8
Sports and Entertainment	**46.7**	48.5
Inter-segments	**(32.2)**	(28.7)
	1,362.8	1,115.6
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**575.5**	474.2
Media	**(16.7)**	(26.4)
Sports and Entertainment	**3.9**	3.4
Head Office	**(3.2)**	(8.4)
	559.5	442.8
Depreciation and amortization	**(236.2)**	(188.5)
Financial expenses	**(108.9)**	(77.9)
Gain (loss) on valuation and translation of financial instruments	**9.8**	(11.3)
Restructuring, acquisition costs and other	**(2.2)**	(5.6)
Income taxes	**(54.4)**	(46.0)
Net income	**$ 167.6**	$ 113.5
Net income attributable to shareholders	**173.2**	120.9
Adjusted income from operating activities	**163.1**	136.0
Per basic share:		
Net income attributable to shareholders	**0.75**	0.52
Adjusted income from operating activities	**0.71**	0.59

Table 1 (continued)

	Three months ended March 31 2024	Three months ended March 31 2023
Additions to property, plant and equipment and to intangible assets:		
Telecommunications	**$ 132.9**	$ 94.7
Media	**6.2**	1.0
Sports and Entertainment	**1.4**	0.9
Head Office	**–**	0.2
	140.5	96.8
Acquisition of spectrum licences, including deposits	**59.8**	9.9
Cash flows:		
Adjusted cash flows from operations:		
Telecommunications	**442.6**	379.5
Media	**(22.9)**	(27.4)
Sports and Entertainment	**2.5**	2.5
Head Office	**(3.2)**	(8.6)
	419.0	346.0
Free cash flows from operating activities[1]	**222.6**	147.0
Cash flows provided by operating activities	**388.8**	271.9

	Mar. 31, 2024	Dec. 31, 2023
Balance sheet:		
Cash and cash equivalents	**$ 25.9**	$ 11.1
Working capital	**(1,187.5)**	(1,125.6)
Net assets related to derivative financial instruments	**207.2**	110.8
Total assets	**12,831.4**	12,741.3
Total long-term debt (including current portion)	**7,647.8**	7,668.2
Lease liabilities (current and long term)	**362.6**	376.2
Convertible debentures, including embedded derivatives	**155.5**	165.0
Equity attributable to shareholders	**1,868.6**	1,726.9
Equity	**1,977.1**	1,837.7
Consolidated net debt leverage ratio[1]	**3.31x**	3.39x

Telecommunications

- In the first quarter of 2024, the Telecommunications segment increased its revenues by $254.5 million (27.5%) and its adjusted EBITDA by $101.3 million (21.4%), reflecting the acquisition of Freedom in April 2023.
- In the first quarter of 2024, the Telecommunications segment increased its revenues from mobile services and equipment ($264.2 million or 95.7%) due to the impact of the Freedom acquisition, as well as its revenues from Internet access ($5.8 million or 1.8%).
- There was a net increase of 17,400 RGUs[2] (0.2%) in the first quarter of 2024, including 60,200 connections (1.6%) to the mobile telephony service.

[1] See "Non-IFRS financial measures."
[2] See "Key performance indicators."

- On May 7 2024, Freedom announced the gradual roll-out of its new affordable wireline Internet and TV services, Freedom Home Internet and Freedom TV, to its existing customer base, becoming a true multiservice player and positioning itself to reach a new customer segment seeking bundled plans.
- On May 6, 2024, credit rating agency S&P Global Ratings ("S&P") upgraded Videotron's credit rating from BB+ to BBB-. S&P also raised Videotron's unsecured debt rating from BB+ to BBB-.
- On April 10, 2024, Videotron Ltd. ("Videotron") announced that it would help improve wireless coverage in outlying regions of Québec by installing at least 37 new cell towers in Abitibi-Témiscamingue and the Laurentians in partnership with the Québec government.
- Both Videotron and Freedom performed very well in the mid-year report released by the Commission for Complaints for Telecom-television Services (CCTS) on April 25, 2024. Videotron and Freedom's outstanding customer service and its determination to resolve issues promptly are reflected in this report. While the volume of complaints logged by CCTS about the telecom industry as a whole rose sharply by 43.1%, Videotron stood out from the other major players with a significant drop of 11.4%, while Freedom saw its % of complaints decreased from 6.5% to 4.7% compared to the industry total volume of complaints.
- Videotron has also earned several honors since the beginning of 2024. It was ranked the most respected telecommunications company in Québec for the 18th time since 2006 in the 2024 Léger reputation survey. Videotron and its Fizz brand hit a double in Léger's 2024 WOW study, which found that, among telecom retailers, Videotron offered the best in-store experience in Québec while Fizz ranked first in Canada for online experience for the fifth year in a row.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

2024/2023 first quarter comparison

Revenues: $1.36 billion, a $247.2 million (22.2%) increase.

- Revenues increased in Telecommunications ($254.5 million or 27.5% of segment revenues), due to the impact of the Freedom acquisition.
- Revenues decreased in Media ($2.0 million or -1.2%) and in Sports and Entertainment ($1.8 million or -3.7%).

Adjusted EBITDA: $559.5 million, a $116.7 million (26.4%) increase.

- Adjusted EBITDA increased in Telecommunications ($101.3 million or 21.4% of segment adjusted EBITDA), due primarily to Freedom's contribution. There were favourable variances in Media ($9.7 million) and Head Office ($5.2 million), due in both cases to reductions in some operating expenses.
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in an $8.8 million favourable variance in the Corporation's stock-based compensation charge in the first quarter of 2024 compared with the same period of 2023.

Net income attributable to shareholders: $173.2 million ($0.75 per basic share) in the first quarter of 2024, compared with $120.9 million ($0.52 per basic share) in the same period of 2023, an increase of $52.3 million ($0.23 per basic share) or 43.3%.

- The favourable variances were:
  - $116.7 million increase in adjusted EBITDA;
  - $21.1 million favourable variance in gains and losses on valuation and translation of financial instruments, including $21.4 million without any tax consequences;
  - $3.4 million favourable variance in the charge for restructuring, acquisition costs and other.
- The main unfavourable variances were:
  - $47.7 million increase in the depreciation and amortization charge;
  - $31.0 million increase related to financial expenses;
  - $8.4 million increase in the income tax expense.

Adjusted income from operating activities: $163.1 million ($0.71 per basic share) in the first quarter of 2024, compared with $136.0 million ($0.59 per basic share) in the same period of 2023, an increase of $27.1 million ($0.12 per basic share) or 19.9%.

Adjusted cash flows from operations: $419.0 million, a $73.0 million (21.1%) increase in the first quarter of 2024 due primarily to the $116.7 million increase in adjusted EBITDA, partially offset by a $43.7 million increase in additions to property, plant and equipment and to intangible assets.

Cash flows provided by operating activities: $388.8 million, a $116.9 million (43.0%) increase due primarily to the increase in adjusted EBITDA and the favourable net change in non-cash balances related to operating activities, partially offset by increases in the cash portion of financial expenses and in current income taxes.

Depreciation and amortization charge: $236.2 million in the first quarter of 2024, a $47.7 million increase due primarily to the impact of the Freedom acquisition.

Financial expenses: $108.9 million in the first quarter of 2024, a $31.0 million increase due primarily to higher average indebtedness, including the impact of the financing of the Freedom acquisition, and also to the impact of higher average interest on long-term debt.

Gain on valuation and translation of financial instruments: $9.8 million in the first quarter of 2024, a $21.1 million favourable variance due primarily to a $21.4 million favourable variance, without any tax consequences, in gains and losses on embedded derivatives related to convertible debentures.

Charge for restructuring, acquisition costs and other: $2.2 million, a $3.4 million favourable variance.

Income tax expense: $54.4 million in the first quarter of 2024 (effective tax rate of 26.1%), compared with $46.0 million in the same period of 2023 (effective tax rate of 27.2%), an $8.4 million unfavourable variance caused mainly by the impact of the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

SEGMENTED ANALYSIS

Telecommunications

First quarter 2024 operating results

Revenues: $1.18 billion in the first quarter of 2024, a $254.5 million (27.5%) increase.

- Revenues from mobile telephony services increased $208.0 million (103.4%) to $409.1 million essentially because of an increase in the number of subscriber connections due to the impact of the Freedom acquisition and an organic growth at both Videotron and Freedom, partially offset by lower average per-connection revenues.
- Revenues from Internet access services increased $5.8 million (1.8%) to $320.5 million, due primarily to an increase in the customer base of the Fizz brand and the impact of the Freedom acquisition.
- Revenues from television services decreased $0.2 million (-0.1%) to $199.2 million. The impact of the reduction in the customer base was offset by an increase in average per-customer revenue.
- Revenues from wireline telephony services decreased $6.6 million (-9.3%) to $64.7 million, mainly because of the impact of the net decrease in subscriber connections, partially offset by higher average per-connection revenues.
- Revenues from mobile equipment sales to customers increased $56.2 million (74.8%) to $131.3 million, mainly because of the impact of the Freedom acquisition.
- Revenues from wireline equipment sales to customers decreased $2.8 million (-17.6%) to $13.1 million, mainly because of lower prices on equipment sales for the Helix platform.
- Other revenues decreased $5.9 million (-12.4%) to $41.6 million, mainly reflecting lower revenues from over-the-top (“OTT”) video services.

Mobile ARPU:[1] $35.94 in the first quarter of 2024 compared with $38.91 in the same period of 2023, a $2.97 (-7.6%) decrease, mainly attributable to a change in the customer mix, including the dilutive effect of Freedom’s and Fizz’s prepaid services.

Customer statistics

Acquisition of Freedom

The acquisition of Freedom on April 3, 2023 was significantly accretive to growth in the Telecommunications segment, immediately adding 1,844,400 RGUs, consisting of 1,824,400 subscriber connections to the mobile telephony service and 20,000 subscriptions to the Internet access service.

Growth in current business during the period

RGUs – The total number of RGUs was 7,540,200 at March 31, 2024, an increase of 17,400 (0.2%) in the first quarter of 2024 (compared with an increase of 4,100 in the same period of 2023), and a 12-month increase of 151,300 (2.7%) (Table 2).

Mobile telephony – The number of subscriber connections to the mobile telephony service stood at 3,825,100 at March 31, 2024, an increase of 60,200 (1.6%) in the first quarter of 2024 (compared with an increase of 26,200 in the same period of 2023), and a 12-month increase of 264,100 (15.2%) (Table 2).

Internet access – The number of subscribers to Internet access services stood at 1,721,100 at March 31, 2024, a decrease of 6,500 (-0.4%) in the first quarter of 2024 (compared with an increase of 8,800 in the same period of 2023), and a 12-month increase of 9,600 (0.6%) (Table 2).

Television – The number of subscribers to television services stood at 1,335,700 at March 31, 2024, a decrease of 19,900 (-1.5%) in the first quarter of 2024 (compared with a decrease of 10,500 in the same period of 2023), and a 12-month decrease of 49,900 (-3.6%) (Table 2).

Wireline telephony – The number of subscriber connections to wireline telephony services stood at 658,300 at March 31, 2024, a decrease of 16,400 (-2.4%) in the first quarter of 2024 (compared with a decrease of 20,400 in the same period of 2023), and a 12-month decrease of 72,500 (-9.9%) (Table 2).

[1] See “Key performance indicators.”

Table 2
Telecommunications segment quarter-end RGUs for the last eight quarters
(in thousands of units)

	Mar. 2024	Dec. 2023	Sept. 2023	June 2023	Mar. 2023	Dec. 2022	Sept. 2022	June 2022
Mobile telephony	**3,825.1**	3,764.9	3,698.8	3,610.1	1,736.6	1,710.4	1,697.3	1,661.0
Internet access	**1,721.1**	1,727.6	1,721.3	1,716.8	1,691.5	1,682.7	1,678.0	1,617.7
Television	**1,335.7**	1,355.6	1,362.5	1,374.5	1,385.6	1,396.1	1,402.1	1,393.5
Wireline telephony	**658.3**	674.7	691.9	712.1	730.8	751.2	769.9	785.7
Total	**7,540.2**	7,522.8	7,474.5	7,413.5	5,544.5	5,540.4	5,547.3	5,457.9

Adjusted EBITDA: $575.5 million, a $101.3 million (21.4%) increase due primarily to the impact of the Freedom acquisition and decreases in some operating expenses.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 51.2% in the first quarter of 2024 compared with 48.7% in the same period of 2023. The increase was due mainly to the impact of the acquisition of Freedom.

Adjusted cash flows from operations: $442.6 million in the first quarter of 2024 compared with $379.5 million in the same period of 2023 (Table 11). The $63.1 million (16.6%) increase was due to the $101.3 million increase in adjusted EBITDA, partially offset by a $38.2 million increase in additions to property, plant and equipment and to intangible assets, mainly reflecting the impact of the Freedom acquisition.

Media

First quarter 2024 operating results

Revenues: $168.8 million in the first quarter of 2024, a $2.0 million (-1.2%) decrease.

- Advertising revenues decreased by $4.4 million (-5.4%), mainly at TVA Network and the speciality channels.
- Subscription revenues decreased by $1.9 million (-4.1%), mainly at the specialty channels and the magazines.
- Other revenues increased by $4.3 million (10.0%), mainly because of higher revenues from digital marketing and from film production and audiovisual services.

Adjusted EBITDA: Negative $16.7 million in the first quarter of 2024, a favourable variance of $9.7 million due mainly to lower operating expenses, including content costs at TVA Network and the specialty channels, and to cost savings resulting from various cost-reduction initiatives across the segment.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Media segment operations, expressed as a percentage of revenues, were 109.9% in the first quarter of 2024 compared with 115.5% in the same period of 2023. The decrease was mainly due to reductions in some operating expenses, including spending on television content, and to cost savings resulting from various cost-reduction initiatives.

Adjusted cash flows from operations: Negative $22.9 million in the first quarter of 2024 compared with negative $27.4 million in the same period of 2023 (Table 11). The $4.5 million favourable variance was due to the $9.7 million favourable variance in adjusted EBITDA, partially offset by a $5.2 million increase in additions to property, plant and equipment and to intangible assets in connection with the reorganization plan announced in 2023 at TVA Group Inc. (“TVA Group”).

Sports and Entertainment

First quarter 2024 operating results

Revenues: $46.7 million in the first quarter of 2024, a $1.8 million (-3.7%) decrease due primarily to lower revenues from music, partially offset by higher revenues from books.

Adjusted EBITDA: $3.9 million in the first quarter of 2024, a $0.5 million increase due primarily to the impact of decreases in some operating expenses, including labour costs, partially offset by the impact of the revenue decrease.

Adjusted cash flows from operations: $2.5 million in the first quarters of 2024 and 2023.

CASH FLOWS AND FINANCIAL POSITION

This section provides an analysis of the Corporation's sources and uses of cash flows, as well as a financial position analysis as of the balance sheet date.

Operating activities

Cash flows provided by operating activities: $388.8 million in the first quarter of 2024, compared with $271.9 million in the same period of 2023.

The $116.9 million (43.0%) increase was primarily due to:

- $116.7 million increase in adjusted EBITDA;
- $37.8 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in income tax payable and accounts receivable, partially offset by unfavourable variances in inventory and accounts payable, accrued charges and provisions;
- $6.1 million decrease in the cash portion of the charge for restructuring, acquisition costs and other.

Partially offset by:

- $30.4 million increase in the cash portion of financial expenses;
- $14.6 million increase in current income taxes.

The increase in adjusted EBITDA, including the impact of the Freedom acquisition, and the net change in non-cash balances related to operating activities had a favourable impact on cash flows provided by operating activities in the first quarter of 2024 compared with the same period of 2023. The cash portion of financial expenses had an unfavourable impact.

Working capital: Negative $1.19 billion at March 31, 2024 compared with negative $1.13 billion at December 31, 2023. The $61.9 million unfavourable variance was due primarily to a decrease in accounts receivable.

Investing activities

Cash flows used for additions to property, plant and equipment: $127.0 million in the first quarter of 2024 compared with $89.5 million in the same period of 2023. The $37.5 million increase was due to a $28.1 million increase in acquisitions, mainly in the Telecommunications and Media segments, and an $9.4 million unfavourable net change in current non-cash items.

Deferred subsidies received to finance additions to property, plant and equipment: $37.0 million in the first quarter of 2024, compared with deferred subsidies of $20.0 million used in the same quarter of 2023. In the first quarter of 2024, a $37.0 million subsidy was received in advance as part of the Quebec government's new initiative to improve wireless coverage in outlying regions of Quebec. The amount recorded in the first quarter of 2023 represents the use of subsidies received under the program to roll out high-speed Internet services, recorded as a reduction of additions to property, plant and equipment.

Cash flows used for additions to intangible assets: $39.2 million in the first quarter of 2024 compared with $45.6 million in the same period of 2023. The $6.4 million decrease reflects the $12.1 million favourable net change in current non-cash items and the acquisition of spectrum licences for $9.9 million in the first quarter of 2023, partially offset by the $15.6 million increase in additions to intangible assets, mainly in the Telecommunications segment.

Deposit on acquisition of spectrum licenses: $59.8 million in the first quarter of 2024. On November 30, 2023, Quebecor announced an investment of $298.9 million by Videotron for the acquisition of a total of 305 blocks of spectrum in the 3800 MHz band across Canada in Innovation, Science and Economic Development Canada's latest auction. Approximately 61% of the 305 blocks of spectrum are located outside Québec, mainly in southern Ontario, Alberta and British Columbia. Videotron made an initial deposit of $59.8 million on January 17, 2024 and the $239.1 million balance will be paid in May 2024.

Proceeds from disposal of assets: $0.3 million in the first quarter of 2023.

Acquisition of investments and other: $14.6 million in the first quarter of 2024 compared with $0.6 million in the same period of 2023.

Free cash flows from operating activities

Free cash flows from continuing operating activities: $222.6 million in the first quarter of 2024 compared with $147.0 million in the same period of 2023 (Table 12).

The $75.6 million increase was due primarily to:

- $116.9 million increase in cash flows provided by operating activities.

  Partially offset by:

- $37.5 million increase in cash flows used for additions to property, plant and equipment;
- $3.5 million increase in cash flows used for additions to intangible assets, excluding acquisitions of spectrum licences.

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): $14.4 million reduction in the first quarter of 2024; $96.4 million net favourable variance in the net asset related to derivative financial instruments.

- Debt reductions in the first quarter of 2024 essentially consisted of:
  - $107.8 million decrease in total drawings on the secured revolving bank credit facilities of Videotron and Quebecor Media (“Quebecor Media”).
- Debt increases in the first quarter of 2024 essentially consisted of:
  - $87.4 million unfavourable impact of average exchange rate variance. The consolidated debt increase attributable to this item was offset by the increase in the net asset related to derivative financial instruments;
  - $3.4 million increase in the bank indebtedness of TVA Group.
- Derivative financial instruments totalled a net asset of $207.2 million at March 31, 2024 compared with $110.8 million at December 31, 2023. The $96.4 million net favourable variance was mainly due to:
  - favourable impact of exchange rate fluctuations on the value of derivative financial instruments;
  - favourable impact of the upward trend in interest rates in Canada on the fair value of derivative financial instruments.

Financial position

Net available liquidity: $2.03 billion at March 31, 2024 for Quebecor and its wholly owned subsidiaries, consisting of $2.02 billion in available unused revolving credit facilities and $13.4 million in cash and cash equivalents.

Consolidated debt (long-term debt plus bank indebtedness): $7.63 billion at March 31, 2024, a $14.4 million decrease compared with December 31, 2023; 96.4 million net favourable variance the net asset related to derivative financial instruments (see “Financing activities” above).

- Consolidated debt essentially consisted of Videotron’s $7.62 billion debt ($7.61 billion at December 31, 2023) and Quebecor Media’s $8.1 million debt ($31.9 million at December 31, 2023).

As at March 31, 2024, minimum principal payments on long-term debt in the coming years are as follows:

Table 3
Minimum principal payments on Quebecor's long-term debt
12 months ending March 31
(in millions of Canadian dollars)

2025	$	1,509.7
2026		775.0
2027		976.4
2028		1,509.7
2029		750.0
2030 and thereafter		2,127.0
Total	**$**	**7,647.8**

From time to time, Quebecor may (but is under no obligation to) seek to retire or purchase its outstanding securities, including debentures, in open market purchases, privately negotiated transactions, or otherwise. Such repurchases, if any, will depend on its liquidity position and requirements, prevailing market conditions, contractual restrictions and other factors. The amounts involved may be material.

The weighted average term of Quebecor's consolidated debt was approximately 3.2 years as of March 31, 2024 (3.5 years as of December 31, 2023). After taking into account hedging instruments, the debt consisted of approximately 68.5% fixed-rate debt (67.7% at December 31, 2023) and 31.5% floating-rate debt (32.3% at December 31, 2023).

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for additions to property, plant and equipment and to intangible assets (including spectrum licences), working capital, interest payments, income tax payments, debt repayments, convertible debentures and leases, pension plan contributions, share repurchases, and dividend payments to shareholders. The Corporation believes it will be able to meet future debt, convertible debenture and lease liability maturities, which are staggered over the coming years.

Pursuant to its financing agreements, the Corporation is required to maintain certain financial ratios and comply with certain financial covenants. At March 31, 2024, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On May 8, 2024, the Board of Directors of Quebecor declared a quarterly dividend of $0.325 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Subordinate Voting Shares ("Class B Shares"), payable on June 18, 2024 to shareholders of record at the close of business on May 24, 2024.

Board of Directors

On May 8, 2024, the members of the Corporation's Board of Directors appointed Sylvie Lalande as Chair of the Board of Quebecor, succeeding the Right Honourable Brian Mulroney who passed away on February 29, 2024. A member of the Board since 2011, Ms. Lalande has an exceptional track record in media, communications, marketing, telecommunications and governance. In 2017, she received the Corporate Director Emeritus Award from the Institute of Corporate Directors. Ms. Lalande has been Vice-Chair and Lead Director of the Corporation since 2018. She has also served as a director of TVA Group since 2001 and as Chair of its Board since 2014. She will continue to chair the Human Resources and Corporate Governance Committee of Quebecor.

Concurrently with Ms. Lalande's appointment as Chair of the Board, André P. Brosseau was appointed Vice-Chair of the Board. Mr. Brosseau has been a director of the Corporation since 2016. He also sits on the Audit and Risk Management Committee and the Human Resources and Corporate Governance Committee. Over the course of his career, Mr. Brosseau has acquired extensive experience in financing, complex mergers and acquisitions, digital transformation management and telecom infrastructure management. He has also been a director of Alithya Group Inc. since 2022.

Quebecor salutes the memory of the Right Honourable Brian Mulroney. His enduring legacy will live on in the political, economic, and philanthropic life of Québec and Canada. He was also a pillar of the Corporation's Board of Directors for more than 20 years and served as its Chair since 2014. On May 8, 2024, as an expression of our deep gratitude, Mr. Mulroney was posthumously named a Director Emeritus of the Corporation to forever enshrine his contribution and his attachment to Quebecor.

Analysis of consolidated balance sheet

Table 4
Consolidated balance sheet of Quebecor
Analysis of main differences between March 31, 2024 and December 31, 2023
(in millions of Canadian dollars)

	March 31, 2024[1]	Dec. 31, 2023	Difference	Main reasons for difference
Assets				
Accounts receivable	**$ 1,113.5**	$ 1,175.1	$ (61.6)	Impact of current variances in activity
Income taxes[2]	**3.8**	24.3	(20.5)	Current income taxes for the period less current disbursements
Other current assets	**211.2**	192.3	18.9	Impact of current variances in activity
Property, plant and equipment	**3,374.0**	3,417.9	(43.9)	Depreciation for the period less additions to property, plant and equipment
Intangible assets	**3,356.8**	3,385.1	(28.3)	Amortization for the period less additions to intangible assets
Derivative financial instruments[3]	**207.2**	110.8	96.4	See "Financing activities"
Other assets	**756.5**	622.8	133.7	Gain on remeasurement of pension plans and deposit on acquisitions of spectrum licences
Liabilities				
Long-term debt, including current portion and bank indebtedness	**7,627.6**	7,642.0	(14.4)	See "Financing activities"

1 The "restricted cash" and "deferred subsidies" line items are combined for the purposes of the analysis.

2 Current assets less current liabilities.

3 Current and long-term assets less long-term liabilities.

ADDITIONAL INFORMATION

Contractual obligations

At March 31, 2024, material contractual obligations of operating activities included: capital repayment and interest on long-term debt; convertible debentures and lease liabilities; commitments relating to additions to property, plant and equipment, mobile devices, intangible assets and other commitments; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 5 below shows a summary of these contractual obligations.

Table 5
Contractual obligations of Quebecor as of March 31, 2024
(in millions of Canadian dollars)

	Total	Under 1 year	1–3 years	3–5 years	5 years or more
Long-term debt[1]	**$ 7,647.8**	$ 1,509.7	$ 1,751.4	$ 2,259.7	$ 2,127.0
Convertible debentures[2]	**150.0**	150.0	–	–	–
Interest payments[3]	**1,071.4**	259.4	484.3	229.8	97.9
Lease liabilities	**362.6**	94.3	139.9	72.9	55.5
Interest payments on lease liabilities	**81.3**	19.7	30.1	16.7	14.8
Additions to property, plant and equipment, mobile devices, intangible assets and other commitments	**2,752.3**	1,222.2	1,187.2	205.9	137.0
Derivative financial instruments[4]	**(222.0)**	(142.5)	–	(8.0)	(71.5)
Total contractual obligations	**$ 11,843.4**	**$ 3,112.8**	**$ 3,592.9**	**$ 2,777.0**	**$ 2,360.7**

1 The carrying value of long-term debt excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.

2 Based on the market value at March 31, 2024 of a number of shares obtained by dividing the outstanding principal amount by the market price of a Quebecor Class B share at that date, subject to a floor price of approximately $23.87 per share and a ceiling price of approximately $29.84. The Corporation may also redeem convertible debentures by issuing the corresponding number of its Class B Shares.

3 Estimated interest payable on long-term debt and convertible debentures, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of March 31, 2024.

4 Estimated future receipts, net of future disbursements, related to foreign exchange hedging on the principal of U.S.-dollar-denominated debt using derivative financial instruments.

Related party transactions

In the first quarter of 2024, the Corporation incurred expenses to affiliated corporations in the amount of $33.8 million ($22.4 million in the same period of 2023), which are included in the purchase of goods and services, and acquired property, plant and equipment and intangible assets from affiliated corporations in the amount of $7.5 million ($1.6 million in the same period of 2023). The Corporation also made sales to affiliated corporations in the amount of $3.8 million ($3.1 million in the same period of 2023). These transactions were accounted for at the consideration agreed between parties.

Capital stock

In accordance with Canadian financial reporting standards, Table 6 presents information on the Corporation's capital stock as at April 18, 2024. In addition, 13,084,214 share options of the Corporation were outstanding as of the same date.

Table 6
Capital stock
(in shares and millions of Canadian dollars)

	April 18, 2024		
	Issued and outstanding		Book value
Class A Shares	**76,692,135**	**$**	**8.6**
Class B Shares	**153,983,455**		**906.0**

On August 9, 2023, the Board of Directors of the Corporation authorized a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 2,000,000 Class B Shares representing approximately 1.3% of issued and outstanding Class B Shares as of August 1, 2023. The purchases can be made from August 15, 2023 to August 14, 2024, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems in Canada. All shares purchased under the bid will be cancelled.

On August 11, 2023, the Corporation entered into an automatic securities purchase plan ("the plan") with a designated broker whereby shares may be repurchased under the plan at times when such purchases would otherwise be prohibited pursuant to regulatory restrictions or self-imposed blackout periods. The plan received prior approval from the Toronto Stock Exchange. It came into effect on August 15, 2023 and will terminate on the same date as the normal course issuer bid.

Under the plan, before entering a self-imposed blackout period, the Corporation may, but is not required to, ask the designated broker to make purchases under the normal course issuer bid. Such purchases shall be made at the discretion of the designated broker, within parameters established by the Corporation prior to the blackout periods. Outside the blackout periods, purchases will be made at the discretion of the Corporation's management.

Financial instruments

The Corporation uses a number of financial instruments, mainly cash and cash equivalents, restricted cash, trade receivables, contract assets, long-term investments, bank indebtedness, trade payables, accrued liabilities, long-term debt, convertible debentures, lease liabilities and derivative financial instruments.

In order to manage its foreign exchange and interest rate risks, the Corporation uses derivative financial instruments: (i) to set in CAN dollars future payments on debts denominated in U.S. dollars (interest and principal) and certain purchases of inventories and other capital expenditures denominated in a foreign currency; and (ii) to achieve a targeted balance of fixed- and floating-rate debt. The Corporation does not intend to settle its derivative financial instruments prior to their maturity as none of these instruments is held or issued for speculative purposes.

Certain cross-currency interest rate swaps entered into by the Corporation include an option that allows each party to unwind the transaction on a specific date at the settlement amount then in effect.

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of March 31, 2024 and December 31, 2023 were as follows:

Table 7
Fair value of long-term debt, convertible debentures and derivative financial instruments
(in millions of Canadian dollars)

	March 31, 2024		December 31, 2023	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (7,647.8)**	**$ (7,394.9)**	$ (7,668.2)	$ (7,391.0)
Convertible debentures[2]	**(155.5)**	**(155.5)**	(165.0)	(165.0)
Derivative financial instruments				
Foreign exchange forward contracts	**0.3**	**0.3**	(1.5)	(1.5)
Interest rate swaps	**13.2**	**13.2**	5.4	5.4
Cross-currency swaps	**193.7**	**193.7**	106.9	106.9

1 The carrying value of long-term debt excludes changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.

2 The carrying value and fair value of convertible debentures consist of the principal amount and the value of the conversion features related to the floor and ceiling prices, recognized as embedded derivatives.

The fair value of long-term debt and convertible debentures is estimated based on quoted market prices when available or on valuation models. When the Corporation uses valuation models, the fair value is estimated based on discounted cash flows using period-end market yields or the market value of similar instruments with the same maturity.

The fair value of derivative financial instruments recognized on the consolidated balance sheets is estimated as per the Corporation's valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative financial instrument and factors observable in external market data, such as period-end swap rates and foreign exchange rates. An adjustment is also included to reflect non-performance risk, impacted by the financial and economic environment prevailing at the date of the valuation, in the recognized measure of the fair value of the derivative financial instruments by applying a credit default premium, estimated using a combination of observable and unobservable inputs in the market, to the net exposure of the counterparty or the Corporation.

The fair value of embedded derivatives related to convertible debentures is determined by option pricing models using market inputs, including volatility, discount factors and the underlying instrument's implicit interest rate and credit premium.

Gains and losses on valuation and translation of financial instruments for the first quarters of 2024 and 2023 are summarized in Table 8.

Table 8
(Gain) loss on valuation and translation of financial instruments
(in millions of Canadian dollars)

	Three months ended March 31	
	2024	2023
(Gain) loss on embedded derivatives related to convertible debentures	**$ (9.8)**	$ 11.6
Other	**–**	(0.3)
	$ (9.8)	$ 11.3

A $7.9 million gain was recorded under "Other comprehensive income" in the first quarter of 2024 in relation to cash flow hedging relationships ($4.0 million in the same period of 2023).

Non-IFRS financial measures

The financial measures not standardized under IFRS that are used by the Corporation to assess its financial performance, such as adjusted EBITDA, adjusted income from operating activities, adjusted cash flows from operations, free cash flows from operating activities and consolidated net debt leverage ratio, are not calculated in accordance with, or recognized by, IFRS. The Corporation's method of calculating these non-IFRS financial measures may differ from the methods used by other companies and, as a result, the non-IFRS financial measures presented in this document may not be comparable to other similarly titled measures disclosed by other companies.

Adjusted EBITDA

In its analysis of operating results, the Corporation defines adjusted EBITDA, as reconciled to net income under IFRS, as net income before depreciation and amortization, financial expenses, gain (loss) on valuation and translation of financial instruments, restructuring, acquisition costs and other, and income taxes. Adjusted EBITDA as defined above is not a measure of results that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Corporation's management and Board of Directors use this measure in evaluating its consolidated results as well as the results of the Corporation's operating segments. This measure eliminates the significant level of impairment and depreciation/amortization of tangible and intangible assets and is unaffected by the capital structure or investment activities of the Corporation and its business segments.

Adjusted EBITDA is also relevant because it is a component of the Corporation's annual incentive compensation programs. A limitation of this measure, however, is that it does not reflect the periodic costs of tangible and intangible assets used in generating revenues in the Corporation's segments. The Corporation also uses other measures that do reflect such costs, such as adjusted cash flows from operations and free cash flows from operating activities. The Corporation's definition of adjusted EBITDA may not be the same as similarly titled measures reported by other companies.

Table 9 provides a reconciliation of adjusted EBITDA to net income as disclosed in Quebecor's condensed consolidated financial statements.

Table 9
Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the condensed consolidated financial statements
(in millions of Canadian dollars)

	Three months ended March 31	
	2024	2023
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**$ 575.5**	$ 474.2
Media	**(16.7)**	(26.4)
Sports and Entertainment	**3.9**	3.4
Head Office	**(3.2)**	(8.4)
	559.5	442.8
Depreciation and amortization	**(236.2)**	(188.5)
Financial expenses	**(108.9)**	(77.9)
Gain (loss) on valuation and translation of financial instruments	**9.8**	(11.3)
Restructuring, acquisition costs and other	**(2.2)**	(5.6)
Income taxes	**(54.4)**	(46.0)
Net income	**$ 167.6**	$ 113.5

Adjusted income from operating activities

The Corporation defines adjusted income from operating activities, as reconciled to net income attributable to shareholders under IFRS, as net income attributable to shareholders before the gain (loss) on valuation and translation of financial instruments, and restructuring, acquisition costs and other, net of income tax related to adjustments and net income attributable to non-controlling interest related to adjustments. Adjusted income from operating activities, as defined above, is not a measure of results that is consistent with IFRS. It should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. The Corporation uses adjusted income from operating activities to analyze trends in the performance of its businesses. The above-listed items are excluded from the calculation of this measure because they impair the comparability of financial results. Adjusted income from operating activities is more representative for forecasting income. The Corporation's definition of adjusted income from operating activities may not be identical to similarly titled measures reported by other companies.

Table 10 provides a reconciliation of adjusted income from operating activities to the net income attributable to shareholders' measure used in Quebecor's condensed consolidated financial statements.

Table 10
Reconciliation of the adjusted income from operating activities measure used in this report to the net income attributable to shareholders measure used in the condensed consolidated financial statements
(in millions of Canadian dollars)

	Three months ended March 31	
	2024	2023
Adjusted income from operating activities	**$ 163.1**	$ 136.0
Gain (loss) on valuation and translation of financial instruments	**9.8**	(11.3)
Restructuring, acquisition costs and other	**(2.2)**	(5.6)
Income taxes related to adjustments[1]	**2.4**	1.6
Non-controlling interest related to adjustments	**0.1**	0.2
Net income attributable to shareholders	**$ 173.2**	$ 120.9

1 Includes impact of fluctuations in income tax applicable to adjusted items, either for statutory reasons or in connection with tax transactions.

Adjusted cash flows from operations and free cash flows from operating activities

Adjusted cash flows from operations

Adjusted cash flows from operations represents adjusted EBITDA, less additions to property, plant and equipment and to intangible assets (excluding licence acquisitions and renewals). Adjusted cash flows from operations represents funds available for interest and income tax payments, expenditures related to restructuring programs, business acquisitions, licence acquisitions and renewals, payment of dividends, repayment of long-term debt and lease liabilities, and share repurchases. Adjusted cash flows from operations is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. Adjusted cash flows from operations is used by the Corporation's management and Board of Directors to evaluate the cash flows generated by the operations of all of its segments, on a consolidated basis, in addition to the operating cash flows generated by each segment. Adjusted cash flows from operations is also relevant because it is a component of the Corporation's annual incentive compensation programs. The Corporation's definition of adjusted cash flows from operations may not be identical to similarly titled measures reported by other companies.

Free cash flows from operating activities

Free cash flows from operating activities represents cash flows provided by operating activities calculated in accordance with IFRS, less cash flows used for additions to property, plant and equipment and to intangible assets (excluding expenditures related to licence acquisitions and renewals), plus proceeds from disposal of assets. Free cash flows from operating activities is used by the Corporation's management and Board of Directors to evaluate cash flows generated by the Corporation's operations. Free cash flows from operating activities represents available funds for business acquisitions, licence acquisitions and renewals, payment of dividends, repayment of long-term debt and lease liabilities, and share repurchases. Free cash flows from operating activities is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. The Corporation's definition of free cash flows from operating activities may not be identical to similarly titled measures reported by other companies.

Tables 11 and 12 provide a reconciliation of adjusted cash flows from operations and free cash flows from operating activities to cash flows provided by operating activities reported in the condensed consolidated financial statements.

Table 11
Adjusted cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2024	2023
Adjusted EBITDA (negative adjusted EBITDA)		
Telecommunications	**$ 575.5**	$ 474.2
Media	**(16.7)**	(26.4)
Sports and Entertainment	**3.9**	3.4
Head Office	**(3.2)**	(8.4)
	559.5	442.8
Minus		
Additions to property, plant and equipment:[1]		
Telecommunications	**(96.9)**	(74.9)
Media	**(6.3)**	(0.5)
Sports and Entertainment	**(0.4)**	(0.1)
Head Office	**–**	–
	(103.6)	(75.5)
Additions to intangible assets:[2]		
Telecommunications	**(36.0)**	(19.8)
Media	**0.1**	(0.5)
Sports and Entertainment	**(1.0)**	(0.8)
Head Office	**–**	(0.2)
	(36.9)	(21.3)
Adjusted cash flows from operations		
Telecommunications	**442.6**	379.5
Media	**(22.9)**	(27.4)
Sports and Entertainment	**2.5**	2.5
Head Office	**(3.2)**	(8.6)
	$ 419.0	$ 346.0

[1] **Reconciliation to cash flows used for additions to property, plant and equipment as per condensed consolidated financial statements**	Three months ended March 31	
	2024	2023
Additions to property, plant and equipment	**$ (103.6)**	$ (75.5)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	**(23.4)**	(14.0)
Cash flows used for additions to property, plant and equipment	**$ (127.0)**	$ (89.5)

[2] **Reconciliation to cash flows used for additions to intangible assets as per condensed consolidated financial statements**	Three months ended March 31	
	2024	2023
Additions to intangible assets	**$ (36.9)**	$ (21.3)
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	**(2.3)**	(14.4)
Cash flows used for licence acquisitions	**–**	(9.9)
Cash flows used for additions to intangible assets	**$ (39.2)**	$ (45.6)

Table 12
Free cash flows from operating activities and cash flows provided by operating activities reported in the condensed consolidated financial statements.
(in millions of Canadian dollars)

	Three months ended March 31	
	2024	2023
Adjusted cash flows from operations from Table 11	**$ 419.0**	$ 346.0
Plus (minus)		
Cash portion of financial expenses	**(106.6)**	(76.2)
Cash portion of restructuring, acquisition costs and other	**(0.4)**	(6.5)
Current income taxes	**(82.1)**	(67.5)
Other	**1.3**	0.3
Net change in non-cash balances related to operating activities	**17.1**	(20.7)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	**(23.4)**	(14.0)
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	**(2.3)**	(14.4)
Free cash flows from operating activities	**222.6**	147.0
Plus (minus)		
Cash flows used for additions to property, plant and equipment	**127.0**	89.5
Cash flows used for additions to intangible assets (excluding expenditures related to licence acquisitions and renewals)	**39.2**	35.7
Proceeds from disposal of assets	**–**	(0.3)
Cash flows provided by operating activities	**$ 388.8**	$ 271.9

Consolidated net debt leverage ratio

The consolidated net debt leverage ratio represents consolidated net debt, excluding convertible debentures, divided by the trailing 12-month adjusted EBITDA. Consolidated net debt, excluding convertible debentures, represents total long-term debt plus bank indebtedness, lease liabilities and liabilities related to derivative financial instruments, less assets related to derivative financial instruments and cash and cash equivalents. The consolidated net debt leverage ratio serves to evaluate the Corporation's financial leverage and is used by management and the Board of Directors in its decisions on the Corporation's capital structure, including its financing strategy, and in managing debt maturity risks. The consolidated net debt leverage ratio excludes convertible debentures because, subject to certain conditions, those debentures can be repurchased at the Corporation's discretion by issuing Quebecor Class B Shares. Consolidated net debt leverage ratio is not a measure established in accordance with IFRS. It is not intended to be used as an alternative to IFRS measures or the balance sheet to evaluate the Corporation's financial position. The Corporation's definition of consolidated net debt leverage ratio may not be identical to similarly titled measures reported by other companies.

Table 13 provides the calculation of consolidated net debt leverage ratio and the reconciliation to balance sheet items reported in Quebecor's condensed consolidated financial statements.

Table 13
Consolidated net debt leverage ratio
(in millions of Canadian dollars)

	March 31, 2024	Dec. 31, 2023
Total long-term debt[1]	**$ 7,647.8**	$ 7,668.2
Plus (minus)		
Lease liabilities[2]	**362.6**	376.2
Bank indebtedness	**12.3**	9.6
Derivative financial instruments[3]	**(207.2)**	(110.8)
Cash and cash equivalents	**(25.9)**	(11.1)
Consolidated net debt excluding convertible debentures	**7,789.6**	7,932.1
Divided by:		
Trailing 12-month adjusted EBITDA[4]	**$ 2,354.5**	$ 2,337.1
Consolidated net debt leverage ratio[4]	**3.31x**	3.39x

1 Excluding changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.
2 Current and long-term liabilities.
3 Current and long-term assets less long-term liabilities.
4 On a pro forma basis as at December 31, 2023, using Freedom's trailing 12-month adjusted EBITDA.

Key performance indicators

Revenue-generating unit

The Corporation uses RGU, an industry metric, as a key performance indicator. An RGU represents, as the case may be, subscriber connections to the mobile and wireline telephony services and subscriptions to the Internet access and television services. RGU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of RGU may not be the same as identically titled measurements reported by other companies or published by public authorities.

Average monthly mobile revenue per unit

The Corporation uses mobile ARPU, an industry metric, as a key performance indicator. This indicator is calculated by dividing mobile telephony revenues by the average number of mobile RGUs during the applicable period, and then dividing the resulting amount by the number of months in the applicable period. Mobile ARPU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of mobile ARPU may not be the same as identically titled measurements reported by other companies.

Controls and procedures

The purpose of internal controls over financial reporting is to provide reasonable assurance as to the reliability of the Corporation's financial reporting and the preparation of its consolidated financial statements in accordance with IFRS.

In April 2023, the Corporation acquired Freedom. The Corporation has excluded the controls, policies and procedures of Freedom from the design and evaluation of the disclosure controls and procedures ("DC&P"), and of the internal control over financial reporting ("ICFR"), as permitted by National Instrument 52–109 of the Canadian Securities Administrators for a period of 365 days following an acquisition. Given the size and timing of the Freedom acquisition, the limitation of the scope is primarily due to the time required to assess Freedom's DC&P and ICFR in accordance with the Corporation's other activities. The Corporation currently expects to finalize its assessment within the regulatory time period.

Since the acquisition date, Freedom's results have been included in the Corporation's consolidated financial statements. For the first quarter of 2024, Freedom's revenues and net income represented approximately 19.8% and 11.7% of the Corporation's consolidated revenues and consolidated net income, respectively. As percentages of the Corporation's total consolidated current assets and liabilities, Freedom's current assets and liabilities as at March 31, 2024 represented approximately 25.9% and 8.9%, respectively, and its non-current assets and liabilities represented approximately 20.0% and 3.7% of the Corporation's total consolidated non-current assets and liabilities.

There have not been any changes in internal controls over financial reporting during the three months ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

Additional information

The Corporation is a reporting issuer subject to the securities laws of all Canadian provinces and is therefore required to file financial statements, a proxy circular and an annual information form with the various securities commissions. Copies of those documents are available free of charge from the Corporation on request at www.quebecor.com and on the SEDAR+ website at www.sedarplus.ca.

Cautionary statement regarding forward-looking statements

The statements in this report that are not historical facts are forward-looking statements and are subject to significant known and unknown risks, uncertainties and assumptions that could cause the Corporation's actual results for future periods to differ materially from those set forth in forward-looking statements. Forward-looking statements may be identified by the use of the conditional or by forward-looking terminology such as the terms "plans," "expects," "may," "anticipates," "intends," "estimates," "projects," "seeks," "believes," or similar terms, variations of such terms or the negative of such terms. Some important factors that could cause actual results to differ materially from those expressed in these forward-looking statements include, but are not limited to:

- Quebecor's ability to continue successfully developing its network and the facilities that support its mobile services;
- general economic, financial or market conditions and variations in the businesses of local, regional and national advertisers in Quebecor's newspapers, television outlets and other media properties;
- the intensity of competitive activity in the industries in which Quebecor operates;
- Quebecor's ability to penetrate new, highly competitive markets, and the accuracy of the estimated size of potential markets;
- fragmentation of the media landscape;
- new technologies that might change consumer behavior with respect to Quebecor's product suites;
- unanticipated higher capital spending required for developing Quebecor's network or to address the continued development of competitive alternative technologies, or the inability to obtain additional capital to continue the development of Quebecor's business;
- Quebecor's ability to implement its business and operating strategies successfully and to manage its growth and expansion;
- risks relating to the acquisition of Freedom and the strategy for expanding outside Québec, including Quebecor's ability to successfully integrate Freedom's operations and to capture synergies, and potential unknown liabilities or costs associated with the acquisition of Freedom;
- the anticipated benefits and effects of the acquisition of Freedom, which may not be realized in a timely manner or at all, and ongoing operating costs and capital expenditures, which could be different than anticipated, as well as unanticipated litigation or other regulatory proceedings associated with the acquisition of Freedom, which could result in changes to the parameters of the transaction;
- the impacts of the significant and recurring investments that will be required in the new markets of Freedom and Videotron as mobile virtual network operators (MVNOs) and other markets for development and expansion and to compete effectively with the incumbent local exchange carriers (ILECs) and other current or potential competitors in these markets, including the fact that the post-acquisition Videotron business will continue to face the same risks that Videotron currently faces, but will also face increased risks relating to new geographies and markets;
- disruptions to the network through which Quebecor provides its television, Internet access, mobile and wireline telephony and OTT services, and its ability to protect such services against piracy, unauthorized access and other security breaches;
- labor disputes or strikes;
- service interruptions resulting from equipment breakdown, network failure, the threat of natural disasters, epidemics, pandemics and other public-health crises and political instability in some countries;
- impact of emergency measures that have been or may be implemented by various levels of government;
- changes in Quebecor's ability to obtain services and equipment critical to its operations;
- changes in laws and regulations, or in their interpretations, which could result, among other things, in the loss (or reduction in value) of Quebecor's licences or markets, or in an increase in competition, compliance costs or capital expenditures;

- Quebecor's ability to successfully develop its Sports and Entertainment segment and other expanding lines of business in its other segments;
- Quebecor's substantial indebtedness, the tightening of credit markets, and the restrictions on its business imposed by the terms of its debt; and
- interest rate fluctuations that could affect a portion of Quebecor's interest payment requirements on long-term debt.

The forward-looking statements in this document are made to provide investors and the public with a better understanding of the Corporation's circumstances and are based on assumptions it believes to be reasonable as of the day on which they are made. Investors and others are cautioned that the foregoing list of factors that may affect future results is not exhaustive and that undue reliance should not be placed on any forward-looking statements. For more information on the risks, uncertainties and assumptions that could cause the Corporation's actual results to differ from current expectations, please refer to the Corporation's public filings, available at www.sedarplus.ca and www.quebecor.com, including, in particular, the "Trend Information" and "Risks and Uncertainties" sections of the Corporation's Management Discussion and Analysis for the year ended December 31, 2023.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of May 8, 2024, and are subject to change after that date. The Corporation expressly disclaims any obligation or intention to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable securities laws.

Montréal, Québec

May 8, 2024

QUEBECOR INC.

SELECTED QUARTERLY FINANCIAL DATA

(in millions of Canadian dollars, except per share data)

	2024	2023				2022		
	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30
Revenues	**$ 1,362.8**	$ 1,504.8	$ 1,415.4	$ 1,398.5	$ 1,115.6	$ 1,185.0	$ 1,143.7	$ 1,115.2
Adjusted EBITDA	**559.5**	565.4	624.4	605.2	442.8	483.0	518.0	491.4
Adjusted cash flows from operations	**419.0**	395.7	482.4	455.3	346.0	359.4	403.1	361.0
Contribution to net income attributable to shareholders:								
Operating activities	**163.1**	167.5	202.3	182.3	136.0	159.4	175.0	161.7
Gain (loss) on valuation and translation of financial instruments	**9.7**	(8.7)	13.1	1.8	(11.4)	(16.3)	7.0	(1.8)
Unusual items	**0.4**	(12.6)	(6.1)	(10.0)	(3.7)	(0.6)	(3.6)	(2.5)
Net income attributable to shareholders	**173.2**	146.2	209.3	174.1	120.9	142.5	178.4	157.4
Basic data per share								
Contribution to net income attributable to shareholders:								
Operating activities	**$ 0.71**	$ 0.73	$ 0.88	$ 0.79	$ 0.59	$ 0.69	$ 0.75	$ 0.68
Gain (loss) on valuation and translation of financial instruments	**0.04**	(0.04)	0.06	0.01	(0.05)	(0.07)	0.03	(0.01)
Unusual items	**-**	(0.06)	(0.03)	(0.05)	(0.02)	-	(0.02)	(0.01)
Net income attributable to shareholders	**0.75**	0.63	0.91	0.75	0.52	0.62	0.76	0.66
Weighted average number of shares outstanding (in millions)	**230.7**	230.7	230.9	230.9	230.9	231.4	233.5	236.7
Diluted data per share								
Contribution to net income attributable to shareholders:								
Operating activities	**$ 0.70**	$ 0.72	$ 0.87	$ 0.78	$ 0.58	$ 0.68	$ 0.74	$ 0.67
Dilution impact	**-**	0.01	-	-	0.01	0.01	-	0.01
Loss on valuation and translation of financial instruments	**-**	(0.04)	-	-	(0.05)	(0.07)	-	(0.01)
Unusual items	**-**	(0.06)	(0.03)	(0.05)	(0.02)	-	(0.02)	(0.01)
Net income attributable to shareholders	**0.70**	0.63	0.84	0.73	0.52	0.62	0.72	0.66
Weighted average number of diluted shares outstanding (in millions)	**236.0**	230.9	236.2	236.2	231.2	231.5	238.9	236.8