MANAGEMENT DISCUSSION AND ANALYSIS
FIRST QUARTER 2023

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CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. in the first quarter of 2023 and the major changes from the previous financial year. Quebecor Inc. is a holding company that owns Quebecor Media Inc., a wholly owned subsidiary that is one of Canada's largest telecommunications and media groups.

Quebecor Media Inc. operates in the following business segments: Telecommunications, Media, and Sports and Entertainment. Quebecor Media Inc. is pursuing a convergence strategy that captures synergies among its properties and leverages the value of content for the benefit of multiple distribution platforms. Unless the context otherwise requires, in this Management Discussion and Analysis, "Quebecor" and the "Corporation" refer to Quebecor Inc. and its subsidiaries, and "Quebecor Media" refers to Quebecor Media Inc. and its subsidiaries.

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, 2022. 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 continuing operating activities, adjusted cash flows from operations, free cash flows from continuing operating activities and consolidated net debt leverage ratio, and key performance indicators, such as revenue-generating unit ("RGU") and average monthly revenue per unit ("ARPU"). Beginning in the first quarter of 2023, the Corporation has elected to exclude subscribers to OTT video services and customers of third-party Internet access providers from its RGUs, as these indicators are not very representative for the purpose of evaluating the Corporation's performance. 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 2023

Revenues: $1.12 billion, a $27.6 million (2.5%) increase.

Adjusted EBITDA:[1] $442.8 million, a $0.7 million (0.2%) increase.

Net income attributable to shareholders: $120.9 million ($0.52 per basic share), a decrease of $0.5 million (increase of $0.01 per basic share).

Adjusted income from continuing operating activities:[1] $136.0 million ($0.59 per basic share), an increase of $7.3 million ($0.05 per basic share) or 5.7%.

Adjusted cash flows from operations:[1] $346.0 million, a $29.9 million (9.5%) increase.

Cash flows provided by operating activities: $271.9 million, a $44.2 million (19.4%) 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	
	2023	2022
Income		
Revenues:		
Telecommunications	**$ 925.0**	$ 903.4
Media	**170.8**	181.8
Sports and Entertainment	**48.5**	34.1
Inter-segment	**(28.7)**	(31.3)
	1,115.6	1,088.0
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**474.2**	460.0
Media	**(26.4)**	(11.9)
Sports and Entertainment	**3.4**	(0.1)
Head Office	**(8.4)**	(5.9)
	442.8	442.1
Depreciation and amortization	**(188.5)**	(194.7)
Financial expenses	**(77.9)**	(77.5)
Loss on valuation and translation of financial instruments	**(11.3)**	(7.3)
Restructuring of operations and other items	**(5.6)**	(0.9)
Income taxes	**(46.0)**	(44.6)
Net income	**$ 113.5**	$ 117.1
Net income attributable to shareholders	**$ 120.9**	$ 121.4
Adjusted income from continuing operating activities	**136.0**	128.7
Per basic share:		
Net income attributable to shareholders	**0.52**	0.51
Adjusted income from continuing operating activities	**0.59**	0.54

Table 1 (continued)

	Three months ended March 31	
	2023	2022
Additions to property, plant and equipment and to intangible assets:		
Telecommunications	**$ 94.7**	$ 115.4
Media	**1.0**	9.2
Sports and Entertainment	**0.9**	0.8
Head Office	**0.2**	0.6
	96.8	126.0
Acquisitions of spectrum licences	**9.9**	–
Cash flows:		
Adjusted cash flows from operations:		
Telecommunications	**379.5**	344.6
Media	**(27.4)**	(21.1)
Sports and Entertainment	**2.5**	(0.9)
Head Office	**(8.6)**	(6.5)
	346.0	316.1
Free cash flows from continuing operating activities[1]	**147.0**	104.0
Cash flows provided by operating activities	**271.9**	227.7

	March 31, 2023	Dec. 31, 2022
Balance sheet		
Cash and cash equivalents	**$ 5.9**	$ 6.6
Working capital	**71.0**	(724.7)
Net assets related to derivative financial instruments	**191.2**	520.3
Total assets	**10,182.8**	10,625.3
Total long-term debt (including short-term portion)	**6,033.8**	6,517.7
Lease liabilities (current and long term)	**182.6**	186.2
Convertible debentures, including embedded derivatives	**171.6**	160.0
Equity attributable to shareholders	**1,418.3**	1,357.3
Equity	**1,537.0**	1,483.5
Consolidated net debt leverage ratio[1]	**3.13x**	3.20x

Telecommunications

- The Telecommunications segment grew its revenues by $21.6 million (2.4%) and its adjusted EBITDA by $14.2 million (3.1%) in the first quarter of 2023.
- Videotron Ltd. ("Videotron") increased its revenues from mobile services and equipment ($25.1 million or 10.0%) and Internet access ($16.1 million or 5.4%) in the first quarter of 2023.
- There was a net increase of 4,100 (0.1%) RGUs in the first quarter of 2023, including 26,200 (1.5%) connections to the mobile telephony service and 8,800 (0.5%) subscriptions to Internet access services.

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

- Since the beginning of 2023, Videotron has been awarded certain distinctions. Videotron was ranked the most respected telecommunications company in Québec for the 17th time since 2006, in the 2023 Léger *reputation* survey released on April 5, 2023. And for the fourth year in a row, Fizz placed first for online experience in Canada's telecommunications industry on Léger's *WOW Digital* Index. These distinctions are further evidence of Videotron's unique and close relationship with Quebecers.
- On April 3, 2023, Videotron acquired Freedom Mobile Inc. ("Freedom") from Shaw Communications Inc. ("Shaw") for a purchase price of $2.85 billion. Videotron paid $2.17 billion in cash and assumed certain debts, mainly lease obligations. The consideration paid is subject to certain post-closing adjustments. The acquisition of Freedom immediately preceded the acquisition of Shaw by Rogers Communications Inc. ("Rogers"). All required regulatory approvals were obtained prior to both transactions. Videotron's acquisition of Freedom includes the Freedom Mobile brand's entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets. The transaction also includes a long-term undertaking by Shaw and Rogers to provide Videotron with transport services (including backhaul and backbone), roaming services and wholesale Internet services. Videotron also made certain commercial commitments to the Minister of Innovation, Science and Industry. These transactions will support the expansion of the Corporation's telecommunications services in Ontario and Western Canada.
- On January 26, 2023, Quebecor announced a $9.9 million investment by Videotron in the acquisition of spectrum licences in the 600 MHz band in Manitoba and in the 3500 MHz band in Québec. The spectrum was acquired in the auction of residual spectrum licences that concluded on January 25, 2023.

Sports and Entertainment

- In the first quarter of 2023, there was a $14.4 million (42.2%) increase in the Sports and Entertainment segment's revenues and a $3.5 million favourable variance in its adjusted EBITDA.

Investing and financing operations

- On April 3, 2023, Videotron entered into a new $2.10 billion secured term credit facility with a syndicate of financial institutions to finance the acquisition of Freedom. The term credit facility consists of three tranches of equal size maturing in October 2024, April 2026 and April 2027, bearing interest at Bankers' acceptance rate, Secured Overnight Financing Rate ("SOFR"), Canadian prime rate or U.S. prime rate, plus a premium determined by Videotron's leverage ratio. On April 10, 2023, Videotron entered into a floating-to-fixed interest rate swap in relation with the $700.0 million tranche maturing in April 2027, fixing the interest rate at 5.203% based on Videotron's current leverage ratio. The swap becomes effective on May 4, 2023 and matures on April 3, 2027.
- On February 15, 2023, TVA Group Inc. ("TVA Group") amended its $75.0 million secured revolving credit facility to extend its term from February 2023 to February 2024 and amend certain terms and conditions.
- On January 17, 2023, Quebecor Media redeemed at maturity its Senior Notes in aggregate principal amount of US$850.0 million, bearing interest at 5.75%, and unwound the related hedging contracts for a total cash consideration of $830.9 million. Drawings under Videotron's secured revolving credit facility were used to finance this redemption.
- On January 13, 2023, Videotron's secured revolving credit facility was amended to increase it from $1.50 billion to $2.00 billion. Certain terms and conditions of this credit facility were also amended.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

2023/2022 first quarter comparison

Revenues: $1.12 billion, a $27.6 million (2.5%) increase.

- Revenues increased in Telecommunications ($21.6 million or 2.4% of segment revenues) and in Sports and Entertainment ($14.4 million or 42.2%).
- Revenues decreased in Media ($11.0 million or -6.1%).

Adjusted EBITDA: $442.8 million, a $0.7 million (0.2%) increase.

- Adjusted EBITDA increased in Telecommunications ($14.2 million or 3.1% of segment adjusted EBITDA) and there was a favourable variance in Sports and Entertainment ($3.5 million).
- There were unfavorable variances in Media ($14.5 million) and at Head Office ($2.5 million).
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in a $3.6 million unfavourable variance in the Corporation's stock-based compensation charge in the first quarter of 2023 compared with the same period of 2022.

Net income attributable to shareholders: $120.9 million ($0.52 per basic share) in the first quarter of 2023, compared with $121.4 million ($0.51 per basic share) in the same period of 2022, a decrease of $0.5 million (increase of $0.01 per basic share).

- The main unfavourable variances were:
  - $4.7 million unfavourable variance in the charge for restructuring of operations and other items;
  - $4.0 million unfavourable variance in losses on valuation and translation of financial instruments, including $4.4 million without any tax consequences;
  - $1.4 million increase in the income tax expense.
- The main favourable variances were:
  - $6.2 million decrease in the depreciation and amortization charge;
  - $3.1 million favourable variance in non-controlling interest.

Adjusted income from continuing operating activities: $136.0 million ($0.59 per basic share) in the first quarter of 2023, compared with $128.7 million ($0.54 per basic share) in the same period of 2022, an increase of $7.3 million ($0.05 per basic share).

Adjusted cash flows from operations: $346.0 million, a $29.9 million (9.5%) increase due primarily to a $24.8 million decrease in additions to property, plant and equipment and a $4.4 million decrease in additions to intangible assets.

Cash flows provided by operating activities: $271.9 million, a $44.2 million (19.4%) increase due primarily to the favourable net change in non-cash balances related to operating activities and the decrease in current income taxes, partially offset by the increase in the cash portion of the charge for restructuring of operations and other items.

Depreciation and amortization charge: $188.5 million in the first quarter of 2023, a $6.2 million decrease due mainly to the impact of decreased investment in property, plant and equipment in the Telecommunications segment, including lower spending related to the leasing of set-top boxes.

Financial expenses: $77.9 million in the first quarter of 2023, a $0.4 million increase.

Loss on valuation and translation of financial instruments: $11.3 million in the first quarter of 2023, a $4.0 million unfavourable variance due primarily to the unfavourable variance, without any tax consequences, in gains and losses on embedded derivatives related to convertible debentures.

Charge for restructuring of operations and other items: $5.6 million in the first quarter of 2023, a $4.7 million unfavorable variance due primarily to a $4.3 million unfavorable variance related to cost reduction initiatives in the Corporation's various segments.

Income tax expense: $46.0 million in the first quarter of 2023 (effective tax rate of 27.2%), compared with $44.6 million in the same period of 2022 (effective tax rate of 26.4%), a $1.4 million unfavourable variance.

SEGMENTED ANALYSIS

Telecommunications

First quarter 2023 operating results

Revenues: $925.0 million in the first quarter of 2023, a $21.6 million (2.4%) increase.

- Revenues from mobile telephony services increased $13.8 million (7.4%) to $201.1 million, due primarily to an increase in the number of subscriber connections and higher average per-connection revenue.
- Revenues from Internet access services increased $16.1 million (5.4%) to $314.7 million, due mainly to the impact of the acquisition of VMedia Inc. ("VMedia") in July 2022, subscriber base growth and higher average per-customer revenue.
- Revenues from television services increased $2.1 million (1.1%) to $199.4 million, mainly because of the impact of the acquisition of VMedia and higher average per-customer revenue, partially offset by the decrease in the number of customers.
- Revenues from wireline telephony services decreased $3.9 million (-5.2%) to $71.3 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 $11.3 million (17.7%) to $75.1 million, mainly because of increases in the number and price of mobile devices sold.
- Revenues from wireline equipment sales to customers decreased $16.4 million (-50.8%) to $15.9 million, mainly because of a lower volume of equipment sales related to the Helix platform.
- Other revenues decreased $1.4 million (-2.9%) to $47.5 million.

ARPU: Videotron’s total ARPU was $47.35 in the first quarter of 2023 compared with $46.40 in the same period of 2022, a $0.95 (2.0%) increase. Mobile ARPU was $38.91 in the first quarter of 2023 compared with $38.70 in the same period of 2022, a $0.21 (0.5%) increase.

Customer statistics

RGUs – The total number of RGUs was 5,544,500 at March 31, 2023, an increase of 4,100 (0.1%) from the end of the fourth quarter of 2022 (compared with a decrease of 600 in the same period of 2022), and a 12-month increase of 91,900 (1.7%), including the addition of VMedia’s 57,000 RGUs at the time of its acquisition (Table 2).

Mobile telephony – The number of subscriber connections to the mobile telephony service stood at 1,736,600 at March 31, 2023, an increase of 26,200 (1.5%) from the end of the fourth quarter of 2022 (compared with an increase of 24,500 in the same period of 2022), and a 12-month increase of 110,200 (6.8%) (Table 2).

Internet access – The number of subscribers to Internet access services stood at 1,691,500 at March 31, 2023, an increase of 8,800 (0.5%) from the end of the fourth quarter of 2022 (compared with an increase of 8,400 in the same period of 2022), and a 12-month increase of 75,300 (4.7%), including the addition of VMedia's 37,200 subscribers at the time of its acquisition (Table 2).

Television – The number of subscribers to television services stood at 1,385,600 at March 31, 2023, a decrease of 10,500 (-0.8%) from the end of the fourth quarter of 2022 (compared with a decrease of 12,200 in the same period of 2022), and a 12-month decrease of 20,800 (-1.5%), net of the addition of VMedia's 17,400 subscribers at the time of its acquisition (Table 2).

Wireline telephony – The number of subscriber connections to wireline telephony services stood at 730,800 at March 31, 2023, a decrease of 20,400 (-2.7%) from the end of the fourth quarter of 2022 (compared with a decrease of 21,300 in the same period of 2022), and a 12-month decrease of 72,800 (-9.1%), net of the addition of VMedia’s 2,400 subscriber connections at the time of its acquisition (Table 2).

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

	Mar. 2023	Dec. 2022	Sept. 2022	June 2022	Mar. 2022	Dec. 2021	Sept. 2021	June 2021
Mobile telephony	**1,736.6**	1,710.4	1,697.3	1,661.0	1,626.4	1,601.9	1,571.3	1,530.4
Internet	**1,691.5**	1,682.7	1,678.0	1,617.7	1,616.2	1,607.8	1,596.7	1,574.2
Television	**1,385.6**	1,396.1	1,402.1	1,393.5	1,406.4	1,418.6	1,428.0	1,441.4
Wireline telephony	**730.8**	751.2	769.9	785.7	803.6	824.9	847.4	872.4
Total	**5.544.5**	5,540.4	5,547.3	5,457.9	5,452.6	5,453.2	5,443.4	5,418.4

Adjusted EBITDA: $474.2 million, a $14.2 million (3.1%) increase due primarily to the impact of the net revenue increase.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 48.7% in the first quarter of 2023 compared with 49.1% in the same period of 2022.

Adjusted cash flows from operations: $379.5 million in the first quarter of 2023 compared with $344.6 million in the same period of 2022 (Table 11). This $34.9 million increase was mainly due to the $18.3 million decrease in additions to property, plant and equipment because of a temporary slowdown in spending on the LTE-A network and a decreased spending on the customer equipment leasing program, and the $14.2 million increase in adjusted EBITDA.

Media

First quarter 2023 operating results

Revenues: $170.8 million in the first quarter of 2023, an $11.0 million (-6.1%) decrease.

- Other revenues decreased by $11.2 million (-20.6%), mainly because of lower revenues from film production and audiovisual services and from production and distribution services.
- Subscription revenues decreased by $1.9 million (-3.9%), mainly at the specialty channels and the newspapers.
- Advertising revenues increased by $2.1 million (2.7%), mainly in the broadcasting business.

Adjusted EBITDA: Negative $26.4 million in the first quarter of 2023, a $14.5 million unfavourable variance due primarily to:

- increase in the TVA Network's content costs;
- impact of lower revenues.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Media segment operations, expressed as a percentage of revenues, were 115.5% in the first quarter of 2023 compared with 106.5% in the same period of 2022. The increase was mainly due to increased spending on content by TVA Network and the fixed component of operating costs, which does not fluctuate in proportion to the decrease in revenues.

Adjusted cash flows from operations: Negative $27.4 million in the first quarter of 2023 compared with negative $21.1 million in the same period of 2022 (Table 11). The $6.3 million unfavourable variance was due to the $14.5 million unfavourable variance in adjusted EBITDA, partially offset by a $6.2 million decrease in additions to property, plant and equipment and a $2.0 million decrease in additions to intangible assets.

Sports and Entertainment

First quarter 2023 operating results

Revenues: $48.5 million in the first quarter of 2023, a $14.4 million (42.2%) increase due primarily to higher revenues from music, concerts and hockey, including the impact of the lifting of public health measures during the first quarter of 2022.

Adjusted EBITDA: $3.4 million in the first quarter of 2023, a $3.5 million favourable variance due primarily to the impact of the increase in revenues.

Adjusted cash flows from operations: $2.5 million in the first quarter of 2023 compared with negative $0.9 million in the same period of 2022 (Table 11). The $3.4 million favourable variance was essentially due to the $3.5 million favourable variance in adjusted EBITDA.

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: $271.9 million in the first quarter of 2023, compared with $227.7 million in the same period of 2022.

The $44.2 million increase was primarily due to:

- $42.8 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in inventory, deferred revenues and accounts receivable, partially offset by unfavourable variances in accounts payable and accrued charges, contract assets, income tax payable and interest payable;
- $6.9 million decrease in current income taxes.

Partially offset by:

- $4.7 million increase in the cash portion of the charge for restructuring of operations and other items.

Favourable net changes in non-cash items related to operating activities had a favourable impact on cash flows provided by operating activities in the first quarter of 2023 compared with the same period of 2022, while the increase in the cash portion of the charge for restructuring of operations and other items had an unfavourable impact.

Working capital: $71.0 million at March 31, 2023 compared with negative $724.7 million at December 31, 2022. The $795.7 million favourable variance was due primarily to Senior Notes maturing in January 2023 and related derivative financial instruments, the balances of which were recorded in current items in 2022, partially offset by a decrease in accounts receivable.

Investing activities

Cash flows used for additions to property, plant and equipment: $89.5 million in the first quarter of 2023 compared with $95.3 million in the same period of 2022. The $5.8 million reduction was due to a decrease in acquisitions, mainly in the Telecommunications and Media segments, partially offset by a $19.0 million unfavourable net change in current non-cash items.

Deferred subsidies used to finance additions to property, plant and equipment: $20.0 million in the first quarter of 2023, compared with $31.7 million in the same quarter of 2022. These amounts represent the use of subsidies received under the program to roll out high-speed Internet services in various regions of Québec, and recorded as a reduction of additions to property, plant and equipment.

Cash flows used for additions to intangible assets: $45.6 million in the first quarter of 2023 compared with $29.8 million in the same period of 2022. The $15.8 million increase reflects the $10.3 million unfavourable net variance in current non-cash items and Videotron's acquisitions, totalling $9.9 million, of spectrum licences in the 600 MHz band in Manitoba and the 3500 MHz band in Québec, partially offset by the decrease in additions to intangible assets.

Proceeds from disposal of assets: $0.3 million in the first quarter of 2023 compared with $1.4 million in the same period of 2022.

Acquisition of investments and other: $0.6 million in the first quarter of 2023 compared with $4.1 million in the same period of 2022.

Free cash flows from continuing operating activities

Free cash flows from continuing operating activities: $147.0 million in the first quarter of 2023 compared with $104.0 million in the same period of 2022 (Table 12).

The $43.0 million increase was due primarily to:

- $44.2 million increase in cash flows provided by operating activities;
- $5.8 million decrease in cash flows used for additions to property, plant and equipment.

Partially offset by:

- $5.9 million increase in cash flows used for additions to intangible assets, excluding the spectrum licences.

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): $458.0 million reduction in the first quarter of 2023; $329.1 million net unfavourable variance in assets and liabilities related to derivative financial instruments.

- Debt reductions in the first quarter of 2023 essentially consisted of:
  - redemption upon maturity by Quebecor Media on January 17, 2023 of the entirety of its outstanding 5.75% Senior Notes issued on October 11, 2012 in the aggregate principal amount of US$850.0 million;
  - $27.4 million favourable impact of exchange rate fluctuations. The consolidated debt reduction attributable to this item was offset by the decrease in the asset (or increase in the liability) related to derivative financial instruments;
  - $9.0 million decrease in TVA Group's drawings on its secured revolving credit facility.
- Debt increases in the first quarter of 2023 essentially consisted of:
  - $690.6 million increase in total drawings on the secured revolving bank credit facilities of Videotron and Quebecor Media;
  - $25.3 million increase in the bank indebtedness of Videotron and TVA Group.
- Assets and liabilities related to derivative financial instruments totalled a net asset of $191.2 million at March 31, 2023 compared with $520.3 million at December 31, 2022. The $329.1 million net unfavourable variance was mainly due to:
  - the settlement of hedging contracts by Quebecor Media following the redemption by Quebecor Media in January 2023 of the entirety of its 5.75% Senior Notes in the aggregate principal amount of US$850.0 million;
  - unfavourable impact of exchange rate fluctuations on the value of derivative financial instruments.
- On April 3, 2023, Videotron entered into a new $2.10 billion secured term credit facility with a syndicate of financial institutions to finance the acquisition of Freedom. The term credit facility consists of three tranches of equal size maturing in October 2024, April 2026 and April 2027, bearing interest at Bankers' acceptance rate, SOFR, Canadian prime rate or U.S. prime rate, plus a premium determined by Videotron's leverage ratio. On April 10, 2023, Videotron entered into a floating-to-fixed interest rate swap in relation with the $700.0 million tranche maturing in April 2027, fixing the interest rate at 5.203% based on Videotron's current leverage ratio. The swap becomes effective on May 4, 2023 and matures on April 3, 2027.
- On February 15, 2023, TVA Group amended its $75.0 million secured revolving credit facility to extend its term from February 2023 to February 2024 and amend certain terms and conditions.
- On January 13, 2023, Videotron's secured revolving credit facility was amended to increase it from $1.50 billion to $2.00 billion. Certain terms and conditions of this credit facility were also amended.

Financial position

Net available liquidity: $1.51 billion at March 31, 2023 for Quebecor and its wholly owned subsidiaries, consisting of $1.54 billion in available unused revolving credit facilities, less $27.3 million in bank indebtedness.

Consolidated debt (long-term debt plus bank indebtedness): $6.03 billion at March 31, 2023, a $458.0 million decrease compared with December 31, 2022; $329.1 million net unfavourable variance in assets and liabilities related to derivative financial instruments (see "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's $6.00 billion debt ($5.32 billion at December 31, 2022); TVA Group's $3.2 million debt ($10.1 million at December 31, 2022); Quebecor Media's $25.5 million debt ($1.16 billion at December 31, 2022); and Quebecor's $0.6 million debt ($0.6 million at December 31, 2022).

As at March 31, 2023, minimum principal payments on long-term debt in the coming years were as follows:

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

2024	$	–
2025		811.0
2026		794.0
2027		742.1
2028		811.0
2029 and thereafter		2,875.7
Total	**$**	**6,033.8**

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.

Pro forma the new $2.10 billion secured credit facility obtained on April 3, 2023, the weighted average term of Quebecor's consolidated debt was approximately 4.2 years as of March 31, 2023 (4.3 years as of December 31, 2022). After taking into account hedging instruments, debt consisted of approximately 70.5% fixed-rate debt (81.7% at December 31, 2022) and 29.5% floating-rate debt (18.3% at December 31, 2022), pro forma the new $2.10 billion secured credit facility.

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, business acquisitions, working capital, interest payments, income tax payments, debt, convertible debentures and lease repayments, pension plan contributions, share repurchases, and dividend payments to shareholders. The Corporation believes it will be able to meet future debt 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, 2023, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On May 10, 2023, the Board of Directors of Quebecor declared a quarterly dividend of $0.30 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Subordinate Voting Shares ("Class B Shares"), payable on June 20, 2023 to shareholders of record at the close of business on May 26, 2023.

Participation in 600 MHz and 3500 MHz spectrum auction

On January 26, 2023, Quebecor announced a $9.9 million investment by Videotron in the acquisition of spectrum licences in the 600 MHz band in Manitoba and in the 3500 MHz band in Québec. The acquisition was made in the auction of residual spectrum licences that concluded on January 25, 2023 with the announcement by Innovation, Science and Economic Development Canada (ISED) of the tentatively accepted bids. Videotron is thus increasing its wireless service capacity and continuing to pave the way for the expansion of its wireless infrastructure outside Québec.

Acquisition of Freedom

Videotron's acquisition of Freedom enables the Corporation to enter the British Columbia and Alberta telecommunications markets and strengthen its position in the Ontario market. Three well-established incumbent local exchange carriers ("ILECs") that hold an array of spectrum licenses and have considerable operational and financial resources are present in these markets. Videotron's acquisition of Freedom creates a more competitive mobile telephony environment in the markets where Freedom operates. That said, the Corporation anticipates that significant and recurring investments will be required in these new markets in order to, among other things, potentially acquire new spectrum licenses so it can deploy the latest technologies, expand and maintain the newly acquired mobile networks, support the launch and penetration of new services, and compete effectively with the ILECs and other current or potential competitors in these markets.

Analysis of consolidated balance sheet

Table 4
Consolidated balance sheet of Quebecor
Analysis of main differences between March 31, 2023 and December 31, 2022
(in millions of Canadian dollars)

	March 31, 2023[1]	Dec. 31, 2022[1]	Difference	Main reasons for difference
Assets				
Accounts receivable	**$ 794.7**	$ 840.7	$ (46.0)	Impact of current variances in activities.
Income taxes[2]	**20.3**	(20.4)	40.7	Current disbursements less current income taxes for the period.
Property, plant and equipment	**2,840.2**	2,897.6	(57.4)	Depreciation for the period less additions to property, plant and equipment.
Intangible assets	**2,263.1**	2,275.0	(11.9)	Amortization for the period less additions to intangible assets.
Derivative financial instruments[3]	**191.2**	520.3	(329.1)	See “Financing activities.”
Liabilities				
Long-term debt, including short-term portion and bank indebtedness	**6,030.9**	6,488.9	(458.0)	See “Financing activities.”
Deferred income tax[4]	**737.8**	758.3	(20.5)	Impact of variances in activity on consolidated statement of income and consolidated statement of comprehensive income

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.

4 Long-term liabilities less long-term assets.

ADDITIONAL INFORMATION

Contractual obligations

At March 31, 2023, material contractual obligations of operating activities included: capital repayment and interest payments on long-term debt; convertible debentures and lease liabilities; capital asset purchases 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, 2023
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt[1]	**$ 6,033.8**	$ –	$ 1,605.0	$ 1,553.1	$ 2,875.7
Convertible debentures[2]	**162.9**	–	162.9	–	–
Interest payments[3]	**1,185.7**	204.3	491.9	297.3	192.2
Lease liabilities	**182.6**	41.3	56.6	28.7	56.0
Interest payments on lease liabilities	**41.6**	7.5	10.7	7.1	16.3
Additions to property, plant and equipment and other commitments	**1,524.1**	480.3	586.4	221.1	236.3
Derivative financial instruments[4]	**(218.6)**	7.0	(148.7)	(6.5)	(70.4)
Total contractual obligations	**$ 8,912.1**	**$ 740.4**	**$ 2,764.8**	**$ 2,100.8**	**$ 3,306.1**

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, 2023 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 $24.62 per share and a ceiling price of approximately $30.77. 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, 2023.

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 2023, the Corporation incurred expenses to affiliated corporations in the amount of $22.4 million ($8.4 million in the same period of 2022), 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 $1.6 million ($0.4 million in the same period of 2022). The Corporation also made sales to affiliated corporations in the amount of $3.1 million ($1.6 million in the same period of 2022). These transactions were accounted for at the consideration agreed between parties.

Capital stock

Table 6 below presents information on the Corporation's capital stock as at April 20, 2023. In addition, 7,141,551 share options of the Corporation were outstanding as of the same date.

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

	April 20, 2023		
	Issued and outstanding		**Book value**
Class A Shares	**76,971,288**	**$**	**8.6**
Class B Shares	**153,964,802**		**907.6**

On August 3, 2022, the Corporation filed 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 6,000,000 Class B Shares representing approximately 3.8% of issued and outstanding Class B Shares as of July 29, 2022. The purchases can be made from August 15, 2022 to August 14, 2023, 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 5, 2022, 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, 2022 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.

In the first quarter of 2023, the Corporation did not purchase and cancel any Class B Shares (in the same period of 2022, 890,051 Class B Shares were purchased and cancelled for a total cash consideration of $26.0 million).

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 swaps entered into by the Corporation include an option that allows each party to unwind the transaction on a specific date at the then settlement amount.

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of March 31, 2023 and December 31, 2022 were as follows:

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

	March 31, 2023		December 31, 2022	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (6,033.8)**	**$ (5,575.1)**	$ (6,517.7)	$ (5,959.6)
Convertible debentures[2]	**(170.5)**	**(170.5)**	(158.7)	(158.7)
Derivative financial instruments[3]				
Foreign exchange forward contracts	**1.6**	**1.6**	3.4	3.4
Cross-currency swaps	**189.6**	**189.6**	516.9	516.9

1 The carrying value of long-term debt excludes 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 in 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.

Losses on valuation and translation of financial instruments in the first quarters of 2023 and 2022 are summarized in Table 8.

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

	Three months ended March 31	
	2023	2022
Loss on embedded derivatives related to convertible debentures	**$ 11.6**	$ 7.2
Other	**(0.3)**	0.1
	$ 11.3	$ 7.3

A $4.0 million gain was recorded under "Other comprehensive income" in the first quarter of 2023 in relation to cash flow hedging relationships ($18.4 million loss in the same period of 2022).

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 continuing operating activities, adjusted cash flows from operations, free cash flows from continuing 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, loss on valuation and translation of financial instruments, restructuring of operations and other items, and income tax. 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 uses adjusted EBITDA in order to assess the performance of its investment. 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 continuing 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	
	2023	2022
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**$ 474.2**	$ 460.0
Media	**(26.4)**	(11.9)
Sports and Entertainment	**3.4**	(0.1)
Head Office	**(8.4)**	(5.9)
	442.8	442.1
Depreciation and amortization	**(188.5)**	(194.7)
Financial expenses	**(77.9)**	(77.5)
Loss on valuation and translation of financial instruments	**(11.3)**	(7.3)
Restructuring of operations and other items	**(5.6)**	(0.9)
Income taxes	**(46.0)**	(44.6)
Net income	**$ 113.5**	$ 117.1

Adjusted income from continuing operating activities

The Corporation defines adjusted income from continuing operating activities, as reconciled to net income attributable to shareholders under IFRS, as net income attributable to shareholders before loss on valuation and translation of financial instruments, and restructuring of operations and other items, net of income tax related to adjustments and net income attributable to non-controlling interest related to adjustments. Adjusted income from continuing 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 continuing 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 continuing operating activities is more representative for forecasting income. The Corporation's definition of adjusted income from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Table 10 provides a reconciliation of adjusted income from continuing 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 continuing 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	
	2023	2022
Adjusted income from continuing operating activities	**$ 136.0**	$ 128.7
Loss on valuation and translation of financial instruments	**(11.3)**	(7.3)
Restructuring of operations and other items	**(5.6)**	(0.9)
Income taxes related to adjustments[1]	**1.6**	0.9
Non-controlling interest related to adjustments	**0.2**	–
Net income attributable to shareholders	**$ 120.9**	$ 121.4

[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 continuing 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 continuing operating activities

Free cash flows from continuing 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 continuing 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 continuing 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 continuing 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 continuing 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 continuing 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	
	2023	2022
Adjusted EBITDA (negative adjusted EBITDA)		
Telecommunications	**$ 474.2**	$ 460.0
Media	**(26.4)**	(11.9)
Sports and Entertainment	**3.4**	(0.1)
Head Office	**(8.4)**	(5.9)
	442.8	442.1
Minus		
Additions to property, plant and equipment:[1]		
Telecommunications	**(74.9)**	(93.2)
Media	**(0.5)**	(6.7)
Sports and Entertainment	**(0.1)**	(0.1)
Head Office	**–**	(0.3)
	(75.5)	(100.3)
Additions to intangible assets:[2]		
Telecommunications	**(19.8)**	(22.2)
Media	**(0.5)**	(2.5)
Sports and Entertainment	**(0.8)**	(0.7)
Head Office	**(0.2)**	(0.3)
	(21.3)	(25.7)
Adjusted cash flows from operations		
Telecommunications	**379.5**	344.6
Media	**(27.4)**	(21.1)
Sports and Entertainment	**2.5**	(0.9)
Head Office	**(8.6)**	(6.5)
	$ 346.0	$ 316.1

[1] **Reconciliation to cash flows used for additions to property, plant and equipment as per condensed consolidated financial statements**

	Three months ended March 31	
	2023	2022
Additions to property, plant and equipment	**$ (75.5)**	$ (100.3)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	**(14.0)**	5.0
Cash flows used for additions to property, plant and equipment	**$ (89.5)**	$ (95.3)

[2] **Reconciliation to cash flows used for additions to intangible assets as per condensed consolidated financial statements**

	Three months ended March 31	
	2023	2022
Additions to intangible assets	**$ (21.3)**	$ (25.7)
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	**(14.4)**	(4.1)
Disbursements for licence acquisitions	**(9.9)**	–
Cash flows used for additions to intangible assets	**$ (45.6)**	$ (29.8)

Table 12
Free cash flows from continuing 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	
	2023	2022
Adjusted cash flows from operations from Table 11	**$ 346.0**	$ 316.1
Plus (minus)		
Cash portion of financial expenses	**(76.2)**	(75.7)
Cash portion related to restructuring of operations and other items	**(6.5)**	(0.9)
Current income taxes	**(67.5)**	(74.4)
Other	**0.3**	1.5
Net change in non-cash balances related to operating activities	**(20.7)**	(63.5)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	**(14.0)**	5.0
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	**(14.4)**	(4.1)
Free cash flows from continuing operating activities	**147.0**	104.0
Plus (minus)		
Cash flows used for additions to property, plant and equipment	**89.5**	95.3
Cash flows used for additions to intangible assets (excluding expenditures related to licence acquisitions and renewals)	**35.7**	29.8
Proceeds from disposal of assets	**(0.3)**	(1.4)
Cash flows provided by operating activities	**$ 271.9**	$ 227.7

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, the current portion of 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, 2023	Dec. 31, 2022
Total long-term debt[1]	**$ 6,033.8**	$ 6,517.7
Plus (minus)		
Lease liabilities	**141.3**	149.2
Current portion of lease liabilities	**41.3**	37.0
Bank indebtedness	**34.3**	10.1
Assets related to derivative financial instruments	**(198.2)**	(520.3)
Liabilities related to derivative financial instruments	**7.0**	–
Cash and cash equivalents	**(5.9)**	(6.6)
Consolidated net debt excluding convertible debentures	**6,053.6**	6,187.1
Divided by:		
Trailing 12 month adjusted EBITDA	**$ 1,935.2**	$ 1,934.5
Consolidated net debt leverage ratio	**3.13x**	3.20x

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

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, subscriptions to the Internet access and television services, and subscriber connections to the mobile and wireline telephony 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 revenue per unit

The Corporation uses ARPU, an industry metric, as a key performance indicator. This indicator is used to measure monthly revenues per average RGU. ARPU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of ARPU may not be the same as identically titled measurements reported by other companies.

Mobile ARPU 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.

Total ARPU is calculated by dividing the combined revenues from mobile and wireline telephony, Internet access, television and OTT services by the total average number of RGUs from mobile and wireline telephony, Internet access and television services during the applicable period, and then dividing the resulting amount by the number of months in the applicable period.

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.

There have not been any changes in internal controls over financial reporting during the three months ended March 31, 2023 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.sedar.com.

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 Media'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 Media'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 estimates of the size of potential markets;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour with respect to Quebecor Media's product suites;
- unanticipated higher capital spending required for developing Quebecor Media'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;
- disruptions to the network through which Quebecor Media 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;
- labour 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 Media'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 Media's licences or markets, or in an increase in competition, compliance costs or capital expenditures;
- Quebecor Media'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;
- interest rate fluctuations that could affect a portion of Quebecor's interest payment requirements on long-term debt;
- risks associated with the acquisition of Freedom, including Quebecor Media's ability to successfully integrate Freedom's operations following the acquisition and capture synergies, and potential unknown liabilities or costs associated with the acquisition of Freedom; and
- the anticipated benefits and effects of the acquisition of Freedom may not be realized in a timely manner or at all. Among other things, the outcome of litigation or other regulatory proceedings associated with the acquisition of Freedom could result in changes to the parameters of the transaction.

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.sedar.com and www.quebecor.com, including, in particular, the “Risks and Uncertainties” section of the Corporation’s Management Discussion and Analysis for the year ended December 31, 2022.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation’s expectations as of May 10, 2023, 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 10, 2023

QUEBECOR INC.

SELECTED QUARTERLY FINANCIAL DATA

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

	2023				2022			2021
	March 31	**Dec. 31**	**Sept. 30**	**June 30**	**March 31**	Dec. 31	Sept. 30	June 30
Revenues	**$ 1,115.6**	**$ 1,185.0**	**$ 1,143.7**	**$ 1,115.2**	**$ 1,088.0**	$ 1,183.9	$ 1,148.2	$ 1,131.2
Adjusted EBITDA	**442.8**	**483.0**	**518.0**	**491.4**	**442.1**	498.8	520.3	501.4
Adjusted cash flows from operations	**346.0**	**359.4**	**403.1**	**361.0**	**316.1**	370.6	365.8	338.1
Contribution to net income attributable to shareholders:								
Continuing operating activities	**136.0**	**159.4**	**175.0**	**161.7**	**128.7**	157.6	176.1	158.3
(Loss) gain on valuation and translation of financial instruments	**(11.4)**	**(16.3)**	**7.0**	**(1.8)**	**(6.6)**	7.6	6.1	7.3
Unusual items	**(3.7)**	**(0.6)**	**(3.6)**	**(2.5)**	**(0.7)**	(4.7)	(9.1)	(42.1)
Net income attributable to shareholders	**120.9**	**142.5**	**178.4**	**157.4**	**121.4**	160.5	173.1	123.5
Basic data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	**$ 0.59**	**$ 0.69**	**$ 0.75**	**$ 0.68**	**$ 0.54**	$ 0.66	$ 0.73	$ 0.65
(Loss) gain on valuation and translation of financial instruments	**(0.05)**	**(0.07)**	**0.03**	**(0.01)**	**(0.03)**	0.03	0.02	0.03
Unusual items	**(0.02)**	**-**	**(0.02)**	**(0.01)**	**-**	(0.02)	(0.04)	(0.18)
Net income attributable to shareholders	**0.52**	**0.62**	**0.76**	**0.66**	**0.51**	0.67	0.71	0.50
Weighted average number of shares outstanding (in millions)	**230.9**	**231.4**	**233.5**	**236.7**	**239.2**	239.8	242.7	245.0
Diluted data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	**$ 0.58**	**$ 0.68**	**$ 0.74**	**$ 0.67**	**$ 0.53**	$ 0.65	$ 0.72	$ 0.64
Dilution impact	**0.01**	**0.01**	**-**	**0.01**	**0.01**	-	-	-
Loss on valuation and translation of financial instruments	**(0.05)**	**(0.07)**	**-**	**(0.01)**	**(0.03)**	-	-	-
Unusual items	**(0.02)**	**-**	**(0.02)**	**(0.01)**	**-**	(0.02)	(0.04)	(0.17)
Net income attributable to shareholders	**0.52**	**0.62**	**0.72**	**0.66**	**0.51**	0.63	0.68	0.47
Weighted average number of diluted shares outstanding (in millions)	**231.2**	**231.5**	**238.9**	**236.8**	**239.2**	244.6	247.5	249.9