QUEBECOR

MANAGEMENT DISCUSSION AND ANALYSIS
SECOND QUARTER 2023

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CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. in the second 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 subscriptions to over-the-top ("OTT") video services and customers of third-party Internet access ("TPIA") providers from its RGUs, as they are not highly representative for the purpose of assessing the Corporation's performance. Definitions of the non-IFRS measures and key performance indicators used by the Corporation are provided in the "Non-IFRS Measures" and "Key Performance Indicators" sections below.

HIGHLIGHTS

Second quarter 2023

Revenues: $1.40 billion, a $283.3 million (25.4%) increase due to the impact of the acquisition of Freedom Mobile Inc. ("Freedom") and growth in mobile services and equipment and Internet access services.

Adjusted EBITDA:[1] $605.2 million, a $113.8 million (23.2%) increase due mainly to Freedom's contribution.

Net income attributable to shareholders: $174.1 million ($0.75 per basic share), an increase of $16.7 million ($0.09 per basic share).

Adjusted income from continuing operating activities:[1] $182.3 million ($0.79 per basic share), an increase of $20.6 million ($0.11 per basic share) or 12.7%.

Adjusted cash flows from operations:[1] $455.3 million, a $94.3 million (26.1%) increase, including the contribution of the Freedom acquisition.

Cash flows provided by operating activities: $358.4 million, a $116.7 million (48.3%) increase.

Year to date

Revenues: $2.51 billion, a $310.9 million (14.1%) increase, including the impact of the acquisition of Freedom.

Adjusted EBITDA: $1.05 billion, a $114.5 million (12.3%) increase due mainly to the impact of the Freedom acquisition.

Net income attributable to shareholders: $295.0 million ($1.28 per basic share), an increase of $16.2 million ($0.11 per basic share).

Adjusted income from continuing operating activities: $318.3 million ($1.38 per basic share), an increase of $27.9 million ($0.16 per basic share) or 9.6%.

Adjusted cash flows from operations: $801.3 million, a $124.2 million (18.3%) increase, including the contribution of the Freedom acquisition.

Cash flows provided by operating activities: $630.3 million, a $160.9 million (34.3%) 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 June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Income				
Revenues:				
Telecommunications	**$ 1,201.2**	$ 912.6	**$ 2,126.2**	$ 1,816.0
Media	**180.3**	188.1	**351.1**	369.9
Sports and Entertainment	**48.8**	45.0	**97.3**	79.1
Inter-segment	**(31.8)**	(30.5)	**(60.5)**	(61.8)
	1,398.5	1,115.2	**2,514.1**	2,203.2
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	**607.6**	487.5	**1,081.8**	947.5
Media	**(0.5)**	4.1	**(26.9)**	(7.8)
Sports and Entertainment	**3.0**	4.7	**6.4**	4.6
Head Office	**(4.9)**	(4.9)	**(13.3)**	(10.8)
	605.2	491.4	**1,048.0**	933.5
Depreciation and amortization	**(250.6)**	(191.6)	**(439.1)**	(386.3)
Financial expenses	**(113.7)**	(82.0)	**(191.6)**	(159.5)
Gain (loss) on valuation and translation of financial instruments	**1.6**	(2.1)	**(9.7)**	(9.4)
Restructuring, acquisition costs and other	**(13.3)**	(3.5)	**(18.9)**	(4.4)
Income taxes	**(57.9)**	(55.9)	**(103.9)**	(100.5)
Net income	**$ 171.3**	$ 156.3	**$ 284.8**	$ 273.4
Net income attributable to shareholders	**174.1**	157.4	**295.0**	278.8
Adjusted income from continuing operating activities	**182.3**	161.7	**318.3**	290.4
Per basic share:				
Net income attributable to shareholders	**0.75**	0.66	**1.28**	1.17
Adjusted income from continuing operating activities	**0.79**	0.68	**1.38**	1.22

Table 1 (continued)	Three months ended June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Additions to property, plant and equipment and to intangible assets:				
Telecommunications	**$ 145.9**	$ 118.1	**$ 240.6**	$ 233.5
Media	**2.2**	10.9	**3.2**	20.1
Sports and Entertainment	**1.7**	0.8	**2.6**	1.6
Head Office	**0.1**	0.6	**0.3**	1.2
	149.9	130.4	**246.7**	256.4
Acquisition of spectrum licenses	**–**	–	**9.9**	–
Cash flows:				
Adjusted cash flows from operations:				
Telecommunications	**461.7**	369.4	**841.2**	714.0
Media	**(2.7)**	(6.8)	**(30.1)**	(27.9)
Sports and Entertainment	**1.3**	3.9	**3.8**	3.0
Head Office	**(5.0)**	(5.5)	**(13.6)**	(12.0)
	455.3	361.0	**801.3**	677.1
Free cash flows from continuing operating activities[1]	**222.9**	117.8	**369.9**	221.8
Cash flows provided by operating activities	**358.4**	241.7	**630.3**	469.4

	June 30, 2023	Dec. 31, 2022
Balance sheet		
Cash and cash equivalents	**$ 26.8**	$ 6.6
Working capital	**(431.1)**	(724.7)
Net assets related to derivative financial instruments	**124.0**	520.3
Total assets	**12,635.3**	10,625.3
Total long-term debt (including current portion)	**8,005.4**	6,517.7
Lease liabilities (current and long term)	**400.3**	186.2
Convertible debentures, including embedded derivatives	**169.7**	160.0
Equity attributable to shareholders	**1,527.7**	1,357.3
Equity	**1,643.5**	1,483.5
Consolidated net debt leverage ratio[1]	**3.52x**	3.20x

Telecommunications

- In the context of the Freedom acquisition, the Telecommunications segment's revenues increased by $288.6 million (31.6%) and the adjusted EBITDA by $120.1 million (24.6%) in the second quarter of 2023.
- The Telecommunications segment increased its revenues from mobile services and equipment ($275.9 million or 104.2%), due to the impact of the Freedom acquisition and growth in Videotron Ltd ("Videotron")'s revenues, and Internet access ($17.0 million or 5.6%) in the second quarter of 2023.

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

- The acquisition of Freedom on April 3, 2023 was significantly accretive to growth in the Telecommunications segment's RGUs, adding 1,824,400 subscriber connections to the mobile telephony services and 20,000 subscriptions to the Internet access service. Organic growth added 24,600 RGUs (0.4%) in the second quarter of 2023, including 49,100 subscriber connections (2.8%) in mobile telephony and 5,300 Internet access subscriptions (0.3%).
- On April 3, 2023, Videotron acquired all the issued shares of Freedom from Shaw Communications Inc. ("Shaw"). Videotron paid $2.07 billion in cash, net of cash acquired of $103.2 million. As part of the transaction, Videotron assumed certain liabilities, mainly lease obligations. The consideration paid is subject to certain post-closing adjustments. 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 Communications Inc. ("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. Through the acquisition of Freedom, Videotron has entered the British Columbia and Alberta telecommunications markets and strengthened its position in the Ontario market.

Financing transactions

- On June 28, 2023, TVA Group Inc. ("TVA Group") entered into a new $20.0 million secured revolving credit facility repayable on demand. On the same date, TVA Group terminated its secured revolving credit facility in the amount of $75.0 million.
- 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 agreement in connection with the $700.0 million tranche maturing in April 2027, fixing the interest rate at 5.203% based on Videotron's then applicable leverage ratio. The swap became effective on May 4, 2023 and matures on April 3, 2027.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

2023/2022 second quarter comparison

Revenues: $1.40 billion, a $283.3 million (25.4%) increase.

- Revenues increased in Telecommunications ($288.6 million or 31.6% of segment revenues), due to the impact of the Freedom acquisition and growth in mobile services and equipment and Internet access services, and in Sports and Entertainment ($3.8 million or 8.4%).
- Revenues decreased in Media ($7.8 million or -4.1%).

Adjusted EBITDA: $605.2 million, a $113.8 million (23.2%) increase.

- Adjusted EBITDA increased in Telecommunications ($120.1 million or 24.6% of segment adjusted EBITDA), including Freedom's contribution.
- There was an unfavourable variance in Media ($4.6 million) and a decrease in Sports and Entertainment ($1.7 million or -36.2%).
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in a $1.4 million unfavourable variance in the Corporation's stock-based compensation charge in the second quarter of 2023 compared with the same period of 2022.

Net income attributable to shareholders: $174.1 million ($0.75 per basic share) in the second quarter of 2023, compared with $157.4 million ($0.66 per basic share) in the same period of 2022, an increase of $16.7 million ($0.09 per basic share).

- The main favourable variances were:
  - $113.8 million increase in adjusted EBITDA;
  - $3.7 million favourable variance in gains and losses on valuation and translation of financial instruments, including $3.8 million without any tax consequences.
- The main unfavourable variances were:
  - $59.0 million increase in the depreciation and amortization charge;
  - $31.7 million increase related to financial expenses;
  - $9.8 million unfavourable variance in the charge for restructuring, acquisition costs and other.

Adjusted income from continuing operating activities: $182.3 million ($0.79 per basic share) in the second quarter of 2023, compared with $161.7 million ($0.68 per basic share) in the same period of 2022, an increase of $20.6 million ($0.11 per basic share) or 12.7%.

Adjusted cash flows from operations: $455.3 million, a $94.3 million (26.1%) increase due primarily to the $113.8 million increase in adjusted EBITDA, partially offset by a $19.7 million increase in additions to intangible assets.

Cash flows provided by operating activities: $358.4 million, a $116.7 million (48.3%) increase due primarily to the increase in adjusted EBITDA, 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 financial expenses and the unfavourable variance in the cash portion of restructuring, acquisition costs and other.

Depreciation and amortization charge: $250.6 million in the second quarter of 2023, a $59.0 million increase, including the impact of the Freedom acquisition.

Financial expenses: $113.7 million in the second quarter of 2023, a $31.7 million increase due to higher average indebtedness and the impact of higher average interest on long-term debt.

Gain on valuation and translation of financial instruments: $1.6 million in the second quarter of 2023, a $3.7 million favourable variance essentially due to a $3.8 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: $13.3 million in the second quarter of 2023, a $9.8 million unfavourable variance.

- A $1.1 million charge was recognized in the second quarter of 2023 in connection with cost-reduction measures in the Corporation's various segments ($1.2 million in the second quarter of 2022). Charges in the amount of $12.2 million, including acquisition costs related to the Freedom transaction, were also recognized in the second quarter of 2023 (charges for other items of $2.3 million were recognized in the second quarter of 2022).

Income tax expense: $57.9 million in the second quarter of 2023 (effective tax rate of 25.7%), compared with $55.9 million in the same period of 2022 (effective tax rate of 26.4%).

2023/2022 year-to-date comparison

Revenues: $2.51 billion, a $310.9 million (14.1%) increase.

- Revenues increased in Telecommunications ($310.2 million or 17.1% of segment revenues), due to the impact of the Freedom acquisition and growth in mobile services and equipment and Internet access services, and in Sports and Entertainment ($18.2 million or 23.0%).
- Revenues decreased in Media ($18.8 million or -5.1%).

Adjusted EBITDA: $1.05 billion, a $114.5 million (12.3%) increase.

- Adjusted EBITDA increased in Telecommunications ($134.3 million or 14.2% of segment adjusted EBITDA), including Freedom's contribution, and Sports and Entertainment ($1.8 million or 39.1%).
- Adjusted EBITDA decreased in Media ($19.1 million) and there was an unfavourable variance 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 $5.0 million unfavourable variance in the Corporation's stock-based compensation charge in the first half of 2023 compared with the same period of 2022.

Net income attributable to shareholders: $295.0 million ($1.28 per basic share) in the first half of 2023, compared with $278.8 million ($1.17 per basic share) in the same period of 2022, an increase of $16.2 million ($0.11 per basic share).

- The main favourable variance was:
  - $114.5 million increase in adjusted EBITDA;
- The main unfavourable variances were:
  - $52.8 million increase in the depreciation and amortization charge;
  - $32.1 million increase related to financial expenses;
  - $14.5 million unfavourable variance in the charge for restructuring, acquisition costs and other.

Adjusted income from continuing operating activities: $318.3 million ($1.38 per basic share) in the first half of 2023, compared with $290.4 million ($1.22 per basic share) in the same period of 2022, an increase of $27.9 million ($0.16 per basic share) or 9.6%.

Adjusted cash flows from operations: $801.3 million, a $124.2 million (18.3%) increase due primarily to the $114.5 million increase in adjusted EBITDA and a $25.0 million decrease in additions to property, plant and equipment, partially offset by a $15.3 million increase in additions to intangible assets.

Cash flows provided by operating activities: $630.3 million, a $160.9 million (34.3%) increase due primarily to the increase in adjusted EBITDA, 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 financial expenses and the unfavourable variance in the cash portion of restructuring, acquisition costs and other.

Depreciation and amortization charge: $439.1 million in the first half of 2023, a $52.8 million increase due essentially to the impact of the Freedom acquisition.

Financial expenses: $191.6 million in the first half of 2023, a $32.1 million increase due essentially to the same factors as those noted above under "2023/2022 second quarter comparison."

Loss on valuation and translation of financial instruments: $9.7 million in the first half of 2023, a $0.3 million unfavourable variance.

Charge for restructuring, acquisition costs and other: $18.9 million in the first half of 2023, a $14.5 million unfavourable variance.

- A $6.0 million charge was recognized in the first half of 2023 in connection with cost-reduction measures in the Corporation's various segments ($1.9 million in the first half of 2022). Charges for other items totalling $12.9 million, including acquisition costs related to the Freedom transaction, were also recognized in the first half of 2023 ($2.5 million in the first half of 2022).

Income tax expense: $103.9 million in the first half of 2023 (effective tax rate of 26.4%), compared with $100.5 million in the same period of 2022 (effective tax rate of 26.4%).

SEGMENTED ANALYSIS

Telecommunications

Second quarter 2023 operating results

Revenues: $1.20 billion in the second quarter of 2023, a $288.6 million (31.6%) increase.

- Revenues from mobile telephony services increased $209.8 million (109.4%) to $401.6 million, essentially because of an increase in the number of subscriber connections, including the impact of the Freedom acquisition, and growth in subscriber connections at Videotron and Freedom.
- Revenues from Internet access services increased $17.0 million (5.6%) to $321.9 million, due primarily to subscriber base growth, including the impact of the acquisition of VMedia Inc. ("VMedia") in July 2022 and growth in Videotron's subscriber base, and to higher average per-customer revenue.
- Revenues from television services increased $2.8 million (1.4%) to $203.2 million, due mainly to the impact of the acquisition of VMedia and higher average per-customer revenue.
- Revenues from wireline telephony services decreased $2.7 million (-3.7%) to $71.0 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 $66.1 million (90.5%) to $139.1 million, mainly because of increases in the number of mobile devices sold by Freedom and Videotron, and higher prices.
- Revenues from wireline equipment sales to customers decreased $2.5 million (-12.2%) to $18.0 million, mainly because of lower prices and lower volume of equipment sales related to the Helix platform.
- Other revenues decreased $1.9 million (-3.9%) to $46.4 million, mainly reflecting lower revenues at Videotron Business.

ARPU:[1] The Telecommunications segment's total ARPU was $45.20 in the second quarter of 2023 compared with $47.17 in the same period of 2022, a $1.97 (-4.1%) decrease. Mobile ARPU was $37.77 in the second quarter of 2023 compared with $38.94 in the same period of 2022, a $1.17 (-3.0%) decrease, mainly attributable to a change in the customer mix.

Customer statistics

Acquisition of Freedom and VMedia

The acquisition of Freedom on April 3, 2023 was significantly accretive to growth in the Telecommunications segment, 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. In addition, the acquisition of VMedia in July 2022 added 60,800 RGUs, consisting of 41,000 Internet access subscriptions, 17,400 television service subscriptions and 2,400 subscriber connections to the wireline telephony service.

Growth from business operation during the period

RGUs[1] – The total number of RGUs was 7,413,500 at June 30, 2023, an increase of 24,600 (0.4%) in the second quarter of 2023 (compared with an increase of 5,300 in the same period of 2022), and a 12-month increase of 50,400 (0.9%) (Table 2).

Mobile telephony – The number of subscriber connections to the mobile telephony service stood at 3,610,100 at June 30, 2023, an increase of 49,100 (2.8%) in the second quarter of 2023 (compared with an increase of 34,600 in the same period of 2022), and a 12-month increase of 124,700 (7.5%) (Table 2).

Internet access – The number of subscribers to Internet access services stood at 1,716,800 at June 30, 2023, an increase of 5,300 (0.3%) in the second quarter of 2023 (compared with an increase of 1,500 in the same period of 2022), and a 12-month increase of 38,100 (2.4%) (Table 2).

Television – The number of subscribers to television services stood at 1,374,500 at June 30, 2023, a decrease of 11,100 (-0.8%) from the end of the first quarter of 2023 (compared with a decrease of 12,900 in the same period of 2022), and a 12-month decrease of 36,400 (-2.6%) (Table 2).

[1] See "Key performance indicators."

Wireline telephony – The number of subscriber connections to wireline telephony services stood at 712,100 at June 30, 2023, a decrease of 18,700 (-2.6%) from the end of the first quarter of 2023 (compared with a decrease of 17,900 in the same period of 2022), and a 12-month decrease of 76,000 (-9.7%) (Table 2).

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

	June 2023	Mar. 2023	Dec. 2022	Sept. 2022	June 2022	Mar. 2022	Dec. 2021	Sept. 2021
Mobile telephony	**3,610.1**	1,736.6	1,710.4	1,697.3	1,661.0	1,626.4	1,601.9	1,571.3
Internet	**1,716.8**	1,691.5	1,682.7	1,678.0	1,617.7	1,616.2	1,607.8	1,596.7
Television	**1,374.5**	1,385.6	1,396.1	1,402.1	1,393.5	1,406.4	1,418.6	1,428.0
Wireline telephony	**712.1**	730.8	751.2	769.9	785.7	803.6	824.9	847.4
Total	**7,413.5**	5,544.5	5,540.4	5,547.3	5,457.9	5,452.6	5,453.2	5,443.4

Adjusted EBITDA: $607.6 million, a $120.1 million (24.6%) increase due mainly to the impact of the revenue increase, but also to the favorable effect of the reversal of a provision for a legal dispute.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 49.4% in the second quarter of 2023 compared with 46.6% in the same period of 2022. The increase was due mainly to the impact of the acquisition of Freedom.

Adjusted cash flows from operations: $461.7 million in the second quarter of 2023 compared with $369.4 million in the same period of 2022 (Table 11). The $92.3 million (25.0%) increase was due primarily to the $120.1 million increase in adjusted EBITDA, partially offset by a $20.7 million increase in additions to intangible assets and a $7.1 million increase in additions to property, plant and equipment.

Year-to-date operating results

Revenues: $2.13 billion in the first half of 2023, a $310.2 million (17.1%) increase essentially due to the same factors as those noted above in the discussion of second quarter 2023 results, due in particular to the contribution of the Freedom activities acquired in April 2023.

- Revenues from mobile telephony services increased $223.6 million (59.0%) to $602.7 million.
- Revenues from Internet access services increased $33.1 million (5.5%) to $636.6 million.
- Revenues from television services increased $4.9 million (1.2%) to $402.6 million.
- Revenues from wireline telephony services decreased $6.6 million (-4.4%) to $142.3 million.
- Revenues from mobile equipment sales to customers increased $77.4 million (56.6%) to $214.2 million.
- Revenues from wireline equipment sales to customers decreased $18.9 million (-35.8%) to $33.9 million.
- Other revenues decreased $3.3 million (-3.4%) to $93.9 million.

ARPU: The Telecommunications segment’s total ARPU was $46.12 in the first half of 2023 compared with $46.78 in the same period of 2022, a $0.66 (-1.4%) decrease. Mobile ARPU was $38.14 in the first half of 2023 compared with $38.82 in the same period of 2022, a $0.68 (-1.8%) decrease, mainly attributable to a change in the customer mix.

Customer statistics

Growth from business operation during the period

RGUs – 28,700 (0.5%) unit increase in the first half of 2023, compared with an increase of 4,700 in the same period of 2022.

Mobile telephony –75,300 (4.4%) subscriber connection increase in the first half of 2023, compared with an increase of 59,100 in the same period of 2022.

Internet access –14,100 (0.8%) subscriber increase in the first half of 2023, compared with an increase of 9,900 in the same period of 2022.

Television – 21,600 (-1.5%) subscriber decrease in the first half of 2023 compared with a decrease of 25,100 in the same period of 2022.

Wireline telephony – 39,100 (-5.2%) subscriber-connection decrease in the first half of 2023 compared with a decrease of 39,200 in the same period of 2022.

Adjusted EBITDA: $1.08 billion, a $134.3 million (14.2%) increase due essentially to factors noted above in the discussion of the second quarter 2023 results.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 49.1% in the first half of 2023 compared with 47.8% in the same period of 2022. The increase was due mainly to the impact of the acquisition of Freedom.

Adjusted cash flows from operations: $841.2 million in the first half of 2023 compared with $714.0 million in the same period of 2022 (Table 11). The $127.2 million (17.8%) increase was due primarily to the $134.3 million increase in adjusted EBITDA and an $11.2 million decrease in additions to property, plant and equipment, partially offset by an $18.3 million increase in additions to intangible assets.

Media

Second quarter 2023 operating results

Revenues: $180.3 million in the second quarter of 2023, a $7.8 million (-4.1%) decrease.

- Advertising revenues decreased by $4.7 million (-5.3%), mainly because of lower advertising revenues at TVA Network and the specialty channels.
- Subscription revenues decreased by $2.7 million (-5.5%), mainly because of lower subscription revenues at the newspapers, specialty channels and magazines.
- Other revenues decreased $0.4 million (-0.8%).

Adjusted EBITDA: Negative $0.5 million in the second quarter of 2023, a $4.6 million unfavourable variance due primarily to the impact of the decrease in revenues.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 100.3% in the second quarter of 2023 compared with 97.8% in the same period of 2022**.** The increase was mainly due to the fixed component of operating costs, which does not fluctuate in proportion to the decrease in revenues.

Adjusted cash flows from operations: Negative $2.7 million in the second quarter of 2023 compared with negative $6.8 million in the same period of 2022 (Table 11). The $4.1 million favourable variance was due to a $7.0 million favourable variance in additions to property, plant and equipment and a $1.7 million decrease in additions to intangible assets, partially offset by the $4.6 million unfavourable variance in adjusted EBITDA.

Year-to-date operating results

Revenues: $351.1 million in the first half of 2023, an $18.8 million (-5.1%) decrease.

- Other revenues decreased by $11.6 million (-11.2%), mainly because of lower revenues from film production and audiovisual services.
- Subscription revenues decreased by $4.6 million (-4.7%), mainly because of lower subscription revenues at the specialty channels, newspapers and magazines.
- Advertising revenues decreased by $2.6 million (-1.5%), mainly because of lower advertising revenues at the specialty channels and TVA Network.

Adjusted EBITDA: Negative $26.9 million in the first half of 2023, a $19.1 million unfavourable variance due primarily to:

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

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 107.7% in the first half of 2023 compared with 102.1% in the same period of 2022, mainly because of the net increase in broadcast content costs and the fixed component of operating costs, which does not fluctuate in proportion to the decrease in revenues.

Adjusted cash flows from operations: Negative $30.1 million in the first half of 2023 compared with negative $27.9 million in the same period of 2022 (Table 11). The $2.2 million unfavourable variance was due to the $19.1 million unfavourable variance in adjusted EBITDA, partially offset by a $13.2 million decrease in additions to property, plant and equipment and a $3.7 million decrease in additions to intangible assets.

Sports and Entertainment

Second quarter 2023 operating results

Revenues: $48.8 million in the second quarter of 2023, a $3.8 million (8.4%) increase due primarily to higher revenues from book publishing and distribution, music and hockey.

Adjusted EBITDA: $3.0 million in the second quarter of 2023, a $1.7 million (-36.2%) decrease due primarily to increased operating expenses in the concerts and music businesses, partially offset by the revenue increase.

Adjusted cash flows from operations: $1.3 million in the second quarter of 2023 compared with $3.9 million in the same period of 2022 (Table 11). The $2.6 million decrease was due primarily to the $1.7 million decrease in adjusted EBITDA and a $0.9 million increase in additions to intangible assets.

Year-to-date operating results

Revenues: $97.3 million in the first half of 2023, an $18.2 million (23.0%) increase due primarily to higher revenues from music, concerts and hockey, including the impact of the lifting of public health measures in the first half of 2022.

Adjusted EBITDA: $6.4 million in the first half of 2023, a $1.8 million increase due primarily to the impact of the increase in revenues, partially offset by increases in some operating expenses.

Adjusted cash flows from operations: $3.8 million in the first half of 2023 compared with $3.0 million in the same period of 2022 (Table 11). The $0.8 million increase was due to the $1.8 million increase in adjusted EBITDA, partially offset by a $1.0 million increase in additions to intangible assets.

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

Second quarter 2023

Cash flows provided by operating activities: $358.4 million in the second quarter of 2023 compared with $241.7 million in the same period of 2022.

The $116.7 million increase was primarily due to:

- $113.8 million increase in adjusted EBITDA;
- $28.2 million favourable net change in non-cash balances related to operating activities;
- $12.4 million decrease in current income taxes;

Partially offset by:

- $31.2 million increase in the cash portion of financial expenses;
- $10.9 million unfavourable variance in the cash portion of restructuring, acquisition costs and other.

Year to date

Cash flows provided by operating activities: $630.3 million in the first half of 2023 compared with $469.4 million in the same period of 2022.

The $160.9 million increase was primarily due to:

- $114.5 million increase in adjusted EBITDA;
- $71.0 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in inventory, accounts receivable and deferred revenues, partially offset by unfavourable variances in accounts payable and accrued charges, contract assets and income tax payable;
- $19.3 million decrease in current income taxes.

Partially offset by:

- $31.7 million increase in the cash portion of financial expenses;
- $16.5 million unfavourable variance in the cash portion of restructuring, acquisition costs and other.

Working capital: Negative $431.1 million at June 30, 2023, compared with negative $724.7 million at December 31, 2022, a $293.6 million favourable variance. In the context of the Freedom acquisition, this variance was due mainly to an increase in accounts receivable and contract assets and costs, partially offset by an increase in the current portion of lease liabilities.

Investing activities

Second quarter 2023

Cash flows used for additions to property, plant and equipment: $98.5 million in the second quarter of 2023 compared with $104.2 million in the same period of 2022, a $5.7 million reduction.

Deferred subsidies used to finance additions to property, plant and equipment: $13.9 million in the second quarter of 2023, compared with $46.1 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: $37.5 million in the second quarter of 2023 compared with $23.8 million in the same period of 2022. The $13.7 million increase was mainly due to additions to intangible assets in the Telecommunications segment, partially offset by a $6.0 million favourable net change in current non-cash items.

Proceeds from disposal of assets: $0.5 million in the second quarter of 2023 compared with $4.1 million in the same period of 2022.

Business acquisitions: $2.07 billion in the second quarter of 2023 compared with $3.8 million in the second quarter of 2022. The Telecommunications segment disbursed $2.07 billion to acquire Freedom in the second quarter of 2023.

Acquisition of investments and other: $3.3 million in the second quarter of 2023 compared with $2.3 million in the same period of 2022.

Year to date

Cash flows used for additions to property, plant and equipment: $188.0 million in the first half of 2023 compared with $199.5 million in the same period of 2022. The $11.5 million reduction was mainly due to a general slowdown in investment following the review of strategic priorities, mainly in the Media and Telecommunications segments.

Deferred subsidies used to finance additions to property, plant and equipment: $33.9 million in the first half of 2023, compared with $77.8 million in the same period 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: $83.1 million in the first half of 2023 compared with $53.6 million in the same period of 2022. The $29.5 million increase reflects increased investment in IT systems in the Telecommunications segment and the acquisition of spectrum licences in Canada in the auction of residual spectrum licences.

Proceeds from disposal of assets: $0.8 million in the first half of 2023 compared with $5.5 million in the same period of 2022.

Business acquisitions: $2.07 billion in the first half of 2023 compared with $3.8 million in the same period of 2022. The Telecommunications segment disbursed $2.07 billion to acquire Freedom in the first half of 2023.

Acquisition of investments and other: $3.9 million in the first half of 2023 compared with $6.4 million in the same period of 2022.

Free cash flows from continuing operating activities

Second quarter 2023

Free cash flows from continuing operating activities: $222.9 million in the second quarter of 2023 compared with $117.8 million in the same period of 2022 (Table 12).

The $105.1 million increase was due primarily to:

- $116.7 million increase in cash flows provided by operating activities;
- $5.7 million decrease in cash flows used for additions to property, plant and equipment.

Partially offset by:

- $13.7 million increase in cash flows used for additions to intangible assets.

Year to date

Free cash flows from continuing operating activities: $369.9 million in the first half of 2023 compared with $221.8 million in the same period of 2022 (Table 12).

The $148.1 million increase was due primarily to:

- $160.9 million increase in cash flows provided by operating activities;
- $11.5 million decrease in cash flows used for additions to property, plant and equipment.

Partially offset by:

- $19.6 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): $1.48 billion increase in the first half of 2023; $396.3 million net unfavourable variance in assets and liabilities related to derivative financial instruments.

- Debt increases in the first half of 2023 essentially consisted of:
  - a new $2.10 billion secured term credit facility that Videotron entered into with a syndicate of financial institutions on April 3, 2023 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;
  - $652.3 million increase in total drawings on Videotron's secured revolving bank credit facilities.
- Debt reductions in the first half 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;
  - $117.5 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.
- Assets and liabilities related to derivative financial instruments totalled a net asset of $124.0 million at June 30, 2023 compared with $520.3 million at December 31, 2022. The $396.3 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.

  Partially offset by:
  - the change in fair value of the floating-to-fixed interest rate swap agreement related to the $700.0 million tranche maturing in April 2027 of the new $2.10 billion secured term credit facility entered into by Videotron on April 3, 2023.
- On June 28, 2023, TVA Group entered into a new $20.0 million secured revolving credit facility repayable on demand. On the same date, TVA Group terminated its secured revolving credit facility in the amount of $75.0 million.
- 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: $1.60 billion at June 30, 2023 for Quebecor and its wholly owned subsidiaries, consisting of $1.57 billion in available unused revolving credit facilities and $25.2 million in cash and cash equivalents.

Consolidated debt (long-term debt plus bank indebtedness): $7.97 billion at June 30, 2023, a $1.48 billion increase compared with December 31, 2022; $396.3 million net unfavourable variance in assets and liabilities related to derivative financial instruments (see "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's $7.96 billion debt ($5.32 billion at December 31, 2022); TVA Group's $10.0 million debt ($10.1 million at December 31, 2022); Quebecor Media's nil debt ($1.16 billion at December 31, 2022); and Quebecor's nil debt ($0.6 million at December 31, 2022).

As of June 30, 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-month periods ended June 30
(in millions of Canadian dollars)

2024	$	794.5
2025		1,084.6
2026		1,059.6
2027		2,204.6
2028		750.0
2029 and thereafter		2,112.1
Total	**$**	**8,005.4**

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 3.9 years as of June 30, 2023 (4.3 years as of December 31, 2022). After taking into account hedging instruments, the debt consisted of approximately 64.8% fixed-rate debt (81.7% at December 31, 2022) and 35.2% floating-rate debt (18.3% at December 31, 2022).

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 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 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 June 30, 2023, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On August 9, 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 September 19, 2023 to shareholders of record at the close of business on August 25, 2023.

Convertible debentures

In accordance with the terms of the trust indenture governing the convertible debentures, the quarterly dividend declared on May 10, 2023 on Quebecor Class B Shares triggered an adjustment to the floor price and ceiling price then in effect. Accordingly, effective May 25, 2023, the conversion features of the convertible debentures are subject to an adjusted floor price of approximately $24.25 per share (that is, a maximum number of approximately 6,184,391 Class B Shares corresponding to a ratio of $150.0 million to the adjusted floor price) and an adjusted ceiling price of approximately $30.32 per share (that is, a minimum number of approximately 4,947,513 Class B Shares corresponding to a ratio of $150.0 million to the adjusted ceiling price).

600 MHz, 3500 MHz and 3800 MHz spectrum auction

In July 2023, Videotron contracted new unsecured on-demand credit facilities under which letters of credit were issued and submitted to Innovation, Science and Economic Development Canada ("ISED Canada") as a pre-auction deposit, in respect to its application to participate in the 3800 MHz spectrum auction. The submission of these letters of credit did not have the effect of reducing the Corporation's net available liquid assets under the Corporation's current credit facilities. In accordance with the rules of confidentiality established by ISED Canada respecting restrictions on communications during the auction process, it is strictly forbidden for the Corporation to disclose the amount of these letters of credit. Videotron may withdraw the letters of credit at any time prior to the opening of the 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 ISED Canada 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

Through the acquisition of Freedom, Videotron has entered the British Columbia and Alberta telecommunications markets and strengthened its position in the Ontario market. This expansion of Videotron's wireless business outside of its traditional Québec footprint has improved its geographic diversification, with approximately 45% of mobile subscribers in Québec, 40% in Ontario and 15% in Western Canada, at June 30, 2023.

As a result of the transaction, the number of Canadians reached by Videotron's mobile networks increased from 7.5 million (or 20% of the Canadian population) to more than 26 million (or 70% of the Canadian population), thereby significantly increasing its addressable market. In addition, entering new markets as a MVNO will enable Videotron to further improve its reach and offer its competitive services to even more potential users.

Three well-established mobile network operators that offer a full range of telecommunications services and have nationwide wireline and wireless networks are present in these markets. These mobile network operators, including two incumbent local exchange carriers ("ILECs") and one broadcast distribution undertaking ("BDU"), have been in business for a long time, hold an array of spectrum licenses and have considerable operational and financial resources. Videotron's acquisition of Freedom creates a more competitive mobile telephony environment in the markets where Freedom operates. Since the closing of the Freedom acquisition, significant enhancements have been made to Freedom's offering, plans and network to improve the customer experience. These enhancements include the introduction of 5G services, seamless handoff and nationwide free roaming. Going forward, Videotron intends to bring further improvements to the Freedom offering by, among other things, introducing attractive multi-service bundles and improving online experience for users.

Prior to the acquisition by Videotron, Freedom customers did not yet have access to 5G services. In order to be able to offer a true 5G experience, Freedom required greater bandwidth in mid-band frequencies, such as the 3500 MHz band, which it did not have, but upon the closing of the acquisition, Videotron was able to rapidly deploy its holding of 3500 MHz spectrum licenses which it had acquired in 2021 in order to upgrade Freedom's infrastructure and offer 5G service to over 12 million Canadians in the Toronto, Vancouver, Calgary and Edmonton metropolitan areas along with select cities across Ontario, British Columbia and Alberta. Over time, Freedom will continue to roll out 5G to other markets. In addition, through the transaction, Videotron has acquired more than 90 MHz (and up to 135 MHz in some areas) of spectrum holdings in major markets in Ontario, British Columbia and Alberta, comprised of spectrum in the 600 MHz, 700 MHz, AWS-1, AWS-3 and 2500 MHz bands.

The Corporation anticipates that significant and recurring investments will be required in the new Canadian markets in order to, among other things, potentially acquire new spectrum licenses for the deployment of the latest technologies, expansion and maintenance of newly acquired mobile networks, support for the launch and penetration of new services, and to 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 June 30, 2023 and December 31, 2022
(in millions of Canadian dollars)

	June 30, 2023[1]	Dec. 31, 2022[1]	Difference	Main reasons for difference
Assets				
Accounts receivable	**$ 1,028.1**	$ 840.7	$ 187.4	Impact of the Freedom acquisition and of current variances in activities
Income taxes[2]	**19.5**	(20.4)	39.9	Current disbursements less current income taxes for the period.
Other current assets	**210.9**	135.5	75.4	Impact of the Freedom acquisition
Property, plant and equipment	**3,514.2**	2,897.6	616.6	Impact of the Freedom acquisition and additions to property, plant and equipment, less depreciation for the period
Intangible assets	**3,395.7**	2,275.0	1,120.7	Impact of the Freedom acquisition and additions to intangible assets, less amortization for the period
Right-of-use assets	**361.6**	155.4	206.2	Impact of the Freedom acquisition
Derivative financial instruments[3]	**124.0**	520.3	(396.3)	See “Financing activities”
Other assets	**607.9**	539.7	68.2	Impact of the Freedom acquisition
Liabilities				
Deferred revenue	**361.8**	305.8	56.0	Impact of the Freedom acquisition and of current variances in activities
Long-term debt, including current portion and bank indebtedness	**7,972.6**	6,488.9	1,483.7	See “Financing activities”
Lease liabilities[4]	**400.3**	186.2	214.1	Impact of the Freedom acquisition
Other liabilities	**306.7**	209.8	96.9	Impact of the Freedom acquisition

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 Current and long-term liabilities.

ADDITIONAL INFORMATION

Contractual obligations

At June 30, 2023, material contractual obligations of operating activities included: capital repayment and interest 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 June 30, 2023
(in millions of Canadian dollars)

	Total		Under 1 year		1-3 years		3-5 years		5 years or more	
Long-term debt[1]	**8,005.4**	**$**	794.5	$	2,144.2	$	2,954.6	$	2,112.1	$
Convertible debentures[2]	**161.5**		161.5		–		–		–	
Interest payments[3]	**1,426.5**		350.8		628.3		298.9		148.5	
Lease liabilities	**400.3**		106.5		146.1		74.0		73.7	
Interest payments on lease liabilities	**78.7**		18.9		25.6		14.2		20.0	
Additions to property, plant and equipment and other commitments	**1,629.5**		621.1		599.5		210.7		198.2	
Derivative financial instruments[4]	**(128.5)**		(81.8)		–		9.9		(56.6)	
Total contractual obligations	**11,573.4**	**$**	**1,971.5**	**$**	**3,543.7**	**$**	**3,562.3**	**$**	**2,495.9**	**$**

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 Based on the market value at June 30, 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 $24.25 per share and a ceiling price of approximately $30.32. 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 June 30, 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 second quarter of 2023, the Corporation incurred expenses to affiliated corporations in the amount of $26.1 million ($20.7 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 $6.6 million ($2.5 million in the same period of 2022). The Corporation also made sales to affiliated corporations in the amount of $3.1 million ($0.9 million in the same period of 2022).

In the first half of 2023, the Corporation incurred expenses to affiliated corporations in the amount of $48.5 million ($29.1 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 $8.2 million ($2.9 million in the same period of 2022). The Corporation also made sales to affiliated corporations in the amount of $6.2 million ($2.4 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 July 20, 2023. In addition, 7,059,980 share options of the Corporation were outstanding as of the same date.

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

	July 20, 2023	
	Issued and outstanding	**Book value**
Class A Shares	**76,970,888**	**$ 8.6**
Class B Shares	**153,965,202**	**907.6**

On August 3, 2022, 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 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 the repurchased shares 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 will come into effect on August 15, 2022 and 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.

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.

In the first half of 2023, the Corporation did not purchase and cancel any Class A and Class B Shares (in the same period of 2022, 4,202,951 Class B Shares were purchased and cancelled for a total cash consideration of $123.1 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 and 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 then settlement amount.

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of June 30, 2023 and December 31, 2022 are presented in Table 7.

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

	June 30, 2023		December 31, 2022	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (8,005.4)**	**$ (7,504.5)**	$ (6,517.7)	$ (5,959.6)
Convertible debentures[2]	**(168.8)**	**(168.8)**	(158.7)	(158.7)
Derivative financial instruments				
Foreign exchange forward contracts	**(1.6)**	**(1.6)**	3.4	3.4
Interest rate swaps	**21.4**	**21.4**	–	–
Cross-currency swaps	**104.2**	**104.2**	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 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 in the second quarters and first halves of 2023 and 2022 are summarized in Table 8.

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

	Three months ended June 30		Six months ended June 30	
	2023	2022	**2023**	2022
(Gain) loss on embedded derivatives related to convertible debentures	**$ (1.9)**	$ 1.9	**$ 9.7**	$ 9.1
Other	**0.3**	0.2	**–**	0.3
	$ (1.6)	$ 2.1	**$ 9.7**	$ 9.4

Gains on cash flow hedges in the amounts of $23.5 million and $27.5 million were recorded under "Other comprehensive income" in the second quarter and first half of 2023 respectively ($4.4 million gain and $14.0 million loss in the second quarter and first half of 2022 respectively).

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, 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 uses adjusted EBITDA in order to assess the performance of its investments. 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 June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	**$ 607.6**	$ 487.5	**$ 1,081.8**	$ 947.5
Media	**(0.5)**	4.1	**(26.9)**	(7.8)
Sports and Entertainment	**3.0**	4.7	**6.4**	4.6
Head Office	**(4.9)**	(4.9)	**(13.3)**	(10.8)
	605.2	491.4	**1,048.0**	933.5
Depreciation and amortization	**(250.6)**	(191.6)	**(439.1)**	(386.3)
Financial expenses	**(113.7)**	(82.0)	**(191.6)**	(159.5)
Gain (loss) on valuation and translation of financial instruments	**1.6**	(2.1)	**(9.7)**	(9.4)
Restructuring, acquisition costs and other	**(13.3)**	(3.5)	**(18.9)**	(4.4)
Income taxes	**(57.9)**	(55.9)	**(103.9)**	(100.5)
Net income	**$ 171.3**	$ 156.3	**$ 284.8**	$ 273.4

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 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 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 June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Adjusted income from continuing operating activities	**$ 182.3**	$ 161.7	**$ 318.3**	$ 290.4
Gain (loss) on valuation and translation of financial instruments	**1.6**	(2.1)	**(9.7)**	(9.4)
Restructuring, acquisition costs and other	**(13.3)**	(3.5)	**(18.9)**	(4.4)
Income taxes related to adjustments[1]	**3.5**	1.3	**5.1**	2.2
Non controlling interest related to adjustments	**–**	–	**0.2**	–
Net income attributable to shareholders	**$ 174.1**	$ 157.4	**$ 295.0**	$ 278.8

[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 June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	**$ 607.6**	$ 487.5	**$ 1,081.8**	$ 947.5
Media	**(0.5)**	4.1	**(26.9)**	(7.8)
Sports and Entertainment	**3.0**	4.7	**6.4**	4.6
Head Office	**(4.9)**	(4.9)	**(13.3)**	(10.8)
	605.2	491.4	**1,048.0**	933.5
Minus				
Additions to property, plant and equipment:[1]				
Telecommunications	**(107.3)**	(100.2)	**(182.2)**	(193.4)
Media	**0.2**	(6.8)	**(0.3)**	(13.5)
Sports and Entertainment	**(0.2)**	(0.2)	**(0.3)**	(0.3)
Head Office	**–**	(0.3)	**–**	(0.6)
	(107.3)	(107.5)	**(182.8)**	(207.8)
Additions to intangible assets:[2]				
Telecommunications	**(38.6)**	(17.9)	**(58.4)**	(40.1)
Media	**(2.4)**	(4.1)	**(2.9)**	(6.6)
Sports and Entertainment	**(1.5)**	(0.6)	**(2.3)**	(1.3)
Head Office	**(0.1)**	(0.3)	**(0.3)**	(0.6)
	(42.6)	(22.9)	**(63.9)**	(48.6)
Adjusted cash flows from operations				
Telecommunications	**461.7**	369.4	**841.2**	714.0
Media	**(2.7)**	(6.8)	**(30.1)**	(27.9)
Sports and Entertainment	**1.3**	3.9	**3.8**	3.0
Head Office	**(5.0)**	(5.5)	**(13.6)**	(12.0)
	$ 455.3	$ 361.0	**$ 801.3**	$ 677.1

[1] **Reconciliation to cash flows used for additions to property, plant and equipment as per condensed consolidated financial statements:**	Three months ended June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Additions to property, plant and equipment	**$ (107.3)**	$ (107.5)	**$ (182.8)**	$ (207.8)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	**8.8**	3.3	**(5.2)**	8.3
Cash flows used for additions to property, plant and equipment	**$ (98.5)**	$ (104.2)	**$ (188.0)**	$ (199.5)

[2] **Reconciliation to cash flows used for additions to intangible assets as per condensed consolidated financial statements:**	Three months ended June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Additions to intangible assets	**$ (42.6)**	$ (22.9)	**$ (63.9)**	$ (48.6)
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	**5.1**	(0.9)	**(9.3)**	(5.0)
Cash flows used for licence acquisitions	**–**	–	**(9.9)**	–
Cash flows used for additions to intangible assets	**$ (37.5)**	$ (23.8)	**$ (83.1)**	$ (53.6)

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 June 30		Six months ended June 30	
	2023	2022	**2023**	2022
Adjusted cash flows from operations from Table 11	**$ 455.3**	$ 361.0	**$ 801.3**	$ 677.1
Plus (minus)				
Cash portion of financial expenses	**(111.5)**	(80.3)	**(187.7)**	(156.0)
Cash portion related to restructuring, acquisition costs and other	**(13.8)**	(2.9)	**(20.3)**	(3.8)
Current income taxes	**(57.6)**	(70.0)	**(125.1)**	(144.4)
Other	**2.0**	1.2	**2.3**	2.7
Net change in non-cash balances related to operating activities	**(65.4)**	(93.6)	**(86.1)**	(157.1)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	**8.8**	3.3	**(5.2)**	8.3
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	**5.1**	(0.9)	**(9.3)**	(5.0)
Free cash flows from continuing operating activities	**222.9**	117.8	**369.9**	221.8
Plus (minus)				
Cash flows used for additions to property, plant and equipment	**98.5**	104.2	**188.0**	199.5
Cash flows used for additions to intangible assets (excluding expenditures related to licence acquisitions and renewals)	**37.5**	23.8	**73.2**	53.6
Proceeds from disposal of assets	**(0.5)**	(4.1)	**(0.8)**	(5.5)
Cash flows provided by continuing operating activities	**$ 358.4**	$ 241.7	**$ 630.3**	$ 469.4

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 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 its 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)

	June 30 2023	Dec. 31, 2022
Total long-term debt[1]	**$ 8,005.4**	$ 6,517.7
Plus (minus)		
Lease liabilities	**293.8**	149.2
Current portion of lease liabilities	**106.5**	37.0
Bank indebtedness	**10.1**	10.1
Assets related to derivative financial instruments	**(180.3)**	(520.3)
Liabilities related to derivative financial instruments	**56.3**	–
Cash and cash equivalents	**(26.8)**	(6.6)
Consolidated net debt excluding convertible debentures	**8,265.0**	6,187.1
Divided by:		
Trailing 12-month adjusted EBITDA[2]	**2,347.0**	1,934.5
Consolidated net debt leverage ratio[2]	**$ 3.52x**	$ 3.20x

1 Excluding changes in the fair value of long-term debt related to hedged interest rate risk and financing costs.
2 On a pro forma basis as at June 30 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, 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.

During the second quarter of 2023, the Corporation acquired Freedom. The Corporation has excluded the controls, policies and procedures of Freedom from its 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 is assessment within such regulatory time period.

Since the acquisition date, Freedom's results have been included in the Corporation's consolidated financial statements. For the first half of 2023, Freedom's revenues and net income represented approximately 10.2% and 13.1% 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 June 30, 2023 represented approximately 22.4% and 11.5%, respectively, and its non-current assets and liabilities represented approximately 19.7% and 3.1% 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 June 30, 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 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 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 behaviour 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, including Quebecor's ability to successfully integrate Freedom's operations and to realize synergies, and potential unknown liabilities or costs associated with the acquisition of Freedom;
- the anticipated benefits and effects of the acquisition of Freedom may not be realized in a timely manner or at all, and ongoing operating costs and capital expenditures could be different than anticipated. In addition, 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 impacts of the significant and recurring investments that will be required in our new Freedom markets for development and expansion and to compete effectively with the 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;
- 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'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.sedar.com, www.sedarplus.ca 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 August 9, 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

August 9, 2023

QUEBECOR INC.

SELECTED QUARTERLY FINANCIAL DATA

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

	2023		2022				2021	
	June 30	**March 31**	Dec. 31	Sept. 30	June 30	March 31	Dec. 31	Sept. 30
Revenues	**$ 1,398.5**	**$ 1,115.6**	$ 1,185.0	$ 1,143.7	$ 1,115.2	$ 1,088.0	$ 1,183.9	$ 1,148.2
Adjusted EBITDA	**605.2**	**442.8**	483.0	518.0	491.4	442.1	498.8	520.3
Adjusted cash flows from operations	**455.3**	**346.0**	359.4	403.1	361.0	316.1	370.6	365.8
Contribution to net income attributable to shareholders:								
Continuing operating activities	**182.3**	**136.0**	159.4	175.0	161.7	128.7	157.6	176.1
Gain (loss) on valuation and translation of financial instruments	**1.8**	**(11.4)**	(16.3)	7.0	(1.8)	(6.6)	7.6	6.1
Unusual items	**(10.0)**	**(3.7)**	(0.6)	(3.6)	(2.5)	(0.7)	(4.7)	(9.1)
Net income attributable to shareholders	**174.1**	**120.9**	142.5	178.4	157.4	121.4	160.5	173.1
Basic data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	**$ 0.79**	**$ 0.59**	$ 0.69	$ 0.75	$ 0.68	$ 0.54	$ 0.66	$ 0.73
Gain (loss) on valuation and translation of financial instruments	**0.01**	**(0.05)**	(0.07)	0.03	(0.01)	(0.03)	0.03	0.02
Unusual items	**(0.05)**	**(0.02)**	-	(0.02)	(0.01)	-	(0.02)	(0.04)
Net income attributable to shareholders	**0.75**	**0.52**	0.62	0.76	0.66	0.51	0.67	0.71
Weighted average number of shares outstanding (in millions)	**230.9**	**230.9**	231.4	233.5	236.7	239.2	239.8	242.7
Diluted data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	**$ 0.78**	**$ 0.58**	$ 0.68	$ 0.74	$ 0.67	$ 0.53	$ 0.65	$ 0.72
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	**(0.05)**	**(0.02)**	-	(0.02)	(0.01)	-	(0.02)	(0.04)
Net income attributable to shareholders	**0.73**	**0.52**	0.62	0.72	0.66	0.51	0.63	0.68
Weighted average number of diluted shares outstanding (in millions)	**236.2**	**231.2**	231.5	238.9	236.8	239.2	244.6	247.5