# MANAGEMENT DISCUSSION AND ANALYSIS
## THIRD QUARTER 2023

### TABLE OF CONTENTS

## CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. in the third 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 Inc. operates in the following business segments: Telecommunications, Media, and Sports and Entertainment. Quebecor Inc. is pursuing a strategy of geographic expansion through increased competition in the Canadian mobile telephony market and a strategy of convergence and of leveraging the value of its content for the benefit of its various properties and 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

### Third quarter 2023

**Revenues:** $1.42 billion, a $271.7 million (23.8%) 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] $624.4 million, a $106.4 million (20.5%) increase due to Freedom's contribution, the results of Videotron's other activities and decreases in some operating expenses in the Corporation's other segments.

**Net income attributable to shareholders:** $209.3 million ($0.91 per basic share), an increase of $30.9 million ($0.15 per basic share) or 17.3%.

**Adjusted income from continuing operating activities:**[1] $202.3 million ($0.88 per basic share), an increase of $27.3 million ($0.13 per basic share) or 15.6%.

**Adjusted cash flows from operations:**[1] $482.4 million, a $79.3 million (19.7%) increase due to the contribution of the Freedom acquisition and decreases in some operating expenses.

**Cash flows provided by operating activities:** $496.2 million, a $28.4 million (6.1%) increase.

### Year to date

**Revenues:** $3.93 billion, a $582.6 million (17.4%) increase due to the Freedom acquisition, growth in some mobile services and equipment and in Videotron's Internet services, and to higher revenues in the Sports and Entertainment segment.

**Adjusted EBITDA:** $1.67 billion, a $220.9 million (15.2%) increase due mainly to the impact of the Freedom acquisition as well as the increased profitability of Videotron's other activities.

**Net income attributable to shareholders:** $504.3 million ($2.18 per basic share), an increase of $47.1 million ($0.25 per basic share).

**Adjusted income from continuing operating activities:** $520.6 million ($2.25 per basic share), an increase of $55.2 million ($0.28 per basic share) or 11.9%.

**Adjusted cash flows from operations:** $1.28 billion, a $203.5 million (18.8%) increase, including the contribution of the Freedom acquisition and Videotron's other activities.

**Cash flows provided by operating activities:** $1.13 billion, a $189.3 million (20.2%) 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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Income** | | | | |
| Revenues: | | | | |
| Telecommunications | **$ 1,230.1** | $ 942.2 | **$ 3,356.3** | $ 2,758.2 |
| Media | **166.0** | 170.1 | **517.1** | 540.0 |
| Sports and Entertainment | **59.7** | 57.4 | **157.0** | 136.5 |
| Inter-segment | **(40.4)** | (26.0) | **(100.9)** | (87.8) |
| | **1,415.4** | 1,143.7 | **3,929.5** | 3,346.9 |
| Adjusted EBITDA (negative adjusted EBITDA): | | | | |
| Telecommunications | **589.5** | 489.5 | **1,671.3** | 1,437.0 |
| Media | **21.0** | 18.0 | **(5.9)** | 10.2 |
| Sports and Entertainment | **14.4** | 12.2 | **20.8** | 16.8 |
| Head Office | **(0.5)** | (1.7) | **(13.8)** | (12.5) |
| | **624.4** | 518.0 | **1,672.4** | 1,451.5 |
| Depreciation and amortization | **(238.8)** | (191.5) | **(677.9)** | (577.8) |
| Financial expenses | **(109.8)** | (84.1) | **(301.4)** | (243.6) |
| Gain (loss) on valuation and translation of financial instruments | **13.4** | 6.7 | **3.7** | (2.7) |
| Restructuring, acquisition costs and other | **(10.0)** | (4.9) | **(28.9)** | (9.3) |
| Income taxes | **(70.1)** | (63.4) | **(174.0)** | (163.9) |
| **Net income** | **$ 209.1** | $ 180.8 | **$ 493.9** | $ 454.2 |
| | | | | |
| Net income attributable to shareholders | **209.3** | 178.4 | **504.3** | 457.2 |
| Adjusted income from continuing operating activities | **202.3** | 175.0 | **520.6** | 465.4 |
| Per basic share: | | | | |
| Net income attributable to shareholders | **0.91** | 0.76 | **2.18** | 1.93 |
| Adjusted income from continuing operating activities | **0.88** | 0.75 | **2.25** | 1.97 |

| Table 1 (continued) | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Additions to property, plant and equipment and to intangible assets:** | | | | |
| Telecommunications | **$ 135.7** | $ 107.9 | **$ 376.3** | $ 341.4 |
| Media | **3.5** | 5.7 | **6.7** | 25.8 |
| Sports and Entertainment | **2.2** | 1.0 | **4.8** | 2.6 |
| Head Office | **0.6** | 0.3 | **0.9** | 1.5 |
| | **142.0** | 114.9 | **388.7** | 371.3 |
| **Acquisition of spectrum licenses** | **–** | – | **9.9** | – |
| **Cash flows:** | | | | |
| Adjusted cash flows from operations: | | | | |
| Telecommunications | **453.8** | 381.6 | **1,295.0** | 1,095.6 |
| Media | **17.5** | 12.3 | **(12.6)** | (15.6) |
| Sports and Entertainment | **12.2** | 11.2 | **16.0** | 14.2 |
| Head Office | **(1.1)** | (2.0) | **(14.7)** | (14.0) |
| | **482.4** | 403.1 | **1,283.7** | 1,080.2 |
| Free cash flows from continuing operating activities[1] | **356.2** | 337.8 | **726.1** | 559.6 |
| Cash flows provided by operating activities | **496.2** | 467.8 | **1,126.5** | 937.2 |

| | **Sept. 30, 2023** | Dec. 31, 2022 |
|---|---|---|
| **Balance sheet** | | |
| Cash and cash equivalents | **$ 25.1** | $ 6.6 |
| Working capital | **(483.6)** | (724.7) |
| Net assets related to derivative financial instruments | **256.3** | 520.3 |
| Total assets | **12,696.0** | 10,625.3 |
| Total long-term debt (including current portion) | **7,857.0** | 6,517.7 |
| Lease liabilities (current and long term) | **391.8** | 186.2 |
| Convertible debentures, including embedded derivatives | **156.6** | 160.0 |
| Equity attributable to shareholders | **1,674.8** | 1,357.3 |
| Equity | **1,790.0** | 1,483.5 |
| **Consolidated net debt leverage ratio[1]** | **3.39x** | 3.20x |

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

**Telecommunications**

- As a result of the acquisition of Freedom in April 2023 and growth in its other activities, the Telecommunications segment increased its revenues by $287.9 million (30.6%) and its adjusted EBITDA by $100.0 million (20.4%) in the third quarter of 2023.
- In the third quarter of 2023, the Telecommunications segment increased its revenues from mobile services and equipment (by $287.3 million or more than 100%) due to the impact of the Freedom acquisition and growth in the revenues of Videotron Ltd. ("Videotron"), and from Internet access services (by $8.2 million or 2.6%).
- There was a net increase of 61,000 RGUs (0.8%) in the third quarter of 2023, including 88,700 connections (2.5%) to the mobile telephony service and 4,500 subscriptions (0.3%) to Internet access services.
- On October 12, 2023, Quebecor announced the launch of its Mobile Virtual Network Operator ("MVNO") service and the gradual expansion of the service territory of its Videotron, Fizz and Freedom Mobile brands in Canada, enabling them to offer their services to millions more Canadian consumers.
- On September 21, 2023, Videotron announced that, according to a survey conducted by Léger between August 1 and 7, 2023, Quebecers rated Videotron as the telecommunications company with the best customer service in 2023. Twice as many respondents as its closest competitor ranked Videotron first, confirming its status as the leader in customer service.

**Media**

- Following the announcement on November 2, 2023 of major changes to its organizational structure in the context of the worldwide crisis in the media industry, TVA Group launched a reorganization plan that will refocus its mission on broadcasting, restructure its news division and optimize its real estate assets. The plan which aims to reduce its operating costs, will reduce the TVA Group workforce by 547 employees. Most of the costs associated with the elimination of positions will be recognized in the fourth quarter of 2023.

## ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

### 2023/2022 third quarter comparison

**Revenues:** $1.42 billion, a $271.7 million (23.8%) increase.

- Revenues increased in Telecommunications ($287.9 million or 30.6% 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 ($2.3 million or 4.0%).
- Revenues decreased in Media ($4.1 million or -2.4%).

**Adjusted EBITDA:** $624.4 million, a $106.4 million (20.5%) increase.

- Adjusted EBITDA increased in Telecommunications ($100.0 million or 20.4% of segment adjusted EBITDA), including Freedom's contribution, Media ($3.0 million or 16.7%) and Sports and Entertainment ($2.2 million or 18.0%).
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in a $2.0 million favourable variance in the Corporation's stock-based compensation charge in the third quarter of 2023 compared with the same period of 2022.

**Net income attributable to shareholders:** $209.3 million ($0.91 per basic share) in the third quarter of 2023, compared with $178.4 million ($0.76 per basic share) in the same period of 2022, an increase of $30.9 million ($0.15 per basic share) or 17.3%.

- The main favourable variances were:
  - $106.4 million increase in adjusted EBITDA;
  - $6.7 million favourable variance in gains and losses on valuation and translation of financial instruments, including $5.9 million without any tax consequences.
- The main unfavourable variances were:
  - $47.3 million increase in the depreciation and amortization charge;
  - $25.7 million increase related to financial expenses;
  - $6.7 million increase in the income tax expense;
  - $5.1 million unfavourable variance in the charge for restructuring, acquisition costs and other.

**Adjusted income from continuing operating activities:** $202.3 million ($0.88 per basic share) in the third quarter of 2023, compared with $175.0 million ($0.75 per basic share) in the same period of 2022, an increase of $27.3 million ($0.13 per basic share) or 15.6%.

**Adjusted cash flows from operations:** $482.4 million, a $79.3 million (19.7%) increase due primarily to the $106.4 million increase in adjusted EBITDA, partially offset by a $20.4 million increase in additions to intangible assets and a $6.7 million increase in additions to property, plant and equipment.

**Cash flows provided by operating activities:** $496.2 million, a $28.4 million (6.1%) increase due primarily to the increase in adjusted EBITDA and the decrease in current income taxes, partially offset by the unfavourable net change in non-cash balances related to operating activities and the increase in the cash portion of financial expenses.

**Depreciation and amortization charge:** $238.8 million in the third quarter of 2023, a $47.3 million increase, including the impact of the Freedom acquisition.

**Financial expenses:** $109.8 million in the third quarter of 2023, a $25.7 million increase due primarily to higher average indebtedness, and also to the impact of higher average interest rate on long-term debt.

**Gain on valuation and translation of financial instruments:** $13.4 million in the third quarter of 2023, a $6.7 million favourable variance mainly due to a $5.9 million favourable variance, without any tax consequences, in gains on embedded derivatives related to convertible debentures.

**Charge for restructuring, acquisition costs and other:** $10.0 million in the third quarter of 2023, a $5.1 million favourable variance.

A $0.7 million charge was recognized during the third quarter of 2023 in connection with cost-reduction measures in the Corporation's various segments ($1.8 million in the third quarter of 2022). A $8.0 million charge for impairment of assets was also recorded in the third quarter of 2023 ($2.8 million in the third quarter of 2022). Other charges in the amount of $1.3 million were also recognized in the third quarter of 2023 ($0.3 million in the third quarter of 2022).

**Income tax expense:** $70.1 million in the third quarter of 2023 (effective tax rate of 26.1%), compared with $63.4 million in the same period of 2022 (effective tax rate of 27.0%), a $6.7 million unfavourable variance caused essentially by the impact of the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

## 2023/2022 year-to-date comparison

**Revenues:** $3.93 billion, a $582.6 million (17.4%) increase.

- Revenues increased in Telecommunications ($598.1 million or 21.7% 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 ($20.5 million or 15.0%).
- Revenues decreased in Media ($22.9 million or -4.2%).

**Adjusted EBITDA:** $1.67 billion, a $220.9 million (15.2%) increase.

- Adjusted EBITDA increased in Telecommunications ($234.3 million or 16.3% of segment adjusted EBITDA), due primarily to Freedom's contribution and also to the increased profitability of Videotron's other activities, and in Sports and Entertainment ($4.0 million or 23.8%).
- Adjusted EBITDA decreased in Media ($16.1 million).
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in a $3.0 million unfavourable variance in the Corporation's stock-based compensation charge in the first nine months of 2023 compared with the same period of 2022.

**Net income attributable to shareholders:** $504.3 million ($2.18 per basic share) in the first nine months of 2023, compared with $457.2 million ($1.93 per basic share) in the same period of 2022, an increase of $47.1 million ($0.25 per basic share).

- The main favourable variances were:
    - $220.9 million increase in adjusted EBITDA;
    - $6.4 million favourable variance in gains and losses on valuation and translation of financial instruments, including $5.3 million without any tax consequences;
    - $7.4 million favourable variance in non-controlling interest.
- The main unfavourable variances were:
    - $100.1 million increase in the depreciation and amortization charge;
    - $57.8 million increase related to financial expenses;
    - $19.6 million unfavourable variance in the charge for restructuring, acquisition costs and other;
    - $10.1 million increase in the income tax expense.

**Adjusted income from continuing operating activities:** $520.6 million ($2.25 per basic share) in the first nine months of 2023, compared with $465.4 million ($1.97 per basic share) in the same period of 2022, an increase of $55.2 million ($0.28 per basic share) or 11.9%.

**Adjusted cash flows from operations:** $1.28 billion, a $203.5 million (18.8%) increase due to the $220.9 million increase in adjusted EBITDA and an $18.3 million decrease in additions to property, plant and equipment, partially offset by a $35.7 million increase in additions to intangible assets.

**Cash flows provided by operating activities:** $1.13 billion, a $189.3 million (20.2%) increase due primarily to the increase in adjusted EBITDA 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:** $677.9 million, a $100.1 million increase due primarily to the impact of the Freedom acquisition.

**Financial expenses:** $301.4 million, a $57.8 million increase due essentially to the same factors as those noted above under "2023/2022 third quarter comparison."

**Gain on valuation and translation of financial instruments:** $3.7 million, a $6.4 million favourable variance mainly due to a $5.3 million favourable variance, without any tax consequences, in gains on embedded derivatives related to convertible debentures.

**Charge for restructuring, acquisition costs and other:** $28.9 million, a $19.6 million unfavourable variance.

A $6.7 million charge was recognized during the first nine months of 2023 in connection with cost-reduction measures in the Corporation's various segments ($3.7 million in the first nine months of 2022). A $8.0 million charge for impairment of assets was also recognized in the first nine months of 2023 ($2.8 million in the first nine months of 2022). Net charges in the amount of $14.2 million, including acquisition costs related to the Freedom transaction, were also recognized in the first nine months of 2023 ($2.8 million in the first nine months of 2022).

**Income tax expense:** $174.0 million in the first nine months of 2023 (effective tax rate of 26.3%), compared with $163.9 million in the same period of 2022 (effective tax rate of 26.6%), a $10.1 million unfavourable variance essentially caused by the impact of the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

## SEGMENTED ANALYSIS

### Telecommunications

### Third quarter 2023 operating results

**Revenues:** $1.23 billion in the third quarter of 2023, a $287.9 million (30.6%) increase.

- Revenues from mobile telephony services increased $210.6 million (104.6%) to $411.9 million, essentially because of an increase in the number of subscriber connections, due to the impact of the Freedom acquisition and growth in subscriber connections current business at Videotron and Freedom, partially offset by lower average per-connection revenues at Videotron.
- Revenues from Internet access services increased $8.2 million (2.6%) to $323.2 million, due primarily to higher average per-customer revenue and growth in the Fizz brand's subscriber base.
- Revenues from television services decreased $0.1 million to $200.8 million. The impact of the decrease in the customer base was offset by an increase in average per-customer revenues.
- Revenues from wireline telephony services decreased $3.4 million (-4.7%) to $68.9 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 $76.7 million (92.2%) to $159.9 million, mainly because of higher prices and increases in the number of mobile devices sold by Freedom and Videotron.
- Revenues from wireline equipment sales to customers decreased $2.7 million (-12.5%) to $18.9 million, mainly because of lower prices and lower volume of equipment sales related to the Helix platform.
- Other revenues decreased $1.4 million (-2.9%) to $46.5 million, mainly reflecting lower revenues from OTT video services and at Videotron Business.

**ARPU:**[1] The Telecommunications segment's total ARPU was $45.00 in the third quarter of 2023 compared with $47.65 in the same period of 2022, a $2.65 (-5.6%) decrease. Mobile ARPU was $37.60 in the third quarter of 2023 compared with $39.89 in the same period of 2022, a $2.29 (-5.8%) decrease, mainly attributable to a change in the customer mix, including the dilutive impact of Freedom's prepaid services.

### Customer statistics

*Acquisition of Freedom and VMedia Inc. ("VMedia")*

The acquisition of Freedom on April 3, 2023 was significantly accretive to growth in the Telecommunications segment, immediately adding 1,844,400 RGUs, consisting of 1,824,400 subscriber connections to the mobile telephony service and 20,000 subscriptions to the Internet access service. In addition, the acquisition of VMedia in July 2022 immediately 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 in current business during the period*

*RGUs*[1] – The total number of RGUs was 7,474,500 at September 30, 2023, an increase of 61,000 (0.8%) in the third quarter of 2023 (compared with an increase of 28,600 in the same period of 2022), and a 12-month increase of 82,800 (1.5%) (Table 2).

*Mobile telephony* – The number of subscriber connections to the mobile telephony service stood at 3,698,800 at September 30, 2023, an increase of 88,700 (2.5%) in the third quarter of 2023 (compared with an increase of 36,300 in the same period of 2022), and a 12-month increase of 177,100 (10.4%) (Table 2).

*Internet access* – The number of subscribers to the Internet access service stood at 1,721,300 at September 30, 2023, an increase of 4,500 (0.3%) in the third quarter of 2023 (compared with an increase of 19,300 in the same period of 2022), and a 12-month increase of 23,300 (1.4%) (Table 2).

*Television* – The number of subscribers to television services stood at 1,362,500 at September 30, 2023, a decrease of 12,000 (-0.9%) in the third quarter of 2023 (compared with a decrease of 8,800 in the same period of 2022), and a 12-month decrease of 39,600 (-2.8%) (Table 2).

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[1] See "Key performance indicators."

*Wireline telephony* – The number of subscriber connections to wireline telephony services stood at 691,900 at September 30, 2023, a decrease of 20,200 (-2.8%) in the third quarter of 2022 (compared with a decrease of 18,200 in the same period of 2022), and a 12-month decrease of 78,000 (-10.1%) (Table 2).

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

| | **Sept. 2023** | June 2023 | Mar. 2023 | Dec. 2022 | Sept. 2022 | June 2022 | Mar. 2022 | Dec. 2021 |
|---|---|---|---|---|---|---|---|---|
| Mobile telephony | **3,698.8** | 3,610.1 | 1,736.6 | 1,710.4 | 1,697.3 | 1,661.0 | 1,626.4 | 1,601.9 |
| Internet | **1,721.3** | 1,716.8 | 1,691.5 | 1,682.7 | 1,678.0 | 1,617.7 | 1,616.2 | 1,607.8 |
| Television | **1,362.5** | 1,374.5 | 1,385.6 | 1,396.1 | 1,402.1 | 1,393.5 | 1,406.4 | 1,418.6 |
| Wireline telephony | **691.9** | 712.1 | 730.8 | 751.2 | 769.9 | 785.7 | 803.6 | 824.9 |
| **Total** | **7,474.5** | 7,413.5 | 5,544.5 | 5,540.4 | 5,547.3 | 5,457.9 | 5,452.6 | 5,453.2 |

**Adjusted EBITDA:** $589.5 million, a $100.0 million (20.4%) increase due primarily to the impact of the increase in revenues, partially offset by increases in some operating expenses.

**Cost/revenue ratio:** Employee costs and purchases of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 52.1% in the third quarter of 2023 compared with 48.0% in the same period of 2022. The increase was due mainly to the impact of the acquisition of Freedom.

**Adjusted cash flows from operations:** $453.8 million in the third quarter of 2023 compared with $381.6 million in the same period of 2022 (Table 11). The $72.2 million (18.9%) increase was due to the $100.0 million increase in adjusted EBITDA, partially offset by a $19.4 million increase in additions to intangible assets, including purchases of software licences, and an $8.4 million increase in additions to property, plant and equipment.

## Year-to-date operating results

**Revenues:** $3.36 billion, a $598.1 million (21.7%) increase due mainly to the same factors as those noted above in the discussion of third quarter 2023 results, including in particular the impact of the Freedom acquisition in April 2023.

- Revenues from mobile telephony services increased $434.2 million (74.8%) to $1.01 billion.
- Revenues from Internet access services increased $41.3 million (4.5%) to $959.8 million.
- Revenues from television services increased $4.8 million (0.8%) to $603.4 million.
- Revenues from wireline telephony services decreased $10.0 million (-4.5%) to $211.2 million.
- Revenues from mobile equipment sales to customers increased $154.1 million (70.0%) to $374.1 million.
- Revenues from wireline equipment sales to customers decreased $21.6 million (-29.0%) to $52.8 million.
- Other revenues decreased $4.7 million (-3.2%) to $140.4 million.

**ARPU:** The Telecommunications segment's total ARPU was $45.71 in the first nine months of 2023, compared with $47.07 in the same period of 2022, a $1.36 (-2.9%) decrease. Mobile ARPU was $37.92 in the first nine months of 2023 compared with $39.19 in the same period of 2022, a $1.27 (-3.2%) decrease, mainly attributable to a change in the customer mix, including the dilutive impact of Freedom's prepaid services.

### Customer statistics

*Growth in current business during the period*

*RGUs* – 89,700 (1.6%) unit increase in the first nine months of 2023, compared with an increase of 33,300 in the same period of 2022.

*Mobile telephony* – 164,000 (9.6%) subscriber-connection increase in the first nine months of 2023, compared with an increase of 95,400 in the same period of 2022.

*Internet access* – 18,600 (1.1%) subscriber increase in the first nine months of 2023, compared with an increase of 29,200 in the same period of 2022.

*Television* – 33,600 (-2.4%) subscriber decrease in the first nine months of 2023, compared with a decrease of 33,900 in the same period of 2022.

*Wireline telephony* – 59,300 (-7.9%) subscriber-connection decrease in the first nine months of 2023, compared with a decrease of 57,400 in the same period of 2022.

**Adjusted EBITDA:** $1.67 billion, a $234.3 million (16.3%) increase due essentially to factors noted above in the discussion of the third quarter 2023 results, partly offset by the unfavorable impact on the first nine months of 2023 figures of the recognition of favorable one-time items in the first nine months of 2022.

**Cost/revenue ratio:** Employee costs and purchases of goods and services for the Telecommunication segment's operations, expressed as a percentage of revenues, were 50.2% in the first nine months of 2023, compared with 47.9% in the same period of 2022. The increase was due mainly to the impact of the acquisition of Freedom.

**Adjusted cash flows from operations:** $1.30 billion in the first nine months of 2023 compared with $1.10 billion in the same period of 2022 (Table 11). The $199.4 million (18.2%) increase was due primarily to the $234.3 million increase in adjusted EBITDA, partially offset by a $37.7 million increase in additions to intangible assets, including purchases of software licences.

## Media

### Third quarter 2023 operating results

**Revenues:** $166.0 million in the third quarter of 2023, a $4.1 million (-2.4%) decrease.

- Subscription revenues decreased by $2.4 million (-5.0%), mainly because of lower subscription revenues at the newspapers, specialty channels and magazines.
- Other revenues decreased by $2.2 million (-3.9%), mainly because of decreases in revenues from film production and audiovisual services, and in TVA Network's other revenues.
- Advertising revenues increased by $0.5 million (0.8%), mainly because of higher advertising revenues in the newspaper business.

**Adjusted EBITDA:** $21.0 million in the third quarter of 2023, a $3.0 million increase due primarily to decreases in some operating expenses, including digital operating costs, content costs and administrative expenses, partially offset by the impact of the revenue decrease.

**Cost/revenue ratio:** Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 87.3% in the third quarter of 2023 compared with 89.4% in the same period of 2022. The reduction was mainly due to the decrease in operating expenses.

**Adjusted cash flows from operations:** $17.5 million in the third quarter of 2023 compared with $12.3 million in the same period of 2022 (Table 11). The $5.2 million increase was due primarily to the $3.0 million increase in adjusted EBITDA and a $1.7 million decrease in additions to property, plant and equipment.

### Year-to-date operating results

**Revenues:** $517.1 million in the first nine months of 2023, a $22.9 million (-4.2%) decrease.

- Other revenues decreased by $13.8 million (-8.6%), mainly because of lower revenues from film production and audiovisual services.
- Subscription revenues decreased by $7.0 million (-4.8%), mainly because of lower subscription revenues at the newspapers, specialty channels and magazines.
- Advertising revenues decreased by $2.1 million (-0.9%), mainly because of lower advertising revenues at the specialty channels.

**Adjusted EBITDA:** Negative $5.9 million in the first nine months of 2023, a $16.1 million unfavourable variance due primarily to the impact of the revenue decrease and increased content costs at TVA Network, partially offset by the decrease in digital operating costs.

**Cost/revenue ratio:** Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 101.1% in the first nine months of 2023 compared with 98.1% 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 $12.6 million in the first nine months of 2023 compared with negative $15.6 million in the same period of 2022 (Table 11). The $3.0 million favourable variance was due to a $14.9 million decrease in additions to property, plant and equipment, caused primarily by a general slowdown in investment following the review of strategic priorities, and a $4.2 million decrease in additions to intangible assets, partially offset by the $16.1 million unfavourable variance in adjusted EBITDA.

## Sports and Entertainment

### Third quarter 2023 operating results

**Revenues:** $59.7 million in the third quarter of 2023, a $2.3 million (4.0%) increase due primarily to higher revenues from music and concerts.

**Adjusted EBITDA:** $14.4 million in the third quarter of 2023, a $2.2 million (18.0%) increase due primarily to the impact of the revenue increase and decreases in some operating expenses in the music and book businesses.

**Adjusted cash flows from operations:** $12.2 million in the third quarter of 2023 compared with $11.2 million in the same period of 2022 (Table 11). The $1.0 million increase was mainly due to the $2.2 million increase in adjusted EBITDA, partially offset by a $1.2 million increase in additions to intangible assets.

### Year-to-date operating results

**Revenues:** $157.0 million in the first nine months of 2023, a $20.5 million (15.0%) increase due primarily to higher revenues from music, concerts and hockey, including the impact of the lifting of public health measures in the first nine months of 2022.

**Adjusted EBITDA:** $20.8 million in the first nine months of 2023, a $4.0 million (23.8%) increase due primarily to the impact of the increase in revenues, partially offset by increases in some operating expenses.

**Adjusted cash flows from operations:** $16.0 million in the first nine months of 2023 compared with $14.2 million in the same period of 2022 (Table 11). The $1.8 million increase was due to the $4.0 million increase in adjusted EBITDA, partially offset by a $2.2 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

*Third quarter 2023*

**Cash flows provided by operating activities**: $496.2 million in the third quarter of 2023 compared with $467.8 million in the same period of 2022.

The $28.4 million increase was primarily due to:

- $106.4 million increase in adjusted EBITDA;
- $16.5 million decrease in current income taxes.

Partially offset by:

- $69.5 million unfavourable net change in non-cash balances related to operating activities, due primarily to unfavourable variances in deferred revenues, inventory, contract assets and income tax payable, partially offset by favourable variances in accounts receivable and in accounts payable, accrued charges and provisions;
- $25.3 million increase in the cash portion of financial expenses.

*Year to date*

**Cash flows provided by operating activities:** $1.13 billion in the first nine months of 2023 compared with $937.2 million in the same period of 2022.

The $189.3 million increase was primarily due to:

- $220.9 million increase in adjusted EBITDA;
- $35.8 million decrease in current income taxes;
- $1.5 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in accounts receivable and inventory, partially offset by unfavourable variances in contract assets, accounts payable, accrued charges and provisions, and income tax payable.

Partially offset by:

- $57.0 million increase in the cash portion of financial expenses;
- $15.8 million unfavourable variance in the cash portion of restructuring, acquisition costs and other.

The acquisition of Freedom, combined with the increased profitability of Videotron's other operations, had a favourable impact on cash flows provided by operating activities in the first nine months of 2023, compared with the same period of 2022.

**Working capital:** Negative $483.6 million at September 30, 2023, compared with negative $724.7 million at December 31, 2022, a $241.1 million favourable variance. This variance was mainly due to the decrease in the current portion of long-term debt, net of the related derivative financial instruments in an asset position, as well as, following the Freedom acquisition, the increase in accounts receivable and contract assets and costs, partially offset by an increase in the current portion of lease liabilities.

### Investing activities

*Third quarter 2023*

**Cash used for additions to property, plant and equipment:** $96.3 million in the third quarter of 2023 compared with $115.2 million in the same period of 2022. The $18.9 million decrease mainly reflects a $25.6 million favourable net change in current non-cash items, partially offset by the increase in additions to property, plant and equipment in the Telecommunications segment.

**Deferred subsidies used to finance additions to property, plant and equipment:** $5.4 million in the third quarter of 2023, compared with $26.4 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:** $43.7 million in the third quarter of 2023 compared with $15.8 million in the same period of 2022. The $27.9 million increase was mainly due to additions to intangible assets in the Telecommunications segment, including purchases of licences and software, and a $7.5 million unfavourable net change in current non-cash items.

**Proceeds from disposal of assets:** $1.0 million in the third quarter of 2022.

**Business acquisitions:** $1.8 million in the third quarter of 2023 compared with $18.3 million in the third quarter of 2022, mainly in the Telecommunications segment.

**Acquisition of investments and other:** $2.8 million in the third quarter of 2023 compared with $0.4 million in the same period of 2022.

*Year to date*

**Cash flows used for additions to property, plant and equipment:** $284.3 million in the first nine months of 2023 compared with $314.7 million in the same period of 2022. The $30.4 million reduction was mainly due to a general slowdown in investment following the review of strategic priorities, mainly in the Media segment, and a $12.1 million favourable net change in current non-cash items.

**Deferred subsidies used to finance additions to property, plant and equipment:** $39.3 million in the first nine months of 2023, compared with $104.2 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:** $126.8 million in the first nine months of 2023 compared with $69.4 million in the same period of 2022. The $57.4 million increase reflects increased investment in IT systems in the Telecommunications segment, an $11.8 million unfavourable net change in current non-cash items, and the acquisition of spectrum licences in the auction of residual spectrum licences in Canada.

**Proceeds from disposal of assets:** $0.8 million in the first nine months of 2023 compared with $6.5 million in the same period of 2022.

**Business acquisitions:** $2.07 billion in the first nine months of 2023 compared with $22.1 million in the same period of 2022. The Telecommunications segment disbursed $2.07 billion to acquire Freedom in the first nine months of 2023.

**Acquisition of investments and other:** $6.7 million in the first nine months of 2023 compared with $6.8 million in the same period of 2022.

## Free cash flows from continuing operating activities

*Third quarter 2023*

**Free cash flows from continuing operating activities:** $356.2 million in the third quarter of 2023 compared with $337.8 million in the same period of 2022 (Table 12).

The $18.4 million increase was due primarily to:

- $28.4 million increase in cash flows provided by operating activities;
- $18.9 million decrease in cash flows used for additions to property, plant and equipment.

Partially offset by:

- $27.9 million increase in cash flows used for additions to intangible assets.

*Year to date*

**Free cash flows from continuing operating activities:** $726.1 million in the first nine months of 2023 compared with $559.6 million in the same period of 2022 (Table 12).

The $166.5 million increase was due primarily to:

- $189.3 million increase in cash flows provided by operating activities;
- $30.4 million decrease in cash flows used for additions to property, plant and equipment.

Partially offset by:

- $47.5 million increase in cash flows used for additions to intangible assets, excluding acquisitions of spectrum licences.

## Financing activities

**Consolidated debt** (long-term debt plus bank indebtedness): $1.35 billion increase in the first nine months of 2023. $264.0 million net unfavourable variance in assets and liabilities related to derivative financial instruments.

- Additions to debt in the first nine months 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;
  - $393.1 million increase in total drawings on the secured revolving bank credit facilities of Videotron and Quebecor Media;
  - $12.9 million increase in the bank indebtedness of TVA Group Inc. ("TVA Group").

- Debt reductions in the first nine months 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;
  - $9.0 million decrease in TVA Group's drawings on its secured revolving credit facility;
  - $6.6 million favourable average 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 $256.3 million at September 30, 2023 compared with $520.3 million at December 31, 2022. The $264.0 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 average 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:** $1.84 billion at September 30, 2023 for Quebecor and its wholly owned subsidiaries, consisting of $1.83 billion in available unused revolving credit facilities and $13.4 million in cash and cash equivalents.

**Consolidated debt** (long-term debt plus bank indebtedness): $7.84 billion at September 30, 2023, a $1.35 billion increase compared with December 31, 2022; $264.0 million unfavourable net variance in assets and liabilities related to derivative financial instruments (see "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's $7.80 billion debt ($5.32 billion at December 31, 2022); TVA Group's $13.9 million debt ($10.1 million at December 31, 2022); Quebecor Media's $21.2 million debt ($1.16 billion at December 31, 2022); and Quebecor's nil debt ($0.6 million at December 31, 2022).

As at September 30, 2023, minimum principal payments on long-term debt in the coming years are as follows:

**Table 3**
**Minimum principal payments on Quebecor's long-term debt**
**12-month periods ended September 30**
(in millions of Canadian dollars)

| | | |
|---|---|---|
| 2024 | $ | 814.6 |
| 2025 | | 1,113.6 |
| 2026 | | 1,534.8 |
| 2027 | | 1,515.2 |
| 2028 | | 750.0 |
| 2029 and thereafter | | 2,128.8 |
| **Total** | **$** | **7,857.0** |

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 3.7 years as of September 30, 2023 (4.3 years as of December 31, 2022). After taking into account hedging instruments, the debt consisted of approximately 66.7% fixed-rate debt (81.7% at December 31, 2022) and 33.3% 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 September 30, 2023, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

### Dividends declared

On November 8, 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 December 19, 2023 to shareholders of record at the close of business on November 24, 2023.

### 600 MHz, 3500 MHz and 3800 MHz spectrum auction

In August 2023, Videotron qualified as a bidder in the auction for spectrum licences in the 3800 MHz band announced by Innovation, Science and Economic Development Canada ("ISED Canada"). The auction opened on October 24, 2023. In July 2023, Videotron entered into new unsecured on-demand credit facilities under which letters of credit were issued and submitted to ISED Canada as a pre-auction deposit. 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.

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 continues to pave the way for the expansion of its wireless infrastructure outside Québec.

### Acquisition of Freedom

On April 3, 2023, Videotron acquired 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 debts, mainly lease obligations. The consideration paid is subject to certain post-closing adjustments. The acquisition includes Freedom's entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets. It also includes a long-term undertaking by Shaw and Rogers Communications Inc. to provide Videotron with transport services (including backhaul and backbone), roaming services and wholesale Internet services.

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 increased its geographic diversification, with approximately 45% of mobile subscribers in Québec, 40% in Ontario and 15% in Western Canada, following the transaction.

The number of Canadians reached by Videotron’s mobile networks also 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 expand its reach and offer its competitive services to even more potential users.

In the markets that are now accessible to Videotron, three well-established mobile carriers offering a full range of telecommunication services over national wireline and wireless networks have a strong presence. These wireless carriers, including two incumbent local exchange carriers ("ILECs") and one broadcast distribution undertaking ("BDU"), have long business histories, a large portfolio of spectrum licenses and considerable operational and financial resources. Videotron’s acquisition of Freedom promotes 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. Videotron intends to bring further improvements to the Freedom offering by, among other things, introducing attractive multi-service bundles and improving the 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. Upon the closing of the acquisition, Videotron was able to rapidly deploy the 3500 MHz spectrum licenses that 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, consisting 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, 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 September 30, 2023 and December 31, 2022**
(in millions of Canadian dollars)

| | Sept. 30, 2023[1] | Dec. 31, 2022[1] | Difference | Main reasons for difference |
|---|---|---|---|---|
| **Assets** | | | | |
| Accounts receivable | **$ 1,052.1** | $ 840.7 | $ 211.4 | Impact of the Freedom acquisition and of current variances in activities |
| Income taxes[2] | **29.5** | (20.4) | 49.9 | Current disbursements less current income taxes for the period. |
| Inventories | **464.2** | 406.2 | 58.0 | Impact of the Freedom acquisition and of current variances in activities |
| Other current assets | **202.5** | 135.5 | 67.0 | Impact of the Freedom acquisition |
| Property, plant and equipment | **3,462.3** | 2,897.6 | 564.7 | Impact of the Freedom acquisition and additions to property, plant and equipment, less depreciation for the period |
| Intangible assets | **3,373.8** | 2,275.0 | 1,098.8 | Impact of the Freedom acquisition and additions to intangible assets, less amortization for the period |
| Right-of-use assets | **354.5** | 155.4 | 199.1 | Impact of the Freedom acquisition |
| Derivative financial instruments[3] | **256.3** | 520.3 | (264.0) | See “Financing activities” |
| Other assets | **609.8** | 539.7 | 70.1 | Impact of the Freedom acquisition |
| **Liabilities** | | | | |
| Accounts payable, accrued charges and provisions | **1,048.2** | 950.3 | 97.9 | Impact of the Freedom acquisition and of current variances in activities |
| Deferred revenue | **355.6** | 305.8 | 49.8 | Impact of the Freedom acquisition and of current variances in activities |
| Long-term debt, including current portion and bank indebtedness | **7,839.8** | 6,488.9 | 1,350.9 | See “Financing activities” |
| Lease liabilities[4] | **391.8** | 186.2 | 205.6 | Impact of the Freedom acquisition |
| Other liabilities | **286.8** | 209.8 | 77.0 | 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.
4 Current and long-term liabilities.

# ADDITIONAL INFORMATION

## Contractual obligations

At September 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 September 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] | **$ 7,857.0** | $ 814.6 | $ 2,648.4 | $ 2,265.2 | $ 2,128.8 |
| Convertible debentures[2] | **150.0** | 150.0 | – | – | – |
| Interest payments[3] | **1,298.4** | 306.4 | 575.0 | 278.7 | 138.3 |
| Lease liabilities | **391.8** | 104.3 | 139.2 | 68.1 | 80.2 |
| Interest payments on lease liabilities | **80.5** | 19.7 | 26.8 | 14.4 | 19.6 |
| Additions to property, plant and equipment and other commitments | **2,969.9** | 992.1 | 1,578.7 | 210.7 | 188.4 |
| Derivative financial instruments[4] | **(239.3)** | (155.7) | – | (10.2) | (73.4) |
| **Total contractual obligations** | **$ 12,508.3** | **$ 2,231.4** | **$ 4,968.1** | **$ 2,826.9** | **$ 2,481.9** |

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 September 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 September 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 third quarter of 2023, the Corporation incurred expenses to affiliated corporations in the amount of $12.5 million ($12.0 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 $1.7 million ($2.2 million in the same period of 2022). The Corporation also made sales to affiliated corporations in the amount of $2.5 million ($1.2 million in the same period of 2022).

In the first nine months of 2023, the Corporation incurred expenses with affiliated corporations in the amount of $61.0 million ($41.1 million in the same period of 2022), which are included in “Purchase of goods and services,” and acquired property, plant and equipment and intangible assets from affiliated corporations in the amount of $9.9 million ($5.1 million in the same period of 2022). The Corporation also made sales to affiliated corporations in the amount of $8.7 million ($3.6 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 October 19, 2023. In addition, 7,095,382 share options of the Corporation were outstanding as of the same date.

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

| | October 19, 2023 | |
|---|---|---|
| | **Issued and outstanding** | **Book value** |
| Class A Shares | **76,692,135** | **$ 8.6** |
| Class B Shares | **153,983,455** | **906.1** |

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 could 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 were cancelled.

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 the repurchased shares will be cancelled.

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

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

During the first nine months of 2023, the Corporation repurchased and cancelled 236,100 Class B Shares for a total cash consideration of $7.1 million (7,061,651 Class B Shares for a total cash consideration of $203.8 million in the same period of 2022).

## Financial instruments

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

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

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

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of September 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)

| | September 30, 2023 | | December 31, 2022 | |
|---|---|---|---|---|
| **Asset (liability)** | **Carrying value** | **Fair value** | Carrying value | Fair value |
| **Long-term debt**[1] | **$ (7,857.0)** | **$ (7,331.3)** | $ (6,517.7) | $ (5,959.6) |
| **Convertible debentures**[2] | **(156.0)** | **(156.0)** | (158.7) | (158.7) |
| **Derivative financial instruments** | | | | |
| Foreign exchange forward contracts | **0.9** | **0.9** | 3.4 | 3.4 |
| Interest rate swaps | **32.0** | **32.0** | – | – |
| Cross-currency swaps | **223.4** | **223.4** | 516.9 | 516.9 |

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

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

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

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

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

Gains and losses on valuation and translation of financial instruments for the third quarters and first nine months 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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| (Gain) loss on embedded derivatives related to convertible debentures | **$ (13.1)** | $ (7.2) | **$ (3.4)** | $ 1.9 |
| Other | **(0.3)** | 0.5 | **(0.3)** | 0.8 |
| | **$ (13.4)** | $ (6.7) | **$ (3.7)** | $ 2.7 |

Gains on cash flow hedges of $20.3 million and $47.8 million were recorded under "Other comprehensive income" in the third quarter and first nine months of 2023 respectively (losses of $53.5 million and $67.5 million in the third quarter and first nine months 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, 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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Adjusted EBITDA (negative adjusted EBITDA): | | | | |
| Telecommunications | **$ 589.5** | $ 489.5 | **$ 1,671.3** | $ 1,437.0 |
| Media | **21.0** | 18.0 | **(5.9)** | 10.2 |
| Sports and Entertainment | **14.4** | 12.2 | **20.8** | 16.8 |
| Head Office | **(0.5)** | (1.7) | **(13.8)** | (12.5) |
| | **624.4** | 518.0 | **1,672.4** | 1,451.5 |
| Depreciation and amortization | **(238.8)** | (191.5) | **(677.9)** | (577.8) |
| Financial expenses | **(109.8)** | (84.1) | **(301.4)** | (243.6) |
| Gain (loss) on valuation and translation of financial instruments | **13.4** | 6.7 | **3.7** | (2.7) |
| Restructuring, acquisition costs and other | **(10.0)** | (4.9) | **(28.9)** | (9.3) |
| Income taxes | **(70.1)** | (63.4) | **(174.0)** | (163.9) |
| **Net income** | **$ 209.1** | $ 180.8 | **$ 493.9** | $ 454.2 |

**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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Adjusted income from continuing operating activities | **$ 202.3** | $ 175.0 | **$ 520.6** | $ 465.4 |
| Gain (loss) on valuation and translation of financial instruments | **13.4** | 6.7 | **3.7** | (2.7) |
| Restructuring, acquisition costs and other | **(10.0)** | (4.9) | **(28.9)** | (9.3) |
| Income taxes related to adjustments[1] | **1.3** | 1.6 | **6.4** | 3.8 |
| Non-controlling interest related to adjustments | **2.3** | – | **2.5** | – |
| **Net income attributable to shareholders** | **$ 209.3** | $ 178.4 | **$ 504.3** | $ 457.2 |

[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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Adjusted EBITDA (negative adjusted EBITDA)** | | | | |
| Telecommunications | **$ 589.5** | $ 489.5 | **$ 1,671.3** | $ 1,437.0 |
| Media | **21.0** | 18.0 | **(5.9)** | 10.2 |
| Sports and Entertainment | **14.4** | 12.2 | **20.8** | 16.8 |
| Head Office | **(0.5)** | (1.7) | **(13.8)** | (12.5) |
| | **624.4** | 518.0 | **1,672.4** | 1,451.5 |
| **<u>Minus</u>** | | | | |
| Additions to property, plant and equipment:[1] | | | | |
| Telecommunications | **(97.0)** | (88.6) | **(279.2)** | (282.0) |
| Media | **(1.9)** | (3.6) | **(2.2)** | (17.1) |
| Sports and Entertainment | **(0.3)** | (0.3) | **(0.6)** | (0.6) |
| Head Office | **(0.1)** | (0.1) | **(0.1)** | (0.7) |
| | **(99.3)** | (92.6) | **(282.1)** | (300.4) |
| Additions to intangible assets:[2] | | | | |
| Telecommunications | **(38.7)** | (19.3) | **(97.1)** | (59.4) |
| Media | **(1.6)** | (2.1) | **(4.5)** | (8.7) |
| Sports and Entertainment | **(1.9)** | (0.7) | **(4.2)** | (2.0) |
| Head Office | **(0.5)** | (0.2) | **(0.8)** | (0.8) |
| | **(42.7)** | (22.3) | **(106.6)** | (70.9) |
| **Adjusted cash flows from operations** | | | | |
| Telecommunications | **453.8** | 381.6 | **1,295.0** | 1,095.6 |
| Media | **17.5** | 12.3 | **(12.6)** | (15.6) |
| Sports and Entertainment | **12.2** | 11.2 | **16.0** | 14.2 |
| Head Office | **(1.1)** | (2.0) | **(14.7)** | (14.0) |
| | **$ 482.4** | $ 403.1 | **$ 1,283.7** | $ 1,080.2 |

| [1] **Reconciliation to cash flows used for additions to property, plant and equipment as per condensed consolidated financial statements:** | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Additions to property, plant and equipment | **$ (99.3)** | $ (92.6) | **$ (282.1)** | $ (300.4) |
| Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects) | **3.0** | (22.6) | **(2.2)** | (14.3) |
| Cash flows used for additions to property, plant and equipment | **$ (96.3)** | $ (115.2) | **$ (284.3)** | $ (314.7) |

| [2] **Reconciliation to cash flows used for additions to intangible assets as per condensed consolidated financial statements:** | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| Additions to intangible assets | **$ (42.7)** | $ (22.3) | **$ (106.6)** | $ (70.9) |
| Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects) | **(1.0)** | 6.5 | **(10.3)** | 1.5 |
| Cash flows used for licence acquisitions | **–** | – | **(9.9)** | – |
| Cash flows used for additions to intangible assets | **$ (43.7)** | $ (15.8) | **$ (126.8)** | $ (69.4) |

**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 September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | **2023** | 2022 | **2023** | 2022 |
| **Adjusted cash flows from operations from Table 11** | **$ 482.4** | $ 403.1 | **$ 1,283.7** | $ 1,080.2 |
| **Plus (minus)** | | | | |
| Cash portion of financial expenses | **(107.5)** | (82.2) | **(295.2)** | (238.2) |
| Cash portion related to restructuring, acquisition costs and other | **(1.4)** | (2.1) | **(21.7)** | (5.9) |
| Current income taxes | **(55.7)** | (72.2) | **(180.8)** | (216.6) |
| Other | **1.7** | 3.1 | **4.0** | 5.8 |
| Net change in non-cash balances related to operating activities | **34.7** | 104.2 | **(51.4)** | (52.9) |
| Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects) | **3.0** | (22.6) | **(2.2)** | (14.3) |
| Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects) | **(1.0)** | 6.5 | **(10.3)** | 1.5 |
| **Free cash flows from continuing operating activities** | **356.2** | 337.8 | **726.1** | 559.6 |
| **Plus (minus)** | | | | |
| Cash flows used for additions to property, plant and equipment | **96.3** | 115.2 | **284.3** | 314.7 |
| Cash flows used for additions to intangible assets (excluding expenditures related to licence acquisitions and renewals) | **43.7** | 15.8 | **116.9** | 69.4 |
| Proceeds from disposal of assets | **–** | (1.0) | **(0.8)** | (6.5) |
| **Cash flows provided by operating activities** | **$ 496.2** | $ 467.8 | **$ 1,126.5** | $ 937.2 |

### 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)

| | **Sept. 30 2023** | Dec. 31, 2022 |
|---|---|---|
| **Total long-term debt**[1] | **$ 7,857.0** | $ 6,517.7 |
| **Plus (minus)** | | |
| Lease liabilities[2] | **391.8** | 186.2 |
| Bank indebtedness | **22.6** | 10.1 |
| Derivative financial instruments[3] | **(256.3)** | (520.3) |
| Cash and cash equivalents | **(25.1)** | (6.6) |
| Consolidated net debt excluding convertible debentures | **7,990.0** | 6,187.1 |
| Divided by: | | |
| Trailing 12-month adjusted EBITDA[4] | **$ 2,354.1** | $ 1,934.5 |
| **Consolidated net debt leverage ratio**[4] | **3.39x** | 3.20x |

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

2 Current and long-term liabilities

3 Current and long-term assets

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

Since the acquisition date, Freedom's results have been included in the Corporation's consolidated financial statements. For the first nine months of 2023, Freedom's revenues and net income represented approximately 13.5% and 14.3% 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 September 30, 2023 represented approximately 22.0% and 12.1%, respectively, and its non-current assets and liabilities represented approximately 19.6% and 3.2% 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 September 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.sedarplus.ca.

## Cautionary statement regarding forward-looking statements

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

- Quebecor's ability to continue successfully developing its network and the facilities that support its mobile services;
- general economic, financial or market conditions and variations in the businesses of local, regional and national advertisers in Quebecor's newspapers, television outlets and other media properties;
- the intensity of competitive activity in the industries in which Quebecor operates;
- Quebecor's ability to penetrate new, highly competitive markets, and the accuracy of the estimated size of potential markets;
- fragmentation of the media landscape;
- new technologies that might change consumer 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 and the expansion strategy outside Quebec, 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, unanticipated 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 or Videotron markets, as MVNO or others, 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.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 November 8, 2023, and are subject to change after this 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

November 8, 2023

# QUEBECOR INC.

## SELECTED QUARTERLY FINANCIAL DATA

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

| | 2023 | | | 2022 | | | | 2021 |
|---|---|---|---|---|---|---|---|---|
| | **Sept. 30** | **June 30** | **March 31** | Dec. 31 | Sept. 30 | June 30 | March 31 | Dec. 31 |
| **Revenues** | **$ 1,415.4** | **$ 1,398.5** | **$ 1,115.6** | $ 1,185.0 | $ 1,143.7 | $ 1,115.2 | $ 1,088.0 | $ 1,183.9 |
| **Adjusted EBITDA** | **624.4** | **605.2** | **442.8** | 483.0 | 518.0 | 491.4 | 442.1 | 498.8 |
| **Adjusted cash flows from operations** | **482.4** | **455.3** | **346.0** | 359.4 | 403.1 | 361.0 | 316.1 | 370.6 |
| Contribution to net income attributable to shareholders: | | | | | | | | |
| Continuing operating activities | **202.3** | **182.3** | **136.0** | 159.4 | 175.0 | 161.7 | 128.7 | 157.6 |
| Gain (loss) on valuation and translation of financial instruments | **13.1** | **1.8** | **(11.4)** | (16.3) | 7.0 | (1.8) | (6.6) | 7.6 |
| Unusual items | **(6.1)** | **(10.0)** | **(3.7)** | (0.6) | (3.6) | (2.5) | (0.7) | (4.7) |
| **Net income attributable to shareholders** | **209.3** | **174.1** | **120.9** | 142.5 | 178.4 | 157.4 | 121.4 | 160.5 |
| **Basic data per share** | | | | | | | | |
| Contribution to net income attributable to shareholders: | | | | | | | | |
| Continuing operating activities | **$ 0.88** | **$ 0.79** | **$ 0.59** | $ 0.69 | $ 0.75 | $ 0.68 | $ 0.54 | $ 0.66 |
| Gain (loss) on valuation and translation of financial instruments | **0.06** | **0.01** | **(0.05)** | (0.07) | 0.03 | (0.01) | (0.03) | 0.03 |
| Unusual items | **(0.03)** | **(0.05)** | **(0.02)** | - | (0.02) | (0.01) | - | (0.02) |
| **Net income attributable to shareholders** | **0.91** | **0.75** | **0.52** | 0.62 | 0.76 | 0.66 | 0.51 | 0.67 |
| Weighted average number of shares outstanding (in millions) | **230.9** | **230.9** | **230.9** | 231.4 | 233.5 | 236.7 | 239.2 | 239.8 |
| **Diluted data per share** | | | | | | | | |
| Contribution to net income attributable to shareholders: | | | | | | | | |
| Continuing operating activities | **$ 0.87** | **$ 0.78** | **$ 0.58** | $ 0.68 | $ 0.74 | $ 0.67 | $ 0.53 | $ 0.65 |
| 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 | **(0.03)** | **(0.05)** | **(0.02)** | - | (0.02) | (0.01) | - | (0.02) |
| **Net income attributable to shareholders** | **0.84** | **0.73** | **0.52** | 0.62 | 0.72 | 0.66 | 0.51 | 0.63 |
| Weighted average number of diluted shares outstanding (in millions) | **236.2** | **236.2** | **231.2** | 231.5 | 238.9 | 236.8 | 239.2 | 244.6 |