May 11, 2023

For immediate release

QUEBECOR INC. REPORTS CONSOLIDATED RESULTS FOR FIRST QUARTER 2023

Montréal, Québec – Quebecor Inc. ("Quebecor" or "the Corporation") today reported its consolidated financial results for the first quarter of 2023. Quebecor consolidates the financial results of its wholly owned Quebecor Media Inc. ("Quebecor Media") subsidiary.

First quarter 2023 highlights

- In the first quarter of 2023, Quebecor recorded adjusted cash flows from operations[1] of $346.0 million, up $29.9 million (9.5%), revenues of $1.12 billion, up $27.6 million (2.5%), and adjusted EBITDA[2] of $442.8 million, up $0.7 million (0.2%) compared with the same period in 2022.
- The Telecommunications segment's adjusted cash flows from operations increased by $34.9 million (10.1%), its revenues by $21.6 million (2.4%) and its adjusted EBITDA by $14.2 million (3.1%).
- Videotron Ltd. ("Videotron") increased its revenues from mobile services and equipment ($25.1 million or 10.0%) and Internet access services ($16.1 million or 5.4%) in the first quarter of 2023.
- There was a net increase of 4,100 (0.1%) RGUs in the first quarter of 2023, including 26,200 (1.5%) connections to the mobile telephony service and 8,800 (0.5%) subscriptions to Internet access services.
- The revenues of TVA Group Inc. ("TVA Group") were down $8.4 million and its adjusted EBITDA was negative $24.0 million, an unfavourable variance of $14.3 million compared with the first quarter of 2022.
- The Sports and Entertainment segment's revenues increased by $14.4 million (42.2%) and there was a $3.5 million favourable variance in its adjusted EBITDA in the first quarter of 2023.
- Quebecor's net income attributable to shareholders: $120.9 million ($0.52 per basic share), a decrease of $0.5 million (increase of $0.01 per basic share).
- Adjusted income from continuing operating activities:[3] $136.0 million ($0.59 per basic share), an increase of $7.3 million ($0.05 per basic share) or 5.7%.
- On April 3, 2023, Videotron acquired Freedom Mobile Inc. ("Freedom") from Shaw Communications Inc. ("Shaw") for a purchase price of $2.85 billion. Videotron paid $2.17 billion in cash and assumed certain debts, mainly lease obligations. The consideration paid is subject to certain post-closing adjustments. The acquisition includes the Freedom Mobile brand's entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets. It also includes a long-term commitment by Shaw and Rogers Communications Inc. to provide Videotron with transport services (including backhaul and backbone), roaming services and wholesale Internet services. These transactions will support the expansion of the Corporation's telecommunications services in Ontario and Western Canada.
- On April 3, 2023, Videotron entered into a new $2.10 billion secured term credit facility with a syndicate of financial institutions to finance the acquisition of Freedom. The term credit facility consists of three tranches of equal size maturing in October 2024, April 2026 and April 2027, bearing interest at floating rates. On April 10, 2023, Videotron entered into a floating-to-fixed interest rate swap in relation with the $700.0 million tranche maturing in April 2027, fixing the interest rate at 5.203%, based on Videotron's current leverage ratio.

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1 See "Adjusted cash flows from operations" under "Definitions."

2 See "Adjusted EBITDA" under "Definitions."

3 See "Adjusted income from continuing operating activities" under "Definitions."

- Consolidated net debt leverage ratio was down 0.1 point to 3.1x, lower than that of Canada's Big 3 telecoms.
- On January 26, 2023, Quebecor announced a $9.9 million investment by Videotron in the acquisition of spectrum licences in the 600 MHz band in Manitoba and in the 3500 MHz band in Québec. The spectrum was acquired in the auction of residual spectrum licences that concluded on January 25, 2023.

Comments by Pierre Karl Péladeau, President and Chief Executive Officer of Quebecor

We are very pleased to have completed the acquisition of Freedom in April 2023, creating the fourth major national wireless carrier that Canadian consumers have been waiting for. Together, Freedom and Videotron have more than 3.5 million mobile subscriber connections, nearly 7,500 employees, and extensive network coverage in Québec, Ontario, Alberta and British Columbia. Videotron's expansion across Canada will transform the Canadian wireless market for the benefit of all consumers, who will have access to innovative products and services at better prices, in a healthy competitive environment. With the recent acquisition of independent telecommunications service provider VMedia Inc. ("VMedia"), we will also soon be able to offer very attractive multi-service bundles, including not only wireless but also Internet and television.

Building on Videotron's success in Québec, we will now focus on upgrading our infrastructure and growing the customer base for our various services across Canada, while managing our capital in a disciplined and efficient manner. That said, while we applaud the courage of the federal government and the CRTC in allowing Videotron to become the fourth national player, much work remains to be done on national public policy, including setting reasonable wholesale rates for mobile virtual network operators (MVNOs), roaming and fibre to the premises (FTTP).

Quebecor performed strongly in the first quarter of 2023, as reflected in adjusted cash flows from operations of $346.0 million, up 9.5% from the same period of 2022. The Corporation's revenues and adjusted EBITDA also increased by 2.5% and 0.2% respectively. The Telecommunications segment was a significant contributor to these strong results, as evidenced by the $34.9 million (10.1%) increase in cash flows from operations to $379.5 million and the $14.2 million (3.1%) increase in adjusted EBITDA to $474.2 million. With $1.51 billion in available liquidity as of March 31, 2023, Quebecor is well positioned to leverage its excellent financial position to execute its cross-Canada growth plan.

Videotron's flagship services continued to attract more customers over the past 12 months, with the addition of 110,200 mobile subscriber connections, a 6.8% increase, and 75,300 Internet access subscribers, including 37,200 VMedia customers, a 4.7% increase.

I am also very proud of the distinctions Videotron has earned since the beginning of 2023. Videotron was ranked the most respected telecommunications company in Québec for the 17th time since 2006 in the 2023 Léger r*eputation* survey released on April 5, 2023. And for the fourth year in a row, Fizz placed first for online experience in Canada's telecommunications industry on Léger's *WOW Digital* Index.

In a fiercely competitive environment, TVA Group Inc. ("TVA Group") continued to invest in quality content, which impacted its profitability in the first quarter of 2023, resulting in an unfavourable variance of $14.3 million in its adjusted EBITDA. TVA Group's financial results were also affected by the absence of foreign blockbusters in the film production and audiovisual services segment.

The cost reduction measures stemming from the restructuring plan announced in February 2023 and advertising revenue growth in the first quarter of 2023 driven by the TVA+ platform, which increased its digital video-on-demand views and revenues by 30% and 33% respectively, were insufficient to counteract current market conditions and support the level of investment TVA Group must make in order to be competitive. We are forced to compete on an uneven playing field against the web giants and CBC / Radio-Canada, which is heavily subsidized by the state. However, our strategy of boosting our spending on content is increasing the market share of both TVA Network and our specialty channels, which reached a combined 40.9% at the end of the first quarter of 2023. TVA Network had four of the top five shows in Québec during the quarter.

Quebecor began 2023 on a strong note with excellent financial results that provide a solid foundation on which to build the expansion of our telecommunications services. Our arrival as the fourth national player ushers in an era of healthy competition in the country's wireless market for the benefit of Canadians and announces a new phase of growth for Quebecor. Quebecor has what it takes to be a leader in Canada, and we will implement our strategies with rigour and discipline to continue creating sustainable value for all our stakeholders.

Non-IFRS financial measures

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, including revenue-generating unit ("RGU"). Beginning in the first quarter of 2023, the Corporation has elected to exclude subscribers to OTT video services and customers of third-party Internet access providers from its RGUs, as these indicators are not very representative for the purpose of evaluating the Corporation's performance. Definitions of the non-IFRS measures and the key performance indicator used by the Corporation in this press release are provided in the "Definitions" section.

Financial table

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

	Three months ended March 31	
	2023	2022
Income		
Revenues:		
Telecommunications	**$ 925.0**	$ 903.4
Media	**170.8**	181.8
Sports and Entertainment	**48.5**	34.1
Inter-segment	**(28.7)**	(31.3)
	1,115.6	1,088.0
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**474.2**	460.0
Media	**(26.4)**	(11.9)
Sports and Entertainment	**3.4**	(0.1)
Head Office	**(8.4)**	(5.9)
	442.8	442.1
Depreciation and amortization	**(188.5)**	(194.7)
Financial expenses	**(77.9)**	(77.5)
Loss on valuation and translation of financial instruments	**(11.3)**	(7.3)
Restructuring of operations and other items	**(5.6)**	(0.9)
Income taxes	**(46.0)**	(44.6)
Net income	**$ 113.5**	$ 117.1
Net income attributable to shareholders	**$ 120.9**	$ 121.4
Adjusted income from continuing operating activities	**136.0**	128.7
Per basic share:		
Net income attributable to shareholders	**0.52**	0.51
Adjusted income from continuing operating activities	**0.59**	0.54

Table 1 (continued)

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

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

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

2023/2022 first quarter comparison

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

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

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

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

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

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

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

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

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

Investing and financing operations

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

- On January 13, 2023, Videotron's secured revolving credit facility was amended to increase it from $1.50 billion to $2.00 billion. Certain terms and conditions of this credit facility were also amended.

Capital stock

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

Dividends declared

On May 10, 2023, the Board of Directors of Quebecor declared a quarterly dividend of $0.30 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Shares, payable on June 20, 2023 to shareholders of record at the close of business on May 26, 2023. This dividend is designated an eligible dividend, as provided under subsection 89(14) of the *Canadian Income Tax Act* and its provincial counterpart.

Participation in 600 MHz and 3500 MHz spectrum auction

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

Acquisition of Freedom

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

Detailed financial information

For a detailed analysis of Quebecor's first quarter 2023 results, please refer to the Management Discussion and Analysis and condensed consolidated financial statements of Quebecor, available on the Corporation's website at www.quebecor.com/en/investors/financial-documentation or from the SEDAR filing service at www.sedar.com.

Conference call for investors and webcast

Quebecor will hold a conference call to discuss its first quarter 2023 results on May 11, 2023, at 2:00 p.m. EDT. There will be a question period reserved for financial analysts. To access the conference call, please dial 1-877-293-8052, access code for participants 55285#. The conference call will also be broadcast live on Quebecor's website at www.quebecor.com/en/investors/conferences-and-annual-meeting. It is advisable to ensure the appropriate software is installed before accessing the call. Instructions and links to free player downloads are available at the Internet address shown above. Anyone unable to attend the conference call will be able to listen to a recording by dialing 1-877-293-8133, access code 55285#, recording access code 0113286#. The recording will be available until August 11, 2023.

Cautionary statement regarding forward-looking statements

The statements in this press release 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 the 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. Certain factors that may cause actual results to differ from current expectations include seasonality (including seasonal fluctuations in customer orders), operating risk (including fluctuations in demand for Quebecor's products and prices of products and services offered by competitors), new competition and Quebecor's ability to retain its current customers and attract new ones, Quebecor's ability to penetrate new, highly competitive markets and the accuracy of estimates of the size of potential markets; risks related to fragmentation of the advertising market, insurance risk, risks associated with capital investments (including risks related to technological development and equipment availability and breakdown), environmental risks, risks associated with cybersecurity and the protection of personal information, risks associated with service interruptions resulting from equipment breakdown, network failure, the threat of natural disaster, epidemics, pandemics or other public health crises, political instability in some countries, risks associated with emergency measures implemented by various governments, risks associated with labour agreements, credit risk, financial risks, debt risks, risks related to interest rate fluctuations, foreign exchange risks, risks associated with government acts and regulations, risks related to changes in tax legislation, and changes in the general political and economic environment.

In addition, there are risks associated with the acquisition of Freedom, including Quebecor's ability to successfully integrate Freedom's operations following the acquisition and capture synergies, and risks related to potential unknown liabilities or costs associated with the acquisition of Freedom. As well, the anticipated benefits and effects of the acquisition of Freedom may not be realized in a timely manner or at all. Among other things, the outcome of litigation or other regulatory proceedings associated with the acquisition of Freedom could result in changes to the parameters of the transaction.

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 Quebecor's actual results to differ from current expectations, please refer to Quebecor's public filings, available at www.sedar.com and www.quebecor.com, including, in particular, the "Risks and Uncertainties" section of Quebecor's Management Discussion and Analysis for the year ended December 31, 2022.

The forward-looking statements in this press release reflect Quebecor's expectations as of May 10, 2023, and are subject to change after that date. Quebecor 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.

About Quebecor

Quebecor, a Canadian leader in telecommunications, entertainment, news media and culture, is one of the best-performing integrated communications companies in the industry. Driven by their determination to deliver the best possible customer experience, all of Quebecor's subsidiaries and brands are differentiated by their high-quality, multiplatform, convergent products and services.

Québec-based Quebecor (TSX: QBR.A, QBR.B) employs nearly 10,000 people in Canada.

A family business founded in 1950, Quebecor is strongly committed to the community. Every year, it actively supports more than 400 organizations in the vital fields of culture, health, education, the environment, and entrepreneurship.

Visit our website: www.quebecor.com

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– 30 –

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DEFINITIONS

Adjusted EBITDA

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

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

Table 2 provides a reconciliation of adjusted EBITDA to net income as disclosed in Quebecor's condensed consolidated financial statements.

Table 2
Reconciliation of the adjusted EBITDA measure used in this press release to the net income measure used in the condensed consolidated financial statements
(in millions of Canadian dollars)

	Three months ended March 31	
	2023	2022
Adjusted EBITDA (negative adjusted EBITDA):		
Telecommunications	**$ 474.2**	$ 460.0
Media	**(26.4)**	(11.9)
Sports and Entertainment	**3.4**	(0.1)
Head Office	**(8.4)**	(5.9)
	442.8	442.1
Depreciation and amortization	**(188.5)**	(194.7)
Financial expenses	**(77.9)**	(77.5)
Loss on valuation and translation of financial instruments	**(11.3)**	(7.3)
Restructuring of operations and other items	**(5.6)**	(0.9)
Income taxes	**(46.0)**	(44.6)
Net income	**$ 113.5**	$ 117.1

Adjusted income from continuing operating activities

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

Table 3 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 3
Reconciliation of the adjusted income from continuing operating activities measure used in this press release to the net income attributable to shareholders' measure used in the condensed consolidated financial statements
(in millions of Canadian dollars)

	Three months ended March 31	
	2023	2022
Adjusted income from continuing operating activities	**$ 136.0**	$ 128.7
Loss on valuation and translation of financial instruments	**(11.3)**	(7.3)
Restructuring of operations and other items	**(5.6)**	(0.9)
Income taxes related to adjustments[1]	**1.6**	0.9
Non-controlling interest related to adjustments	**0.2**	–
Net income attributable to shareholders	**$ 120.9**	$ 121.4

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

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

Adjusted cash flows from operations

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

Free cash flows from continuing operating activities

Free cash flows from continuing operating activities represents cash flows provided by operating activities calculated in accordance with IFRS, less cash flows used for additions to property, plant and equipment and to intangible assets (excluding expenditures related to licence acquisitions and renewals), plus proceeds from disposal of assets. Free cash flows from continuing operating activities is used by the Corporation's management and Board of Directors to evaluate cash flows generated by the Corporation's operations.

Free cash flows from continuing operating activities represents available funds for business acquisitions, licence acquisitions and renewals, payment of dividends, repayment of long-term debt and lease liabilities, and share repurchases. Free cash flows from continuing operating activities is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. The Corporation's definition of free cash flows from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Tables 4 and 5 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 4
Adjusted cash flows from operations
(in millions of Canadian dollars)

	Three months ended March 31	
	2023	2022
Adjusted EBITDA (negative adjusted EBITDA)		
Telecommunications	**$ 474.2**	$ 460.0
Media	**(26.4)**	(11.9)
Sports and Entertainment	**3.4**	(0.1)
Head Office	**(8.4)**	(5.9)
	442.8	442.1
<u>**Minus**</u>		
Additions to property, plant and equipment:[1]		
Telecommunications	**(74.9)**	(93.2)
Media	**(0.5)**	(6.7)
Sports and Entertainment	**(0.1)**	(0.1)
Head Office	**–**	(0.3)
	(75.5)	(100.3)
Additions to intangible assets:[2]		
Telecommunications	**(19.8)**	(22.2)
Media	**(0.5)**	(2.5)
Sports and Entertainment	**(0.8)**	(0.7)
Head Office	**(0.2)**	(0.3)
	(21.3)	(25.7)
Adjusted cash flows from operations		
Telecommunications	**379.5**	344.6
Media	**(27.4)**	(21.1)
Sports and Entertainment	**2.5**	(0.9)
Head Office	**(8.6)**	(6.5)
	$ 346.0	$ 316.1

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

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

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

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

Table 5
Free cash flows from continuing operating activities and cash flows provided by operating activities reported in the condensed consolidated financial statements
(in millions of Canadian dollars)

	Three months ended March 31	
	2023	2022
Adjusted cash flows from operations from Table 4	**$ 346.0**	$ 316.1
Plus (minus)		
Cash portion of financial expenses	**(76.2)**	(75.7)
Cash portion related to restructuring of operations and other items	**(6.5)**	(0.9)
Current income taxes	**(67.5)**	(74.4)
Other	**0.3**	1.5
Net change in non-cash balances related to operating activities	**(20.7)**	(63.5)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	**(14.0)**	5.0
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	**(14.4)**	(4.1)
Free cash flows from continuing operating activities	**147.0**	104.0
Plus (minus)		
Cash flows used for additions to property, plant and equipment	**89.5**	95.3
Cash flows used for additions to intangible assets (excluding expenditures related to licence acquisitions and renewals)	**35.7**	29.8
Proceeds from disposal of assets	**(0.3)**	(1.4)
Cash flows provided by operating activities	**$ 271.9**	$ 227.7

Consolidated net debt leverage ratio

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

Table 6 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 6
Consolidated net debt leverage ratio
(in millions of Canadian dollars)

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

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

KEY PERFORMANCE INDICATOR

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.

QUEBECOR INC.

CONSOLIDATED STATEMENTS OF INCOME

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

	Three months ended March 31	
	2023	2022
Revenues	**$ 1,115.6**	$ 1,088.0
Employee costs	**176.5**	179.1
Purchase of goods and services	**496.3**	466.8
Depreciation and amortization	**188.5**	194.7
Financial expenses	**77.9**	77.5
Loss on valuation and translation of financial instruments	**11.3**	7.3
Restructuring of operations and other items	**5.6**	0.9
Income before income taxes	**159.5**	161.7
Income taxes (recovery):		
Current	**67.5**	74.4
Deferred	**(21.5)**	(29.8)
	46.0	44.6
Net income	**$ 113.5**	$ 117.1
Net income (loss) attributable to		
Shareholders	**$ 120.9**	$ 121.4
Non-controlling interests	**(7.4)**	(4.3)
Earnings per share attributable to shareholders		
Basic and diluted	**$ 0.52**	$ 0.51
Weighted average number of shares outstanding (in millions)	**230.9**	239.2
Weighted average number of diluted shares (in millions)	**231.2**	239.2

QUEBECOR INC.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars) (unaudited)	Three months ended March 31	
	2023	2022
Net income	**$ 113.5**	$ 117.1
Other comprehensive income:		
Items that may be reclassified to income:		
Cash flow hedges:		
Gain (loss) on valuation of derivative financial instruments	**4.0**	(18.4)
Deferred income taxes	**(0.2)**	3.9
Loss on translation of investments in foreign associates	**(0.4)**	(4.3)
Items that will not be reclassified to income:		
Defined benefit plans:		
Re-measurement gain	**-**	108.0
Deferred income taxes	**-**	(28.6)
Equity investment:		
Gain (loss) on revaluation of an equity investment	**6.8**	(0.2)
Deferred income taxes	**(0.8)**	-
	9.4	60.4
Comprehensive income	**$ 122.9**	$ 177.5
Comprehensive income (loss) attributable to		
Shareholders	**$ 130.3**	$ 178.4
Non-controlling interests	**(7.4)**	(0.9)

QUEBECOR INC.
SEGMENTED INFORMATION

(in millions of Canadian dollars)
(unaudited)

Three months ended March 31, 2023

	Telecommunications	Media	Sports and Entertainment	Head office and Inter-segments	Total
Revenues	**$ 925.0**	**$ 170.8**	**$ 48.5**	**$ (28.7)**	**$ 1,115.6**
Employee costs	**97.9**	**56.6**	**11.6**	**10.4**	**176.5**
Purchase of goods and services	**352.9**	**140.6**	**33.5**	**(30.7)**	**496.3**
Adjusted EBITDA[1]	**474.2**	**(26.4)**	**3.4**	**(8.4)**	**442.8**
Depreciation and amortization					**188.5**
Financial expenses					**77.9**
Loss on valuation and translation of financial instruments					**11.3**
Restructuring of operations and other items					**5.6**
Income before income taxes					**$ 159.5**
Cash flows used for					
Additions to property, plant and equipment[2]	**$ 87.4**	**$ 2.0**	**$ 0.1**	**$ -**	**$ 89.5**
Additions to intangible assets	**44.1**	**0.5**	**0.8**	**0.2**	**45.6**

Three months ended March 31, 2022

	Telecommunications	Media	Sports and Entertainment	Head office and Inter-segments	Total
Revenues	$ 903.4	$ 181.8	$ 34.1	$ (31.3)	$ 1,088.0
Employee costs	101.3	59.9	10.1	7.8	179.1
Purchase of goods and services	342.1	133.8	24.1	(33.2)	466.8
Adjusted EBITDA[1]	460.0	(11.9)	(0.1)	(5.9)	442.1
Depreciation and amortization					194.7
Financial expenses					77.5
Loss on valuation and translation of financial instruments					7.3
Restructuring of operations and other items					0.9
Income before income taxes					$ 161.7
Cash flows used for					
Additions to property, plant and equipment[2]	$ 89.2	$ 5.6	$ 0.1	$ 0.4	$ 95.3
Additions to intangible assets	26.0	2.8	0.7	0.3	29.8

[1] The Chief Executive Officer uses adjusted EBITDA as the measure of profit to assess the performance of each segment. Adjusted EBITDA is a non-IFRS measure and is defined as net income before depreciation and amortization, financial expenses, loss on valuation and translation of financial instruments, restructuring of operations and other items and income taxes.

[2] Subsidies of $20.0 million in the three-month period ended March 31, 2023 ($31.7 million in 2022) related to the roll-out of high-speed internet services in various regions of Quebec are presented as a reduction of the corresponding additions to property, plant and equipment in the Telecommunications segment.

QUEBECOR INC.
CONSOLIDATED STATEMENTS OF EQUITY

(in millions of Canadian dollars)
(unaudited)

	Equity attributable to shareholders				Equity attributable to non-controlling interests	Total equity
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income		
Balance as of December 31, 2021	$ 965.2	$ 17.4	$ 292.3	$ (19.3)	$ 123.2	$ 1,378.8
Net income (loss)	-	-	121.4	-	(4.3)	117.1
Other comprehensive income	-	-	-	57.0	3.4	60.4
Dividends	-	-	(71.8)	-	(0.1)	(71.9)
Repurchase of Class B Shares	(5.2)	-	(20.8)	-	-	(26.0)
Balance as of March 31, 2022	960.0	17.4	321.1	37.7	122.2	1,458.4
Net income	-	-	478.3	-	1.3	479.6
Other comprehensive (loss) income	-	-	-	(35.9)	3.9	(32.0)
Dividends	-	-	(210.3)	-	(1.2)	(211.5)
Repurchase of Class B Shares	(43.8)	-	(167.2)	-	-	(211.0)
Balance as of December 31, 2022	916.2	17.4	421.9	1.8	126.2	1,483.5
Net income (loss)	-	-	120.9	-	(7.4)	113.5
Other comprehensive income	-	-	-	9.4	-	9.4
Dividends	-	-	(69.3)	-	(0.1)	(69.4)
Balance as of March 31, 2023	**$ 916.2**	**$ 17.4**	**$ 473.5**	**$ 11.2**	**$ 118.7**	**$ 1,537.0**

QUEBECOR INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars) (unaudited)	Three months ended March 31	
	2023	2022
Cash flows related to operating activities		
Net income	**$ 113.5**	$ 117.1
Adjustments for:		
Depreciation of property, plant and equipment	**133.9**	139.3
Amortization of intangible assets	**43.4**	45.0
Depreciation of right-of-use assets	**11.2**	10.4
Loss on valuation and translation of financial instruments	**11.3**	7.3
Amortization of financing costs	**1.7**	1.8
Deferred income taxes	**(21.5)**	(29.8)
Other	**(0.9)**	0.1
	292.6	291.2
Net change in non-cash balances related to operating activities	**(20.7)**	(63.5)
Cash flows provided by operating activities	**271.9**	227.7
Cash flows related to investing activities		
Additions to property, plant and equipment	**(89.5)**	(95.3)
Deferred subsidies used to finance additions to property, plant and equipment	**(20.0)**	(31.7)
	(109.5)	(127.0)
Additions to intangible assets	**(45.6)**	(29.8)
Proceeds from disposals of assets	**0.3**	1.4
Acquisitions of investments and other	**(0.6)**	(4.1)
Cash flows used in investing activities	**(155.4)**	(159.5)
Cash flows related to financing activities		
Net change in bank indebtedness	**24.2**	25.2
Net change under revolving facilities, net of financing costs	**680.5**	(126.1)
Repayment of long-term debt	**(1,138.1)**	(0.4)
Repayment of lease liabilities	**(10.9)**	(10.3)
Settlement of hedging contracts	**307.2**	-
Repurchase of Class B Shares	**-**	(26.0)
Dividends paid to non-controlling interests	**(0.1)**	(0.1)
Cash flows used in financing activities	**(137.2)**	(137.7)
Net change in cash, cash equivalents and restricted cash	**(20.7)**	(69.5)
Cash, cash equivalents and restricted cash at beginning of period	**45.9**	227.1
Cash, cash equivalents and restricted cash at end of period	**$ 25.2**	$ 157.6
Cash, cash equivalents and restricted cash consist of		
Cash	**$ 5.9**	$ 26.8
Cash equivalents	**-**	0.1
Restricted cash	**19.3**	130.7
	$ 25.2	$ 157.6
Interest and taxes reflected as operating activities		
Cash interest payments	**$ 37.5**	$ 26.1
Cash income tax payments (net of refunds)	**106.5**	98.9

QUEBECOR INC.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

	March 31 2023	December 31 2022
Assets		
Current assets		
Cash and cash equivalents	**$ 5.9**	$ 6.6
Restricted cash	**19.3**	39.3
Accounts receivable	**794.7**	840.7
Contract assets	**45.1**	50.2
Income taxes	**23.8**	10.8
Inventories	**394.6**	406.2
Derivative financial instruments	**-**	320.8
Other current assets	**154.7**	135.5
	1,438.1	1,810.1
Non-current assets		
Property, plant and equipment	**2,840.2**	2,897.6
Intangible assets	**2,263.1**	2,275.0
Right-of-use assets	**151.5**	155.4
Goodwill	**2,726.0**	2,726.0
Derivative financial instruments	**198.2**	199.5
Deferred income taxes	**22.0**	22.0
Other assets	**543.7**	539.7
	8,744.7	8,815.2
Total assets	**$ 10,182.8**	$ 10,625.3
Liabilities and equity		
Current liabilities		
Bank indebtedness	**$ 34.3**	$ 10.1
Accounts payable, accrued charges and provisions	**952.8**	950.3
Deferred revenue	**315.9**	305.8
Deferred subsidies	**19.3**	39.3
Income taxes	**3.5**	31.2
Current portion of long-term debt	**-**	1,161.1
Current portion of lease liabilities	**41.3**	37.0
	1,367.1	2,534.8
Non-current liabilities		
Long-term debt	**5,996.6**	5,317.7
Derivative financial instruments	**7.0**	-
Convertible debentures	**150.0**	150.0
Lease liabilities	**141.3**	149.2
Deferred income taxes	**759.8**	780.3
Other liabilities	**224.0**	209.8
	7,278.7	6,607.0
Equity		
Capital stock	**916.2**	916.2
Contributed surplus	**17.4**	17.4
Retained earnings	**473.5**	421.9
Accumulated other comprehensive income	**11.2**	1.8
Equity attributable to shareholders	**1,418.3**	1,357.3
Non-controlling interests	**118.7**	126.2
	1,537.0	1,483.5
Total liabilities and equity	**$ 10,182.8**	$ 10,625.3