

Condensed consolidated financial statements of

**QUEBECOR INC.**

Three-month and six-month periods ended June 30, 2023 and 2022

**QUEBECOR INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**

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

		Three months ended June 30		Six months ended June 30	
	Note	2023	2022	2023	2022
<b>Revenues</b>	2	\$ 1,398.5	\$ 1,115.2	\$ 2,514.1	\$ 2,203.2
Employee costs	3	198.5	177.2	375.0	356.3
Purchase of goods and services	3	594.8	446.6	1,091.1	913.4
Depreciation and amortization		250.6	191.6	439.1	386.3
Financial expenses	4	113.7	82.0	191.6	159.5
(Gain) loss on valuation and translation of financial instruments	5	(1.6)	2.1	9.7	9.4
Restructuring, acquisition costs and other	6	13.3	3.5	18.9	4.4
<b>Income before income taxes</b>		<b>229.2</b>	212.2	<b>388.7</b>	373.9
Income taxes (recovery):					
Current		57.6	70.0	125.1	144.4
Deferred		0.3	(14.1)	(21.2)	(43.9)
		<b>57.9</b>	55.9	<b>103.9</b>	100.5
<b>Net income</b>		<b>\$ 171.3</b>	\$ 156.3	<b>\$ 284.8</b>	\$ 273.4
<b>Net income (loss) attributable to</b>					
Shareholders		\$ 174.1	\$ 157.4	\$ 295.0	\$ 278.8
Non-controlling interests		(2.8)	(1.1)	(10.2)	(5.4)
<b>Earnings per share attributable to shareholders</b>	10				
Basic		\$ 0.75	\$ 0.66	\$ 1.28	\$ 1.17
Diluted		0.73	0.66	1.28	1.17
<b>Weighted average number of shares outstanding (in millions)</b>		<b>230.9</b>	236.7	<b>230.9</b>	237.9
<b>Weighted average number of diluted shares (in millions)</b>		<b>236.2</b>	236.8	<b>231.3</b>	238.0

See accompanying notes to condensed consolidated financial statements.

# QUEBECOR INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)  
(unaudited)

	Note	Three months ended June 30		Six months ended June 30	
		2023	2022	2023	2022
<b>Net income</b>		\$ 171.3	\$ 156.3	\$ 284.8	\$ 273.4
Other comprehensive income:	13				
Items that may be reclassified to income:					
Cash flow hedges:					
Gain (loss) on valuation of derivative financial instruments		23.5	4.4	27.5	(14.0)
Deferred income taxes		(4.9)	(1.9)	(5.1)	2.0
Loss on translation of investments in foreign associates		(9.3)	(0.7)	(9.7)	(5.0)
Items that will not be reclassified to income:					
Defined benefit plans:					
Re-measurement gain		-	109.2	-	217.2
Deferred income taxes		-	(29.2)	-	(57.8)
Equity investment:					
(Loss) gain on revaluation of an equity investment		(5.4)	(1.1)	1.4	(1.3)
Deferred income taxes		0.7	0.2	(0.1)	0.2
		<u>4.6</u>	<u>80.9</u>	<u>14.0</u>	<u>141.3</u>
<b>Comprehensive income</b>		<u>\$ 175.9</u>	<u>\$ 237.2</u>	<u>\$ 298.8</u>	<u>\$ 414.7</u>
<b>Comprehensive income attributable to</b>					
Shareholders		\$ 178.7	\$ 235.0	\$ 309.0	\$ 413.4
Non-controlling interests		<u>(2.8)</u>	<u>2.2</u>	<u>(10.2)</u>	<u>1.3</u>

See accompanying notes to condensed consolidated financial statements.

## QUEBECOR INC. SEGMENTED INFORMATION

(in millions of Canadian dollars)  
(unaudited)

Three months ended June 30, 2023

	Telecommuni- cations	Media	Sports and Enter- tainment	Head office and Inter- segments	Total
Revenues	\$ 1,201.2	\$ 180.3	\$ 48.8	\$ (31.8)	\$ 1,398.5
Employee costs	125.6	54.2	11.8	6.9	198.5
Purchase of goods and services	468.0	126.6	34.0	(33.8)	594.8
Adjusted EBITDA <sup>1</sup>	607.6	(0.5)	3.0	(4.9)	605.2
Depreciation and amortization					250.6
Financial expenses					113.7
Gain on valuation and translation of financial instruments					(1.6)
Restructuring, acquisition costs and other					13.3
<b>Income before income taxes</b>					<b>\$ 229.2</b>
<b>Cash flows used for</b>					
Additions to property, plant and equipment <sup>2</sup>	\$ 97.5	\$ 0.8	\$ 0.2	\$ -	\$ 98.5
Additions to intangible assets	35.9	-	1.5	0.1	37.5

Three months ended June 30, 2022

	Telecommuni- cations	Media	Sports and Enter- tainment	Head office and Inter- segments	Total
Revenues	\$ 912.6	\$ 188.1	\$ 45.0	\$ (30.5)	\$ 1,115.2
Employee costs	101.2	58.9	10.9	6.2	177.2
Purchase of goods and services	323.9	125.1	29.4	(31.8)	446.6
Adjusted EBITDA <sup>1</sup>	487.5	4.1	4.7	(4.9)	491.4
Depreciation and amortization					191.6
Financial expenses					82.0
Loss on valuation and translation of financial instruments					2.1
Restructuring, acquisition costs and other					3.5
<b>Income before income taxes</b>					<b>\$ 212.2</b>
<b>Cash flows used for</b>					
Additions to property, plant and equipment <sup>2</sup>	\$ 96.4	\$ 7.3	\$ 0.2	\$ 0.3	\$ 104.2
Additions to intangible assets	18.8	4.1	0.6	0.3	23.8

**QUEBECOR INC.**  
**SEGMENTED INFORMATION (continued)**

(in millions of Canadian dollars)  
(unaudited)

Six months ended June 30, 2023

	Telecommuni- cations	Media	Sports and Enter- tainment	Head office and Inter- segments	Total
Revenues	\$ 2,126.2	\$ 351.1	\$ 97.3	\$ (60.5)	\$ 2,514.1
Employee costs	223.5	110.8	23.4	17.3	375.0
Purchase of goods and services	820.9	267.2	67.5	(64.5)	1,091.1
Adjusted EBITDA <sup>1</sup>	1,081.8	(26.9)	6.4	(13.3)	1,048.0
Depreciation and amortization					439.1
Financial expenses					191.6
Loss on valuation and translation of financial instruments					9.7
Restructuring, acquisition costs and other					18.9
<b>Income before income taxes</b>					<b>\$ 388.7</b>
<b>Cash flows used for</b>					
Additions to property, plant and equipment <sup>2</sup>	\$ 184.9	\$ 2.8	\$ 0.3	\$ -	\$ 188.0
Additions to intangible assets	80.0	0.5	2.3	0.3	83.1

Six months ended June 30, 2022

	Telecommuni- cations	Media	Sports and Enter- tainment	Head office and Inter- segments	Total
Revenues	\$ 1,816.0	\$ 369.9	\$ 79.1	\$ (61.8)	\$ 2,203.2
Employee costs	202.5	118.8	21.0	14.0	356.3
Purchase of goods and services	666.0	258.9	53.5	(65.0)	913.4
Adjusted EBITDA <sup>1</sup>	947.5	(7.8)	4.6	(10.8)	933.5
Depreciation and amortization					386.3
Financial expenses					159.5
Loss on valuation and translation of financial instruments					9.4
Restructuring, acquisition costs and other					4.4
<b>Income before income taxes</b>					<b>\$ 373.9</b>
<b>Cash flows used for</b>					
Additions to property, plant and equipment <sup>2</sup>	\$ 185.6	\$ 12.9	\$ 0.3	\$ 0.7	\$ 199.5
Additions to intangible assets	44.8	6.9	1.3	0.6	53.6

<sup>1</sup> 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, (gain) loss on valuation and translation of financial instruments, restructuring, acquisition costs and other and income taxes.

<sup>2</sup> Subsidies of \$13.9 million and \$33.9 million in the respective three-month and six-month periods ended June 30, 2023 (\$46.1 million and \$77.8 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.

See accompanying notes to condensed consolidated financial statements.

**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 (note 11)	Contributed surplus	Retained earnings	Accumulated other comprehensive (loss) income (note 13)		
<b>Balance as of December 31, 2021</b>	\$ 965.2	\$ 17.4	\$ 292.3	\$ (19.3)	\$ 123.2	\$ 1,378.8
Net income (loss)	-	-	278.8	-	(5.4)	273.4
Other comprehensive income	-	-	-	134.6	6.7	141.3
Dividends	-	-	(142.7)	-	(0.2)	(142.9)
Repurchase of Class B Shares	(24.8)	-	(98.3)	-	-	(123.1)
<b>Balance as of June 30, 2022</b>	940.4	17.4	330.1	115.3	124.3	1,527.5
Net income	-	-	320.9	-	2.4	323.3
Other comprehensive (loss) income	-	-	-	(113.5)	0.6	(112.9)
Dividends	-	-	(139.4)	-	(1.1)	(140.5)
Repurchase of Class B Shares	(24.2)	-	(89.7)	-	-	(113.9)
<b>Balance as of December 31, 2022</b>	916.2	17.4	421.9	1.8	126.2	1,483.5
Net income (loss)	-	-	295.0	-	(10.2)	284.8
Other comprehensive income	-	-	-	14.0	-	14.0
Dividends	-	-	(138.6)	-	(0.2)	(138.8)
<b>Balance as of June 30, 2023</b>	\$ 916.2	\$ 17.4	\$ 578.3	\$ 15.8	\$ 115.8	\$ 1,643.5

See accompanying notes to condensed consolidated financial statements.

# QUEBECOR INC.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)  
(unaudited)

		Three months ended June 30		Six months ended June 30	
	Note	2023	2022	2023	2022
<b>Cash flows related to operating activities</b>					
Net income		\$ 171.3	\$ 156.3	\$ 284.8	\$ 273.4
Adjustments for:					
Depreciation of property, plant and equipment		156.2	138.3	290.1	277.6
Amortization of intangible assets		64.5	42.9	107.9	87.9
Depreciation of right-of-use assets		29.9	10.4	41.1	20.8
(Gain) loss on valuation and translation of financial instruments	5	(1.6)	2.1	9.7	9.4
(Gain) loss on disposal of other assets		(0.2)	0.6	(0.2)	0.6
Amortization of financing costs	4	2.2	1.7	3.9	3.5
Deferred income taxes		0.3	(14.1)	(21.2)	(43.9)
Other		1.2	(2.9)	0.3	(2.8)
		<u>423.8</u>	<u>335.3</u>	<u>716.4</u>	<u>626.5</u>
Net change in non-cash balances related to operating activities		(65.4)	(93.6)	(86.1)	(157.1)
Cash flows provided by operating activities		<u>358.4</u>	<u>241.7</u>	<u>630.3</u>	<u>469.4</u>
<b>Cash flows related to investing activities</b>					
Additions to property, plant and equipment		(98.5)	(104.2)	(188.0)	(199.5)
Deferred subsidies used to finance additions to property, plant and equipment		(13.9)	(46.1)	(33.9)	(77.8)
		<u>(112.4)</u>	<u>(150.3)</u>	<u>(221.9)</u>	<u>(277.3)</u>
Additions to intangible assets		(37.5)	(23.8)	(83.1)	(53.6)
Business acquisition	7	(2,067.8)	(3.8)	(2,067.8)	(3.8)
Proceeds from disposals of assets		0.5	4.1	0.8	5.5
Acquisitions of investments and other		(3.3)	(2.3)	(3.9)	(6.4)
Cash flows used in investing activities		<u>(2,220.5)</u>	<u>(176.1)</u>	<u>(2,375.9)</u>	<u>(335.6)</u>
<b>Cash flows related to financing activities</b>					
Net change in bank indebtedness		(24.2)	(3.6)	-	21.6
Net change under revolving facilities, net of financing costs		(38.3)	126.2	642.2	0.1
Issuance of long-term debt, net of financing costs	8	2,092.5	-	2,092.5	-
Repayment of long-term debt	8	-	(0.3)	(1,138.1)	(0.7)
Repayment of lease liabilities		(22.2)	(11.1)	(33.1)	(21.4)
Settlement of hedging contracts	8	-	(0.8)	307.2	(0.8)
Repurchase of Class B Shares	11	-	(97.1)	-	(123.1)
Dividends		(138.6)	(142.7)	(138.6)	(142.7)
Dividends paid to non-controlling interests		(0.1)	(0.1)	(0.2)	(0.2)
Cash flows provided by (used in) financing activities		<u>1,869.1</u>	<u>(129.5)</u>	<u>1,731.9</u>	<u>(267.2)</u>
Net change in cash, cash equivalents and restricted cash		7.0	(63.9)	(13.7)	(133.4)
Cash, cash equivalents and restricted cash at beginning of period		25.2	157.6	45.9	227.1
<b>Cash, cash equivalents and restricted cash at end of period</b>		<u>\$ 32.2</u>	<u>\$ 93.7</u>	<u>\$ 32.2</u>	<u>\$ 93.7</u>
<b>Cash, cash equivalents and restricted cash consist of</b>					
Cash		\$ 26.6	\$ 9.1	\$ 26.6	\$ 9.1
Cash equivalents		0.2	-	0.2	-
Restricted cash		5.4	84.6	5.4	84.6
		<u>\$ 32.2</u>	<u>\$ 93.7</u>	<u>\$ 32.2</u>	<u>\$ 93.7</u>
<b>Interest and taxes reflected as operating activities</b>					
Cash interest payments		\$ 140.1	\$ 128.4	\$ 177.6	\$ 154.5
Cash income tax payments (net of refunds)		76.8	59.6	183.3	158.5

See accompanying notes to condensed consolidated financial statements.

# QUEBECOR INC.

## CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)  
(unaudited)

	Note	June 30 2023	December 31 2022
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		\$ 26.8	\$ 6.6
Restricted cash		5.4	39.3
Accounts receivable		1,028.1	840.7
Contract assets		82.4	50.2
Income taxes		45.7	10.8
Inventories		426.9	406.2
Derivative financial instruments		124.4	320.8
Other current assets		210.9	135.5
		<u>1,950.6</u>	<u>1,810.1</u>
<b>Non-current assets</b>			
Property, plant and equipment		3,514.2	2,897.6
Intangible assets		3,395.7	2,275.0
Right-of-use assets		361.6	155.4
Goodwill		2,726.0	2,726.0
Derivative financial instruments		55.9	199.5
Deferred income taxes		23.4	22.0
Other assets		607.9	539.7
		<u>10,684.7</u>	<u>8,815.2</u>
<b>Total assets</b>		<b>\$ 12,635.3</b>	<b>\$ 10,625.3</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Bank indebtedness		\$ 10.1	\$ 10.1
Accounts payable, accrued charges and provisions		927.2	950.3
Deferred revenue		361.8	305.8
Deferred subsidies		5.4	39.3
Income taxes		26.2	31.2
Convertible debentures		150.0	-
Current portion of long-term debt	8	794.5	1,161.1
Current portion of lease liabilities		106.5	37.0
		<u>2,381.7</u>	<u>2,534.8</u>
<b>Non-current liabilities</b>			
Long-term debt	8	7,168.0	5,317.7
Derivative financial instruments		56.3	-
Convertible debentures		-	150.0
Lease liabilities		293.8	149.2
Deferred income taxes		785.3	780.3
Other liabilities		306.7	209.8
		<u>8,610.1</u>	<u>6,607.0</u>
<b>Equity</b>			
Capital stock	11	916.2	916.2
Contributed surplus		17.4	17.4
Retained earnings		578.3	421.9
Accumulated other comprehensive income	13	15.8	1.8
<b>Equity attributable to shareholders</b>		<u>1,527.7</u>	<u>1,357.3</u>
Non-controlling interests		115.8	126.2
		<u>1,643.5</u>	<u>1,483.5</u>
<b>Total liabilities and equity</b>		<b>\$ 12,635.3</b>	<b>\$ 10,625.3</b>

See accompanying notes to condensed consolidated financial statements.



# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three-month and six-month periods ended June 30, 2023 and 2022  
(tabular amounts in millions of Canadian dollars, except for per share data and option data)  
(unaudited)

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Quebecor Inc. (“Quebecor” or the “Corporation”) is incorporated under the laws of Québec. The Corporation’s head office and registered office is located at 612 rue Saint-Jacques, Montréal, Québec, Canada. Quebecor is a holding corporation with a 100% interest in Quebecor Media Inc. (“Quebecor Media”). Unless the context otherwise requires, Quebecor or the Corporation refers to Quebecor Inc. and its subsidiaries, and Quebecor Media refers to Quebecor Media Inc. and its subsidiaries.

The Corporation operates, through its subsidiaries, in the following industry segments: Telecommunications, Media, and Sports and Entertainment. The Telecommunications segment offers Internet access, television distribution, mobile and wireline telephony, business solutions and over-the-top video services in Canada. The operations of the Media segment in Québec include the operation of an over-the-air television network and specialty television services, the operation of soundstage and equipment rental and postproduction services for the film and television industries, the printing, publishing and distribution of daily newspapers, the operation of news and entertainment digital platforms, the publishing and distribution of magazines, the production and distribution of audiovisual content, and the operation of an out-of-home advertising business. The activities of the Sports and Entertainment segment in Québec encompass the operation and management of the Videotron Centre in Québec City, show production, sporting and cultural event management, the publishing and distribution of books, the production of music, and the operation of two Quebec Major Junior Hockey League teams.

The Media segment experiences significant seasonality due, among other factors, to seasonal advertising patterns and influences on people’s viewing, reading and listening habits. Given that the Media segment depends on advertising sales for a significant portion of its revenue, operating results are also sensitive to prevailing economic conditions, as they may affect the advertising expenditures of corporations. Accordingly, the interim-period results of operations for the Media segment should not necessarily be considered indicative of its full-year results due to the seasonality of certain of its operations.

### 1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and, accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation’s 2022 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these condensed consolidated financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor on August 9, 2023.

Comparative figures for previous periods have been restated to conform to the presentation adopted for the three-month and six-month periods ended June 30, 2023.

# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2023 and 2022  
(tabular amounts in millions of Canadian dollars, except for per share data and option data)  
(unaudited)

### 2. REVENUES

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Telecommunications:				
Mobile telephony	\$ 401.6	\$ 191.8	\$ 602.7	\$ 379.1
Internet	321.9	304.9	636.6	603.5
Television	203.2	200.4	402.6	397.7
Wireline telephony	71.0	73.7	142.3	148.9
Mobile equipment sales	139.1	73.0	214.2	136.8
Wireline equipment sales	18.0	20.5	33.9	52.8
Other	46.4	48.3	93.9	97.2
Media:				
Advertising	84.4	89.1	165.7	168.3
Subscription	46.6	49.3	93.0	97.6
Other	49.3	49.7	92.4	104.0
Sports and Entertainment	48.8	45.0	97.3	79.1
Inter-segments	(31.8)	(30.5)	(60.5)	(61.8)
	\$ 1,398.5	\$ 1,115.2	\$ 2,514.1	\$ 2,203.2

### 3. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Employee costs	\$ 245.3	\$ 212.2	\$ 459.9	\$ 430.8
Less employee costs capitalized to property, plant and equipment and to intangible assets	(46.8)	(35.0)	(84.9)	(74.5)
	198.5	177.2	375.0	356.3
Purchase of goods and services:				
Royalties, rights and creation costs	194.8	183.0	408.3	384.5
Cost of products sold	191.1	111.9	303.3	218.9
Service contracts	36.9	33.3	69.1	73.4
Marketing, circulation and distribution expenses	21.9	19.4	45.7	39.3
Other	150.1	99.0	264.7	197.3
	594.8	446.6	1,091.1	913.4
	\$ 793.3	\$ 623.8	\$ 1,466.1	\$ 1,269.7

# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2023 and 2022  
(tabular amounts in millions of Canadian dollars, except for per share data and option data)  
(unaudited)

### 4. FINANCIAL EXPENSES

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Interest on long-term debt and on debentures	\$ 106.0	\$ 74.9	\$ 178.6	\$ 149.7
Amortization of financing costs	2.2	1.7	3.9	3.5
Interest on lease liabilities	5.8	2.1	7.9	4.1
Interest on net defined benefit liability	0.2	1.3	0.5	2.5
(Gain) loss on foreign currency translation on short-term monetary items	(0.6)	1.8	–	0.7
Other	0.1	0.2	0.7	(1.0)
	\$ 113.7	\$ 82.0	\$ 191.6	\$ 159.5

### 5. (GAIN) LOSS ON VALUATION AND TRANSLATION OF FINANCIAL INSTRUMENTS

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

### 6. RESTRUCTURING, ACQUISITION COSTS AND OTHER

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Restructuring	\$ 1.1	\$ 1.2	\$ 6.0	\$ 1.9
Acquisition costs <sup>1</sup>	12.6	1.9	14.1	2.3
Other	(0.4)	0.4	(1.2)	0.2
	\$ 13.3	\$ 3.5	\$ 18.9	\$ 4.4

<sup>1</sup> Includes acquisition costs mainly related to the Freedom acquisition (note 7).

# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2023 and 2022  
(tabular amounts in millions of Canadian dollars, except for per share data and option data)  
(unaudited)

### 7. BUSINESS ACQUISITION

On April 3, 2023, Videotron Ltd. ("Videotron") acquired all the issued shares of Freedom Mobile Inc. ("Freedom") from Shaw Communications Inc. ("Shaw") for a cash consideration of \$2.07 billion, net of cash acquired of \$103.2 million. As part of this transaction, Videotron assumed certain debts, mainly lease obligations. The consideration paid is still subject to certain post-closing adjustments. This acquisition immediately preceded the acquisition of Shaw by Rogers Communications Inc. ("Rogers"). All required regulatory approvals were obtained prior to both transactions. The acquisition of Freedom includes the Freedom Mobile brand's entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets. It also includes a long-term undertaking by Shaw and Rogers to provide Videotron with transport services (including backhaul and backbone), roaming services and wholesale internet services. Videotron has also made certain commercial commitments to the Minister of Innovation, Science and Industry. These transactions will support the expansion of the Corporation's telecommunications services in Ontario and Western Canada.

As of June 30, 2023, the purchase price allocation of the Freedom acquisition is still preliminary. Management expects to finalize its fair value assessment of all the assets acquired and liabilities assumed over the coming months. The table below presents the preliminary fair value of the net assets acquired as of the acquisition date:

<b>Assets</b>	
Accounts receivable	\$ 227.3
Other current assets <sup>1</sup>	181.3
Property, plant and equipment <sup>2</sup>	729.0
Intangible assets <sup>3</sup>	1,159.4
Right-of-use of assets	226.2
Other assets	65.8
	<hr/>
	2,589.0
<b>Liabilities</b>	
Accounts payable, accrued charges and provisions	(127.2)
Other current liabilities	(64.2)
Lease liabilities	(226.2)
Deferred income taxes	(19.5)
Other liabilities	(84.1)
	<hr/>
	(521.2)
<b>Net assets acquired</b>	<hr/> <b>\$ 2,067.8</b> <hr/>
Cash consideration paid	\$ 2,171.0
Cash acquired	(103.2)
	<hr/>
	<b>\$ 2,067.8</b> <hr/>

<sup>1</sup> Includes mainly inventories and contract assets.

<sup>2</sup> Includes mainly the wireless network.

<sup>3</sup> Includes mainly spectrum licences, software, customer relationships, the Freedom brand and others.

The Freedom acquisition contributed revenues of \$255.5 million and net income of \$37.3 million from April 3, 2023 to June 30, 2023, excluding financial expenses incurred on the term credit facility entered into in April 2023 to finance the acquisition (note 8).

# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2023 and 2022  
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### 8. LONG-TERM DEBT

Components of long-term debt are as follows:

	June 30, 2023	December 31, 2022
Total long-term debt	\$ 8,005.4	\$ 6,517.7
Change in fair value related to hedged interest rate risk	(4.7)	(5.6)
Financing costs, net of amortization	(38.2)	(33.3)
	7,962.5	6,478.8
Less current portion	(794.5)	(1,161.1)
	\$ 7,168.0	\$ 5,317.7

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

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 the Videotron secured revolving credit facility were used to finance this redemption.

On April 3, 2023, Videotron entered into a new \$2.10 billion secured term credit facility with a syndicate of financial institutions, consisting of three tranches of equal size maturing in October 2024, April 2026 and April 2027, respectively. The term credit facility bears 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 then applicable leverage ratio. The swap became effective on May 4, 2023 and matures on April 3, 2027.

On June 28, 2023, TVA Group Inc. ("TVA Group") entered into a new \$20.0 million secured revolving credit facility repayable on demand. On the same date, TVA Group terminated its secured revolving credit facility in the amount of \$75.0 million.

In July 2023, Videotron contracted new unsecured on-demand credit facilities under which letters of credit were issued and submitted to Innovation, Science and Economic Development Canada ("ISED Canada") as a pre-auction deposit, in respect to its application to participate to the 3800 MHz spectrum auction. In accordance with the rules of confidentially established by ISED Canada respecting restrictions on communications during the auction process, it is strictly forbidden for the Corporation to disclose the amount of these letters of credit. Videotron may withdraw the letters of credit at any time prior to the opening of the auction.

As of June 30, 2023, the carrying value of long-term debt denominated in U.S. dollars, excluding financing costs, was \$4,950.4 million (\$3,450.6 million as of December 31, 2022) while the fair value of related hedging derivative instruments was in a net asset position of \$104.2 million (\$516.9 million as of December 31, 2022).

### 9. CONVERTIBLE DEBENTURES

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

# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2023 and 2022  
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### 10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

Basic earnings per share are calculated by dividing net income attributable to shareholders by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by taking into account the potentially dilutive effect of stock options of the Corporation on the number of shares outstanding, the potentially dilutive effect of stock options of the Corporation's subsidiaries on net income attributable to shareholders, and the potentially dilutive effect of conversion of convertible debentures issued by the Corporation on net income attributable to shareholders and on the number of shares outstanding.

The following table sets forth the computation of basic and diluted earnings per share attributable to shareholders:

	Three months ended June 30		Six months ended June 30	
	2023	2022	2023	2022
Net income attributable to shareholders	\$ 174.1	\$ 157.4	\$ 295.0	\$ 278.8
Impact of assumed conversion of convertible debentures of the Corporation and of stock options of subsidiaries	(0.8)	—	—	—
<b>Net income attributable to shareholders, adjusted for dilution effect</b>	<b>\$ 173.3</b>	<b>\$ 157.4</b>	<b>\$ 295.0</b>	<b>\$ 278.8</b>
Weighted average number of shares outstanding (in millions)	230.9	236.7	230.9	237.9
Potentially dilutive effect of convertible debentures of the Corporation and of stock options of the Corporation (in millions)	5.3	0.1	0.4	0.1
<b>Weighted average number of diluted shares outstanding (in millions)</b>	<b>236.2</b>	<b>236.8</b>	<b>231.3</b>	<b>238.0</b>

For the three-month period ended June 30, 2022 and for the six-month periods ended June 30, 2023 and 2022, the diluted earnings per share calculation does not take into consideration the potential dilutive effect of convertible debentures of the Corporation since their impact is anti-dilutive.

# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2023 and 2022  
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### 11. CAPITAL STOCK

#### (a) Authorized capital stock

An unlimited number of Class A Multiple Voting Shares ("Class A Shares") with voting rights of 10 votes per share convertible at any time into Class B Shares on a one-for-one basis.

An unlimited number of Class B Shares convertible into Class A Shares on a one-for-one basis, only if a takeover bid for Class A Shares is made to holders of Class A Shares without being made concurrently and under the same terms to holders of Class B Shares, for the sole purpose of allowing the holders of Class B Shares to accept the offer and subject to certain other stated conditions provided in the articles, including the acceptance of the offer by the majority holder.

Holders of Class B Shares are entitled to elect 25% of the Board of Directors of Quebecor. Holders of Class A Shares may elect the other members of the Board of Directors.

#### (b) Issued and outstanding capital stock

	Class A Shares		Class B Shares	
	Number	Amount	Number	Amount
Balance as of December 31, 2022	76,984,034	\$ 8.6	153,952,056	\$ 907.6
Class A Shares converted into Class B Shares	(13,146)	—	13,146	—
<b>Balance as of June 30, 2023</b>	<b>76,970,888</b>	<b>\$ 8.6</b>	<b>153,965,202</b>	<b>\$ 907.6</b>

#### Repurchase of shares

On August 3, 2022, the Board of Directors of the Corporation filed a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 6,000,000 Class B Shares representing approximately 3.8% of issued and outstanding Class B Shares as of July 29, 2022. The purchases can be made from August 15, 2022 to August 14, 2023, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems in Canada. All shares purchased under the bid will be cancelled.

On August 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. All shares purchased under the bid will be cancelled.

During the six-month period ended June 30, 2022, the Corporation purchased and cancelled 4,202,951 Class B Shares for a total cash consideration of \$123.1 million. The excess of \$98.3 million of the purchase price over the carrying value of Class B Shares repurchased was recorded as a reduction of retained earnings in 2022.

#### Dividends

On August 9, 2023, the Board of Directors of the Corporation declared a dividend of \$0.30 per share on Class A Shares and Class B Shares, or approximately \$69.3 million, payable on September 19, 2023, to shareholders of record at the close of business on August 25, 2023.

# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2023 and 2022  
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### 12. STOCK-BASED COMPENSATION PLANS

#### Stock option plans

The following table provides details of changes to outstanding options in the principal stock-based compensation plans in which management of the Corporation and its subsidiaries participate, for the six-month period ended June 30, 2023:

	Outstanding options	
	Number	Weighted average exercise price
<b>Quebecor</b>		
As of December 31, 2022	3,693,733	\$ 29.54
Granted	3,590,000	33.28
Exercised	(53,648)	28.09
Cancelled	(170,105)	30.97
<b>As of June 30, 2023</b>	<b>7,059,980</b>	<b>\$ 31.42</b>
<b>Vested options as of June 30, 2023</b>	<b>768,296</b>	<b>\$ 29.40</b>
<b>TVA Group</b>		
As of December 31, 2022	519,503	\$ 2.29
Granted	125,000	2.03
Cancelled	(140,729)	1.83
<b>As of June 30, 2023</b>	<b>503,774</b>	<b>\$ 2.35</b>
<b>Vested options as of June 30, 2023</b>	<b>120,332</b>	<b>\$ 3.09</b>

#### Stock-based compensation expense

For the three-month period ended June 30, 2023, a \$1.3 million charge was recorded related to all stock-based compensation plans (a \$0.1 million reversal of the charge in 2022). For the six-month period ended June 30, 2023, a \$7.1 million charge was recorded related to all stock-based compensation plans (\$2.1 million in 2022).



# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

For the three-month and six-month periods ended June 30, 2023 and 2022  
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### 13. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO SHAREHOLDERS

	Cash flow hedges <sup>1</sup>	Translation of investments in foreign associates	Defined benefit plans	Equity investment	Total
Balance as of December 31, 2021	\$ 32.7	\$ (17.6)	\$ (36.0)	\$ 1.6	\$ (19.3)
Other comprehensive (loss) income	(12.0)	(5.0)	152.7	(1.1)	134.6
Balance as of June 30, 2022	20.7	(22.6)	116.7	0.5	115.3
Other comprehensive loss	(47.1)	(0.8)	(56.1)	(9.5)	(113.5)
Balance as of December 31, 2022	(26.4)	(23.4)	60.6	(9.0)	1.8
Other comprehensive income (loss)	22.4	(9.7)	–	1.3	14.0
<b>Balance as of June 30, 2023</b>	<b>\$ (4.0)</b>	<b>\$ (33.1)</b>	<b>\$ 60.6</b>	<b>\$ (7.7)</b>	<b>\$ 15.8</b>

<sup>1</sup> No significant amount is expected to be reclassified in income over the next 12 months in connection with derivatives designated as cash flow hedges. The balance is expected to reverse over a 6-year period.

### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

In accordance with IFRS 13, *Fair Value Measurement*, the Corporation considers the following fair value hierarchy, which reflects the significance of the inputs used in measuring its financial instruments:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs that are not based on observable market data (unobservable inputs).

The fair value of long-term debt and convertible debentures is estimated based on quoted market prices when available or on valuation models using Level 1 and Level 2 inputs. 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 (Level 2 inputs). 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 (Level 3 inputs), to the net exposure of the counterparty or the Corporation. Derivative financial instruments are classified as Level 2.

The fair value of embedded derivatives related to convertible debentures is determined by option-pricing models using Level 2 market inputs, including volatility, discount factors, and the underlying instrument's implicit interest rate and credit premium.

# QUEBECOR INC.

## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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### 14. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of June 30, 2023 and December 31, 2022 are as follows:

Asset (liability)	June 30, 2023		December 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt <sup>1</sup>	\$ (8,005.4)	\$ (7,504.5)	\$ (6,517.7)	\$ (5,959.6)
Convertible debentures <sup>2</sup>	(168.8)	(168.8)	(158.7)	(158.7)
<b>Derivative financial instruments</b>				
Foreign exchange forward contracts	(1.6)	(1.6)	3.4	3.4
Interest rate swaps	21.4	21.4	–	–
Cross-currency swaps	104.2	104.2	516.9	516.9

<sup>1</sup> 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.

<sup>2</sup> 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.