MANAGEMENT DISCUSSION AND ANALYSIS
2024

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CORPORATE PROFILE

Quebecor Inc. is one of Canada's largest telecommunications and media groups. It operates in the following business segments: Telecommunications, Media, and Sports and Entertainment. Unless the context otherwise requires, in this Management Discussion and Analysis, "Quebecor" and "the Corporation" refer to Quebecor Inc. and its subsidiaries.

A Canadian leader in telecommunications and media, Quebecor is expanding its geographic footprint in the Canadian telecom market through a strategy focused on increasing competition in mobile telephony, and is pursuing a convergence strategy to leverage the value of its content for the benefit of its various properties and multiple distribution platforms.

The Corporation is engaged in the following lines of business: mobile and wireline telecommunications; Internet access; television; over-the-top ("OTT") video; business telecommunications solutions; broadcasting; soundstage and equipment rental; audiovisual content production and distribution; newspaper publishing and distribution; digital news and entertainment platforms; book and magazine publishing and distribution; music production; out-of-home advertising; operation and management of a world-class arena and entertainment venues; ownership and management of a Quebec Maritimes Junior Hockey League ("QMJHL") team; concert production, and management and promotion of sporting and cultural events. Through its Videotron Ltd. ("Videotron") subsidiary, Quebecor is a leading mobile and wireline communications provider. Through its Media segment and its Sports and Entertainment segment, Quebecor also holds leading positions in the creation, promotion and distribution of entertainment and news, and related digital services, that are designed to appeal to audiences in every demographic category.

All amounts are stated in Canadian dollars ("CAN dollars") unless otherwise indicated.

The Corporation's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").

Videotron acquired Freedom Mobile Inc. ("Freedom") from Shaw Communications Inc. on April 3, 2023. Videotron paid $2.07 billion in cash and assumed certain liabilities, mainly lease obligations. The acquisition included the Freedom brand's entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets.

The Corporation uses financial measures not standardized under IFRS, such as adjusted EBITDA, adjusted income from operating activities, adjusted cash flows from operations, free cash flows from operating activities and consolidated net debt leverage ratio. It also uses key performance indicators, such as revenue-generating unit ("RGU") and average monthly mobile revenue per unit ("mobile ARPU"). The Corporation discontinued the use of total ARPU as of the first quarter of 2024. With the evolution of the product mix as a result of the Corporation's geographic diversification, total ARPU is no longer meaningful. Definitions of the non-IFRS measures and key performance indicators used by the Corporation are provided in the "Non-IFRS financial measures" and "Key performance indicators" sections below.

HIGHLIGHTS

2024 financial year

Revenues: $5.64 billion, a $204.1 million (3.8%) increase due mainly to the contribution of Freedom.

Adjusted EBITDA:[1] $2.37 billion, a $129.7 million (5.8%) increase, mainly due to the contribution of Freedom and also to the Media segment.

Net income attributable to shareholders: $747.5 million ($3.23 per basic share), an increase of $97.0 million ($0.41 per basic share) or 14.9%.

Adjusted income from operating activities:[1] $747.0 million ($3.23 per basic share), an increase of $58.9 million ($0.25 per basic share) or 8.6%.

Adjusted cash flows from operations:[1] $1.75 billion, a $70.9 million (4.2%) increase, including the contribution of the Freedom acquisition.

Cash flows provided by operating activities: $1.72 billion, a $256.8 million (17.6%) increase.

Fourth quarter 2024

Revenues: $1.50 billion, a $5.8 million (-0.4%) decrease.

Adjusted EBITDA: $589.0 million, a $23.6 million (4.2%) increase due in part to a decrease in the stock-based compensation charge.

Net income attributable to shareholders: $177.7 million ($0.76 per basic share), an increase of $31.5 million ($0.13 per basic share) or 21.5%.

Adjusted income from operating activities: $186.6 million ($0.80 per basic share), an increase of $19.1 million ($0.07 per basic share) or 11.4%.

Adjusted cash flows from operations: $446.3 million, a $50.6 million (12.8%) increase.

Cash flows provided by operating activities: $392.4 million, a $56.7 million (16.9%) 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)

	Years ended December 31			Three months ended December 31	
	2024	2023	2022	**2024**	2023
Income					
Revenues:					
Telecommunications	**$ 4,835.1**	$ 4,654.0	$ 3,718.2	**$ 1,265.5**	$ 1,297.7
Media	**703.0**	721.9	755.4	**194.7**	204.8
Sports and Entertainment	**225.3**	213.4	190.6	**69.2**	56.4
Inter-segments	**(125.0)**	(155.0)	(132.3)	**(30.4)**	(54.1)
	5,638.4	5,434.3	4,531.9	**1,499.0**	1,504.8
Adjusted EBITDA (negative adjusted EBITDA):					
Telecommunications	**2,335.4**	2,230.3	1,912.9	**565.9**	559.0
Media	**31.9**	7.7	25.0	**15.0**	13.6
Sports and Entertainment	**27.4**	23.0	19.4	**10.8**	2.2
Head Office	**(27.2)**	(23.2)	(22.8)	**(2.7)**	(9.4)
	2,367.5	2,237.8	1,934.5	**589.0**	565.4
Depreciation and amortization	**(943.3)**	(909.0)	(767.7)	**(236.6)**	(231.1)
Financial expenses	**(414.1)**	(408.4)	(323.0)	**(96.5)**	(107.0)
Gain (loss) on valuation and translation of financial instruments	**15.5**	(5.0)	(19.2)	**–**	(8.7)
Restructuring, impairment of assets and other	**(27.4)**	(52.4)	(14.5)	**(13.1)**	(23.5)
Income taxes	**(256.7)**	(227.9)	(213.4)	**(65.4)**	(53.9)
Net income	**$ 741.5**	$ 635.1	$ 596.7	**$ 177.4**	$ 141.2
Net income attributable to shareholders	**$ 747.5**	$ 650.5	$ 599.7	**$ 177.7**	$ 146.2
Adjusted income from operating activities	**747.0**	688.1	624.8	**186.6**	167.5
Per basic share:					
Net income attributable to shareholders	**3.23**	2.82	2.55	**0.76**	0.63
Adjusted income from operating activities	**3.23**	2.98	2.66	**0.80**	0.73

Table 1 (continued)	Years ended December 31			Three months ended December 31	
	2024	2023	2022	**2024**	2023
Capital expenditures:					
Telecommunications	**$ 579.1**	$ 536.7	$ 457.1	**$ 135.3**	$ 160.4
Media	**30.7**	12.9	32.0	**5.3**	6.2
Sports and Entertainment	**6.8**	7.7	3.9	**2.0**	2.9
Head Office	**0.6**	1.1	1.9	**0.1**	0.2
	617.2	558.4	494.9	**142.7**	169.7
Acquisitions of spectrum licences	**298.9**	9.9	–	**–**	–
Cash flows:					
Adjusted cash flows from operations:					
Telecommunications	**1,756.3**	1,693.6	1,455.8	**430.6**	398.6
Media	**1.2**	(5.2)	(7.0)	**9.7**	7.4
Sports and Entertainment	**20.6**	15.3	15.5	**8.8**	(0.7)
Head Office	**(27.8)**	(24.3)	(24.7)	**(2.8)**	(9.6)
	1,750.3	1,679.4	1,439.6	**446.3**	395.7
Free cash flows from operating activities[1]	**1,120.3**	910.5	783.2	**302.9**	184.4
Cash flows provided by operating activities	**1,719.0**	1,462.2	1,262.7	**392.4**	335.7
Dividends declared	**301.7**	277.1	282.1	**75.7**	69.3
Dividends declared per basic share	**1.30**	1.20	1.20	**0.33**	0.30
Balance sheet:					
Cash and cash equivalents	**$ 61.8**	$ 11.1	$ 6.6		
Working capital	**(36.0)**	(1,125.6)	(724.7)		
Net assets related to derivative financial instruments	**141.2**	110.8	520.3		
Total assets	**12,998.7**	12,741.3	10,625.3		
Bank indebtedness	**6.7**	9.6	10.1		
Total long-term debt (including current portion)	**7,619.7**	7,668.2	6,517.7		
Lease liabilities (current and long term)	**409.7**	376.2	186.2		
Convertible debentures, including embedded derivatives	**–**	165.0	160.0		
Equity attributable to shareholders	**2,157.2**	1,726.9	1,357.3		
Equity	**2,264.7**	1,837.7	1,483.5		
Consolidated net debt leverage ratio[1]	**3.31x**	3.39x	3.20x		

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

Telecommunications

- In 2024, the Telecommunications segment increased its revenues by $181.1 million (3.9%) and its adjusted EBITDA by $105.1 million (4.7%), due primarily to the acquisition of Freedom in April 2023.
- In 2024, the Telecommunications segment increased its revenues from mobile services and equipment ($324.4 million or 15.9%) due to the impact of the Freedom acquisition and revenue growth at Videotron.
- There was a net increase of 251,300 RGUs[1] (3.3%) in 2024, including 373,300 connections (9.9%) to the mobile telephony service.
- On February 20, 2025, Videotron announced the expansion of its wireless service area in several sectors of the Municipalité régionale de comté ("MRC") de Témiscamingue. Residents and businesses in these sectors can now subscribe to Videotron wireless services. This followed the expansion of Videotron's service area in the MRC de la Haute-Côte-Nord and the MRC de Charlevoix-Est announced on December 12, 2024, and in the Gaspésie and Côte-Nord regions announced on September 26, 2024.
- On February 5, 2025, Fizz announced the launch of Fizz TV, an all-digital television service. Available to all Fizz Internet subscribers in Québec, Fizz TV is differentiated by a pick-and-pay model that lets users build their own low-cost TV plan.
- On January 28, 2025, Freedom announced a major upgrade to its services: State-of-the-art 5G+ technology was henceforth included in all monthly mobile plans, regardless of price. 5G+ access was also automatically added to the 5G plans of all existing customers with compatible phones, at no extra cost. This was a major step forward in improving the availability of high-speed mobile connectivity. Freedom also expanded international roaming options for its customers by extending the scope of Roam Beyond, a revolutionary plan that lets users enjoy the features of their mobile plan in over 100 global destinations.
- Videotron, Fizz and Freedom stood out in Léger's 2025 WOW Index, which was released on January 24, 2025. The survey once again ranked Videotron as the top telecom provider in Québec for in-store experience, while Fizz held its position as the Canadian leader in online experience for the sixth consecutive year. Freedom moved up to third place in online experience.
- The outstanding customer service provided by Videotron, Fizz and Freedom Mobile was reflected again in the annual report of the Commission for Complaints for Telecom-television Services ("CCTS"), released on January 15, 2025. While the volume of complaints logged by CCTS about the telecom industry as a whole rose sharply by 38%, complaints about Videotron decreased by 14%, the third consecutive annual decline. Fizz and Freedom saw variations of -2% and +5.7% respectively. In a survey conducted by Léger in August 2024, Quebecers again rated Videotron as the telecommunications company with the best customer service. Videotron was picked by almost twice as many respondents as its nearest rival, confirming its status as the leader in customer service.
- In 2024, Fizz and Freedom announced the expansion of their service areas in several regions of Canada through agreements reached under the Canadian Radio-television and Telecommunications Commission's ("CRTC") Mobile Virtual Network Operator ("MVNO") regime. On September 5, 2024, Fizz announced the expansion of its footprint with the addition of new service areas in British Columbia, Alberta, Manitoba, Ontario and Québec, bringing Fizz's 100% digital universe to an additional 2.2 million Canadians. Also, on November 18, 2024, Freedom announced that it had enhanced its wireless network in Ontario, Alberta and British Columbia by activating nearly 180 sites in the preceding months.
- On May 7, 2024, Freedom announced the phased roll-out of its affordable new wireline Internet and TV services, Freedom Home Internet and Freedom TV, becoming a true multi-service player and positioning itself to address a new customer segment seeking bundled offers.
- On April 10, 2024, Videotron announced that it would help improve wireless coverage in outlying regions of Québec by installing at least 37 new cell towers in Abitibi-Témiscamingue and the Laurentians in partnership with the Québec government.

Media

- The Media segment's revenues decreased by $18.9 million (-2.6%) and its adjusted EBITDA increased by $24.2 million in 2024.

[1] See "Key performance indicators."

- On October 2, 2024, Quebecor, through its Quebecor Out-of-Home division, acquired the Canada-wide out-of-home advertising business of Media Group Inc. ("NEO-OOH") and integrated it into Québecor Affichage Neo Inc. The Corporation will be able to offer its advertising partners more than 17,000 advertising faces across Canada, forming a unified out-of-home platform with new reach and power to complement Quebecor's comprehensive multiplatform advertising offering.

Sports and Entertainment

- The Sports and Entertainment segment grew its revenues by $11.9 million (5.6%) and its adjusted EBITDA by $4.4 million (19.1%) in 2024.
- On June 26, 2024, Event Management Gestev Inc. ("Gestev") acquired Evenma, a company that manages popular and corporate events including the renowned Festivent and Festibières festivals. This acquisition is an important step in Gestev's expansion, strengthening its leadership position in the events market.

Financing operations

- On February 26, 2025, the Board of Directors of Quebecor declared a quarterly dividend of $0.35 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Subordinate Voting Shares ("Class B Shares"), a 7.7% increase.
- On February 26, 2025, Videotron amended and restated its credit agreement to, among other things, amend its existing $500.0 million revolving credit facility by creating two tranches: (i) a first tranche in the amount of $250.0 million maturing in February 2030, and (ii) a second tranche in the amount of $250.0 million maturing in February 2026 and providing for a conversion option into a term facility maturing in February 2027.
- On January 29, 2025, Videotron adjusted the total amount of credit available under its revolving credit facility from $2.00 billion to $500.0 million.
- On November 8, 2024, Videotron issued US$700.0 million aggregate principal amount of 5.700% Senior Notes, or 5.10% taking into account cross-currency swaps, maturing on January 15, 2035. Videotron used the net proceeds, together with drawings on its revolving credit facility, to repay in full its $700.0 million Tranche A term loan maturing in October 2025 and its 5.750% Senior Notes maturing in 2026 in the amount of $375.0 million.
- On June 25, 2024, the Corporation redeemed all its outstanding 4.0% convertible debentures for a total aggregate principal amount of $150.0 million. Pursuant to the terms of the debentures, the Corporation elected to settle the redemption in shares and consequently issued and delivered 5,161,237 Class B Shares to the holders.
- On June 21, 2024, Videotron issued $600.0 million aggregate principal amount of Senior Notes bearing interest at 4.650% and maturing on July 15, 2029, and $400.0 million aggregate principal amount of Senior Notes bearing interest at 5.000% and maturing on July 15, 2034, for total net proceeds of $992.6 million, net of discount at issuance and financing costs of $7.4 million. The proceeds were used to repay US$600.0 million aggregate principal amount of Senior Notes on June 17, 2024 and to reduce drawings on its revolving bank credit facility.
- On June 17, 2024, Videotron redeemed at maturity its Senior Notes in aggregate principal amount of US$600.0 million, bearing interest at 5.375%, and unwound the related hedging contracts for a total cash consideration of $662.3 million.
- On June 13, 2024, Videotron amended its term credit facility by extending the maturity of the first tranche of $700.0 million from October 2024 to October 2025 and transitioning to the Canadian Overnight Repo Rate Average ("CORRA"). This tranche was repaid in November 2024.
- On June 13, 2024, following new credit ratings for Videotron in May 2024, all liens on Videotron's assets granted to the bank lenders were terminated and the related debt instruments (including derivatives) are now unsecured.
- On May 6, 2024, S&P Global Ratings upgraded Videotron's unsecured debt from BB+ to BBB- with a stable outlook. On May 30, 2024, Moody's Ratings upgraded Videotron's unsecured debt from Ba2 to Baa3 with a stable outlook.

TREND INFORMATION

Competition continues to intensify in the mobile and wireline telephony, Internet access, television and OTT markets. Due to ongoing technological developments, the distinction between those platforms is fading rapidly and the Corporation expects increasing competition from non-traditional businesses across its key business segments. There is also competition from wholesale Internet resellers, which purchase wholesale Internet access services from large companies in order to offer their own retail services. Thus, the subscriber growth recorded in the Telecommunications sector in past years is not necessarily representative of future growth.

Through the acquisition of Freedom in 2023 and the MVNO framework, Videotron entered the British Columbia, Alberta and Manitoba telecommunications markets and strengthened its position in the Ontario market. This expansion of Videotron's wireless business outside of its traditional Québec footprint has intensified its geographic diversification, with approximately 45% of mobile subscribers in Québec, 40% in Ontario and 15% in Western Canada. In addition to the Freedom brand, the service territory of the Fizz brand has gradually expanded across additional provinces. In addition, entering new markets, as an MVNO, enable Videotron to further expand its reach and offer its competitive services to even more potential users. Together, Videotron, Fizz and Freedom now reach over 33 million Canadians, more than 80% of Canada's population. Videotron is also taking advantage of the wholesale third party Internet access ("TPIA") regulatory framework to complete its telecommunications service offering outside its wireline network service area by allowing it to add Internet and other wireline services to its wireless product offerings under its Freedom and Fizz brands.

In the markets where Videotron is expanding its footprint, 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 have long business histories, a large portfolio of spectrum licences and considerable operational and financial resources. The geographically expansion of Videotron's wireless business creates a more competitive mobile telephony environment in 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.

The Corporation anticipates that significant and recurring investments and costs will continue to be required in the Canadian markets recently entered in order to, among other things, potentially acquire new spectrum licences for the deployment of the latest technologies, expand and maintain the newly acquired mobile networks, support the launch and penetration of new services, attract and retain customers, including commercial efforts and marketing campaigns, and compete effectively with the national wireless carriers and other current or potential competitors in these markets.

Moreover, the Telecommunications segment as a whole has in the past required substantial capital for the upgrade, expansion and maintenance of its mobile and wireline networks and the launch and expansion of new or additional services to support growth in its customer base and demand for increased bandwidth capacity and other services. The Corporation expects that additional capital expenditures will be required in the short and medium terms to expand and maintain the Telecommunications segment's systems and services, including expenditures relating to the cost of its mobile services infrastructure, maintenance and enhancement, as well as costs relating to the roll-out of LTE-Advanced (LTE-A) and 5G technologies. Videotron's mobile network is covering all major Canadian metropolitan areas including more than 29 million people with the LTE technology and more than 20 million people with the 5G technology. In addition, the demand for wireless data services has been growing constantly and is projected to continue to grow. The anticipated levels of data traffic will represent an increasing challenge to the current mobile network's ability to support this traffic.

The Media industry has been experiencing fundamental and permanent structural changes. Generalized audience fragmentation has prompted many advertisers to review their media placement strategies and to turn a significant part of their advertising budgets over to international competitors operating solely in digital media. In the broadcasting industry, audiences are increasingly fragmented as viewing habits have shifted toward Internet-based content delivery platforms that allow users greater control over content and timing, such as OTT video services. The Corporation's Media segment has taken steps in order to maintain its leadership position and offer audiences and advertisers alike the best available content, when they want it and on the media platform they want, including broadcasting on television, digital advertising integration, on demand and streaming content over multiplatform applications and mobile app, as well as branded websites.

Some of Quebecor Media's lines of business are cyclical in nature and are dependent on advertising. Operating results are therefore sensitive to prevailing economic conditions. Film production and distribution are also affected by the production services needs of international and local producers, and by demand for content from global broadcasters.

The Sports and Entertainment segment has made significant investments in its efforts to develop the business. The Corporation expects that additional investments will be required in order to expand the Sports and Entertainment segment.

INTEREST IN SUBSIDIARIES

As of December 31, 2024, Quebecor held all the shares of Quebecor Media inc. (“Quebecor Media”).

Table 2 shows Quebecor Media’s equity interest in its main subsidiaries at December 31, 2024.

Table 2
Quebecor Media’s interest (direct and indirect) in its main subsidiaries
As of December 31, 2024

	Percentage of vote	Percentage of equity
Videotron Ltd.	100.0%	100.0%
TVA Group Inc.	99.9%	68.4%
MediaQMI Inc.	100.0%	100.0%
QMI Spectacles Inc.	100.0%	100.0%
Sogides Group Inc.	100.0%	100.0%
CEC Publishing Inc.	100.0%	100.0%

Quebecor’s interest in Quebecor Media and Quebecor Media’s interest in its major subsidiaries has not varied over the past three years.

2024/2023 FINANCIAL YEAR COMPARISON

Analysis of consolidated results of operations and cash flows of Quebecor

Revenues: $5.64 billion, a $204.1 million (3.8%) increase.

- Revenues increased in Telecommunications ($181.1 million or 3.9% of segment revenues), due primarily to the contribution of Freedom, and in Sports and Entertainment ($11.9 million or 5.6%).
- Revenues decreased in Media ($18.9 million or -2.6%).

Adjusted EBITDA: $2.37 billion, a $129.7 million (5.8%) increase.

- Adjusted EBITDA increased in Telecommunications ($105.1 million or 4.7% of segment adjusted EBITDA), mainly related to the contribution of Freedom; in Media ($24.2 million), due primarily to the $10.2 million favourable retroactive impact of an agreement on carriage fees for the LCN specialty channel combined with higher volume in film production and audiovisual services; and in Sports and Entertainment ($4.4 million or 19.1%).
- There was an unfavourable variance at Head Office ($4.0 million).

Net income attributable to shareholders: $747.5 million ($3.23 per basic share) in 2024, compared with $650.5 million ($2.82 per basic share) in 2023, an increase of $97.0 million ($0.41 per basic share).

- The favourable variances were:
    - $129.7 million increase in adjusted EBITDA;
    - $25.0 million favourable variance in the charge for restructuring, impairment of assets and other;
    - $20.5 million favourable variance in gain and loss on valuation and translation of financial instruments, without any tax consequences.
- The unfavourable variances were:
    - $34.3 million increase in the depreciation and amortization charge;
    - $28.8 million increase in the income tax expense;
    - $9.4 million unfavourable variance in non-controlling interest;
    - $5.7 million increase related to financial expenses.

Adjusted income from operating activities: $747.0 million ($3.23 per basic share) in 2024, compared with $688.1 million ($2.98 per basic share) in 2023, an increase of $58.9 million ($0.25 per basic share).

Adjusted cash flows from operations: $1.75 billion, a $70.9 million (4.2%) increase due to the $129.7 million increase in adjusted EBITDA, partially offset by a $58.8 million increase in capital expenditures.

Cash flows provided by operating activities: $1.72 billion, a $256.8 million (17.6%) increase due primarily to the favourable net change in non-cash balances related to operating activities, the increase in adjusted EBITDA and the decrease in the cash portion of the charge for restructuring, impairment of assets and other, partially offset by the increase in current income taxes.

Depreciation and amortization charge: $943.3 million, a $34.3 million increase due primarily to the impact of the Freedom acquisition.

Financial expenses: $414.1 million, a $5.7 million increase caused mainly by higher average indebtedness, including the impact of the financing of the Freedom acquisition, and by an unfavourable variance in loss or gain on foreign currency translation of short-term monetary items, partially offset by the impact of the lower average interest rate on the long-term debt.

Gain on valuation and translation of financial instruments: $15.5 million, a $20.5 million favourable variance, without any tax consequences, in gain or loss on embedded derivatives related to convertible debentures.

Charge for restructuring, impairment of assets and other: $27.4 million, a $25.0 million favourable variance.

For 2024, the Corporation recorded a $23.6 million charge for impairment of assets ($8.5 million in 2023), an $11.5 million charge in connection with cost-reduction measures in various segments ($30.0 million in 2023), acquisition costs of $1.9 million ($15.6 million in 2023, including costs related to the Freedom transaction), and a $9.6 million net gain on other items, due mainly to the share of results of associates ($1.7 million in 2023).

Income tax expense: $256.7 million in 2024 (effective tax rate of 26.2%), compared with $227.9 million in 2023 (effective tax rate of 26.4%), a $28.8 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.

Segmented analysis

Telecommunications

Through its main brands Videotron, Freedom and Fizz, Quebecor's Telecommunications segment is the fourth-largest mobile carrier in Canada by mobile RGUs and the largest cable operator in Québec by wireline RGUs. This segment offers advanced mobile telephony services in Canada, including high-speed Internet access. Via its cable network, this segment also offers Internet access services; digital television distribution services, including video-on-demand ("VoD"), pay-per-view and pay TV; wireline telephony services; and OTT video services. This segment is also taking advantage of the TPIA regulatory framework in the wholesale market to complement its telecommunications service offering outside its wireline network area by adding Internet and other wireline services to its wireless product offering. As well, the segment includes Videotron Business, a full-service business telecommunications provider that offers mobile and wireline telephony, high-speed data transmission, Internet access and television services.

2024 operating results

Revenues: $4.84 billion in 2024, a $181.1 million (3.9%) increase.

- Revenues from mobile telephony services increased $242.8 million (17.1%) to $1.66 billion, mainly because of an increase in the number of subscriber connections due to the impact of the Freedom acquisition in April 2023 and organic growth at both Videotron and Freedom, partially offset by lower average per-connection revenues.
- Revenues from Internet access services decreased $29.8 million (-2.3%) to $1.25 billion, mainly because of the decrease in average per-subscriber revenues.
- Revenues from television services decreased $24.7 million (-3.1%) to $777.9 million, primarily because of a decrease in the subscriber base.
- Revenues from wireline telephony services decreased $29.4 million (-10.6%) to $248.9 million, mainly because of the impact of the decrease in subscriber connections.
- Revenues from mobile equipment sales to customers increased $81.6 million (13.3%) to $695.1 million, mainly because of the impact of the Freedom acquisition as well as higher prices, partially offset by a decrease in the number of mobile devices sold.
- Revenues from wireline equipment sales to customers decreased $42.3 million (-60.3%) to $27.8 million, essentially because of the availability of Helix equipment on a rental basis since the beginning of June 2024.
- Other revenues decreased $17.1 million (-9.2%) to $167.9 million, mainly reflecting lower revenues from OTT video services.

Mobile ARPU[1] in the Telecommunications segment: $35.22 in 2024 compared with $37.44 in 2023, a $2.22 (-5.9%) decrease, mainly attributable to higher promotional discounts, lower overage revenues and a change in the customer mix, including the dilutive effect of Freedom's and Fizz's prepaid services.

Customer statistics

Acquisition of Freedom

The acquisition of Freedom on April 3, 2023 was significantly accretive to growth in the Telecommunications segment, adding 1,844,400 RGUs, consisting of 1,824,400 subscriber connections to the mobile telephony service and 20,000 subscriptions to the Internet access service.

Analysis of current business

RGUs - The total number of RGUs was 7,774,100 at December 31, 2024, an increase of 251,300 (3.3%) in 2024, compared with an increase of 138,000 in 2023 (Table 3).

Mobile telephony - The number of subscriber connections to the mobile telephony service stood at 4,138,200 at December 31, 2024, an increase of 373,300 (9.9%) in 2024, compared with an increase of 230,100 in 2023 (Table 3).

Internet access - The number of subscribers to the Internet access service stood at 1,732,600 at December 31, 2024, an increase of 5,000 (0.3%) in 2024, compared with an increase of 24,900 in 2023 (Table 3).

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[1] See "Key performance indicators."

Television - The number of subscribers to television services stood at 1,294,400 at December 31, 2024, a decrease of 61,200 (-4.5%) in 2024, compared with a decrease of 40,500 in 2023 (Table 3).

Wireline telephony - The number of subscriber connections to wireline telephony services stood at 608,900 at December 31, 2024, a decrease of 65,800 (-9.8%) in 2024, compared with a decrease of 76,500 in 2023 (Table 3).

Table 3
Year-end RGUs
(in thousands of customers)

	2024	2023	2022	2021	2020
Mobile telephony	**4,138.2**	3,764.9	1,710.4	1,601.9	1,481.1
Internet access	**1,732.6**	1,727.6	1,682.7	1,607.8	1,568.7
Television	**1,294.4**	1,355.6	1,396.1	1,418.6	1,475.6
Wireline telephony	**608.9**	674.7	751.2	824.9	924.7
Total	**7,774.1**	7,522.8	5,540.4	5,453.2	5,450.1

Adjusted EBITDA: $2.34 billion, a $105.1 million (4.7%) increase, mainly due to the impact of the Freedom acquisition, as well as a decrease in operating expenses, on a same-store basis, as a result of stringent cost control, partially offset by the impact of lower revenues on a same-store basis.

Cost/revenue ratio: Employee costs and purchases of goods and services for all operations, expressed as a percentage of revenues, were 51.7% in 2024 compared with 52.1% in 2023.

Adjusted cash flows from operations: $1.76 billion in 2024 compared with $1.69 billion in 2023 (Table 15). The $62.7 million (3.7%) increase was due to the $105.1 million increase in adjusted EBITDA, partially offset by a $42.4 million increase in capital expenditures, mainly due to the impact of the Freedom acquisition, partially offset by the receipt in 2024 of government credits for large investment projects made in recent years.

Media

In the Media segment, TVA Group Inc. ("TVA Group") operates the largest French-language private television network in North America. TVA Group is the sole owner of 6 of the 10 television stations in the TVA Network, as well as the specialty channels TVA Sports, LCN, ADDIK, Prise 2, CASA, TÉMOIN, Évasion and Zeste, as well as QUB Télé, the television version of QUB Radio. TVA Group also holds interests in two other TVA Network affiliates, and is engaged in commercial production. In addition to linear television, TVA Network and the specialty channels broadcast on-demand and streaming content over multiplatform applications, including the TVA+ website and mobile app, which provide free access to TVA Network programs, some specialty channel content, and original content.

Through MELS studios, TVA Group provides soundstage, equipment and mobile unit rental, postproduction, dubbing, described video and subtitling services to the film and television industry.

TVA Group is also engaged in the production and distribution of television programs, movies and series for international markets.

TVA Group publishes a large number of magazines in various categories, including show business, television, fashion and decorating. It also markets digital products associated with the various magazine brands.

The Media segment also operates two paid daily newspapers, *Le Journal de Montréal* and *Le Journal de Québec*, in print and digital formats. The websites of the dailies, journaldemontreal.com and journaldequebec.com, and their mobile apps, which provide real-time access to the news on mobile devices, are the leading news sites in their markets with nearly 3.1 million unique visitors per month (source: Comscore Multi-Platform, French Quebec, Average monthly unique visitors, January to December, 2024, unduplicated). According to corporate figures, the aggregate circulation of the paid newspapers as of December 31, 2024 was near 900,000 copies per week in print and electronic formats.

In addition, the Media segment includes NumériQ Inc. ("NumériQ"), which brings together the digital strategy, development and content production assets that are harnessed to create digital platforms and content for the Corporation's various platforms, and operates a number of other digital brands, including Le Guide de l'auto, Le sac de chips, Pèse sur Start, Silo 57 and 24heures.ca, as well as QUB Radio, an audio and podcast platform available via the web, a mobile app, a television specialty channel, and most

recently at 99.5 on the FM band in Montréal, under a partnership with broadcaster Leclerc Communication Inc. NumériQ also includes QMI Agency, a news agency that provides content to all Corporation's properties.

The Corporation's apps and websites log a combined total of nearly 6.5 million unique visitors per month in Canada (source: Comscore Canada, Average monthly unique visitors, January 1 to December 31, 2024).

The Media segment also engages in newspaper printing, newspaper and magazine distribution, and out-of-home activities. In addition, the segment includes Quebecor Expertise Media, which offers the Media segment's customers integrated, diversified and complete advertising services; Quebecor Content, which contributes to the creation, development, acquisition and distribution of television content and formats; and Elmire, a digital marketing agency.

2024 operating results

Revenues: $703.0 million in 2024, a decrease of $18.9 million (-2.6%).

- Advertising revenues decreased by $14.6 million (-4.5%), mainly in television.
- Other revenues decreased by $11.4 million (-5.4%), mainly because of lower revenues from digital marketing, commercial production, and production and distribution, partially offset by increased volume in film production and audiovisual services.
- Subscription revenues increased $7.1 million (3.8%), mainly due to higher subscription revenues at the specialty channels, including the $10.2 million favourable retroactive impact of an agreement on carriage fees for the LCN channel.

Adjusted EBITDA: $31.9 million in 2024, a favourable variance of $24.2 million due mainly to decreases in operating expenses, including content costs and cost savings resulting from various cost-reduction initiatives, partially offset by the impact of the revenue decrease.

Cost/revenue ratio: Employee costs and purchases of goods and services for all operations, expressed as a percentage of revenues, were 95.5% in 2024 compared with 98.9% in 2023. This decrease was mainly due to savings resulting from various cost-reduction initiatives.

Adjusted cash flows from operations: $1.2 million in 2024 compared with negative $5.2 million in 2023 (Table 15). The $6.4 million favourable variance was due to the $24.2 million favourable variance in adjusted EBITDA, partially offset by an $17.8 million increase in capital expenditures, including higher investment in technical equipment as a result of the reorganization plan announced in November 2023 at TVA Group.

Sports and Entertainment

The Sports and Entertainment segment includes management and operation of the Videotron Centre under an agreement between Quebecor Media and Québec City for usage and naming rights to the arena that was ratified in 2011 and runs through 2040. The segment leases the arena, exploits advertising space, generates sponsorship revenues and operates the food concessions at events. The segment's activities also include the production and coproduction of shows presented at the Videotron Centre and other venues. In addition, the Sports and Entertainment segment operates sports and cultural events manager Gestev, which is the official imprint for shows and events produced in Québec by the Corporation. Gestev also produces music festivals, including Cigale, Festivent and Igloofest Québec.

The Sports and Entertainment segment includes the activities of the Remparts de Québec, a QMJHL hockey team. The segment also holds a minority interest in the Armada de Blainville Boisbriand hockey team, which also plays in the QMJHL.

The Sports and Entertainment segment owns the Théâtre Capitole, a performance venue in Québec City, where the segment rents out the space, exploits the advertising spaces, generates revenues from sponsorships and food concessions, and may act as copromoter of some events.

The Sports and Entertainment segment manages the entertainment venues at the Casino de Montréal and the Théâtre du Casino du Lac Leamy in Gatineau under annually renewable contracts. It is the presenter of shows at the venues.

As well, the Sports and Entertainment segment includes educational publisher CEC Publishing Inc.; Sogides Group Inc., which publishes general literature through its 18 publishing houses; and Messageries A.D.P. Inc., which distributes print books and ebooks and is the exclusive distributor for more than 300 Québec and European French-language publishers.

The Sports and Entertainment segment is engaged in music recording and video production (Musicor Disques, MP3 Disques and Ste-4 Musique) and concert and event production (Musique Select Inc).

Finally, the Sports and Entertainment segment includes Les Disques Audiogramme Inc. the largest independent French-language record label in North America, as well as its Editorial Avenue division, Canada's largest music publisher.

2024 operating results

Revenues: $225.3 million in 2024, an $11.9 million (5.6%) increase due primarily to higher revenues from books and concerts activities, partially offset by lower revenues from music activities.

Adjusted EBITDA: $27.4 million in 2024, a $4.4 million (19.1%) increase due primarily to the impact of the increase in revenues.

Adjusted cash flows from operations: $20.6 million in 2024 compared with $15.3 million in 2023 (Table 15). The $5.3 million increase was due primarily to the $4.4 million increase in adjusted EBITDA.

2024/2023 FOURTH QUARTER COMPARISON

Analysis of consolidated results of operations and cash flows of Quebecor

Revenues: $1.50 billion, a $5.8 million (-0.4%) decrease.

- Revenues decreased in Telecommunications ($32.2 million or -2.5% of segment revenues) and in Media ($10.1 million or -4.9%).
- Revenues increased in Sports and Entertainment ($12.8 million or 22.7%).

Adjusted EBITDA: $589.0 million, a $23.6 million (4.2%) increase.

- Adjusted EBITDA increased in Telecommunications ($6.9 million or 1.2% of segment adjusted EBITDA), Media ($1.4 million or 10.3%) and Sports and Entertainment ($8.6 million). There was a favourable variance at Head Office ($6.7 million).
- The change in the fair value of Quebecor stock options and stock-price-based share units was the main factor in a $15.1 million favourable variance in the Corporation's stock-based compensation charge in the fourth quarter of 2024 compared with the same period of 2023.

Net income attributable to shareholders: $177.7 million ($0.76 per basic share) in the fourth quarter of 2024, compared with $146.2 million ($0.63 per basic share) in the same period of 2023, an increase of $31.5 million ($0.13 per basic share) or 21.5%.

- The favourable variances were:
  - $23.6 million increase in adjusted EBITDA;
  - $10.5 million decrease in financial expenses;
  - $10.4 million decrease in the charge for restructuring, impairment of assets and other;
  - $8.7 million favourable variance in gain and loss on valuation and translation of financial instruments, including $8.8 million without any tax consequences.
- The unfavourable variances were:
  - $11.5 million increase in the income tax expense;
  - $5.5 million increase in the depreciation and amortization charge;
  - $4.7 million unfavourable variance in non-controlling interest.

Adjusted income from operating activities: $186.6 million ($0.80 per basic share) in the fourth quarter of 2024, compared with $167.5 million ($0.73 per basic share) in the same period of 2023, an increase of $19.1 million ($0.07 per basic share) or 11.4%.

Adjusted cash flows from operations: $446.3 million, a $50.6 million (12.8%) increase in the fourth quarter of 2024 due to the $23.6 million increase in adjusted EBITDA and the $27.0 million decrease in capital expenditures.

Cash flows provided by operating activities: $392.4 million, a $56.7 million (16.9%) increase in the fourth quarter of 2024 due primarily to the increase in adjusted EBITDA, the favourable net change in non-cash balances related to operating activities, the decrease in the cash portion of the charge for restructuring, impairment of assets and other, and a decrease in the cash portion of financial expenses, partially offset by an increase in current income taxes.

Depreciation and amortization charge: $236.6 million in the fourth quarter of 2024, a $5.5 million decrease.

Financial expenses: $96.5 million in the fourth quarter of 2024, a $10.5 million decrease due primarily to the impact of lower average interest rates on long-term debt.

Loss on valuation and translation of financial instruments: Nil in the fourth quarter of 2024, an $8.7 million favourable variance mainly due to a loss on embedded derivatives related to convertible debentures in 2023.

Charge for restructuring of operations, impairment of assets and other: $13.1 million in the fourth quarter of 2024, a $10.4 million favourable variance.

A $3.6 million charge was recognized in the fourth quarter of 2024 in connection with cost-reduction initiatives ($23.3 million in 2023). An $11.8 million charge for impairment of assets was also recognized in the fourth quarter of 2024, due primarily to the integration of Freedom ($0.5 million in 2023). In addition, a $2.3 million net gain on other items was recognized in the fourth quarter of 2024 ($0.3 million in 2023).

Income tax expense: $65.4 million in the fourth quarter of 2024 (effective tax rate of 27.3%), compared with $53.9 million in the same period of 2023 (effective tax rate of 26.7%), an $11.5 million unfavourable variance caused by the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

Segmented analysis

Telecommunications

Revenues: $1.27 billion, a $32.2 million (-2.5%) decrease essentially due to the same factors as those noted above under “2024/2023 financial year comparison,” aside from the impact of the Freedom acquisition.

- Revenues from mobile telephony services increased $16.0 million (3.9%) to $422.1 million.
- Revenues from Internet access services decreased $14.0 million (-4.3%) to $310.0 million.
- Revenues from television services decreased $8.2 million (-4.1%) to $191.0 million.
- Revenues from wireline telephony services decreased $7.1 million (-10.6%) to $60.0 million.
- Revenues from mobile equipment sales to customers decreased $0.3 million (-0.1%) to $239.1 million.
- Revenues from wireline equipment sales to customers decreased $15.8 million (-91.3%) to $1.5 million.
- Other revenues decreased $2.8 million (-6.3%) to $41.8 million.

Mobile ARPU: $34.36 in the fourth quarter of 2024 compared with $36.29 in the same period of 2023, a $1.93 (-5.3%) decrease, mainly attributable to higher promotional discounts, lower overage revenues and a change in the customer mix, including the dilutive effect of Freedom’s and Fizz’s prepaid services.

Customer statistics

Analysis of current business

RGUs – 49,700 unit (0.6%) increase in the fourth quarter of 2024 compared with an increase of 48,300 in the same period of 2023.

Mobile telephony – 87,500 subscriber-connection (2.2%) increase in the fourth quarter of 2024, compared with an increase of 66,100 in the same period of 2023.

Internet access – 1,700 subscriber (-0.1%) decrease in the fourth quarter of 2024, compared with an increase of 6,300 in the same period of 2023.

Television – 17,500 subscriber (-1.3%) decrease in the fourth quarter of 2024, compared with a decrease of 6,900 in the same period of 2023.

Wireline telephony – 18,600 subscriber-connection (-3.0%) decrease in the fourth quarter of 2024, compared with a decrease of 17,200 in the same period of 2023.

Adjusted EBITDA: $565.9 million, a $6.9 million (1.2%) increase, mainly due to disciplined management of promotional discounts and lower costs related to device sales following the integration of Freedom's operations, offset by the impact of the decrease in revenues.

Cost/revenue ratio: Employee costs and purchases of goods and services for all operations, expressed as a percentage of revenues, were 55.3% in the fourth quarter of 2024 compared with 56.9% in the same period of 2023.

Adjusted cash flows from operations: $430.6 million in the fourth quarter of 2024 compared with $398.6 million in the same period of 2023 (Table 15). The $32.0 million (8.0%) increase was due to the $6.9 million increase in adjusted EBITDA and to the $25.1 million decrease in capital expenditures, mainly due to the receipt in 2024 of government credits for large investment projects, partially offset by increased network investments.

Media

Revenues: $194.7 million in the fourth quarter of 2024, a $10.1 million (-4.9%) decrease.

- Other revenues decreased by $13.0 million (-20.0%), mainly because of lower revenues from digital marketing and commercial production.
- Advertising revenues increased by $3.2 million (3.4%), mainly due to the impact of the acquisition of the out-of-home advertising business of NEO-OOH.

Adjusted EBITDA: $15.0 million in the fourth quarter of 2024, a $1.4 million (10.3%) increase due mainly to a decrease in operating expenses, including cost savings resulting from various cost-reduction initiatives, partially offset by the impact of the revenue decrease.

Cost/revenue ratio: Employee costs and purchases of goods and services for all operations, expressed as a percentage of revenues, were 92.3% in the fourth quarter of 2024 compared with 93.4% in the same period of 2023. This decrease was mainly due to savings resulting from various cost-reduction initiatives.

Adjusted cash flows from operations: $9.7 million in the fourth quarter of 2024 compared with $7.4 million in the same period of 2023 (Table 15). The $2.3 million increase was due primarily to the $1.4 million increase in adjusted EBITDA and a $0.9 million decrease in capital expenditures.

Sports and Entertainment

Revenues: $69.2 million in the fourth quarter of 2024, a $12.8 million (22.7%) increase due primarily to higher revenues from concerts and books.

Adjusted EBITDA: $10.8 million in the fourth quarter of 2024, an $8.6 million increase due primarily to the impact of the increase in revenues.

Adjusted cash flows from operations: $8.8 million in the fourth quarter of 2024 compared with negative $0.7 million in the same period of 2023 (Table 15). The $9.5 million increase was due to the $8.6 million increase in adjusted EBITDA and a $0.9 million decrease in capital expenditures.

2023/2022 FINANCIAL YEAR COMPARISON

Analysis of consolidated results of operations and cash flows of Quebecor

Revenues: $5.43 billion, a $902.4 million (19.9%) increase.

- Revenues increased in Telecommunications ($935.8 million or 25.2% 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 ($22.8 million or 12.0%).
- Revenues decreased in Media ($33.5 million or -4.4%).

Adjusted EBITDA: $2.24 billion, a $303.3 million (15.7%) increase.

- Adjusted EBITDA increased in Telecommunications ($317.4 million or 16.6% 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 ($3.6 million or 18.6%).
- Adjusted EBITDA decreased in Media ($17.3 million).
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in a $2.8 million unfavourable variance in the Corporation's stock-based compensation charge in 2023 compared with 2022.

Net income attributable to shareholders: $650.5 million ($2.82 per basic share) in 2023, compared with $599.7 million ($2.55 per basic share) in 2022, an increase of $50.8 million ($0.27 per basic share) or 8.5%.

- The favourable variances were:
  - $303.3 million increase in adjusted EBITDA;
  - $14.2 million favourable variance in gains and losses on valuation and translation of financial instruments, including $13.0 million without any tax consequences;
  - $12.4 million favourable variance in non-controlling interest.
- The unfavourable variances were:
  - $141.3 million increase in the depreciation and amortization charge;
  - $85.4 million increase related to financial expenses;
  - $37.9 million unfavourable variance in the charge for restructuring, impairment of assets and other;
  - $14.5 million increase in the income tax expense.

Adjusted income from operating activities: $688.1 million ($2.98 per basic share) in 2023, compared with $624.8 million ($2.66 per basic share) in 2022, an increase of $63.3 million ($0.32 per basic share) or 10.1%.

Adjusted cash flows from operations: $1.68 billion, a $239.8 million (16.7%) increase due primarily to the $303.3 million increase in adjusted EBITDA, partially offset by a $67.8 million increase in additions to intangible assets.

Cash flows provided by operating activities: $1.46 billion, a $199.5 million (15.8%) 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, the unfavourable net change in non-cash balances related to operating activities, and the unfavourable variance in the cash portion of restructuring, impairment of assets and other.

Depreciation and amortization charge: $909.0 million, a $141.3 million increase due primarily to the impact of the Freedom acquisition.

Financial expenses: $408.4 million, an $85.4 million increase due primarily to higher average indebtedness, including the impact of the financing of the Freedom acquisition, and also to the impact of higher average interest on long-term debt.

Loss on valuation and translation of financial instruments: $5.0 million, a $14.2 million favourable variance mainly due to a $13.0 million favourable variance, without any tax consequences, in losses on embedded derivatives related to convertible debentures.

Charge for restructuring, impairment of assets and other: $52.4 million, a $37.9 million unfavourable variance.

A $30.0 million charge was recognized in 2023 in connection with cost-reduction initiatives in the Corporation's various segments ($5.0 million in 2022), including restructuring in the Media segment in 2023 to reduce its workforce by 547 positions. An asset impairment charge of $8.5 million was also recorded in 2023, essentially in the Media segment ($3.7 million in 2022). Other net charges in the amount of $13.9 million, including acquisition costs related to the Freedom transaction, were also recognized in 2023 ($5.8 million in 2022).

Income tax expense: $227.9 million in 2023 (effective tax rate of 26.4%), compared with $213.4 million in 2022 (effective tax rate of 26.0%), a $14.5 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.

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. This section should be read in conjunction with the discussion of trends under "Trend Information" above, the risk analysis in the "Risks and Uncertainties" section below, and the discussion of the Corporation's financial risks under "Financial Instruments and Financial Risk Management" below.

Operating activities

Cash flows provided by operating activities: $1.72 billion in 2024 compared with $1.46 billion in 2023.

The $256.8 million (17.6%) increase was primarily due to:

- $130.7 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in income tax payable, contract assets, accounts receivable and inventory, partially offset by unfavourable variances in accounts payable, accrued charges and provisions;
- $129.7 million increase in adjusted EBITDA;
- $21.6 million decrease in the cash portion of the charge for restructuring, impairment of assets and other.

Partially offset by:

- $27.7 million increase in current income taxes.

Compared with 2023, cash flows provided by operating activities were favourably impacted in 2024 by the Freedom acquisition (which accounted for a large portion of the increase in the Telecommunications segment's adjusted EBITDA), despite the financial expenses associated with the financing of this acquisition. In addition, the increase in the adjusted EBITDA of the Media and Sports and Entertainment segments also had a positive impact on cash flows provided by operating activities in 2024.

Working capital: Negative $36.0 million as at December 31, 2024, compared with negative $1.13 billion as at December 31, 2023. The favourable variance of $1.09 billion was mainly due to the redemption upon maturity by Videotron of the entirety of its Senior Notes in the aggregate principal amount of US$600.0 million, the redemption by share issue of all convertible debentures, and the evolution of short- and long-term debt maturities.

Investing activities

Cash flows used for capital expenditures: $599.5 million in 2024 compared with $553.4 million in 2023. The $46.1 million increase was due to a $58.8 million increase in capital expenditures, mainly in the Telecommunications segment, including the impact of the Freedom acquisition, partially offset by the receipt in 2024 of government credits for large investment projects, and in the Media segment. The increase in capital expenditure was partially offset by a $12.7 million favourable net change in current non-cash items.

Net subsidies received to finance capital expenditures: $34.2 million in 2024, compared with deferred subsidies of $39.3 million used in 2023. In 2024, a $37.0 million subsidy was received in advance as part of the Québec government's new initiative to improve wireless coverage in outlying regions of Québec. The use of $2.8 million of these subsidies was also recorded as a reduction in capital expenditures in 2024. The figure for 2023 represents the use of subsidies received under the program to roll out high-speed Internet services, recorded as a reduction of capital expenditures.

Acquisitions of spectrum licenses: $298.9 million in 2024, compared with $9.9 million in 2023. On May 29, 2024, Videotron acquired 305 blocks of spectrum in the 3800 MHz band across the country.

Business acquisitions: $23.9 million in 2024 compared with $2.07 billion in 2023.

In 2024, the Corporation acquired NEO-OOH in the Media segment and Evenma in the Sports and Entertainment segment, for a total cash consideration of $23.9 million. In 2023, the Telecommunications segment disbursed $2.07 billion to acquire Freedom.

Proceeds from disposal of assets: $0.8 million in 2024 compared with $1.7 million in 2023.

Acquisition of investments and other: $34.6 million in 2024 compared with $7.0 million in 2023, mainly due to the acquisition of interest in associates.

Free cash flows from operating activities

Free cash flows from operating activities: $1.12 billion in 2024 compared with $910.5 million in 2023 (Table 16). The $209.8 million increase was due mainly to a $256.8 million increase in cash flows provided by operating activities, partially offset by a $46.1 million increase in cash flows used for capital expenditures.

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): $53.1 million reduction in 2024; $30.4 million net favourable variance in the net asset related to derivative financial instruments.

- Debt reductions in 2024 essentially consisted of:
  - redemption upon maturity by Videotron on June 17, 2024 of the entirety of its 5.375% Senior Notes in the aggregate principal amount of US$600.0 million;
  - repayment by Videotron in November 2024 of the first $700.0 million tranche of its term credit facility;
  - redemption by Videotron on November 25, 2024 of the entirety of its 5.75% Senior Notes in the aggregate principal amount of $375.0 million;
  - $386.5 million decrease in total drawings on the revolving bank credit facilities of Videotron and Quebecor Media.
- Additions to debt in 2024 essentially consisted of:
  - issuance by Videotron on November 8, 2024 of US$700.0 million aggregate principal amount of 5.700% Senior Notes maturing on January 15, 2035, for net proceeds of $964.6 million, net of $8.4 million related to the discount at issuance and financing costs;
  - issuance by Videotron on June 21, 2024 of $600.0 million aggregate principal amount of Senior Notes bearing interest at 4.650% and maturing on July 15, 2029, and $400.0 million aggregate principal amount of Senior Notes bearing interest at 5.000% and maturing on July 15, 2034, for total net proceeds of $992.6 million;
  - $267.4 million unfavourable impact of exchange rate fluctuations. The consolidated debt increase attributable to this item was offset by the increase in the net asset related to derivative financial instruments.

- Derivative financial instruments totalled a net asset of $141.2 million at December 31, 2024 compared with $110.8 million at December 31, 2023. The $30.4 million net favourable variance was mainly due to:
  - favourable impact of exchange rate fluctuations on the value of derivative financial instruments.

  Partially offset by:
  - receipt of the $163.0 million asset related to the hedging contracts on the Senior Notes redeemed on June 17, 2024;
  - unfavourable impact of interest rate trends on the fair value of derivative financial instruments.

- On February 26, 2025, Videotron amended and restated its credit agreement to, among other things, amend its existing $500.0 million revolving credit facility by creating two tranches: (i) a first tranche in the amount of $250.0 million maturing in February 2030, and (ii) a second tranche in the amount of $250.0 million maturing in February 2026 and providing for a conversion option into a term facility maturing in February 2027.

- On January 29, 2025, Videotron adjusted the total amount of credit available under its revolving credit facility from $2.00 billion to $500.0 million.

- On June 13, 2024, Videotron amended its term credit facility by extending the maturity of the first tranche of $700.0 million from October 2024 to October 2025 and transitioning to CORRA. This tranche was repaid in November 2024.

- On June 13, 2024, following new credit ratings for Videotron in May 2024, all liens on Videotron's assets granted to the bank lenders were terminated and the related debt instruments (including derivatives) are now unsecured.

Financial position

Net available liquidity: $855.2 million at December 31, 2024 for Quebecor and its wholly owned subsidiaries, pro forma the reduction of Videotron's revolving credit facility from $2.00 billion to $500.0 million, consisting of available unused revolving credit facilities of $799.8 million, plus cash and cash equivalents of $55.4 million.

Consolidated debt (long-term debt plus bank indebtedness): $7.59 billion at December 31, 2024, a $53.1 million decrease compared with December 31, 2023; $30.4 million net favourable variance in the net asset related to derivative financial instruments (see "Financing" above).

- Consolidated debt essentially consisted of Videotron's $7.59 billion debt ($7.61 billion at December 31, 2023).

As at December 31, 2024, minimum principal payments on long-term debt in the coming years are as follows:

Table 4
Minimum principal payments on Quebecor's long-term debt
12 months ending December 31
(in millions of Canadian dollars)

2025	$	400.0
2026		716.3
2027		1,579.4
2028		750.0
2029		1,318.9
2030 and thereafter		2,855.1
Total	**$**	**7,619.7**

From time to time, Quebecor may (but is under no obligation to) seek to retire or purchase its outstanding securities 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 4.7 years as of December 31, 2024 (3.5 years as of December 31, 2023). After taking into account hedging instruments, the debt consisted of approximately 84.9% fixed-rate debt (67.7% at December 31, 2023) and 15.1% floating-rate debt (32.3% at December 31, 2023).

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital expenditures, acquisitions of spectrum licences, working capital, interest payments, income tax payments, debt and lease repayments, share repurchases and dividend payments to shareholders. The Corporation believes it will be able to meet future debt and lease liability 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 December 31, 2024, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On February 26, 2025, the Board of Directors of Quebecor declared a quarterly dividend of $0.35 per share on its Class A Shares and Class B Shares, payable on April 8, 2025 to shareholders of record as of the record date of March 14, 2025.

Spectrum licences

On May 29, 2024, Videotron acquired 305 blocks of spectrum in the 3800 MHz band across the country for a total price of $298.9 million (of which $59.8 million was paid in January 2024 and $239.1 million in May 2024). Approximately 61% of the 305 blocks of wireless spectrum are located outside Québec, mainly in southern Ontario, Alberta and British Columbia.

Analysis of consolidated balance sheet

Table 5
Consolidated balance sheet of Quebecor
Analysis of main variances between December 31, 2024 and 2023
(in millions of Canadian dollars)

	Dec. 31, 2024[1]	Dec. 31, 2023[1]	Difference	Main reasons for difference
Assets				
Cash and cash equivalents	**$ 61.8**	$ 11.1	$ 50.7	See "Cash flows and financial position"
Inventories	**440.1**	512.1	(72.0)	Impact of current variances in activities and rental of Helix equipment in 2024
Property, plant and equipment	**3,302.7**	3,417.9	(115.2)	Depreciation for the period less acquisitions
Intangible assets	**3,486.9**	3,385.1	101.8	Acquisitions, including spectrum licences, less amortization for the period
Derivative financial instruments[2]	**141.2**	110.8	30.4	See "Financing activities"
Other assets	**843.6**	622.8	220.8	Government credits receivable for large investment projects, gain on remeasurement of pension plans and acquisition of interest in associates
Liabilities				
Convertible debentures	**–**	150.0	(150.0)	Redemption by share issue of all convertible debentures
Long-term debt, including current portion and bank indebtedness	**7,588.9**	7,642.0	(53.1)	See "Financing activities"

1 The "restricted cash" and "deferred subsidies" line items are combined for the purposes of the analysis.

2 Current and long-term assets less long-term liabilities.

ADDITIONAL INFORMATION

Contractual obligations

At December 31, 2024, material contractual obligations of operating activities included: capital repayment and interest on long-term debt and lease liabilities; capital expenditure and other commitments, including mobile devices; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 6 below shows a summary of these contractual obligations.

Table 6
Contractual obligations of Quebecor as of December 31, 2024
(in millions of Canadian dollars)

	Total	Under 1 year	1–3 years	3–5 years	5 years or more
Long-term debt[1]	**$ 7,619.7**	$ 400.0	$ 2,295.7	$ 2,068.9	$ 2,855.1
Interest payments[2]	**1,551.0**	244.5	535.9	358.0	412.6
Lease liabilities	**409.7**	107.2	152.6	83.7	66.2
Interest payments on lease liabilities	**76.5**	18.8	26.9	15.0	15.8
Capital expenditures and other commitments	**2,164.2**	1,108.5	735.1	181.4	139.2
Derivative financial instruments[3]	**(238.9)**	(32.6)	(58.6)	(113.8)	(33.9)
Total contractual obligations	**$ 11,582.2**	**$ 1,846.4**	**$ 3,687.6**	**$ 2,593.2**	**$ 3,455.0**

1 The carrying value of long-term debt excludes financing costs.

2 Estimated interest payable on long-term debt based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of December 31, 2024.

3 Estimated future receipts, net of future disbursements, on derivative financial instruments related to foreign exchange hedging on the principal of U.S.-dollar-denominated debt.

Significant commitments included in Table 6

Videotron has agreements for the purchase of mobile devices from suppliers, a network-sharing and service exchange agreement with Rogers Communications Inc. (”Rogers”) and agreements for the roll-out of LTE-A and 5G radio access technologies. It also has an agreement with Comcast Corporation to operate an Internet Protocol Television (IPTV) delivery solution. As at December 31, 2024, the balance of those commitments stood at $1.23 billion.

In the normal course of business, the Media segment, through TVA Group, contracts commitments regarding broadcast rights for television programs, sporting events and films, as well as distribution rights for audiovisual content. As at December 31, 2024, the balance of those commitments stood at $233.1 million.

Related party transactions

During the year ended December 31, 2024, the Corporation incurred expenses with affiliated corporations in the amount of $131.8 million ($95.7 million in 2023), which are included in purchase of goods and services. It also acquired property, plant and equipment and intangible assets from affiliated corporations in the amount of $35.6 million ($11.0 million in 2023). These increases are mainly attributable to increased spending on IT maintenance and development, as well as the purchase of audiovisual content. The Corporation also made sales to affiliated corporations in the amount of $18.6 million ($12.6 million in 2023). These transactions were accounted for at the consideration agreed between parties.

Off-balance sheet arrangements

Guarantees

In the normal course of business, the Corporation enters into numerous agreements containing guarantees, including the following:

Business and asset disposals

In the sale of all or part of a business or an asset, in addition to possible indemnification relating to failure to perform covenants and breach of representations or warranties, the Corporation may agree to indemnify against claims related to the past conduct of the business. Typically, the term and amount of such indemnification will be limited by the agreement. The nature of these indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay to guaranteed parties. The Corporation has not accrued any amount in respect of these items on the consolidated balance sheets.

Outsourcing companies and suppliers

In the normal course of its operations, the Corporation enters into contractual agreements with outsourcing companies and suppliers. In some cases, the Corporation agrees to provide indemnifications in the event of legal procedures initiated against them. In other cases, the Corporation provides indemnification to counterparties for damages caused by the outsourcing companies and suppliers. The nature of the indemnification agreements prevents the Corporation from estimating the maximum potential liability it could be required to pay. No amount has been accrued in the consolidated balance sheets with respect to these indemnifications.

Capital stock

In accordance with Canadian financial reporting standards, Table 7 presents information on the Corporation's capital stock as at January 29, 2025. In addition, 12,241,060 share options of the Corporation were outstanding as of the same date.

Table 7
Capital stock
(in shares and millions of Canadian dollars)

	At January 29, 2025	
	Issued and outstanding	**Carrying value**
Class A Shares	**75,449,875**	**$ 8.4**
Class B Shares	**156,197,860**	**1,029.1**

Repurchase of shares

On August 7, 2024, 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 5,000,000 Class B Shares representing approximately 3.2% of issued and outstanding Class B Shares as of August 1, 2024. The purchases can be made from August 15, 2024 to August 14, 2025, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange ("TSX") or other alternative trading systems in Canada. All shares purchased under the bid will be cancelled.

On August 9, 2024, 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, 2024 and will terminate on the same date as the normal course issuer bid.

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

In 2024, the Corporation purchased and cancelled 3,619,092 Class B Shares for a total cash consideration of $114.7 million (260,500 Class B Shares for a total cash consideration of $7.8 million in 2023).

Share issuance

On June 25, 2024, the Corporation redeemed all its outstanding 4.0% convertible debentures for a total aggregate principal amount of $150.0 million. Pursuant to the terms of the debentures, the Corporation elected to settle the redemption in shares and consequently issued and delivered 5,161,237 Class B Shares to the holders.

Risks and Uncertainties

The Corporation operates in the telecommunications, media, and sports and entertainment industries, which entails a variety of risk factors and uncertainties. The Corporation's operating environment and financial results may be materially affected by the risks and uncertainties discussed below. See also "Financial Instruments and Financial Risk Management".

Competition and technological development

In the Corporation's mobile telephony business, the Corporation's main competitors are the three national incumbent wireless carriers. Depending on the province or region, the services they offer using their own infrastructure include a full range of telecommunications services, or are limited to mobile telephony services. In addition, users of mobile voice and data systems may find their communication needs satisfied by other current adjunct technologies, such as Wi-Fi, "hotspots" or trunk radio systems, which have the technical capability to handle mobile data communication and mobile telephone calls. There can be no assurance that current or future competitors will not provide network capacity and/or services comparable or superior to those the Corporation provides or may in the future provide, or at lower prices, or adapt more quickly to evolving industry trends or changing market requirements, or introduce competing services. For instance, some providers of mobile telephony services (including the national incumbent wireless carriers) have deployed and have been operating, for many years, lower-cost mobile telephony brands in order to acquire additional market share. In addition, the increasing adoption of embedded SIM (eSIM) makes it easier for customers to switch service providers and could potentially result in increased customer churn. Furthermore, the CRTC's decision ordering the national incumbent wireless carriers to provide mobile virtual network operator ("MVNO") access services to regional wireless carriers for a period of seven years stands to have significant impact on the Corporation's competitive environment, as the Corporation could see the emergence of new MVNO competitors. The Corporation may not be able to compete successfully in the future against existing and new competitors; increased competition could have a material adverse effect on its business, prospects, revenues, financial condition, and results of operations.

In the Internet access business, the Corporation competes against other Internet service providers (ISPs) offering residential and commercial Internet access services. The main competitors are the incumbent local exchange carriers ("ILECs") that offer Internet access through DSL, fibre to the node and fibre to the home technologies, in certain territories offering download speeds comparable, or superior to the Corporation's. In addition, satellite operators such as Xplore, Telesat and Starlink are increasing their existing high-speed Internet access capabilities with the launch of high-throughput satellites, targeting households in low population density and remote locations and claiming future download speeds comparable to the Corporation's low and medium download speeds. Furthermore, some of the Corporation's competitors are starting to offer fixed wireless access ("FWA") in Québec, which is a new form of competition for the Corporation. The development of FWA's technologies and offerings may lead to greater competition in the Corporation's markets. Finally, certain municipalities also plan to build and operate their own broadband networks. They plan to do so through public/private partnership arrangements, competing directly with the Corporation in some of its local markets.

The Corporation also faces competition from several resellers who have access to the wholesale TPIA service mandated by the CRTC. These TPIA providers may also provide telephony and Internet protocol television ("IPTV") services. In recent years, ILECs and BDUs have purchased major TPIA providers, leading to players with increased resources and stronger competition. The TPIA framework has also enabled some incumbent wireless carriers, whose historical service offerings were limited to wireless in some of these regions, to expand their service portfolio and offer bundled services in these regions. See also the risk factor "*TPIAs access to the Corporation's cable network*".

In the Corporation's television business, the Corporation competes against ILECs, BDUs and TPIA providers. Its primary ILEC and TPIA provider competitors have rolled out their own IPTV service in the vast majority of the territory in which the Corporation operates. The Corporation also competes with direct broadcast satellite ("DBS") providers.

Furthermore, the rapidly growing landscape of over-the-top ("OTT") content providers, many of which having substantial financial resources, now compete directly with the corporation Telecommunications and Media segments, for viewership and a share of the monthly entertainment spend. Content producers and providers are leveraging their content rights and pursuing strategies to deploy their own OTT distribution platforms in order to reach consumers directly via the Internet. In addition, the OTT content providers' attractive price points and ever-growing variety of content could make the Corporation's traditional offer less appealing for its customers and may affect its ability to retain and acquire customers. Consequently, this could place the Corporation at a competitive disadvantage, lead to increased operational costs and have an adverse effect on its business, prospects, revenues, financial condition and results of operations.

The Corporation also faces competition from illegal providers of television services and illegal access to non-Canadian DBS signal (also called grey market piracy), as well as from signal theft of DBS that enables customers to access programming services from U.S. and Canadian DBS without paying any fees (also called black-market piracy).

The Corporation's wireline telephony business has numerous competitors, including ILECs, competitive local exchange carriers, mobile telephony service operators, TPIA providers and other providers of Voice over Internet Protocol ("VoIP") and cloud-based

telephony. Some of these competitors are not facility-based and therefore have much lower infrastructure costs. In addition, Internet protocol-based products and services are generally subject to downward pricing pressure, lower margins and technological evolution, all of which could have an adverse effect on the Corporation's business, prospects, revenues, financial condition and results of operations.

Finally, many of the Corporation's competitors are offering special bundling discounts to customers who subscribe to two or more of their services (television, Internet access, wireline and mobile telephony services). Should the Corporation fail to keep its existing customers and lose them to such competitors, it may end up losing a subscriber for multiple services as a result of its bundling strategy. On an aggregate basis, this could have an adverse effect on the Corporation's business, prospects, revenues, financial condition and results of operations.

Fierce price competition in all the Corporation's businesses and across the industries in which the Corporation operates, combined with the declining demand for certain traditional products, may affect its ability to raise the price of its products and services commensurately with increases in its operating costs, as the Corporation has done in the past. Furthermore, the Corporation's expansion outside of Québec into the markets where Freedom operates, will likely increase competition further or exacerbate the fierce price competition in all of the Corporation's businesses. This could have an adverse effect on its business, revenues, financial condition, and results of operations. See also the risk factor "*Geographic expansion*".

Geographic expansion

The Corporation's wireless business geographic expansion is subject to significant risks and uncertainties. The Corporation may not be able to implement its geographic expansion successfully or at all, or realize its anticipated benefits, and its implementation may be costlier or more challenging than initially planned.

Achieving the expected benefits from the Freedom acquisition depends on the Corporation's ability to consolidate and integrate Freedom's businesses, operations, and workforce in a manner that facilitates growth opportunities and enables the realization of the projected cost savings and revenue growth without adversely affecting the Corporation's current operations. The ongoing integration of Freedom could result in additional and unforeseen expenses, capital investments and financial risks, such as the incurrence of unexpected write-offs, and unanticipated or unknown liabilities or risks relating to Freedom. All of these factors could decrease or delay the initial expected benefits of the Freedom acquisition. In addition, the anticipated benefits of the Freedom acquisition may not be fully realized or they could take longer to realize than expected once the Corporation completes the integration of Freedom's operations.

The expansion of the Corporation's telecommunications operations outside Québec has led to an increase in the number of Canadians reached by Videotron, from 7.5 million (or 20% of the Canadian population) prior to the Freedom acquisition to more than 33 million Canadians (or more than 80% of the Canadian population) in 2024. The Corporation has entered the British Columbia, Alberta and Manitoba telecommunications markets through the Freedom acquisition and strengthened its position in the Ontario market, such that approximately 45% of mobile subscribers of the Corporation are in Québec, 40% in Ontario and 15% in Western Canada. These markets are characterized by the significant presence of three well-established national wireless carriers, with a wide range of spectrum licences and considerable operational and financial resources. Significant and recurring investments and costs will be required in these new markets in order to, among other things, attract and retain customers, acquire new spectrum licence to enable the deployment of the latest technologies, enable the expansion and maintenance of its mobile network, enable the launch and penetration of new services, compete effectively existing or potential competitors in these markets, and implement marketing strategies and relevant commercial efforts. Such additional investments in the Corporation's new markets may require the commitment of significant additional capital and may not translate into incremental revenues, cash flows or profitability at the levels anticipated by the Corporation or at all.

As part of the regulatory approval process of the Freedom acquisition, the Corporation has also made certain commercial commitments to the Minister of Innovation, Science and Industry. In the event that these commitments are not respected, Videotron could be liable to pay damages in the amount of $25.0 million per year in which these commitments are not respected for each of the third, fourth, fifth, sixth, seventh, eighth, nineth and tenth years, up to a maximum of $200.0 million.

Moreover, since October 2023, the Corporation has been expanding its wireless business outside of its traditional Québec footprint by entering new markets as a MVNO. Entering new markets as a MVNO enables the Corporation to further expand its reach and offer its services to more customers. The Corporation anticipates that significant and recurring investments may be required in the new markets where it has spectrum licences and where it operates as a MVNO. In particular, the Corporation is expected to benefit from the MVNO service access for a limited period of seven years from the date of final approval by the CRTC of the tariffed terms and conditions (the "phase out period"), and is subject to the conditions under which its spectrum licences were issued. Failure to adequately expand its own wireless network before the end of the phase out period expose the Corporation to the risk of no longer being in position to serve its customers following the end of the term of the MVNO service access or to be in breach of its spectrum licence conditions.

Any material failure to implement the Corporation's wireless business geographic expansion could have an adverse effect on its reputation, business, financial condition, prospects, and results of operations, as well as on its ability to meet its obligations, including its ability to service its indebtedness.

Investments in connection with its markets and to address significant and rapid technological changes

The Corporation is required and will continue to invest substantial capital for the upgrade, enhancement, expansion and maintenance of its networks and systems, and the launch and deployment of new or additional services, including expenditures relating to the deployment of LTE-Advanced/5G mobile technologies and to expand geographically**.** The Corporation also expects to make significant and recurring investments in its markets as well as in additional locations to acquire new spectrum licences, in order to, among other things, enable the deployment of the latest technologies, enable the expansion and maintenance of newly acquired mobile networks, enable the launch and penetration of new services, and compete effectively with existing or potential competitors in these markets. Such additional investments, which are anticipated to be significant, in the Corporation's new markets may require the commitment of considerable additional capital. Moreover, additional investments in its business may not translate into incremental revenues, cash flows or profitability. See also the risk factor "*Geographic expansion*".

New technologies in the telecommunication industry, including 5G technology, are evolving faster than the historical industry investment cycle, requiring the Corporation to continually invest in its services, networks and technologies. Their introduction and pace of adoption could result in requirements for additional capital investments not currently planned, as well as shorter estimated useful lives for certain of the Corporation's existing assets. The Corporation's strategy of maintaining a competitive position in the suite of products and services it offers and of launching new products and services requires capital investments in its networks, information technology systems and infrastructure, as well as the acquisition of spectrum, to support growth in its customer base and its demands for increased bandwidth capacity and other services.

New technologies can also materially impact the Corporation's businesses in a number of ways, including affecting the demand for and the distribution methods of its products and services, some of which may become obsolete given the rapid pace of technological evolution. If the Corporation adopts technology or equipment that is not as effective or attractive to consumers as that which is employed by its competitors, if the Corporation lags behind its competitors in adopting technologies desired by consumers, or if the Corporation fails to execute effectively on its technology initiatives, the Corporation's business, reputation, prospects, financial condition and results of operations could be adversely affected. There can be no assurance that the Corporation can execute on these technology initiatives in a manner sufficient to grow or maintain its revenue or to successfully compete in the future.

The cost of the acquisition, development or implementation of new technologies and spectrum could be significant and the Corporation's ability to fund such acquisition, development or implementation may be limited, which could have a material adverse effect on its ability to successfully compete in the future. Any such difficulty or inability to compete could have a material adverse effect on its business, reputation, prospects, financial condition and results of operations.

Consumer trends to abandon traditional telephony and television services

The ongoing trend towards mobile substitution (when users cancel their wireline telephony services and opt exclusively for mobile telephony services) is largely the result of the increasing mobile penetration rate in Canada. In addition, there is also a consumer trend to abandon, substitute or reduce traditional television services for Internet access services allowing customers to stream directly from broadcasters and OTT content providers. Consequently, the Corporation may not be successful in converting its existing wireline telephony and television subscriber base to its mobile telephony services, its Internet access services or its OTT entertainment platforms, which could have a material adverse effect on its business, prospects, revenues, results of operations and financial condition.

Access to support structures

The Corporation requires access to the support structures of hydroelectric and telephone utilities and needs municipal rights of way to deploy and upgrade its cable and mobile networks. Where access to the structures of telephone utilities cannot be secured, the Corporation may apply to the CRTC to obtain a right of access under the Telecommunications Act. The Corporation has entered into comprehensive support structure access agreements with all the major hydroelectric companies and all the major telecommunications companies in its service territory. In the event that the Corporation seeks to renew or to renegotiate these agreements, it cannot guarantee that these agreements will continue to be available on their respective terms, on acceptable terms, or at all, which may place the Corporation at a competitive disadvantage and which may have a material adverse effect on its business and prospects.

The Corporation will need to enter into support structure access agreements with electricity distribution companies and telecommunications companies as well as obtain municipal rights of way for its mobile network expansion. Make ready work, which is the strengthening of the poles and/or relocation of other facilities on the poles to accommodate additional attachments, often takes several months to years to complete, which may delay the Corporation's network expansion. If the Corporation has to support increasing costs in securing access to support structures needed for its cable and mobile network or is unable to secure access

agreements or municipal rights of way, it may not be able to implement its business strategies which may have a material adverse effect on its business and prospects. See also the risk factor "*Competition and technological development*".

Roaming agreements

The Corporation has entered into roaming agreements with multiple carriers around the world and has thereby established worldwide coverage for its customers. The Corporation's inability to extend its worldwide coverage or to renew, or substitute for, these roaming agreements on a timely basis and at an acceptable cost may place the Corporation at a competitive disadvantage, materially increase its cost structure, and consequently, its business, prospects, revenues, financial condition of operations could be adversely affected.

Ongoing access to spectrum

Wireless, video and broadband services are undergoing rapid and significant technological changes and a dramatic increase in usage, in particular, from the demand for faster and seamless usage of video and data across mobile and fixed devices. It is projected that this demand will continue to accelerate, driven by the following increases: levels of broadband penetration; need for personal connectivity and networking; teleworking; affordability of mobile devices; multimedia-rich services and applications; and unlimited data plans. The anticipated levels of data traffic will represent a growing challenge to the current mobile network's ability to serve this traffic. Even though the Corporation has acquired blocks of spectrum in the 3500 MHz and 3800 MHz bands, both essential for 5G technology, it will have to acquire additional spectrum in order to address this increased demand and to be competitive with national incumbent wireless carriers. The ability to acquire additional spectrum at a reasonable price or at all is dependent on the competition level as well as the spectrum auction timing and rules. In previous auctions, ISED has used, and the Corporation has benefited from, certain measures to support competition, which notably included spectrum set-asides and spectrum aggregation limits ensuring that a minimum amount of spectrum was effectively available for participants that were not national incumbent wireless carriers. There can be no assurance that these measures will be used again by ISED in future auctions, or that the Corporation will be able to benefit from such measures. If the Corporation is not successful in acquiring additional spectrum it may need on reasonable terms, or at all, that could have a material adverse effect on its business, prospects and financial condition. See also the risk factor "*Geographic expansion*".

Capital expenditures

There can be no assurance that the Corporation will be able to generate or otherwise obtain the funds to implement its business strategies and finance its capital expenditure programs or other investment requirements, whether through cash from operations, additional borrowings or other sources of funding. If the Corporation is unable to generate sufficient funds or obtain additional financing on acceptable terms, it may be unable to implement its business strategies, including its expansion outside of Québec, or proceed with the capital expenditures and investments required to maintain its leadership position, and its business, financial condition, results of operations, reputation, and prospects could be materially adversely affected. See also the risk factor "*Geographic expansion*".

Implementation of changes to the structure of its business

The Corporation has and will continue to implement changes to the structure of its business due to many factors, such as a system replacement or upgrade, a process redesign, a corporate restructuring and the integration of business acquisitions, including the Freedom acquisition, or existing business units. These changes must be managed carefully with a view to capturing the intended benefits. The implementation process may negatively impact overall customer experience and may lead to greater-than-expected operational challenges, employee turnover, operating costs and expenses, customer losses, and business disruption for the Corporation, all of which could adversely affect its business and its ability to gain the anticipated benefits.

Successful implementation of business and operating strategies

The Corporation's strategies include strengthening its position as telecommunications leader, introducing new and enhanced products and services, enhancing its advanced wireline and wireless networks, further expanding into new geographic areas, offering multiplatform advertising solutions, generating and distributing content across a spectrum of media properties and assets, leveraging an integrated platform of media assets, pursuing cross promotional opportunities, develop quality exclusive content, further integrating the operations of its subsidiaries and maximizing customer satisfaction across its business. The Corporation may not be able to implement these strategies successfully or realize their anticipated results fully or at all, and their implementation may be costlier or more challenging than initially planned. In addition, its ability to successfully implement these strategies could be adversely affected by a number of factors beyond its control, including operating difficulties, increased dependence on third party suppliers and service providers, increased ongoing operating costs, regulatory developments, regulatory approvals, general or local economic conditions, increased competition, technological changes, any restrictive measures put in place in order to contain an outbreak of a contagious disease or other adverse public health development, and other factors described in this section. Any material failure to implement its strategies could have an adverse effect on its reputation, business, financial condition, prospects, and results of operations, as well as on its ability to meet its obligations, including its ability to service its indebtedness.

As part of the Corporation's strategy, in recent years, the Corporation has entered into certain agreements with third parties under which it is committed to making significant operating and capital expenditures in the future in order to offer new products and services to its customers. The Corporation can provide no assurance that it will be successful in developing such new products and services in relation to these engagements, including the marketing of new revenue sources.

Inventory obsolescence

The Corporation's products and equipment in inventory generally have a relatively short lifecycle and may become obsolete notably due to the rapid pace of technological evolution. If the Corporation cannot effectively manage inventory levels based on product demand, return levels under its mobile device buyback programs, or minimum order quantities from its suppliers, this could increase the risk of inventory obsolescence and could have an adverse effect on its business, financial condition and results of operations.

Key personnel

The Corporation's success depends to a large extent on the well-being and engagement of its team members, their diverse abilities and experiences, the continued services of its senior management and its ability to attract and retain skilled employees. There is intense competition for qualified management and skilled employees in the Corporation's industry. As a result, the Corporation may experience higher than anticipated levels of employee attrition. These risks relating to attracting and retaining strong talent may be exacerbated by recent labour constraints and inflationary pressures on employee wages and benefits. The Corporation's failure to recruit, train and retain such employees could have a material adverse effect on its business, prospects, results of operations and financial condition.

Strikes, other labour protests and health risks affecting employees

The Corporation can neither predict the outcome of current or future negotiations relating to labour disputes, union representation or renewal of collective bargaining agreements, nor guarantee that it will not experience future work stoppages, strikes or other forms of labour protests pending the outcome of any current or future negotiations. If the Corporation's unionized workers engage in a strike or any other form of work stoppage, the Corporation could experience a significant disruption to its operations, damage to its property and/or interruption to its services, which could adversely affect its business, assets, financial condition, results of operations and reputation. Even if the Corporation does not experience strikes or other forms of labour protests, the outcome of labour negotiations could adversely affect its business and results of operations. Such could be the case if current or future labour negotiations or contracts were to further restrict the Corporation's ability to maximize the efficiency of its operations. In addition, its ability to make short-term adjustments to control compensation and benefit costs is limited by the terms of its collective bargaining agreements.

Distribution, production and acquisition of original programming

The financial performance of the Corporation's television, subscription-based OTT entertainment (illico+), video-on-demand ("VOD") and mobile services depends in large part on its ability to distribute a wide range of appealing video programming on its platforms and on its ability to produce and acquire original content on an ongoing basis.

In its telecommunications business, the Corporation obtains video programming rights from suppliers pursuant to programming contracts. In recent years, these suppliers have become vertically integrated and are now more limited in number. The Corporation may be unable to maintain key programming contracts at commercially reasonable rates for video programming. Loss of programming contracts, the Corporation's inability to obtain programming at reasonable rates or its inability to pass rate increases through to its customers could have a material adverse effect on its business, prospects, results of operations and financial condition.

Increased competition in the television, OTT and VOD industry from local and foreign OTT content providers with access to substantial financial resources may result in a competitive disadvantage from a content perspective and may have a material adverse effect on the Corporation's business, prospects, revenues financial conditions and results of operations.

Furthermore, Bill C-11, *An Act to amend the Broadcasting Act and to make related and consequential amendments to other Acts*, also known as the Online Streaming Act, which expressly brings foreign OTT content providers within the scope of the *Broadcasting Act* (Canada) (the "Broadcasting Act") was passed by Parliament and received Royal Assent on April 27, 2023. The CRTC has since begun to implement Bill C-11 and modernize Canada's broadcasting system through multi-phase consultation process. As the CRTC rolls out a modernized regulatory framework, foreign OTT content providers are progressively subjected to obligations to promote Canadian cultural products and make material expenditures in order to support local cultural production. Notably, on June 4, 2024, the CRTC determined that online undertakings that are not affiliated with traditional Canadian broadcasting undertakings will be required to contribute 5% of their Canadian revenues to support the domestic broadcasting system. Bill C-11 could therefore increase competition and put greater pressure on the price of Canadian content.

Rising adoption of web-based and application-based channels

To better meet the changing habits and expectations of consumers and businesses, the Corporation's competitors are rapidly developing digital platforms, which allow them to sell and distribute their products on web-based or application-based channels and to shift customer interaction to digital platforms driving more self-help, self-install and self-service. If the Corporation does not succeed in implementing and pursuing its own digital strategy and fails to evolve its customer experience in line with customers' expectations, this could place the Corporation at a competitive disadvantage, which could have an adverse effect on its business, prospects, results of operations and financial condition.

Single-clustered network

The Corporation provides its television, Internet access, wireline telephony and mobile telephony services through primary headends and a series of secondary or regional headends interconnected through a single core network. Nowadays, this evolved network topology is commonly adopted by multiple system operators seeking to leverage converged network technologies in their quest for homogeneous, rapid, efficient and cost-effective service delivery. Despite available emergency backup or replacement sites, automatic failover systems, and disaster recovery measures, a network failure in headend, triggered by exogenous threats, such as cyber-attacks, natural disasters, sabotage or terrorism, dependence on certain external infrastructure providers (such as electric utilities), or endogenous causes like deficient interoperable multi-vendor infrastructures, human error or non-adherence to proper change and incident management practices, could prevent the Corporation from delivering some or all of its products and services throughout its networks until the failure has been completely resolved, which may result in significant customer dissatisfaction, loss of revenues and potential civil litigation, and could have a material adverse effect on the Corporation's financial condition and industry-wide reputation.

Reputation

The Corporation has generally enjoyed a good reputation among the public. Its ability to maintain its existing customer relationships and to attract new customers depends to a large extent on its reputation. While the Corporation has put in place certain mechanisms to mitigate the risk that its reputation may be tarnished, including good governance practices and a Code of Ethics, there can be no assurance that these measures will be effective to prevent violations or perceived violations of the law or ethical business practices. The loss or tarnishing of the Corporation's reputation could have a material adverse effect on its business, prospects, financial condition and results of operations.

Protection of personal data

The ordinary course of the Corporation's businesses involves the receipt, collection, storage and transmission of sensitive data, including its proprietary business information and that of its customers, and personally identifiable information of its customers and employees, whether in its systems, infrastructure, networks and processes, or those of its suppliers.

The Corporation faces risks inherent in protecting the security of such personal data. In particular, the Corporation faces a number of challenges in protecting the data contained and hosted on its systems, or those belonging to its suppliers, including from advertent or inadvertent actions or inactions by its employees, as well as in relation to compliance with applicable laws, rules and regulations relating to the collection, use, disclosure and security of personal information, including any requests from regulatory and government authorities relating to such data. Although the Corporation has developed and maintains systems, processes and security controls that are designed to protect personally identifiable information of its clients, employees or business partners, the Corporation may be unable to prevent the improper disclosure, loss, misappropriation of, unauthorized access to, or other security breaches relating to such data that the Corporation stores or processes or that its suppliers store or process. As a result, the Corporation may incur significant costs, be subject to investigations, sanctions and litigation, including under laws that protect the privacy of personal information, and the Corporation may suffer damage to its business, competitive position and reputation, which could have a material adverse effect on its financial condition.

Federal and provincial legislation in the area of privacy and personal information is constantly evolving and is expected to undergo significant changes in the coming years. In Québec, the vast majority of the amendments to the *Act respecting the protection of personal information in the private sector* under Law 25 (previously Bill 64), came into effect in September 2023, Law 25 modernized the framework applicable to the protection of personal information and imposed new obligations on the Corporation, including perspective consent requirements for the collection, use and disclosure of personal information. The Corporation does not expect compliance with this legislation to threaten its business, but it may incur significant costs to update its security systems, processes and controls, which could have a material adverse effect on its financial condition.

The Corporation notes heightened difficulty and risk in managing personal data and information collection and mobilized using artificial intelligence technology. In June 2022, the Canadian government introduced Bill C-27, the Digital Charter Implementation Act, 2022, which aims to replace Canada's federal private sector privacy legislation, to create a new tribunal and to propose new rules for artificial

intelligence systems. If enacted in its current form, Bill C-27 could result in additional compliance costs for the Corporation and expose the Corporation to significant monetary penalties in the event of non-compliance.

Cybersecurity

The Corporation has implemented and regularly reviews and updates processes and procedures to protect key service interruption, unauthorized access to or use of sensitive data, including data of its customers, and to prevent data loss or theft. However, despite ever-evolving cyber-threats which require the Corporation to continually evaluate and adapt its systems, infrastructure, networks and processes, the Corporation cannot assure that these, or those of its suppliers, will be adequate to prevent unauthorized access by third parties or errors by employees or by third-party suppliers.

Cybersecurity risks have increased in recent years as a result of the proliferation of new technologies and the increased sophistication of cyber-attacks and data security breaches, as well as due to international and domestic political factors including geopolitical tensions, armed hostilities, war, civil unrest, sabotage and terrorism. Because of the nature of its infrastructure and its use of information systems and other digital technologies, the Corporation faces a heightened risk of cyber-attacks. With social media increasingly prevalent, social engineering has become a powerful tool to conduct identity theft and fraud trying to access critical systems and sensitive or personal data.

In this regard, the Corporation is at risk from increasingly sophisticated phishing attacks, SIM swaps, fraudulent ports and other types of frauds. Human error can also contribute to a cyber incident, and cyber-attacks can be internal as well as external and occur at any point in its supply chain, which can have a significant impact on downstream operations and the use of ransomware in cyberattacks have also evolved as important considerations in the cybersecurity threat. If the Corporation is subject to a significant cyber-attack or breach, unauthorized access, errors of third-party suppliers or other security breaches, the Corporation may incur significant costs, be subject to investigations, sanctions and litigation, including under laws that protect the privacy of personal information, and it may suffer damage to its business, competitive position and reputation, which could have a material adverse effect on its financial condition.

In addition, a cyber-attack could occur and persist for an extended period without detection. Any investigation of a cyber-attack or other security incident may be inherently unpredictable, and it would take time before the completion of any investigation and availability of full and reliable information. During such time, the Corporation may not know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, all or any of which could further increase the costs and consequences of a cyber-attack or other security incident, and its remediation efforts may not be successful. The inability to implement, maintain and upgrade adequate safeguards could materially and adversely affect the Corporation’s results of operations, cash flows, and financial condition. As cyber-attacks continue to evolve, the Corporation may be required to expend significant additional resources to continue to modify or enhance its protective measures or to investigate and remediate any information security vulnerabilities.

The costs associated with a major cyber-attack could also include expensive incentives offered to existing customers and business partners to retain their business, increased expenditures on cybersecurity measures and the use of alternate resources and lost revenues and customers from business interruption and litigation. The Corporation’s contractual risk transfers do not eliminate the risk completely and the potential costs associated with these attacks could exceed the scope and limits of the insurance coverage the Corporation maintains.

The Corporation has adopted a remote work policy establishing guidelines for its employees and suppliers when working remotely. These remote work arrangements have increased remote connectivity to our systems which could lead to an increased risk of unauthorized access to the corporation’s systems. The remote work could introduce additional operating risks, including, but not limited to, confidentiality risks, privacy risks, information security risks, health and safety risks. This situation could also result in an increase in the number of legal proceedings and other claims related to the pursuit of the Corporation’s activities outside of its usual premises.

Protection from piracy

The Corporation may not be able to prevent electronic attacks to gain unauthorized access to, and use of, its networks, digital programming, and Internet access services. The Corporation uses encryption technology to protect its television signals and OTT service from unauthorized access and to control programming access based on subscription packages. However, it may not be able to deploy adequate technology to prevent unauthorized access to its networks, programming and data, which may have an adverse effect on its customer base and lead to a possible decline in its revenues, as well as to significant remediation costs and legal claims.

Malicious and abusive Internet practices

The Corporation’s customers utilize its cable, mobile and fibre-optic connectivity business networks to access the Internet and, as a consequence, the Corporation or its customers may become a victim of common malicious and abusive Internet activities, such as unsolicited mass advertising (or spam) and dissemination of viruses, worms and other destructive or disruptive software. These

activities could have adverse consequences on the Corporation's networks and its customers, including deterioration of service, excessive call volume to call centres, and damage to its customers' equipment and data or the Corporation's ones. Significant incidents could lead to customer dissatisfaction and, ultimately, to a loss of customers or revenues, in addition to increased costs to service its customers and protect its networks. Any significant loss of cable, mobile or fibre-optic connectivity business customers, or a significant increase in the costs of serving those customers, could adversely affect the Corporation's reputation, business, prospects, results of operations and financial condition.

Dependence on information technology systems

The day-to-day operation of the Corporation's business is highly dependent on information technology systems, including those of certain third-party suppliers, some of which are based in territories with potential geopolitical risk. Furthermore, the Corporation's business relies on the use of numerous distinct information technology systems, billing systems, sales channels, databases as well as different rate plans, promotions and product offerings, which make its operations increasingly complex and may unfavourably impact its response time to market trends and the risk of billing or service errors. An inability to maintain and enhance the Corporation's existing information technology systems or obtain new systems to accommodate additional customer growth or to support new products, and services could have an adverse impact on its ability to acquire new subscribers, retain existing customers, produce accurate and timely billing, generate revenue growth, manage operating expenses and carry out operations without interruption; all of which may have a material adverse effect on the Corporation's business, prospects, results of operations and financial condition.

The Corporation has entered into strategic relationships with service providers to ensure access to certain technologies. An inability to maintain these relationships or difficulties implementing its technology roadmap could result in higher capital requirements, prolonged development timelines and substandard performance of its products and services.

Products and services supplied to the Corporation by third-party suppliers may contain latent security issues, including, but not limited to, software and hardware security issues, that would not be apparent upon a diligent inspection. Failure to identify and remedy those issues may result in significant customer dissatisfaction, loss of revenues, and could adversely impact its results of operations and financial condition.

Third-party suppliers and providers

The Corporation depends on third-party suppliers and providers for certain services, hardware, licensed technological platforms and equipment that are, or may become, critical to its operations and network evolution. These materials and services include end-user terminals such as set-top boxes, gateways, Wi-Fi routers, mobile telephony handsets, network equipment such as wireline and telephony modems, servers and routers, fibre-optic cable and equipment, telephony switches, inter-city links, support structures, licensed technological platforms, external cloud-based services and network functions, services and operational software, the "backbone" telecommunications network for its Internet access, telephony services and mobile services; and construction services for the expansion of and upgrades to its wireline and wireless networks. These services, platforms and equipment may be available from a single or limited number of suppliers and therefore the Corporation faces the risks of supply disruption, including due to geopolitical events, global trade challenges such as tariffs and trade barriers, external events such as climate change related impacts, epidemics, pandemics or other health issues, business difficulties, restructuring or supply-chain issues. If no supplier can provide the Corporation with the equipment and services that it requires or that comply with evolving Internet and telecommunications standards or that are compatible with the Corporation's other equipment and software interfaces, its business, financial condition and results of operations could be materially adversely affected. In addition, if the Corporation is unable to obtain critical equipment, software, services or other items on a timely basis and at an acceptable cost, its ability to offer its products and services at competitive pricing, or at all, and roll out of its advanced services may be delayed, and its business, financial condition and results of operations could be materially adversely affected.

Moreover, as there are a limited number of manufacturers of mobile devices and customer premises equipment ("CPE"), there is a risk that the Corporation will not be able to maintain agreements for their existing supply on commercially reasonable terms. The rising mobile device and CPE costs as well as potential delays in delivery of mobile devices and CPE, in a price-sensitive market, could negatively impact its revenues, financial condition and results of operations, as the Corporation may not be able to pass on to customers a corresponding increase in the price of its products. Furthermore, some of its competitors benefit from higher purchasing volumes which may provide them the ability to negotiate better prices and faster deliveries from manufacturers.

In addition, the Corporation obtains proprietary content critical to its operations through licensing arrangements with content providers. Some providers may seek to increase fees or impose technological requirements to protect their proprietary content. If the Corporation is unable to renegotiate commercially acceptable arrangements with these content providers, comply with their technological requirements or find alternative sources of equivalent content, its business, financial condition and results of operations could be materially adversely affected.

Litigation and other claims

In the normal course of business, the Corporation is involved in various legal proceedings and other claims relating to the conduct of its business, including class actions. Although, in the opinion of its management, the outcome of current pending claims and other litigation is not expected to have a material adverse effect on its reputation, results of operations, liquidity or financial condition, a negative outcome in respect of any such claim or litigation could have a said adverse effect. Moreover, the cost of defending against lawsuits and the diversion of management's attention could be significant.

Intellectual property rights

The Corporation relies on its intellectual property, such as copyrights, trademarks and trade secrets, as well as licences and other agreements with its vendors and other third parties, to use various technologies, conduct its operations and sell its products and services. Legal challenges to its intellectual property rights, or the ones of third party suppliers, and claims of intellectual property infringement by third parties could require that the Corporation enter into royalty or licensing agreements on unfavourable terms, incur substantial monetary liability, or be enjoined preliminarily or permanently from further use of the intellectual property in question or from the continuation of its businesses as currently conducted. The Corporation may need to change its business practices if any of these events occur, which may limit its ability to compete effectively and could have an adverse effect on its results of operations. In the event that the Corporation believes any such challenges or claims are without merit, they can nonetheless be time-consuming and costly to defend and divert management's attention and resources away from its businesses. Moreover, if the Corporation is unable to obtain or continue to obtain licences from its vendors and other third parties on reasonable terms, its businesses could be adversely affected.

Piracy and other unauthorized uses of content are made easier, and the enforcement of the Corporation's intellectual property rights is made more challenging, by technological advances. The steps the Corporation has taken to protect its intellectual property may not prevent the misappropriation of its proprietary rights. The Corporation may not have the ability in certain jurisdictions to adequately protect intellectual property rights. Moreover, others may independently develop processes and technologies that are competitive to the Corporation's ones. Also, the Corporation may not be able to discover or determine the extent of any unauthorized use of its proprietary rights. Unauthorized use of its intellectual property rights may increase the cost of protecting these rights or reduce its revenues. The Corporation cannot be sure that any legal actions against such infringers will be successful, even when its rights have been infringed.

Pension plan liability

The economic cycles, employee demographics and changes in regulations could have a negative impact on the funding of the Corporation's defined benefit pension plans and related expenditures. There is no guarantee that the expenditures and contributions required to fund these pension plans will not increase in the future and therefore negatively impact the Corporation's operating results and financial condition. Risks related to the funding of defined benefit plans may materialize if total obligations with respect to a pension plan exceed the total value of its trust assets. Shortfalls may appear due to lower-than-expected returns on investments, changes in the assumptions used to assess the pension plan's obligations and actuarial losses.

Exchange rate fluctuations

Most of the Corporation's revenues, expenses and capital expenditures are denominated in Canadian dollars. However, certain expenses and capital expenditures, such as the purchase of set-top boxes, gateways, modems, mobile devices, the payment of royalties to certain business partners or services providers, and certain costs related to the development and maintenance of its mobile network, are paid in U.S. dollars. Those costs are only partially hedged, hence a significant increase in the U.S. dollar would affect the costs that are not hedged and could have an adverse effect on the Corporation's results of operations and financial condition.

In addition, a substantial portion of the Corporation's debt is denominated in U.S. dollars, and interest, principal and premium, if any, thereon are payable in U.S. dollars. For the purposes of financial reporting, any change in the value of the Canadian dollar against the U.S. dollar during a given financial reporting period would result in a foreign exchange gain or loss on the translation of any unhedged U.S. dollar-denominated debt into Canadian dollars. Consequently, the Corporation's reported earnings and debt could fluctuate materially as a result of foreign-exchange gains or losses. The Corporation has entered into transactions to hedge the exchange rate risk with respect to its U.S. dollar-denominated debt outstanding at December 31, 2024, and it intends in the future to enter into such transactions for new U.S. dollar-denominated debt. These hedging transactions could, in certain circumstances, prove economically ineffective and may not be successful in protecting it against exchange rate fluctuations, or the Corporation may in the future be required to provide cash and other collateral in order to secure its obligations with respect to such hedging transactions, or it may in the future be unable to enter into such transactions on favourable terms, or at all, or, pursuant to the terms of these hedging transactions, the Corporation's counterparties thereto may owe the Corporation significant amounts of money and may be unable to honour such obligations, all of which could have an adverse effect on the Corporation's results of operations and financial condition.

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

The Corporation holds interests in certain foreign companies. A significant adverse change in the value of the currencies of these foreign companies could have an adverse impact on the results of operations and the financial condition of the Corporation.

The fair value of the derivative financial instruments the Corporation is party to is estimated using period-end market rates and reflects the amount the Corporation would receive or pay if the instruments were terminated and settled at those dates, as adjusted for counterparties' non-performance risk. At December 31, 2024, the net aggregate fair value of the Corporation's cross-currency and interest rate swaps, and foreign-exchange forward contracts was in a net asset position of $141.2 million on a consolidated basis. These swaps and forward contracts were entered into with large Canadian and foreign financial institutions holding credit ratings that meet minimum requirements.

Some of the Corporation's suppliers source their products out of the U.S., therefore, although the Corporation pays those suppliers in Canadian dollars, the prices it pays for such products may be affected by fluctuations in the exchange rate. The Corporation may in the future enter into transactions to hedge its exposure to the exchange rate risk related to the prices of some of those products. However, fluctuations to the exchange rate for the Corporation's purchases that are not hedged could affect the prices the Corporation pays for such purchases and could have an adverse effect on its results of operations and financial condition.

Volatility

The capital and credit markets have experienced significant volatility and disruption in the past, resulting in periods of upward pressure on the cost of new debt capital and severe restrictions in credit availability for many companies. In such periods, the disruptions and volatility in the capital and credit markets have also resulted in higher interest rates or greater credit spreads on the issuance of debt securities and increased costs under credit facilities. Disruptions and volatility in the capital and credit markets could increase the Corporation's interest expense, thereby adversely affecting its results of operations and financial position.

The Corporation's access to funds under its existing credit facilities is dependent on the ability of the financial institutions that are parties to those facilities to meet their funding commitments. Those financial institutions may not be able to meet their funding commitments if they experience shortages of capital and liquidity, or if they experience excessive volumes of borrowing requests within a short period of time. Moreover, the obligations of the financial institutions under the Corporation's credit facilities are several and not joint and, as a result, a funding default by one or more institutions does not need to be made up by the others. Any financial turmoil affecting the banking system and financial markets or any significant financial services institution failures could negatively impact the Corporation's treasury operations, as the financial condition of such parties may deteriorate rapidly and without notice in times of market volatility and disruption.

Extended periods of volatility and disruptions in the capital and credit markets as a result of uncertainty, rising rates, pandemics, epidemics and other health issues, ongoing changes in or increased regulation of financial institutions, reduced financing alternatives or failures of significant financial institutions could adversely affect the Corporation's access to the liquidity and affordability of funding needed for its businesses in the longer term. Such disruptions could require the Corporation to take measures to maintain a cash balance until markets stabilize or until alternative credit arrangements or other funding for its business needs can be arranged.

Inflation and adverse economic conditions

Inflationary pressures and interest rate fluctuations may result in higher input costs for equipment, products and services, upward wage pressures and higher interest expense. Adverse economic conditions, such as economic downturns or recessions, rising global trade challenges, including trade barriers and tariffs threatened to be imposed by the U.S. administration on Canadian goods (and/or Canadian government's response to such tariffs), or geopolitical instability, could also cause the Corporation's results of operations to vary materially from expectations. In addition, adverse economic conditions may lead to a lower demand for certain of the Corporation's products and services, a declining level of retail and commercial activity and increased incidences of customer inability to pay or timely pay for the services or products that the Corporation provides. These conditions and uncertainties may also make it difficult for the Corporation to raise its prices enough to offset rising costs, may increase costs of borrowing and may reduce the availability of funding in the financial markets, all of which could adversely affect the Corporation's results of operations, cash flows, financial condition and prospects.

Interest and other expenses could vary materially from expectations depending on changes in interest rates, borrowing costs, currency exchange rates, and costs of hedging activities. The Corporation, its customers and economic markets more broadly, have been and will continue to be highly dependent upon the actions of governments and businesses in response to macroeconomic events, and the effectiveness of those actions. Economic downturns may also lead to restructuring actions and associated expenses.

Epidemics, pandemics and other public health emergencies

Pandemics may adversely affect the Corporation's business in a variety of ways, including by restricting certain operations and marketing efforts, and disrupting supply chains. Pandemics, epidemics and other public health issues may pose potential adverse impacts on the Corporation, including, but not limited to: (i) a reduction in demand for the Corporation's products or services, or an increase in delinquent or unpaid bills, due to job losses and associated financial hardship; (ii) a reduction in the availability of content, and therefore a reduction in the Corporation's ability to provide the content and programming that its customers expect; (iii) downgrade or cancellation of customer services; (iv) issues delivering the Corporation's products and services; (v) lost revenues due to the significant economic challenges that small and medium-sized business customers are facing; (vi) uncertainty associated with the costs and availability of resources required to provide appropriate levels of service to customers; (vii) additional capital expenditures, and uncertainty associated with costs, delays and the availability of resources required to maintain, upgrade or expand the Corporation's network in order to accommodate increased network usage, and to expand its self-install and self-serve programs in order to attract new customers; (viii) unexpected increase of user data demand and increased pressure on the Corporation's network capacity, which could negatively affect its network's performance, availability, speed, consistency and its ability to provide services; (ix) the ability of certain suppliers and vendors to provide products and services to the Corporation; (x) the impact of legislation, regulations and other government interventions in response to pandemics and other public health issues; (xi) the negative impact on global credit and capital markets; and (xii) the ability to access capital markets and fund liquidity needs at a reasonable cost or at all. Any of these risks and uncertainties could have a material adverse impact on the Corporation's business, prospects, results of operations and financial condition.

Asset impairment charges

The Corporation has recorded in the past asset impairment charges which, in some cases, have been material. Subject to the realization of various factors, including, but not limited to, weak economic or market conditions, it may be required to record in the future, in accordance with IFRS accounting valuation principles, additional non-cash impairment charges if the carrying value of an asset in the Corporation's financial statements is in excess of its recoverable value. Any such asset impairment charge could be material and may adversely affect its future reported results of operations and equity, although such charges would not affect its cash flow.

Acquisitions, dispositions, business combinations, or joint ventures

From time to time, the Corporation engages in discussions and activities with respect to possible acquisitions, dispositions, business combinations, or joint ventures intended to complement or expand its business, some of which may be significant transactions for the Corporation and involve significant risks and uncertainties. The Corporation may not realize the anticipated benefit from any of the transactions it pursues, and may have difficulty incorporating or integrating any acquired business. Regardless of whether the Corporation consummates any such transaction, the negotiation of a potential transaction (including associated litigation), as well as the integration of any acquired business, could require the Corporation to incur significant costs and cause diversion of management's time and resources and disrupt its business operations. It could face several challenges in the consolidation and integration of information technology, accounting systems, personnel and operations. See also the risk factor "*Geographic expansion*".

If the Corporation determines to sell individual properties or other assets or businesses, it will benefit from the net proceeds realized from such sales. However, its results of operations may suffer in the long term due to the disposition of a revenue-generating asset, the timing of such dispositions may be poor, causing it to fail to realize the full value of the disposed asset or the terms of such dispositions may be overly restrictive to the Corporation or may result in unfavourable post-closing price adjustments if some conditions are not met, all of which may diminish the Corporation's ability to repay its indebtedness at maturity.

Any of the foregoing could have a material adverse effect on the Corporation's business, financial condition, operating results, liquidity, and prospects.

Rapid development in AI technology

The rapid development and adoption of AI technologies which present promising opportunities comes with inherent data privacy and ethical risks as well as greater exposure to increasingly sophisticated and efficient cybersecurity attacks which require careful monitoring and improved risk management solutions. AI-related issues and failures may also lead to legal or regulatory action, including through the application of existing data protection, privacy and intellectual property laws, which could damage the Corporation's reputation or otherwise harm its business. Additionally, AI technologies are complex and rapidly evolving and the Corporation's competitors or other third parties may also incorporate AI into their operations, products and services. Should they achieve faster or more effective AI adoption than the Corporation, it could impair the Corporation's ability to compete effectively which may adversely affect the business and results of operations.

Government acts and regulations risks

The Corporation's operations are subject to extensive government regulation and policy-making in Canada. Laws and regulations govern the issuance, amendment, renewal, transfer, suspension, revocation and ownership of broadcast programming and distribution licences. With respect to distribution, regulations govern, among other things, the distribution of Canadian and non-Canadian programming services and the maximum fees to be charged to the public in certain circumstances. The Corporation's broadcasting distribution and telecommunications operations (including Internet access service) are regulated respectively by the Broadcasting Act and the Telecommunications Act and regulations thereunder. The CRTC, which administers the Broadcasting Act and the Telecommunications Act, has the power to grant, amend, suspend, revoke and renew broadcasting licences, approve certain changes in corporate ownership and control, and make regulations and policies in accordance with the Broadcasting Act and the Telecommunications Act, subject to certain directions from the federal cabinet. The Corporation's wireless and wireline operations are also subject to technical requirements, licence conditions and performance standards under the *Radiocommunication Act* (Canada) (the "Radiocommunication Act"), which is administered by ISED.

Changes to the laws, regulations and policies governing the Corporation's operations, the introduction of new laws, regulations, policies or terms of licence, the issuance of new licences, including additional spectrum licences to its competitors, could have an impact on customer buying practices and/or a material adverse effect on its business (including how the Corporation provides products and services), prospects, results of operations and financial condition. In addition, the Corporation may incur increased costs in order to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. The Corporation may also incur increased costs as a result of the Memorandum of Understanding on Telecommunications Reliability entered into on September 9, 2022 as between the Corporation and 12 other telecommunication service providers across Canada upon the direction of the federal government, and specifically the Minister of Innovation, Science and Industry (the "MOU"). Under the terms of the MOU, the Corporation is subject to increased obligations related to coordination, roaming, mutual assistance and communications during a telecommunications emergency, including wireless- and/or wireline-based emergencies.

In 2019, the federal government requested that the CRTC consider competition, affordability, consumer interests and innovation in its decisions. In response to this request, the CRTC launched a comprehensive review of the wireless market. Following its review, the CRTC ordered the national incumbent wireless carriers to provide MVNO access services to regional wireless carriers for a period of seven years. This decision stands to have significant impact on the Corporation's competitive environment, as the Corporation could see the emergence of new MVNO competitors. The Corporation may not be able to compete successfully in the future against existing and such potential new competitors. In the context of its comprehensive review of the wireless market, the CRTC also issued two decisions in October 2024. First, the CRTC issued its decision in the review of wholesale roaming rates and rate-setting approach by requiring carriers to enter into commercial negotiations with final offer arbitration ("FOA"), rather than initiating a new rate-setting proceeding. Second, the CRTC issued a decision expanding the scope of the MVNO regulatory framework to allow regional wireless carriers to use MVNO access to serve enterprise and Internet of things (IoT) customers. This potential increase in competition in the Corporation's mobile telephony business combined with the recent CRTC regulation, pursuant to which rates need to be commercially negotiated, could have a material adverse effect on the Corporation's business, prospects, revenues, financial condition and results of operations.

In light of the Corporation's geographic expansion for its wireless business, the Corporation will face important challenges and uncertainty when negotiating with national incumbent wireless carriers in order to reach an agreement for the MVNO access service wholesale rates. In this context, the access rates for MVNO were determined through FOA with Rogers. The CRTC selected Quebecor's final offer in this matter. However, it is worth noting that Rogers has been granted leave to appeal to the CRTC's decision to the Federal Court of Appeal (FCA). Similarly, for Bell Canada's ("Bell") and Telus Communications Inc.'s ("TELUS") services, MVNO access rates were established through FOA, with the CRTC opting for Bell's and TELUS' final offers respectively. The frequency of renegotiation of MVNO wholesale rates is driven by the conditions laid out in the inter-operator agreements between the Corporation and the incumbents. These rates are normally set for a maximum period of two years. The renegotiation of MVNO wholesale rates creates a level of uncertainty and exposes the Corporation to significant financial and strategic risks. The Corporation may struggle to offer competitive pricing or innovate with new plans if it faces high wholesale rates. This can limit its ability to attract and retain customers, as the incumbents may offer more attractive plans due to a more favorable cost structure. If MVNO wholesale rates increase during renegotiation, the Corporation will face higher costs for network access and these costs will also directly impact its profitability.

Moreover, aside from fulfilling its spectrum licence deployment obligations, the Corporation is exposed to the planned discontinuation of the mandated MVNO service after a period of seven years ending in May 2030. Consequently, unless the CRTC decides to extend the obligation of the national incumbent wireless carriers to provide MVNO access services, the Corporation will be required to deploy and enhance its independent wireless network, or enter into commercial MVNO agreements, in the regions where it operates as an MVNO. Neglecting to do so may subject the Corporation to risks, especially if it finds itself unable to cater to its customers when the MVNO services will have been discontinued. Any material failure to implement the Corporation's wireless business geographic

expansion could have an adverse effect on its reputation, business, prospects, revenues, financial condition, and results of operations, as well as on its ability to meet its obligations, including its ability to service its indebtedness.

In addition, laws relating to communications, data protection, e-commerce, direct marketing and digital advertising and the use of public records have become more prevalent in recent years. Existing and proposed legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts in Canada, the United States and other jurisdictions may impose limits on the Corporation's collection and use of certain kinds of information. Furthermore, the CRTC and ISED have the power to impose monetary sanctions for failure to comply with current regulations.

TPIAs access to the Corporation's cable network

The ILECs and the largest incumbent cable carriers in Canada (collectively, the "Incumbent Carriers"), including the Corporation, have been required by the CRTC to provide TPIA providers with access to their networks at mandated cost-based rates. Numerous TPIA providers are interconnected to the Corporation's wireline network and are thereby providing retail Internet access services as well as, in some cases, retail VoIP and IP-based television distribution services.

Since 2015, the CRTC has emphasized in a series of decisions the importance it accords to mandated wholesale access service arrangements as a driver of competition in the retail Internet access market. Among other things, the CRTC ordered the Incumbent Carriers, including the Corporation, to provide disaggregated wholesale access services, including access to high-speed services provided over fibre access facilities, which were expected to replace existing aggregated wholesale access services after a transition period.

But in March 2023, the CRTC published a decision wherein it concludes that the disaggregated wholesale access service framework has not fulfilled its mandate and requires reconsideration. The CRTC determined that the network configuration for disaggregated wholesale access services will remain in Ontario and Québec pursuant to existing tariffs and architecture but will not be introduced in other markets at this time. Furthermore, the CRTC acknowledged that there are significant issues associated with the existing aggregated wholesale access service framework and that viable access to fibre-to-the-premises ("FTTP") facilities by competitors is of particular concern.

Thus, CRTC launched a notice of consultation to review the wholesale access service framework. While it carries out its review, the CRTC imposed an immediate interim reduction of 10% to the monthly capacity charge and declared that existing aggregated tariffs should now be interim. Videotron filed new aggregated wholesale rates on May 30, 2023, for its FTTP access and on June 22, 2023, for its Hybrid Fibre Coaxial ("HFC") access. Concurrently with the publication of this decision, the CRTC launched a consultation to review its existing framework for wholesale access.

On November 6, 2023, the CRTC issued an interim decision ("Telecom Decision 2023-358" or "Temporary Decision") directing Bell and TELUS to provide workable wholesale access to their FTTP networks on an aggregated basis in Ontario and Québec within six months of the date of the decision (the "Temporary Services"). In April 2024, Bell contested the Temporary decision and filed an appeal with the federal cabinet.

Videotron has intervened to gain access to the FTTP networks of Bell and TELUS. The implementation of final wholesale rates that are significantly different from the rates proposed by the Corporation could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

On August 13, 2024, published Telecom Policy 2024-180 (the "Final Decision") where it directs all ILECs to give access to their FTTP on an aggregate basis on all their territories across Canada no later than February 13, 2025. Only FTTP locations deployed before August 13, 2024, will be accessible. FTTP locations deployed after this date will benefit from a five-year exemption. For the time being, the Corporation will not have to provide access to its FTTP networks in wholesale mode. However, the CRTC may revise this aspect if it considers that the retail Internet market necessitates such access.

On November 6, 2024, the Governor in Council has expressed the opinion that the three largest telecommunications service providers in Canada — Bell, Rogers and TELUS — are of a disproportionate size relative to other Internet service providers and that it has concerns about the viability of small and regional Internet service providers. Thus, the Governor in Counsil directed the CRTC to reconsider whether Bell, Rogers and Telus and their affiliates should be prohibited from using the Temporary Services further to tariffs approved by the CRTC.

On November 8, 2024, several applications were submitted to the CRTC to review and vary the Final Decision so that Bell, Rogers and Telus and their affiliates should be prohibited from using aggregated FTTP services across Canada, and that this prohibition should also apply to HFC networks access.

On Novembre 21, 2024, the CRTC launched Telecom Notice of Consultation 2024-292 (the "Notice") and asked whether changing the Temporary Decision would advance the public interest. The Notice recognized that the Temporary Services has been replaced by the Final Decision. The CRTC also consolidated all applications directed to review and vary the Finale Decision into a single

process. Depending on the CRTC decision, the Corporation could be required to provide access to its HFC network to the Incumbent carriers in Canada (keeping in mind that Bell's network is already overlaps with almost the entirety of the Corporation's network).

On February 3, 2025, the CRTC published Telecom Decision 2025-39 in which conclude that the evidence on the public record shows that consumer benefits brought about by Incumbent carriers' access to the temporary service outweighed any impact that access had on investment during the short time the Temporary Decision was in effect. Accordingly, the CRTC finds that the public interest would not be advanced by changing the Temporary Decision. The CRTC also noted that several parties submitted that allowing the Large Incumbents to use wholesale access would have material negative effects on future investment and long-term competition. These claims raise important issues that will be considered in the consolidated proceeding to address applications to review and vary the Final Decision, which the Commission intends to complete by summer 2025.

Licence renewals

The Corporation's AWS-1 licences were renewed in December 2018 for a 20-year term. The Corporation's other spectrum licences, including in the AWS-3, 700 MHz, 2500 MHz, 600 MHz, 3500 MHz, and 3800 MHz bands, are issued for 20-year terms from their respective dates of issuance. At the end of these terms, the Corporation expects that new licences will be issued for subsequent terms through a renewal process, unless a breach of licence conditions has occurred, a fundamental reallocation of spectrum to a new service is required, or an overriding policy need arises. The process for issuing or renewing licences, including the terms and conditions of the new licences and whether licence fees should apply for a subsequent licence term, are expected to be determined by ISED. If, at the end of their respective term, the Corporation's licences are not renewed on acceptable terms, or at all, its ability to continue to offer its wireless services, or to offer new services, may be negatively impacted, or its cost structure could materially increase, and, consequently, it could have a material adverse effect on its business, prospects, results of operations and financial condition. If, at any point during the term of its licences, the Corporation is not in compliance with its deployment conditions, ISED may impose various compliance and enforcement measures. These measures may include warnings, administrative monetary penalties, legal action, licence amendments, suspensions, or other measures. In certain cases of non-compliance, ISED may determine that the most appropriate course of action is to revoke the licence.

Government programs

The Corporation benefits from several government programs developed to support large investment projects, the deployment of high-speed Internet services in various regions of Québec, the production and distribution of televisual and cinematographic products, and magazine publishing in Canada, including federal and provincial refundable tax credits. There can be no assurance that the local cultural incentive programs that the Corporation may access in Canada will continue to be available in the future or will not be reduced, amended or eliminated. Any future reductions or other changes in the policies or rules of application in Canada or in any of its provinces in connection with these government incentive programs, including any change in the Québec or the federal programs providing for refundable tax credits, could, among other things, increase the cost of acquiring Canadian content or investment projects affected by these programs and influence the programming of content broadcast or the Corporation's decision to initiate certain investment projects, including incur capital expenditures for the extension of its wireline and mobile networks, which could have a material adverse effect on its results of operations and financial condition. Canadian content programming is also subject to certification by various agencies of the federal government. If programming fails to so qualify, the Corporation would not be able to use the programs to meet Canadian content programming obligations and might not qualify for certain Canadian tax credits and government incentives.

In addition, the Canadian and provincial governments currently provide grants, incentives and tax credits to attract foreign producers and support domestic film and television production. Many of the major studios and other key customers of the Corporation's film production and audiovisual services business, content producers for its broadcasting operations, as well as its production and distribution business, finance a portion of their production budgets through these grants, incentives and tax credits. There can be no assurance that these grants, incentives and tax credits will continue at their present levels or at all, and if they are reduced or discontinued, the level of activity in the motion picture and television industries may be reduced, as a result of which the Corporation's results of operations and financial condition might be adversely affected.

Environmental laws and regulations and climate change

The Corporation is subject to a variety of environmental laws and regulations. Some of its facilities are subject to federal, provincial, state and municipal laws and regulations concerning, for example, emissions to the air, water and sewer discharge, the handling and disposal of hazardous materials and waste, including electronic waste, recycling, soil remediation of contaminated sites, or otherwise relating to the protection of the environment. In addition, laws and regulations relating to workplace safety and worker health, which, among other things, regulate employee exposure to hazardous substances in the workplace, also govern the Corporation's operations. Failure to comply with present or future laws or regulations could result in substantial liability for the Corporation.

The Corporation's properties, as well as areas surrounding those properties, particularly those in areas of long-term industrial use, may have had historic uses, or may have current uses, in the case of surrounding properties, which may affect the Corporation's

properties and require further study or remedial measures. The Corporation cannot provide assurance that all environmental liabilities have been determined, that any prior owner of its properties did not create a material environmental condition not known to the Corporation, that a material environmental condition does not otherwise exist on any of its properties, or that expenditure will not be required to deal with known or unknown contamination.

The Corporation, through its subsidiaries, owns, certain properties located on partially remediated former landfills. The operation and ownership of these properties carry inherent risks of environmental and health and safety liabilities, including for personal injuries, property damage, release of hazardous materials, remediation and clean-up costs and other environmental damages. The Corporation may, from time to time, be involved in administrative and judicial proceedings relating to such matters, which could have a material adverse effect on its business, financial condition and results of operations.

Environmental laws and regulations and their interpretation have changed rapidly in recent years and may continue to do so in the future to notably reduce waste, limit greenhouse gas emissions and increase environmental disclosure from companies. For instance, most Canadian provinces have implemented Extended Producer Responsibility regulations in order to encourage sustainable practices such as the “Ecological recovery and reclamation of electronic products,” which sets certain recovery targets and which may require the Corporation to monitor and adjust its practices in the future. Evolving public expectations with respect to the environment and increasingly stringent laws and regulations could result in increased costs of compliance, and failure to recognize and adequately respond to them could result in fines, regulatory scrutiny, or have a significant effect on the Corporation’s reputation and brands.

Similarly, the Corporation is also exposed to the transition risks related to the transition to a lower-emission economy, which may increase its cost of operations, impact its business plans, and influence stakeholder decisions, each of which could adversely impact its reputation, strategic plan, business, operations or financial results. Foreign and domestic governments continue to evaluate and implement policy, legislation, and regulations regarding reduction of greenhouse gas (“GHG”) emissions, adaptation to climate change, transition to a lower-carbon economy, and disclosure of climate-related matters. Such policies, laws and regulations vary at the federal, provincial and municipal levels in which the Corporation operates and are continually evolving. International multilateral agreements, the obligations adopted thereunder, increasing physical impacts of climate change, changing political and public opinion and legal challenges concerning the adequacy of climate-related policy brought against governments and corporations, among other factors, are expected to accelerate the implementation of these measures. Many jurisdictions are either increasing the stringency of existing, or introducing new, legislation or public policy to address climate change and reduce GHG emissions. In Canada, companies are also coming under increasing scrutiny with respect to their sustainability goals and related disclosures. In June 2024, amendments to the Competition Act targeting misleading environment benefit claims (greenwashing) came into effect, requiring companies to substantiate sustainability-related claims in accordance with internationally recognized methodologies. As the regulatory landscape for sustainability reporting continues to evolve, regulatory compliance risks will also likely increase

Finally, climate change is increasing the severity and frequency of extreme weather-related events, which could potentially result in damages to the Corporation’s infrastructure and properties. A disruption due to extreme weather-related events could lead to an increase in operational and capital costs in order to maintain network operations during and following extreme weather events and to repair damaged equipment and facilities, which could have a material adverse effect on its business, financial condition, and results of operations. The Corporation could also face increased insurance premiums or reduced insurability in high risk areas.

Concerns about alleged health risks relating to radiofrequency emissions

All the Corporation’s cell sites comply with applicable laws and the Corporation relies on its suppliers to ensure that the network equipment and customer equipment supplied to it meets all applicable regulatory and safety requirements. Nevertheless, some studies have alleged links between radiofrequency emissions from certain wireless devices and cell sites and various health problems, or possible interference with electronic medical devices, including hearing aids and pacemakers. There is no definitive evidence of harmful effects from exposure to radiofrequency emissions when the limits imposed by applicable laws and regulations are complied with. Additional studies of radiofrequency emissions are ongoing and there is no certainty as to the results of any such future studies.

The current concerns over radiofrequency emissions or perceived health risks of exposure to radiofrequency emissions could lead to additional governmental regulation, diminished use of the Corporation’s wireless services or product liability lawsuits that might arise or have arisen. Any of these could have a material adverse effect on the Corporation’s business, prospects, revenues, financial condition and results of operations.

Indebtedness

The Corporation currently has a substantial amount of debt and significant interest payment requirements. As at December 31, 2024, the Corporation had $7.59 billion of consolidated long-term debt (long-term debt plus bank indebtedness), excluding Québecor Media subordinated loans. The Corporation’s indebtedness could have significant consequences, including the following:

- increase its vulnerability to inflation, recession, interest rate fluctuations, and general adverse economic and industry conditions;

- require it to dedicate a substantial portion of its cash flow from operations to making interest and principal payments on its indebtedness, reducing the availability of its cash flow to fund capital expenditures, working capital and other general corporate purposes;
- limit its flexibility in planning for, or reacting to, changes in its businesses and the industries in which the Corporation operates;
- place it at a competitive disadvantage compared to competitors with less debt or greater financial resources; and
- limit, along with the financial and other restrictive covenants in its indebtedness, its ability to, among other things, borrow additional funds on commercially reasonable terms, if at all.

Although the Corporation has significant indebtedness, as at December 31, 2024, it had approximately $800.0 million available for additional borrowings under its existing credit facilities, pro forma the reduction of Videotron's revolving credit facility from $2.00 billion to $500.0 million, and the indentures governing its outstanding Senior Notes would allow the Corporation to incur significant additional indebtedness in the future. If the Corporation or its subsidiaries incur additional debt, the risks the Corporation now faces as a result of its leverage could intensify. For more information regarding its long-term debt and its maturities, refer to Note 17 to the audited consolidated financial statements for the year ended December 31, 2024, included under “Item 18. Financial Statements” of this annual report. See also the risk factor “*Restrictive covenants*.”

Restrictive covenants

The Corporation’s debt instruments contain a number of operating and financial covenants, which may vary depending on their respective governing terms, restricting its ability to, among other things:

- borrow money or sell preferred stock;
- create liens;
- pay dividends on or redeem or repurchase stock;
- make certain types of investments;
- restrict dividends or other payments by some subsidiaries;
- enter into transactions with affiliates;
- issue guarantees of debt; and
- sell assets or merge with other companies.

If the Corporation is unable to comply with these covenants and is unable to obtain waivers from its creditors, it would be unable to make additional borrowings under its credit facilities. Its indebtedness under these agreements would be in default and that could, if not cured or waived, result in an acceleration of such indebtedness and cause cross-defaults under its other debt, including Senior Notes. If the Corporation’s indebtedness is accelerated, it may not be able to repay its indebtedness or borrow sufficient funds to refinance it, and any such prepayment or refinancing could adversely affect the Corporation’s financial condition. Even if the Corporation is able to comply with all applicable covenants, the restrictions on its ability to manage its business at its sole discretion could adversely affect its business by, among other things, limiting its ability to take advantage of financings, mergers, acquisitions and other corporate opportunities that the Corporation believes would be beneficial.

Ability to refinance

The Corporation may be required from time to time to refinance some of its existing debt at or prior to maturity. Its ability and its subsidiaries’ ability to obtain additional financing to repay such existing debt at maturity will depend on a number of factors, including prevailing market conditions, credit availability and its operating performance. There can be no assurance that any such financing will be available to the Corporation on favourable terms or at all.

Success in the development of its Sports and Entertainment business

The Corporation has made and is continuing to make significant investments in an effort to develop its Sports and Entertainment business. Some of these investments require expenditures and management attention. The success of such investments involves numerous risks that could adversely affect its growth and profitability, including the following risks: that investments may require substantial financial resources that otherwise could be used in the development of its other businesses; that the Corporation will not be able to achieve the benefits it expects from its investments in the same timeline as its other businesses; and, specifically with regards to the Videotron Centre, that it might not be able to maximize its profitability due to the fact that it does not have a main tenant nor operate in a major market, which makes it harder to attract international talents. The Corporation has, over the years, expanded its sports and entertainment business by integrating a number of other businesses in order to reduce the risk associated with ticket sales.

Competition for advertising, circulation revenues/audience

The media industry has experienced fundamental and permanent structural changes. The growth of the Internet has presented alternative content distribution options that compete with traditional media, and an increasing number of non-traditional providers are developing technologies to satisfy the demand for entertainment and information content. Furthermore, the Corporation's customers have an increased control over the manner, content and timing of their media consumption, including through new technologies that give consumers greater flexibility to fast forward or skip advertisements within the Corporation's programming. These alternative technologies and new content distribution options have increased audience fragmentation, reduced the Corporation's Media segment business' audience, readership and circulation levels and have had an adverse effect on advertising revenues from local, regional and national advertisers.

Advertising revenue is the primary source of revenue for the Corporation's Media segment. As a result of those structural changes, competition for advertising spend in traditional media comes mainly from digital media technologies, which have introduced a wide variety of media distribution platforms for viewers, readers and advertisers. These new competitors also include digital advertising giants with greater financial resources and a controlling share of the online advertising market thus reducing demand in some segments of the Corporation's traditional media advertising inventories. Furthermore, the international consolidation of advertising agencies is disrupting the demand model as some of its clients now negotiate through these consolidated positions, therefore putting additional pressure on market prices.

The continuous technological improvements to the Internet and the access to unlimited data, combined with higher download speeds, may continue to divert a portion of the Corporation's Media segment business' existing customer base from traditional media to digital media technology, which could adversely impact the demand for its services. The ability of the Corporation's Media segment to succeed over the long-term depends on various factors, including the Corporation's ability to attract advertisers and consumers to its own digital platforms. In addition, even if successful, the Corporation can provide no assurance that it will be able to recover the costs associated with the implementation of these digital initiatives through incremental revenues, cash flows or profitability.

As the media market continues to change and fragment, the Corporation expects its readership, circulation and audience to reduce and its advertising revenues, business, prospects, results of operations and financial condition could be materially adversely affected.

Finally, the Corporation's revenues and operating results in these businesses depend on the relative strength of the economy in the Corporation's principal markets, as well as the strength or weakness of local, regional and national economic factors. Since a significant portion of the Corporation's advertising revenues is derived from retail, automotive and consumer packaged goods sector advertisers, weakness in these sectors has had and may continue to have an adverse impact on the revenues and results of operations of the Corporation's Media segment.

Launch of new products and services

The Corporation is investing in the launch of new products and services. During the period preceding or immediately following the launch of a new product or service, revenues are generally relatively modest, while initial operating expenses may prove more substantial. Furthermore, although the Corporation believes in the potential associated with this strategy, there is a possibility that the anticipated profitability could take several years to materialize or may never materialize.

Holding corporation

The Corporation is a holding corporation and a substantial portion of its assets is the capital stock of its subsidiaries. As a holding corporation, the Corporation conducts substantially all of its business through its subsidiaries, which generate substantially all of its revenues. Consequently, the Corporation's cash flow and ability to service its debt obligations are dependent on the cash flows of its existing and future subsidiaries and the distribution of this cash flow to the Corporation, or on loans, advances or other payments made by those entities to the Corporation. The ability of those entities to pay dividends or make loans, advances or payments to the Corporation will depend on their operating results and will be subject to applicable laws and contractual restrictions contained in the instruments governing their debt. Videotron has several series of debt securities outstanding, and Quebecor Media, Videotron and TVA Group have credit facilities that limit their ability to distribute cash. In addition, if its existing or future subsidiaries incur additional debt in the future or refinance existing debt, the Corporation may be subject to additional contractual restrictions contained in the instruments governing that debt, which may be more restrictive than those to which it is currently subject.

The ability of its subsidiaries to generate sufficient cash flows from operations to allow the Corporation to make scheduled payments on its debt obligations will depend on their future financial performance, which will be affected by a range of economic, competitive and business factors as well as by structural changes, many of which are outside its or their control. If the cash flows and earnings of the Corporation's operating subsidiaries and the amount that they are able to distribute to the Corporation as dividends or otherwise are not sufficient for the Corporation, it may not be able to satisfy its debt obligations. If it is unable to satisfy its debt obligations, it may have to undertake alternative financing plans, such as refinancing or restructuring its debt, selling assets, reducing or delaying capital investments, or seeking to raise additional capital. It can provide no assurance that any such alternative refinancing would be

possible; that any assets could be sold, or, if sold, the timing of the sales and the amount of proceeds realized from those sales; that additional financing could be obtained on acceptable terms, if at all; or that additional financing would be permitted under the terms of its various debt instruments then in effect. Inability to generate sufficient cash flows to satisfy the Corporation's debt obligations, or to refinance those obligations on commercially reasonable terms, could have a material adverse effect on its business, prospects, results of operations and financial condition.

Provisions in the Articles that could discourage or prevent a takeover

Provisions in the Corporation's Articles and Bylaws could make it more difficult for a third party to acquire it, even if doing so would be beneficial in the opinion of the holders of the Corporation's Class B Shares. Those provisions principally include:

- the multiple voting feature of the Corporation's Class A Shares; and
- the election structure of the Board of Directors, whereby holders of Class A Shares elect 75% of the Corporation's directors, while holders of Class B Shares elect 25%.

The existence of these provisions could have the effect of delaying, preventing or deterring a change in control of the Corporation, could deprive its shareholders of an opportunity to receive a premium for their Class B Shares as part of a sale of the Corporation, and might ultimately affect the market price of its shares.

Interests of holders of the Corporation's Class A Shares that may conflict with the interests of other shareholders

The Class B Shares have one vote per share, while the Class A Shares have 10 votes per share on all matters to be voted on by shareholders, with the exception of matters where the holders of shares of a single class are entitled to vote separately. As of December 31, 2024 approximately 77% of the combined voting power of all outstanding shares is controlled by a majority shareholder, and the exercise of the voting rights attached to those shares makes it possible to decide or significantly influence all issues submitted to a shareholder vote, including the election of Class A directors and approval of significant corporate transactions, such as amendments to the Corporation's Articles, mergers, amalgamations, or the sale of all or substantially all of its assets.

The holders of the Class A Shares may also have interests that differ from those of the other shareholders and may vote in a way with which other shareholders disagree and which may be adverse to their interests. This concentration of voting power may have the effect of delaying, preventing, or deterring a change in control of the Corporation, could deprive its shareholders of an opportunity to receive a premium for their Class B Shares as part of a sale of the Corporation, and might ultimately affect the market price of its shares.

Financial Instruments and Financial Risk Management

The Corporation's financial risk-management policies have been established in order to identify and analyze the risks faced by the Corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk-management policies are reviewed regularly to reflect changes in market conditions and in the Corporation's activities.

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, 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.

Table 8
Description of derivative financial instruments at December 31, 2024
(in millions of dollars)

Foreign exchange forward contracts

Maturity	CAN dollar average exchange rate per one U.S. dollar	Notional amount sold	Notional amount bought
Videotron			
Less than 1 year	1.3685	$ 158.7	US$ 116.0

Interest rate swaps

Maturity	Notional amount	Pay/receive	Fixed rate	Floating rate
Videotron				
2027	$ 700.0	Pay fixed/ receive floating	3.213%	Daily Compounded CORRA

Cross-currency swaps

Hedged item	Hedging instrument			
	Period covered	Notional amount	Annual interest rate on notional amount in CAN dollars	CAN dollar exchange rate on interest and capital payments per one U.S. dollar
Videotron				
Term credit facility	1-month period	US$ 996.0	Daily Compounded CORRA + 1.137%	1.4056
5.125% Senior Notes due 2027	2017 to 2027	US$ 600.0	4.82%	1.3407
3.625% Senior Notes due 2029	2021 to 2029	US$ 500.0	4.04%	1.2109
5.700% Senior Notes due 2035	2024 to 2035	US$ 700.0	5.10%	1.3900

Certain cross-currency swaps entered into by the Corporation include an option that allows each party to unwind the transaction on a specific date at the market value at that date.

Gain and loss on valuation and translation of financial instruments for 2024 and 2023 are summarized in Table 9.

Table 9
(Gain) loss on valuation and translation of financial instruments
(in millions of Canadian dollars)

	2024	2023
(Gain) loss on embedded derivatives related to convertible debentures	**$ (15.5)**	$ 5.4
Other	**–**	(0.4)
	$ (15.5)	$ 5.0

A $76.2 million loss on cash flow hedges was recorded under “Other comprehensive income” in 2024 ($5.4 million gain in 2023).

Fair Value of Financial Instruments

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 was determined by option pricing models using market inputs, including volatility, discount factors and the underlying instrument’s implicit interest rate and credit premium.

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of December 31, 2024 and 2023 are as follows:

Table 10
Fair value of long-term debt, convertible debentures and derivative financial instruments
(in millions of Canadian dollars)

	2024		2023	
Asset (liability)	**Carrying value**	**Fair value**	Carrying value	Fair value
Long-term debt[1]	**$ (7,619.7)**	**$ (7,540.0)**	$ (7,668.2)	$ (7,391.0)
Convertible debentures[2]	**–**	**–**	(165.0)	(165.0)
Derivative financial instruments				
Foreign exchange forward contracts	**6.9**	**6.9**	(1.5)	(1.5)
Interest rate swaps	**(7.2)**	**(7.2)**	5.4	5.4
Cross-currency swaps	**141.5**	**141.5**	106.9	106.9

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 consisted of the principal amount and the value of the conversion features related to the floor and ceiling prices, recognized as embedded derivatives as of December 31, 2023.

3 The net fair value of derivative financial instruments designated as cash flow hedges is an asset position of $141.2 million as of December 31, 2024 ($78.0 million in 2023) and the net fair value of derivative financial instruments designated as fair value hedges is an asset position of $32.8 million as of December 31, 2023.

Due to the judgment used in applying a wide range of acceptable techniques and estimates in calculating fair value amounts, fair values are not necessarily comparable among financial institutions or other market participants and may not be realized in an actual sale or on the immediate settlement of the instrument.

Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations. It arises principally from amounts receivable from customers, including contract assets.

The gross carrying amounts of financial assets represent the maximum credit exposure. As of December 31, 2024, the gross carrying amount of trade receivables and contract assets, including their long-term portions, was $1.33 billion ($1.40 billion as of December 31, 2023).

In the normal course of business, the Corporation continuously monitors the financial condition of its customers and reviews the credit history of each new customer. The Corporation uses its customers' historical terms of payment and acceptable collection periods for each customer class, as well as changes in its customers' credit profiles, to define default on amounts receivable from customers, including contract assets.

As of December 31, 2024, no customer balance represented a significant portion of the Corporation's consolidated trade receivables. The Corporation is using the expected credit losses method to estimate its provision for credit losses, which considers the specific credit risk of its customers, the expected lifetime of its financial assets, historical trends and economic conditions. As of December 31, 2024, the provision for expected credit losses represented 3.3% of the gross amount of trade receivables and contract assets (4.4% as of December 31, 2023), while 5.5% of trade receivables were 90 days past their billing date (5.0% as of December 31, 2023).

The following table shows changes to the provision for expected credit losses for the years ended December 31, 2024 and 2023:

Table 11
Provision for expected credit losses
(in millions of Canadian dollars)

		2024		2023
Balance at beginning of year	**$**	**61.6**	$	15.3
Changes in expected credit losses charged to income		**50.7**		35.6
Business acquisitions		**0.1**		36.3
Write-off		**(68.8)**		(25.6)
Balance at end of year	**$**	**43.6**	$	61.6

The Corporation believes that its product lines and the diversity of its customer base are instrumental in reducing its credit risk, as well as the impact of fluctuations in product-line demand. The Corporation does not believe that it is exposed to an unusual level of customer credit risk.

As a result of its use of derivative financial instruments, the Corporation is exposed to the risk of non-performance by a third party. When the Corporation enters into derivative contracts, the counterparties (either foreign or Canadian) must have credit ratings at least in accordance with the Corporation's risk-management policy and are subject to concentration limits. These credit ratings and concentration limits are monitored on an ongoing basis, but at least quarterly.

Liquidity risk management

Liquidity risk is the risk that the Corporation will not be able to meet its contractual obligations as they fall due and the risk that its financial obligations will have to be met at excessive cost. Among other things, the Corporation manages this exposure through staggered debt maturities. The weighted average term of the Corporation's consolidated debt was approximately 4.7 years as of December 31, 2024 (3.5 years as of December 31, 2023). See also the "Contractual obligations" sections.

Market risk

Market risk is the risk that changes in market prices due to foreign exchange rates, interest rates and/or equity prices will affect the value of the Corporation's financial instruments. The objective of market risk management is to mitigate and control exposures within acceptable parameters while optimizing the return on risk.

Foreign currency risk

Most of the Corporation's consolidated revenues, expenses and capital expenditures, other than interest expense on U.S.-dollar-denominated debt, purchases of set-top boxes, gateways, modems, mobile devices, the payment of royalties to certain

business partners or service providers and certain costs related to the development and maintenance of its mobile networks, are received or paid in CAN dollars. A significant portion of the interest, principal and premium, if any, payable on its debt is payable in U.S. dollars. The Corporation has entered into transactions to hedge the foreign currency risk exposure on its U.S.-dollar-denominated debt obligations outstanding as of December 31, 2024, and to hedge its exposure on certain purchases. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

The estimated sensitivity on other comprehensive income, before income taxes, of a variance of $0.10 in the year-end exchange rate of CAN dollars per one U.S. dollar used to calculate the fair value of financial instruments as of December 31, 2024 is as follows:

Increase (decrease)		**Other comprehensive income**
Increase of $0.10	**$**	**12.0**
Decrease of $0.10		**(12.0)**

A variance of $0.10 in the 2024 average exchange rate of CAN dollars per one U.S. dollar would have resulted in a variance of $3.3 million on the value of unhedged purchases of goods and services and $6.9 million on the value of unhedged capital expenditures in 2024.

A variance of 10% in the exchange rate of CAN dollars per one unit of foreign currency as of December 31, 2024 would have resulted in a variance of $4.5 million in the loss on translation of investments in foreign associates in the consolidated statements of comprehensive income in 2024.

Interest rate risk

Some of the Corporation's bank credit facilities bear interest at floating rates based on the following reference rates: (i) Term CORRA or Daily Compounded CORRA, (ii) Term Secured Overnight Financing Rate ("SOFR"), (iii) Canadian prime rate, or (iv) U.S. prime rate. The Senior Notes issued by the Corporation bear interest at fixed rates. The Corporation has entered into cross-currency swap agreements in order to manage cash flow risk exposure. As of December 31, 2024, after taking into account the hedging instruments, long-term debt was comprised of 84.9% fixed-rate debt (67.7% in 2023) and 15.1% floating-rate debt (32.3% in 2023).

The estimated sensitivity on interest payments of a 100 basis-point variance in the year-end Canadian floating rates as of December 31, 2024 was $11.2 million.

A variance of 100 basis points in the discount rate used to calculate the fair value of financial instruments as of December 31, 2024, would have an immaterial impact on other comprehensive income and no impact on income.

Capital management

The Corporation's primary objective in managing capital is to maintain an optimal capital base in order to support the capital requirements of its various businesses, including growth opportunities.

In managing its capital structure, the Corporation takes into account the asset characteristics of its subsidiaries and planned requirements for funds, leveraging their individual borrowing capacities in the most efficient manner to achieve the lowest cost of financing. Management of the capital structure involves the issuance and repayment of debt, the issuance and repurchase of shares, the use of cash flows generated by operations, and the level of distributions to shareholders. The Corporation has not significantly changed its strategy regarding the management of its capital structure since the last financial year.

The Corporation's capital structure is composed of equity, bank indebtedness, long-term debt, lease liabilities, derivative financial instruments and cash and cash equivalents (convertible debentures and embedded derivatives related to convertible debentures in 2023). The capital structure as of December 31, 2024 and 2023 is as follows:

Table 12
Capital structure of Quebecor
(in millions of Canadian dollars)

	2024	2023
Bank indebtedness	**$ 6.7**	$ 9.6
Long-term debt	**7,582.2**	7,632.4
Lease liabilities	**409.7**	376.2
Convertible debentures	**–**	150.0
Embedded derivatives related to convertible debentures	**–**	15.0
Derivative financial instruments	**(141.2)**	(110.8)
Cash and cash equivalents	**(61.8)**	(11.1)
Net liabilities	**7,795.6**	8,061.3
Equity	**$ 2,264.7**	$ 1,837.7

The Corporation is not subject to any externally imposed capital requirements other than certain restrictions under the terms of its borrowing agreements, which relate, among other things, to permitted investments, inter-corporation transactions, and the declaration and payment of dividends or other distributions.

Contingencies and legal disputes

In the context of disputes between the Corporation and a competitor, legal proceedings have been initiated by the Corporation and against the Corporation. At this stage of proceedings, management of the Corporation does not expect the outcome to have a material adverse effect on the Corporation's results or on its financial position.

There are also a number of other legal proceedings against the Corporation that are pending. Generally, management of the Corporation establishes provisions for claims or actions considering the facts of each case. The Corporation cannot determine when and if any payment will be made related to these legal proceedings.

Critical Accounting Policies and Estimates

Revenue recognition

The Corporation accounts for a contract with a customer only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the entity can identify each party's rights regarding the goods or services to be transferred;
- the entity can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and
- it is probable that the entity will collect the consideration to which it is entitled in exchange for the goods or services to be transferred to the customer.

The portion of revenues that is invoiced and unearned is presented as "Deferred revenue" on the consolidated balance sheets. Deferred revenue is usually recognized as revenue in the subsequent year.

Telecommunications

The Telecommunications segment provides services under multiple deliverable arrangements, mainly for mobile contracts in which the sale of mobile devices is bundled with telecommunication services over the contract term. The total consideration from a contract with multiple deliverables is allocated to all performance obligations in the contract based on the stand-alone selling price of each obligation. The total consideration can consist of an upfront fee or a number of monthly installments for the equipment sale and a monthly fee for the telecommunication service. Each performance obligation of multiple deliverable arrangements is then separately accounted for based on its allocated consideration amount.

The Corporation does not adjust the amount of consideration allocated to the equipment sale for the effects of a financing component since this component is not significant.

The Telecommunications segment recognizes each of its main activities' revenues as follows:

- operating revenues from subscriber services, such as television distribution, Internet access, wireline and mobile telephony, and OTT video services are recognized when services are provided;
- revenues from equipment sales to subscribers are recognized when the equipment is delivered;
- operating revenues related to service contracts are recognized in income on a straight-line basis over the period in which the services are provided; and
- wireline connection and mobile activation revenues are deferred and recognized respectively as revenues over the period of time the customer is expected to remain a customer of the Corporation and over the contract term.

When a mobile device and a service are bundled under a single mobile contract, the term of the contract is generally 24 months.

The portion of mobile revenues earned without being invoiced is presented as contract assets on the consolidated balance sheets. Contract assets are realized over the term of the contract.

Media

The Media segment recognizes each of its main activities' revenues as follows:

- advertising revenues are recognized when the advertising is aired on television, is featured in newspapers or magazines or is displayed on the digital properties or on transit shelters;
- revenues from subscriptions to specialty television channels or to online publications are recognized on a monthly basis at the time service is provided or over the period of the subscription;
- revenues from the sale or distribution of newspapers and magazines are recognized upon delivery, net of provisions for estimated returns based on historical rate of returns; and
- soundstage and equipment rental revenues are recognized over the rental period.

Sports and Entertainment

The Sports and Entertainment segment recognizes each of its main activities' revenues as follows:

- revenues from the sale or distribution of books and entertainment products are recognized upon delivery, net of provisions for estimated returns based on historical rate of returns;
- revenues from venue rental, ticket sales (including season tickets) and sales from food concessions are recognized when the events take place and/or goods are sold, as the case may be; and
- revenues from the rental of suites and the sale of advertising in the form of venue signage or sponsorships are recognized ratably over the period of the agreement.

Impairment of assets

For the purposes of assessing impairment, assets are grouped in cash-generating units ("CGUs"), which represent the lowest levels for which there are separately identifiable cash inflows generated by those assets. The Corporation reviews, at each balance sheet date, whether events or circumstances have occurred to indicate that the carrying amounts of its long-lived assets with finite useful lives may be less than their recoverable amounts. Goodwill, intangible assets having an indefinite useful life, and intangible assets not yet available for use are tested for impairment each financial year, as well as whenever there is an indication that the carrying amount of the asset, or the CGU to which an asset has been allocated, exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs of disposal and the value in use of the asset or the CGU. Fair value less costs of disposal represents the amount an entity could obtain at the valuation date from the asset's disposal in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. The value in use represents the present value of the future cash flows expected to be derived from the asset or the CGU.

The Corporation uses the discounted cash flow method to estimate the recoverable amount, consisting of future cash flows derived primarily from the most recent budget and three-year strategic plan approved by the Corporation's management and presented to the Board of Directors. These forecasts considered each CGU's past operating performance and market share as well as economic trends, along with specific and market industry trends and corporate strategies. A perpetual growth rate is used for cash flows beyond the three-year strategic plan period. The discount rate used by the Corporation is a pre-tax rate derived from the weighted average cost of capital pertaining to each CGU, which reflects the current market assessment of: (i) the time value of money; and (ii) the risk

specific to the assets for which the future cash flow estimates have not been risk-adjusted. The perpetual growth rate was determined with regard to the specific markets in which the CGUs participate. In certain circumstances, the Corporation can also estimate the fair value less cost of disposal with a market approach that consists of estimating the recoverable amount by using multiples of operating performance of comparable entities, transaction metrics and other financial information available, instead of primarily using the discounted cash flow method.

An impairment loss is recognized in the amount by which the carrying amount of an asset or a CGU exceeds its recoverable amount. When determining the recoverable amount of an asset or CGU, assessment of the information available at the valuation date is based on management's judgment and may involve estimates and assumptions. Therefore, the judgment used in determining the recoverable amount of an asset or CGU may affect the amount of the impairment loss to be recorded to an asset or CGU.

Based on the data and assumptions used in its last impairment test, the Corporation believes that there is no significant amount of long-lived assets with finite useful lives, or goodwill and intangible assets with indefinite useful lives, on its books at this time that present a significant risk of impairment in the near future.

The net book value of goodwill as at December 31, 2024 was $2.71 billion, and the net book value of intangible assets with indefinite useful lives as at December 31, 2024 was $2.77 billion.

Derivative financial instruments and hedge accounting

The Corporation uses various derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. The Corporation does not hold or use any derivative financial instruments for speculative purposes. Under hedge accounting, the Corporation documents all hedging relationships between hedging instruments and hedged items, as well as its strategy for using hedges and its risk-management objective. It also designates its derivative financial instruments as either fair value hedges or cash flow hedges when they qualify for hedge accounting. The Corporation assesses the effectiveness of its hedging relationships at initiation and on an ongoing basis.

Under hedge accounting, the Corporation applies the following accounting policies:

- For derivative financial instruments designated as fair value hedges, changes in the fair value of the hedging derivative recorded in income are substantially offset by changes in the fair value of the hedged item to the extent that the hedging relationship is effective. When a fair value hedge is discontinued, the carrying value of the hedged item is no longer adjusted and the cumulative fair value adjustments to the carrying value of the hedged item are amortized to income over the remaining term of the original hedging relationship.
- For derivative financial instruments designated as cash flow hedges, the effective portion of a hedge is reported in other comprehensive income until it is recognized in income during the same period in which the hedged item affects income, while the ineffective portion is immediately recognized in income. When a cash flow hedge is discontinued, the amounts previously recognized in accumulated other comprehensive income are reclassified to income when the variability in the cash flows of the hedged item affects income.

Any change in the fair value of derivative financial instruments recorded in income is included in gain or loss on valuation and translation of financial instruments. Interest expense on hedged long-term debt is reported at the hedged interest and foreign currency rates.

Derivative financial instruments that do not qualify for hedge accounting, including derivatives that are embedded in financial or non-financial contracts that are not closely related to the host contracts, are reported on a fair value basis on the consolidated balance sheets. Any change in the fair value of these derivative financial instruments is recorded in the consolidated statements of income as a gain or loss on valuation and translation of financial instruments.

Pension plans and postretirement benefits

The Corporation offers defined contribution pension plans and defined benefit pension plans to some of its employees.

The Corporation's defined benefit obligations with respect to defined benefit pension plans and postretirement benefits are measured at present value and assessed on the basis of a number of economic and demographic assumptions which are established with the assistance of the Corporation's actuaries. Key assumptions relate to the discount rate, the rate of increase in compensation, retirement age of employees, healthcare costs, and other actuarial factors. Defined benefit pension plan assets are measured at fair value and consist mainly of equities and corporate and government fixed-income securities.

Remeasurements of the net defined benefit liability or asset are recognized immediately in Other comprehensive income.

Recognition of a net benefit asset is limited under certain circumstances to the amount recoverable, which is primarily based on the present value of future contributions to the plan, to the extent that the Corporation can unilaterally reduce those future contributions.

In addition, an adjustment to the net benefit asset or the net benefit liability can be recorded to reflect a minimum funding liability in a certain number of the Corporation's pension plans. The assessment of the amount recoverable in the future and the minimum funding liability is based on a number of assumptions, including future service costs and future plan contributions.

The Corporation considers all the assumptions used to be reasonable in view of the information available at this time. However, variances from certain of those assumptions may have an impact on the costs and obligations of pension plans and postretirement benefits in future periods.

Stock-based compensation

Stock-based awards to employees that call for settlement in cash, such as deferred share units ("DSUs"), or that call for settlement in cash at the option of the employee, such as stock option awards, are accounted for at fair value and classified as a liability. The compensation cost is recognized in expenses over the vesting period. Changes in the fair value of stock-based awards between the grant date and the measurement date result in a change in the liability and compensation cost.

The fair value of DSUs is based on the underlying share price at the date of valuation. The fair value of stock option awards is determined by applying an option pricing model, taking into account the terms and conditions of the grant and assumptions such as the risk-free interest rate, distribution yield, expected volatility, and the expected remaining life of the option.

Provisions

Provisions are recognized (i) when the Corporation has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and (ii) when the amount of the obligation can be reliably estimated. Restructuring costs, primarily consisting of termination benefits, are recognized when a detailed plan for the restructuring exists and a valid expectation that the plan will be carried out has been raised in those affected.

Provisions are reviewed at each consolidated balance sheet date and changes in estimates are reflected in the consolidated statements of income in the reporting period in which the changes occur.

The amount recognized as a provision is the best estimate of the expenditures required to settle the present obligation at the balance sheet date or to transfer it to a third party at that time and it is adjusted for the effect of time value when material. The amount recognized for onerous contracts is the lower of the cost necessary to fulfill the obligations, net of expected economic benefits deriving from the contracts, and any indemnity or penalty arising from failure to fulfill those obligations.

No amounts are recognized for obligations that are possible but not probable or for those for which an amount cannot be reasonably estimated.

Business acquisitions

A business acquisition is accounted for by the acquisition method. The cost of an acquisition is measured at the fair value of the consideration given in exchange for control of the business acquired at the acquisition date. This consideration can consist of cash, assets transferred, financial instruments issued, or future contingent payments. The identifiable assets and liabilities of the acquired business are recognized at their fair value at the acquisition date. Goodwill is measured and recognized as the excess of the fair value of the consideration paid over the fair value of the recognized identifiable assets acquired and liabilities assumed.

Determining the fair value of certain acquired assets, assumed liabilities and future contingent considerations requires judgment and involves complete and absolute reliance on estimates and assumptions. The Corporation primarily uses the discounted future cash flows approach to estimate the value of acquired intangible assets.

The estimates and assumptions used in the allocation of the purchase price at the date of acquisition may also have an impact on the amount of an impairment charge to be recognized, if any, after the date of acquisition, as discussed above under "Impairment of assets."

Contingent considerations

Contingent considerations arising from business acquisition or disposal are measured and accounted for at their fair value. The fair value is estimated based on a present value model requiring management to assess the probabilities that the conditions on which the contingent considerations are based will be met in the future. The assessment of these contingent and conditional potential

outcomes requires judgment from management and could have an impact on the initial amount of contingent considerations recognized and on any subsequent changes in fair value recorded in the consolidated statements of income.

Interpretation of laws and regulations

Interpretation of laws and regulations, including those of the CRTC and tax regulations, requires judgment from management and could have an impact on revenue recognition, provisions, income taxes and capital expenditures in the consolidated financial statements.

Tax credits and government assistance

The Corporation has access to several government programs designed to support large investment projects, the roll-out of telecommunications services in various regions of Québec, the production and distribution of televisual products and movies, as well as music products, magazine and book publishing in Canada. The Corporation also receives tax credits related to its research and development activities, publishing activities and digital activities. Government financial assistance is accounted for as revenue or as a reduction in related costs, whether capitalized and amortized or expensed, in the year the costs are incurred and when management has reasonable assurance that the conditions of the government programs are being met.

Interpretation of the application of government program terms may result in management estimates in accounting for government financial assistance. In addition, the Company is subject to audits by tax authorities at any time and it may take several years for a matter for which management has established a provision to be audited and resolved. Management believes that its estimates are reasonable and reflect the likely outcome of program tax audits, although the outcome could be different.

Income taxes

Deferred income taxes are accounted for using the liability method. Under this method, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the consolidated financial statements and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted or substantively enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred income tax assets and liabilities is recognized in income in the period that includes the substantive enactment date. A deferred tax asset is recognized initially when it is probable that future taxable income will be sufficient to use the related tax benefits and may be reduced subsequently, if necessary, to an amount that is more likely than not to be realized.

The assessment of deferred income taxes is judgmental in nature and depends on assumptions and estimates as to the availability and character of future taxable income. The ultimate amount of deferred income tax assets realized could be slightly different from that recorded, since it is influenced by the Corporation’s future operating results.

The Corporation is under audit at all times by various tax authorities in each of the jurisdictions in which it operates. A number of years may elapse before a particular matter for which management has established a reserve is audited and resolved. The number of years between each tax audit varies depending on the tax jurisdiction. Management believes that its estimates are reasonable and reflect the probable outcome of known tax contingencies, although the outcome is difficult to predict.

Leases

The Corporation recognizes, for most of its leases, a right-of-use asset and a lease liability at the commencement of a lease. The right-of-use asset and the lease liability are initially measured at the present value of lease payments over the lease term, less incentive payments received, using the Corporation incremental borrowing rate or the interest rate implicit in the lease at that date. The term of the lease consists of the initial lease term and any additional period for which it is reasonably certain that the Corporation will exercise its extension option.

Right-of-use assets are depreciated over the shorter of the lease term or the useful life of the underlying asset.

Interest on lease liabilities is recorded in the consolidated statements of income as financial expenses and principal payments on the lease liability are presented as part of financing activities in the consolidated statements of cash flows.

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 operating activities, adjusted cash flows from operations, free cash flows from 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, impairment of assets 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. This measure should not be considered in isolation or as a substitute for other performance measures prepared in accordance with IFRS. 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 capital expenditures and acquisitions of spectrum licences needed to generate revenues in the Corporation's segments. The Corporation also uses other measures that do reflect capital expenditures, such as adjusted cash flows from operations and free cash flows from operating activities. The Corporation's definition of adjusted EBITDA may not be the same as similarly titled measures reported by other companies.

Table 13 provides a reconciliation of adjusted EBITDA to net income as disclosed in Quebecor's consolidated financial statements. The consolidated financial information for the three-month periods ended December 31, 2024 and 2023 presented in Table 13 below is drawn from the Corporation's unaudited quarterly consolidated financial statements.

Table 13
Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the consolidated financial statements
(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2024	2023	2022	**2024**	2023
Adjusted EBITDA (negative adjusted EBITDA):					
Telecommunications	**$ 2,335.4**	$ 2,230.3	$ 1,912.9	**$ 565.9**	$ 559.0
Media	**31.9**	7.7	25.0	**15.0**	13.6
Sports and Entertainment	**27.4**	23.0	19.4	**10.8**	2.2
Head Office	**(27.2)**	(23.2)	(22.8)	**(2.7)**	(9.4)
	2,367.5	2,237.8	1,934.5	**589.0**	565.4
Depreciation and amortization	**(943.3)**	(909.0)	(767.7)	**(236.6)**	(231.1)
Financial expenses	**(414.1)**	(408.4)	(323.0)	**(96.5)**	(107.0)
Gain (loss) on valuation and translation of financial instruments	**15.5**	(5.0)	(19.2)	**–**	(8.7)
Restructuring, impairment of assets and other	**(27.4)**	(52.4)	(14.5)	**(13.1)**	(23.5)
Income taxes	**(256.7)**	(227.9)	(213.4)	**(65.4)**	(53.9)
Net income	**$ 741.5**	$ 635.1	$ 596.7	**$ 177.4**	$ 141.2

Adjusted income from operating activities

The Corporation defines adjusted income from 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, impairment of assets and other, net of income tax related to adjustments and net income attributable to non-controlling interest related to adjustments. Adjusted income from 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 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 operating activities is more representative for forecasting income. The Corporation's definition of adjusted income from operating activities may not be identical to similarly titled measures reported by other companies.

Table 14 provides a reconciliation of adjusted income from operating activities to the net income attributable to shareholders measure used in Quebecor's consolidated financial statements. The consolidated financial information for the three-month periods ended December 31, 2024 and 2023 presented in Table 14 below is drawn from the Corporation's unaudited quarterly consolidated financial statements.

Table 14

Reconciliation of the adjusted income from operating activities measure used in this report to the net income attributable to shareholders measure used in the consolidated financial statements

(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2024	2023	2022	**2024**	2023
Adjusted income from operating activities	**$ 747.0**	$ 688.1	$ 624.8	**$ 186.6**	$ 167.5
Gain (loss) on valuation and translation of financial instruments	**15.5**	(5.0)	(19.2)	**–**	(8.7)
Restructuring, impairment of assets and other	**(27.4)**	(52.4)	(14.5)	**(13.1)**	(23.5)
Income taxes related to adjustments[1]	**9.4**	12.7	8.6	**4.2**	6.3
Non-controlling interest related to adjustments	**3.0**	7.1	–	**–**	4.6
Net income attributable to shareholders	**$ 747.5**	$ 650.5	$ 599.7	**$ 177.7**	$ 146.2

[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 operating activities

Adjusted cash flows from operations

Adjusted cash flows from operations represents adjusted EBITDA less capital expenditures (excluding spectrum licence acquisitions). Adjusted cash flows from operations represents funds available for interest and income tax payments, expenditures related to restructuring programs, business acquisitions, acquisitions of spectrum licences, 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 operating activities

Free cash flows from operating activities represents cash flows provided by operating activities calculated in accordance with IFRS, less cash flows used for capital expenditures (excluding spectrum licence acquisitions), plus proceeds from disposal of assets. Free cash flows from 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 operating activities represents available funds for business acquisitions, acquisitions of spectrum licences, payment of dividends, repayment of long-term debt and lease liabilities, and share repurchases. Free cash flows from 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 operating activities may not be identical to similarly titled measures reported by other companies.

Tables 15 and 16 provide a reconciliation of adjusted cash flows from operations and free cash flows from operating activities to cash flows provided by operating activities reported in the consolidated financial statements. The consolidated financial information for the three-month periods ended December 31, 2024 and 2023 presented in Tables 15 and 16 is drawn from the Corporation's unaudited quarterly consolidated financial statements.

Table 15
Adjusted cash flows from operations
(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2024	2023	2022	**2024**	2023
Adjusted EBITDA (negative adjusted EBITDA)					
Telecommunications	**$ 2,335.4**	$ 2,230.3	$ 1,912.9	**$ 565.9**	$ 559.0
Media	**31.9**	7.7	25.0	**15.0**	13.6
Sports and Entertainment	**27.4**	23.0	19.4	**10.8**	2.2
Head Office	**(27.2)**	(23.2)	(22.8)	**(2.7)**	(9.4)
	2,367.5	2,237.8	1,934.5	**589.0**	565.4
Minus					
Capital expenditures:[1]					
Telecommunications	**(579.1)**	(536.7)	(457.1)	**(135.3)**	(160.4)
Media	**(30.7)**	(12.9)	(32.0)	**(5.3)**	(6.2)
Sports and Entertainment	**(6.8)**	(7.7)	(3.9)	**(2.0)**	(2.9)
Head Office	**(0.6)**	(1.1)	(1.9)	**(0.1)**	(0.2)
	(617.2)	(558.4)	(494.9)	**(142.7)**	(169.7)
Adjusted cash flows from operations					
Telecommunications	**1,756.3**	1,693.6	1,455.8	**430.6**	398.6
Media	**1.2**	(5.2)	(7.0)	**9.7**	7.4
Sports and Entertainment	**20.6**	15.3	15.5	**8.8**	(0.7)
Head Office	**(27.8)**	(24.3)	(24.7)	**(2.8)**	(9.6)
	$ 1,750.3	$ 1,679.4	$ 1,439.6	**$ 446.3**	$ 395.7

[1] **Reconciliation to cash flows used for capital expenditures as per consolidated financial statements**	Years ended December 31			Three months ended December 31	
	2024	2023	2022	**2024**	2023
Capital expenditures	**$ (617.2)**	$ (558.4)	$ (494.9)	**$ (142.7)**	$ (169.7)
Net variance in current operating items related to capital expenditures (excluding government credits receivable for large investment projects)	**17.7**	5.0	8.4	**52.9**	17.5
Cash flows used for capital expenditures	**$ (599.5)**	$ (553.4)	$ (486.5)	**$ (89.8)**	$ (152.2)

Table 16
Free cash flows from operating activities and cash flows provided by operating activities reported in the consolidated financial statements
(in millions of Canadian dollars)

	Years ended December 31			Three months ended December 31	
	2024	2023	2022	**2024**	2023
Adjusted cash flows from operations from Table 15	**$ 1,750.3**	$ 1,679.4	$ 1,439.6	**$ 446.3**	$ 395.7
Plus (minus)					
Cash portion of financial expenses	**(404.7)**	(400.0)	(315.7)	**(94.2)**	(104.8)
Cash portion of restructuring, impairment of assets and other	**(17.9)**	(39.5)	(10.3)	**(4.4)**	(17.8)
Current income taxes	**(248.9)**	(221.2)	(276.7)	**(46.8)**	(40.4)
Other	**2.2**	(4.1)	1.0	**(0.2)**	(8.1)
Net change in non-cash balances related to operating activities	**21.6**	(109.1)	(63.1)	**(50.7)**	(57.7)
Net variance in current operating items related to capital expenditures (excluding government credits receivable for large investment projects)	**17.7**	5.0	8.4	**52.9**	17.5
Free cash flows from operating activities	**1,120.3**	910.5	783.2	**302.9**	184.4
Plus (minus)					
Cash flows used for capital expenditures (excluding spectrum license acquisitions)	**599.5**	553.4	486.5	**89.8**	152.2
Proceeds from disposal of assets	**(0.8)**	(1.7)	(7.0)	**(0.3)**	(0.9)
Cash flows provided by operating activities	**$ 1,719.0**	$ 1,462.2	$ 1,262.7	**$ 392.4**	$ 335.7

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 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 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 17 provides the calculation of consolidated net debt leverage ratio and the reconciliation to balance sheet items reported in Quebecor's consolidated financial statements.

Table 17
Consolidated net debt leverage ratio
(in millions of Canadian dollars)

	Dec. 31, 2024	Dec. 31, 2023	Dec. 31, 2022
Total long-term debt[1]	**$ 7,619.7**	$ 7,668.2	$ 6,517.7
Plus (minus)			
Lease liabilities[2]	**409.7**	376.2	186.2
Bank indebtedness	**6.7**	9.6	10.1
Derivative financial instruments[3]	**(141.2)**	(110.8)	(520.3)
Cash and cash equivalents	**(61.8)**	(11.1)	(6.6)
Consolidated net debt excluding convertible debentures	**7,833.1**	7,932.1	6,187.1
Divided by:			
Trailing 12-month adjusted EBITDA[4]	**$ 2,367.5**	$ 2,337.1	$ 1,934.5
Consolidated net debt leverage ratio[4]	**3.31x**	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 less long-term liabilities.

4 On a pro forma basis as at December 31, 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, subscriber connections to the mobile and wireline telephony services and subscriptions to the Internet access and television 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 mobile revenue per unit

The Corporation uses mobile ARPU, an industry metric, as a key performance indicator. This indicator 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. Mobile ARPU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of mobile ARPU may not be the same as identically titled measurements reported by other companies.

Controls and procedures

In accordance with Regulation 52-109 on Certification of Disclosure in Issuers' Annual and Interim Filings, the effectiveness of the Corporation's disclosure controls and procedures ("DCP") and "Internal control over financial reporting" ("ICFR") has been evaluated. Based on this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that DCP and ICFR were effective as of the end of the financial year ended December 31, 2024, and that the DCP design provides reasonable assurance that material information relating to the Corporation, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which the annual filings are being prepared, and the information that the Corporation must present in its annual documents, its interim documents or in other documents it files or submits under securities regulations is recorded, processed, condensed and presented within the timeframes prescribed by this legislation. Moreover, the design of ICFR provides reasonable assurance of the reliability of the Corporation's financial reporting and of the preparation of its financial statements, for the purpose of financial reporting, in accordance with IFRS.

Finally, no change to ICFR that has had or is liable to have a material effect was identified by the Corporation's management during the financial period beginning October 1, 2024 and ending December 31, 2024.

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 Quebecor'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 climate, financial and economic market conditions, global business challenges, such as tariffs and trade barriers, as well as market conditions and variations in the businesses of local, regional and national advertisers in Quebecor's newspapers, television outlets and other media properties;
- Quebecor's ability to implement its business and growth strategies successfully;
- the intensity of competitive activity in the industries in which Quebecor operates and its ability to penetrate new markets and successfully develop its business, including in growth sectors and new geographies;
- fragmentation of the media landscape and its impact on the advertising market and the media properties of Quebecor;
- 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 segments;
- risks relating to the ongoing integration of Freedom, acquired in 2023, which could result in additional and unforeseen expenses, capital expenditures and financial risks, such as the incurrence of unexpected write-offs, unanticipated or unknown liabilities, or unforeseen litigation. In addition, the anticipated benefits of the Freedom acquisition may not be fully realized or could take longer to realize than expected;
- the impacts of the significant and recurring investments that will be required for development and expansion and to compete effectively with the ILECs and other current or potential competitors in the Telecommunications segment's target 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 and strikes, service interruptions resulting from equipment breakdown, network failure, the threat of natural disasters, epidemics, public-health crises and political instability in some countries;
- impacts related to environmental issues, cybersecurity and the protection of personal information;
- 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 increased competition, changes in Quebecor's markets, increased operating expenses, capital expenditures or tax expenses, or a reduction in the value of some assets; and
- Quebecor's substantial indebtedness, interest rate and exchange rate fluctuations, the tightening of credit markets and the restrictions on its business imposed by the terms of its 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 "Trend Information," "Risks and Uncertainties" and "Financial Instruments and Financial Risk Management" sections above, and the Corporation's other public filings, available at www.sedarplus.ca and www.quebecor.com.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of February 26, 2025, 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

February 26, 2025

QUEBECOR INC.
SELECTED FINANCIAL DATA

Years ended December 31, 2024, 2023 and 2022
(in millions of Canadian dollars, except per share data)

	2024	2023	2022
Operations			
Revenues	**$ 5,638.4**	$ 5,434.3	$ 4,531.9
Adjusted EBITDA	**2,367.5**	2,237.8	1,934.5
Adjusted cash flows from operations	**1,750.3**	1,679.4	1,439.6
Contribution to net income attributable to shareholders:			
Operating activities	**747.0**	688.1	624.8
Gain (loss) on valuation and translation of financial instruments	**15.4**	(5.2)	(17.7)
Unusual items	**(14.9)**	(32.4)	(7.4)
Net income attributable to shareholders	**747.5**	650.5	599.7
Basic data per share			
Contribution to net income attributable to shareholders:			
Operating activities	**$ 3.23**	$ 2.98	$ 2.66
Gain (loss) on valuation and translation of financial instruments	**0.06**	(0.02)	(0.08)
Unusual items	**(0.06)**	(0.14)	(0.03)
Net income attributable to shareholders	**3.23**	2.82	2.55
Weighted average number of shares outstanding (in millions)	**231.6**	230.9	235.2
Diluted data per share			
Contribution to net income attributable to shareholders:			
Operating activities	**$ 3.23**	$ 2.94	$ 2.62
Dilution impact	**-**	-	0.04
Gain (loss) on valuation and translation of financial instruments	**0.06**	-	(0.08)
Unusual items	**(0.06)**	(0.14)	(0.03)
Net income attributable to shareholders	**3.23**	2.80	2.55
Diluted weighted average number of shares (in millions)	**232.1**	236.2	235.2

QUEBECOR INC.

SELECTED QUARTERLY FINANCIAL DATA

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

	2024				2023			
	Dec. 31	**Sept. 30**	**June 30**	**March 31**	Dec. 31	Sept. 30	June 30	March 31
Revenues	**$ 1,499.0**	**$ 1,389.7**	**$ 1,386.9**	**$ 1,362.8**	$ 1,504.8	$ 1,415.4	$ 1,398.5	$ 1,115.6
Adjusted EBITDA	**589.0**	**594.1**	**624.9**	**559.5**	565.4	624.4	605.2	442.8
Adjusted cash flows from operations	**446.3**	**435.3**	**449.7**	**419.0**	395.7	482.4	455.3	346.0
Contribution to net income attributable to shareholders:								
Operating activities	**186.6**	**192.2**	**205.1**	**163.1**	167.5	202.3	182.3	136.0
Gain (loss) on valuation and translation of financial instruments	**-**	**-**	**5.7**	**9.7**	(8.7)	13.1	1.8	(11.4)
Unusual items	**(8.9)**	**(3.2)**	**(3.2)**	**0.4**	(12.6)	(6.1)	(10.0)	(3.7)
Net income attributable to shareholders	**177.7**	**189.0**	**207.6**	**173.2**	146.2	209.3	174.1	120.9
Basic data per share								
Contribution to net income attributable to shareholders:								
Operating activities	**$ 0.80**	**$ 0.82**	**$ 0.89**	**$ 0.71**	$ 0.73	$ 0.88	$ 0.79	$ 0.59
Gain (loss) on valuation and translation of financial instruments	**-**	**-**	**0.02**	**0.04**	(0.04)	0.06	0.01	(0.05)
Unusual items	**(0.04)**	**(0.01)**	**(0.01)**	**-**	(0.06)	(0.03)	(0.05)	(0.02)
Net income attributable to shareholders	**0.76**	**0.81**	**0.90**	**0.75**	0.63	0.91	0.75	0.52
Weighted average number of shares outstanding (in millions)	**232.9**	**234.3**	**230.8**	**230.7**	230.7	230.9	230.9	230.9
Diluted data per share								
Contribution to net income attributable to shareholders:								
Operating activities	**$ 0.80**	**$ 0.82**	**$ 0.89**	**$ 0.70**	$ 0.72	$ 0.87	$ 0.78	$ 0.58
Dilution impact	**-**	**-**	**-**	**-**	0.01	-	-	0.01
Gain (loss) on valuation and translation of financial instruments	**-**	**-**	**0.02**	**-**	(0.04)	-	-	(0.05)
Unusual items	**(0.04)**	**(0.01)**	**(0.01)**	**-**	(0.06)	(0.03)	(0.05)	(0.02)
Net income attributable to shareholders	**0.76**	**0.81**	**0.90**	**0.70**	0.63	0.84	0.73	0.52
Diluted weighted average number of shares (in millions)	**233.5**	**234.7**	**231.1**	**236.0**	230.9	236.2	236.2	231.2