Condensed consolidated financial statements of

# QUEBECOR INC.

Three-month and six-month periods ended June 30, 2022 and 2021

## QUEBECOR INC.
### CONSOLIDATED STATEMENTS OF INCOME

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

| | Note | Three months ended June 30 2022 | 2021 | Six months ended June 30 2022 | 2021 |
|---|---|---|---|---|---|
| **Revenues** | 2 | **$ 1,115.2** | $ 1,131.2 | **$ 2,203.2** | $ 2,222.3 |
| Employee costs | 3 | **177.2** | 169.5 | **356.3** | 345.9 |
| Purchase of goods and services | 3 | **446.6** | 460.3 | **913.4** | 922.3 |
| Depreciation and amortization | | **191.6** | 196.6 | **386.3** | 391.9 |
| Financial expenses | 4 | **82.0** | 87.0 | **159.5** | 170.1 |
| Loss (gain) on valuation and translation of financial instruments | 5 | **2.1** | (7.0) | **9.4** | (1.2) |
| Restructuring of operations and other items | 6 | **3.5** | (20.6) | **4.4** | (16.1) |
| Loss on debt refinancing | 8 | **-** | 80.9 | **-** | 80.9 |
| **Income before income taxes** | | **212.2** | 164.5 | **373.9** | 328.5 |
| Income taxes (recovery): | | | | | |
| Current | | **70.0** | 64.4 | **144.4** | 127.8 |
| Deferred | | **(14.1)** | (24.6) | **(43.9)** | (44.0) |
| | | **55.9** | 39.8 | **100.5** | 83.8 |
| **Net income** | | **$ 156.3** | $ 124.7 | **$ 273.4** | $ 244.7 |
| **Net income (loss) attributable to** | | | | | |
| Shareholders | | **$ 157.4** | $ 123.5 | **$ 278.8** | $ 244.8 |
| Non-controlling interests | | **(1.1)** | 1.2 | **(5.4)** | (0.1) |
| **Earnings per share attributable to shareholders** | 10 | | | | |
| Basic | | **$ 0.66** | $ 0.50 | **$ 1.17** | $ 1.00 |
| Diluted | | **0.66** | 0.47 | **1.17** | 0.98 |
| **Weighted average number of shares outstanding (in millions)** | | **236.7** | 245.0 | **237.9** | 245.8 |
| **Weighted average number of diluted shares (in millions)** | | **236.8** | 249.9 | **238.0** | 250.7 |

See accompanying notes to condensed consolidated financial statements.

# QUEBECOR INC.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of Canadian dollars)
(unaudited)

| | Note | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|---|
| | | **2022** | 2021 | **2022** | 2021 |
| **Net income** | | **$ 156.3** | $ 124.7 | **$ 273.4** | $ 244.7 |
| Other comprehensive income (loss): | | | | | |
| Items that may be reclassified to income: | | | | | |
| Cash flow hedges: | | | | | |
| Gain (loss) on valuation of derivative financial instruments | | **4.4** | (1.6) | **(14.0)** | (4.2) |
| Deferred income taxes | | **(1.9)** | 2.9 | **2.0** | 4.8 |
| Loss on translation of investments in foreign associates | | **(0.7)** | - | **(5.0)** | - |
| Items that will not be reclassified to income: | | | | | |
| Defined benefit plans: | | | | | |
| Re-measurement gain (loss) | 13 | **109.2** | (2.5) | **217.2** | 174.5 |
| Deferred income taxes | | **(29.2)** | 0.5 | **(57.8)** | (46.4) |
| Equity investment: | | | | | |
| Loss on revaluation of an equity investment | | **(0.9)** | - | **(1.1)** | - |
| Reclassification to income: | 8 | | | | |
| Gain related to cash flow hedges | | **-** | (1.0) | **-** | (1.0) |
| Deferred income taxes | | **-** | 0.6 | **-** | 0.6 |
| | | **80.9** | (1.1) | **141.3** | 128.3 |
| **Comprehensive income** | | **$ 237.2** | $ 123.6 | **$ 414.7** | $ 373.0 |
| **Comprehensive income attributable to** | | | | | |
| Shareholders | | **$ 235.0** | $ 120.8 | **$ 413.4** | $ 364.7 |
| Non-controlling interests | | **2.2** | 2.8 | **1.3** | 8.3 |

See accompanying notes to condensed consolidated financial statements.

**QUEBECOR INC.**
**SEGMENTED INFORMATION**

(in millions of Canadian dollars)
(unaudited)

| | Three months ended June 30, 2022 | | | | |
|---|---|---|---|---|---|
| | **Telecommuni-cations** | **Media** | **Sports and Enter-tainment** | **Head office and Inter-segments** | **Total** |
| Revenues | **$ 912.6** | **$ 188.1** | **$ 45.0** | **$ (30.5)** | **$ 1,115.2** |
| Employee costs | **101.2** | **58.9** | **10.9** | **6.2** | **177.2** |
| Purchase of goods and services | **323.9** | **125.1** | **29.4** | **(31.8)** | **446.6** |
| Adjusted EBITDA[1] | **487.5** | **4.1** | **4.7** | **(4.9)** | **491.4** |
| Depreciation and amortization | | | | | **191.6** |
| Financial expenses | | | | | **82.0** |
| Loss on valuation and translation of financial instruments | | | | | **2.1** |
| Restructuring of operations and other items | | | | | **3.5** |
| **Income before income taxes** | | | | | **$ 212.2** |
| **Cash flows used for** | | | | | |
| Additions to property, plant and equipment[2] | **$ 96.4** | **$ 7.3** | **$ 0.2** | **$ 0.3** | **$ 104.2** |
| Additions to intangible assets | **18.8** | **4.1** | **0.6** | **0.3** | **23.8** |

| | Three months ended June 30, 2021 | | | | |
|---|---|---|---|---|---|
| | Telecommuni-cations | Media | Sports and Enter-tainment | Head office and Inter-segments | Total |
| Revenues | $ 928.4 | $ 198.2 | $ 33.5 | $ (28.9) | $ 1,131.2 |
| Employee costs | 101.7 | 55.9 | 7.1 | 4.8 | 169.5 |
| Purchase of goods and services | 345.2 | 125.6 | 23.3 | (33.8) | 460.3 |
| Adjusted EBITDA[1] | 481.5 | 16.7 | 3.1 | 0.1 | 501.4 |
| Depreciation and amortization | | | | | 196.6 |
| Financial expenses | | | | | 87.0 |
| Gain on valuation and translation of financial instruments | | | | | (7.0) |
| Restructuring of operations and other items | | | | | (20.6) |
| Loss on debt refinancing | | | | | 80.9 |
| Income before income taxes | | | | | $ 164.5 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment[2] | $ 101.3 | $ 3.3 | $ - | $ 0.9 | $ 105.5 |
| Additions to intangible assets | 42.1 | 7.1 | 0.6 | 0.6 | 50.4 |

# QUEBECOR INC.
## SEGMENTED INFORMATION (continued)

(in millions of Canadian dollars)
(unaudited)

**Six months ended June 30, 2022**

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

Six months ended June 30, 2021

| | Telecommuni-cations | Media | Sports and Enter-tainment | Head office and Inter-segments | Total |
|---|---|---|---|---|---|
| Revenues | $ 1,842.4 | $ 373.0 | $ 64.7 | $ (57.8) | $ 2,222.3 |
| Employee costs | 206.2 | 111.0 | 14.6 | 14.1 | 345.9 |
| Purchase of goods and services | 703.8 | 244.0 | 44.9 | (70.4) | 922.3 |
| Adjusted EBITDA [1] | 932.4 | 18.0 | 5.2 | (1.5) | 954.1 |
| Depreciation and amortization | | | | | 391.9 |
| Financial expenses | | | | | 170.1 |
| Gain on valuation and translation of financial instruments | | | | | (1.2) |
| Restructuring of operations and other items | | | | | (16.1) |
| Loss on debt refinancing | | | | | 80.9 |
| Income before income taxes | | | | | $ 328.5 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment [2] | $ 208.9 | $ 7.1 | $ 0.1 | $ 1.2 | $ 217.3 |
| Additions to intangible assets | 93.4 | 13.2 | 1.5 | 1.1 | 109.2 |

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

[2] Subsidies of $46.1 million and $77.8 million in the respective three-month and six-month periods ended June 30, 2022 ($4.4 million and $9.9 million in 2021) related to the roll-out of high-speed internet services in various regions of Quebec are presented as a reduction of the corresponding additions to property, plant and equipment in the Telecommunications segment (see note 7).

See accompanying notes to condensed consolidated financial statements.

## QUEBECOR INC.
### CONSOLIDATED STATEMENTS OF EQUITY

(in millions of Canadian dollars)
(unaudited)

| | Equity attributable to shareholders | | | | Equity attributable to non-controlling interests | Total equity |
|---|---|---|---|---|---|---|
| | Capital stock | Contributed surplus | Retained earnings | Accumulated other comprehensive (loss) income | | |
| | (note 11) | | | (note 13) | | |
| **Balance as of December 31, 2020** | $ 1,017.8 | $ 17.4 | $ 211.3 | $ (133.9) | $ 101.5 | $ 1,214.1 |
| Net income (loss) | - | - | 244.8 | - | (0.1) | 244.7 |
| Other comprehensive income | - | - | - | 119.9 | 8.4 | 128.3 |
| Dividends | - | - | (135.0) | - | (0.1) | (135.1) |
| Repurchase of Class B Shares | (24.0) | - | (107.5) | - | - | (131.5) |
| **Balance as of June 30, 2021** | 993.8 | 17.4 | 213.6 | (14.0) | 109.7 | 1,320.5 |
| Net income | - | - | 333.6 | - | 10.1 | 343.7 |
| Other comprehensive (loss) income | - | - | - | (5.3) | 3.4 | (1.9) |
| Dividends | - | - | (132.6) | - | - | (132.6) |
| Repurchase of Class B Shares | (28.6) | - | (122.3) | - | - | (150.9) |
| **Balance as of December 31, 2021** | 965.2 | 17.4 | 292.3 | (19.3) | 123.2 | 1,378.8 |
| Net income (loss) | - | - | 278.8 | - | (5.4) | 273.4 |
| Other comprehensive income | - | - | - | 134.6 | 6.7 | 141.3 |
| Dividends | - | - | (142.7) | - | (0.2) | (142.9) |
| Repurchase of Class B Shares | (24.8) | - | (98.3) | - | - | (123.1) |
| **Balance as of June 30, 2022** | **$ 940.4** | **$ 17.4** | **$ 330.1** | **$ 115.3** | **$ 124.3** | **$ 1,527.5** |

See accompanying notes to condensed consolidated financial statements.

## QUEBECOR INC.

### CONSOLIDATED STATEMENTS OF CASH FLOWS

| (in millions of Canadian dollars)<br>(unaudited) | Note | Three months ended June 30 2022 | Three months ended June 30 2021 | Six months ended June 30 2022 | Six months ended June 30 2021 |
|---|---|---|---|---|---|
| **Cash flows related to operating activities** | | | | | |
| Net income | | **$ 156.3** | $ 124.7 | **$ 273.4** | $ 244.7 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | | **138.3** | 145.8 | **277.6** | 292.0 |
| Amortization of intangible assets | | **42.9** | 40.6 | **87.9** | 79.5 |
| Amortization of right-of-use assets | | **10.4** | 10.2 | **20.8** | 20.4 |
| Loss (gain) on valuation and translation of financial instruments | 5 | **2.1** | (7.0) | **9.4** | (1.2) |
| Loss (gain) on disposal of other assets | 6 | **0.6** | (19.5) | **0.6** | (19.0) |
| Impairment of assets | 6 | **-** | - | **-** | 0.8 |
| Loss on debt refinancing | 8 | **-** | 80.9 | **-** | 80.9 |
| Amortization of financing costs | 4 | **1.7** | 2.2 | **3.5** | 4.4 |
| Deferred income taxes | | **(14.1)** | (24.6) | **(43.9)** | (44.0) |
| Other | | **(2.9)** | (0.3) | **(2.8)** | (0.7) |
| | | **335.3** | 353.0 | **626.5** | 657.8 |
| Net change in non-cash balances related to operating activities | | **(93.6)** | (123.3) | **(157.1)** | (166.5) |
| Cash flows provided by operating activities | | **241.7** | 229.7 | **469.4** | 491.3 |
| **Cash flows related to investing activities** | | | | | |
| Additions to property, plant and equipment | 7 | **(104.2)** | (105.5) | **(199.5)** | (217.3) |
| Deferred subsidies (used) received to finance additions to property, plant and equipment | 1,7 | **(46.1)** | (4.4) | **(77.8)** | 206.3 |
| | | **(150.3)** | (109.9) | **(277.3)** | (11.0) |
| Additions to intangible assets | | **(23.8)** | (50.4) | **(53.6)** | (109.2) |
| Business acquisitions | | **(3.8)** | (6.7) | **(3.8)** | (21.8) |
| Proceeds from disposals of assets | | **4.1** | 3.0 | **5.5** | 3.1 |
| Acquisitions of investments and other | | **(2.3)** | (7.2) | **(6.4)** | (8.0) |
| Cash flows used in investing activities | | **(176.1)** | (171.2) | **(335.6)** | (146.9) |
| **Cash flows related to financing activities** | | | | | |
| Net change in bank indebtedness | | **(3.6)** | 2.3 | **21.6** | 3.9 |
| Net change under revolving facilities | | **126.2** | 25.9 | **0.1** | 22.8 |
| Issuance of long-term debt, net of financing costs | 8 | **-** | 1,342.8 | **-** | 1,986.8 |
| Repayment of long-term debt | | **(0.3)** | (0.2) | **(0.7)** | (0.6) |
| Repayment of lease liabilities | | **(11.1)** | (10.8) | **(21.4)** | (21.0) |
| Settlement of hedging contracts | | **(0.8)** | (0.8) | **(0.8)** | (0.8) |
| Repurchase of Class B Shares | 11 | **(97.1)** | (47.1) | **(123.1)** | (131.5) |
| Dividends | | **(142.7)** | (135.0) | **(142.7)** | (135.0) |
| Dividends paid to non-controlling interests | | **(0.1)** | - | **(0.2)** | (0.1) |
| Cash flows (used in) provided by financing activities | | **(129.5)** | 1,177.1 | **(267.2)** | 1,724.5 |
| Net change in cash, cash equivalents and restricted cash | | **(63.9)** | 1,235.6 | **(133.4)** | 2,068.9 |
| Cash, cash equivalents and restricted cash at beginning of period | | **157.6** | 970.0 | **227.1** | 136.7 |
| **Cash, cash equivalents and restricted cash at end of period** | | **$ 93.7** | $ 2,205.6 | **$ 93.7** | $ 2,205.6 |
| **Cash, cash equivalents and restricted cash consist of** | | | | | |
| Cash | | **$ 9.1** | $ 1,998.5 | **$ 9.1** | $ 1,998.5 |
| Cash equivalents | | **-** | 0.8 | **-** | 0.8 |
| Restricted cash | 1 | **84.6** | 206.3 | **84.6** | 206.3 |
| | | **$ 93.7** | $ 2,205.6 | **$ 93.7** | $ 2,205.6 |
| **Interest and taxes reflected as operating activities** | | | | | |
| Cash interest payments | | **$ 128.4** | $ 117.5 | **$ 154.5** | $ 156.1 |
| Cash income tax payments (net of refunds) | | **59.6** | 54.3 | **158.5** | 167.1 |

See accompanying notes to condensed consolidated financial statements.

# QUEBECOR INC.

## CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

| | Note | June 30 2022 | December 31 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | **$ 9.1** | $ 64.7 |
| Restricted cash | 7 | **84.6** | 162.4 |
| Accounts receivable | | **748.3** | 745.1 |
| Contract assets | | **78.5** | 129.4 |
| Income taxes | | **17.3** | 7.3 |
| Inventories | | **349.5** | 282.6 |
| Derivative financial instruments | | **263.3** | - |
| Other current assets | | **145.4** | 132.0 |
| | | **1,696.0** | 1,523.5 |
| **Non-current assets** | | | |
| Property, plant and equipment | | **2,977.4** | 3,058.7 |
| Intangible assets | | **2,304.9** | 2,344.1 |
| Right-of-use assets | | **148.7** | 152.3 |
| Goodwill | | **2,718.5** | 2,718.5 |
| Derivative financial instruments | | **151.2** | 405.6 |
| Deferred income taxes | | **18.8** | 39.2 |
| Other assets | | **655.8** | 521.1 |
| | | **8,975.3** | 9,239.5 |
| **Total assets** | | **$ 10,671.3** | $ 10,763.0 |
| **Liabilities and equity** | | | |
| **Current liabilities** | | | |
| Bank indebtedness | | **$ 21.6** | $ - |
| Accounts payable, accrued charges and provisions | | **794.9** | 861.0 |
| Deferred revenue | | **287.1** | 309.7 |
| Deferred subsidies | 7 | **84.6** | 162.4 |
| Income taxes | | **35.1** | 47.4 |
| Current portion of long-term debt | 8 | **1,171.4** | 56.5 |
| Current portion of lease liabilities | | **37.0** | 36.1 |
| | | **2,431.7** | 1,473.1 |
| **Non-current liabilities** | | | |
| Long-term debt | 8 | **5,393.0** | 6,467.9 |
| Derivative financial instruments | | **8.5** | 23.3 |
| Convertible debentures | 9 | **150.0** | 150.0 |
| Lease liabilities | | **141.6** | 147.1 |
| Deferred income taxes | | **820.9** | 829.6 |
| Other liabilities | | **198.1** | 293.2 |
| | | **6,712.1** | 7,911.1 |
| **Equity** | | | |
| Capital stock | 11 | **940.4** | 965.2 |
| Contributed surplus | | **17.4** | 17.4 |
| Retained earnings | | **330.1** | 292.3 |
| Accumulated other comprehensive income (loss) | 13 | **115.3** | (19.3) |
| **Equity attributable to shareholders** | | **1,403.2** | 1,255.6 |
| Non-controlling interests | | **124.3** | 123.2 |
| | | **1,527.5** | 1,378.8 |
| Commitments | 15 | | |
| **Total liabilities and equity** | | **$ 10,671.3** | $ 10,763.0 |

See accompanying notes to condensed consolidated financial statements.

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

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

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

Since March 2020, the COVID-19 pandemic has had an impact on some of the Corporation's quarterly results, more particularly in the Media and the Sports and Entertainment segments. Given the uncertainty around the future evolution of the pandemic, including any new major waves, all future impacts of the health crisis on the results of operations cannot be determined with certainty.

## 1. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB), except that they do not include all disclosures required under IFRS for annual consolidated financial statements. In particular, these consolidated financial statements were prepared in accordance with IAS 34, *Interim Financial Reporting*, and, accordingly, they are condensed consolidated financial statements. These condensed consolidated financial statements should be read in conjunction with the Corporation's 2021 annual consolidated financial statements, which contain a description of the accounting policies used in the preparation of these condensed consolidated financial statements.

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor on August 3, 2022.

Comparative figures for previous periods have been restated to conform to the presentation adopted for the three-month and six-month periods ended June 30, 2022.

In particular, as of the second quarter of 2022, restricted cash is presented with cash and cash equivalents on the consolidated statements of cash flows, in line with the IFRS Interpretations Committee's agenda decision finalized in the second quarter of 2022 that clarifies the presentation of cash subject to contractual restrictions agreed with a third party (see note 7). Prior period information has been restated to reflect the new presentation. Accordingly, deferred subsidies used to finance additions to property, plant and equipment related to the roll-out of high-speed Internet services in various regions of Québec are now presented under investing activities, which has the effect of increasing cash used in investing activities by $46.1 million and $77.8 million for the three-month and six-month periods ended June 30, 2022 respectively ($4.4 million increase and $206.3 million decrease for the three-month and six-month periods ended June 30, 2021).

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

## 2. REVENUES

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Telecommunications: | | | | |
| Internet | **$ 304.9** | $ 301.8 | **$ 603.5** | $ 598.4 |
| Television | **200.4** | 211.3 | **397.7** | 424.5 |
| Mobile telephony | **191.8** | 174.8 | **379.1** | 345.3 |
| Wireline telephony | **73.7** | 80.7 | **148.9** | 161.4 |
| Mobile equipment sales | **73.0** | 63.0 | **136.8** | 123.5 |
| Wireline equipment sales | **20.5** | 50.2 | **52.8** | 96.9 |
| Other | **48.3** | 46.6 | **97.2** | 92.4 |
| Media: | | | | |
| Advertising | **89.1** | 98.4 | **168.3** | 174.5 |
| Subscription | **49.3** | 50.8 | **97.6** | 100.2 |
| Other | **49.7** | 49.0 | **104.0** | 98.3 |
| Sports and Entertainment | **45.0** | 33.5 | **79.1** | 64.7 |
| Inter-segments | **(30.5)** | (28.9) | **(61.8)** | (57.8) |
| | **$ 1,115.2** | $ 1,131.2 | **$ 2,203.2** | $ 2,222.3 |

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

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Employee costs | **$ 212.2** | $ 219.4 | **$ 430.8** | $ 443.7 |
| Less employee costs capitalized to property, plant and equipment and to intangible assets | **(35.0)** | (49.9) | **(74.5)** | (97.8) |
| | **177.2** | 169.5 | **356.3** | 345.9 |
| Purchase of goods and services: | | | | |
| Royalties, rights and creation costs | **183.0** | 195.0 | **384.5** | 377.8 |
| Cost of products sold | **111.9** | 116.3 | **218.9** | 232.2 |
| Service contracts | **33.3** | 49.4 | **73.4** | 104.3 |
| Marketing, circulation and distribution expenses | **19.4** | 21.8 | **39.3** | 40.5 |
| Other | **99.0** | 77.8 | **197.3** | 167.5 |
| | **446.6** | 460.3 | **913.4** | 922.3 |
| | **$ 623.8** | $ 629.8 | **$ 1,269.7** | $ 1,268.2 |

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

## 4. FINANCIAL EXPENSES

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Interest on long-term debt and on debentures | **$ 74.9** | $ 83.1 | **$ 149.7** | $ 162.7 |
| Amortization of financing costs | **1.7** | 2.2 | **3.5** | 4.4 |
| Interest on lease liabilities | **2.1** | 2.1 | **4.1** | 4.3 |
| Interest on net defined benefit liability | **1.3** | 2.2 | **2.5** | 4.4 |
| Loss (gain) on foreign currency translation on short-term monetary items | **1.8** | (2.2) | **0.7** | (3.4) |
| Other | **0.2** | (0.4) | **(1.0)** | (2.3) |
| | **$ 82.0** | $ 87.0 | **$ 159.5** | $ 170.1 |

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

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Loss (gain) on embedded derivatives related to convertible debentures | **$ 1.9** | $ (7.5) | **$ 9.1** | $ (1.8) |
| Other | **0.2** | 0.5 | **0.3** | 0.6 |
| | **$ 2.1** | $ (7.0) | **$ 9.4** | $ (1.2) |

## 6. RESTRUCTURING OF OPERATIONS AND OTHER ITEMS

During the respective three-month and six-month periods ended June 30, 2022, charges of $1.2 million and $1.9 million were recorded in connection with cost reduction initiatives in the Corporation’s various segments ($2.2 million and $5.0 million in 2021), while an impairment charge on assets of $0.8 million was also recorded in the six-month period ended June 30, 2021.

On April 1, 2021, Alithya Group Inc. (“Alithya”), a strategy and digital transformation leader, acquired the firm R3D Conseil inc., of which Quebecor was one of the main shareholders. As a result of this transaction, the Corporation now holds 11.9% of Alithya’s share capital and 6.7% of voting rights related to the issued and outstanding shares of Alithya, and a corresponding gain on disposal of $19.6 million was recorded in the second quarter of 2021.

In addition, during the respective three-month and six-month periods ended June 30, 2022, the Corporation also recorded charges related to other items of $2.3 million and $2.5 million (gains of $3.2 million and $2.3 million in 2021).

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

## 7. RESTRICTED CASH AND DEFERRED SUBSIDIES

On March 22, 2021, Videotron Ltd. ("Videotron") and the Québec government, jointly with the Canadian government, signed agreements to support the achievement of the government's targets for the roll-out of high-speed Internet services in various regions of Québec. Under these agreements, the government is committed to provide financial assistance in the amount of approximately $258.0 million, which will be fully invested in Videotron's high-speed Internet network extension. In accordance with the terms of the agreements, an amount of $216.2 million received in advance from the government in March 2021 was recorded as deferred subsidies on the consolidated balance sheets (balance of $84.6 million as of June 30, 2022). When the required investments as per the program are realized, corresponding subsidies are recognized as a reduction of additions to property, plant and equipment.

## 8. LONG-TERM DEBT

Components of long-term debt are as follows:

| | **June 30, 2022** | December 31, 2021 |
|---|---|---|
| Total long-term debt | **$ 6,603.4** | $ 6,554.0 |
| Change in fair value related to hedged interest rate risk | **(1.8)** | 8.3 |
| Financing costs, net of amortization | **(37.2)** | (37.9) |
| | **6,564.4** | 6,524.4 |
| Less current portion | **(1,171.4)** | (56.5) |
| | **$ 5,393.0** | $ 6,467.9 |

As of June 30, 2022, the carrying value of long-term debt denominated in U.S. dollars, excluding financing costs, was $3,382.8 million ($3,245.9 million as of December 31, 2021) while the net fair value of related hedging derivative instruments was in an asset position of $404.0 million ($381.4 million as of December 31, 2021).

2022

On February 15, 2022, TVA Group Inc. ("TVA Group") amended its $75.0 million secured revolving credit facility to extend its term to February 2023 and amended certain of its terms and conditions.

On May 20, 2022, Videotron amended its $1,500.0 million secured revolving credit facility to extend its term to July 2026 and Quebecor Media amended its $300.0 million secured revolving credit facility to extend its term to July 2025. Certain terms and conditions of these credit facilities were also amended.

## 8. LONG-TERM DEBT (continued)

2021

On January 22, 2021, Videotron issued $650.0 million aggregate principal amount of Senior Notes bearing interest at 3.125% and maturing on January 15, 2031, for net proceeds of $644.0 million, net of financing costs of $6.0 million.

On June 3, 2021, Quebecor Media issued a redemption notice for its Senior Notes in aggregate principal amount of $500.0 million, bearing interest at 6.625% and due January 15, 2023, at a redemption price of 107.934% of their principal amount. Videotron also issued a redemption notice for its Senior Notes in aggregate principal amount of US$800.0 million, bearing interest at 5.000% and due July 15, 2022, at a redemption price of 104.002% of their principal amount. As a result, a net loss of $80.9 million was recorded in the consolidated statement of income in the second quarter of 2021, including a gain of $1.0 million previously recorded in other comprehensive income. In July 2021, the Senior Notes were redeemed and the related hedging contracts were unwound, for a total cash consideration of $1,377.9 million.

On June 17, 2021, Videotron issued $750.0 million aggregate principal amount of Senior Notes bearing interest at 3.625% and maturing on June 15, 2028, for net proceeds of $743.2 million, net of financing costs of $6.8 million. Videotron also issued US$500.0 million aggregate principal amount of Senior Notes bearing interest at 3.625% and maturing on June 15, 2029, for net proceeds of $599.6 million, net of financing costs of $5.8 million. Videotron has fully hedged the foreign currency risk associated with the new Senior Notes denominated in U.S. dollars by using cross-currency swaps.

## 9. CONVERTIBLE DEBENTURES

In accordance with the terms of the trust indenture governing the convertible debentures, the quarterly dividend declared on May 11, 2022, on Quebecor Class B Subordinate Voting Shares (“Class B Shares”) triggered an adjustment to the floor price and ceiling price then in effect. Effective on May 26, 2022, the conversion features of the convertible debentures are subject to an adjusted floor price of approximately $25.07 per share (that is, a maximum number of approximately 5,984,010 Class B Shares corresponding to a ratio of $150.0 million to the adjusted floor price) and an adjusted ceiling price of approximately $31.33 per share (that is, a minimum number of approximately 4,787,208 Class B Shares corresponding to a ratio of $150.0 million to the adjusted ceiling price).

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO SHAREHOLDERS

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

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

| | Three months ended June 30 | | Six months ended June 30 | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| Net income attributable to shareholders | **$ 157.4** | $ 123.5 | **$ 278.8** | $ 244.8 |
| Impact of assumed conversion of convertible debentures of the Corporation and of stock options of subsidiaries | **–** | (6.4) | **–** | 0.3 |
| **Net income attributable to shareholders, adjusted for dilution effect** | **$ 157.4** | $ 117.1 | **$ 278.8** | $ 245.1 |
| Weighted average number of shares outstanding (in millions) | **236.7** | 245.0 | **237.9** | 245.8 |
| Potentially dilutive effect of convertible debentures and of stock options of the Corporation (in millions) | **0.1** | 4.9 | **0.1** | 4.9 |
| **Weighted average number of diluted shares outstanding (in millions)** | **236.8** | 249.9 | **238.0** | 250.7 |

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

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

## 11. CAPITAL STOCK

### (a) Authorized capital stock

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

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

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

### (b) Issued and outstanding capital stock

| | Class A Shares | | Class B Shares | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Balance as of December 31, 2021 | 76,984,034 | $ 8.6 | 162,273,507 | $ 956.6 |
| Shares purchased and cancelled | – | – | (4,202,951) | (24.8) |
| **Balance as of June 30, 2022** | **76,984,034** | **$ 8.6** | **158,070,556** | **$ 931.8** |

Repurchase of shares

On August 4, 2021, the Corporation filed a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 6,000,000 Class B Shares representing approximately 3.6% of issued and outstanding Class B Shares as of July 30, 2021. The purchases can be made from August 15, 2021 to August 14, 2022, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All shares purchased under the bid will be cancelled.

On April 27, 2022, the Corporation received approval from the Toronto Stock Exchange to amend its normal course issuer bid in order to increase the maximum number of Class B Shares that may be repurchased to 10,000,000 Class B Shares, representing approximately 6.8% of the Class B Shares public float as of July 30, 2021. No other terms of the normal course issuer bid have been amended.

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

During the six-month period ended June 30, 2022, the Corporation purchased and cancelled 4,202,951 Class B Shares for a total cash consideration of $123.1 million (4,073,200 Class B Shares for a total cash consideration of $131.5 million in 2021). The excess of $98.3 million of the purchase price over the carrying value of Class B Shares repurchased was recorded in reduction of retained earnings ($107.5 million in 2021).

Dividends

On August 3, 2022, the Board of Directors of the Corporation declared a dividend of $0.30 per share on Class A Shares and Class B Shares, or approximately $70.5 million, payable on September 13, 2022, to shareholders of record at the close of business on August 19, 2022.

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

### 12. STOCK-BASED COMPENSATION PLANS

Stock option plans

The following table provides details of changes to outstanding options in the principal stock-based compensation plans in which management of the Corporation and its subsidiaries participate, for the six-month period ended June 30, 2022:

| | Outstanding options | |
|---|---|---|
| | Number | Weighted average exercise price |
| **Quebecor** | | |
| As of December 31, 2021 | 2,379,600 | $ 30.74 |
| Exercised | (19,999) | 26.52 |
| Cancelled | (137,785) | 31.04 |
| **As of June 30, 2022** | **2,221,816** | **$ 30.76** |
| **Vested options as of June 30, 2022** | **429,526** | **$ 29.44** |
| **TVA Group** | | |
| **As of December 31, 2021 and June 30, 2022** | **369,503** | **$ 2.09** |
| **Vested options as of June 30, 2022** | **82,664** | **$ 3.53** |

During the three-month period ended June 30, 2021, 5,000 stock options of Quebecor Media were exercised for a cash consideration of $0.3 million. During the six-month period ended June 30, 2021, 15,300 stock options of Quebecor Media were exercised for a cash consideration of $1.0 million.

Deferred share unit plan

The deferred share unit ("DSU") is based either on Quebecor Class B Shares or on TVA Group Inc. Class B Non-Voting Shares ("TVA Group Class B Shares"). The DSUs vest over six years and will be redeemed for cash only upon the participant's retirement or termination of employment, as the case may be. DSUs entitle the holders to receive additional units when dividends are paid on Quebecor Class B Shares or TVA Group Class B Shares. As of June 30, 2022, 92,930 DSUs based on Quebecor Class B Shares and 127,464 DSUs based on TVA Group Class B Shares were outstanding under these plans (96,909 and 128,064 respectively as of December 31, 2021)

Stock-based compensation expense

For the three-month period ended June 30, 2022, a reversal of the charge of $0.1 million was recorded related to all stock-based compensation plans (a reversal of the charge of $1.9 million in 2021). For the six-month period ended June 30, 2022, a charge of $2.1 million was recorded related to all stock-based compensation plans ($1.7 million in 2021).

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

## 13. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO SHAREHOLDERS

| | Cash flow hedges[1] | Translation of investments in foreign associates | Defined benefit plans[2] | Equity investment | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2020 | $ 29.6 | $ – | $ (163.5) | $ – | $ (133.9) |
| Other comprehensive income | 0.2 | – | 119.7 | – | 119.9 |
| Balance as of June 30, 2021 | 29.8 | – | (43.8) | – | (14.0) |
| Other comprehensive income (loss) | 2.9 | (17.6) | 7.8 | 1.6 | (5.3) |
| Balance as of December 31, 2021 | 32.7 | (17.6) | (36.0) | 1.6 | (19.3) |
| Other comprehensive (loss) income | (12.0) | (5.0) | 152.7 | (1.1) | 134.6 |
| **Balance as of June 30, 2022** | **$ 20.7** | **$ (22.6)** | **$ 116.7** | **$ 0.5** | **$ 115.3** |

1 No significant amount is expected to be reclassified in income over the next 12 months in connection with derivatives designated as cash flow hedges. The balance is expected to reverse over a 7-year period.

2 Re-measurement gains in the consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2022 are mainly due to an increase in the discount rate since December 31, 2021, net of a decrease of the fair value of defined pension plan assets.

## 14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

The fair value of long-term debt and convertible debentures is estimated based on quoted market prices when available or on valuation models using Level 1 and Level 2 inputs. When the Corporation uses valuation models, the fair value is estimated using discounted cash flows using year-end market yields or the market value of similar instruments with the same maturity.

The fair value of derivative financial instruments recognized on the consolidated balance sheets is estimated as per the Corporation's valuation models. These models project future cash flows and discount the future amounts to a present value using the contractual terms of the derivative financial instrument and factors observable in external market data, such as period-end swap rates and foreign exchange rates (Level 2 inputs). An adjustment is also included to reflect non-performance risk, impacted by the financial and economic environment prevailing at the date of the valuation, in the recognized measure of the fair value of the derivative financial instruments by applying a credit default premium, estimated using a combination of observable and unobservable inputs in the market (Level 3 inputs), to the net exposure of the counterparty or the Corporation. Derivative financial instruments are classified as Level 2.

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

(tabular amounts in millions of Canadian dollars, except for per share data and option data)

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

The carrying value and fair value of long-term debt, convertible debentures and derivative financial instruments as of June 30, 2022 and December 31, 2021 are as follows:

| | **June 30, 2022** | | December 31, 2021 | |
|---|---|---|---|---|
| **Asset (liability)** | **Carrying value** | **Fair value** | Carrying value | Fair value |
| **Long-term debt**[1] | **$ (6,603.4)** | **$ (5,977.7)** | $ (6,554.0) | $ (6,660.4) |
| **Convertible debentures**[2] | **(149.0)** | **(149.0)** | (139.5) | (139.5) |
| **Derivative financial instruments** | | | | |
| Foreign exchange forward contracts | **2.6** | **2.6** | 0.9 | 0.9 |
| Cross-currency swaps | **403.4** | **403.4** | 381.4 | 381.4 |

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

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

## 15. COMMITMENTS

On June 17, 2022, Videotron entered into an agreement with Rogers Communications Inc. (“Rogers”) and Shaw Communications Inc. (“Shaw”) to acquire Freedom Mobile Inc. (“Freedom Mobile”) for $2.85 billion on a cash-free and debt-free basis. The agreement, which is conditional on regulatory approval, provides for the acquisition of the Freedom Mobile brand’s entire wireless and Internet customer base, as well as its owned infrastructure, spectrum and retail outlets. It also includes a long-term undertaking by Shaw and Rogers to provide Videotron with transport services (including backhaul and backbone) and roaming services. This agreement will support the expansion of the Corporation’s telecommunications services in Ontario and Western Canada. The transaction is conditional, among other things, on clearance under the Competition Act and the approval of Innovation, Science and Economic Development Canada and would close substantially concurrently with closing of the acquisition of Shaw by Rogers. Videotron has secured the committed debt financing required for this transaction.