

Condensed consolidated financial statements of

QUEBECOR INC.

Three-month and nine-month periods ended September 30, 2023 and 2022

QUEBECOR INC.
CONSOLIDATED STATEMENTS OF INCOME

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

| | Note | Three months ended September 30 | | Nine months ended September 30 | |
|--|------|------------------------------------|-----------------|-----------------------------------|-----------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Revenues | 2 | \$ 1,415.4 | \$ 1,143.7 | \$ 3,929.5 | \$ 3,346.9 |
| Employee costs | 3 | 182.3 | 159.0 | 557.3 | 515.3 |
| Purchase of goods and services | 3 | 608.7 | 466.7 | 1,699.8 | 1,380.1 |
| Depreciation and amortization | | 238.8 | 191.5 | 677.9 | 577.8 |
| Financial expenses | 4 | 109.8 | 84.1 | 301.4 | 243.6 |
| (Gain) loss on valuation and translation of financial instruments | 5 | (13.4) | (6.7) | (3.7) | 2.7 |
| Restructuring, acquisition costs and other | 6 | 10.0 | 4.9 | 28.9 | 9.3 |
| Income before income taxes | | 279.2 | 244.2 | 667.9 | 618.1 |
| Income taxes (recovery): | | | | | |
| Current | | 55.7 | 72.2 | 180.8 | 216.6 |
| Deferred | | 14.4 | (8.8) | (6.8) | (52.7) |
| | | 70.1 | 63.4 | 174.0 | 163.9 |
| Net income | | \$ 209.1 | \$ 180.8 | \$ 493.9 | \$ 454.2 |
| Net income (loss) attributable to | | | | | |
| Shareholders | | \$ 209.3 | \$ 178.4 | \$ 504.3 | \$ 457.2 |
| Non-controlling interests | | (0.2) | 2.4 | (10.4) | (3.0) |
| Earnings per share attributable to shareholders | 10 | | | | |
| Basic | | \$ 0.91 | \$ 0.76 | \$ 2.18 | \$ 1.93 |
| Diluted | | 0.84 | 0.72 | 2.14 | 1.91 |
| Weighted average number of shares outstanding (in millions) | | 230.9 | 233.5 | 230.9 | 236.4 |
| Weighted average number of diluted shares (in millions) | | 236.2 | 238.9 | 236.2 | 241.7 |

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 September 30 | | Nine months ended September 30 | |
|--|------|------------------------------------|---------------|-----------------------------------|-------------|
| | | 2023 | 2022 | 2023 | 2022 |
| Net income | | \$ 209.1 | \$ 180.8 | \$ 493.9 | \$ 454.2 |
| Other comprehensive income (loss): | 13 | | | | |
| Items that may be reclassified to income: | | | | | |
| Cash flow hedges: | | | | | |
| Gain (loss) on valuation of derivative financial instruments | | 20.3 | (53.5) | 47.8 | (67.5) |
| Deferred income taxes | | (4.8) | 4.9 | (9.9) | 6.9 |
| Loss on translation of investments in foreign associates | | (0.2) | (1.7) | (9.9) | (6.7) |
| Items that will not be reclassified to income: | | | | | |
| Defined benefit plans: | | | | | |
| Re-measurement gain | | - | 5.3 | - | 222.5 |
| Deferred income taxes | | - | (1.4) | - | (59.2) |
| Equity investment: | | | | | |
| (Loss) gain on revaluation of an equity investment | | (1.3) | (4.4) | 0.1 | (5.7) |
| Deferred income taxes | | 0.1 | 0.5 | - | 0.7 |
| | | <u>14.1</u> | <u>(50.3)</u> | <u>28.1</u> | <u>91.0</u> |
| Comprehensive income | | \$ <u>223.2</u> | \$ 130.5 | \$ <u>522.0</u> | \$ 545.2 |
| Comprehensive income (loss) attributable to | | | | | |
| Shareholders | | \$ 223.4 | \$ 127.8 | \$ 532.4 | \$ 541.2 |
| Non-controlling interests | | (0.2) | 2.7 | (10.4) | 4.0 |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC. SEGMENTED INFORMATION

(in millions of Canadian dollars)
(unaudited)

Three months ended September 30, 2023

| | Telecommuni- cations | Media | Sports and Enter- tainment | Head office and Inter- segments | Total |
|--|-------------------------|----------|-------------------------------------|--|-----------------|
| Revenues | \$ 1,230.1 | \$ 166.0 | \$ 59.7 | \$ (40.4) | \$ 1,415.4 |
| Employee costs | 123.7 | 44.6 | 9.7 | 4.3 | 182.3 |
| Purchase of goods and services | 516.9 | 100.4 | 35.6 | (44.2) | 608.7 |
| Adjusted EBITDA ¹ | 589.5 | 21.0 | 14.4 | (0.5) | 624.4 |
| Depreciation and amortization | | | | | 238.8 |
| Financial expenses | | | | | 109.8 |
| Gain on valuation and translation of financial instruments | | | | | (13.4) |
| Restructuring, acquisition costs and other | | | | | 10.0 |
| Income before income taxes | | | | | \$ 279.2 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment ² | \$ 94.3 | \$ 1.6 | \$ 0.3 | \$ 0.1 | \$ 96.3 |
| Additions to intangible assets | 40.0 | 1.9 | 1.6 | 0.2 | 43.7 |

Three months ended September 30, 2022

| | Telecommuni- cations | Media | Sports and Enter- tainment | Head office and Inter- segments | Total |
|--|-------------------------|----------|-------------------------------------|--|-----------------|
| Revenues | \$ 942.2 | \$ 170.1 | \$ 57.4 | \$ (26.0) | \$ 1,143.7 |
| Employee costs | 92.5 | 53.2 | 9.8 | 3.5 | 159.0 |
| Purchase of goods and services | 360.2 | 98.9 | 35.4 | (27.8) | 466.7 |
| Adjusted EBITDA ¹ | 489.5 | 18.0 | 12.2 | (1.7) | 518.0 |
| Depreciation and amortization | | | | | 191.5 |
| Financial expenses | | | | | 84.1 |
| Gain on valuation and translation of financial instruments | | | | | (6.7) |
| Restructuring, acquisition costs and other | | | | | 4.9 |
| Income before income taxes | | | | | \$ 244.2 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment ² | \$ 109.7 | \$ 5.1 | \$ 0.3 | \$ 0.1 | \$ 115.2 |
| Additions to intangible assets | 13.0 | 1.8 | 0.7 | 0.3 | 15.8 |

QUEBECOR INC.
SEGMENTED INFORMATION (continued)

(in millions of Canadian dollars)
(unaudited)

| Nine months ended September 30, 2023 | | | | | |
|--|-------------------------|----------|-------------------------------------|--|-----------------|
| | Telecommuni- cations | Media | Sports and Enter- tainment | Head office and Inter- segments | Total |
| Revenues | \$ 3,356.3 | \$ 517.1 | \$ 157.0 | \$ (100.9) | \$ 3,929.5 |
| Employee costs | 347.2 | 155.4 | 33.1 | 21.6 | 557.3 |
| Purchase of goods and services | 1,337.8 | 367.6 | 103.1 | (108.7) | 1,699.8 |
| Adjusted EBITDA ¹ | 1,671.3 | (5.9) | 20.8 | (13.8) | 1,672.4 |
| Depreciation and amortization | | | | | 677.9 |
| Financial expenses | | | | | 301.4 |
| Gain on valuation and translation of financial instruments | | | | | (3.7) |
| Restructuring, acquisition costs and other | | | | | 28.9 |
| Income before income taxes | | | | | \$ 667.9 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment ² | \$ 279.2 | \$ 4.4 | \$ 0.6 | \$ 0.1 | \$ 284.3 |
| Additions to intangible assets | 120.0 | 2.4 | 3.9 | 0.5 | 126.8 |

| Nine months ended September 30, 2022 | | | | | |
|--|-------------------------|----------|-------------------------------------|--|-----------------|
| | Telecommuni- cations | Media | Sports and Enter- tainment | Head office and Inter- segments | Total |
| Revenues | \$ 2,758.2 | \$ 540.0 | \$ 136.5 | \$ (87.8) | \$ 3,346.9 |
| Employee costs | 295.0 | 172.0 | 30.8 | 17.5 | 515.3 |
| Purchase of goods and services | 1,026.2 | 357.8 | 88.9 | (92.8) | 1,380.1 |
| Adjusted EBITDA ¹ | 1,437.0 | 10.2 | 16.8 | (12.5) | 1,451.5 |
| Depreciation and amortization | | | | | 577.8 |
| Financial expenses | | | | | 243.6 |
| Loss on valuation and translation of financial instruments | | | | | 2.7 |
| Restructuring, acquisition costs and other | | | | | 9.3 |
| Income before income taxes | | | | | \$ 618.1 |
| Cash flows used for | | | | | |
| Additions to property, plant and equipment ² | \$ 295.3 | \$ 18.0 | \$ 0.6 | \$ 0.8 | \$ 314.7 |
| Additions to intangible assets | 57.8 | 8.7 | 2.0 | 0.9 | 69.4 |

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, (gain) loss on valuation and translation of financial instruments, restructuring, acquisition costs and other and income taxes.

² Subsidies of \$5.4 million and \$39.3 million in the respective three-month and nine-month periods ended September 30, 2023 (\$26.4 million and \$104.2 million in 2022) related to the roll-out of high-speed internet services in various regions of Quebec are presented as a reduction of the corresponding additions to property, plant and equipment in the Telecommunications segment.

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.
CONSOLIDATED STATEMENTS OF EQUITY

(in millions of Canadian dollars)
(unaudited)

| | Equity attributable to shareholders | | | | Equity attributable to non-controlling interests | Total equity |
|---|-------------------------------------|---------------------|-------------------|--|--|--------------|
| | Capital stock (note 11) | Contributed surplus | Retained earnings | Accumulated other comprehensive (loss) income (note 13) | | |
| Balance as of December 31, 2021 | \$ 965.2 | \$ 17.4 | \$ 292.3 | \$ (19.3) | \$ 123.2 | \$ 1,378.8 |
| Net income (loss) | - | - | 457.2 | - | (3.0) | 454.2 |
| Other comprehensive income | - | - | - | 84.0 | 7.0 | 91.0 |
| Dividends | - | - | (212.7) | - | (1.3) | (214.0) |
| Repurchase of Class B Shares | (41.6) | - | (162.2) | - | - | (203.8) |
| Balance as of September 30, 2022 | 923.6 | 17.4 | 374.6 | 64.7 | 125.9 | 1,506.2 |
| Net income | - | - | 142.5 | - | - | 142.5 |
| Other comprehensive (loss) income | - | - | - | (62.9) | 0.3 | (62.6) |
| Dividends | - | - | (69.4) | - | - | (69.4) |
| Repurchase of Class B Shares | (7.4) | - | (25.8) | - | - | (33.2) |
| Balance as of December 31, 2022 | 916.2 | 17.4 | 421.9 | 1.8 | 126.2 | 1,483.5 |
| Net income (loss) | - | - | 504.3 | - | (10.4) | 493.9 |
| Other comprehensive income | - | - | - | 28.1 | - | 28.1 |
| Dividends | - | - | (207.8) | - | (0.2) | (208.0) |
| Repurchase of Class B Shares | (1.4) | - | (5.7) | - | - | (7.1) |
| Business disposal | - | - | - | - | (0.4) | (0.4) |
| Balance as of September 30, 2023 | \$ 914.8 | \$ 17.4 | \$ 712.7 | \$ 29.9 | \$ 115.2 | \$ 1,790.0 |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of Canadian dollars)
(unaudited)

| | | Three months ended September 30 | | Nine months ended September 30 | |
|---|------|------------------------------------|----------------|-----------------------------------|----------------|
| | Note | 2023 | 2022 | 2023 | 2022 |
| Cash flows related to operating activities | | | | | |
| Net income | | \$ 209.1 | \$ 180.8 | \$ 493.9 | \$ 454.2 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | | 150.9 | 136.7 | 441.0 | 414.3 |
| Amortization of intangible assets | | 58.3 | 43.7 | 166.2 | 131.6 |
| Depreciation of right-of-use assets | | 29.6 | 11.1 | 70.7 | 31.9 |
| (Gain) loss on valuation and translation of financial instruments | 5 | (13.4) | (6.7) | (3.7) | 2.7 |
| (Gain) loss on disposal of other assets | | (2.3) | - | (2.5) | 0.6 |
| Impairment of assets | 6 | 8.0 | 2.8 | 8.0 | 2.8 |
| Amortization of financing costs | 4 | 2.3 | 1.9 | 6.2 | 5.4 |
| Deferred income taxes | | 14.4 | (8.8) | (6.8) | (52.7) |
| Other | | 4.6 | 2.1 | 4.9 | (0.7) |
| | | 461.5 | 363.6 | 1,177.9 | 990.1 |
| Net change in non-cash balances related to operating activities | | 34.7 | 104.2 | (51.4) | (52.9) |
| Cash flows provided by operating activities | | 496.2 | 467.8 | 1,126.5 | 937.2 |
| Cash flows related to investing activities | | | | | |
| Additions to property, plant and equipment | | (96.3) | (115.2) | (284.3) | (314.7) |
| Deferred subsidies used to finance additions to property, plant and equipment | | (5.4) | (26.4) | (39.3) | (104.2) |
| | | (101.7) | (141.6) | (323.6) | (418.9) |
| Additions to intangible assets | | (43.7) | (15.8) | (126.8) | (69.4) |
| Business acquisitions | 7 | (1.8) | (18.3) | (2,069.6) | (22.1) |
| Proceeds from disposals of assets | | - | 1.0 | 0.8 | 6.5 |
| Acquisitions of investments and other | | (2.8) | (0.4) | (6.7) | (6.8) |
| Cash flows used in investing activities | | (150.0) | (175.1) | (2,525.9) | (510.7) |
| Cash flows related to financing activities | | | | | |
| Net change in bank indebtedness | | 12.5 | (7.2) | 12.5 | 14.4 |
| Net change under revolving facilities, net of financing costs | | (259.2) | (120.9) | 383.0 | (120.8) |
| Issuance of long-term debt, net of financing costs | 8 | - | - | 2,092.5 | - |
| Repayment of long-term debt | 8 | - | (0.4) | (1,138.1) | (1.1) |
| Repayment of lease liabilities | | (30.3) | (10.4) | (63.4) | (31.8) |
| Settlement of hedging contracts | 8 | - | - | 307.2 | (0.8) |
| Repurchase of Class B Shares | 11 | (7.1) | (80.7) | (7.1) | (203.8) |
| Dividends | | (69.2) | (70.0) | (207.8) | (212.7) |
| Dividends paid to non-controlling interests | | - | (1.1) | (0.2) | (1.3) |
| Cash flows (used in) provided by financing activities | | (353.3) | (290.7) | 1,378.6 | (557.9) |
| Net change in cash, cash equivalents and restricted cash | | (7.1) | 2.0 | (20.8) | (131.4) |
| Cash, cash equivalents and restricted cash at beginning of period | | 32.2 | 93.7 | 45.9 | 227.1 |
| Cash, cash equivalents and restricted cash at end of period | | \$ 25.1 | \$ 95.7 | \$ 25.1 | \$ 95.7 |
| Cash, cash equivalents and restricted cash consist of | | | | | |
| Cash | | \$ 24.7 | \$ 37.4 | \$ 24.7 | \$ 37.4 |
| Cash equivalents | | 0.4 | 0.1 | 0.4 | 0.1 |
| Restricted cash | | - | 58.2 | - | 58.2 |
| | | \$ 25.1 | \$ 95.7 | \$ 25.1 | \$ 95.7 |
| Interest and taxes reflected as operating activities | | | | | |
| Cash interest payments | | \$ 68.1 | \$ 26.3 | \$ 245.7 | \$ 180.8 |
| Cash income tax payments (net of refunds) | | 64.8 | 64.4 | 248.1 | 222.9 |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

CONSOLIDATED BALANCE SHEETS

(in millions of Canadian dollars)
(unaudited)

| | Note | September 30 2023 | December 31 2022 |
|--|------|----------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | \$ 25.1 | \$ 6.6 |
| Restricted cash | | - | 39.3 |
| Accounts receivable | | 1,052.1 | 840.7 |
| Contract assets | | 91.7 | 50.2 |
| Income taxes | | 58.4 | 10.8 |
| Inventories | | 464.2 | 406.2 |
| Derivative financial instruments | | 146.6 | 320.8 |
| Other current assets | | 202.5 | 135.5 |
| | | <u>2,040.6</u> | <u>1,810.1</u> |
| Non-current assets | | | |
| Property, plant and equipment | | 3,462.3 | 2,897.6 |
| Intangible assets | | 3,373.8 | 2,275.0 |
| Right-of-use assets | | 354.5 | 155.4 |
| Goodwill | | 2,721.2 | 2,726.0 |
| Derivative financial instruments | | 109.7 | 199.5 |
| Deferred income taxes | | 24.1 | 22.0 |
| Other assets | | 609.8 | 539.7 |
| | | <u>10,655.4</u> | <u>8,815.2</u> |
| Total assets | | <u>\$ 12,696.0</u> | <u>\$ 10,625.3</u> |
| Liabilities and equity | | | |
| Current liabilities | | | |
| Bank indebtedness | | \$ 22.6 | \$ 10.1 |
| Accounts payable, accrued charges and provisions | | 1,048.2 | 950.3 |
| Deferred revenue | | 355.6 | 305.8 |
| Deferred subsidies | | - | 39.3 |
| Income taxes | | 28.9 | 31.2 |
| Convertible debentures | | 150.0 | - |
| Current portion of long-term debt | 8 | 814.6 | 1,161.1 |
| Current portion of lease liabilities | | 104.3 | 37.0 |
| | | <u>2,524.2</u> | <u>2,534.8</u> |
| Non-current liabilities | | | |
| Long-term debt | 8 | 7,002.6 | 5,317.7 |
| Convertible debentures | | - | 150.0 |
| Lease liabilities | | 287.5 | 149.2 |
| Deferred income taxes | | 804.9 | 780.3 |
| Other liabilities | | 286.8 | 209.8 |
| | | <u>8,381.8</u> | <u>6,607.0</u> |
| Equity | | | |
| Capital stock | 11 | 914.8 | 916.2 |
| Contributed surplus | | 17.4 | 17.4 |
| Retained earnings | | 712.7 | 421.9 |
| Accumulated other comprehensive income | 13 | 29.9 | 1.8 |
| Equity attributable to shareholders | | <u>1,674.8</u> | <u>1,357.3</u> |
| Non-controlling interests | | 115.2 | 126.2 |
| | | <u>1,790.0</u> | <u>1,483.5</u> |
| Subsequent events | 15 | | |
| Total liabilities and equity | | <u>\$ 12,696.0</u> | <u>\$ 10,625.3</u> |

See accompanying notes to condensed consolidated financial statements.

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

1. BASIS OF PRESENTATION

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

These condensed consolidated financial statements were approved for issue by the Board of Directors of Quebecor on November 8, 2023.

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

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

2. REVENUES

| | Three months ended September 30 | | Nine months ended September 30 | |
|--------------------------|------------------------------------|------------|-----------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Telecommunications: | | | | |
| Mobile telephony | \$ 411.9 | \$ 201.3 | \$ 1,014.6 | \$ 580.4 |
| Internet | 323.2 | 315.0 | 959.8 | 918.5 |
| Television | 200.8 | 200.9 | 603.4 | 598.6 |
| Wireline telephony | 68.9 | 72.3 | 211.2 | 221.2 |
| Mobile equipment sales | 159.9 | 83.2 | 374.1 | 220.0 |
| Wireline equipment sales | 18.9 | 21.6 | 52.8 | 74.4 |
| Other | 46.5 | 47.9 | 140.4 | 145.1 |
| Media: | | | | |
| Advertising | 65.6 | 65.1 | 231.3 | 233.4 |
| Subscription | 46.0 | 48.4 | 139.0 | 146.0 |
| Other | 54.4 | 56.6 | 146.8 | 160.6 |
| Sports and Entertainment | 59.7 | 57.4 | 157.0 | 136.5 |
| Inter-segments | (40.4) | (26.0) | (100.9) | (87.8) |
| | \$ 1,415.4 | \$ 1,143.7 | \$ 3,929.5 | \$ 3,346.9 |

3. EMPLOYEE COSTS AND PURCHASE OF GOODS AND SERVICES

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|----------|-----------------------------------|------------|
| | 2023 | 2022 | 2023 | 2022 |
| Employee costs | \$ 221.2 | \$ 192.8 | \$ 681.1 | \$ 623.6 |
| Less employee costs capitalized to property, plant and equipment and to intangible assets | (38.9) | (33.8) | (123.8) | (108.3) |
| | 182.3 | 159.0 | 557.3 | 515.3 |
| Purchase of goods and services: | | | | |
| Royalties, rights and creation costs | 170.1 | 177.7 | 578.4 | 562.2 |
| Cost of products sold | 225.4 | 124.5 | 528.7 | 343.4 |
| Service contracts | 45.2 | 35.1 | 114.3 | 108.5 |
| Marketing, circulation and distribution expenses | 36.0 | 19.1 | 81.7 | 58.4 |
| Other | 132.0 | 110.3 | 396.7 | 307.6 |
| | 608.7 | 466.7 | 1,699.8 | 1,380.1 |
| | \$ 791.0 | \$ 625.7 | \$ 2,257.1 | \$ 1,895.4 |

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

4. FINANCIAL EXPENSES

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|---------|-----------------------------------|----------|
| | 2023 | 2022 | 2023 | 2022 |
| Interest on long-term debt and on debentures | \$ 99.3 | \$ 76.7 | \$ 277.9 | \$ 226.4 |
| Amortization of financing costs | 2.3 | 1.9 | 6.2 | 5.4 |
| Interest on lease liabilities | 5.6 | 2.0 | 13.5 | 6.1 |
| Interest on net defined benefit liability | 0.3 | 1.2 | 0.8 | 3.7 |
| Loss on foreign currency translation on short-term monetary items | 1.0 | 1.2 | 1.0 | 1.9 |
| Other | 1.3 | 1.1 | 2.0 | 0.1 |
| | \$ 109.8 | \$ 84.1 | \$ 301.4 | \$ 243.6 |

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

| | Three months ended September 30 | | Nine months ended September 30 | |
|--|------------------------------------|----------|-----------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| (Gain) loss on embedded derivatives related to convertible debentures | \$ (13.1) | \$ (7.2) | \$ (3.4) | \$ 1.9 |
| Other | (0.3) | 0.5 | (0.3) | 0.8 |
| | \$ (13.4) | \$ (6.7) | \$ (3.7) | \$ 2.7 |

6. RESTRUCTURING, ACQUISITION COSTS AND OTHER

| | Three months ended September 30 | | Nine months ended September 30 | |
|-----------------------------------|------------------------------------|--------|-----------------------------------|--------|
| | 2023 | 2022 | 2023 | 2022 |
| Restructuring | \$ 0.7 | \$ 1.8 | \$ 6.7 | \$ 3.7 |
| Acquisition costs ¹ | 0.6 | 0.6 | 14.7 | 2.9 |
| Impairment of assets ² | 8.0 | 2.8 | 8.0 | 2.8 |
| Other | 0.7 | (0.3) | (0.5) | (0.1) |
| | \$ 10.0 | \$ 4.9 | \$ 28.9 | \$ 9.3 |

¹ Includes acquisition costs mainly related to the Freedom acquisition (note 7).

² During the third quarter of 2023, unfavorable market conditions and the evolution of the television sector ecosystem led the Corporation to perform an impairment test on the television cash-generating unit. The Corporation concluded that the recoverable amount, based on fair value less costs of disposal, was less than the carrying amount. As a result, a goodwill impairment charge of \$4.8 million and an impairment charge of \$2.9 million on intangible assets were recorded.

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

7. BUSINESS ACQUISITION

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

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

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

¹ Includes mainly inventories and contract assets.

² Includes mainly the wireless network.

³ Includes mainly spectrum licences, software, customer relationships, the Freedom brand and others.

The Freedom acquisition contributed revenues of \$531.9 million and net income of \$70.4 million from April 3, 2023 to September 30, 2023, excluding financial expenses incurred on the term credit facility entered into in April 2023 to finance the acquisition (note 8).

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

8. LONG-TERM DEBT

Components of long-term debt are as follows:

| | September 30, 2023 | December 31, 2022 |
|---|-----------------------|----------------------|
| Total long-term debt | \$ 7,857.0 | \$ 6,517.7 |
| Change in fair value related to hedged interest rate risk | (3.9) | (5.6) |
| Financing costs, net of amortization | (35.9) | (33.3) |
| | 7,817.2 | 6,478.8 |
| Less current portion | (814.6) | (1,161.1) |
| | \$ 7,002.6 | \$ 5,317.7 |

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

On January 17, 2023, Quebecor Media redeemed at maturity its Senior Notes in aggregate principal amount of US\$850.0 million, bearing interest at 5.75%, and unwound the related hedging contracts for a total cash consideration of \$830.9 million. Drawings under the Videotron secured revolving credit facility were used to finance this redemption.

On April 3, 2023, Videotron entered into a new \$2.10 billion secured term credit facility with a syndicate of financial institutions, consisting of three tranches of equal size maturing in October 2024, April 2026 and April 2027, respectively. The term credit facility bears interest at Bankers' acceptance rate, Secured Overnight Financing Rate (SOFR), Canadian prime rate or U.S. prime rate, plus a premium determined by Videotron's leverage ratio. On April 10, 2023, Videotron entered into a floating-to-fixed interest rate swap in relation with the \$700.0 million tranche maturing in April 2027, fixing the interest rate at 5.203% based on Videotron's then applicable leverage ratio. The swap became effective on May 4, 2023 and matures on April 3, 2027.

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

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

As of September 30, 2023, the carrying value of long-term debt denominated in U.S. dollars, excluding financing costs, was \$4,802.4 million (\$3,450.6 million as of December 31, 2022) while the fair value of related hedging derivative instruments was in a net asset position of \$223.4 million (\$516.9 million as of December 31, 2022).

9. CONVERTIBLE DEBENTURES

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

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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 September 30 | | Nine months ended September 30 | |
|--|------------------------------------|-----------------|-----------------------------------|-----------------|
| | 2023 | 2022 | 2023 | 2022 |
| Net income attributable to shareholders | \$ 209.3 | \$ 178.4 | \$ 504.3 | \$ 457.2 |
| Impact of assumed conversion of convertible debentures of the Corporation and of stock options of subsidiaries | (12.0) | (6.2) | (0.1) | 5.2 |
| Net income attributable to shareholders, adjusted for dilution effect | \$ 197.3 | \$ 172.2 | \$ 504.2 | \$ 462.4 |
| Weighted average number of shares outstanding (in millions) | 230.9 | 233.5 | 230.9 | 236.4 |
| Potentially dilutive effect of convertible debentures of the Corporation and of stock options of the Corporation (in millions) | 5.3 | 5.4 | 5.3 | 5.3 |
| Weighted average number of diluted shares outstanding (in millions) | 236.2 | 238.9 | 236.2 | 241.7 |

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

11. CAPITAL STOCK

(a) Authorized capital stock

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

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

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

(b) Issued and outstanding capital stock

| | Class A Shares | | Class B Shares | |
|--|-------------------|---------------|--------------------|-----------------|
| | Number | Amount | Number | Amount |
| Balance as of December 31, 2022 | 76,984,034 | \$ 8.6 | 153,952,056 | \$ 907.6 |
| Class A Shares converted into Class B Shares | (291,899) | – | 291,899 | – |
| Shares purchased and cancelled | – | – | (236,100) | (1.4) |
| Balance as of September 30, 2023 | 76,692,135 | \$ 8.6 | 154,007,855 | \$ 906.2 |

Repurchase of shares

On August 9, 2023, the Board of Directors of the Corporation filed a normal course issuer bid for a maximum of 1,000,000 Class A Shares representing approximately 1.3% of issued and outstanding Class A Shares, and for a maximum of 2,000,000 Class B Shares representing approximately 1.3% of issued and outstanding Class B Shares as of August 1, 2023. The purchases can be made from August 15, 2023 to August 14, 2024, at prevailing market prices on the open market through the facilities of the Toronto Stock Exchange or other alternative trading systems. All shares purchased under the bid will be cancelled.

During the nine-month period ended September 30, 2023, the Corporation purchased and cancelled 236,100 Class B Shares for a total cash consideration of \$7.1 million (7,061,651 Class B Shares for a total cash consideration of \$203.8 million in 2022). The excess of \$5.7 million of the purchase price over the carrying value of Class B Shares repurchased was recorded as a reduction of retained earnings in 2023 (\$162.2 million in 2022).

Dividends

On November 8, 2023, the Board of Directors of the Corporation declared a dividend of \$0.30 per share on Class A Shares and Class B Shares, or approximately \$69.2 million, payable on December 19, 2023, to shareholders of record at the close of business on November 24, 2023.

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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 nine-month period ended September 30, 2023:

| | Outstanding options | |
|--|---------------------|---------------------------------|
| | Number | Weighted average exercise price |
| Quebecor | | |
| As of December 31, 2022 | 3,693,733 | \$ 29.54 |
| Granted | 3,590,000 | 33.28 |
| Exercised | (66,981) | 27.78 |
| Cancelled | (344,929) | 31.27 |
| As of September 30, 2023 | 6,871,823 | \$ 31.43 |
| Vested options as of September 30, 2023 | 980,831 | \$ 30.31 |
| TVA Group | | |
| As of December 31, 2022 | 519,503 | \$ 2.29 |
| Granted | 125,000 | 2.03 |
| Exercised | (6,666) | 1.40 |
| Cancelled | (217,397) | 1.95 |
| As of September 30, 2023 | 420,440 | \$ 2.40 |
| Vested options as of September 30, 2023 | 144,025 | \$ 2.81 |

Stock-based compensation expense

For the three-month period ended September 30, 2023, a \$5.6 million reversal of the charge was recorded related to all stock-based compensation plans (a \$3.6 million reversal of the charge in 2022). For the nine-month period ended September 30, 2023, a \$1.5 million charge was recorded related to all stock-based compensation plans (a \$1.5 million reversal of the charge in 2022).

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

| | Cash flow hedges ¹ | Translation of investments in foreign associates | Defined benefit plans | Equity investment | Total |
|---|----------------------------------|--|--------------------------|----------------------|----------------|
| Balance as of December 31, 2021 | \$ 32.7 | \$ (17.6) | \$ (36.0) | \$ 1.6 | \$ (19.3) |
| Other comprehensive (loss) income | (60.6) | (6.7) | 156.3 | (5.0) | 84.0 |
| Balance as of September 30, 2022 | (27.9) | (24.3) | 120.3 | (3.4) | 64.7 |
| Other comprehensive income (loss) | 1.5 | 0.9 | (59.7) | (5.6) | (62.9) |
| Balance as of December 31, 2022 | (26.4) | (23.4) | 60.6 | (9.0) | 1.8 |
| Other comprehensive income (loss) | 37.9 | (9.9) | – | 0.1 | 28.1 |
| Balance as of September 30, 2023 | \$ 11.5 | \$ (33.3) | \$ 60.6 | \$ (8.9) | \$ 29.9 |

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 5 3/4-year period.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

QUEBECOR INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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 September 30, 2023 and December 31, 2022 are as follows:

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

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

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

15. SUBSEQUENT EVENTS

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