



MANAGEMENT DISCUSSION AND ANALYSIS

THIRD QUARTER 2022

TABLE OF CONTENTS

CORPORATE PROFILE	2
HIGHLIGHTS	3
ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS	7
SEGMENTED ANALYSIS	10
CASH FLOWS AND FINANCIAL POSITION	14
ADDITIONAL INFORMATION	19
SELECTED QUARTERLY FINANCIAL DATA	30

CORPORATE PROFILE

This Management Discussion and Analysis covers the main activities of Quebecor Inc. in the third quarter of 2022 and the major changes from the previous financial year. Quebecor Inc. is a holding company that owns Quebecor Media Inc., a wholly owned subsidiary that is one of Canada's largest telecommunications and media groups.

Quebecor Media Inc. operates in the following business segments: Telecommunications, Media, and Sports and Entertainment. Quebecor Media Inc. is pursuing a convergence strategy that captures synergies among its properties and leverages the value of content for the benefit of multiple distribution platforms. Unless the context otherwise requires, in this Management Discussion and Analysis, "Quebecor" and the "Corporation" refer to Quebecor Inc. and its subsidiaries, and "Quebecor Media" refers to Quebecor Media Inc. and its subsidiaries.

This report should be read in conjunction with the information in the consolidated financial statements and Management Discussion and Analysis for the financial year ended December 31, 2021. All amounts are stated in Canadian dollars ("CAN") unless otherwise indicated.

The Corporation uses financial measures not standardized under International Financial Reporting Standards ("IFRS"), such as adjusted EBITDA, adjusted income from continuing operating activities, adjusted cash flows from operations, free cash flows from continuing operating activities and consolidated net debt leverage ratio, and key performance indicators, such as revenue-generating unit ("RGU") and average monthly revenue per unit ("ARPU"). The previously used average billing per unit ("ABPU") metric was abandoned in the first quarter of 2022 and replaced by ARPU, which affords better comparability in view of the Corporation's changing business model related to equipment sales. Definitions of the non-IFRS measures and key performance indicators used by the Corporation, including the new ARPU metric, are provided in the "Non-IFRS financial measures" and "Key performance indicators" sections below.

COVID-19 pandemic

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 major new waves, all future impacts of the health crisis on the results of operations cannot be determined with certainty.

HIGHLIGHTS

Third quarter 2022

Revenues: \$1.14 billion, a \$4.5 million (-0.4%) decrease.

Adjusted EBITDA:¹ \$518.0 million, a \$2.3 million (-0.4%) decrease.

Net income attributable to shareholders: \$178.4 million (\$0.76 per basic share), an increase of \$5.3 million (\$0.05 per basic share).

Adjusted income from continuing operating activities:¹ \$175.0 million (\$0.75 per basic share), a decrease of \$1.1 million (increase of \$0.02 per basic share).

Adjusted cash flows from operations:¹ \$403.1 million, a \$37.3 million (10.2%) increase.

Cash flows provided by operating activities: \$467.8 million, a \$99.6 million (27.1%) increase.

Year to date

Revenues: \$3.35 billion, a \$23.6 million (-0.7%) decrease.

Adjusted EBITDA: \$1.45 billion, a \$22.9 million (-1.6%) decrease.

Net income attributable to shareholders: \$457.2 million (\$1.93 per basic share), an increase of \$39.3 million (\$0.22 per basic share).

Adjusted income from continuing operating activities: \$465.4 million (\$1.97 per basic share), an increase of \$1.1 million (\$0.07 per basic share).

Adjusted cash flows from operations: \$1.08 billion, a \$68.7 million (6.8%) increase.

Cash flows provided by operating activities: \$937.2 million, a \$77.7 million (9.0%) 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)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Income				
Revenues:				
Telecommunications	\$ 942.2	\$ 939.5	\$ 2,758.2	\$ 2,781.9
Media	170.1	190.6	540.0	563.6
Sports and Entertainment	57.4	49.1	136.5	113.8
Inter-segment	(26.0)	(31.0)	(87.8)	(88.8)
	1,143.7	1,148.2	3,346.9	3,370.5
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	489.5	476.8	1,437.0	1,409.2
Media	18.0	36.6	10.2	54.6
Sports and Entertainment	12.2	11.0	16.8	16.2
Head Office	(1.7)	(4.1)	(12.5)	(5.6)
	518.0	520.3	1,451.5	1,474.4
Depreciation and amortization	(191.5)	(194.3)	(577.8)	(586.2)
Financial expenses	(84.1)	(83.8)	(243.6)	(253.9)
Gain (loss) on valuation and translation of financial instruments	6.7	6.0	(2.7)	7.2
Restructuring of operations and other items	(4.9)	(12.4)	(9.3)	3.7
Loss on debt refinancing	—	—	—	(80.9)
Income taxes	(63.4)	(56.6)	(163.9)	(140.4)
Net income	\$ 180.8	\$ 179.2	\$ 454.2	\$ 423.9
Net income attributable to shareholders	178.4	173.1	457.2	417.9
Adjusted income from continuing operating activities	175.0	176.1	465.4	464.3
Per basic share:				
Net income attributable to shareholders	0.76	0.71	1.93	1.71
Adjusted income from continuing operating activities	0.75	0.73	1.97	1.90

Table 1 (continued)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Additions to property, plant and equipment and to intangible assets:				
Telecommunications	\$ 107.9	\$ 139.5	\$ 341.4	\$ 428.9
Media	5.7	12.3	25.8	27.6
Sports and Entertainment	1.0	1.0	2.6	2.6
Head Office	0.3	1.7	1.5	3.8
	114.9	154.5	371.3	462.9
Cash flows:				
Adjusted cash flows from operations:				
Telecommunications	381.6	337.3	1,095.6	980.3
Media	12.3	24.3	(15.6)	27.0
Sports and Entertainment	11.2	10.0	14.2	13.6
Head Office	(2.0)	(5.8)	(14.0)	(9.4)
	403.1	365.8	1,080.2	1,011.5
Free cash flows from continuing operating activities ¹	337.8	213.5	559.6	381.4
Cash flows provided by operating activities	467.8	368.2	937.2	859.5
			Sept. 30, 2022	Dec. 31, 2021
Balance sheet				
Cash and cash equivalents			\$ 37.5	\$ 64.7
Working capital			(809.4)	50.4
Net assets related to derivative financial instruments			576.0	382.3
Total assets			10,845.3	10,763.0
Total long-term debt (including current portion)			6,709.5	6,554.0
Lease liabilities (current and long term)			184.9	183.2
Convertible debentures, including embedded derivatives			143.5	141.6
Equity attributable to shareholders			1,380.3	1,255.6
Equity			1,506.2	1,378.8
Consolidated net debt leverage ratio¹			3.23x	3.19x

¹ See "Non-IFRS financial measures."

Telecommunications

- The Telecommunications segment's revenues increased by \$2.7 million (0.3%), and its adjusted EBITDA increased by \$12.7 million (2.7%) in the third quarter of 2022.
- Videotron increased its revenues from mobile services and equipment (\$30.7 million or 12.1%) and Internet access (\$13.6 million or 4.5%) in the third quarter of 2022. The revenues of VMedia Inc. ("VMedia") accounted for nearly half of the increase in Internet access revenues.
- There was a net increase of 99,100 RGUs (1.6%) in the third quarter of 2022, including 36,300 connections (2.2%) to the mobile telephony service and 56,800 subscriptions (3.1%) to Internet access services. VMedia accounted for 36,400 of the additional Internet access subscriptions.
- On August 12, 2022, Videotron entered into a definitive 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 the closing of the acquisition of Shaw by Rogers. Videotron has secured the committed debt financing required for this transaction.
- In July 2022, Videotron acquired VMedia, an independent telecommunications provider that is well established in the Canadian market. VMedia becomes a key partner that will make it possible to enhance Quebecor's offerings across Canada through advantageous bundles that give Canadian consumers more choice at better prices.

Sports and Entertainment

- The Sports and Entertainment segment grew its revenues by \$8.3 million (16.9%) and its adjusted EBITDA by \$1.2 million (10.9%) in the third quarter of 2022.
- On October 25, 2022, Event Management GesteV Inc., a subsidiary of the Sports and Entertainment Group, announced that it will be the new manager of the Théâtre du Casino du Lac-Leamy. It will operate the venue and present unique, diverse programming for concertgoers in the Gatineau-Ottawa region.

ANALYSIS OF CONSOLIDATED RESULTS OF OPERATIONS AND CASH FLOWS

2022/2021 third quarter comparison

Revenues: \$1.14 billion, a \$4.5 million (-0.4%) decrease.

- Revenues decreased in Media (\$20.5 million or -10.8% of segment revenues).
- Revenues increased in Sports and Entertainment (\$8.3 million or 16.9%) and Telecommunications (\$2.7 million or 0.3%).

Adjusted EBITDA: \$518.0 million, a \$2.3 million (-0.4%) decrease.

- Adjusted EBITDA decreased in Media (\$18.6 million or -50.8% of segment adjusted EBITDA).
- Adjusted EBITDA increased in Telecommunications (\$12.7 million or 2.7%) and in Sports and Entertainment (\$1.2 million or 10.9%).
- There was a favourable variance at Head Office (\$2.4 million).
- The change in the fair value of Quebecor stock options and stock-price-based share units resulted in a \$2.4 million favourable variance in the Corporation's stock-based compensation charge in the third quarter of 2022 compared with the same period of 2021.

Net income attributable to shareholders: \$178.4 million (\$0.76 per basic share) in the third quarter of 2022, compared with \$173.1 million (\$0.71 per basic share) in the same period of 2021, an increase of \$5.3 million (\$0.05 per basic share).

- The main favourable variances were:
 - \$7.5 million favourable variance in restructuring of operations and other items;
 - \$3.7 million favourable variance in non-controlling interest;
 - \$2.8 million decrease in the depreciation and amortization charge.
- The unfavourable variance was mainly due to:
 - \$6.8 million increase in the income tax expense;
 - \$2.3 million decrease in adjusted EBITDA.

Adjusted income from continuing operating activities: \$175.0 million (\$0.75 per basic share) in the third quarter of 2022, compared with \$176.1 million (\$0.73 per basic share) in the same period of 2021, a decrease of \$1.1 million (\$0.02 increase per basic share).

Adjusted cash flows from operations: \$403.1 million, a \$37.3 million (10.2%) increase due primarily to a \$21.6 million decrease in additions to intangible assets and an \$18.0 million decrease in additions to property, plant and equipment.

Cash flows provided by operating activities: \$467.8 million, a \$99.6 million (27.1%) increase due primarily to the favourable net change in non-cash balances related to operating activities and a favourable variance in the cash portion related to restructuring of operations and other items, partially offset by the increase in current income taxes.

Depreciation and amortization charge: \$191.5 million, a \$2.8 million decrease.

Financial expenses: \$84.1 million, a \$0.3 million increase.

Gain on valuation and translation of financial instruments: \$6.7 million, a \$0.7 million favourable variance.

Charge for restructuring of operations and other items: \$4.9 million, a \$7.5 million decrease.

- A \$1.8 million charge was recognized during the third quarter of 2022 in connection with cost-reduction measures in the Corporation's various segments (\$11.9 million in the third quarter of 2021). An asset impairment charge of \$2.8 million was also recorded in the third quarter of 2022 (nil in the third quarter of 2021). In addition, a \$0.3 million charge for other items was recorded in the third quarter of 2022 (\$0.5 million in the third quarter of 2021).

Income tax expense: \$63.4 million in the third quarter of 2022 (effective tax rate of 27.0%), compared with \$56.6 million in the same period of 2021 (effective tax rate of 26.6%), a \$6.8 million unfavourable variance caused mainly by the impact of the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

2022/2021 year-to-date comparison

Revenues: \$3.35 billion, a \$23.6 million (-0.7%) decrease.

- Revenues decreased in Telecommunications (\$23.7 million or -0.9% of segment revenues) and in Media (\$23.6 million or -4.2%).
- Revenues increased in Sports and Entertainment (\$22.7 million or 19.9%).

Adjusted EBITDA: \$1.45 billion, a \$22.9 million (-1.6%) decrease.

- Adjusted EBITDA increased in Telecommunications (\$27.8 million or 2.0% of segment adjusted EBITDA).
- Adjusted EBITDA decreased in Media (\$44.4 million or -81.3%).
- There was an unfavourable variance at Head Office (\$6.9 million), mainly reflecting a change in the allocation of corporate expenses.
- The change in the fair value of Quebecor stock options and share units resulted in a \$2.0 million favourable variance in the Corporation's stock-based compensation charge in the first nine months of 2022 compared with the same period of 2021.

Net income attributable to shareholders: \$457.2 million (\$1.93 per basic share) in the first nine months of 2022, compared with \$417.9 million (\$1.71 per basic share) in the same period of 2021, an increase of \$39.3 million (\$0.22 per basic share).

- The main favourable variances were:
 - \$80.9 million decrease in the loss on debt refinancing;
 - \$10.3 million decrease in financial expenses;
 - \$9.0 million favourable variance in non-controlling interest;
 - \$8.4 million decrease in the depreciation and amortization charge.
- The main unfavourable variances were:
 - \$23.5 million increase in the income tax expense;
 - \$22.9 million decrease in adjusted EBITDA;
 - \$13.0 million unfavourable variance in the charge for restructuring of operations and other items;
 - \$9.9 million unfavourable variance in losses on valuation and translation of financial instruments, including \$9.5 million without any tax consequences.

Adjusted income from continuing operating activities: \$465.4 million (\$1.97 per basic share) in the first nine months of 2022, compared with \$464.3 million (\$1.90 per basic share) in the same period of 2021, an increase of \$1.1 million (\$0.07 per basic share).

Adjusted cash flows from operations: \$1.08 billion, a \$68.7 million (6.8%) increase due to a \$62.9 million decrease in additions to intangible assets and a \$28.7 million decrease in additions to property, plant and equipment, partially offset by the \$22.9 million decrease in adjusted EBITDA.

Cash flows provided by operating activities: \$937.2 million, a \$77.7 million (9.0%) increase due primarily to the favourable net change in non-cash balances related to operating activities, the decrease in the cash portion of financial expenses and the favourable variance in the cash portion related to restructuring of operations and other items, partially offset by the decrease in adjusted EBITDA and the increase in current income taxes.

Depreciation and amortization charge: \$577.8 million, an \$8.4 million decrease due mainly to the impact of decreased investment in property, plant and equipment in the Telecommunications segment, including lower spending related to the leasing of set-top boxes.

Financial expenses: \$243.6 million, a \$10.3 million decrease caused by the impact of the lower average interest rate on the long-term debt, partially offset by higher average indebtedness and an unfavourable variance in gains and losses on foreign currency translation of short-term monetary items.

Loss on valuation and translation of financial instruments: \$2.7 million, a \$9.9 million unfavourable variance essentially due to the \$9.5 million unfavourable variance, without any tax consequences, in gains and losses on embedded derivatives related to convertible debentures.

Charge for restructuring of operations and other items: \$9.3 million, a \$13.0 million unfavourable variance.

- A \$3.7 million charge was recognized in the first nine months of 2022 in connection with cost-reduction initiatives in the Corporation's various segments (\$16.9 million in the first nine months of 2021). A \$2.8 million charge for impairment of assets was also recognized in the first nine months of 2022 (\$0.8 million in the first nine months of 2021). In addition, a \$2.8 million charge on other items was recognized in the first nine months of 2022 (\$1.8 million gain in the first nine months of 2021).
- A \$19.6 million gain on disposal was recognized in the first nine months of 2021 in connection with the acquisition by Alithya Group Inc. of R3D Conseil, of which Quebecor was one of the main shareholders.

Loss on debt refinancing: \$80.9 million in the first nine months of 2021.

- 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 maturing on 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 maturing on July 15, 2022, at a redemption price of 104.002% of their principal amount. As a result, an \$80.9 million net loss was recorded in the consolidated statement of income in the first nine months of 2021.

Income tax expense: \$163.9 million in the first nine months of 2022 (effective tax rate of 26.6%), compared with \$140.4 million in the same period of 2021 (effective tax rate of 26.5%), a \$23.5 million unfavourable variance essentially caused by the impact of the increase in taxable income. The effective tax rate is calculated considering only taxable and deductible items.

SEGMENTED ANALYSIS

Telecommunications

Third quarter 2022 operating results

Revenues: \$942.2 million, a \$2.7 million (0.3%) increase.

- Revenues from mobile telephony services increased \$19.5 million (10.7%) to \$201.3 million, due primarily to an increase in the number of subscriber connections and higher average per-connection revenue.
- Revenues from Internet access services increased \$13.6 million (4.5%) to \$315.0 million, due mainly to subscriber base growth, the impact of the acquisition of VMedia and higher average per-customer revenue.
- Revenues from television services decreased \$6.9 million (-3.3%) to \$200.9 million, mainly because of a decrease in the subscriber base.
- Revenues from wireline telephony services decreased \$7.1 million (-8.9%) to \$72.3 million, mainly because of the impact of the decrease in subscriber connections.
- Revenues from mobile equipment sales to customers increased \$11.2 million (15.6%) to \$83.2 million, mainly because of the increase in the number of mobile devices sold and the price increases.
- Revenues from wireline equipment sales to customers decreased \$29.7 million (-57.9%) to \$21.6 million, mainly because of a lower volume of equipment sales related to the Helix platform.
- Other revenues increased \$2.1 million (4.6%) to \$47.9 million, mainly reflecting a revenue increase at Videotron Business.

ARPU:¹ Videotron's total ARPU was \$47.65 in the third quarter of 2022 compared with \$47.32 in the same period of 2021, a \$0.33 (0.7%) increase. Mobile ARPU was \$39.89 in the third quarter of 2022 compared with \$39.13 in the same period of 2021, a \$0.76 (1.9%) increase.

Customer statistics

RGUs¹ – The total number of RGUs was 6,290,200 at September 30, 2022, an increase of 99,100 (1.6%) from the end of the second quarter of 2022, including the addition of VMedia's 55,500 RGUs (compared with an increase of 25,600 in the same period of 2021), and a 12-month increase of 143,600 (2.3%) (Table 2).

Mobile telephony – The number of subscriber connections to the mobile telephony service stood at 1,697,300 at September 30, 2022, an increase of 36,300 (2.2%) from the end of the second quarter of 2022 (compared with an increase of 40,900 in the same period of 2021), and a 12-month increase of 126,000 (8.0%) (Table 2).

Internet access – The number of subscribers to the Internet access service stood at 1,902,900 at September 30, 2022, an increase of 56,800 (3.1%) from the end of the second quarter of 2022, including the addition of 36,400 VMedia customers (compared with an increase of 22,500 in the same period of 2021), and a 12-month increase of 70,200 (3.8%) (Table 2).

Television – The number of subscribers to television services stood at 1,402,100 at September 30, 2022, an increase of 8,600 (0.6%) from the end of the second quarter of 2022, including the addition of 16,700 VMedia customers (compared with a decrease of 13,400 in the same period of 2021), and a 12-month decrease of 25,900 (-1.8%) (Table 2).

Wireline telephony – The number of subscriber connections to wireline telephony services stood at 769,900 at September 30, 2022, a decrease of 15,800 (-2.0%) from the end of the second quarter of 2022, net of the addition of 2,400 VMedia connections (compared with a decrease of 25,000 in the same period of 2021), and a 12-month decrease of 77,500 (-9.1%) (Table 2).

OTT – The number of subscribers to over-the-top video services ("OTT") stood at 518,000 at September 30, 2022, an increase of 13,200 (2.6%) from the end of the second quarter of 2022 (compared with an increase of 600 in the same period of 2021) and a 12-month increase of 50,800 (10.9%) (Table 2).

¹ See "Key performance indicators."

Table 2**Telecommunications segment quarter-end RGUs for the last eight quarters**

(in thousands of units)

	Sept. 2022	June 2022	Mar. 2022	Dec. 2021	Sept. 2021	June 2021	Mar. 2021	Dec. 2020
Mobile telephony	1,697.3	1,661.0	1,626.4	1,601.9	1,571.3	1,530.4	1,503.2	1,481.1
Internet	1,902.9	1,846.1	1,846.1	1,840.8	1,832.7	1,810.2	1,804.9	1,796.8
Television	1,402.1	1,393.5	1,406.4	1,418.6	1,428.0	1,441.4	1,457.5	1,475.6
Wireline telephony	769.9	785.7	803.6	824.9	847.4	872.4	897.7	924.7
OTT video	518.0	504.8	520.9	503.4	467.2	466.6	477.9	469.7
Total	6,290.2	6,191.1	6,203.4	6,189.6	6,146.6	6,121.0	6,141.2	6,147.9

Adjusted EBITDA: \$489.5 million, a \$12.7 million (2.7%) increase mainly due to lower operating expenses, including customer service costs and advertising and marketing expenses.

Cost/revenue ratio: Employee costs and purchases of goods and services for all Telecommunications segment operations, expressed as a percentage of revenues, were 48.0% in the third quarter of 2022 compared with 49.2% in the same period of 2021. The reduction was mainly due to the decrease in operating expenses.

Adjusted cash flows from operations: \$381.6 million in the third quarter of 2022 compared with \$337.3 million in the same period of 2021 (Table 11). The \$44.3 million (13.1%) increase was caused by decreases of \$16.7 million in additions to intangible assets and \$14.9 million in additions to property, plant and equipment, due primarily to a general slowdown in investment following the review of strategic priorities, and the \$12.7 million increase in adjusted EBITDA.

Year-to-date operating results

Revenues: \$2.76 billion, a \$23.7 million (-0.9%) decrease, essentially due to the same factors as those noted above in the discussion of third quarter 2022 results.

- Revenues from mobile telephony services increased \$53.3 million (10.1%) to \$580.4 million.
- Revenues from Internet access services increased \$18.7 million (2.1%) to \$918.5 million.
- Revenues from television services decreased \$33.7 million (-5.3%) to \$598.6 million.
- Revenues from wireline telephony services decreased \$19.6 million (-8.1%) to \$221.2 million.
- Revenues from mobile equipment sales to customers increased \$24.5 million (12.5%) to \$220.0 million.
- Revenues from wireline equipment sales to customers decreased \$73.8 million (-49.8%) to \$74.4 million.
- Other revenues increased \$6.9 million (5.0%) to \$145.1 million.

ARPU: Videotron's total ARPU was \$47.07 in the first nine months of 2022, compared with \$47.06 in the same period of 2021, a \$0.01 increase. Mobile ARPU was \$39.19 in the first nine months of 2022, compared with \$38.55 in the same period of 2021, a \$0.64 (1.7%) increase.

Customer statistics

RGUs – 100,600 unit increase in the first nine months of 2022, including the addition of VMedia's 55,500 RGUs, compared with a decrease of 1,300 in the same period of 2021.

Mobile telephony – 95,400 (6.0%) subscriber-connection increase in the first nine months of 2022 compared with an increase of 90,200 in the same period of 2021.

Internet access – 62,100 (3.4%) subscriber increase in the first nine months of 2022, including the impact of the addition of VMedia's 36,400 customers, compared with an increase of 35,900 in the same period of 2021.

Television – 16,500 (-1.2%) decrease in the customer base in the first nine months of 2022, net of the addition of VMedia's 16,700 customers, compared with a decrease of 47,600 in the same period of 2021.

Wireline telephony – 55,000 (-6.7%) subscriber connection decrease in the first nine months of 2022, compared with a decrease of 77,300 in the same period of 2021.

OTT – 14,600 (2.9%) subscriber increase in the first nine months of 2022 compared with a decrease of 2,500 in the same period of 2021.

Adjusted EBITDA: \$1.44 billion, a \$27.8 billion (2.0%) increase due primarily to:

- decrease in operating expenses, including customer service costs, advertising and marketing expenses, labour costs and administrative expenses;
- favourable net change in one-time items.

Partially offset by:

- impact of lower revenues.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Telecommunication segment's operations, expressed as a percentage of revenues, were 47.9% in the first nine months of 2022, compared with 49.3% in the same period of 2021. The reduction was mainly due to the decrease in operating expenses.

Adjusted cash flows from operations: \$1.10 billion in the first nine months of 2022 compared with \$980.3 million in the same period of 2021 (Table 11). The \$115.3 million (11.8%) increase was caused by decreases of \$53.0 million in additions to intangible assets and \$34.5 million in additions to property, plant and equipment, due primarily to a general slowdown in investment following the review of strategic priorities, and the \$27.8 million increase in adjusted EBITDA.

Media

Third quarter 2022 operating results

Revenues: \$170.1 million in the third quarter of 2022, a \$20.5 million (-10.8%) decrease.

- Advertising revenues decreased by \$10.8 million (-14.2%), mainly because of lower advertising revenues at the specialty channels, TVA Network and the newspapers.
- Other revenues decreased by \$6.3 million (10.0%), mainly because of lower revenues from film production and audiovisual services.
- Subscription revenues decreased by \$3.4 million (-6.6%), mainly because of lower subscription revenues at the specialty channels and the magazines.

Adjusted EBITDA: \$18.0 million in the third quarter of 2022, an \$18.6 million decrease due primarily to:

- impact of lower revenues;
- increase in the TVA Network's investment in content, including for reality and variety shows and news programming.

Partially offset by:

- lower content costs at the TVA Sports channel, mainly because of the shortened broadcast schedule for the National Hockey League ("NHL") 2020-2021 season as a result of the COVID-19 pandemic.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 89.4% in the third quarter of 2022 compared with 80.8% in the same period of 2021. The increase was mainly due to the fixed component of operating costs, which does not fluctuate in proportion to the decrease in revenues, as well as increased spending on content by TVA Network.

Adjusted cash flows from operations: \$12.3 million in the third quarter of 2022 compared with \$24.3 million in the same period of 2021 (Table 11). The \$12.0 million unfavourable variance was due to the \$18.6 million decrease in adjusted EBITDA, partially offset by decreases of \$3.8 million in additions to intangible assets and \$2.8 million in additions to property, plant and equipment.

Year-to-date operating results

Revenues: \$540.0 million in the first nine months of 2022, a \$23.6 million (-4.2%) decrease.

- Advertising revenues decreased by \$17.0 million (-6.8%), mainly because of lower advertising revenues at the specialty channels, the newspapers and TVA Network.
- Subscription revenues decreased by \$6.0 million (-3.9%), mainly because of lower subscription revenues at the specialty channels and the magazines.
- Other revenues decreased \$0.6 million (-0.4%).

Adjusted EBITDA: \$10.2 million in the first nine months of 2022, a \$44.4 million decrease due essentially to:

- higher operating expenses at TVA Network, mainly for content costs;
- impact of the revenue decrease.

Partially offset by:

- lower content costs at the TVA Sports channel, mainly because of recognition of higher costs in 2021 as a result of the change in the broadcast schedule for the NHL's 2020-2021 season.

Cost/revenue ratio: Employee costs and purchases of goods and services for the Media segment's operations, expressed as a percentage of revenues, were 98.1% in the first nine months of 2022 compared with 90.3% in the same period of 2021. The increase was essentially due to the same factors as those noted above in the discussion of third quarter 2022 results.

Adjusted cash flows from operations: Negative \$15.6 million in the first nine months of 2022 compared with positive \$27.0 million in the same period of 2021 (Table 11). The \$42.6 million unfavourable variance was due primarily to the \$44.4 million unfavourable variance in adjusted EBITDA.

Sports and Entertainment

Third quarter 2022 operating results

Revenues: \$57.4 million in the third quarter of 2022, an \$8.3 million (16.9%) increase due primarily to higher revenues from concerts and music, mainly as a result of the easing of public health measures.

Adjusted EBITDA: \$12.2 million in the third quarter of 2022, a \$1.2 million (10.9%) favourable variance due primarily to the impact of the increase in revenues.

Adjusted cash flows from operations: \$11.2 million in the third quarter of 2022 compared with \$10.0 million in the same period of 2021 (Table 11). The \$1.2 million increase was due primarily to the increase in adjusted EBITDA.

Year-to-date operating results

Revenues: \$136.5 million in the first nine months of 2022, a \$22.7 million (19.9%) increase due primarily to higher revenues from concerts and music, mainly as a result of the easing of public health measures.

Adjusted EBITDA: \$16.8 million in the first nine months of 2022, a \$0.6 million (3.7%) increase.

Adjusted cash flows from operations: \$14.2 million in the first nine months of 2022 compared with \$13.6 million in the same period of 2021 (Table 11). The \$0.6 million increase was due to the increase in adjusted EBITDA.

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.

Operating activities

Third quarter 2022

Cash flows provided by operating activities: \$467.8 million in the third quarter of 2022 compared with \$368.2 million in the same period of 2021.

The \$99.6 million increase was primarily due to:

- \$98.8 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in deferred revenues, inventory, accounts payable, accrued charges and provisions, and interest payable, partially offset by an unfavourable variance in contract assets;
- \$10.3 million favourable variance in the cash portion of restructuring of operations and other items.

Partially offset by:

- \$8.7 million increase in current income taxes.

Year to date

Cash flows provided by operating activities: \$937.2 million in the first nine months of 2022 compared with \$859.5 million in the same period of 2021.

The \$77.7 million increase was primarily due to:

- \$108.2 million favourable net change in non-cash balances related to operating activities, due primarily to favourable variances in contract assets and costs, income tax payable, deferred revenues and interest payable, partially offset by unfavourable variances in accounts payable, and accrued charges and provisions;
- \$9.5 million decrease in the cash portion of financial expenses;
- \$8.6 million favourable variance in the cash portion of restructuring of operations and other items.

Partially offset by:

- \$25.3 million increase in current income taxes;
- \$22.9 million decrease in adjusted EBITDA.

The net change in non-cash items related to operating activities had a favourable impact on cash flows provided by operating activities in the first nine months of 2022 compared with the same period of 2021, while the decrease in adjusted EBITDA had an unfavourable impact.

Working capital: Negative \$809.4 million at September 30, 2022 compared with positive \$50.4 million at December 31, 2021. The \$859.8 million unfavourable variance was due primarily to a Senior Note maturing in 2023, net of the related derivative financial instruments in an asset position, the balances of which have been recorded in current items, a decrease in investment in contract assets, and an increase in accounts payable, accrued charges and provisions, partially offset by increases in inventory and in accounts receivable.

Investing activities

Third quarter 2022

Cash flows used for additions to property, plant and equipment: \$115.2 million in the third quarter of 2022 compared with \$120.4 million in the same period of 2021. The \$5.2 million reduction was mainly due to a general slowdown in investment following the review of strategic priorities, mainly in the Telecommunications segment, partially offset by a \$12.8 million unfavourable net change in current non-cash items.

Deferred subsidies used to finance additions to property, plant and equipment: \$26.4 million in the third quarter of 2022, compared with \$4.0 million in the same quarter of 2021. These amounts represent the use of subsidies received under the program to roll out high-speed Internet services in various regions of Québec, and recorded as a reduction of additions to property, plant and equipment. Since the second quarter of 2022, this use has been presented on the consolidated statement of cash flows in accordance with the IFRS Interpretations Committee's decision, finalized in that quarter, regarding the inclusion of restricted cash on this statement.

Cash flows used for additions to intangible assets: \$15.8 million in the third quarter of 2022 compared with \$203.4 million in the same period of 2021. The \$187.6 million decrease mainly reflects the \$166.0 million deposit paid by Videotron in the third quarter of 2021 on the acquisition of spectrum licences in the 3500 MHz band and a slowdown in investment following the completion of certain strategic projects, mainly in the Telecommunications segment.

Business acquisitions: \$18.3 million in the third quarter of 2022, mainly in the Telecommunications segment, compared with business disposals of \$0.8 million in the third quarter of 2021.

Proceeds from disposal of assets: \$1.0 million in the third quarter of 2022 compared with \$3.1 million in the same period of 2021.

Acquisition of investments and other: \$0.4 million in the third quarter of 2022.

Year to date

Cash flows used for additions to property, plant and equipment: \$314.7 million in the first nine months of 2022 compared with \$337.7 million in the same period of 2021. The \$23.0 million reduction was mainly due to a general slowdown in investment following the review of strategic priorities, mainly in the Telecommunications segment.

Deferred subsidies used to finance additions to property, plant and equipment: \$104.2 million in the first nine months of 2022, compared to net subsidies received of \$202.3 million in the same period of 2021. For 2022, these amounts represent the use of subsidies received under the program to roll out high-speed Internet services in various regions of Québec, and recorded as a reduction of additions to property, plant and equipment. In the first nine months of 2021, \$216.2 million was received in advance under this program and \$13.9 million was utilized. Since the second quarter of 2022, these amounts have been presented on the consolidated statement of cash flows in accordance with the IFRS Interpretations Committee's decision, finalized in that quarter.

Cash flows used for additions to intangible assets: \$69.4 million in the first nine months of 2022 compared with \$312.6 million in the same period of 2021. The \$243.2 million decrease mainly reflects the \$166.0 million deposit paid by Videotron in the third quarter of 2021 on the acquisition of spectrum licences in the 3500 MHz band, a slowdown in investment following the completion of certain strategic projects, mainly in the Telecommunications segment, and a \$14.3 million favourable net change in current non-cash items.

Business acquisitions: \$22.1 million in the first nine months of 2022, compared with \$21.0 million in the same period of 2021, consisting mainly of business acquisitions in the Telecommunications and Sports and Entertainment segments.

Proceeds from disposal of assets: \$6.5 million in the first nine months of 2022 compared with \$6.2 million in the same period of 2021.

Acquisition of investments and other: \$6.8 million in the first nine months of 2022 compared with \$8.0 million in the same period of 2021.

Free cash flows from continuing operating activities

Third quarter 2022

Free cash flows from continuing operating activities: \$337.8 million in the third quarter of 2022 compared with \$213.5 million in the same period of 2021 (Table 12).

The \$124.3 million increase was due primarily to:

- \$99.6 million increase in cash flows provided by operating activities;
- \$21.6 million decrease in cash flows used for additions to intangible assets, excluding the deposit on the acquisition of spectrum licences.

Year to date

Free cash flows from continuing operating activities: \$559.6 million in the first nine months of 2022 compared with \$381.4 million in the same period of 2021 (Table 12).

The \$178.2 million increase was due primarily to:

- \$77.7 million increase in cash flows provided by operating activities;
- \$77.2 million decrease in cash flows used for additions to intangible assets, excluding the deposit on the acquisition of spectrum licences;
- \$23.0 million decrease in cash flows used for additions to property, plant and equipment.

Financing activities

Consolidated debt (long-term debt plus bank indebtedness): \$159.1 million increase in the first nine months of 2022; \$193.7 million net favourable variance in assets and liabilities related to derivative financial instruments.

- Additions to debt in the first nine months of 2022 essentially consisted of:
 - \$274.6 million unfavourable impact of exchange rate fluctuations. The consolidated debt increase attributable to this item was offset by the increase in the asset (or decrease in the liability) related to derivative financial instruments;
 - \$21.7 million increase in TVA Group Inc.'s ("TVA Group") drawings on its secured revolving credit facility;
 - \$14.0 million increase in the bank indebtedness of TVA Group and Quebecor Media.
- Debt reductions in the first nine months of 2022 essentially consisted of:
 - \$139.7 million decrease in Videotron's drawings on its secured revolving credit facility;
 - \$13.5 million decrease in debt attributable to changes in fair value related to hedged interest risk.
- Assets and liabilities related to derivative financial instruments totalled a net asset of \$576.0 million at September 30, 2022 compared with \$382.3 million at December 31, 2021. The \$193.7 million net favourable variance was mainly due to:
 - favourable impact of exchange rate fluctuations on the value of derivative financial instruments.

Partially offset by:

- unfavourable impact of interest rate trends in Canada, compared with the United States, on the fair value of derivative financial instruments.
- On May 20, 2022, Videotron amended its \$1.50 billion 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 the credit facilities were also amended.
- On February 15, 2022, TVA Group amended its \$75.0 million secured revolving credit facility to extend its term from February 2022 to February 2023 and amend certain terms and conditions.

Financial Position

Net available liquidity: \$1.68 billion at September 30, 2022 for Quebecor and its wholly owned subsidiaries, consisting of \$1.65 billion in available unused revolving credit facilities and \$29.2 million in cash and cash equivalents.

Consolidated debt (long-term debt plus bank indebtedness): \$6.68 billion at September 30, 2022, a \$159.1 million increase compared with December 31, 2021; \$193.7 million favourable net variance in assets and liabilities related to derivative financial instruments (see "Financing activities" above).

- Consolidated debt essentially consisted of Videotron's \$5.44 billion debt (\$5.38 billion at December 31, 2021); TVA Group's \$42.3 million debt (\$12.0 million at December 31, 2021); Quebecor Media's \$1.16 billion debt (\$1.09 billion at December 31, 2021); and Quebecor's \$43.9 million debt (\$44.5 million at December 31, 2021).

As at September 30, 2022, minimum principal payments on long-term debt in the coming years are as follows:

Table 3
Minimum principal payments on Quebecor's long-term debt
12-month periods ended September 30
(in millions of Canadian dollars)

2023	\$	1,232.5
2024		829.7
2025		400.0
2026		526.1
2027		829.7
2028 and thereafter		2,891.5
Total	\$	6,709.5

From time to time, Quebecor may (but is under no obligation to) seek to retire or purchase its outstanding securities, including debentures, 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 4.5 years as of September 30, 2022 (5.1 years as of December 31, 2021). After taking into account hedging instruments, the debt consisted of approximately 79.8% fixed-rate debt (91.7% at December 31, 2021) and 20.2% floating-rate debt (8.3% at December 31, 2021).

Management of the Corporation believes that cash flows and available sources of financing should be sufficient to cover committed cash requirements for capital investments, business acquisitions, working capital, interest payments, income tax payments, debt and lease repayments, pension plan contributions, share repurchases, and dividend payments to shareholders. The Corporation believes it will be able to meet future debt 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 September 30, 2022, the Corporation was in compliance with all required financial ratios and restrictive covenants in its financing agreements.

Dividends declared

On November 2, 2022, the Board of Directors of Quebecor declared a quarterly dividend of \$0.30 per share on its Class A Multiple Voting Shares ("Class A Shares") and Class B Subordinate Voting Shares ("Class B Shares"), payable on December 13, 2022 to shareholders of record at the close of business on November 18, 2022.

Board

After several months of reflection, Robert Paré has announced that he is stepping down as a director after eight years on the boards of the Corporation and of Quebecor Media. Mr. Paré was also a member of Quebecor Media's Executive Committee. On November 2, 2022, Jean B. Péladeau was named a director of Quebecor and Quebecor Media, and a member of Quebecor Media's executive committee.

Analysis of consolidated balance sheet

Table 4

Consolidated balance sheet of Quebecor

Analysis of main differences between September 30, 2022 and December 31, 2021

(in millions of Canadian dollars)

	Sept. 30, 2022¹	Dec. 31, 2021¹	Difference	Main reasons for difference
Assets				
Cash and cash equivalents	\$ 37.5	\$ 64.7	\$ (27.2)	Cash flows used in financing activities and investing activities.
Accounts receivable	801.8	745.1	56.7	Impact of current variances in activities and increased financing of equipment sales.
Contract assets	59.0	129.4	(70.4)	Increased financing of equipment sales.
Inventories	351.9	282.6	69.3	Impact of current variances in activities.
Property, plant and equipment	2,933.4	3,058.7	(125.3)	Depreciation for the period less additions to property, plant and equipment.
Intangible assets	2,298.4	2,344.1	(45.7)	Amortization for the period less additions to intangible assets.
Derivative financial instruments ²	576.0	382.3	193.7	See "Financing activities."
Other assets	678.5	521.1	157.4	Gain on remeasurement of defined benefit plans.
Liabilities				
Accounts payable, accrued charges and provisions	898.0	861.0	37.0	Impact of current variances in operating activities.
Long-term debt, including current portion and bank indebtedness	6,683.5	6,524.4	159.1	See "Financing activities."
Other liabilities	198.6	293.2	(94.6)	Gain on remeasurement of defined benefit plans.

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 September 30, 2022, material contractual obligations of operating activities included: capital repayment and interest on long-term debt; convertible debentures and lease liabilities; capital asset purchases and other commitments; and obligations related to derivative financial instruments, less estimated future receipts on derivative financial instruments. Table 5 below shows a summary of these contractual obligations.

Table 5
Contractual obligations of Quebecor as of September 30, 2022
(in millions of Canadian dollars)

	Total	Under 1 year	1-3 years	3-5 years	5 years or more
Long-term debt ¹	\$ 6,709.5	\$ 1,232.5	\$ 1,229.7	\$ 1,355.8	\$ 2,891.5
Convertible debentures ²	150.0	—	150.0	—	—
Interest payments ³	1,197.9	185.8	454.7	311.2	246.2
Lease liabilities	184.9	35.5	59.9	28.4	61.1
Interest payments on lease liabilities	41.9	7.3	10.4	6.8	17.4
Additions to property, plant and equipment and other commitments	1,794.4	403.1	796.4	285.6	309.3
Derivative financial instruments ⁴	(608.2)	(329.4)	(167.5)	(25.3)	(86.0)
Total contractual obligations	\$ 9,470.4	\$ 1,534.8	\$ 2,533.6	\$ 1,962.5	\$ 3,439.5

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 Based on the market value at September 30, 2022 of a number of shares obtained by dividing the outstanding principal amount by the market price of a Quebecor Class B share at that date, subject to a floor price of approximately \$25.07 per share and a ceiling price of approximately \$31.33. The Corporation may also redeem convertible debentures by issuing the corresponding number of its Class B Shares.

³ Estimated interest payable on long-term debt and convertible debentures, based on interest rates, hedging of interest rates and hedging of foreign exchange rates as of September 30, 2022.

⁴ Estimated future receipts, net of future disbursements, related to foreign exchange hedging on the principal of U.S.-dollar-denominated debt using derivative financial instruments.

Related party transactions

In the third quarter of 2022, the Corporation incurred expenses with affiliated corporations in the amount of \$12.0 million (nil in the same period of 2021), which are included in "purchase of goods and services," and acquired property, plant and equipment and intangible assets from affiliated corporations in the amount of \$2.2 million (nil in the same period of 2021). The Corporation also made sales to affiliated corporations in the amount of \$1.2 million (\$2.3 million in the same period of 2021).

In the first nine months of 2022, the Corporation incurred expenses with affiliated corporations in the amount of \$41.1 million (\$3.9 million in the same period of 2021), which are included "purchase of goods and services," and acquired property, plant and equipment and intangible assets from affiliated corporations in the amount of \$5.1 million (nil in the same period of 2021). The Corporation also made sales to affiliated corporations in the amount of \$3.6 million (\$5.0 million in the same period of 2021).

These transactions were accounted for at the consideration agreed between parties.

Capital stock

Table 6 below presents information on the Corporation's capital stock as at October 14, 2022. In addition, 3,693,733 share options of the Corporation were outstanding as of the same date.

Table 6

Capital stock

(in shares and millions of Canadian dollars)

	October 14, 2022	
	Issued and outstanding	Book value
Class A Shares	76,984,034	\$ 8.6
Class B Shares	155,072,056	914.2

On April 27, 2022, the Corporation received approval from the Toronto Stock Exchange to amend its normal course issuer bid, authorized by the Corporation on August 4, 2021, 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. The other terms and conditions of the bid remained unchanged.

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 in Canada. All shares purchased under the bid will be cancelled.

On August 5, 2022, 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, 2022 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 the first nine months of 2022, the Corporation purchased and cancelled 7,061,651 Class B Shares for a total cash consideration of \$203.8 million (7,064,650 Class B Shares for a total cash consideration of \$225.9 million in the same period of 2021). The \$162.2 million excess of the purchase price over the carrying value of the repurchased Class B Shares was recorded as a reduction in retained earnings (\$184.2 million in the same period of 2021).

Financial instruments

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, convertible debentures, 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.

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

Table 7**Fair value of long-term debt, convertible debentures and derivative financial instruments**

(in millions of Canadian dollars)

Asset (liability)	September 30, 2022		December 31, 2021	
	Carrying value	Fair value	Carrying value	Fair value
Long-term debt¹	\$ (6,709.5)	\$ (6,066.6)	\$ (6,554.0)	\$ (6,660.4)
Convertible debentures²	(142.0)	(142.0)	(139.5)	(139.5)
Derivative financial instruments				
Foreign exchange forward contracts	10.1	10.1	0.9	0.9
Cross-currency swaps	565.9	565.9	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.

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

Gains and losses on valuation and translation of financial instruments for the third quarters and first nine months of 2022 and 2021 are summarized in Table 8.

Table 8**(Gain) loss on valuation and translation of financial instruments**

(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
(Gain) loss on embedded derivatives related to convertible debentures	\$ (7.2)	\$ (5.8)	\$ 1.9	\$ (7.6)
Other	0.5	(0.2)	0.8	0.4
	\$ (6.7)	\$ (6.0)	\$ 2.7	\$ (7.2)

Losses on cash flow hedges of \$53.5 million and \$67.5 million were recorded under "Other comprehensive income" in the third quarter and first nine months of 2022 respectively (gains of \$15.7 million and \$11.5 million in the third quarter and first nine months of 2021).

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

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

Table 9 provides a reconciliation of adjusted EBITDA to net income as disclosed in Quebecor's condensed consolidated financial statements.

Table 9

Reconciliation of the adjusted EBITDA measure used in this report to the net income measure used in the condensed consolidated financial statements

(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Adjusted EBITDA (negative adjusted EBITDA):				
Telecommunications	\$ 489.5	\$ 476.8	\$ 1,437.0	\$ 1,409.2
Media	18.0	36.6	10.2	54.6
Sports and Entertainment	12.2	11.0	16.8	16.2
Head Office	(1.7)	(4.1)	(12.5)	(5.6)
	518.0	520.3	1,451.5	1,474.4
Depreciation and amortization	(191.5)	(194.3)	(577.8)	(586.2)
Financial expenses	(84.1)	(83.8)	(243.6)	(253.9)
Loss (gain) on valuation and translation of financial instruments	6.7	6.0	(2.7)	7.2
Restructuring of operations and other items	(4.9)	(12.4)	(9.3)	3.7
Loss on debt refinancing	—	—	—	(80.9)
Income taxes	(63.4)	(56.6)	(163.9)	(140.4)
Net income	\$ 180.8	\$ 179.2	\$ 454.2	\$ 423.9

Adjusted income from continuing operating activities

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

Table 10 provides a reconciliation of adjusted income from continuing operating activities to the net income attributable to shareholders' measure used in Quebecor's condensed consolidated financial statements.

Table 10

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

(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Adjusted income from continuing operating activities	\$ 175.0	\$ 176.1	\$ 465.4	\$ 464.3
Gain (loss) on valuation and translation of financial instruments	6.7	6.0	(2.7)	7.2
Restructuring of operations and other items	(4.9)	(12.4)	(9.3)	3.7
Loss on debt refinancing	—	—	—	(80.9)
Income taxes related to adjustments ¹	1.6	3.4	3.8	23.6
Net income attributable to shareholders	\$ 178.4	\$ 173.1	\$ 457.2	\$ 417.9

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

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

Adjusted cash flows from operations

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

Free cash flows from continuing operating activities

Free cash flows from continuing operating activities represents cash flows provided by operating activities calculated in accordance with IFRS, less cash flows used for additions to property, plant and equipment and to intangible assets (excluding expenditures related to licence acquisitions and renewals), plus proceeds from disposal of assets. Free cash flows from continuing operating activities is used by the Corporation's management and Board of Directors to evaluate cash flows generated by the Corporation's operations. Free cash flows from continuing operating activities represents available funds for business acquisitions, licence acquisitions and renewals, payment of dividends, repayment of long-term debt and lease liabilities, and share repurchases. Free cash flows from continuing operating activities is not a measure of liquidity that is consistent with IFRS. It is not intended to be regarded as an alternative to IFRS financial performance measures or to the statement of cash flows as a measure of liquidity. The Corporation's definition of free cash flows from continuing operating activities may not be identical to similarly titled measures reported by other companies.

Tables 11 and 12 provide a reconciliation of adjusted cash flows from operations and free cash flows from continuing operating activities to cash flows provided by operating activities reported in the condensed consolidated financial statements.

Table 11**Adjusted cash flows from operations**

(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Adjusted EBITDA (negative adjusted EBITDA)				
Telecommunications	\$ 489.5	\$ 476.8	\$ 1,437.0	\$ 1,409.2
Media	18.0	36.6	10.2	54.6
Sports and Entertainment	12.2	11.0	16.8	16.2
Head Office	(1.7)	(4.1)	(12.5)	(5.6)
	518.0	520.3	1,451.5	1,474.4
Minus				
Additions to property, plant and equipment: ¹				
Telecommunications	(88.6)	(103.5)	(282.0)	(316.5)
Media	(3.6)	(6.4)	(17.1)	(10.6)
Sports and Entertainment	(0.3)	(0.3)	(0.6)	(0.4)
Head Office	(0.1)	(0.4)	(0.7)	(1.6)
	(92.6)	(110.6)	(300.4)	(329.1)
Additions to intangible assets: ²				
Telecommunications	(19.3)	(36.0)	(59.4)	(112.4)
Media	(2.1)	(5.9)	(8.7)	(17.0)
Sports and Entertainment	(0.7)	(0.7)	(2.0)	(2.2)
Head Office	(0.2)	(1.3)	(0.8)	(2.2)
	(22.3)	(43.9)	(70.9)	(133.8)
Adjusted cash flows from operations				
Telecommunications	381.6	337.3	1,095.6	980.3
Media	12.3	24.3	(15.6)	27.0
Sports and Entertainment	11.2	10.0	14.2	13.6
Head Office	(2.0)	(5.8)	(14.0)	(9.4)
	\$ 403.1	\$ 365.8	\$ 1,080.2	\$ 1,011.5

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

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Additions to property, plant and equipment	\$ (92.6)	\$ (110.6)	\$ (300.4)	\$ (329.1)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	(22.6)	(9.8)	(14.3)	(8.6)
Cash flows used for additions to property, plant and equipment	\$ (115.2)	\$ (120.4)	\$ (314.7)	\$ (337.7)

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

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Additions to intangible assets	\$ (22.3)	\$ (43.9)	\$ (70.9)	\$ (133.8)
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	6.5	6.5	1.5	(12.8)
Cash flows used for deposits on licences	–	(166.0)	–	(166.0)
Cash flows used for additions to intangible assets	\$ (15.8)	\$ (203.4)	\$ (69.4)	\$ (312.6)

Table 12

Free cash flows from continuing operating activities and cash flows provided by operating activities reported in the condensed consolidated financial statements

(in millions of Canadian dollars)

	Three months ended September 30		Nine months ended September 30	
	2022	2021	2022	2021
Adjusted cash flows from operations from Table 11	\$ 403.1	\$ 365.8	\$ 1,080.2	\$ 1,011.5
Plus (minus)				
Cash portion of financial expenses	(82.2)	(82.0)	(238.2)	(247.7)
Cash portion related to restructuring of operations and other items	(2.1)	(12.4)	(5.9)	(14.5)
Current income taxes	(72.2)	(63.5)	(216.6)	(191.3)
Other	3.1	3.5	5.8	5.9
Net change in non-cash balances related to operating activities	104.2	5.4	(52.9)	(161.1)
Net variance in current operating items related to additions to property, plant and equipment (excluding government credits receivable for major capital projects)	(22.6)	(9.8)	(14.3)	(8.6)
Net variance in current operating items related to additions to intangible assets (excluding government credits receivable for major capital projects)	6.5	6.5	1.5	(12.8)
Free cash flows from continuing operating activities	337.8	213.5	559.6	381.4
Plus (minus)				
Cash flows used for additions to property, plant and equipment	115.2	120.4	314.7	337.7
Cash flows used for additions to intangible assets (excluding expenditures related to licence acquisitions and renewals)	15.8	37.4	69.4	146.6
Proceeds from disposal of assets	(1.0)	(3.1)	(6.5)	(6.2)
Cash flows provided by operating activities	\$ 467.8	\$ 368.2	\$ 937.2	\$ 859.5

Consolidated net debt leverage ratio

The consolidated net debt leverage ratio represents consolidated net debt, excluding convertible debentures, divided by the trailing 12-month adjusted EBITDA. Consolidated net debt, excluding convertible debentures, represents total long-term debt plus bank indebtedness, lease liabilities, the current portion of lease liabilities and liabilities related to derivative financial instruments, less assets related to derivative financial instruments and cash and cash equivalents. The consolidated net debt leverage ratio serves to evaluate the Corporation's financial leverage and is used by management and the Board of Directors in its decisions on the Corporation's capital structure, including its financing strategy, and in managing debt maturity risks. The consolidated net debt leverage ratio excludes convertible debentures because, subject to certain conditions, those debentures can be repurchased at the Corporation's discretion by issuing Quebecor Class B Shares. Consolidated net debt leverage ratio is not a measure established in accordance with IFRS. It is not intended to be used as an alternative to IFRS measures or the balance sheet to evaluate its 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 13 provides the calculation of consolidated net debt leverage ratio and the reconciliation to balance sheet items reported in Quebecor's condensed consolidated financial statements.

Table 13
Consolidated net debt leverage ratio
(in millions of Canadian dollars)

	Sept. 30, 2022	Dec. 31, 2021
Total long-term debt¹	\$ 6,709.5	\$ 6,554.0
Plus (minus)		
Lease liabilities	149.4	147.1
Current portion of lease liabilities	35.5	36.1
Bank indebtedness	14.4	–
Assets related to derivative financial instruments	(576.0)	(405.6)
Liabilities related to derivative financial instruments	–	23.3
Cash and cash equivalents	(37.5)	(64.7)
Consolidated net debt excluding convertible debentures	6,295.3	6,290.2
Divided by:		
Trailing 12 month adjusted EBITDA	1,950.3	1,973.2
Consolidated net debt leverage ratio	\$ 3.23x	\$ 3.19x

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

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, subscriptions to the Internet access, television and OTT services, and subscriber connections to the mobile and wireline telephony services. RGU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of RGU may not be the same as identically titled measurements reported by other companies or published by public authorities.

Average monthly revenue per unit

The Corporation uses ARPU, an industry metric, as a key performance indicator. This indicator is used to measure monthly revenues per average RGU. ARPU is not a measurement that is consistent with IFRS and the Corporation's definition and calculation of ARPU may not be the same as identically titled measurements reported by other companies. The previously used ABPU metric was abandoned in the first quarter of 2022 and replaced by ARPU, which affords better comparability in view of the Corporation's changing business model related to equipment sales.

Mobile ARPU 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.

Total ARPU is calculated by dividing the combined revenues from mobile and wireline telephony, Internet access, television and OTT services by the total average number of RGUs from mobile and wireline telephony, Internet access and television services during the applicable period, and then dividing the resulting amount by the number of months in the applicable period.

Table 14
Videotron's ARPU for the past eight quarters
(in Canadian dollars)

	Q3-2022	Q2-2022	Q1-2022	Q4-2021	Q3-2021	Q2-2021	Q1-2021	Q4-2020
Mobile ARPU	\$ 39.89	\$ 38.94	\$ 38.70	\$ 38.97	\$ 39.13	\$ 38.41	\$ 38.08	\$ 38.69
Total ARPU	\$ 47.65	\$ 47.17	\$ 46.40	\$ 47.07	\$ 47.32	\$ 47.22	\$ 46.64	\$ 46.94

Controls and procedures

The purpose of internal controls over financial reporting is to provide reasonable assurance as to the reliability of the Corporation's financial reporting and the preparation of its consolidated financial statements in accordance with IFRS.

There have not been any changes in internal controls over financial reporting during the three months ended September 30, 2022 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal controls over financial reporting.

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.sedar.com.

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 the Corporation'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 Media's ability to continue successfully developing its network and the facilities that support its mobile services;
- general economic, financial or market conditions and variations in the businesses of local, regional and national advertisers in Quebecor Media's newspapers, television outlets and other media properties;
- the intensity of competitive activity in the industries in which Quebecor operates;
- fragmentation of the media landscape;
- new technologies that might change consumer behaviour with respect to Quebecor Media's product suites;
- unanticipated higher capital spending required for developing Quebecor Media'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;
- Quebecor's ability to implement its business and operating strategies successfully and to manage its growth and expansion;
- disruptions to the network through which Quebecor Media 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 or strikes;
- service interruptions resulting from equipment breakdown, network failure, the threat of natural disasters, epidemics, pandemics and other public-health crises, including the COVID-19 pandemic, and political instability in some countries;
- impact of emergency measures implemented by various levels of government;
- changes in Quebecor Media'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 the loss (or reduction in value) of Quebecor Media's licences or markets, or in an increase in competition, compliance costs or capital expenditures;
- Quebecor Media's ability to successfully develop its Sports and Entertainment segment and other expanding lines of business in its other segments;
- Quebecor's substantial indebtedness, the tightening of credit markets, and the restrictions on its business imposed by the terms of its debt;
- interest rate fluctuations that could affect a portion of Quebecor's interest payment requirements on long-term debt;
- the Freedom transaction may not close or may not close on schedule, the conditions for regulatory approval of the transaction may not be met or may be different, and the closing conditions may not be met. The anticipated benefits and effects of the Freedom Mobile transaction described in this report may not be realized.

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 Corporation's public filings, available at www.sedar.com and www.quebecor.com, including, in particular, the "Risks and Uncertainties" section of the Corporation's Management Discussion and Analysis for the year ended December 31, 2021.

The forward-looking statements in this Management Discussion and Analysis reflect the Corporation's expectations as of November 2, 2022 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

November 2, 2022

QUEBECOR INC.

SELECTED QUARTERLY FINANCIAL DATA

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

	2022			2021				2020
	Sept. 30	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31
Revenues	\$ 1,143.7	\$ 1,115.2	\$ 1,088.0	\$ 1,183.9	\$ 1,148.2	\$ 1,131.2	\$ 1,091.1	\$ 1,146.8
Adjusted EBITDA	518.0	491.4	442.1	498.8	520.3	501.4	452.7	526.8
Adjusted cash flows from operations	403.1	361.0	316.1	370.6	365.8	338.1	307.6	345.2
Contribution to net income attributable to shareholders:								
Continuing operating activities	175.0	161.7	128.7	157.6	176.1	158.3	129.9	165.0
Gain (loss) on valuation and translation of financial instruments	7.0	(1.8)	(6.6)	7.6	6.1	7.3	(5.3)	(0.4)
Unusual items	(3.6)	(2.5)	(0.7)	(4.7)	(9.1)	(42.1)	(3.3)	(4.2)
Discontinued operations	-	-	-	-	-	-	-	(0.6)
Net income attributable to shareholders	178.4	157.4	121.4	160.5	173.1	123.5	121.3	159.8
Basic data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	\$ 0.75	\$ 0.68	\$ 0.54	\$ 0.66	\$ 0.73	\$ 0.65	\$ 0.52	\$ 0.66
Gain (loss) on valuation and translation of financial instruments	0.03	(0.01)	(0.03)	0.03	0.02	0.03	(0.02)	-
Unusual items	(0.02)	(0.01)	-	(0.02)	(0.04)	(0.18)	(0.01)	(0.02)
Discontinued operations	-	-	-	-	-	-	-	-
Net income attributable to shareholders	0.76	0.66	0.51	0.67	0.71	0.50	0.49	0.64
Weighted average number of shares outstanding (in millions)	233.5	236.7	239.2	239.8	242.7	245.0	246.7	249.1
Diluted data per share								
Contribution to net income attributable to shareholders:								
Continuing operating activities	\$ 0.74	\$ 0.67	\$ 0.53	\$ 0.65	\$ 0.72	\$ 0.64	\$ 0.52	\$ 0.66
Dilution impact	-	0.01	0.01	-	-	-	-	-
Loss on valuation and translation of financial instruments	-	(0.01)	(0.03)	-	-	-	(0.02)	-
Unusual items	(0.02)	(0.01)	-	(0.02)	(0.04)	(0.17)	(0.01)	(0.02)
Discontinued operations	-	-	-	-	-	-	-	-
Net income attributable to shareholders	0.72	0.66	0.51	0.63	0.68	0.47	0.49	0.64
Weighted average number of diluted shares outstanding (in millions)	238.9	236.8	239.2	244.6	247.5	249.9	246.9	253.8