

# Application to DHCD Submitted through CAMS

Caroline County

VATI 2023 Eastern Caroline

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**Application ID:** 95706302022140423  
**Application Status:** Pending  
**Program Name:** Virginia Telecommunication Initiative 2023 - Application  
**Organization Name:** Caroline County  
**Organization Address:** 212 N. Main St.  
Bowling Green, VA 22427  
**Profile Manager Name:** Tomeka Smith  
**Profile Manager Phone:** (804) 633-3494  
**Profile Manager Email:** tsmith@co.caroline.va.us

**Project Name:** VATI 2023 Eastern Caroline  
**Project Contact Name:** David Sadler  
**Project Contact Phone:** (804) 633-1088  
**Project Contact Email:** dsadler@co.caroline.va.us  
**Project Location:** 212 N Main St  
Bowling Green, VA 22427-0447  
**Project Service Area:** Caroline County

**Total Requested Amount:** \$6,446,000.00  
**Required Annual Audit Status:** Under Review

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## Budget Information:

Cost/Activity Category	DHCD Request	Other Funding	Total
Telecommunications	\$6,446,000.00	\$15,247,000.00	\$21,693,000.00
Construction	\$6,446,000.00	\$15,247,000.00	\$21,693,000.00
<b>Total:</b>	<b>\$6,446,000.00</b>	<b>\$15,247,000.00</b>	<b>\$21,693,000.00</b>

### Budget Narrative:

This application comes out of a collaboration between Caroline County and Cogeco US (Delmar), LLC, d/b/a Breezeline (formerly Atlantic Broadband). This partnership was created because of the challenges Caroline faces as a rural community. Breezeline has a footprint throughout a significant portion of the County, being one of the only wireline ISPs to provide high-speed connectivity to most of the population centers East of Interstate 95. Caroline has put in a great deal of legwork to prepare for opportunities like VATI, as they understand the need for sufficient, equitable access to broadband holds for the future of their communities. They have a Broadband Advisory Committee that reports to their respective Board of Supervisors. Through their work, they have garnered support from local organizations who also see the need for digital equity, and have approved and recently updated a plan for Universal Coverage. This project intends to serve a total of 3 project areas, with a total of 3,910 passings built to 3,496 residences and 382 home and commercial business buildings. This results in 439.07 miles of construction. The total VATI funding request is \$6,446,000. Caroline County will provide a total contribution of \$3,574,800. Breezeline will provide a total contribution of \$11,672,200. This project will ensure that residents and businesses have access to quality, affordable broadband service that can meet their current and future needs, including online learning, remote work, and access to state-of-the-art telehealth.

## Questions and Responses:

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## 1. Project Description and Need

Describe why and how the project area(s) was selected. Describe the proposed geographic area including specific boundaries of the project area (e.g. street names, local and regional boundaries, etc.). Attach a copy of the map of your project area(s). Label map: Attachment 1 – Project Area Map.

### Answer:

*PREFACE: Caroline County selected the project area(s) working in close concert with Verizon and Breezeline. These project areas address all of the remaining 4,764 unserved locations in the County that do not have adequate broadband access, and reflect a complete and universal broadband solution for the final roughly one-third of County residents that don't have access to broadband today. This is a tremendous accomplishment and milestone for the County and its residents, and the County is confident that DHCD will see the value as well by awarding a grant to accomplish this project. While Verizon and Breezeline are not affiliated, they both bring significant contributions to their respective projects and a fervor to work with Caroline in a capacity that delivers on the goal of universal coverage.*

As broadband requirements increase over time with more bandwidth-intensive applications, and events such as the COVID-19 pandemic forcing people to work and learn remotely, Caroline County has taken steps to seize the opportunity that has been provided by the deluge of state and federal funding as a response.

By way of Caroline's Broadband Advisory Committee, as well as the Board of Supervisors' backing, the initial strategy was to encourage the incumbent providers to expand their footprint. This was progressed by Atlantic Broadband's action to partner with Caroline, as well as Mathews, Middlesex, and Lancaster County to submit a VATI grant for FY2021, which was awarded and is currently being completed. This addressed two main internet deserts in Caroline, but still left most of the county unserved by that grant's definition. With the announcement of the Governor's \$700 million in funding for broadband infrastructure to achieve "universal coverage", the County pursued two grant applications for VATI FY2022, partnering with Atlantic Broadband and Comcast to have both parties expand the reach of their plant on their respective side of I-95. Unfortunately, neither project was chosen to move forward, largely in part of them not achieving universal coverage in combination during a single grant cycle.

Since the last VATI application, Atlantic Broadband has rebranded itself and is now known as Breezeline, and Caroline has selected Verizon through the RFP process as the partner to connect unserved County residents located west of I-95. Both partners already have extensive existing infrastructure near the currently unserved areas, making it the most efficient expansion available. This eliminates the need for large, expensive middle mile projects to provide the backbone for this expansion. Breezeline will be reapplying for the areas submitted in FY2022, aiming to capitalize on the momentum gained from their current FY2021 awarded buildout.

Caroline is extremely excited to once again be partnering with Breezeline on this application that will serve 80% of the remaining unserved in the County, located east of I-95. Last year's submission was considered strong, but unfortunately was not successful in part to a lack of the other submission helping to address universal coverage. Breezeline has taken this time as an opportunity to enhance their application by significantly upping their contribution, as well as including more addresses that were not identified initially or have been recently built. With Verizon Communications at the table to serve all of the County west of I-95, the two applications this year deliver universal coverage and a strong case for DHCD's support.

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2. List existing providers in the proposed project area and the speeds offered. Describe your outreach efforts to identify existing providers and how this information was compiled with source(s).

**Answer:**

The predominant wireline terrestrial service providers in Caroline are Comcast and Verizon to the West of I-95, and Breezeline to the East. DSL coverage, as well as cell phone and satellite coverage are available throughout, but these technologies generally do not meet the existing standards of adequate broadband access. These have been identified as areas where there is opportunity to extend into, building off of their internal data, County data, and even Comcast's proposal from last year's application. Breezeline is the only non-DSL wireline provider on the east side of I-95, so they have authoritative knowledge on which residences provide an opportunity for a new connection.

3. Describe if any areas near the project have received funding from federal grant programs, including but not limited to Connect America Funds II (CAF II), ACAM, ReConnect, Community Connect, and Rural Digital Opportunity Funds (RDOF). If there have been federal funds awarded near the project area(s), provide a map showing these areas, verifying the proposed project area does not conflict with these areas. Label Map: Attachment 2 – Documentation on Federal Funding Area.

**Answer:**

No areas within the Caroline Project have received funding from federal grant programs such as the ConnectAmerica Fund, ACAM, ReConnect, and Community Connect. **Attachment 2** shows all of the listed funded areas through web tools that aggregate this information in one source. The first is from the USDA's Telecommunications program. It displays ReConnect awards, Community Connect awards, and CAF2 awards, all which can be seen to have no polygons in the applying county. The second is from the Universal Service Administrative Company, which administers the Universal Service Fund under guidance of the FCC. This presents both CAF2 and A-CAM awards, and in a similar fashion, no areas in this application have received funding from these programs. However, RDOF has awarded both Starlink and Breezeline census blocks in Caroline, but Starlink being satellite has been determined as a non-factor for calculating the eligibility of VATI areas, and Breezeline will be applying for supplemental funding with their grant this year for homes included their awarded RDOF areas west of I-95.

Otherwise, Caroline has not received any money for providing access to unserved areas except for a prior VATI award in the FY2021 round.

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4. Overlap: To be eligible for VATI, applicants must demonstrate that the proposed project area(s) is unserved. An unserved area is defined as an area with speeds below 100/20 Mbps and with less than 25% service overlap within the project area for wireless projects and 20% for wireline projects. Describe any anticipated service overlap with current providers within the project area. Provide a detailed explanation as to how you determined the percentage overlap. Label Attachment: Attachment 3 – Documentation Unserved Area VATI Criteria.

**Answer:**

Used for this analysis was the latest update of the FCC's 477 data, as well as the existing county broadband availability shapefile. Additionally, it is reported that besides Verizon and Comcast services, there is only satellite and DSL service west of I-95. Due to the fact that Comcast partnered with Caroline for a FY022 VATI application, they provided areas for expansion that did not currently have existing Comcast service. Using this knowledge, as well as other proprietary information, Caroline GIS was able to hone down the remaining unserved areas with the exception of Verizon's footprint. Thus, Verizon was able to corroborate the addresses proposed by the County as completely unserved. In fact, the county has recognized that every household applied for has no other option for internet above the 3 Mbps download/750 Kbps upload offered by DSL in very limited areas.

For the sake of due diligence, in addition to using his intimate knowledge of the County to drive out current VATI awarded areas being built (in a project management capacity), David Sadler, the County IT Manager, also visited most of the areas included in both applications. Community survey data and reporting from Caroline County's broadband inquiry form (<https://co.caroline.va.us/forms.aspx?FID=70>) confirmed in various spots between both opportunities a layer of granularity to the generalized data that inform these maps.

Additionally, these project addresses were prequalified by DHCD using a list obtained from The Center for Geospatial Information Technology at Virginia Tech (CGIT), who are working on the states revised broadband availability map with DHCD. All of the addresses that were determined to have a conflict initially (about 11 in total), have been properly addressed through a mutual understanding with DHCD that they are still unserved and not part of the current FY2021 project buildout.

The map in **Attachment 3** shows unserved census blocks in Caroline, overlaid with the project area. Using this, a select by attribute was conducted, selecting all blocks having advertised max available service of less than 100/20, or blocks with 0 reported providers. As seen in the map, these are depicted in the salmon color, and still cover most of the county. For this project, Breezeline is the only available provider, so they have authoritative knowledge of who is served east of I-95, giving a strong claim to their proposed addresses in that application.

Based on this analysis, there is no anticipated overlap with other service providers in the proposed project area.

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5. Total Passings: Provide the number of total serviceable units in the project area. Applicants are encouraged to prioritize areas lacking 25 Megabits per second download and 3 Megabits per second upload speeds, as they will receive priority in application scoring. For projects with more than one service area, each service area must have delineated passing information. Label Attachment: Attachment 4 – Passings Form.
- a. Of the total number of VATI passings, provide the number of residential, business, non-residential, and community anchors in the proposed project area.
  - b. If applicable, of the total number of RDOF passings, provide the number of residential, business, non-residential, and community anchors in the proposed project area.
  - c. If applicable, provide the number of passings that will require special construction costs, defined as a one-time fee above normal service connection fees required to provide broadband access to a premise. Describe the methodology used for these projections.
  - d. If applicable, provide the number of passings included in the application that will receive broadband access because special construction costs have been budgeted in the VATI application. Describe the methodology used for determining which passings with special construction costs were budgeted in the application.
  - e. Provide the number of passings in the project area that have 25/3 Mbps or less. Describe the methodology used for these projections. (up to 15 points)

**Answer:**

- c. and d. This application does not include a request of funding for concentrated pockets of locations that require a special construction cost above normal service connection fees required to provide broadband access to a premise that is located off of Breezeline's existing network. All passings within the proposed project areas will be considered serviceable units.
  - e. Refer to questions 4 for a detailed overview of the process used to determine which addresses in the County lack any kind of broadband service. County GIS data that has been developed in the recent years in order to apply for VATI funding has evolved with every opportunity, by way of Caroline being unique in the fact that it has partnered with every wireline provider capable of providing 'served' level broadband speeds who have a presence in the County. To reiterate, these selected address points are not active fiber customers according to Breezeline, the only provider with fiber-capable infrastructure near these project areas.
6. Describe if any blocks awarded in Rural Digital Opportunity Fund (RDOF) are included in the VATI application area. If RDOF areas are included in the VATI application, provide a map of these areas and include information on number of passings in RDOF awarded areas within the VATI application area, and Census Block Group ID number for each block group in the project area. Label Attachment: Attachment 5 – RDOF Awarded Areas Form in VATI Area

**Answer:**

**Attachment 5** shows RDOF awarded areas in the project zone. Breezeline's application contains RDOF areas that have been awarded to them. Other parcels in the project area only overlap areas in Caroline that have been awarded to SpaceX, which being a satellite broadband provider, do not interfere with this application. After recent updates regarding SpaceX's standing with their RDOF bids, this point is further felt.

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7. **For wireless projects only:** Please explain the ownership of the proposed wireless infrastructure. Please describe if the private co-applicant will own or lease the radio mast, tower, or other vertical structure onto which the wireless infrastructure will be installed.

**Answer:**

N/A

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8. Network Design: Provide a description of the network system design used to deliver broadband service from the network's primary internet point(s) of presence to end users, including the network components that already exist and the ones that would be added by the proposed project. Provide a detailed explanation of how this information was determined with sources. Provide information on how capacity for scalability, or expansion, of how the network can adapt to future needs. If using a technology with shared bandwidth, describe how the equipment will handle capacity during peak intervals. For wireless projects, provide a propagation map for the proposed project area with a clearly defined legend for scale of map. Label Map: Attachment 6 – Propagation Map Wireless Project.

**Answer:**

The proposed 439.07 mile project is a Fiber-to-the-Home deployment that will make FTTH service available to the 3,910 unserved locations in the County. The new Gigabit Passive Optical Network ("GPON") architecture will deliver fiber to each home and is capable of supporting up to 1 Gigabit per second ("Gbps") symmetrical speeds. The proposed network has been designed to be scalable and expandable to meet future needs as new locations are built within the project area and as end-user demands require higher bandwidth connections. On their state-of-the-art GPON network, they offer video and telephony services to compliment their broadband services for both residential and business customers. The significant ongoing network and technology investments they have made enable them to continually deliver innovative and scalable products and services. Breezeline has a proven track record of network design and construction that allows for increased data capacity to meet consumer needs. The strength of the network is evidenced by Breezeline meeting the data transition needs during the ongoing COVID crisis. Breezeline has accomplished this robust and resilient network through strategic partnerships with contractors and Breezeline employees. With strategic partnerships, Breezeline is able to secure additional contractors as needed. Breezeline's advanced network has proven to be readily scalable, reliable and built for growth.

FTTH architecture is a critical element to serve not only residences but schools, libraries, hospitals, retailers and other businesses in the area. Fiber offers not only high bandwidth and low latency but also high reliability. Fiber is ideal for businesses and anchor institutions that depend on the internet to operate. This fiber infrastructure is what allows businesses to be able to locate and expand in rural communities.

Breezeline's defined FTTH technologies are as follows: Passive Optical Network ("PON") is a point to multipoint technology that connects an Optical Line Terminal ("OLT") to many Optical Network Terminals ("ONTs") or Optical Network Units ("ONUs"). PON networks utilize passive splitters between the OLT and ONT, and offers service providers flexibility in network design. The OLT broadcasts traffic downstream to every ONT on a GPON segment. ONT's only read/respond to specific content addressed to it. Encryption is used to prevent ONTs from eavesdropping on traffic not addressed to them. Quality of Service ("QoS") features are used to ensure proper service prioritization and delivery.

Breezeline utilizes fiber connectivity from a minimum of six Internet peering points: Ashburn, VA; Boston, MA; New York City, NY; Atlanta, GA; Pittsburgh, PA and Philadelphia, PA.

9. Speeds: Describe the internet service offerings, including download and upload speeds, to be provided after completion of the proposed project. Detail whether that speed is based on dedicated or shared bandwidth, and detail the technology that will be used. This description can be illustrated by a map or schematic diagram, as appropriate. List the private co-applicant's tiered price structure for all speed offerings in the proposed project area, including the lowest tiered speed offering at or above 100/20 Mbps. (up to 10 points)

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## Answer:

Breezeline provides broadband connectivity at discounted prices for financially struggling households through the Federal Communications Commission's Affordable Connectivity Program ("ACP") Program. The program provides a discount of up to \$30 per month towards broadband service for eligible households (and up to \$75 per month for households on qualifying Tribal lands) so that they can be connected for distance learning, work from home, telehealth and other critical online destinations during the COVID-19 pandemic. Customers who subscribe to Breezeline through the Affordable Connectivity Program can now sign up for our Internet Assist Plus plan, with 100/10 Mbps for \$29.99/month, including the modem. New, existing and prior customers that meet financial eligibility requirements may choose from various internet packages with speeds designed to meet a range of household needs. More information can be found on our website [www.breezeline.com/acp](http://www.breezeline.com/acp). Breezeline has created printed and digital flyers to promote the ACP Program, which are distributed throughout the County through schools, libraries and the Department of Social Services. While this package does not meet 100 Mbps/20 Mbps, this package was created at request from the White House for Internet service providers that are participating in the Affordable Connectivity Program (ACP) to offer a lower high-speed internet costs for millions of American families.

Provided below are the retail rates and the current promotional offers as of August 2022. There are multiple discounted promotional offers offered to Breezeline customers in door-to-door sales, through their call center and online. As these projects are completed, Breezeline's intention is to use door-to-door sales and direct mail with varying discount offers. They partner with the County to communicate to the locations located in the project area on availability of services to promote adoption. The speeds are provided over shared bandwidth. Breezeline offers a managed WiFi solution (WiFi Your Way) for homes and businesses. WiFi Your Way™ Home, powered by Plume® HomePass, blankets a customers entire home with fast, reliable WiFi coverage. WiFi Your Way™ for Business, powered by Plume® WorkPass allows customers to enjoy the best WiFi solution for small businesses. This gives them a separate and secure WiFi network for their business, customers, and employees.

Breezeline Residential Internet Offers as of August 4, 2022:1

- Internet Assist Plus1: 100 Mbps download / 10 Mbps upload - \$29.99 per month
- Fiber Fast: 200 Mbps download / 200 Mbps upload
  - Retail Rate: \$79.99 per month
  - Promotional Rate as of 8/4/22: \$39.99 per month for 12 months
- Fiber UltraFast: 500 Mbps download / 500 Mbps upload

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- Retail Rate: \$99.99 per month
- Promotional Rate as of 8/4/22: \$39.99 per month for 12 months
- Fiber GigaFast: 1 Gbps download / 600 Mbps upload
- Retail Rate: \$119.99
- Promotional Rate as of 8/4/22: \$59.99 per month for 12 months

*1 Breezeline is offering the Internet Assist Plus package of 100Mbps downstream / 10 Mbps upstream internet speed tier to those who live in a serviceable area, do not currently have internet service in their home, and meet specific qualifications and approved through in the Federal Communications Commission's ("FCC") Affordable Connectivity Program ("ACP") and included with one (1) leased wireless modem. For the additional packages, enrollment in Auto Pay & Eco Save service is required. Failure to enroll in Auto Pay & Eco Save or the removal of Auto Pay & Eco Save will result in a \$10 monthly rate increase. Applicable equipment fees, including WiFi Your Way™, installation fees, taxes and other fees are not included. Additional terms & conditions apply. See <https://www.breezeline.com/policies-agreements>.*

Broadband service will improve the quality of life for locations that are unserved. Access to high-speed internet is critical for education, employment, economic development, governmental services, entrepreneurship, tourism, telehealth services, communication, commerce, entertainment, public safety, and other essential services. Breezeline's commitment to building out passive optical networks ("PON") as the underpinnings of FTTH ensures any emerging consumer or business applications can be delivered reliably for years to come.

Additionally, Breezeline has Enterprise level services via Direct Internet Access (DIA), with symmetrical speeds from 10 Mbps to 100 Gbps (determined by the end user). This service is scalable, and 100% fiber based, and proactively managed and monitored 24/7/ 365 and backed by competitive network and service SLAs. Breezeline utilizes fiber connectivity from a minimum of six Internet peering points: Ashburn, VA; Boston, MA; New York City, NY; Atlanta, GA; Pittsburgh, PA and Philadelphia, PA.

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10. Explain how the proposed project achieves universal broadband coverage for the locality or fits into a larger plan to achieve universal broadband coverage for the locality. If applicable, explain the remaining areas of need in the locality and a brief description of the plan to achieve universal broadband coverage. (up to 50 points)

**Answer:**

The initial version of Caroline's UC Plan was adopted by the Board of Supervisors on September 7, 2021. Further, it was revised and adopted by the Caroline Broadband Advisory Committee on August 15, 2022, which was further again accepted by the Board of Supervisors August 24, 2022. The approved plan can be seen in the additional **Attachment 19**. The general idea for this plan was for Caroline to partner with the incumbents in order to obtain state and federal funding combined with County and ISP contributions for the build out of unserved areas in the County. This application comes on the heels of last year's VATI applications, which got Caroline closer to this goal, but unfortunately was rejected because the two applications combined still left a good portion of the west side of I-95 unaddressed. These proposals were submitted shortly after acceptance of the plan, so it was a disappointment that the County had to wait another cycle to start servicing those in need.

Ultimately, this chain of events very well could have enabled a better outcome, due to Caroline's fervor in connecting the unserved resulting in a highly competitive RFP process where Verizon was ultimately selected for complete coverage west of I-95. This application, as well as the other being submitted by Breezeline this round, are the two next steps to accomplish this goal. Both applications will predominantly serve areas of the county that don't even have service at 25/3. This proposal was much greater in scope to the submission last year, servicing all of Caroline west of I-95 with Fios service. The other application will completely serve all of Caroline east of I-95 with fiber to the home. Notably, both partners have proven their willingness to support Caroline by upping their contributions towards project costs, significantly surpassing the minimum required match. Together, an award to both of these applications will mark one of the final steps towards the end of Caroline's journey to universal broadband.

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## 11. Project Readiness

Describe the current state of project development, including but not limited to: planning, preliminary engineering, identifying easements/permits, status of MOU or MOA, and final design. Prepare a detailed project timeline or construction schedule, identifying specific tasks, staff, contractor(s) responsible, collection of data, etc., and estimated start and completion dates. Applicants are encouraged to extensively discuss, where applicable, easements relating to railroad crossings, federally-owned lands and parks, partnerships with the Virginia Department of Transportation, and mobile home parks. Applicants must include Memorandums of Understanding (MOUs) or Memorandums of Agreement (MOAs) between applicants (drafts are allowable). Label Attachments: Attachment 7 – Timeline/Project Management Plan; Attachment 8 – MOU/MOA between Applicant/Co-Applicant; (up to 10 points)

### Answer:

**Attachment 7** is a project timeline developed by Breezeline that details the process and estimated timeline of implementing the network expansion for the county. Once notification of award is received and the contract has been executed, Breezeline will conduct a walkout of project areas to verify the pre-engineering and make the steps necessary to formulate a full engineering design. Easements and permits required will be identified. The walkout phase is projected to start April 2023 and construction to be completed over a 3 year timeline. This is based on a late March 2023 contract execution between DHCD and Caroline County. Once the construction phase is complete in project areas, Breezeline representatives will be visiting homes in the project areas to discuss service offerings. Door hangers also will be left with contact information for those wishing to activate Breezeline services. Breezeline internet services will be available to residents by the project closeout projected date unless Breezeline encounters any unforeseen issues with pole owners, materials or other third party delays beyond its control.

Caroline County has been in the process of obtaining railroad crossing permits with CSX Rail, which are in the final stages of review. This action was started prior to the FY2022 application, since these could not be completed within the 3 year timelines. This will provide a huge boost to Breezeline in terms of being able to stick to the proposed timelines.

Breezeline has partnerships with owners of utility poles in Virginia, which grants Breezeline the right to place its fiber, both aerial and underground, in order to build and maintain its network and deliver services to its customers. Such agreements generally require submitting applications for new attachments when expanding its network, in order to enable the utility pole owner to complete any necessary make-ready work and/or relocate existing attachments to make room for the new attachments.

A Memorandum of Agreement has been drafted and will be signed by all parties after all terms of the agreement have been properly vetted by each signer, and a final version has been agreed upon. Included as **Attachment 8** is the current draft of this agreement as of submittal. The finalized, signed version will be sent to DHCD upon completion.

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12. Has the applicant or co-applicant received any VATI grants? If so, provide a list of these grants, with a detailed summary of the status of each.

**Answer:**

Caroline and Breezeline (as Atlantic Broadband) partnered on the Four County project that was awarded \$4,201,234.00 in VATI funding from FY2021 to serve 1,249 unserved addresses between them. For Caroline, this project aims to offer broadband service to approximately 482 homes along portions of Ladysmith Road, Balty Road, Penola Road and Route 17 North and South of the Town of Port Royal. It is the result of a successful FY2021 Virginia Telecommunications Initiative (VATI) grant application that included a Caroline County contribution of up to \$614,400. The project is expected to be completed by January 30, 2023, barring any unforeseen delays due to ongoing supply chain issues. The current application is built off of this awarded project, looking to extend plant from these areas into the major unserved portions of the County as part of Caroline's plan for universal coverage.

Breezeline has been steadily progressing on this project in each County. As of August 19, 2022, 92 total locations have been made serviceable. There are 559,680 linear feet of plant constructed, with that total diligently increasing every subsequent day of work. While no addresses are active at this time in Caroline County, 223,059 feet of plant has been constructed.

13. Matching funds: Complete the funding sources table indicating the cash match and inkind resources from the applicant, co-applicant, and any other partners investing in the proposed project (VATI funding cannot exceed 80 percent of total project cost). In-kind resources include, but are not limited to: grant management, acquisition of rights of way or easements, waiving permit fees, force account labor, etc. Please note that a minimum 20% match is required to be eligible for VATI, the private sector provider must provide 10% of the required match. If the private co-applicant cash match is below 10% of total project cost, applicants must provide financial details demonstrating appropriate private investment. If applicants and co-applicants are seeking to include prior expended funds as matching funds, Attachment 11 must be completed. Label Attachments: Attachment 9 - Funding Sources Table; Attachment 10 – Documentation of Match Funding; Attachment 11 - Prior Expended Match Form

**Answer:**

Please refer to the aforementioned attachments for the Match Letters & Funding sources table. Justification of in-kind expenses also seen in **Attachment 19**.

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14. Leverage: Describe any leverage being provided by the applicant, co-applicant, and partner(s) in support of the proposed project. (up to 10 points)

**Answer:**

Caroline leverages a number of activities that pertain to providing high speed internet. Combined there are years of developing and mapping many of the datasets required to submit, manage, and maintain grant funded infrastructure upgrades to the areas identified in **Attachment 1**. In an effort to support grant submittals, county GIS Managers have created multiple datasets (e.g., student locations, parcel values by regions, existing fiber/coaxial infrastructure, residents with copper/fiber, preliminary designs with costs, etc.) that can be used in this effort. Plenty of prior work has been done by Caroline's broadband steering groups to provide studies and strategic plans for guiding the best approach to expand broadband services. Mr. David Sadler has also been assigned by the County to manage the grant process and buildout, to which he has devoted a substantial amount of his time as the IT Director. The counties leverage their economic investment to provide a sizable match to Verizon and Breezeline for these multimillion-dollar projects. A significant investment by the county helps ensure that the project will be completed on time and within budget by utilizing county resources (i.e., administrative, management, financial) to execute the Contract.

Additional in-kind activities include Caroline working on obtaining construction permits for placing utilities through four strategically selected railroad crossings, which originated during the preparation of the FY2021 grant. Despite the loss of the FY2022 VATI Grant application, Caroline optimistically continued to pursue these within the same project areas, and now they are in the final stages of review with CSX Transportation. The county also has solid relationships with the School Board and Department of Social Services, who have cooperated extensively with supporting the county's digital literacy efforts, as well as promoting Caroline's ubiquitous availability of the Affordable Connectivity Program.

As an in-kind contribution, Caroline offers the services of their broadband boards/authorities to continue throughout the project. They will also assist Verizon and Breezeline with their marketing, as described in the next section. If requested by either provider, the counties will provide in-kind assistance. Board members are also exploring potential funding sources, such as the FCC's Lifeline Program and the Affordable Connectivity Program, which may help citizens afford the monthly connection cost.

Breezeline is committed to begin the work upon a successful award of the grant.

15. Communications Plan: Describe efforts to keep the public informed of project progress and the broadband adoption plan.
- Explain how you plan on communicating the project status to stakeholders, including but not limited to County leadership, project areas residents, etc. (Up to 10 points)
  - Explain how you plan to promote customer take rate, including marketing activities, outreach plan, and other actions to reach the identified serviceable units within the project area. Provide the anticipated take rate and describe the basis for the estimate. (up to 10 points)
  - Describe any digital literacy efforts to ensure residents and businesses in the proposed project area sufficiently utilize broadband. Please list any partnering organizations for digital literacy, such as the local library or cooperative extension office.

**Answer:**

a. The County relies on their Information Technology Director, David Sadler, to act as the liaison between its partnering private broadband providers and the County's Board of Supervisors. Mr. Sadler as well as Mr. Jason Barlow, Chair of the Broadband Advisory Committee and Jason Jacobus Vice Chair, report on a regular basis progress in broadband to the Caroline County Board of Supervisors at their regular meetings.

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Committee members attend public festivals and functions to promote broadband expansion, as well as promote this project through social media and community events. The next anticipated function is titled “got broadband?”, which is scheduled for October 22, 2022. As a hybrid event, speakers will offer information on upcoming projects and details on ACP and internet safety.

Breezeline has a dedicated Grants and Funding Team that works closely with the County to provide project status updates. This project will also have a dedicated Construction Project Manager that will report construction progress directly to the County in meetings. Breezeline will have a dedicated landing page on their website to communicate the project to the public. On this page a resident located in the project areas can complete a form to stay updated on the progress. Breezeline partners with the County to provide updates to the community via press releases and website updates. As the construction phase begins in an area, Breezeline leaves a door hanger at each home to notify of the construction taking place in the project area, which provides a direct phone number to our Construction team if they have questions or concerns.

b. Breezeline implements numerous activities to advertise broadband capabilities to residents. During the construction phase in the public right of way, Breezeline will place a door hanger at each home notifying residents of the construction planned in their area to offer Breezeline service. They will use various communication activities to notify residents of availability. These can include door hangers, direct mail pieces, and visits by Breezeline representatives to discuss service offerings. Door hangers also will be left with contact information for those wishing to activate Breezeline services. If a Breezeline Representative visits and the resident is not home, a door hanger will be left with the contact information of the Representative. It is estimated by Breezeline, based on past trends and the Counties support of the project, that there will be a 55-60% take rate in these project areas over two years from activation.

c. Caroline has its own approaches to community outreach and digital literacy. They will assist in marketing by providing the information needed to contact new potential subscribers and have mounted outreach campaigns to inform the public at large of the VATI grant.

Caroline has actively engaged for several years in digital literacy and training efforts through their local libraries. The County's IT plans to partner with The Caroline Library, a County-operated library system, and the Caroline County Sheriff's department to assist in offering online safety education to its citizens through a combination of in-person training when current COVID restrictions are lifted, and through remote webinars that can be viewed on smartphones where service is available. County schools are pushing to educate parents, students, and teachers in the intricacies of virtual remote learning by holding forums and sharing actions and findings. Additionally, schools have been invested in promoting the Affordable Connectivity Program, lowering the barrier to entry for students and parents and encouraging more online methods of education. With the extensive reach of schools into our community, staff will be able to inform many households on options available to them now and in the future.

For citizens who work from home, Caroline will address them and the options in an open forum with all interested/concerned. This has been promoted by actively reporting to the Board of Supervisors the activity of the Caroline Broadband Advisory Board. Further, based on demand, the County is looking to organize training sessions, and ask companies that allow work from home to come in and do training. Local businesses are encouraged to meet with business owners of all sizes and explore their needs. For tele-health promotion, the County will hold public sessions with presenters from local home health care providers, pharmacists, and physicians. Staff will contact regional hospitals to bring in tele-health specialists to be presenters and to provide training.

Breezeline supports organizations that promote digital literacy, tech life balance, cyber-bullying prevention and STEM/technology careers.

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- Cyber Seniors: Founded in 2015, this non-profit organization provides senior citizens with tech-training using an intergenerational, volunteer model. Young people are provided with lessons and learning activities to train them to act as digital mentors and senior citizens gain access to effective technology training and intergenerational communities that keep them socially connected and engaged. Breezeline will offer a series of webinars to the public over the next 12 months as part of its support of Cyber Seniors.
  - Digital Wellness Lab: This lab/research center combines the resources of Boston Children's Hospital and Harvard Medical School. The Lab works with companies to create materials (blog posts, tweets, FB posts) on media health effects and best use practices. Companies work with doctors and social workers to create actionable guidance. As a sponsor of Digital Wellness Lab, Breezeline will present short-form videos and four webinars focused on digital wellness and guidance for families.
  - Cyber Security Non-Profit (CNSP): Breezeline supports this 501(c)(3) that works to promote cybersecurity awareness. CNSP's goal is to make security knowledge and training accessible, so everyone can learn how to better protect themselves and their organizations from cyber threats. Breezeline will offer webinars, blog posts, podcasts and social media content to help promote cyber security awareness in its communities.
  - Pacer: This national 501(c)(3) that creates resources to combat cyberbullying. Breezeline will make use of a three-part infographic series on cyberbullying targeted to Adults, Elementary School Students and Middle and High School Students.
16. Project Management: Identify key individuals who will be responsible for the management of the project and provide a brief description of their role and responsibilities for the project. Present this information in table format. Provide a brief description of the applicant and co applicant's history and experience with managing grants and constructing broadband communication facilities.

## Answer:

**Name**

**Organization**

**Role**

David Sadler

Caroline County

County Representative

William Newborg

Breezeline

Director of Grants and Funding

Crystal Duke

Breezeline

Grants and Funding Manager

William Weeks

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Breezeline

Enterprise Project Manager

Sean Brushett

Breezeline

Vice President of Technical Operations

Shaun Blake

Breezeline

Technical Operations Director, Mid-Atlantic

Bios for the Project Management Team can be viewed in **Attachment 18 - "Personnel Bios"**.

Cogeco US, operating as Breezeline, a subsidiary of Cogeco Communications Inc. (TSX: CCA), is the eighth-largest cable operator in the United States. The company provides its residential and business customers with Internet, TV and Voice services in 13 states: Connecticut, Delaware, Florida, Maine, Maryland, Massachusetts, New Hampshire, New York, Ohio, Pennsylvania, South Carolina, Virginia and West Virginia. Cogeco Communications Inc. also operates in Québec and Ontario, in Canada, under the Cogeco Connexion name. Cogeco Inc.'s subsidiary, Cogeco Media, owns and operates 23 radio stations serving audiences across the province of Québec, as well as a news agency. Breezeline has been in operation since 2004 when it was known as Breezeline, though it can trace its origins back many decades through the companies it has acquired.

Breezeline currently provides broadband connectivity in the following Counties in Virginia: Caroline, Essex, King George, King William, King & Queen, Lancaster, Mathews, Middlesex, Northumberland, Richmond, and Westmoreland. In addition, Breezeline provides commercial and enterprise services to many of the schools, government entities, as well as many of the small and medium-sized businesses in the local Virginia market.

Many of the Breezeline employees live and work in the communities where Breezeline operates and conducts business. Our customers and business clients are supported locally by their Regional Engineering Team and by their Network Operations Center ("NOC") located in Rochester, New Hampshire. They are local with a dedicated team of experienced network professionals that will respond promptly and completely to address network needs. Their local Outside Plant Engineers, Electronic Engineers, Warehouse Personnel, and Maintenance Technicians are trained and focused on managing Broadband and highly complex fiber networks in their day-to-day responsibilities.

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Breezeline will retain ownership of the network, supply the bandwidth and will be responsible for maintenance, repair and restoration as well as the upgrading of the network. Breezeline continually monitors and measures performance against our standards.

The Breezeline locally based regional team works diligently with the NOC to support the Network through monitoring that includes:

- 24x7x365 network coverage
- 24x7x365 US-based technical support
- Real-time Network elements and facilities monitoring
- Primary and redundant power sources
- Breezeline engineering support within their facilities
- Local field operations and support
- Alarm management and proactive response
- Key customer proactive notification
- Twice daily networking element and key customer CPE configuration backups to enable rapid recovery in the event of a failure
- Individual account management

The NOC provides critical support for their facilities with continuous provisioning, repair and engineering assistance, including:

- 24x7x365 network monitoring from the backbone to the Customer Premises Equipment (“CPE”)
- Breezeline’s on-net Disaster Recovery Site provides active real-time services in support of their primary Data Center in Rochester, NH

Breezeline monitors on a 24x7x365 basis, every CPE device that it provides to their customers. Breezeline is able to determine when a device loses connectivity to the system through the use of monitoring tools at their Network Operations Center, which is also accessible locally by their Technical Support personnel.

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With Technical Support coverage available on a 24x7x365 basis, Breezeline customers are able to report service issues and interruptions directly to the Company's call centers on a round-the-clock basis. By combining customer input with network monitoring tools, Breezeline is able to determine the scope of the service interruption and focus their restoration efforts appropriately.

## 17. Project Budget and Cost Appropriateness

Budget: Applicants must provide a detailed budget that outlines how the grant funds will be utilized, including an itemization of equipment, construction costs, and a justification of proposed expenses. If designating more than one service area in a single application, each service area must have delineated budget information. For wireless projects, please include delineated budget information by each tower. Expenses should be substantiated by clear cost estimates. Include copies of vendor quotes or documented cost estimates supporting the proposed budget. Label Attachments: Attachment 12 – Derivation of Costs; Attachment 13 - Documentation of Supporting Cost Estimates. (up to 10 points)

### Answer:

The Derivation of Costs has been included as **Attachment 12** and supporting cost estimates are attached in **Attachment 13**. The cost estimates are provided for each individual project area.

18. The cost benefit index is comprised of state cost per unit passed. Individual cost benefit scores are calculated and averaged together to create a point scale for a composite score. Provide the following:
- a. Total VATI funding request
  - b. Number of serviceable units  
(up to 125 points)

### Answer:

- a. Total VATI funding request: \$6,446,000.00   b. Number of serviceable units: 3,910

## 19. Commonwealth Priorities (Up to 50 points)

Additional points will be awarded to proposed projects that reflect Commonwealth priorities. If applicable, describe the following:

- a. Businesses, community anchors, or other passings in the proposed project area that will have a significant impact on the locality or region because of access to broadband.
- b. Unique partnerships involved in the proposed project. Examples include electric utilities, universities, and federal/state agencies.
- c. Digital equity efforts to ensure low to moderate income households in the proposed project area will have affordable access to speeds at or above 100/20 mbps, include information regarding the internet service provider's participation in the Affordable Connectivity Program
- d. The co-applicant's efforts to mitigate supply chain constraints, including labor shortages and order-to-delivery delays on telecommunications materials required to construct broadband networks.
- e. The applicant's and co-applicant's efforts to promote broadband adoption, including, but not limited to: telehealth, smart farming, e-entrepreneurship, and distance learning.

### Answer:

- a. In total, there 382 identified business passings in this project area. These include farms, shops, hospitality, and contracting services. Bringing high-speed connectivity will open the doors for more opportunity; having an online presence will enable them to communicate, market to, and retain an expanded customer base. Agriculture operations will be able to manage application of pesticides, fertilizers, and water to increase the

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environmental quality aspect of the huge operations that cover much of our County. Broadband opens the door for these businesses to incorporate video conferencing, and web-based platforms for accounting or document creation.

The Community Anchor institutions are 31 churches located throughout the project area, all used for activities outside of the normal church services, such as meeting spaces for the Boy Scouts and even food bank distribution. Enabling more community activities and promotion, and even a potential backbone for public wireless access, demonstrates the importance of shared spaces serving as broadband hubs.

Telehealth remains crucial in remote, rural areas. Broadband for everyone will improve medical care delivered in rural areas and help eliminate the divide that currently exists. These new connections will also be a driver of enhanced public safety functionality and economic growth.

b. Caroline has worked closely with the Virginia Department of Transportation to establish a firm relationship in order to easily obtain right-of-way permits in rural parts of the county. Through a VDOT point-of-contact, the County has arranged for their partners to experience minimal friction in the permitting phase of project buildout. Similarly, a relationship has been formed with the Rappahannock Electric Cooperative to fluidly prepare pole make-ready's where necessary. Breezeline has partnerships with owners of utility poles in Virginia, which grants Breezeline the right to place its fiber, both aerial and underground, in order to build and maintain its network and deliver services to its customers.

Additionally, Caroline has engaged its own Department of Social Services, as well as the School Board, to make the public aware of the importance of broadband (helped in part by the pandemic) and promote the Affordable Connectivity Program and eligibility to all disadvantaged and students alike. Part e. further addresses these actions.

Breezeline may also partner with single-family home and multi-family property developers during the construction phase of properties to install its network. This enables the broadband connection to be available streetside to homes once the construction is complete. With many homes utilizing the smart-home technology this has enabled builders to install smart-home and security appliances during the construction phase.

c. To assist in closing the digital divide, Breezeline provides broadband connectivity at discounted prices for financially struggling households through the Federal Communications Commission's Affordable Connectivity Program ("ACP") Program. The program provides a discount of up to \$30 per month towards broadband service for eligible households (and up to \$75 per month for households on qualifying Tribal lands). Customers who subscribe to Breezeline through the ACP program can now sign up for our Internet Assist Plus plan, with 100/10 Mbps for \$29.99/month, which includes the modem. New, existing, and prior customers that meet financial eligibility requirements may choose from various internet packages with speeds designed to meet a range of household needs. More information can be found on the website [www.breezeline.com/acp](http://www.breezeline.com/acp). Breezeline has created printed and digital flyers to promote the ACP Program, which are distributed throughout the County through schools, libraries and the Department of Social Services.

d. Breezeline is ordering some materials and equipment in advance of the project with the current delays for materials and equipment that our industry is facing. Breezeline is a subsidiary of a large company that operates in thirteen states in the United States, as well as in Canada. This provides economies of scale in purchasing. Breezeline is constantly purchasing in front of the need and reviewing source pricing. Operating in thirteen states has enabled Breezeline with the ability to shift resources and contractors to respond quickly.

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Additionally, due to the experience Breezeline has with navigating supply chain inconveniences with the current VATI buildout, they have already identified some of the equipment that currently have long lead times and plan to order some of it early to avoid supply chain delays.

Caroline County is working with Breezeline to locate and to possibly establish a facility to stage and store materials designated for this project locally. This will provide a local storage area so that materials can be ordered early and separated from day to day inventory.

e. From inception, Breezeline has been flexible in this initiative by considering the needs of each county in their approach. More so, they are considered a committed municipal and economic partner, and as part of that commitment Breezeline shall install extra backbone capacity throughout its system, in anticipation of future economic growth and projects within the partner counties.

Caroline County currently provides public Wi-Fi access in all branches of its library and all county office buildings. Caroline County Public Schools continues to manage strategically placed standalone Wi-Fi trailers to make internet available in areas that have no service.

The committee will launch a Public Information Campaign to educate the public on options available to citizens in need of assistance in obtaining a broadband connection. Members will attend community functions and provide information to the public on the Plan for Universal Coverage, as well as assistance and up-to-date project statuses offered by the private sector partners. The committee will continue to seek solutions that involve more available means of delivery, such as Facebook live events that are available to a higher number of citizens via cell phone. Members will hold an in-person event at the Caroline Community Center on October 22, 2022, called "got broadband?" to inform citizens of their options. Remote options will also be offered to those who do not feel comfortable attending in person.

20.

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## Additional Information

Please attach any letters of support from stakeholders. If the applicant is not a locality(s) in which the project will occur, please provide a letter of support from that locality.

Attachment 14 – Letters of Support.

Provide the two most recent Form 477 submitted to the FCC, or equivalent, as well as point, polygon, and, for wireless providers, RSSI shapefiles for the project area **in .zip file form**. With attachments 17 through 20, attach any other information that the applicant desires to include. Applicants are limited to four additional attachments.

Label Additional Attachments as:

- a. Attachment 15 –Two most recent Form 477 submitted to the FCC or equivalent
- b. Attachment 16 - Point and Polygon shapefiles, in.zip file form, showing proposed passings and project area
- c. Attachment 17 - For wireless applicants: shapefiles, in .zip file form, indicating RSSI projections in the application area
- d. Attachment 18 – XXXXXXXX
- e. Attachment 19 – XXXXXXXX
- f. Attachment 20 – XXXXXXXX

**Answer:**

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In **Attachment 14** there is a resolution from the Caroline County Public School Board, as well as a letter of support from Dr. Sarah Calveric, reinforcing their support and renewing their commitment to a unique partnership in promoting the County's effort to provide broadband to everyone, and eliminating the digital divide. Schools continue to be a vital partner in "getting the word out" by assisting in delivery of information to the vast network of parents they interact with on a regular basis. Also, Caroline County Schools are now enrolled in the Community Eligibility Provision of the USDA's National School Lunch Program. Since most households in the county are already eligible for NSLP by having a student, ACP should apply to a majority of the project area based on the criteria.

Further, there have been a series of activities by citizens who are actively involved in this project, as well as those who see the importance of broadband. David Sadler has engaged with local farmers both in his current position working to prepare these applications, and for nearly 24 years as a private small business owner. He has actively worked with large operations that currently cover a large percentage of Caroline County. During this time farmers have been vocal about the need for broadband for use in precision agriculture to make them more competitive. Evidence of this engagement can be seen in the attached letter from The Caroline County Farm Bureau President Lynwood Broadus which is an attachment to this application.

Notably, the County has a citizen petition gaining traction in support of the Committee's Universal Coverage plan, as well as these projects specifically. Currently, it has amassed around over 1,030 signatures, and is constantly growing. It can be viewed here: \_

[https://www.change.org/p/bridge-the-digital-divide-in-caroline-county-va?utm\\_source=share\\_petition&utm\\_medium=custom\\_url&recruited\\_by\\_id=8174e480-f408-11ec-999d-d9460859795d](https://www.change.org/p/bridge-the-digital-divide-in-caroline-county-va?utm_source=share_petition&utm_medium=custom_url&recruited_by_id=8174e480-f408-11ec-999d-d9460859795d)

Additionally, Caroline is in the process of constructing a privacy pod in a local library branch to allow citizens to conduct business in a more private setting using the publicly available internet access. This is a limited and temporary solution designed to address a dire need until a more permanent solution can be placed. The privacy pod is on order and should be arriving before the end of September. It was purchased from Zenbooth with funds from an ARPA sub-grant managed by the Library of Virginia. A privacy pod will allow patrons to attend telehealth appointments, job interviews and legal consultations without the concern of loss of personally identifiable information.

## Attachments:

Map(s) of project area, including proposed infrastructure

Attachment1ProjectAreaMaps8242022113637.pdf

Documentation of Federal Funding (CAF/ACAM/USDA/RDOF, etc...) in and/or near proposed project area.

Attachment2DocumentationofFederalFunding8242022113711.pdf

Documentation that proposed project area is unserved based on VATI criteria

Attachment3DocumentationUnservedAreaVATICriteria8242022113732.pdf

Passings Form (Use template provided)

Attachment4PassingsForm8242022114231.pdf

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Documentation of RDOF awarded area in VATI project Area (Use template provided)

Attachment5RDOFAwardedAreasForminVATIArea8242022113813.pdf

Timeline/Project Management Plan

Attachment7Timeline8242022113833.pdf

MOU/MOA between applicant/co-applicant (can be in draft form)

Attachment8DraftMOABetweenBlandCaroline8242022113857.pdf

Funding Sources Table (Use template provided)

Attachment9FundingSourcesTable8242022114235.pdf

Documentation of Match Funding

Attachment10DocumentationforMatchFunding8242022113936.pdf

Derivation of Cost/Project Budget (Use template provided)

Attachment12DerivationofCosts8242022114242.pdf

Documentation of Supporting Cost Estimates

Attachment13DocumentationSupportingProjectCosts8242022114246.pdf

Letters of Support

Attachment14LettersofSupport8242022114249.pdf

Two most recent Form 477 submitted to the FCC or equivalent

Attachment15TwomostrecentForm477submittedtotheFCC8242022114254.pdf

Point and Polygon shapefiles, in.zip file form, showing proposed passings and project area

Attachment16PointandPolygonShapefiles8242022114259.zip

Optional

Attachment18PersonnelBios824202224908.pdf

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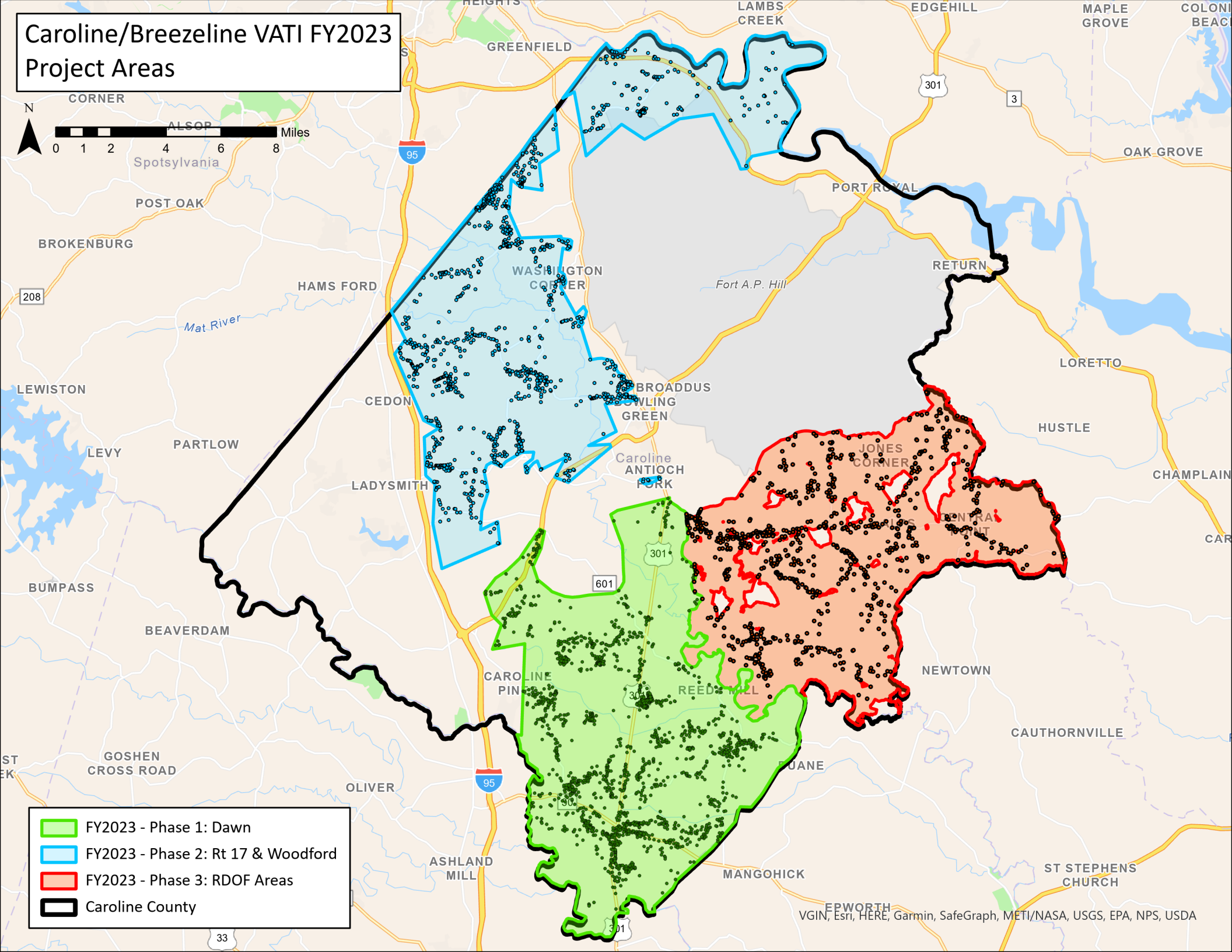
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Attachment19CarolineCountysPlanForUniversalCoverageandInKindRRContribution8242022114308.pdf

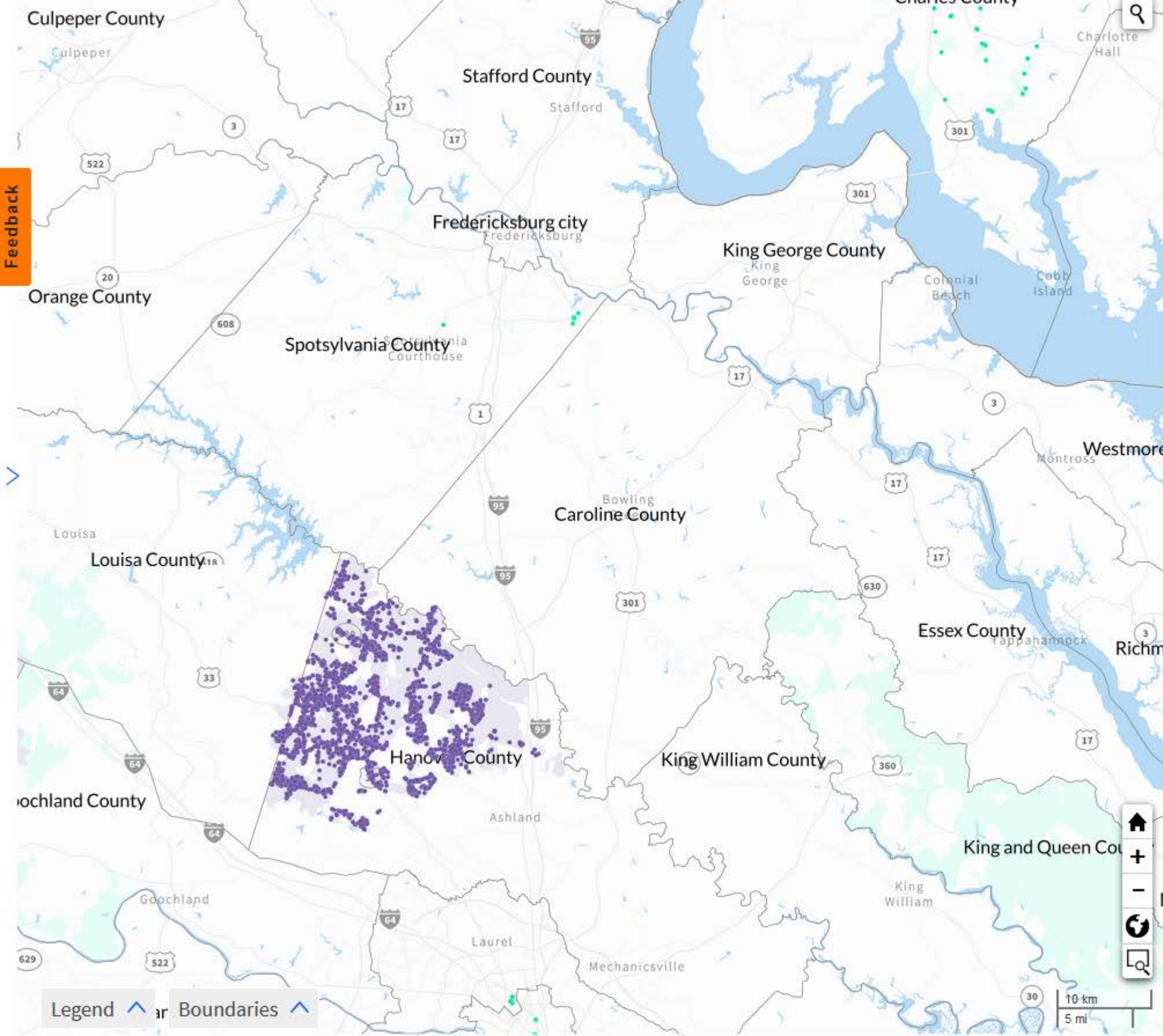
Optional

Attachment20BreezelineAdditionalInformation8242022114314.pdf

# Caroline/Breezeline VATI FY2023 Project Areas



- FY2023 - Phase 1: Dawn
- FY2023 - Phase 2: Rt 17 & Woodford
- FY2023 - Phase 3: RDOF Areas
- Caroline County



Feedback

Fund

- ACAM
- ACAM II
- AK Plan
- CAF-BLS
- CAF II
- CAF II Auc
- RBE

State

All States

Company Name

Search Company Name

Speed (Applicable only to Local Data)

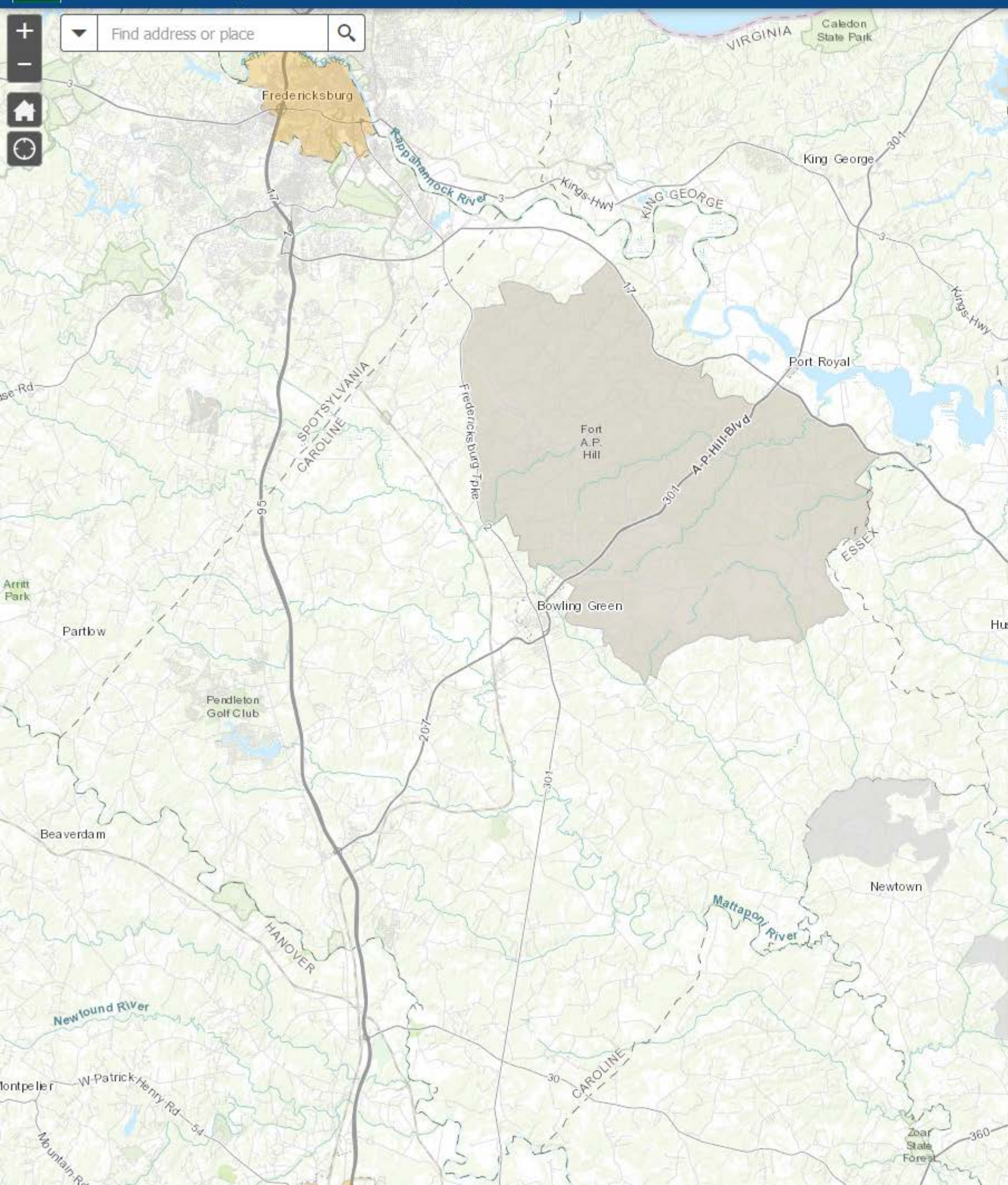
All Speeds

Deployment Year

All Years

Clear All Filters

Legend or Boundaries



### Layer List

Layers

- ☒ Eligibility: Non-Rural Areas
- ☒ Eligibility: Pending Applications
- ☒ Eligibility: Protected Broadband Borrower Service Areas
- ☐ Tribal Lands (2020 Census)



## 2023 Virginia Telecommunication Initiative (VATI)

### Passing Form – BL/Caroline Phase 1: Dawn

Type of Passings	Total Number of Passings in the Project Area <sup>1</sup>	Passings in the Project Area, without Special Construction Costs Required <sup>2</sup>	Passings with Special Construction Costs budgeted in the Application <sup>3</sup>	Number of Passings with Speeds at 25/3 or below in Project Area <sup>4</sup>
Residential	1597	1597	0	1597
Businesses (non-home based)	64	64	0	64
Businesses (home-based)	97	97	0	97
Community Anchors	16	16	0	16
Non-residential	1	1	0	1
Total	1775	1775	0	1775

**Note:** The Total Number of Passings **MUST** be equal to the Residential, Business (non-home based), Non-residential and Community Anchors sum.

**Note:** Do not include passings in RDOF awarded areas that were awarded to the co-applicant; these passings should be included in the RDOF Passings Form. Passings included in this application in RDOF awarded areas that were not awarded to the co-applicant, unless successfully challenged, are considered unserved and should be counted as passings in this form.

<sup>1</sup> The total number of structures in the project area that can receive service. See definition of passing below for more detail.

<sup>2</sup> The number of structures in the project area that will not require special construction costs to provide service to. These passings fall within the broadband provider's standard service connection drop length and do not require nonstandard equipment or any additional fees above normal service connection fees required to provide broadband access to a premise.

<sup>3</sup> The number of structures in the project area with all construction costs budgeted in the application. These passings will not require any additional special construction costs beyond those budgeted for in the VATI application.

<sup>4</sup> The number of structures in the project area that do not have access to internet at speeds of at least 25 mbps download and 3 mbps upload.

## **Definitions**

**Passing** – any structure that can receive service. Multi-unit structures may be counted as more than 1 passing, provided individual connections and account are planned at that structure.

**Business** – An organization or entity that provides goods or services in order to generate profit. Businesses based in residential homes can count if they are a registered business (BPOL, LLC, etc.).

**Community Anchor** - schools, libraries, medical and health care providers, public safety entities, community colleges and other institutions of higher education, and other community support organizations and agencies that provide outreach, access, equipment, and support services to facilitate greater use of broadband service by vulnerable populations, including low-income, unemployed, and the aged.

**Non-Residential Passing** – places of worship, federal, state, or local facilities or other potential customers that are neither a residence, business or a community anchor as defined above.

## 2023 Virginia Telecommunication Initiative (VATI)

### Passing Form – BL/Caroline Phase 2: Rt17 and Woodford

Type of Passings	Total Number of Passings in the Project Area <sup>1</sup>	Passings in the Project Area, without Special Construction Costs Required <sup>2</sup>	Passings with Special Construction Costs budgeted in the Application <sup>3</sup>	Number of Passings with Speeds at 25/3 or below in Project Area <sup>4</sup>
Residential	1067	1067	0	1067
Businesses (non-home based)	60	60	0	60
Businesses (home-based)	70	70	0	70
Community Anchors	7	7	0	7
Non-residential	0	0	0	0
Total	1204	1204	0	1204

**Note:** The Total Number of Passings **MUST** be equal to the Residential, Business (non-home based), Non-residential and Community Anchors sum.

**Note:** Do not include passings in RDOF awarded areas that were awarded to the co-applicant; these passings should be included in the RDOF Passings Form. Passings included in this application in RDOF awarded areas that were not awarded to the co-applicant, unless successfully challenged, are considered unserved and should be counted as passings in this form.

<sup>1</sup> The total number of structures in the project area that can receive service. See definition of passing below for more detail.

<sup>2</sup> The number of structures in the project area that will not require special construction costs to provide service to. These passings fall within the broadband provider's standard service connection drop length and do not require nonstandard equipment or any additional fees above normal service connection fees required to provide broadband access to a premise.

<sup>3</sup> The number of structures in the project area with all construction costs budgeted in the application. These passings will not require any additional special construction costs beyond those budgeted for in the VATI application.

<sup>4</sup> The number of structures in the project area that do not have access to internet at speeds of at least 25 mbps download and 3 mbps upload.

## **Definitions**

**Passing** – any structure that can receive service. Multi-unit structures may be counted as more than 1 passing, provided individual connections and account are planned at that structure.

**Business** – An organization or entity that provides goods or services in order to generate profit. Businesses based in residential homes can count if they are a registered business (BPOL, LLC, etc.).

**Community Anchor** - schools, libraries, medical and health care providers, public safety entities, community colleges and other institutions of higher education, and other community support organizations and agencies that provide outreach, access, equipment, and support services to facilitate greater use of broadband service by vulnerable populations, including low-income, unemployed, and the aged.

**Non-Residential Passing** – places of worship, federal, state, or local facilities or other potential customers that are neither a residence, business or a community anchor as defined above.

## 2023 Virginia Telecommunication Initiative (VATI) Passing Form – BL/Caroline Phase 1 + 2 (No RDOF)

Type of Passings	Total Number of Passings in the Project Area <sup>1</sup>	Passings in the Project Area, without Special Construction Costs Required <sup>2</sup>	Passings with Special Construction Costs budgeted in the Application <sup>3</sup>	Number of Passings with Speeds at 25/3 or below in Project Area <sup>4</sup>
Residential	2664	2664	0	2664
Businesses (non-home based)	124	124	0	124
Businesses (home-based)	167	167	0	167
Community Anchors	23	23	0	23
Non-residential	1	1	0	1
<b>Total</b>	2979	2979	0	2979

**Note:** The Total Number of Passings **MUST** be equal to the Residential, Business (non-home based), Non-residential and Community Anchors sum.

**Note:** Do not include passings in RDOF awarded areas that were awarded to the co-applicant; these passings should be included in the RDOF Passings Form. Passings included in this application in RDOF awarded areas that were not awarded to the co-applicant, unless successfully challenged, are considered unserved and should be counted as passings in this form.

<sup>1</sup> The total number of structures in the project area that can receive service. See definition of passing below for more detail.

<sup>2</sup> The number of structures in the project area that will not require special construction costs to provide service to. These passings fall within the broadband provider's standard service connection drop length and do not require nonstandard equipment or any additional fees above normal service connection fees required to provide broadband access to a premise.

<sup>3</sup> The number of structures in the project area with all construction costs budgeted in the application. These passings will not require any additional special construction costs beyond those budgeted for in the VATI application.

<sup>4</sup> The number of structures in the project area that do not have access to internet at speeds of at least 25 mbps download and 3 mbps upload.

## **Definitions**

**Passing** – any structure that can receive service. Multi-unit structures may be counted as more than 1 passing, provided individual connections and account are planned at that structure.

**Business** – An organization or entity that provides goods or services in order to generate profit. Businesses based in residential homes can count if they are a registered business (BPOL, LLC, etc.).

**Community Anchor** - schools, libraries, medical and health care providers, public safety entities, community colleges and other institutions of higher education, and other community support organizations and agencies that provide outreach, access, equipment, and support services to facilitate greater use of broadband service by vulnerable populations, including low-income, unemployed, and the aged.

**Non-Residential Passing** – places of worship, federal, state, or local facilities or other potential customers that are neither a residence, business or a community anchor as defined above.

## 2023 Virginia Telecommunication Initiative (VATI) Passing Form – BL/Caroline All Phases (With RDOF)

Type of Passings	Total Number of Passings in the Project Area <sup>1</sup>	Passings in the Project Area, without Special Construction Costs Required <sup>2</sup>	Passings with Special Construction Costs budgeted in the Application <sup>3</sup>	Number of Passings with Speeds at 25/3 or below in Project Area <sup>4</sup>
Residential	3496	3496	0	3496
Businesses (non-home based)	165	165	0	165
Businesses (home-based)	217	217	0	217
Community Anchors	31	31	0	31
Non-residential	2	2	0	2
<b>Total</b>	<b>3910</b>	<b>3910</b>	<b>0</b>	<b>3910</b>

**Note:** The Total Number of Passings **MUST** be equal to the Residential, Business (non-home based), Non-residential and Community Anchors sum.

**Note:** Do not include passings in RDOF awarded areas that were awarded to the co-applicant; these passings should be included in the RDOF Passings Form. Passings included in this application in RDOF awarded areas that were not awarded to the co-applicant, unless successfully challenged, are considered unserved and should be counted as passings in this form.

<sup>1</sup> The total number of structures in the project area that can receive service. See definition of passing below for more detail.

<sup>2</sup> The number of structures in the project area that will not require special construction costs to provide service to. These passings fall within the broadband provider's standard service connection drop length and do not require nonstandard equipment or any additional fees above normal service connection fees required to provide broadband access to a premise.

<sup>3</sup> The number of structures in the project area with all construction costs budgeted in the application. These passings will not require any additional special construction costs beyond those budgeted for in the VATI application.

<sup>4</sup> The number of structures in the project area that do not have access to internet at speeds of at least 25 mbps download and 3 mbps upload.

## **Definitions**

**Passing** – any structure that can receive service. Multi-unit structures may be counted as more than 1 passing, provided individual connections and account are planned at that structure.

**Business** – An organization or entity that provides goods or services in order to generate profit. Businesses based in residential homes can count if they are a registered business (BPOL, LLC, etc.).

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**Non-Residential Passing** – places of worship, federal, state, or local facilities or other potential customers that are neither a residence, business or a community anchor as defined above.

## 2023 Virginia Telecommunication Initiative (VATI) RDOF Passings Form

Type of Passings	Total Number of Passings in the Project Area that lie within Preliminarily Awarded RDOF Areas <sup>1</sup>
Residential	832
Businesses (non-home based)	41
Businesses (home-based)	50
Community Anchors	8
Non-residential	0
<b>Total Number of RDOF Passings</b>	<b>931</b>

**Note:** The Total Number of RDOF Passings **MUST** be equal to the Residential, Business (non-home based), Non-residential and Community Anchors sum.

### Definitions

**Passing** – any structure that can receive service. Multi-unit structures may be counted as more than 1 passing, provided individual connections and account are planned at that structure.

**Business** – An organization or entity that provides goods or services in order to generate profit. Businesses based in residential homes can count if they are a registered business (BPOL, LLC, etc.).

**Community Anchor** - schools, libraries, medical and health care providers, public safety entities, community colleges and other institutions of higher education, and other community support organizations and agencies that provide outreach, access, equipment, and support services to facilitate greater use of broadband service by vulnerable populations, including low-income, unemployed, and the aged.

**Non-Residential Passing** – places of worship, federal, state, or local facilities or other potential customers that are neither a residence, business or a community anchor as defined above.



## VATI FY23 Caroline County Estimated Timeline

Milestone	Begin Date	End Date	Q3			Q4			Q1			Q2			Q3			Q4			Q1			Q2			Q3			Q4			Q1			Q2		
			Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
<div><div></div><div>Milestone 1 - Design &amp; Walkout Phase (Design Received)</div></div>	Date Issued to Walkout	Design Received																																				
Dawn Project Area	Apr 3, 2023	Aug 21, 2023	Dawn Project Area																																			
Woodford/Rt 17 Projects Areas	Apr 17, 2023	Sep 4, 2023	Woodford/Rt 17 Projects Areas																																			
Breezeline RDOF CBG 510330302021 Project Area	Apr 24, 2023	Sep 11, 2023	Breezeline RDOF CBG 510330302021 Project Area																																			
<div><div></div><div>Milestone 2 - Materials Management (Materials Issued to Field)</div></div>	Materials Ordered	Materials Issued to Field																																				
Dawn Project Area	Sep 4, 2023	Jan 22, 2024	Dawn Project Area																																			
Woodford/Rt 17 Projects Areas	Sep 18, 2023	Feb 5, 2024	Woodford/Rt 17 Projects Areas																																			
Breezeline RDOF CBG 510330302021 Project Area	Sep 25, 2023	Feb 12, 2024	Breezeline RDOF CBG 510330302021 Project Area																																			
<div><div></div><div>Milestone 3 - Permitting (Notice to Proceed Issued to Contractor)</div></div>	Begin Permit Application Process	Notice to Proceed Issued to Contractor																																				
Dawn Project Area	Sep 25, 2023	Feb 12, 2024	Dawn Project Area																																			
Woodford/Rt 17 Projects Areas	Oct 9, 2023	Mar 4, 2024	Woodford/Rt 17 Projects Areas																																			
Breezeline RDOF CBG 510330302021 Project Area	Oct 16, 2023	Mar 25, 2024	Breezeline RDOF CBG 510330302021 Project Area																																			
<div><div></div><div>Milestone 4 - Construction (Splicing Complete)</div></div>	Notice to Proceed Issued to Contractor	Splicing Completed																																				
Dawn Project Area	Feb 12, 2024	Jun 16, 2025	Dawn Project Area																																			
Woodford/Rt 17 Projects Areas	Mar 4, 2024	Aug 18, 2025	Woodford/Rt 17 Projects Areas																																			
Breezeline RDOF CBG 510330302021 Project Area	Mar 25, 2024	Oct 6, 2025	Breezeline RDOF CBG 510330302021 Project Area																																			
<div><div></div><div>Milestone 5 - Certification (OTDR / Certification)</div></div>	Splicing Completed	OTDR / Certification																																				
Dawn Project Area	Jun 16, 2025	Jul 7, 2025	Dawn Project Area																																			
Woodford/Rt 17 Projects Areas	Aug 18, 2025	Sep 8, 2025	Woodford/Rt 17 Projects Areas																																			
Breezeline RDOF CBG 510330302021 Project Area	Oct 6, 2025	Oct 27, 2025	Breezeline RDOF CBG 510330302021 Project Area																																			
<div><div></div><div>Milestone 6 - Release for Installs (Construction Complete)</div></div>	OTDR / Certification	Construction Complete																																				
Dawn Project Area	Jul 7, 2025	Aug 4, 2025	Dawn Project Area																																			
Woodford/Rt 17 Projects Areas	Sep 8, 2025	Oct 6, 2025	Woodford/Rt 17 Projects Areas																																			
Breezeline RDOF CBG 510330302021 Project Area	Oct 27, 2025	Dec 1, 2025	Breezeline RDOF CBG 510330302021 Project Area																																			
<div><div></div><div>Milestone 7 - Direct Sales/Installations</div></div>	Installations Begin																																					
Dawn Project Area	Aug 4, 2025		Dawn Project Area																																			
Woodford/Rt 17 Projects Areas	Oct 6, 2025		Woodford/Rt 17 Projects Areas																																			
Breezeline RDOF CBG 510330302021 Project Area	Dec 1, 2025		Breezeline RDOF CBG 510330302021 Project Area																																			
All provided estimated dates are based upon a March 20, 2023 contract execution date with DHCD. Any third party delays will be beyond the control of Breezeline.																																						

## MEMORANDUM OF AGREEMENT

This Memorandum of Agreement sets forth the principal terms with respect to the intent of the county of Caroline within the Commonwealth of Virginia ("**County**") to partner with Cogeco US (Delmar), LLC d/b/a Breezeline ("**Breezeline**"), to provide turnkey expansion, network management and other network-related services with respect to the proposed fiber network for cable video, high speed data, and other telecommunication services (the "**Breezeline Network Expansion**") to be designed and built by Breezeline with the proceeds of a grant jointly applied for by the County and Breezeline subject to the FY2023 Virginia Telecommunication Initiative ("**VATI**") grant managed by Virginia's Department of Housing and Community Development (the "**DHCD**").

### **Proposed Engagement:**

Following receipt of a FY 2023 VATI grant ("**VATI Grant**") and compliance by the County with all applicable grant and legal requirements, the County intends to support Breezeline in its expansion to unserved areas identified in the VATI Grant application for FY2023 ("**2023 Application**"), and to provide the "**Network Expansion Services**" (as further described below). Such engagement may be structured as a public-private engagement and may be made by the County Broadband Authorities or established advisory group through a Board of Supervisors. If no VATI Grant, issued through the DHCD is awarded to the County, then neither party, to this Memorandum of Agreement, and/or to said grant will have any further obligations to the other. In the event that a partial VATI Grant is award to the parties, then the parties shall work together, in good faith, to identify and agree on revisions to the Breezeline Network Expansions and Network Expansion Services. Additionally, in the event that the County unilaterally removes itself from this Memorandum of Agreement and/or the VATI Grant, said County agrees that it shall not receive any of the funding from VATI and shall not be entitled to the benefits of this Memorandum of Agreement and/or the VATI Grant. It is understood and agreed by the parties that at all times relevant Breezeline shall own and control 100% of the cable, fiber, conduit, devices, and other equipment related to and as part of the Breezeline Network Expansion.

### **Network Expansion Services:**

The Network Expansion Services shall include:

Design and construction to all proposed areas submitted in the FY2023 VATI grant that are classified unserved by the counties;

1. Turnkey design and construction plans for the following areas as set forth in the 2023 Application: (i) Universal Broadband Coverage Project Areas (as defined below); and (ii) CBG #510330302021 (as defined below).
2. Breezeline to operate, maintain, repair and perform other network-related services as are necessary or desirable to properly operate and maintain the Breezeline Network Expansion; and
3. Providing such other network-related service and support as the County may reasonably require with respect to the Breezeline Network Expansion and services related thereto.

**County  
Obligations and  
Financial  
Contribution:**

The County's obligations in connection with the Network Services engagement shall include:

1. A commitment of \$1,200.00 per each location passed located in the Universal Broadband Coverage Project Areas as set forth in the 2023 Application (in the interest of clarity, the County shall not be obligated to contribute any additional sum per pass to the CBG locations identified above);
2. Provide Breezeline and its representatives with: (i) reasonable access to any and all County information and personnel required for Breezeline to perform any work necessary for the Breezeline Network Expansion and its related services; and (ii) instruct such personnel to cooperate fully and timely with Breezeline and its representatives.

**Breezeline Financial  
Contribution:**

1. A commitment of approximately 53.81% of the total construction cost "**Universal Broadband Coverage Project Areas**" pursuant to Breezeline's 2023 Application to include the following: (i) Dawn; (ii) Woodford / Route 17; and (iii) Census Block Group ("**CBG**") #510330302021 (attached hereto as Exhibit XX), of which federal grant funding was awarded to Breezeline as part of the Federal Communications Commission auction 904: Rural Digital Opportunity Fund Auction. The County shall not be obligated to contribute any additional sum per pass to the CBG locations identified above.

**Payment and  
Expenses:**

1. Each party shall bear its own expenses in preparing this 2023 Application Memorandum of Agreement and the execution of its relevant obligations therein.

2. As Breezeline shall bear 100% of the upfront design, installation and other costs, associated with the Breezeline Network Expansion, County shall pay its share of its relevant financial contributions by reimbursing Breezeline after its receipt of submitted applicable invoices, within 30 days, for related Breezeline Network Expansion services (in the interest of clarity, the parties hereto understand and agree that Breezeline shall be reimbursed by DHCD via payment from the County upon DHCD's receipt of applicable completed remittance and supporting documentation pursuant to the VATI Grant agreement).

**Governing Law:** The laws of the Commonwealth of Virginia shall govern this Memorandum of Agreement and all disputes between the parties arising with respect to it.

EXECUTED as of August \_\_, 2022.

**Caroline County**

By: \_\_\_\_\_  
[Name/Title]

Address: \_\_\_\_\_

Attn: \_\_\_\_\_

Email: \_\_\_\_\_

**Cogeco US (Delmar), LLC d/b/a Breezeline**

By: \_\_\_\_\_  
[Name/Title]

Address: \_\_\_\_\_

Attn: \_\_\_\_\_

Email: \_\_\_\_\_

# VATI FUNDING SOURCES TABLE

Please fill in the chart below with a description of the project funding source (local, federal, state, private, other), the amount from that source, the percentage of total project funding that source represents, and a description of the current status of the funds (pending, secured, etc.).

SOURCE	AMOUNT	%	STATUS
REQUESTED VATI	\$6,446,000	29.6	Pending
CAROLINE COUNTY MATCH	\$3,574,800	16.4	COMMITTED
CAROLINE COUNTY IN-KIND RR CROSS.	\$58,006.96	0.03	SPENT, SEE ATTACHMENT 19 FOR JUSTIFICATION AND RECEIPTS
BREEZELINE CONTRIBUTION	\$11,672,200	53.7	COMMITTED
	\$		
	\$		
	\$		
<b>TOTAL</b>	<b>\$ 0</b>	<b>0 %</b>	



# Caroline County, Virginia

## Board of Supervisors

Jeffrey S. Black  
Western Caroline District

Clayton T. Forehand  
Madison District

Nancy L. Long  
Port Royal District

Jeffery M. Sili  
Bowling Green District

Floyd W. Thomas  
Mattaponi District

Reginald L. Underwood  
Reedy Church District

Charles M. Culley, Jr.  
County Administrator

Caroline County, VA



June 30, 2022

### COUNTY OF CAROLINE, TO-WIT:

At a meeting of the Caroline County Board of Supervisors on June 14, 2022 at the Community Services Center, Milford, Virginia beginning at the hour of 6:00 p.m.

**PRESENT:** Reginald L. Underwood – Chairman  
Jeffrey S. Black – Vice-Chair  
Clayton T. Forehand  
Nancy L. Long  
Jeffery M. Sili  
Floyd W. Thomas

*Supervisor Thomas moved and Supervisor Long seconded to authorize staff to submit two Fiscal Year 2023 Virginia Telecommunication Initiative (VATI) grant applications to the Virginia Department of Housing & Community Development to provide universal broadband coverage in Caroline County in partnership with the internet service providers Verizon and Breezeline. As part of the applications, the County commits to providing local matching funds in the amount of \$1,024,800 (\$1,200 per passing or 13% of the estimated cost) for the Verizon application (Application #1) and \$3,518,400 (\$1,200 per passing or 16% of the estimated cost) for the Breezeline application (Application #2) for a total of \$4,543,200 in local matching funds.*

<b>Roll Call Vote:</b>	<b>Black</b>	<b>Yea</b>
	<b>Forehand</b>	<b>Yea</b>
	<b>Long</b>	<b>Yea</b>
	<b>Sili</b>	<b>Yea</b>
	<b>Thomas</b>	<b>Yea</b>
	<b>Underwood</b>	<b>Yea</b>

  
Charles M. Culley, Jr.  
Clerk to the Board

*"Committed To Service, Dedicated To The People"*

212 North Main Street, P. O. Box 447, Bowling Green, Virginia 22427

(804)633-5380 – Telephone (804)633-4970 – Fax

[www.co.caroline.va.us](http://www.co.caroline.va.us)

# Caroline County, Virginia

## Board of Supervisors



Jeffrey S. Black  
*Western Caroline District*

Clayton T. Forehand  
*Madison District*

Nancy L. Long  
*Port Royal District*

Jeffery M. Sili  
*Bowling Green District*

Floyd W. Thomas  
*Mattaponi District*

Reginald L. Underwood  
*Reedy Church District*

Charles M. Culley, Jr.  
*County Administrator*

Caroline County, VA



August 18, 2022

### COUNTY OF CAROLINE, TO-WIT:

At a meeting of the Caroline County Board of Supervisors on August 9, 2022 at the Community Services Center, Milford, Virginia beginning at the hour of 6:00 p.m.

**PRESENT:** Reginald L. Underwood – Chairman  
Jeffrey S. Black – Vice-Chair  
Clayton T. Forehand  
Nancy L. Long  
Jeffery M. Sili  
Floyd W. Thomas

*Supervisor Long moved and Supervisor Forehand seconded to approve a supplemental appropriation in the amount of \$56,400 (\$1,200 per passing or 13% of the estimated cost) to cover 47 additional addresses identified in the Breezeline service area located in a pocket near the Comcast service area as part of the FY 2023 VATI grant application approved at the June 14, 2022 meeting. Funds for this purpose will be taken from the FY 2023 Undesignated General Fund Balance.*

<b>Roll Call Vote:</b>	<b>Black</b>	<b>Yea</b>
	<b>Forehand</b>	<b>Yea</b>
	<b>Long</b>	<b>Yea</b>
	<b>Sili</b>	<b>Yea</b>
	<b>Thomas</b>	<b>Yea</b>
	<b>Underwood</b>	<b>Yea</b>

Charles M. Culley, Jr.  
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August 17, 2022

Tamarah Holmes, Ph.D.  
Director, Office of Broadband  
Virginia Department of Housing and Community Development (DHCD)  
600 East Main Street, Suite #300  
Richmond, Virginia 23219

RE: Virginia Telecommunication Initiative ("VATI") Grant Application - Documentation of Match Funding for Breezeline

Dear Dr. Holmes:

On behalf of Cogeco US (Delmar), LLC d/b/a Breezeline, please accept this letter as our commitment to contribute approximately 53.81% of the total construction cost upon a successful award of the 2023 VATI Grant Application with Caroline County.

Pursuant to a fully executed VATI agreement between Breezeline, DHCD, and Caroline County, Breezeline will design, engineer, construct, operate, maintain and own the respective Hybrid-Fiber Coaxial ("HFC") and/or Fiber-To-The-Home ("FTTH") network in the respective service areas.

I am a Duly Authorized Officer of Breezeline and I am authorized to sign on behalf of Breezeline.

Sincerely,

Patrick Bratton  
Chief Financial Officer



**DERIVATION OF COSTS  
CAROLINE COUNTY - BREEZELINE VATI FY23 APPLICATION**




Product	Total	VATI	Non-VATI	Source of Estimate	Date
HARDWARE AND MATERIALS	\$ 5,152,022.24	\$ 1,530,905.61	\$ 3,621,116.63	Breezeline Cost Estimate-Caroline County VATI FY23	8/19/2022
CONSTRUCTION LABOR	\$ 11,941,687.99	\$ 3,548,431.33	\$ 8,393,256.66	Breezeline Cost Estimate-Caroline County VATI FY23	8/19/2022
MISC	\$ 4,599,289.77	\$ 1,366,663.06	\$ 3,232,626.71	Breezeline Cost Estimate-Caroline County VATI FY23	8/19/2022
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
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	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
	\$ -	\$ -	\$ -		
<b>TOTAL OF ALL PROJECTS</b>	<b>\$ 21,693,000.00</b>	<b>\$ 6,446,000.00</b>	<b>\$ 15,247,000.00</b>		




Total Percentage	100.000%
VATI Percentage	29.715%
Non-VATI Percentage (County and Breezeline)	70.285%


VATI Contribution	\$ 6,446,000.00	29.71%
Breezeline Contribution	\$ 11,672,200.00	53.81%
County Contribution	\$ 3,574,800.00	16.48%
<b>Total</b>	<b>\$ 21,693,000.00</b>	<b>100.00%</b>



# VATI FY23 Caroline County Cost Estimates




Project	QTY	Cost	UNIT	Total
<b>TOTAL OF ALL PROJECT AREAS</b>				<b>\$21,693,000.00</b>
 <b>DAWN AREA PROJECT COST (Project 1 of 3)</b>				<b>\$7,937,367.09</b>
 <b>AERIAL HARDWARE</b>				<b>\$763,035.60</b>
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 10"	332	\$3.07	Each	\$1,018.63
BOLT, MACHINE, 5/8" X 12"	1548	\$1.45	Each	\$2,252.40
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 12"	221	\$3.80	Each	\$840.56
BOLT, MACHINE, 5/8" X 14"	774	\$1.60	Each	\$1,237.40
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 14"	221	\$4.85	Each	\$1,072.82
CLAMP, SUSPENSION 3 BOLT STRAIGHT	1770	\$3.46	Each	\$6,122.82
CLAMP, 3-BOLT, CURVE, SUSPENSION	885	\$4.69	Each	\$4,149.71
NUT, SQUARE, 5/8"	5751	\$0.23	Each	\$1,322.78
WASHER, SQUARE, 1/8" X 2", 11/16" I.D.	5751	\$0.23	Each	\$1,322.78
EYELET, THIMBLE FOR 5/8"	442	\$4.15	Each	\$1,835.96
EYENUT, 5/8", THIMBLE	332	\$2.30	Each	\$763.14
ATTACHMENT, GUY, 2X3/16"	885	\$2.36	Each	\$2,088.13
ANCHOR, SCREW, 3/4"X66", 6" HELIX	885	\$20.95	Each	\$18,538.31
GUARD, 8' , YELLOW, GUY	885	\$10.64	Each	\$9,414.27
CLAMP, D, CABLE LASHING	8627	\$0.46	Each	\$3,927.71
CLAMP, K1, PLATED BRONZE, #6-#1/0	1106	\$1.55	Each	\$1,714.30
SPLICE, STRAND, OPEN WIRE, 1/4", CLASS B	221	\$2.95	Each	\$652.54
STRAND, 1/4", DOMESTIC	614936	\$0.18	Per Foot	\$110,688.48
DEADEND, FALSE, 1/4", GALVANIZED, CLASS C COAT	442	\$2.62	Each	\$1,159.09
DEADEND, PREFORMED, 1/4", GALVANIZED	2212	\$1.89	Each	\$4,180.68
WIRE LASHING, 038X302X1600, 6/BOX	885	\$17.77	Each	\$15,722.90
WIRE, GROUND, SOLID COPPER, #6, BARE, DRAWN, 315' SPOOL	38710	\$0.55	Per Foot	\$21,290.50
ROD, GROUND, 5/8" X 8' , COPPER BONDED	1106	\$12.58	Each	\$13,913.21
CLAMP, GROUND ROD, 5/8", UL LISTED	1106	\$1.25	Each	\$1,382.50
CONNECTOR, SPLIT BOLT, #6	4424	\$0.76	Each	\$3,362.24
CLAMP, CABLE, 1 HOLE, 3/4", GALV. STEEL, (100/PK)	11060	\$0.13	Each	\$1,437.80
RISER GUARD, 2X8, GALVANIZED STEEL	885	\$25.22	Each	\$22,314.66
TIE, AERIAL, 16", SUPPORT, WITH SPACER	11502	\$0.42	Each	\$4,831.01
TIE, 15 1/4", CABLE, BLACK, 120#, HEAVY DUTY, 1000)	11060	\$0.12	Each	\$1,327.20
SCREW, LAG, 1/4" X 2", G.P.	8848	\$0.15	Each	\$1,327.20
Fiber Marker	2876	\$1.22	Each	\$3,508.23


Project	QTY	Cost	UNIT	Total
FIBER, 72 CT, DRY, LOOSE TUBE, NON ARMORED	774200	\$0.55	Per Foot	\$425,810.00
TAX/FREIGHT				\$72,505.64
 <b>UNDERGROUND MATERIALS</b>				<b>\$1,097,455.60</b>
FIBER, 72 CT, DRY, LOOSE TUBE, NON ARMORED	334740	\$0.55	Per Foot	\$184,107.00
CONDUIT, 1-1/2", TONEABLE, 1250# TAPE, 13.5, TERRACOTTA	267792	\$0.76	Per foot	\$203,521.92
PEDESTAL, 12X12, LIGHT GREEN, DUAL FIBER BRKT, P-KEY	813	\$196.09	Each	\$159,409.40
VAULT, UNDERGROUND, 24X36X24", POLYMER COVER, 33750# LOAD	335	\$497.29	Each	\$166,462.85
VAULT, FIBER, U/G, 13"x24"x15", POLYMER COVER, T15, BOLT-DOW	96	\$184.70	Each	\$17,664.71
PEDESTAL, NODE, 14X20X34", LIGHT GREEN, P-KEY	48	\$278.10	Each	\$13,298.74
PEDESTAL, TAP, 9X20", RND, GRN, STD SELF LKG, HASP	287	\$52.24	Each	\$14,988.70
U-GUARD, PLASTIC, CABLE, GRAY, 2" X 10'	287	\$31.92	Each	\$9,158.49
SCREW, LAG, 1/4" X 2", G.P.	2295	\$0.15	Each	\$344.30
MARKER, FIBER, 6'	7173	\$28.89	Each	\$207,227.97
ROD, GROUND, 5/8" X 8' , COPPER BONDED	9564	\$12.58	Each	\$120,315.12
CLAMP, GROUND ROD, 5/8", UL LISTED	765	\$1.25	Each	\$956.40
 <b>AERIAL LABOR</b>				<b>\$1,813,176.40</b>
Strand only >301'	362768	\$0.70	Per foot	\$253,937.60
Strand only - Easement	221200	\$0.80	Per foot	\$176,960.00
Lash Fiber	362768	\$1.05	Per strand foot	\$380,906.40
Overlash Fiber (Up to 2)	221200	\$1.15	Per strand foot	\$254,380.00
Overlash Fiber Each Additional	88480	\$0.35	Per strand foot	\$30,968.00
Fiber Splice 1-12	2323	\$28.00	Each	\$65,032.80
Install Fiber Enclosure	2323	\$145.00	Each	\$336,777.00
Mid Entry Fiber Splice (Includes 1 buffer tube split)	1659	\$45.00	Each	\$74,655.00
SPLIT BUFFER TUBE - Additinal After the 1st	1659	\$35.00	Each	\$58,065.00
Placement of 1x4 or 1x8 splitters	553	\$50.00	Each	\$27,650.00
Install Risor Guard on Pole	1327	\$30.00	Per Pole	\$39,816.00
Install or Remove Screw Anchor	885	\$65.00	Each	\$57,512.00
Install Down Guy and Guard	885	\$15.75	Each	\$13,935.60
Tree Trimming with Prior Approval	33180	\$0.55	Per Strand Foot	\$18,249.00
Fiber Splicer Straight	221	\$85.00	Per Hour	\$18,802.00
Fiber Splicer Assistant Straight Time (Prior Approval)	221	\$25.00	Per Hour	\$5,530.00
 <b>UNDERGROUND LABOR</b>				<b>\$2,476,358.70</b>
Trenching >36" depth when required	156850	\$6.50	Per trench foot	\$1,019,522.40



Project	QTY	Cost	UNIT	Total
Plowing 36"	95640	\$5.50	Per trench foot	\$526,020.00
Pull Cable, Fiber or Inner Duct in Empty Conduit	252490	\$0.80	Per trench foot	\$201,991.68
Pull Cable, Fiber or Inner Duct in Empty Conduit Each Add'l	95640	\$0.25	Per trench foot	\$23,910.00
Overlash Fiber Each Additional	38256	\$0.35	Per strand foot	\$13,389.60
Mid Entry Fiber Splice (Includes 1 buffer tube split)	717	\$45.00	Each	\$32,278.50
Placement of 1x4 or 1x8 splitters	239	\$50.00	Each	\$11,955.00
FAP New Mid-Entry (All Inclusive)	1004	\$485.00	Each	\$487,046.70
Install Risor Guard on Pole	574	\$30.00	Per Pole	\$17,215.20
Install or Remove Screw Anchor	383	\$65.00	Each	\$24,866.40
Install Down Guy and Guard	383	\$15.75	Each	\$6,025.32
VAULT up to 30x30x36 (includes rock in base)	191	\$160.00	Each	\$30,604.80
Ped Install Amp/ LE	1004	\$45.00	Each	\$45,189.90
Ped Install Fiber Node	143	\$125.00	Each	\$17,932.50
Tree Trimming with Prior Approval	14346	\$0.55	Per Strand Foot	\$7,890.30
Fiber Splicer Straight	96	\$85.00	Per Hour	\$8,129.40
Fiber Splicer Assistant Straight Time (Prior Approval)	96	\$25.00	Per Hour	\$2,391.00
 MISC				<b>\$1,787,340.79</b>
VDOT				\$84,163.20
Walkout and design				\$174,262.00
Flagging and signs				\$192,400.00
Make ready and Pole Permits				\$330,694.00
Crash truck				\$77,000.00
Field Calix E32	10	\$7,941.86		\$79,418.60
Clearfield YourX Enclsure Loaded	951	\$143.00		\$135,924.36
Clearfield NPT Loaded	2218	\$222.64		\$493,788.80
Clearfield per connectorized 1500 fiber pig tail	110	\$201.00		\$22,110.00
Power supply XM3 with 3 Battery Cabinet	10	\$3,500.00		\$35,000.00
D size Fiber Enclosure	90	\$351.00		\$31,590.00
B size Fiber Enclosure	100	\$190.00		\$19,000.00
GPON Headend Equipment Including E72-DC Power				\$111,989.83
 WOODFORD/RT 17 PROJECT COST (Project 2 of 3)				<b>\$5,308,165.98</b>
 AERIAL HARDWARE				<b>\$503,631.07</b>


Project	QTY	Cost	UNIT	Total
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 10"	219	\$3.07	Each	\$672.33
BOLT, MACHINE, 5/8" X 12"	1022	\$1.45	Each	\$1,486.66
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 12"	146	\$3.80	Each	\$554.80
BOLT, MACHINE, 5/8" X 14"	511	\$1.60	Each	\$816.73
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 14"	146	\$4.85	Each	\$708.10
CLAMP, SUSPENSION 3 BOLT STRAIGHT	1168	\$3.46	Each	\$4,041.28
CLAMP, 3-BOLT, CURVE, SUSPENSION	584	\$4.69	Each	\$2,738.96
NUT, SQUARE, 5/8"	3796	\$0.23	Each	\$873.08
WASHER, SQUARE, 1/8" X 2", 11/16" I.D.	3796	\$0.23	Each	\$873.08
EYELET, THIMBLE FOR 5/8"	292	\$4.15	Each	\$1,211.80
EYENUT, 5/8", THIMBLE	219	\$2.30	Each	\$503.70
ATTACHMENT, GUY, 2X3/16"	584	\$2.36	Each	\$1,378.24
ANCHOR, SCREW, 3/4"X66", 6" HELIX	584	\$20.95	Each	\$12,235.95
GUARD, 8' , YELLOW, GUY	584	\$10.64	Each	\$6,213.76
CLAMP, D, CABLE LASHING	5694	\$0.46	Each	\$2,592.43
CLAMP, K1, PLATED BRONZE, #6-#1/0	730	\$1.55	Each	\$1,131.50
SPLICE, STRAND, OPEN WIRE, 1/4", CLASS B	146	\$2.95	Each	\$430.70
STRAND, 1/4", DOMESTIC	405880	\$0.18	Per Foot	\$73,058.40
DEADEND, FALSE, 1/4", GALVANIZED, CLASS C COAT	292	\$2.62	Each	\$765.04
DEADEND, PREFORMED, 1/4", GALVANIZED	1460	\$1.89	Each	\$2,759.40
WIRE LASHING, 038X302X1600, 6/BOX	584	\$17.77	Each	\$10,377.68
WIRE, GROUND, SOLID COPPER, #6, BARE, DRAWN, 315' SPOOL	25550	\$0.55	Per Foot	\$14,052.50
ROD, GROUND, 5/8" X 8' , COPPER BONDED	730	\$12.58	Each	\$9,183.22
CLAMP, GROUND ROD, 5/8", UL LISTED	730	\$1.25	Each	\$912.50
CONNECTOR, SPLIT BOLT, #6	2920	\$0.76	Each	\$2,219.20
CLAMP, CABLE, 1 HOLE, 3/4", GALV. STEEL, (100/PK)	7300	\$0.13	Each	\$949.00
RISER GUARD, 2X8, GALVANIZED STEEL	584	\$25.22	Each	\$14,728.48
TIE, AERIAL, 16", SUPPORT, WITH SPACER	7592	\$0.42	Each	\$3,188.64
TIE, 15 1/4", CABLE, BLACK, 120#, HEAVY DUTY, 1000)	7300	\$0.12	Each	\$876.00
SCREW, LAG, 1/4" X 2", G.P.	5840	\$0.15	Each	\$876.00
Fiber Marker	1898	\$1.22	Each	\$2,315.56
FIBER, 72 CT, DRY, LOOSE TUBE, NON ARMORED	511000	\$0.55	Per Foot	\$281,050.00
TAX/FREIGHT				\$47,856.35
 UNDERGROUND MATERIALS				<b>\$734,391.04</b>
FIBER, 72 CT, DRY, LOOSE TUBE, NON ARMORED	224000	\$0.55	Per Foot	\$123,200.00
CONDUIT, 1-1/2", TONEABLE, 1250# TAPE, 13.5, TERRACOTTA	179200	\$0.76	Per foot	\$136,192.00

Project	QTY	Cost	UNIT	Total
PEDESTAL, 12X12, LIGHT GREEN, DUAL FIBER BRKT, P-KEY	544	\$196.09	Each	\$106,672.96
VAULT, UNDERGROUND, 24X36X24", POLYMER COVER, 33750# LOAD	224	\$497.29	Each	\$111,392.96
VAULT, FIBER, U/G, 13"x24"x15", POLYMER COVER, T15, BOLT-DOW	64	\$184.70	Each	\$11,820.80
PEDESTAL, NODE, 14X20X34", LIGHT GREEN, P-KEY	32	\$278.10	Each	\$8,899.20
PEDESTAL, TAP, 9X20", RND, GRN, STD SELF LKG, HASP	192	\$52.24	Each	\$10,030.08
U-GUARD, PLASTIC, CABLE, GRAY, 2" X 10'	192	\$31.92	Each	\$6,128.64
SCREW, LAG, 1/4" X 2", G.P.	1536	\$0.15	Each	\$230.40
MARKER, FIBER, 6'	4800	\$28.89	Each	\$138,672.00
ROD, GROUND, 5/8" X 8' , COPPER BONDED	6400	\$12.58	Each	\$80,512.00
CLAMP, GROUND ROD, 5/8", UL LISTED	512	\$1.25	Each	\$640.00
 <b>AERIAL LABOR</b>				<b>\$1,311,737.00</b>
Strand only >301'	239440	\$0.70	Per foot	\$167,608.00
Strand only - Easement	146000	\$0.80	Per foot	\$116,800.00
Lash Fiber	239440	\$1.05	Per strand foot	\$251,412.00
Overlash Fiber (Up to 2)	146000	\$1.15	Per strand foot	\$167,900.00
Overlash Fiber Each Additional	58400	\$0.35	Per strand foot	\$20,440.00
Fiber Splice 1-12	1533	\$28.00	Each	\$42,924.00
Install Fiber Enclosure	1533	\$145.00	Each	\$222,285.00
Mid Entry Fiber Splice (Includes 1 buffer tube split)	1095	\$45.00	Each	\$164,250.00
SPLIT BUFFER TUBE - Additinal After the 1st	1095	\$35.00	Each	\$38,325.00
Placement of 1x4 or 1x8 splitters	365	\$50.00	Each	\$18,250.00
Install Risor Guard on Pole	876	\$30.00	Per Pole	\$26,280.00
Install or Remove Screw Anchor	584	\$65.00	Each	\$37,960.00
Install Down Guy and Guard	584	\$15.75	Each	\$9,198.00
Tree Trimming with Prior Approval	21900	\$0.55	Per Strand Foot	\$12,045.00
Fiber Splicer Straight	146	\$85.00	Per Hour	\$12,410.00
Fiber Splicer Assistant Straight Time (Prior Approval)	146	\$25.00	Per Hour	\$3,650.00
 <b>UNDERGROUND LABOR</b>				<b>\$1,605,335.00</b>
Trenching >36" depth when required	101680	\$6.50	Per trench foot	\$660,920.00
Plowing 36"	62000	\$5.50	Per trench foot	\$341,000.00
Pull Cable, Fiber or Inner Duct in Empty Conduit	163680	\$0.80	Per trench foot	\$130,944.00
Pull Cable, Fiber or Inner Duct in Empty Conduit Each Add'l	62000	\$0.25	Per trench foot	\$15,500.00
Overlash Fiber Each Additional	24800	\$0.35	Per strand foot	\$8,680.00
Mid Entry Fiber Splice (Includes 1 buffer tube split)	465	\$45.00	Each	\$20,925.00
Placement of 1x4 or 1x8 splitters	155	\$50.00	Each	\$7,750.00

Project	QTY	Cost	UNIT	Total
FAP New Mid-Entry (All Inclusive)	651	\$485.00	Each	\$315,735.00
Install Risor Guard on Pole	372	\$30.00	Per Pole	\$11,160.00
Install or Remove Screw Anchor	248	\$65.00	Each	\$16,120.00
Install Down Guy and Guard	248	\$15.75	Each	\$3,906.00
VAULT up to 30x30x36 (includes rock in base)	124	\$160.00	Each	\$19,840.00
Ped Install Amp/ LE	651	\$45.00	Each	\$29,295.00
Ped Install Fiber Node	93	\$125.00	Each	\$11,625.00
Tree Trimming with Prior Approval	9300	\$0.55	Per Strand Foot	\$5,115.00
Fiber Splicer Straight	62	\$85.00	Per Hour	\$5,270.00
Fiber Splicer Assistant Straight Time (Prior Approval)	62	\$25.00	Per Hour	\$1,550.00
 MISC				<b>\$1,153,071.87</b>
VDOT				\$54,560.00
Walkout and Design				\$115,885.00
Flagging and Signs				\$123,500.00
Make ready and Pole Permits				\$218,270.00
Crash truck				\$79,100.00
Field Calix E32	11	\$7,941.86		\$87,360.46
Clearfield YourX Enclsure Loaded	186	\$143.00		\$26,598.00
Clearfield NPT Loaded	1013	\$222.64		\$225,543.23
Clearfield per connectorized 1500 fiber pig tail	105	\$201.00		\$21,175.35
Power supply XM3 with 3 Battery Cabinet	11	\$3,500.00		\$38,500.00
D size Fiber Enclosure	90	\$351.00		\$31,590.00
B size Fiber Enclosure	100	\$190.00		\$19,000.00
GPON Headend Equipment-Including E72-DC Power				\$111,989.83
 BREEZELINE RDOF CBG 510330302021 Project Area (Project 3 of 3)				<b>\$8,447,466.93</b>
 AERIAL HARDWARE				<b>\$846,583.16</b>
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 10"	368	\$3.07	Each	\$1,130.16
BOLT, MACHINE, 5/8" X 12"	1718	\$1.45	Each	\$2,499.02
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 12"	245	\$3.80	Each	\$932.60
BOLT, MACHINE, 5/8" X 14"	859	\$1.60	Each	\$1,372.88
BOLT, STRAIGHT, THIMBLE EYE, 5/8" X 14"	245	\$4.85	Each	\$1,190.29
CLAMP, SUSPENSION 3 BOLT STRAIGHT	1963	\$3.46	Each	\$6,793.23
CLAMP, 3-BOLT, CURVE, SUSPENSION	982	\$4.69	Each	\$4,604.08

Project	QTY	Cost	UNIT	Total
NUT, SQUARE, 5/8"	6381	\$0.23	Each	\$1,467.61
WASHER, SQUARE, 1/8" X 2", 11/16" I.D.	6381	\$0.23	Each	\$1,467.61
EYELET, THIMBLE FOR 5/8"	491	\$4.15	Each	\$2,036.99
EYENUT, 5/8", THIMBLE	368	\$2.30	Each	\$846.70
ATTACHMENT, GUY, 2X3/16"	982	\$2.36	Each	\$2,316.76
ANCHOR, SCREW, 3/4"X66", 6" HELIX	982	\$20.95	Each	\$20,568.13
GUARD, 8' , YELLOW, GUY	982	\$10.64	Each	\$10,445.08
CLAMP, D, CABLE LASHING	9571	\$0.46	Each	\$4,357.77
CLAMP, K1, PLATED BRONZE, #6-#1/0	1227	\$1.55	Each	\$1,902.01
SPLICE, STRAND, OPEN WIRE, 1/4", CLASS B	245	\$2.95	Each	\$723.99
STRAND, 1/4", DOMESTIC	682268	\$0.18	Per Foot	\$122,808.17
DEADEND, FALSE, 1/4", GALVANIZED, CLASS C COAT	491	\$2.62	Each	\$1,286.00
DEADEND, PREFORMED, 1/4", GALVANIZED	2454	\$1.89	Each	\$4,638.44
WIRE LASHING, 038X302X1600, 6/BOX	982	\$17.77	Each	\$17,444.45
WIRE, GROUND, SOLID COPPER, #6, BARE, DRAWN, 315' SPOOL	42949	\$0.55	Per Foot	\$23,621.68
ROD, GROUND, 5/8" X 8' , COPPER BONDED	1227	\$12.58	Each	\$15,436.62
CLAMP, GROUND ROD, 5/8", UL LISTED	1227	\$1.25	Each	\$1,533.88
CONNECTOR, SPLIT BOLT, #6	4908	\$0.76	Each	\$3,730.38
CLAMP, CABLE, 1 HOLE, 3/4", GALV. STEEL, (100/PK)	12271	\$0.13	Each	\$1,595.23
RISER GUARD, 2X8, GALVANIZED STEEL	982	\$25.22	Each	\$24,757.97
TIE, AERIAL, 16", SUPPORT, WITH SPACER	12762	\$0.42	Each	\$5,359.97
TIE, 15 1/4", CABLE, BLACK, 120#, HEAVY DUTY, 1000)	12271	\$0.12	Each	\$1,472.52
SCREW, LAG, 1/4" X 2", G.P.	9817	\$0.15	Each	\$1,472.52
Fiber Marker	3190	\$1.22	Each	\$3,892.36
FIBER, 72 CT, DRY, LOOSE TUBE, NON ARMORED	858970	\$0.55	Per Foot	\$472,433.50
TAX/FREIGHT				\$80,444.56
 UNDERGROUND MATERIALS				<b>\$1,206,925.77</b>
FIBER, 72 CT, DRY, LOOSE TUBE, NON ARMORED	368130	\$0.55	Per Foot	\$202,471.50
CONDUIT, 1-1/2", TONEABLE, 1250# TAPE, 13.5, TERRACOTTA	294504	\$0.76	Per foot	\$223,823.04
PEDESTAL, 12X12, LIGHT GREEN, DUAL FIBER BRKT, P-KEY	894	\$196.09	Each	\$175,310.34
VAULT, UNDERGROUND, 24X36X24", POLYMER COVER, 33750# LOAD	368	\$497.29	Each	\$183,067.37
VAULT, FIBER, U/G, 13"x24"x15", POLYMER COVER, T15, BOLT-DOW	105	\$184.70	Each	\$19,426.75
PEDESTAL, NODE, 14X20X34", LIGHT GREEN, P-KEY	53	\$278.10	Each	\$14,625.28
PEDESTAL, TAP, 9X20", RND, GRN, STD SELF LKG, HASP	316	\$52.24	Each	\$16,483.81
U-GUARD, PLASTIC, CABLE, GRAY, 2" X 10'	316	\$31.92	Each	\$10,072.04
SCREW, LAG, 1/4" X 2", G.P.	2524	\$0.15	Each	\$378.65

Project	QTY	Cost	UNIT	Total
MARKER, FIBER, 6'	7889	\$28.89	Each	\$227,898.77
ROD, GROUND, 5/8" X 8' , COPPER BONDED	10518	\$12.58	Each	\$132,316.44
CLAMP, GROUND ROD, 5/8", UL LISTED	841	\$1.25	Each	\$1,051.80
 <b>AERIAL LABOR</b>				<b>\$2,011,707.74</b>
Strand only >301'	402489	\$0.70	Per foot	\$281,742.16
Strand only - Easement	245420	\$0.80	Per foot	\$196,336.00
Lash Fiber	402489	\$1.05	Per strand foot	\$422,613.24
Overlash Fiber (Up to 2)	245420	\$1.15	Per strand foot	\$282,233.00
Overlash Fiber Each Additional	98168	\$0.35	Per strand foot	\$34,358.80
Fiber Splice 1-12	2577	\$28.00	Each	\$72,153.48
Install Fiber Enclosure	2577	\$145.00	Each	\$373,651.95
Mid Entry Fiber Splice (Includes 1 buffer tube split)	1841	\$45.00	Each	\$82,829.25
SPLIT BUFFER TUBE - Additinal After the 1st	1841	\$35.00	Each	\$64,422.75
Placement of 1x4 or 1x8 splitters	614	\$50.00	Each	\$30,677.50
Install Risor Guard on Pole	1473	\$30.00	Per Pole	\$44,175.60
Install or Remove Screw Anchor	982	\$65.00	Each	\$63,809.20
Install Down Guy and Guard	982	\$15.75	Each	\$15,461.46
Tree Trimming with Prior Approval	36813	\$0.55	Per Strand Foot	\$20,247.15
Fiber Splicer Straight	245	\$85.00	Per Hour	\$20,860.70
Fiber Splicer Assistant Straight Time (Prior Approval)	245	\$25.00	Per Hour	\$6,135.50
 <b>UNDERGROUND LABOR</b>				<b>\$2,723,373.15</b>
Trenching >36" depth when required	172495	\$6.50	Per trench foot	\$1,121,218.80
Plowing 36"	105180	\$5.50	Per trench foot	\$578,490.00
Pull Cable, Fiber or Inner Duct in Empty Conduit	277675	\$0.80	Per trench foot	\$222,140.16
Pull Cable, Fiber or Inner Duct in Empty Conduit Each Add'l	105180	\$0.25	Per trench foot	\$26,295.00
Overlash Fiber Each Additional	42072	\$0.35	Per strand foot	\$14,725.20
Mid Entry Fiber Splice (Includes 1 buffer tube split)	789	\$45.00	Each	\$35,498.25
Placement of 1x4 or 1x8 splitters	263	\$50.00	Each	\$13,147.50
FAP New Mid-Entry (All Inclusive)	1104	\$485.00	Each	\$535,629.15
Install Risor Guard on Pole	631	\$30.00	Per Pole	\$18,932.40
Install or Remove Screw Anchor	421	\$65.00	Each	\$27,346.80
Install Down Guy and Guard	421	\$15.75	Each	\$6,626.34
VAULT up to 30x30x36 (includes rock in base)	210	\$160.00	Each	\$33,657.60
Ped Install Amp/ LE	1104	\$45.00	Each	\$49,697.55
Ped Install Fiber Node	158	\$125.00	Each	\$19,721.25

Project	QTY	Cost	UNIT	Total
Tree Trimming with Prior Approval	15777	\$0.55	Per Strand Foot	\$8,677.35
Fiber Splicer Straight	105	\$85.00	Per Hour	\$8,940.30
Fiber Splicer Assistant Straight Time (Prior Approval)	105	\$25.00	Per Hour	\$2,629.50
 MISC				<b>\$1,658,877.11</b>
VDOT				\$92,558.40
Walkout and design				\$192,830.00
Flagging and signs				\$159,523.00
Make ready and Pole Permits				\$366,902.90
Crash truck				\$98,000.00
Field Calix E32	10	\$7,941.86		\$79,418.60
Clearfield YourX Enclure Loaded	316	\$143.00		\$45,122.22
Clearfield NPT Loaded	1718	\$222.64		\$382,482.16
Clearfield per connectorized 1500 fiber pig tail	150	\$201.00		\$30,150.00
Power supply XM3 with 3 Battery Cabinet	12	\$3,500.00		\$42,000.00
D size Fiber Enclosure	100	\$351.00		\$35,100.00
B size Fiber Enclosure	120	\$190.00		\$22,800.00
GPON Headend Equipment-Including E72-DC Power				\$111,989.83

August 19, 2022

Tamarah Holmes, Ph. D.  
Director, Office of Housing & Community Development  
600 East Main Street, Suite 300  
Richmond, VA 23219

Dear Dr. Holmes:

I am writing in support of the regional Virginia Telecommunications Initiative (VATI) grant application. As President of Caroline County Farm Bureau and a full-time farmer, I have come to realize the importance of broadband in agriculture and firsthand on my farm. Large portions of Caroline County lack access to broadband putting many farmers at a competitive disadvantage, not to mention making our job more difficult and preventing access to the newest technology. There is a big push for precision ag, which would allow operations to for example, monitor crops closely for pests and weeds and apply water only as needed in irrigation. Providing improved surveillance and security of farms and equipment would be achieved. Also, many pieces of farm equipment can upload GPS data to websites, for example, to monitor planting and chemical application to fields. All of this improves with improved Broadband. The VATI grant eases the financial burden of extending broadband service to rural areas such as mine. Your consideration of our application is appreciated.

Sincerely,



Lynwood Broaddus, President  
Caroline County Farm Bureau

August 16, 2022

Tamarah Holmes Ph.D.  
Director, Office of Broadband  
600 East Man St. Suite 300  
Richmond, VA 23219

RE: VATI 2023 Grant Caroline County

Dear Dr. Holmes:

I am writing in reference to the grant applications submitted by Caroline County for the VATI 2023 grant cycle. As we all know, broadband is now a necessity, not a luxury. The last few years have made it clear that citizens need access to the internet now more than ever. I wish to express support for the applications from Caroline County as well as the County's efforts to provide universal coverage to all of its residents.

The George Washington Regional Commission (GWRC) serves Virginia Planning District 16, which includes the City of Fredericksburg and Caroline, King George, Spotsylvania, and Stafford Counties. Our mission is to coordinate planning to ensure economic competitiveness, reduce redundancy in government, improve efficiency, enhance services, and improve implementation time of regional projects. One important duty of the Virginia Planning District Commissions is to create strategic plans for their regions of service. GWRC's current strategic plan identifies promoting rural broadband internet solutions as a major need and priority within the region.

I acknowledge and appreciate the time and effort that Caroline County's leaders have devoted throughout the years to develop a plan to reach the entire county with broadband infrastructure. Caroline County and its citizens will greatly benefit from the broadband expansion outlined in the grant applications. Access to VATI grant funds will make it possible for Caroline citizens to conduct business and access educational, telemedicine, and economic development opportunities in a quickly changing environment.

With both Verizon and Breezeline as its partners, Caroline has devised an efficient and effective way to expand broadband access to over 4,700 homes that currently do not have an internet connection available, finally bringing an available broadband internet connection to everyone within the county. Without assistance from VATI funding, Caroline County will not be able to complete this project for many years to come.

The efforts of Caroline County in pursuit of achieving universal broadband coverage for all of its residents will further the goals of GWRC's strategic plan and be of great benefit to our region.

Sincerely,



Charles P. (Chip) Boyles, II  
Executive Director



**On Site P.C.  
Serving Caroline County  
Since 1998**

David Sadler  
Owner  
17486 Center Dr. Suite 1D  
Ruther Glen, VA 22546

August 11, 2022

Tamarah Holmes Ph.D.  
Director, Office of Broadband  
600 East Man St. Suite 300  
Richmond, VA 23219

I am writing this letter in support of the initiative to deliver broadband at every location in Caroline County. As a small business owner of an Information Technology company in Caroline since 1998, I have personally experienced the challenges business face when fast reliable internet is not available. As the owner of On-Site P.C. I serve both residential and business customers as their IT service partner. Over the past 24 years I have assisted businesses from large agriculture operations, to the small home-based business customers with their IT needs. Unfortunately, due to limitation of broadband availability I have seen small business fail, and larger companies relocate business offices to areas that have broadband sometimes outside our county.

In 1998 when my IT journey began, broadband was a luxury and only larger companies could afford the cost of T1 lines that were considered "as fast as anyone would ever need". The first change that I observed was Websites popped up for nearly every business. As the content on these sites developed, it became obvious that speeds offered even by the T1 lines could not support rich web content. Cable companies expanded into highly populated areas in the County. While many people outside these areas could not understand why they couldn't get high speed internet, as a business owner, I knew that the numbers had to make sense. Companies could not expand in sparsely populated areas because the sheer number of customers could not pay for the cost of expansion. Companies must be profitable or they will not survive. I also realized that technologies such as DSL was limited by the technology used to deliver the internet and was tied to a strict distance limitation. This meant that locations more than

18,000 feet from the central office of the phone company were unable to be served. This was not a decision by the provider but was limitation of technology which left rural customers unserved.

Much of my 24 years in business has been spent working with customers in, or beyond that famous last mile and finding how to get internet where no company would dare serve. I have supported customers as companies attempted to deliver private wireless internet to customers. Again, limited by technology the coverage was spotty, sometimes slow, and often unreliable. Over the years I have seen new startup companies come and go often leaving equipment and filing for bankruptcy while leaving their customers once again without connection to the internet.

At one time it was thought that Cellular data would be the answer. Most of our county has cell phone coverage from one of a handful of providers. Again, as this solution became more widely adopted we saw cell towers become overloaded and service grind down to painfully slow speeds, sometimes providing no more speed than a dialup modem. Some customers that I have served over the years have even buried their own private fiber to extend service offered by Cable providers. No matter what the solution, the fact remains that the need exists.

With Covid my business saw changes just like everyone else. Customer were known to pull old laptops that had been stored away for years out of storage, so that they could exist in a rapidly changing world. Sometimes we could breathe life into dinosaurs only to find that sufficient internet did not exist to allow them to complete necessary tasks. Often times, I have informed my customers that a new computer will not be faster than the slow internet connection they are tied to. Students needed internet access, patients needed telemedicine, and workers needed to work from home due to the workplace being shut down. Now that the world has changed the way it works, these needs will never disappear. While Covid restrictions have eased somewhat, I still face on a day to day basis the same challenges on a different scale. Many work places are staying with the work from home model. This often forces the residents of my county, and my customers to make a difficult decision, move to the internet or give up their jobs. This is a decision than no one wants to make.

I have monitored and evaluated new technology that promised to be the final answer. Geo-synchronous satellite providers cannot deliver services of VoIP phones, VPN's or internet-based video conferencing, technologies used to overcome everyday challenges. Perhaps newer satellite technology may someday be the answer but as of today speeds are too inconsistent, and coverage too limited, to make this a viable solution for many.

I have extended wirelessly an existing internet connection for over 15 miles to serve a library that was operating 20 computers over a single T1 line. This internet connection could not provide enough bandwidth to allow those in need of shared computers to complete daily tasks. Innovations can often help ease the pain on a temporary basis but the need for a permanent, scalable solution still exists. With the advent of Microsoft windows 10, The need for reliable internet becomes a requirement. The constant feature and security updates released require a 24 X 7 internet connection in order to operate properly and securely. My customers who do not have a quality broadband connection are forced to have all equipment constantly serviced to maintain proper operation. In an attempt to overcome this challenge for my customers, I allow them to share my connection in the parking lot of my business to update computers, attend internet-based meetings and yes, sometimes even work at their jobs. We have all heard the saying internet is no longer a luxury but a necessity. I have seen this first hand and the need for internet continues to grow. I face on a daily basis, customers desperate to find a solution and those that give up because the limited solutions are just too costly. I look forward to the

day, in the not too distant future that everyone will have an affordable, reliable solution to not only surf the internet, but also the ability to conduct the business of day to day life.

I would like to pledge my full support for these two projects that would achieve universal coverage of my county. Coupled with assistance programs offered by the Federal Government, perhaps we can solve the issue of equity in internet availability once and for all.

Sincerely

A handwritten signature in black ink, appearing to read "David M. Sadler". The signature is fluid and cursive, with a long horizontal stroke at the end.

David M. Sadler  
Owner



# CAROLINE COUNTY SCHOOL BOARD

George L. Spaulding, Jr.  
Bowling Green

Nancy G. Carson  
Mattaponi

JoWanda Rollins-Fells, Ph.D.  
Reedy Church

Shawn M. Kelley  
Madison

Calvin B. Taylor, Sr.  
Port Royal

John I. Copeland  
Western Caroline

---

**Sarah Calveric, Ph.D.**  
**Superintendent**

**16261 Richmond Turnpike**  
**Bowling Green, VA 22427**

**Office (804) 633-5088**  
**Fax (804) 633-5563**

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August 10, 2022

Tamarah Holmes Ph.D.  
Director, Office of Broadband  
600 East Man St. Suite 300  
Richmond, VA 23219

Dear Dr. Holmes,

I am writing in reference to the grant applications submitted by Caroline County for the VATI 2023 grant cycle. As we all know, broadband is now a necessity, not a luxury. With the ongoing threat of the COVID-19 pandemic that caused a disruption to our daily lives, it is clear that citizens need access to the internet now more than ever. I am proud to support the applications from Caroline County and support the County's effort to provide universal coverage to all of its residents.

I acknowledge and appreciate the time and effort that Caroline County's leaders have devoted throughout the years to develop a plan to reach the entire county with broadband infrastructure in an effort to bridge the digital divide. Caroline County and its citizens will greatly benefit from the broadband expansion outlined in the grant applications. Access to VATI grant funds will make it possible for Caroline citizens to conduct business and access educational, telemedicine and economic development opportunities in a quickly changing environment.

With both Comcast and Atlantic Broadband as its partners, Caroline has devised an efficient and effective way to expand broadband access to over 4,500 homes that currently do not have an internet connection available. This is a well-planned application to finally bring an available broadband internet connection to everyone within the county. At times, our rural families have been overlooked. Without assistance from VATI funding, Caroline County will not be able to complete this project for many years to come.

I wholeheartedly endorse the Caroline County VATI grant applications and offer my enthusiastic support.

Respectfully,

Dr. Sarah Calveric  
Superintendent of Caroline County Public Schools

*Explore Today, Impact Tomorrow*



COMMONWEALTH OF VIRGINIA  
HOUSE OF DELEGATES  
RICHMOND

ROBERT D. "BOBBY" ORROCK  
POST OFFICE BOX 458  
THORNBURG, VIRGINIA 22565

FIFTY-FOURTH DISTRICT

August 12, 2022

COMMITTEE ASSIGNMENTS:  
HEALTH, WELFARE AND  
INSTITUTIONS (CHAIRMAN)  
FINANCE  
AGRICULTURE, CHESAPEAKE AND  
NATURAL RESOURCES  
RULES

Tamarah Holmes, Ph.D.  
Director, Office of Broadband  
Department of Housing & Community Development  
600 East Main Street, Suite 300  
Richmond, VA 23219

Dear Dr. Holmes,

I am once again requesting you approve Caroline County's applications for a VATI grant for FY 2023 to expand broadband service in our large county with increasing population. The residents of Caroline, like the rest of the state, were forced to use the internet more than ever during the Covid pandemic, and that need continues today. Many county residents are disadvantaged in work, school, telemedicine and other fields due to the persisting lack of broadband availability.

You probably know that Caroline is part of the George Washington Regional Commission (along with Fredericksburg, Spotsylvania, and King George.). The Commission's current strategic plan identifies promoting rural broadband internet solutions as a major priority for our region. To accomplish that important goal, our county leaders devised an efficient plan to expand broadband access to over 4,700 homes with Verizon and Breezeline as partners, as seen in the application. But this project requires VATI funding to complete this critical task in a timely fashion.

For these reasons, I ask you support Caroline County's grant applications.

Sincerely,

Robert D. "Bobby" Orrock, Sr.

RDO/dp



August 19, 2023

Tamarah Holmes, Ph. D.  
Director, Office of Broadband  
Department of Housing & Community Development  
600 East Main Street, Suite 300  
Richmond, VA 23219

Dear Dr. Holmes,

Caroline County is part of a regional FY 2023 Virginia Telecommunications Initiative (VATI) grant application in partnership with Verizon and Breezeline. Like many largely rural counties throughout the Commonwealth, significant portions of Caroline lack access to broadband. State initiatives such as VATI grants ease the financial burden associated with extending broadband service to sparsely populated areas and are often the make or break factor in determining whether such projects are feasible to rural localities. Our citizens, no less than anyone, deserve this service.

The proposed project will offer broadband service to all homes and businesses in Caroline that currently lack access. Many years ago, I worked up the corporate calling ladder to the president of Verizon to ask why Caroline citizens could not have broadband when there was profit to be made while providing a critical public service. His answer, like everyone below him (they were consistent), was that providing that service, "was not profitable enough". Businesses have rights, but those rights sometimes do not promote fairness and equity in access to critical services. Thanks to VATI grants, we have a chance to overcome the impact of not being profitable enough.

Caroline County, Verizon, and Breezeline have pledged significant matching funds to the project to demonstrate a strong financial commitment to making this a successful grant application.

For these reasons, I believe the project would make excellent use of the VATI grant program, and I am pleased to offer my enthusiastic support for the grant application.

Sincerely,

*Gary R. Wilson*

Gary R. Wilson  
Director, Caroline County  
Department of Economic Development

**RESOLUTION NO. 2022-0001**  
**SETTING FORTH SUPPORT WITH CAROLINE COUNTY BOARD OF SUPERVISOR TO INCREASE FULL**  
**BROADBAND ACCESS THROUGHOUT CAROLINE COUNTY**

**WHEREAS**, closing the digital divide is important and provides long-term community benefits that include the ability to fully engage in the digital economy, access existing and emerging services, expand economic opportunities and bridge the economic divide; and

**WHEREAS**, the COVID-19 pandemic has further emphasized the need for available, reliable and affordable broadband services in all communities; and

**WHEREAS**, the COVID-19 pandemic has caused schools to offer distance learning; and

**WHEREAS**, we recognize that cost and household income can be a primary barrier to broadband access.

**WHEREAS**, all residents, businesses and institutions need high speed broadband services where they work, live, learn and play; and

**WHEREAS**, broadband access enhances business efficiencies, drives job creation throughout the region, and connects customers and partners worldwide to goods and services; and

**WHEREAS**, high speed broadband is a “green technology” that reduces our impact on the environment, shrinks our regional carbon footprint, offsetting vehicle trips and use of resources; and

**WHEREAS**, high speed broadband greatly expands the ability of residents to access medical, behavioral, and educational services; and

**WHEREAS**, high speed broadband enables greater civic participation, brings communities together, and helps improve public safety; and

**WHEREAS**, effective emergency services require using high speed broadband to integrate data in real time from all available sources, so decision makers have access to the information necessary for the protection of lives and property; and

**WHEREAS**, to accelerate the deployment of broadband, the primary objective is to deploy private-sector capital as quickly as possible through improved public cooperation; and

**NOW, THEREFORE, BE IT RESOLVED** on this 8<sup>th</sup> day of August 2022 that the Caroline County School Board does hereby as follows:

1. Supports FCCs (United States Federal Communications Commission) and Caroline County Board of Supervisors rules, regulations, programs and funding opportunities that support broadband deployment opportunities to bridge the digital divide.
2. Supports Virginia's universal broadband initiative that seeks to accelerate work and support funding towards closing gaps in access to reliable broadband networks throughout the Commonwealth; and
3. Determines that closing the digital divide is important and provides long-term community benefits; and
4. Supports the request for grant funding from the State and/or Federal government for a regional program that provides funding for free internet access for qualifying residents that bridges the economic digital divide; and
5. Supports a minimum broadband speed capability of 100 megabits per second for all residential and business customers within the urban, suburban and rural communities of our region; and
6. Supports working with collaborating jurisdictions to identify broadband opportunity zones in underserved communities; and
7. Supports the adoption of consistent fees and expedited broadband permitting processes within collaborating jurisdictions; and
8. Supports the concept of "Dig Smart" and/or "Dig Once" whereby conduit is installed for future or immediate use for wireless towers, fiber optic or other comparable broadband network installation, whenever underground construction occurs in a roadway.

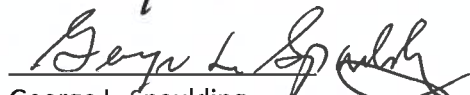
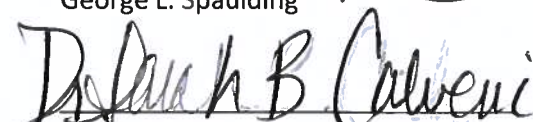
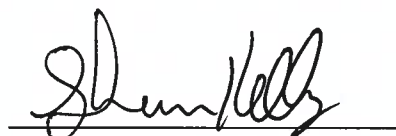
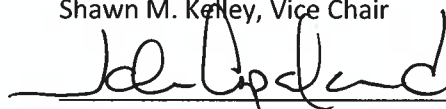
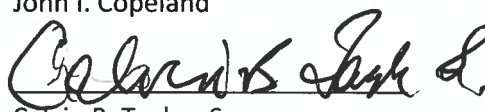
**BE IT FURTHER RESOLVED** that a copy of this Resolution shall be transmitted to the Chairman of the Caroline County Board of Supervisors and to all its members.

**ADOPTED** by the School Board of the Caroline School District, Caroline County, VA at the regular open public meeting thereof, held this 8<sup>th</sup> day of August, 2022.

ATTEST: Caroline County School Board:



Dr. Jo Wanda Rollins-Fells, Chair

  
Nancy G. Carson  
George L. Spaulding  
Sarah Calveric, Ph.D., Superintendent  
Shawn M. Kelley, Vice Chair  
John I. Copeland  
Calvin B. Taylor, Sr.

**ROBERT J. WITTMAN**

1ST DISTRICT, VIRGINIA



HOUSE ARMED SERVICES COMMITTEE  
RANKING MEMBER, SEAPOWERS AND PROJECTION FORCES  
TACTICAL AIR AND LAND FORCES

NATURAL RESOURCES COMMITTEE  
WATER, OCEANS, AND WILDLIFE

CO-CHAIR, CONGRESSIONAL  
SHIPBUILDING CAUCUS

CO-CHAIR, CONGRESSIONAL  
CHESAPEAKE BAY WATERSHED TASK FORCE

CO-CHAIR, CONGRESSIONAL  
PUBLIC HEALTH CAUCUS

CO-CHAIR, CONGRESSIONAL  
RURAL BROADBAND CAUCUS

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**

August 22, 2022

WASHINGTON OFFICE:  
2055 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515  
(202) 225-4261

DISTRICT OFFICES:

STAFFORD OFFICE  
95 DUNN DRIVE SUITE 201  
STAFFORD, VA 22556  
(540) 659-2734

MECHANICSVILLE OFFICE  
6501 MECHANICSVILLE TURNPIKE SUITE 102  
MECHANICSVILLE, VA 23111  
(804) 730-6595

MIDDLE PENINSULA OFFICE  
508 CHURCH LANE  
P.O. Box 3106  
TAPPANHANNOCK, VA 22560  
(804) 443-0668

[WWW.WITTMAN.HOUSE.GOV](http://WWW.WITTMAN.HOUSE.GOV)

Tamarah Holmes, Ph.D.  
Director, Office of Broadband  
Department of Housing and Community Development  
600 East Main Street, Suite 300  
Richmond, VA 23219

Dear Director Holmes:

I am writing in support of the Caroline County FY 2023 Virginia Department of Housing and Community Development Virginia Telecommunication Initiative (VATI) grant applications to expand high-speed broadband availability in the First Congressional District through a partnership with Verizon and Breezeline. Approval of this application would help meet the critical need to buildout high-speed broadband service to residents of Caroline County.

As we all know, broadband is now a necessity, not a luxury. The COVID-19 pandemic caused a disruption to our daily lives. It portrayed that citizens need access to the internet now more than ever. I am proud to support the applications from Caroline County and support the County's efforts to provide universal coverage to all its residents.

I appreciate the time and effort that Caroline County's leaders have devoted throughout the years to develop a plan to reach the entire county with broadband infrastructure in an effort to bridge the digital divide. Caroline County will greatly benefit from the broadband expansion outlined in the grant applications. Access to VATI grant funds will make it possible for Caroline residents to conduct business and access educational, telemedicine and economic development opportunities in a quickly changing environment.

With both Verizon and Breezeline as its partners, Caroline has devised an efficient and effective way to expand broadband access to all residents that currently do not have an internet connection available. Through these applications all homes outlined will have a fiber-optic connection at reliable and high speeds. Both, Verizon and Breezeline, promote their low-cost programs through the Affordable Connectivity Program, which most of the households in Caroline will qualify for, bringing a strong presence of affordable broadband throughout the county. These are well-planned applications to finally bring an available broadband internet connection to everyone within the county. At times, our rural families have been overlooked.

Thank you for your consideration of the Caroline County applications. Moreover, if you have any concerns or questions, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in blue ink, reading "Robert J. Wittman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Robert J. Wittman  
Member of Congress

# Form 477 Filing Summary

FRN:

0015336449

Data as of:

Jun 30, 2021

Operations:

Non-ILEC

Submission Status:

Original - Submitted

Last Updated:

Sep 1, 2021 01:56 PM

## Filer Identification

Section	Field	Response
Filer Information	Company Name	Atlantic Broadband Finance, LLC
	Holding Company Name	Acquisitions Cogeco Cable Holdings II Inc.
	Filing Type	Non-ILEC
	SAC ID	N/A
	499 ID	826014
Data Contact Information	Data Contact Name	CONFIDENTIAL
	Data Contact Phone Number	CONFIDENTIAL
	Data Contact E-mail	CONFIDENTIAL
Emergency Operations Contact Information	Emergency Operations Name	CONFIDENTIAL
	Emergency Operations Phone Number	CONFIDENTIAL
	Emergency Operations E-mail	CONFIDENTIAL
Certifying Official Contact Information	Certifying Official Name	CONFIDENTIAL
	Certifying Official Phone Number	CONFIDENTIAL
	Certifying Official E-mail	CONFIDENTIAL

## Data Submitted

Form Section	File Name	Date & Time	Number of Rows
Fixed Broadband Deployment	UPLOAD Broadband Deployment File.csv	Sep 1, 2021 12:28 PM	76,774
Fixed Broadband Subscription	UPLOAD Broadband Subscription File.csv	Sep 1, 2021 01:52 PM	14,160
Fixed Voice Subscription	UPLOAD Voice Subscription File.csv	Sep 1, 2021 12:29 PM	659

## Fixed Broadband Deployment

### Census Block Counts by State, DBA Name and Technology

State	DBA Name	Technology	Blocks
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State	DBA Name	Technology	Blocks
Connecticut	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	3,386
		Optical Carrier/Fiber to the End User	3,386
Delaware	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	556
		Optical Carrier/Fiber to the End User	556
Florida	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	2,389
		Optical Carrier/Fiber to the End User	2,389
Maine	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	857
		Optical Carrier/Fiber to the End User	857
Maryland	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	5,209
		Optical Carrier/Fiber to the End User	5,209
New Hampshire	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	3,982
		Optical Carrier/Fiber to the End User	3,982
New York	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	297
		Optical Carrier/Fiber to the End User	297
Pennsylvania	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	15,340
		Optical Carrier/Fiber to the End User	15,340
South Carolina	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	1,389
		Optical Carrier/Fiber to the End User	1,389
Virginia	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	3,889
		Optical Carrier/Fiber to the End User	3,889
West Virginia	Atlantic Broadband Finance, LLC	Cable Modem – DOCSIS 3.1	1,093
		Optical Carrier/Fiber to the End User	1,093
Total			76,774

## Fixed Broadband Subscription

### Fixed Broadband Subscriptions by State, Technology and End User Type

State	Technology	Census Tracts	Subscriptions		
			Consumer	Business/Govt.	Total
Connecticut	Cable Modem	1,289	41,229	2,824	44,053
Delaware	Cable Modem	272	3,004	233	3,237
Florida	Cable Modem	2,124	92,657	3,105	95,762
Maine	Cable Modem	187	13,754	626	14,380

State	Technology	Census Tracts	Subscriptions		
			Consumer	Business/Govt.	Total
Maryland	Cable Modem	1,958	77,944	4,594	82,538
	Optical Carrier/Fiber to the End User	16	0	39	39
New Hampshire	Cable Modem	1,051	68,369	3,520	71,889
New York	Cable Modem	183	3,049	190	3,239
Pennsylvania	Cable Modem	5,105	133,237	8,523	141,760
	Optical Carrier/Fiber to the End User	2	0	2	2
South Carolina	Cable Modem	721	29,555	2,217	31,772
Virginia	Cable Modem	624	32,604	1,965	34,569
	Optical Carrier/Fiber to the End User	57	0	297	297
West Virginia	Cable Modem	571	9,009	551	9,560
Total		14,160	504,411	28,686	533,097

Fixed Broadband Subscriptions by Bandwidths and End User Type

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
1.000	0.227	0	1	1
1.000	0.517	116	63	179
2.000	0.453	0	2	2
2.000	0.680	0	5	5
2.000	1.000	1,768	3	1,771
3.000	0.517	0	2	2
5.000	0.767	1	67	68
5.000	0.885	24	11	35
5.000	1.000	18	0	18
5.000	2.000	1	0	1
6.000	1.000	14	0	14
7.000	0.680	0	4	4
7.000	1.000	767	1	768
8.000	1.000	5	17	22
10.000	1.000	3,286	610	3,896
10.000	2.000	704	0	704
12.000	1.000	22	0	22
14.000	2.000	23	8	31
15.000	1.000	1,209	192	1,401

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
15.000	2.000	62	0	62
16.000	2.000	30	29	59
17.000	1.000	4	0	4
18.000	1.000	22	0	22
19.000	1.000	25	175	200
20.000	2.000	6,729	7	6,736
21.000	2.000	1	10	11
22.000	2.000	127	0	127
25.000	2.000	23	1,243	1,266
25.000	5.000	1,713	2,628	4,341
25.000	6.000	2	1	3
25.000	10.000	15	2,511	2,526
27.000	7.000	5	1	6
28.000	6.000	33	29	62
30.000	2.000	53	87	140
30.000	3.000	293	3	296
30.000	5.000	23,850	30	23,880
30.000	6.000	6	0	6
37.000	5.000	0	2	2
37.000	17.000	21	25	46
40.000	4.000	528	6	534
40.000	5.000	0	5	5
41.000	3.000	0	1	1
45.000	5.000	35	0	35
45.000	6.000	16	0	16
46.000	8.000	0	1	1
48.000	6.000	21	0	21
50.000	2.000	2,913	1	2,914
50.000	3.000	4	316	320
50.000	4.000	20	1,666	1,686
50.000	5.000	1,223	1	1,224
50.000	6.000	32,456	43	32,499
50.000	9.000	14	0	14

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
50.000	10.000	24	1,729	1,753
51.000	8.000	1	1	2
53.000	7.000	0	202	202
56.000	4.000	0	5	5
60.000	3.000	15	0	15
60.000	4.000	7	1	8
60.000	5.000	1,340	3	1,343
60.000	6.000	38,804	45	38,849
60.000	8.000	215	0	215
61.000	6.000	55	0	55
64.000	8.000	55	0	55
66.000	8.000	0	2	2
70.000	4.000	0	3	3
70.000	6.000	3	0	3
70.000	10.000	6,689	0	6,689
71.000	4.000	0	1	1
74.000	8.000	12	17	29
74.000	9.000	8	0	8
75.000	5.000	1	109	110
75.000	6.000	4	605	609
75.000	8.000	0	1	1
77.000	8.000	1	0	1
80.000	6.000	1	43	44
81.000	5.000	0	1	1
81.000	6.000	0	1	1
85.000	4.000	0	2	2
85.000	5.000	17	0	17
85.000	10.000	5,687	8	5,695
90.000	4.000	1	0	1
90.000	7.000	15	0	15
95.000	7.000	0	1	1
98.000	20.000	0	1	1
100.000	5.000	35,564	0	35,564

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
100.000	10.000	10,577	4,405	14,982
100.000	15.000	44,433	34	44,467
100.000	20.000	24	5,404	5,428
100.000	100.000	49	1	50
104.000	9.000	1	0	1
105.000	5.000	20	0	20
105.000	7.000	7	0	7
110.000	9.000	0	1	1
114.000	10.000	11	0	11
120.000	5.000	20	0	20
120.000	6.000	2,384	6	2,390
120.000	8.000	4,626	3	4,629
120.000	9.000	9	0	9
120.000	10.000	22,027	685	22,712
120.000	11.000	2	0	2
120.000	12.000	18	0	18
120.000	14.000	0	36	36
120.000	15.000	3	481	484
121.000	10.000	23	2	25
124.000	10.000	0	82	82
125.000	10.000	21	0	21
130.000	4.000	4	1	5
130.000	10.000	459	1	460
130.000	17.000	149	0	149
134.000	14.000	1	0	1
136.000	14.000	0	1	1
144.000	11.000	0	1	1
144.000	20.000	7	8	15
150.000	1.000	1	0	1
150.000	5.000	1,196	3	1,199
150.000	10.000	1	0	1
156.000	19.000	0	1	1
158.000	17.000	0	7	7

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
160.000	9.000	4	1	5
160.000	17.000	4	0	4
170.000	7.000	21	0	21
180.000	5.000	125	1	126
180.000	14.000	1	2	3
190.000	4.000	4	0	4
200.000	6.000	6	0	6
200.000	10.000	16,412	17	16,429
200.000	14.000	449	1	450
200.000	15.000	10,678	684	11,362
200.000	30.000	7	1,507	1,514
205.000	17.000	32	48	80
215.000	13.000	295	0	295
215.000	17.000	24	0	24
225.000	15.000	1	0	1
235.000	7.000	4	0	4
235.000	8.000	52	0	52
235.000	17.000	15	0	15
240.000	8.000	4	0	4
245.000	20.000	1	0	1
248.000	20.000	14	1	15
250.000	10.000	4,550	3	4,553
250.000	15.000	66	0	66
250.000	20.000	130,276	85	130,361
250.000	23.000	0	18	18
250.000	24.000	292	7	299
250.000	25.000	0	148	148
250.000	26.000	8	0	8
250.000	27.000	149	0	149
250.000	28.000	0	1	1
256.000	20.000	2	0	2
260.000	20.000	1	0	1
260.000	23.000	1	0	1

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
270.000	21.000	825	0	825
275.000	15.000	1	0	1
280.000	10.000	182	0	182
300.000	5.000	80	0	80
300.000	20.000	6,321	902	7,223
300.000	25.000	10	0	10
300.000	29.000	6	0	6
300.000	30.000	6	0	6
300.000	300.000	83	0	83
308.000	17.000	8	14	22
316.000	300.000	1	0	1
320.000	7.000	4	0	4
320.000	30.000	2,118	0	2,118
330.000	20.000	3,214	21	3,235
350.000	14.000	8	0	8
350.000	20.000	22	0	22
380.000	22.000	6	0	6
385.000	17.000	2	0	2
398.000	20.000	1	0	1
400.000	20.000	23,243	9	23,252
400.000	25.000	536	0	536
400.000	30.000	1	0	1
400.000	35.000	61	0	61
400.000	40.000	130	0	130
400.000	50.000	21,925	6	21,931
400.000	400.000	168	4	172
440.000	24.000	5	0	5
450.000	25.000	8	0	8
450.000	34.000	397	0	397
470.000	35.000	1,250	0	1,250
500.000	20.000	53	0	53
500.000	40.000	0	771	771
525.000	35.000	1	0	1

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
550.000	25.000	114	0	114
550.000	35.000	8	0	8
600.000	30.000	114	0	114
600.000	34.000	14	0	14
616.000	17.000	2	6	8
620.000	35.000	213	0	213
634.000	584.000	2	0	2
700.000	30.000	27	0	27
750.000	30.000	280	0	280
750.000	40.000	10	43	53
790.000	34.000	2	0	2
800.000	36.000	172	0	172
850.000	35.000	5	0	5
850.000	45.000	41	0	41
870.000	36.000	1	0	1
880.000	40.000	182	1	183
900.000	35.000	72	0	72
1,000.000	44.000	12	0	12
1,000.000	45.000	7	0	7
1,000.000	50.000	24,549	608	25,157
1,000.000	51.000	799	0	799
1,000.000	53.000	6	0	6
1,000.000	55.000	442	0	442
1,000.000	59.000	117	0	117
1,000.000	60.000	43	0	43
1,000.000	600.000	26	3	29
1,000.000	884.000	182	0	182
1,000.000	1,000.000	1	23	24
Total		504,411	28,686	533,097

Fixed Broadband Subscriptions by Technology, Bandwidths and End User Type

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
Cable Modem	1.000	0.227	0	1	1

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	1.000	0.517	116	63	179
	2.000	0.453	0	2	2
	2.000	0.680	0	5	5
	2.000	1.000	1,768	3	1,771
	3.000	0.517	0	2	2
	5.000	0.767	1	67	68
	5.000	0.885	24	11	35
	5.000	1.000	18	0	18
	5.000	2.000	1	0	1
	6.000	1.000	14	0	14
	7.000	0.680	0	4	4
	7.000	1.000	767	1	768
	8.000	1.000	5	17	22
	10.000	1.000	3,286	610	3,896
	10.000	2.000	704	0	704
	12.000	1.000	22	0	22
	14.000	2.000	23	8	31
	15.000	1.000	1,209	192	1,401
	15.000	2.000	62	0	62
	16.000	2.000	30	29	59
	17.000	1.000	4	0	4
	18.000	1.000	22	0	22
	19.000	1.000	25	175	200
	20.000	2.000	6,729	7	6,736
	21.000	2.000	1	10	11
	22.000	2.000	127	0	127
	25.000	2.000	23	1,243	1,266
	25.000	5.000	1,713	2,574	4,287
	25.000	6.000	2	1	3
	25.000	10.000	15	2,474	2,489
	27.000	7.000	5	1	6
	28.000	6.000	33	29	62

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	30.000	2.000	53	87	140
	30.000	3.000	293	3	296
	30.000	5.000	23,850	30	23,880
	30.000	6.000	6	0	6
	37.000	5.000	0	2	2
	37.000	17.000	21	25	46
	40.000	4.000	528	6	534
	40.000	5.000	0	5	5
	41.000	3.000	0	1	1
	45.000	5.000	35	0	35
	45.000	6.000	16	0	16
	46.000	8.000	0	1	1
	48.000	6.000	21	0	21
	50.000	2.000	2,913	1	2,914
	50.000	3.000	4	316	320
	50.000	4.000	20	1,666	1,686
	50.000	5.000	1,223	1	1,224
	50.000	6.000	32,456	43	32,499
	50.000	9.000	14	0	14
	50.000	10.000	24	1,729	1,753
	51.000	8.000	1	1	2
	53.000	7.000	0	202	202
	56.000	4.000	0	5	5
	60.000	3.000	15	0	15
	60.000	4.000	7	1	8
	60.000	5.000	1,340	3	1,343
	60.000	6.000	38,804	45	38,849
	60.000	8.000	215	0	215
	61.000	6.000	55	0	55
	64.000	8.000	55	0	55
	66.000	8.000	0	2	2
	70.000	4.000	0	3	3

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	70.000	6.000	3	0	3
	70.000	10.000	6,689	0	6,689
	71.000	4.000	0	1	1
	74.000	8.000	12	17	29
	74.000	9.000	8	0	8
	75.000	5.000	1	109	110
	75.000	6.000	4	605	609
	75.000	8.000	0	1	1
	77.000	8.000	1	0	1
	80.000	6.000	1	43	44
	81.000	5.000	0	1	1
	81.000	6.000	0	1	1
	85.000	4.000	0	2	2
	85.000	5.000	17	0	17
	85.000	10.000	5,687	8	5,695
	90.000	4.000	1	0	1
	90.000	7.000	15	0	15
	95.000	7.000	0	1	1
	98.000	20.000	0	1	1
	100.000	5.000	35,564	0	35,564
	100.000	10.000	10,577	4,294	14,871
	100.000	15.000	44,433	34	44,467
	100.000	20.000	24	5,330	5,354
	100.000	100.000	49	1	50
	104.000	9.000	1	0	1
	105.000	5.000	20	0	20
	105.000	7.000	7	0	7
	110.000	9.000	0	1	1
	114.000	10.000	11	0	11
	120.000	5.000	20	0	20
	120.000	6.000	2,384	6	2,390
	120.000	8.000	4,626	3	4,629

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	120.000	9.000	9	0	9
	120.000	10.000	22,027	685	22,712
	120.000	11.000	2	0	2
	120.000	12.000	18	0	18
	120.000	14.000	0	36	36
	120.000	15.000	3	481	484
	121.000	10.000	23	2	25
	124.000	10.000	0	82	82
	125.000	10.000	21	0	21
	130.000	4.000	4	1	5
	130.000	10.000	459	1	460
	130.000	17.000	149	0	149
	134.000	14.000	1	0	1
	136.000	14.000	0	1	1
	144.000	11.000	0	1	1
	144.000	20.000	7	8	15
	150.000	1.000	1	0	1
	150.000	5.000	1,196	3	1,199
	150.000	10.000	1	0	1
	156.000	19.000	0	1	1
	158.000	17.000	0	7	7
	160.000	9.000	4	1	5
	160.000	17.000	4	0	4
	170.000	7.000	21	0	21
	180.000	5.000	125	1	126
	180.000	14.000	1	2	3
	190.000	4.000	4	0	4
	200.000	6.000	6	0	6
	200.000	10.000	16,412	17	16,429
	200.000	14.000	449	1	450
	200.000	15.000	10,678	662	11,340
	200.000	30.000	7	1,495	1,502

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	205.000	17.000	32	48	80
	215.000	13.000	295	0	295
	215.000	17.000	24	0	24
	225.000	15.000	1	0	1
	235.000	7.000	4	0	4
	235.000	8.000	52	0	52
	235.000	17.000	15	0	15
	240.000	8.000	4	0	4
	245.000	20.000	1	0	1
	248.000	20.000	14	1	15
	250.000	10.000	4,550	3	4,553
	250.000	15.000	66	0	66
	250.000	20.000	130,276	85	130,361
	250.000	23.000	0	18	18
	250.000	24.000	292	7	299
	250.000	25.000	0	148	148
	250.000	26.000	8	0	8
	250.000	27.000	149	0	149
	250.000	28.000	0	1	1
	256.000	20.000	2	0	2
	260.000	20.000	1	0	1
	260.000	23.000	1	0	1
	270.000	21.000	825	0	825
	275.000	15.000	1	0	1
	280.000	10.000	182	0	182
	300.000	5.000	80	0	80
	300.000	20.000	6,321	887	7,208
	300.000	25.000	10	0	10
	300.000	29.000	6	0	6
	300.000	30.000	6	0	6
	300.000	300.000	83	0	83
	308.000	17.000	8	14	22

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	316.000	300.000	1	0	1
	320.000	7.000	4	0	4
	320.000	30.000	2,118	0	2,118
	330.000	20.000	3,214	21	3,235
	350.000	14.000	8	0	8
	350.000	20.000	22	0	22
	380.000	22.000	6	0	6
	385.000	17.000	2	0	2
	398.000	20.000	1	0	1
	400.000	20.000	23,243	9	23,252
	400.000	25.000	536	0	536
	400.000	30.000	1	0	1
	400.000	35.000	61	0	61
	400.000	40.000	130	0	130
	400.000	50.000	21,925	6	21,931
	400.000	400.000	168	4	172
	440.000	24.000	5	0	5
	450.000	25.000	8	0	8
	450.000	34.000	397	0	397
	470.000	35.000	1,250	0	1,250
	500.000	20.000	53	0	53
	500.000	40.000	0	763	763
	525.000	35.000	1	0	1
	550.000	25.000	114	0	114
	550.000	35.000	8	0	8
	600.000	30.000	114	0	114
	600.000	34.000	14	0	14
	616.000	17.000	2	6	8
	620.000	35.000	213	0	213
	634.000	584.000	2	0	2
	700.000	30.000	27	0	27
	750.000	30.000	280	0	280

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	750.000	40.000	10	43	53
	790.000	34.000	2	0	2
	800.000	36.000	172	0	172
	850.000	35.000	5	0	5
	850.000	45.000	41	0	41
	870.000	36.000	1	0	1
	880.000	40.000	182	1	183
	900.000	35.000	72	0	72
	1,000.000	44.000	12	0	12
	1,000.000	45.000	7	0	7
	1,000.000	50.000	24,549	603	25,152
	1,000.000	51.000	799	0	799
	1,000.000	53.000	6	0	6
	1,000.000	55.000	442	0	442
	1,000.000	59.000	117	0	117
	1,000.000	60.000	43	0	43
	1,000.000	600.000	26	3	29
	1,000.000	884.000	182	0	182
	1,000.000	1,000.000	1	23	24
Optical Carrier/Fiber to the End User	25.000	5.000	0	54	54
	25.000	10.000	0	37	37
	100.000	10.000	0	111	111
	100.000	20.000	0	74	74
	200.000	15.000	0	22	22
	200.000	30.000	0	12	12
	300.000	20.000	0	15	15
	500.000	40.000	0	8	8
	1,000.000	50.000	0	5	5
Total			504,411	28,686	533,097

Fixed Voice Subscription

VGE Lines and VoIP Subscriptions by State and End User Type

State	Total VGE Lines	Consumer VGE Lines	Total VoIP Subscriptions	Consumer VoIP Subscriptions
Connecticut	0	0	11,034	9,520
Delaware	0	0	1,317	1,216
Florida	0	0	16,333	14,656
Maine	0	0	2,798	2,548
Maryland	0	0	20,683	18,515
New Hampshire	0	0	15,786	14,591
New York	0	0	756	671
Pennsylvania	0	0	48,693	44,239
South Carolina	0	0	7,688	6,390
Virginia	0	0	7,578	6,533
West Virginia	0	0	3,804	3,479
Total	0	0	136,470	122,358

Fixed Voice Subscription (iVoIP)

Over-the-Top VoIP Subscriptions by State and End User Type

State	Total	Consumer	Business/Govt.
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	0	0
Maine	0	0	0
Maryland	0	0	0
New Hampshire	0	0	0
New York	0	0	0
Pennsylvania	0	0	0
South Carolina	0	0	0
Virginia	0	0	0
West Virginia	0	0	0
Total	0	0	0

All Other VoIP Subscriptions by State, End User Type, Bundle and Last-Mile Medium

State	Total	by End User Type		by Bundle		by Last-Mile Medium			
		Consumer	Business/Govt.	Sold w/ Internet	Sold w/o Internet	FTTP	Coax	Fixed Wireless	Copper
Connecticut	11,034	9,520	1,514	11,034	0	0	0	11,034	0

State	Total	by End User Type		by Bundle		by Last-Mile Medium			
		Consumer	Business/Govt.	Sold w/ Internet	Sold w/o Internet	FTTP	Coax	Fixed Wireless	Copper
Delaware	1,317	1,216	101	1,317	0	0	1,317	0	0
Florida	16,333	14,656	1,677	16,333	0	0	16,333	0	0
Maine	2,798	2,548	250	2,798	0	0	2,798	0	0
Maryland	20,683	18,515	2,168	20,683	0	0	20,683	0	0
New Hampshire	15,786	14,591	1,195	15,786	0	0	15,786	0	0
New York	756	671	85	756	0	0	756	0	0
Pennsylvania	48,693	44,239	4,454	48,693	0	0	48,693	0	0
South Carolina	7,688	6,390	1,298	7,688	0	0	7,688	0	0
Virginia	7,578	6,533	1,045	7,578	0	0	7,578	0	0
West Virginia	3,804	3,479	325	3,804	0	0	3,804	0	0
Total	136,470	122,358	14,112	136,470	0	0	125,436	11,034	0

Reminder: You must continue to use Census 2010 geographic codes in FCC Form 477.

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# Form 477 Filing Summary

FRN:

0015336449

Data as of:

Dec 31, 2021

Operations:

Non-ILEC

Submission Status:

Original - Submitted

Last Updated:

Mar 1, 2022 12:11 PM

## Filer Identification

Section	Field	Response
Filer Information	Company Name	Atlantic Broadband Finance, LLC
	Holding Company Name	Acquisitions Cogeco Cable Holdings II Inc.
	Filing Type	Non-ILEC
	SAC ID	N/A
	499 ID	826014
Data Contact Information	Data Contact Name	Alan Harris
	Data Contact Phone Number	(617) 786-8800
	Data Contact E-mail	aharris@breezeline.com
Emergency Operations Contact Information	Emergency Operations Name	Jeremy McMasters
	Emergency Operations Phone Number	(814) 949-6335
	Emergency Operations E-mail	JMcMasters@breezeline.com
Certifying Official Contact Information	Certifying Official Name	Leslie Brown
	Certifying Official Phone Number	(617) 786-8800
	Certifying Official E-mail	lbrown@breezeline.com

## Data Submitted

Form Section	File Name	Date & Time	Number of Rows
Fixed Broadband Deployment	UPLOAD Broadband Deployment File.csv	Mar 1, 2022 11:45 AM	95,354
Fixed Broadband Subscription	UPLOAD Broadband Subscription File.csv	Mar 1, 2022 11:45 AM	20,796
Fixed Voice Subscription	UPLOAD Voice Subscription File.csv	Mar 1, 2022 11:45 AM	1,274

## Fixed Broadband Deployment

### Census Block Counts by State, DBA Name and Technology

State	DBA Name	Technology	Blocks
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State	DBA Name	Technology	Blocks
Connecticut	Breezeline	Cable Modem – DOCSIS 3.1	3,074
		Optical Carrier/Fiber to the End User	3,074
Delaware	Breezeline	Cable Modem – DOCSIS 3.1	686
		Optical Carrier/Fiber to the End User	686
Florida	Breezeline	Cable Modem – DOCSIS 3.1	2,549
		Optical Carrier/Fiber to the End User	2,549
Indiana	Breezeline	Cable Modem – DOCSIS 3.0	1
Maine	Breezeline	Cable Modem – DOCSIS 3.1	759
		Optical Carrier/Fiber to the End User	759
Maryland	Breezeline	Cable Modem – DOCSIS 3.1	4,012
		Optical Carrier/Fiber to the End User	4,012
Michigan	Breezeline	Cable Modem – DOCSIS 3.0	1
New Hampshire	Breezeline	Cable Modem – DOCSIS 3.1	3,356
		Optical Carrier/Fiber to the End User	3,356
New York	Breezeline	Cable Modem – DOCSIS 3.1	274
		Optical Carrier/Fiber to the End User	274
Ohio	Breezeline	Cable Modem – DOCSIS 3.0	19,011
		Optical Carrier/Fiber to the End User	365
Pennsylvania	Breezeline	Cable Modem – DOCSIS 3.1	16,252
		Optical Carrier/Fiber to the End User	16,252
South Carolina	Breezeline	Cable Modem – DOCSIS 3.1	3,791
		Optical Carrier/Fiber to the End User	3,791
Virginia	Breezeline	Cable Modem – DOCSIS 3.1	2,092
		Optical Carrier/Fiber to the End User	2,092
West Virginia	Breezeline	Cable Modem – DOCSIS 3.1	1,143
		Optical Carrier/Fiber to the End User	1,143
Total			95,354

Fixed Broadband Subscription

Fixed Broadband Subscriptions by State, Technology and End User Type

State	Technology	Census Tracts	Subscriptions
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State	Technology	Census Tracts	Consumer	Business/Govt.	Total
			Consumer	Business/Govt.	Total
Connecticut	Cable Modem	1,559	41,351	2,927	44,278
Delaware	Cable Modem	313	2,868	254	3,122
Florida	Cable Modem	2,498	94,810	3,367	98,177
Maine	Cable Modem	247	13,640	635	14,275
Maryland	Cable Modem	1,871	77,024	4,715	81,739
	Optical Carrier/Fiber to the End User	13	0	36	36
New Hampshire	Cable Modem	1,258	65,067	3,466	68,533
New York	Cable Modem	195	2,974	197	3,171
Ohio	Cable Modem	5,197	187,029	6,834	193,863
	Optical Carrier/Fiber to the End User	386	0	472	472
Pennsylvania	Cable Modem	4,801	131,903	8,892	140,795
	Optical Carrier/Fiber to the End User	2	0	2	2
South Carolina	Cable Modem	1,119	29,518	2,295	31,813
Virginia	Cable Modem	758	33,261	1,975	35,236
	Optical Carrier/Fiber to the End User	63	0	305	305
West Virginia	Cable Modem	516	7,790	496	8,286
Total		20,796	687,235	36,868	724,103

Fixed Broadband Subscriptions by Bandwidths and End User Type

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
1.000	0.227	0	1	1
1.000	0.517	79	46	125
2.000	0.453	0	1	1
2.000	0.680	0	6	6
2.000	1.000	1,239	38	1,277
3.000	0.517	0	2	2
5.000	0.767	1	50	51
5.000	0.885	14	15	29
5.000	1.000	13	115	128
6.000	1.000	9	0	9
7.000	0.680	0	3	3
7.000	1.000	664	1	665

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
8.000	1.000	4	17	21
8.000	2.000	0	166	166
10.000	1.000	2,186	480	2,666
10.000	2.000	526	0	526
10.000	10.000	0	12	12
12.000	1.000	13	0	13
14.000	2.000	19	9	28
15.000	1.000	991	162	1,153
15.000	2.000	50	64	114
16.000	2.000	20	25	45
17.000	1.000	2	0	2
18.000	1.000	12	0	12
19.000	1.000	19	139	158
20.000	1.000	363	0	363
20.000	2.000	5,196	6	5,202
20.000	5.000	0	14	14
21.000	2.000	0	6	6
22.000	2.000	120	0	120
25.000	2.000	20	1,038	1,058
25.000	5.000	1,761	2,294	4,055
25.000	6.000	2	0	2
25.000	10.000	14	2,737	2,751
27.000	7.000	3	2	5
28.000	6.000	23	25	48
30.000	2.000	53	64	117
30.000	3.000	215	1	216
30.000	5.000	16,502	428	16,930
30.000	6.000	26	0	26
35.000	1.000	321	0	321
37.000	5.000	0	2	2
37.000	17.000	11	24	35
40.000	4.000	375	3	378

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
40.000	5.000	0	11	11
45.000	6.000	11	0	11
48.000	6.000	18	0	18
50.000	2.000	15,929	10	15,939
50.000	3.000	3	256	259
50.000	4.000	14	1,301	1,315
50.000	5.000	1,069	76	1,145
50.000	6.000	22,082	26	22,108
50.000	9.000	12	0	12
50.000	10.000	19	1,409	1,428
51.000	8.000	1	0	1
53.000	7.000	0	192	192
56.000	4.000	0	6	6
60.000	3.000	12	0	12
60.000	4.000	621	3	624
60.000	5.000	706	1,203	1,909
60.000	6.000	25,122	45	25,167
60.000	8.000	167	0	167
61.000	6.000	40	0	40
66.000	8.000	0	1	1
70.000	3.000	10	0	10
70.000	4.000	0	3	3
70.000	6.000	2	0	2
70.000	10.000	5,381	2	5,383
71.000	4.000	0	1	1
74.000	8.000	10	14	24
74.000	9.000	5	0	5
75.000	5.000	1	81	82
75.000	6.000	3	467	470
75.000	8.000	0	2	2
80.000	5.000	0	5	5
80.000	6.000	1	34	35

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
81.000	5.000	0	1	1
81.000	6.000	0	1	1
85.000	4.000	0	2	2
85.000	5.000	14	0	14
85.000	10.000	2,683	4	2,687
90.000	7.000	10	0	10
90.000	10.000	0	1	1
95.000	5.000	148	0	148
95.000	7.000	0	1	1
98.000	20.000	1	0	1
100.000	5.000	111,381	84	111,465
100.000	10.000	35,794	3,750	39,544
100.000	15.000	34,870	33	34,903
100.000	20.000	21	7,032	7,053
100.000	100.000	91	10	101
104.000	9.000	1	0	1
110.000	5.000	2,356	31	2,387
110.000	9.000	0	1	1
114.000	10.000	10	0	10
120.000	5.000	12	0	12
120.000	6.000	869	6	875
120.000	8.000	3,420	3	3,423
120.000	9.000	9	0	9
120.000	10.000	15,351	593	15,944
120.000	11.000	2	0	2
120.000	12.000	14	0	14
120.000	14.000	0	39	39
120.000	15.000	3	1,927	1,930
121.000	10.000	18	0	18
124.000	10.000	0	60	60
125.000	10.000	16	0	16
130.000	4.000	3	1	4

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
130.000	10.000	274	0	274
130.000	17.000	80	0	80
134.000	14.000	1	0	1
144.000	11.000	0	1	1
144.000	20.000	1	10	11
150.000	5.000	1	0	1
150.000	10.000	2	0	2
150.000	20.000	0	1	1
156.000	19.000	0	1	1
158.000	17.000	0	8	8
160.000	9.000	3	1	4
160.000	17.000	3	0	3
170.000	7.000	140	0	140
180.000	5.000	136	0	136
180.000	14.000	1	2	3
190.000	4.000	2	0	2
200.000	5.000	36,158	38	36,196
200.000	6.000	5	0	5
200.000	10.000	12,768	11	12,779
200.000	14.000	163	0	163
200.000	15.000	7,471	580	8,051
200.000	30.000	10	1,971	1,981
200.000	200.000	0	1	1
205.000	17.000	24	51	75
215.000	13.000	252	0	252
215.000	17.000	12	0	12
220.000	15.000	592	0	592
225.000	15.000	1	0	1
235.000	8.000	37	0	37
235.000	17.000	11	0	11
240.000	8.000	3	0	3
240.000	15.000	0	602	602

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
245.000	20.000	1	0	1
248.000	20.000	14	1	15
250.000	10.000	4,281	2	4,283
250.000	15.000	50	0	50
250.000	20.000	104,866	69	104,935
250.000	21.000	1	0	1
250.000	23.000	0	9	9
250.000	24.000	169	6	175
250.000	25.000	0	116	116
250.000	26.000	6	0	6
250.000	27.000	80	0	80
250.000	28.000	0	1	1
256.000	20.000	1	0	1
260.000	23.000	1	0	1
270.000	21.000	606	0	606
275.000	15.000	1	0	1
275.000	18.000	0	1	1
280.000	10.000	146	0	146
280.000	23.000	6	0	6
300.000	5.000	2	0	2
300.000	20.000	5,469	1,438	6,907
300.000	25.000	833	0	833
300.000	29.000	5	0	5
300.000	30.000	3	0	3
300.000	50.000	505	1,609	2,114
300.000	300.000	1,135	0	1,135
308.000	17.000	6	18	24
316.000	300.000	3	0	3
320.000	7.000	27	0	27
320.000	30.000	1,684	0	1,684
330.000	20.000	2,597	17	2,614
350.000	14.000	5	0	5

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
350.000	20.000	20	0	20
370.000	15.000	121	0	121
380.000	22.000	5	0	5
385.000	17.000	2	0	2
398.000	20.000	1	0	1
400.000	5.000	0	2	2
400.000	20.000	17,775	5	17,780
400.000	25.000	389	0	389
400.000	30.000	2	0	2
400.000	35.000	33	0	33
400.000	40.000	195	0	195
400.000	50.000	68,600	27	68,627
400.000	400.000	304	4	308
440.000	24.000	8	0	8
450.000	25.000	7	0	7
450.000	34.000	252	0	252
470.000	35.000	1,013	0	1,013
490.000	39.000	6	0	6
500.000	20.000	47	0	47
500.000	40.000	17	1,315	1,332
500.000	50.000	35,022	16	35,038
500.000	500.000	1	0	1
525.000	35.000	1	0	1
540.000	44.000	3	0	3
550.000	25.000	86	0	86
550.000	35.000	5	0	5
560.000	46.000	4	0	4
578.000	48.000	1	0	1
600.000	30.000	67	0	67
600.000	34.000	11	0	11
600.000	50.000	815	818	1,633
616.000	17.000	1	6	7

Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
620.000	35.000	186	0	186
634.000	584.000	8	0	8
700.000	30.000	17	0	17
750.000	30.000	79	0	79
750.000	40.000	5	114	119
790.000	34.000	1	0	1
800.000	36.000	169	1	170
800.000	40.000	117	0	117
850.000	35.000	2	0	2
850.000	45.000	9	0	9
870.000	36.000	1	0	1
880.000	40.000	163	1	164
900.000	10.000	0	1	1
900.000	35.000	18	0	18
900.000	40.000	12	0	12
1,000.000	44.000	7	0	7
1,000.000	45.000	95	0	95
1,000.000	46.000	10	0	10
1,000.000	48.000	1	0	1
1,000.000	50.000	69,672	1,247	70,919
1,000.000	51.000	929	0	929
1,000.000	53.000	4	0	4
1,000.000	55.000	459	1	460
1,000.000	59.000	111	0	111
1,000.000	60.000	28	0	28
1,000.000	600.000	83	3	86
1,000.000	884.000	378	0	378
1,000.000	1,000.000	1	12	13
2,000.000	10.000	0	4	4
5,000.000	10.000	0	1	1
10,000.000	10.000	0	1	1
Total		687,235	36,868	724,103

Fixed Broadband Subscriptions by Technology, Bandwidths and End User Type

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
Cable Modem	1.000	0.227	0	1	1
	1.000	0.517	79	46	125
	2.000	0.453	0	1	1
	2.000	0.680	0	6	6
	2.000	1.000	1,239	38	1,277
	3.000	0.517	0	2	2
	5.000	0.767	1	50	51
	5.000	0.885	14	15	29
	5.000	1.000	13	114	127
	6.000	1.000	9	0	9
	7.000	0.680	0	3	3
	7.000	1.000	664	1	665
	8.000	1.000	4	17	21
	8.000	2.000	0	165	165
	10.000	1.000	2,186	480	2,666
	10.000	2.000	526	0	526
	10.000	10.000	0	2	2
	12.000	1.000	13	0	13
	14.000	2.000	19	9	28
	15.000	1.000	991	162	1,153
	15.000	2.000	50	63	113
	16.000	2.000	20	25	45
	17.000	1.000	2	0	2
	18.000	1.000	12	0	12
	19.000	1.000	19	139	158
	20.000	1.000	363	0	363
	20.000	2.000	5,196	6	5,202
	21.000	2.000	0	6	6
	22.000	2.000	120	0	120
	25.000	2.000	20	1,038	1,058
	25.000	5.000	1,761	2,247	4,008

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	25.000	6.000	2	0	2
	25.000	10.000	14	2,699	2,713
	27.000	7.000	3	2	5
	28.000	6.000	23	25	48
	30.000	2.000	53	64	117
	30.000	3.000	215	1	216
	30.000	5.000	16,502	399	16,901
	30.000	6.000	26	0	26
	35.000	1.000	321	0	321
	37.000	5.000	0	2	2
	37.000	17.000	11	24	35
	40.000	4.000	375	3	378
	40.000	5.000	0	4	4
	45.000	6.000	11	0	11
	48.000	6.000	18	0	18
	50.000	2.000	15,929	10	15,939
	50.000	3.000	3	256	259
	50.000	4.000	14	1,301	1,315
	50.000	5.000	1,069	6	1,075
	50.000	6.000	22,082	26	22,108
	50.000	9.000	12	0	12
	50.000	10.000	19	1,407	1,426
	51.000	8.000	1	0	1
	53.000	7.000	0	192	192
	56.000	4.000	0	6	6
	60.000	3.000	12	0	12
	60.000	4.000	621	3	624
	60.000	5.000	706	1,194	1,900
	60.000	6.000	25,122	45	25,167
	60.000	8.000	167	0	167
	61.000	6.000	40	0	40
	66.000	8.000	0	1	1

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	70.000	3.000	10	0	10
	70.000	4.000	0	3	3
	70.000	6.000	2	0	2
	70.000	10.000	5,381	1	5,382
	71.000	4.000	0	1	1
	74.000	8.000	10	14	24
	74.000	9.000	5	0	5
	75.000	5.000	1	81	82
	75.000	6.000	3	467	470
	75.000	8.000	0	2	2
	80.000	6.000	1	34	35
	81.000	5.000	0	1	1
	81.000	6.000	0	1	1
	85.000	4.000	0	2	2
	85.000	5.000	14	0	14
	85.000	10.000	2,683	4	2,687
	90.000	7.000	10	0	10
	95.000	5.000	148	0	148
	95.000	7.000	0	1	1
	98.000	20.000	1	0	1
	100.000	5.000	111,381	11	111,392
	100.000	10.000	35,794	3,587	39,381
	100.000	15.000	34,870	33	34,903
	100.000	20.000	21	6,947	6,968
	100.000	100.000	91	10	101
	104.000	9.000	1	0	1
	110.000	5.000	2,356	31	2,387
	110.000	9.000	0	1	1
	114.000	10.000	10	0	10
	120.000	5.000	12	0	12
	120.000	6.000	869	6	875
	120.000	8.000	3,420	3	3,423

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	120.000	9.000	9	0	9
	120.000	10.000	15,351	593	15,944
	120.000	11.000	2	0	2
	120.000	12.000	14	0	14
	120.000	14.000	0	39	39
	120.000	15.000	3	1,921	1,924
	121.000	10.000	18	0	18
	124.000	10.000	0	60	60
	125.000	10.000	16	0	16
	130.000	4.000	3	1	4
	130.000	10.000	274	0	274
	130.000	17.000	80	0	80
	134.000	14.000	1	0	1
	144.000	11.000	0	1	1
	144.000	20.000	1	10	11
	150.000	5.000	1	0	1
	150.000	10.000	2	0	2
	156.000	19.000	0	1	1
	158.000	17.000	0	8	8
	160.000	9.000	3	1	4
	160.000	17.000	3	0	3
	170.000	7.000	140	0	140
	180.000	5.000	136	0	136
	180.000	14.000	1	2	3
	190.000	4.000	2	0	2
	200.000	5.000	36,158	2	36,160
	200.000	6.000	5	0	5
	200.000	10.000	12,768	11	12,779
	200.000	14.000	163	0	163
	200.000	15.000	7,471	562	8,033
	200.000	30.000	10	1,951	1,961
	200.000	200.000	0	1	1

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	205.000	17.000	24	51	75
	215.000	13.000	252	0	252
	215.000	17.000	12	0	12
	220.000	15.000	592	0	592
	225.000	15.000	1	0	1
	235.000	8.000	37	0	37
	235.000	17.000	11	0	11
	240.000	8.000	3	0	3
	240.000	15.000	0	599	599
	245.000	20.000	1	0	1
	248.000	20.000	14	1	15
	250.000	10.000	4,281	2	4,283
	250.000	15.000	50	0	50
	250.000	20.000	104,866	69	104,935
	250.000	21.000	1	0	1
	250.000	23.000	0	9	9
	250.000	24.000	169	6	175
	250.000	25.000	0	116	116
	250.000	26.000	6	0	6
	250.000	27.000	80	0	80
	250.000	28.000	0	1	1
	256.000	20.000	1	0	1
	260.000	23.000	1	0	1
	270.000	21.000	606	0	606
	275.000	15.000	1	0	1
	275.000	18.000	0	1	1
	280.000	10.000	146	0	146
	280.000	23.000	6	0	6
	300.000	5.000	2	0	2
	300.000	20.000	5,469	1,422	6,891
	300.000	25.000	833	0	833
	300.000	29.000	5	0	5

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	300.000	30.000	3	0	3
	300.000	50.000	505	1,578	2,083
	300.000	300.000	1,135	0	1,135
	308.000	17.000	6	18	24
	316.000	300.000	3	0	3
	320.000	7.000	27	0	27
	320.000	30.000	1,684	0	1,684
	330.000	20.000	2,597	17	2,614
	350.000	14.000	5	0	5
	350.000	20.000	20	0	20
	370.000	15.000	121	0	121
	380.000	22.000	5	0	5
	385.000	17.000	2	0	2
	398.000	20.000	1	0	1
	400.000	20.000	17,775	5	17,780
	400.000	25.000	389	0	389
	400.000	30.000	2	0	2
	400.000	35.000	33	0	33
	400.000	40.000	195	0	195
	400.000	50.000	68,600	27	68,627
	400.000	400.000	304	4	308
	440.000	24.000	8	0	8
	450.000	25.000	7	0	7
	450.000	34.000	252	0	252
	470.000	35.000	1,013	0	1,013
	490.000	39.000	6	0	6
	500.000	20.000	47	0	47
	500.000	40.000	17	1,303	1,320
	500.000	50.000	35,022	1	35,023
	500.000	500.000	1	0	1
	525.000	35.000	1	0	1
	540.000	44.000	3	0	3

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	550.000	25.000	86	0	86
	550.000	35.000	5	0	5
	560.000	46.000	4	0	4
	578.000	48.000	1	0	1
	600.000	30.000	67	0	67
	600.000	34.000	11	0	11
	600.000	50.000	815	805	1,620
	616.000	17.000	1	6	7
	620.000	35.000	186	0	186
	634.000	584.000	8	0	8
	700.000	30.000	17	0	17
	750.000	30.000	79	0	79
	750.000	40.000	5	114	119
	790.000	34.000	1	0	1
	800.000	36.000	169	1	170
	800.000	40.000	117	0	117
	850.000	35.000	2	0	2
	850.000	45.000	9	0	9
	870.000	36.000	1	0	1
	880.000	40.000	163	1	164
	900.000	35.000	18	0	18
	900.000	40.000	12	0	12
	1,000.000	44.000	7	0	7
	1,000.000	45.000	95	0	95
	1,000.000	46.000	10	0	10
	1,000.000	48.000	1	0	1
	1,000.000	50.000	69,672	1,169	70,841
	1,000.000	51.000	929	0	929
	1,000.000	53.000	4	0	4
	1,000.000	55.000	459	1	460
	1,000.000	59.000	111	0	111
	1,000.000	60.000	28	0	28

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	1,000.000	600.000	83	3	86
	1,000.000	884.000	378	0	378
	1,000.000	1,000.000	1	12	13
Optical Carrier/Fiber to the End User	5.000	1.000	0	1	1
	8.000	2.000	0	1	1
	10.000	10.000	0	10	10
	15.000	2.000	0	1	1
	20.000	5.000	0	14	14
	25.000	5.000	0	47	47
	25.000	10.000	0	38	38
	30.000	5.000	0	29	29
	40.000	5.000	0	7	7
	50.000	5.000	0	70	70
	50.000	10.000	0	2	2
	60.000	5.000	0	9	9
	70.000	10.000	0	1	1
	80.000	5.000	0	5	5
	90.000	10.000	0	1	1
	100.000	5.000	0	73	73
	100.000	10.000	0	163	163
	100.000	20.000	0	85	85
	120.000	15.000	0	6	6
	150.000	20.000	0	1	1
	200.000	5.000	0	36	36
	200.000	15.000	0	18	18
	200.000	30.000	0	20	20
	240.000	15.000	0	3	3
	300.000	20.000	0	16	16
	300.000	50.000	0	31	31
	400.000	5.000	0	2	2
	500.000	40.000	0	12	12
	500.000	50.000	0	15	15

Technology	Downstream Bandwidth (in Mbps)	Upstream Bandwidth (in Mbps)	Consumer	Business/Govt.	Total
	600.000	50.000	0	13	13
	900.000	10.000	0	1	1
	1,000.000	50.000	0	78	78
	2,000.000	10.000	0	4	4
	5,000.000	10.000	0	1	1
	10,000.000	10.000	0	1	1
Total			687,235	36,868	724,103

## Fixed Voice Subscription

### VGE Lines and VoIP Subscriptions by State and End User Type

State	Total VGE Lines	Consumer VGE Lines	Total VoIP Subscriptions	Consumer VoIP Subscriptions
Connecticut	0	0	10,056	8,543
Delaware	0	0	1,174	1,070
Florida	0	0	15,762	13,986
Maine	0	0	2,645	2,385
Maryland	0	0	18,986	16,774
New Hampshire	0	0	14,685	13,451
New York	0	0	667	580
Ohio	0	0	42,142	27,121
Pennsylvania	0	0	45,075	40,470
South Carolina	0	0	7,029	5,689
Virginia	0	0	7,279	6,236
West Virginia	0	0	3,007	2,723
Total	0	0	168,507	139,028

## Fixed Voice Subscription (iVoIP)

### Over-the-Top VoIP Subscriptions by State and End User Type

State	Total	Consumer	Business/Govt.
Connecticut	0	0	0
Delaware	0	0	0
Florida	0	0	0

State	Total	Consumer	Business/Govt.
Maine	0	0	0
Maryland	0	0	0
New Hampshire	0	0	0
New York	0	0	0
Ohio	0	0	0
Pennsylvania	0	0	0
South Carolina	0	0	0
Virginia	0	0	0
West Virginia	0	0	0
Total	0	0	0

All Other VoIP Subscriptions by State, End User Type, Bundle and Last-Mile Medium

State	Total	by End User Type		by Bundle		by Last-Mile Medium			
		Consumer	Business/Govt.	Sold w/ Internet	Sold w/o Internet	FTTP	Coax	Fixed Wireless	Copper
Connecticut	10,056	8,543	1,513	10,056	0	0	10,056	0	0
Delaware	1,174	1,070	104	1,174	0	0	1,174	0	0
Florida	15,762	13,986	1,776	15,762	0	0	15,762	0	0
Maine	2,645	2,385	260	2,645	0	0	2,645	0	0
Maryland	18,986	16,774	2,212	18,986	0	0	18,986	0	0
New Hampshire	14,685	13,451	1,234	14,685	0	0	14,685	0	0
New York	667	580	87	667	0	0	667	0	0
Ohio	42,142	27,121	15,021	40,193	1,949	0	1,852	40,290	0
Pennsylvania	45,075	40,470	4,605	45,075	0	0	45,075	0	0
South Carolina	7,029	5,689	1,340	7,029	0	0	7,029	0	0
Virginia	7,279	6,236	1,043	7,279	0	0	7,279	0	0
West Virginia	3,007	2,723	284	3,007	0	0	3,007	0	0
Total	168,507	139,028	29,479	166,558	1,949	0	128,217	40,290	0

Reminder: Use 2010 Census geographies for data as of June 30, 2021 and before. Use 2020 Census geographies for data as of December 31, 2021 and after.

For help or assistance, please contact (877) 480-3201 or (717) 338-2834 (TTY) or you may submit an [online e-support ticket](#).

Federal Communications Commission  
45 L St NE, Washington, DC 20002  
[Phone: 1-888-225-5322](#)

[TTY: 1-888-835-5322](#)

[Videophone: 1-844-432-2275](#)

[Fax: 1-866-418-0232](#)

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## Attachment 18 - Personnel Bios

### **Caroline County –**

#### **David Sadler, Director - Caroline County Information Technology Department**

David Sadler is the Point of Contact for Caroline County for questions pertaining to the 2021 VATI grant application. Mr. Sadler realizes that the problem of lack of access in rural Virginia is not a problem unique to Caroline. This is the reason he works to support solutions that not only help Caroline residents, but area residents, such as the current VATI Grant.

Mr. Sadler currently serves as IT director for Caroline County, and owns an IT installation and consulting company that serves many businesses from Fredericksburg to Richmond. As IT director he has worked with current wired and wireless providers to provide solutions the County Administration offices need to conduct business. Currently he manages the County-owned wireless network that connects multiple sites to allow them to conduct business on Caroline Counties private network. This network connects offices that are separated and spread across our rural county. He currently oversees the county network, and is working hard to modernize the network with the focus being on improved security.

Prior to starting with Caroline County, Mr. Sadler worked in the Private Sector as sole proprietor of On-Site P.C. In this position he worked to coordinate with Cable, Telephone and Fiber providers to integrate solutions to businesses large and small. He has overseen and actually performed large scale wired and wireless network installations in Virginia and Maryland. Mr. Sadler has been in IT for 24 years and has worked with all Wired and many of the wireless providers that offer internet in Caroline County. He has extensive knowledge of both the availability of broadband in Caroline, as well as the limitations of possible solutions. Because of this knowledge he has been appointed to

Caroline County Broadband Committee, where he works with a panel of highly qualified county residents in the IT field, to find viable solutions to bridge the digital divide that exists in Caroline county. He also manages Caroline's portion of the current ABB VATI effort awarded in FY2021.

### **Breezeline -**

Breezeline is comprised of an extensive team of engineers and support professionals that are engaged on a full-time basis in developing, providing, and supporting the latest technologies for our customers. Following are the Key Breezeline Leaders from that team that will be actively supporting the system.

**William T. Newborg, Director - Government Grants and Funding**, joined Breezeline (acquired MetroCast Communications) in January 2018 as General Manager of Virginia Systems. Mr. Newborg was responsible for the day-to-day operations of Breezeline cable systems serving approximately 22,000 households and businesses in Virginia. Mr. Newborg has over 30 years of experience in the cable television industry having held management positions with both large and small operators in Virginia. In April 2020, Mr. Newborg was promoted to Breezeline's Director - Government Grants and Funding covering eleven states. Mr. Newborg has been active in a number of industry organizations including the National Cable Television Association ("NCTA") as a member of the NCTA Operator's Committee. He currently serves as a Board Member of the Broadband Association of Virginia (VCTA). Mr. Newborg graduated from

San Diego Mesa College majoring in Aeronautical Sciences and attended San Jose State University pursuing a degree in Business Management.

**Crystal Duke, Grants and Funding Manager at Breezeline**, has over 15 years of experience in the cable industry and joined Breezeline in January 2018. In the Grants and Funding Manager role, she manages the grant planning, preparation, and proposal process. Her previous experience in the cable industry includes working in Marketing, Customer Service, Sales, and Administrative roles. She has served on the Women in Cable Telecommunications ("WICT") Virginia Chapter Board as Sponsorship Co-Chair and on the Lancaster by the Bay Chamber of Commerce Board. Crystal is currently enrolled in a yearlong Cogeco Leadership Program that focuses on leadership, engagement, active learning, and development. Mrs. Duke is an active member of the WICT Virginia Chapter and Fiber Broadband Association. She volunteers and fosters for SCAT Rescue, which is primarily a cat rescue and volunteer foster organization.

**Bernie Weeks, Enterprise Project Manager**, has over 33 years Building Fiber and HFC (COAX) systems as well as other phases of construction within Telecommunications. Responsibilities over the course of career include working on transatlantic fiber optic repairs aboard the TransOceanic Cable ship the Global Link. Later in the 90's, Bernie moved on to a land based Telecommunication operation which included directional boring and placement of Verizon facilities in various areas around District Of Columbia and Maryland. In 1998, Bernie went to work for Western Shore Cable TV placing Mainline cable as construction Supervisor. Through various Acquisitions, responsibilities grew over time to include Regional Construction management over Maryland, Virginia and Pennsylvania systems which encompassed system upgrades in both Maryland and the Virginia Northern Neck systems. Leading a team to success with a minimum impact to residents as work in the field was being accomplished. Bernie has been very versed in miles of Fiber backbone upgrade and placements for the hardening and System expansions within the Mid-Atlantic Region. Bernie's most current accomplishment was the St. Mary's County Government and federally funded expansions into the most rural areas of their county. With tight timelines and COVID pushing the need to accomplish a large amount of extensions to service students learning from home, and the need for Internet services to rural areas for residents now working from home, 4.2 million dollars were funded to meet the needs with a timeline of only four months. Achieving that goal through a strong workforce and dedication to meet the needs, the project was a success reaching over 350 students, and 100 miles of build in order to serve. Bernie was awarded a St. Mary's County Board of commissioners Commendation for the success in the project. Bernie is currently heading up the Virginia VATI projects that are ongoing in Middlesex, Mathews, Lancaster, and Caroline Counties.

**Shaun Blake, Technical Operations Director, Mid-Atlantic**, began his career with Breezeline in August 2020 as Operations Director Sales & Service. Shaun was recently promoted to the Director of Technical Operations for the Mid-Atlantic Region. Shaun started his career in 2008 with Lockheed Martin and held various positions starting as a Program Proposal Analyst and working his way up to Corporate Financial Auditor. In 2014, he took a position with Comcast - Baltimore as the Finance Manager. In December 2015, he was promoted to Director of Finance and Operations. He holds a Business Finance Degree from Kean University and a MBA from the University of Maryland - Robert H. Smith School of Business.

**Sean Brushett, Vice President of Technical Operations**, brings 30 years of leadership experience to his current role at Breezeline. His teams have transformed organizations in Canada, Europe and across the United States including Fortune 50 enterprises, family

businesses and start-ups in highly competitive and disruptive consumer segments including telecommunications, advertising, and consumer services. As a Vice President of Technical Operations, Brushett is responsible for the evolution and performance of Breezeline's network infrastructure and collaborates with his team to ensure that our services are delivered reliably to our customers. He leads our plant modernization efforts as we transition to the next generation of technology, including Fiber-to-the-Home. He also ensures that our construction, installation, dispatch, service, plant maintenance, and warehousing operations are aligned with company priorities and key departmental initiatives and are contributing to our customer experience goals. Prior to Breezeline, he led product marketing, innovation, customer service and operations at Fortune 500 brands and privately held companies including Comcast, Time Warner, US WEST, Buckeye Broadband and P&G. Sean's personal interests include participation on the executive committee administering the LPGA Marathon Classic, Inverness Club's successful bid to host the 2021 Solheim Cup, coaching youth hockey and also spending time with his family cheering for the Montreal Canadiens.

# Caroline County's Plan For Universal Coverage

as developed and approved by

## The Caroline Broadband Advisory Committee

In August of 2020 The Caroline Broadband Advisory Committee adopted a strategic plan which outlined the guidelines that it would use to guide future discussions involving broadband.

The goal is to extend affordable broadband internet service access to every resident and business in the county who lacks access to broadband. Caroline County comprises approximately 549 square miles and has approximately 30,000 residents.

The estimated cost of expanding broadband to all unserved citizens of Caroline County is nearly 29 million dollars. Currently, Caroline County has committed 4.5 million dollars to support the expansion of broadband.

The county and committee recognize the physical and fiscal challenges of deploying broadband in rural areas and had previously leveraged VATI grants to financially support a public-private partnership to deploy segments of internet service throughout the county with existing internet service providers.

Due to the expansion of VATI funding for 2022 and the state's desire to realize universal coverage for every county in the state, the committee quickly adapted to the updated VATI proposal requirements for universal coverage. Due to demand, and other factors, Caroline County's VATI 2022 proposal, ultimately, was not awarded.

Despite the setback, the plan for universal coverage remains the same for the current round of VATI funding. The county will form a public-private partnership with internet service providers that are committed to complete the work within the anticipated time frames required by DHCD under the VATI Grant program.

Additionally, the Caroline Broadband Advisory Committee completed a request for proposal in order to select the best partner for all unserved addresses west of 95. This will ensure that there will be no gaps that would potentially prevent Caroline County from being awarded the VATI funding. Caroline has partnered with Verizon for this project area.

Thanks to the willingness of Breezeline, formerly Atlantic Broadband, to partner with Caroline County to provide coverage for all unserved locations east of 95, the Broadband Advisory Committee decided to prioritize the Dawn Area, then followed by Woodford and Corbin. Sparta/Central point is covered in Breezeline's awarded RDOF funding. Additionally, Breezeline has pledged 11.6 million to complete coverage of all areas East of 95. The Eastern Area Plan for universal Coverage is defined in the attached Caroline County /ABB FY2022 Project Areas map.

V2.0 updated 8/14/2022

Please reference the tracking number on payments and send to:

CSX Transportation

Attn: Corridor Occupancy Services

500 Water Street, J-180 Jacksonville, FL 32202

#### Project Owner Information

#### FACILITY OWNER/LEGAL COMPANY IDENTIFICATION

Please enter information as it appears on legal documents.

Company Name : Caroline County Public Utilities Department

PS Applicant Legal Name :

CSX PS Alt Contact Legal Name :

PS Customer Legal Name :

Country : US

Address (1) : PO Box 424

Address (2) :

Address (3) :

Address (4) :

City : Bowling Green

State : VA

Zip Code : 22427

Type Of Business : Municipality

State of Incorporation : VA

Tax Identification Number :

Emergency Contact Number : (804) 633-1190

Name : Joseph Schiebel

Title : Director

Office Phone Number : (804) 633-1190

Extension :

Mobile/Cell Phone Number :

Email : jschiebel@co.caroline.va.us

#### BILLING ADDRESS FOR FACILITY OWNER ONLY

Click the box if the billing address is the same Y  
as customer legal address above. :

Company Name : Caroline County Public Utilities Department

Country : US

Address (1) : PO Box 424

Address (2) :

Address (3) :

Address (4) :

City : Bowling Green

State : VA

Zip Code : 22427

Name : Joseph Schiebel

Title : Director

Office Phone Number : (804) 633-1190

Extension :

Mobile/Cell Phone Number :

Email : jschiebel@co.caroline.va.us

#### PROJECT ENGINEER/CONSULTANT/AGENT CONTACT INFORMATION

Click here if the Project Contact Information is  
the same as the Legal Information above :

Click here if the Project Contact Information is  
the same as the Billing Information above :

Check here if Agreement should be mailed to  
Engineer/Agent address :

Company Name : WW Associates

Country : US

Address (1) : 968 Olympia Dr, Suite 1

Address (2) :

Address (3) :

Address (4) :

City : Charlottesville

State :

Zip Code : 22911

Name : John Beirne

Title :

Office Phone Number : (434) 984-2700

Extension :

Mobile/Cell Phone Number :

Email : jbeirne@wwassociates.net

#### ADDITIONAL CONTACT INFORMATION

Additional Contact Name :

Additional Contact Email :

Additional Contact Name :

Additional Contact Email :

Additional Contact Name :

Additional Contact Email :

#### Project Information

##### REFERENCE

Your Reference Number : 221016.08

The Theoretical Railroad Embankment Line ("TREL") begins at a point 12 ft. horizontally from center line of track, 18 in. below top-of-rail and extends downward on a 1.5 (H) to 1 (V) slope.

Type of Installation Request : NIR

Is this covered by an existing Master N  
Agreement? :

Is this project related to another N  
transaction/project with CSX :

Will proposed facility connect to an existing N  
facility within the railroad corridor :

##### DESCRIPTION

Provide detailed scope of work : HDD installation of 4" fiber optic conduit.

#### Location

##### PROJECT LOCATION

Is the facility located in a roadway? : Y

Roadway DOT Number : Rte. 601

Milepost Prefix From :

Milepost Number From : 33

Country : US

State : VA

County : Caroline

City : Penola

Nearest Dot# : Penola Road

Latitude : 37.957312

**Application Name :** Utility Application**Tracking ID :** 1055879**Last Update Date :** 06/03/2022**Requested By :** Beirne, John**On Behalf Of :** Beirne, John**Last Updated By :** BEIRNE, JOHN**Longitude :** -77.370644**MapCSX Link :****Passenger Service :****MCI Territory :****Shortline Territory :****Shortline Agreement Number :****Number of Tracks :****Inspection Required :****Related Agreements :****Master Agreement Number :****Document Type :****Summary Comments :**

### Specification

**Impact :** CROSSING**Installation Method :** HDD**Commodity Type :** FIBER\_DATA**Specification Information :****Casing Size in inches :** 4**Please indicate the type and count of facilities. Select all that apply. If fiber please indicate the fiber count in each cable.****Fiber :** Y**CATV :****Copper :****Quantity of Fiber Cables :****Number of fibers within the cable :****Variance from Specifications :** Y**Please reference the tracking number on payments and send to:****CSX Transportation****Attn: Corridor Occupancy Services****500 Water Street, J-180 Jacksonville, FL 32202**

Please reference the tracking number on payments and send to:

CSX Transportation

Attn: Corridor Occupancy Services

500 Water Street, J-180 Jacksonville, FL 32202

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**CSX PS Alt Contact Legal Name :**

**PS Customer Legal Name :**

**Country :** US

**Address (1) :** PO Box 424

**Address (2) :**

**Address (3) :**

**Address (4) :**

**City :** Bowling Green

**State :** VA

**Zip Code :** 22427

**Type Of Business :** Municipality

**State of Incorporation :** VA

**Tax Identification Number :**

**Emergency Contact Number :** (804) 633-4390

**Name :** Joseph Schiebel

**Title :** Director

**Office Phone Number :** (804) 633-4390

**Extension :**

**Mobile/Cell Phone Number :**

**Email :** jschiebel@co.caroline.va.us

#### BILLING ADDRESS FOR FACILITY OWNER ONLY

Click the box if the billing address is the same Y  
as customer legal address above. :

**Company Name :** Caroline County Public Utilities Department

**Country :** US

**Address (1) :** PO Box 424

**Address (2) :**

**Address (3) :**

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**Extension :**

**Mobile/Cell Phone Number :**

**Email :** jschiebel@co.caroline.va.us

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Click here if the Project Contact Information is  
the same as the Legal Information above :

Click here if the Project Contact Information is  
the same as the Billing Information above :

Check here if Agreement should be mailed to  
Engineer/Agent address :

Company Name : WW Associates, Inc.

Country : US

Address (1) : 968 Olympia Dr, Suite 1

Address (2) :

Address (3) :

Address (4) :

City : Charlottesville

State :

Zip Code : 22911

Name : John Beirne

Title :

Office Phone Number : (434) 984-2700

Extension :

Mobile/Cell Phone Number :

Email : jbeirne@wwassociates.net

#### ADDITIONAL CONTACT INFORMATION

Additional Contact Name :

Additional Contact Email :

Additional Contact Name :

Additional Contact Email :

Additional Contact Name :

Additional Contact Email :

#### Project Information

#### REFERENCE

Your Reference Number : 221016.08

The Theoretical Railroad Embankment Line ("TREL") begins at a point 12 ft. horizontally from center line of track, 18 in. below top-of-rail and extends downward on a 1.5 (H) to 1 (V) slope.

Type of Installation Request : NIR

Is this covered by an existing Master N  
Agreement? :

Is this project related to another N  
transaction/project with CSX :

Will proposed facility connect to an existing N  
facility within the railroad corridor :

#### DESCRIPTION

Provide detailed scope of work : HDD installation of 4" fiber optic conduit.

#### Location

#### PROJECT LOCATION

Is the facility located in a roadway? : Y

Roadway DOT Number : Rte. 605

Milepost Prefix From :

Milepost Number From : 40.43

Country : US

State : VA

County : Caroline

City : Bowling Green

Nearest Dot# : Paige Rd.

Latitude : 38.060402

**Longitude :** -77.376098**MapCSX Link :****Passenger Service :****MCI Territory :****Shortline Territory :****Shortline Agreement Number :****Number of Tracks :****Inspection Required :****Related Agreements :****Master Agreement Number :****Document Type :****Summary Comments :****Specification****Impact :** CROSSING**Installation Method :** HDD**Commodity Type :** FIBER\_DATA**Specification Information :****Casing Size in inches :****Please indicate the type and count of facilities. Select all that apply. If fiber please indicate the fiber count in each cable.****Fiber :** Y**CATV :****Copper :****Quantity of Fiber Cables :****Number of fibers within the cable :****Variance from Specifications :** Y**Please reference the tracking number on payments and send to:****CSX Transportation****Attn: Corridor Occupancy Services****500 Water Street, J-180 Jacksonville, FL 32202**

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Extension :

Mobile/Cell Phone Number :

Email : jschiebel@co.caroline.va.us

#### PROJECT ENGINEER/CONSULTANT/AGENT CONTACT INFORMATION

Click here if the Project Contact Information is N  
the same as the Legal Information above :

Click here if the Project Contact Information is N  
the same as the Billing Information above :

Check here if Agreement should be mailed to  
Engineer/Agent address :

Company Name : WW Associates

Country : US

Address (1) : 968 Olympia Dr, Suite 1

Address (2) :

Address (3) :

Address (4) :

City : Charlottesville

State : VA

Zip Code : 22911

Name : John Beirne

Title :

Office Phone Number : 4349842700

Extension :

Mobile/Cell Phone Number :

Email : jbeirne@wwassociates.net

#### ADDITIONAL CONTACT INFORMATION

Additional Contact Name :

Additional Contact Email :

Additional Contact Name :

Additional Contact Email :

Additional Contact Name :

Additional Contact Email :

#### Project Information

##### REFERENCE

Your Reference Number : 221016.08

The Theoretical Railroad Embankment Line ("TREL") begins at a point 12 ft. horizontally from center line of track, 18 in. below top-of-rail and extends downward on a 1.5 (H) to 1 (V) slope.

Type of Installation Request : NIR

Is this covered by an existing Master N  
Agreement? :

Is this project related to another N  
transaction/project with CSX :

Will proposed facility connect to an existing N  
facility within the railroad corridor :

##### DESCRIPTION

Provide detailed scope of work : HDD installation of 4" HDPE fiber optic conduit.

#### Location

##### PROJECT LOCATION

Is the facility located in a roadway? : Y

Roadway DOT Number : Rte 606

Milepost Prefix From :

Milepost Number From : 47.24

Country : US

State : VA

County : Caroline

City : Guinea

Nearest Dot# : Stonewall Jackson Road

Latitude : 38.144624

**Application Name :** Utility Application**Tracking ID :** 1055860**Last Update Date :** 06/03/2022**Requested By :** Beirne, John**On Behalf Of :** Beirne, John**Last Updated By :** BEIRNE, JOHN**Longitude :** -77.439076**MapCSX Link :****Passenger Service :****MCI Territory :****Shortline Territory :****Shortline Agreement Number :****Number of Tracks :****Inspection Required :****Related Agreements :****Master Agreement Number :****Document Type :****Summary Comments :**

### Specification

**Impact :** CROSSING**Installation Method :** HDD**Commodity Type :** FIBER\_DATA**Specification Information :****Casing Size in inches :** 4**Please indicate the type and count of facilities. Select all that apply. If fiber please indicate the fiber count in each cable.****Fiber :** Y**CATV :****Copper :****Quantity of Fiber Cables :****Number of fibers within the cable :****Variance from Specifications :** Y**Please reference the tracking number on payments and send to:****CSX Transportation****Attn: Corridor Occupancy Services****500 Water Street, J-180 Jacksonville, FL 32202**

Please reference the tracking number on payments and send to:

CSX Transportation

Attn: Corridor Occupancy Services

500 Water Street, J-180 Jacksonville, FL 32202

#### Project Owner Information

#### FACILITY OWNER/LEGAL COMPANY IDENTIFICATION

Please enter information as it appears on legal documents.

Company Name : Caroline County Public Utilities Department

PS Applicant Legal Name :

CSX PS Alt Contact Legal Name :

PS Customer Legal Name :

Country : US

Address (1) : PO Box 424

Address (2) :

Address (3) :

Address (4) :

City : Bowling Green

State : VA

Zip Code : 22427

Type Of Business : Municipality

State of Incorporation : VA

Tax Identification Number :

Emergency Contact Number : (804) 633-1190

Name : Joseph Schiebel

Title : Director

Office Phone Number : (804) 633-1190

Extension :

Mobile/Cell Phone Number :

Email : jschiebel@co.caroline.va.us

#### BILLING ADDRESS FOR FACILITY OWNER ONLY

Click the box if the billing address is the same Y  
as customer legal address above. :

Company Name : Caroline County Public Utilities Department

Country : US

Address (1) : PO Box 424

Address (2) :

Address (3) :

Address (4) :

City : Bowling Green

State : VA

Zip Code : 22427

Name : Joseph Schiebel

Title : Director

Office Phone Number : (804) 633-1190

Extension :

Mobile/Cell Phone Number :

Email : jschiebel@co.caroline.va.us

#### PROJECT ENGINEER/CONSULTANT/AGENT CONTACT INFORMATION

Click here if the Project Contact Information is  
the same as the Legal Information above :

Click here if the Project Contact Information is N  
the same as the Billing Information above :

Check here if Agreement should be mailed to  
Engineer/Agent address :

Company Name : WW Associates

Country : US

Address (1) : 968 Olympia Dr, Suite 1

Address (2) :

Address (3) :

Address (4) :

City : Charlottesville

State : VA

Zip Code : 22911

Name : John Beirne

Title :

Office Phone Number : 4349842700

Extension :

Mobile/Cell Phone Number :

Email : jbeirne@wwassociates.net

#### ADDITIONAL CONTACT INFORMATION

Additional Contact Name :

Additional Contact Email :

Additional Contact Name :

Additional Contact Email :

Additional Contact Name :

Additional Contact Email :

#### Project Information

##### REFERENCE

Your Reference Number : 221016.08

The Theoretical Railroad Embankment Line ("TREL") begins at a point 12 ft. horizontally from center line of track, 18 in. below top-of-rail and extends downward on a 1.5 (H) to 1 (V) slope.

Type of Installation Request : NIR

Is this covered by an existing Master N  
Agreement? :

Is this project related to another N  
transaction/project with CSX :

Will proposed facility connect to an existing N  
facility within the railroad corridor :

##### DESCRIPTION

Provide detailed scope of work : HDD installation of 4" fiber optic conduit.

#### Location

##### PROJECT LOCATION

Is the facility located in a roadway? : Y

Roadway DOT Number : Rte. 626

Milepost Prefix From :

Milepost Number From : 44.5

Country : US

State : VA

County : Caroline

City : Woodford

Nearest Dot# : Woodford Rd

Latitude : 38.113456

**Application Name :** Utility Application**Tracking ID :** 1055869**Last Update Date :** 06/03/2022**Requested By :** Beirne, John**On Behalf Of :** Beirne, John**Last Updated By :** BEIRNE, JOHN**Longitude :** -77.409150**MapCSX Link :****Passenger Service :****MCI Territory :****Shortline Territory :****Shortline Agreement Number :****Number of Tracks :****Inspection Required :****Related Agreements :****Master Agreement Number :****Document Type :****Summary Comments :**

### Specification

**Impact :** CROSSING**Installation Method :** HDD**Commodity Type :** FIBER\_DATA**Specification Information :****Casing Size in inches :** 4**Please indicate the type and count of facilities. Select all that apply. If fiber please indicate the fiber count in each cable.****Fiber :** Y**CATV :****Copper :****Quantity of Fiber Cables :****Number of fibers within the cable :****Variance from Specifications :** Y**Please reference the tracking number on payments and send to:****CSX Transportation****Attn: Corridor Occupancy Services****500 Water Street, J-180 Jacksonville, FL 32202**



Page 1 of 1

Account/Contract No. CSX959543  
Tracking No. 1055860  
Reference Number 221016.08

## Invoice

Date 07/29/2022

### Customer

CAROLINE COUNTY PUBLIC UTILITIES DEPARTMENT  
P O BOX 424  
BOWLING GREEN, VA 22427

Please submit a copy of this statement with payment submission to the "Remit To" address shown below.

### Fees-At-A-Glance

Amount Due in U.S. dollars 6,825.0

### Fees Summary

Review Fee	\$3,950.00
Railroad Protective Liability (Only if RPL is not provided)	\$1,875.00
Expedited Review Fee	
License Fee	\$1,000.00
Sales Tax*	
Money on File	

\*Florida Sales tax applies to the license fee

Total Current Fees in U.S. dollars 6,825.0

CSX Federal ID No.  
CSX Canadian ID No.  
CSX Quebec ID No.

54-6000720  
105203095 RC 0001  
1022434469 IC 0001

#### Please remit payment to:

**Legal Address:**  
500 Water Street, J180  
Jacksonville, FL 32202  
Questions? Contact:

#### CSX Transportation, Inc.

**Mailing Address:**  
500 Water Street, J180  
Jacksonville, FL 32202  
[KEVIN\\_CLARK@CSX.COM](mailto:KEVIN_CLARK@CSX.COM)  
904-279-3876

**PROJECT ORDER NUMBER W-2021-11 PURSUANT TO  
ENGINEERING TERM CONTRACT**

**Date:** November 1, 2021

**Owner:** Caroline County

**Owner's Project Manager:** Joseph C. Schiebel

**Engineer:** WW Associates, Inc.

**Engineer's Project Manager/Coordinator:** Herbert F. White III, P.E.

**Project Title:** Railroad Crossings - Broadband Fiber

This Project Order Number W-2021-11 is issued pursuant to the Engineering Term Contract for Professional Services dated May 25, 2021.

**SCOPE OF WORK:**

The scope of work for which engineering design services and survey services are to be performed under this Project Order is generally described as provisions for survey and design of railroad crossings to be submitted to Norfolk Southern Railroad for review and approval. The crossings are in general accord with email dated October 18, 2021 and are summarized as follows:

- Guinea
- Woodford
- Paige
- Penola

We propose to provide:

- Field survey for the four sites
- Develop plans, sections, details, and specifications
- Submit to N&S and address comments

**CONTRACT AMOUNT:**

We propose to provide these engineering services in accordance with the following lump sum fee schedule:

<u>Task</u>	<u>Lump Sum Fee</u>
Water Facilities – Design Services	\$ 30,000

In witness whereof the undersigned have executed this contract on the dates set forth below of their respective signatures.

WW Associates, Inc  
ENGINEER

By: Herbert F. White III 11.1.21  
(Signature in ink) (Date)

Name: Herbert F. White III, P.E.

Title: President

Caroline County  
OWNER

By: [Signature] 11/10/2021  
(Signature in ink) (Date)

Name: Charles M. Culley, Jr.

Title: County Administrator

### SUMMARY OF PROJECT WORK ORDERS

No.	Description	Amount
1.	Polecat Creek Interceptor, Phase I	\$ 625,000
2.	Townfield Water System Improvements	\$ 15,000
3.	Orthophosphate Chemical Feed Facilities	\$ 12,500
4.	Polecat WWTP Construction Administration	\$ 17,500
5.	Sparta Field Survey and Concept Plan	\$ 7,500
6.	Polecat Creek Interceptor, Phase II	\$ 450,000
7.	Phase I, South River Pump Station	\$ 65,000
8.	Milford Wells Chemical Feed Systems	\$ 6,500
9.	Sparta Survey Services	\$ 6,500
10.	Pendleton Water and Sewer Facilities	\$ 70,000
11.	Railroad Crossings	\$ 30,000

Staff time:

Joseph Schiebel - 8 hours of application and plan review

Fully Load – 8 hours X \$88.37 = \$706.96

Summary

\$30,000

WW Associates Design and Application Submittal

\$27,300

CSX Permit Fees

\$706.96

Staff Time for project oversight

58,006.96

Limited Time Offer

## Ultrafast Fiber Internet \$39.99/month\* + \$150 Visa® Gift Card

500 Mbps with No Data Caps

Let's Get Started

[Why Breezeline?](#)

ONLINE ONLY  
**Summer  
Savings**



### Internet so fast, it'll make you stream

Enjoy reliable, high-speed internet with no data caps or hidden fees.

\$150 GIFT CARD WITH PURCHASE



~~100 Mbps~~

**200/200 Mbps** ⓘ

Ideal for: 4-7 devices

**Fiber Fast**  
Unlimited Data

**\$39**<sup>99\*</sup> ⓘ  
/mo

[View Plan Details](#) ▼

Select Plan

\$150 GIFT CARD WITH PURCHASE



~~400 Mbps~~

**500/500 Mbps** ⓘ

Ideal for: 8-12 devices

**Fiber UltraFast**  
Unlimited Data

**\$39**<sup>99\*</sup> ⓘ  
/mo

[View Plan Details](#) ▼

Select Plan

\$150 GIFT CARD WITH PURCHASE



**1000/600 Mbps** ⓘ

Ideal for: 12+ devices

**Fiber GigaFast**  
Unlimited Data

**\$59**<sup>99\*</sup> ⓘ  
/mo

[View Plan Details](#) ▼

Select Plan

Find Your Perfect Speed

We are proud to live and work in the communities we serve.  
And we're equally proud to give back to them by sharing our time, expertise and technology.



Expanding access to broadband technology to facilitate distance learning and to reach rural populations.



Supporting digital literacy programs that promote technology adoption among seniors and other underserved populations.



Eradicating cyberbullying and supporting programs that educate our communities about online privacy and security.



We're working to limit the impacts of climate change and to reduce our environmental footprint as we care for the environment.

**Investment in our Communities:** At Breezeline, we invest in the communities we serve by building and maintaining state-of-the-art networks that deliver the performance and reliability our customers and communities depend on. As a communications provider, with broadband internet as our core business, we play a key role in connecting our communities to services that are essential for business and daily life.

**Community Contribution:** We also are committed to supporting our local communities through financial support, in-kind contributions and other partnerships. In fiscal 2021, we donated more than 1% of our pre-tax profits through cash and in-kind contributions to a range of community initiatives.

**Employee Volunteers:** Our employees also support our communities through our annual Community Involvement Day, a company-wide initiative involving all of our business units in the U.S. and Canada. In 2021, Breezeline employees volunteered their time planting trees at 19 school locations in seven states, beautifying school campuses and helping the environment.

**Extending Broadband in Rural America:** We also are working to extend broadband networks into areas that are currently unserved or underserved, particularly in rural markets. We have formed mutually beneficial private-public partnerships that already have expanded the availability of broadband internet in multiple regions where we provide service, with further expansion to come.

**Help During COVID:** For households that have suffered economic hardship during the COVID-19 pandemic, we've provided discounted services through the Affordable Connectivity Program (ACP), the Emergency Broadband Benefit (EBB) program, "Keep Americans Connected," "Everybody Learns" (Connecticut) and other state and federal programs to ensure that our communities can remain connected for work from home, distance learning and telemedicine.

**Care for the Environment:** Our parent company, Cogeco, has set science-based emissions reduction targets to limit the impacts of climate change. This commitment includes achieving net-zero emissions by 2050. We're working to

reduce emissions from our direct operations through fleet electrification and a commitment to reduce emissions from employee commuting by 30% by 2030. It also includes investments in renewable energy, and energy efficiency projects across our network, as well as targets involving our suppliers and customers to reduce our environmental footprint.

**Recognition:** We are proud of the recognition we've received, including Cogeco's being named one of the World's 100 Most Sustainable Corporations. Cogeco was also one of 44 companies worldwide in 2021 that received the first Prince of Wales Terra Carta Seal, which recognizes companies that are demonstrating their commitment to the creation of sustainable markets.

**Diversity & Inclusion:** Respect is a long-standing core value that we embrace by fostering a respectful workplace marked by integrity, trust and inclusion. We believe that an inclusive workplace is one where everyone feels a sense of belonging, has a safe environment in which to work and develop, and shares equal opportunities for career advancement regardless of gender, skin color, ethnicity, religion, age, disability or sexual orientation.

**Promoting Understanding:** We're also working to promote understanding in the communities we serve through our "Voices for Understanding" campaign. Launched in 2020, the campaign through 30 second PSAs highlights non-profits focused on diversity, equality and justice in our communities.

**Responsible Use of Technology:** We are committed to supporting digital literacy programs that promote technology adoption among seniors and other underserved populations. We want users of every age to achieve a healthy tech-life balance when using online technology. We also are committed to eradicating cyber bullying and supporting programs that educate our communities about online privacy and security.

**Supporting Technology Careers:** We are committed to promoting technology careers via student mentoring programs, internships, vocational programs and the support of STEM initiatives.

As a top-10 internet, TV & voice provider, Breezeline supports organizations that promote digital literacy, tech life balance, cyber-bullying prevention and STEM/technology careers. Some of the organizations and initiatives Breezeline will support in 2022-2023 are highlighted below:

**Cyber Seniors:** Founded in 2015, this non-profit organization provides senior citizens with tech-training using an intergenerational, volunteer model. Young people are provided with lessons and learning activities to train them to act as digital mentors and senior citizens gain access to effective technology training and intergenerational communities that keep them socially connected and engaged. Breezeline will offer a series of webinars to the public over the next 12 months as part of its support of Cyber Seniors.



**Digital Wellness Lab:** This lab/research center combines the resources of Boston Children's Hospital and Harvard Medical School. The Lab works with companies to create materials (blog posts, tweets, FB posts) on media health effects and best use practices. Companies work with doctors and social workers to create actionable guidance. As a sponsor of Digital Wellness Lab, Breezeline will present short-form videos and four webinars focused on digital wellness and guidance for families.



**Cyber Security Non-Profit (CSNP):** Breezeline supports this 501(c)(3) that works to promote cybersecurity awareness. CNSP's goal is to make security knowledge and training accessible, so everyone can learn how to better protect themselves and their organizations from cyber threats. Breezeline will offer webinars, blog posts, podcasts and social media content to help promote cyber security awareness in its communities.



**Code/Art:** Code/Art, based in Miami, FL helps close the gender gap in technology by creating coding programs for girls in grades 3-12, inspiring girls to pursue computer science, and helping to change society's view of what a coder looks like. Breezeline will sponsor the organization's annual Tech Conference and other events throughout the year.



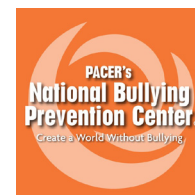
**Children's Museum of NH:** One of New Hampshire's most visited cultural attractions, welcoming over 110,000 visitors per year offering STEM Programs, including summer camps, which teach kids how to solve engineering problems and think like an engineer. The Museum also hosts underserved Girls Camps for students in grades 1-4.



**Interactive Case Study Competition:** Breezeline is a lead sponsor of "Media & Tech's Interactive Case Study Competition," a semester-long competition held twice each year in which teams of graduate business students work to solve real-life case studies pertaining to the cable industry. Graduate students develop a white paper, then present their findings to a panel of industry judges. Sponsorship dollars go directly to winning student teams as prize money to support their education. The students also submit their bios to company recruiters for potential internship positions and employment opportunities. Over the last ten years, 40 percent of student competitors have moved on to jobs with top media and tech companies.



**Pacer:** This national 501(c)(3) that creates resources to combat cyberbullying. Breezeline will make use of a three-part infographic series on cyberbullying targeted to Adults, Elementary School Students and Middle and High School Students.





# Affordable Connectivity Program



The Affordable Connectivity Program (ACP) is an FCC benefit program, in partnership with Breezeline and other Internet Service Providers, designed to ensure households have access to reliable, affordable broadband - necessary for work, school, healthcare, and more. The program launched on December 31, 2021 as a long-term replacement for the interim Emergency Broadband Benefit Program (EBB).

Eligible households can receive up to a \$30 monthly credit on their Internet bill, or up to \$75 monthly on qualifying Tribal lands. Households are deemed eligible if one member meets one of the eligible criteria.

## Steps to Apply/Enroll

### 1. Qualify

First you need to apply for eligibility by visiting [fcc.gov/acp](https://fcc.gov/acp). After you apply, the FCC will share the results with you. Unfortunately, Breezeline cannot do this step for you. You must navigate to this site and follow the instructions to verify your household's eligibility.

### 2. Enroll with Breezeline

Once you have received your approval from the FCC, visit [breezeline.com/acp](https://breezeline.com/acp) and click the "Enroll Now" button to fill out the form with all the required information.

### 3. Agree to Terms

Acknowledge and agree to the terms and conditions to receive this benefit. Please note: It is important that you use the same email and contact number that you used on your [affordableconnectivity.gov](https://affordableconnectivity.gov) when filling out this form. Once Breezeline receives confirmation of eligibility, we will process the credit and you will receive an email confirmation. We will process all enrollments within 7 business days and all credits by the 10<sup>th</sup> of each month.



# Affordable Connectivity Program



## Who Is Eligible for the Affordable Connectivity Program?

A household is eligible for the Affordable Connectivity Program if the household income is at or below 200% of the Federal Poverty Guidelines, or if a member of the household meets at least one of the criteria below:

- Received a Federal Pell Grant during the current award year
- Meets the eligibility criteria for a participating provider's existing low-income Internet program
- Participates in one of these assistance programs:
  - The National School Lunch Program or the School Breakfast Program, including through the USDA Community Eligibility Provision
  - SNAP
  - Medicaid
  - Federal Public Housing Assistance
  - Supplemental Security Income (SSI)
  - WIC
  - Veterans Pension or Survivor Benefits
  - or Lifeline
- Participates in one of these assistance programs and lives on Qualifying Tribal lands:
  - Bureau of Indian Affairs General Assistance
  - Tribal TANF
  - Food Distribution Program on Indian Reservations
  - Tribal Head Start (income based)

Scan here to check  
eligibility and apply  
[fcc.gov/acp](https://fcc.gov/acp)



Scan here once application  
is approved to enroll  
with Breezeline  
[breezeline.com/acp](https://breezeline.com/acp)



# Growing stronger every day.

2021 ANNUAL REPORT



**COGECO**  
**COMMUNICATIONS**

A world of your **very own**



# COGECO: GROWING STRONGER EVERY DAY, FOR MORE THAN 60 YEARS

**Cogeco is a growing competitive force in the North American telecommunications sector with a legacy of over 60 years.**

We enjoy a unique and enviable position as the only broadband services company with a significant presence in both Canada and the United States. Today, we are the second largest cable operator in Québec and Ontario, and the eighth largest cable operator in the United States where we operate in 12 states.

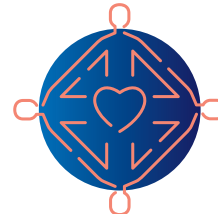
We continue to grow our footprint through network investments to help address the digital divide between large urban centres and regional areas, as well as through targeted acquisitions in areas where we are positioned as a consolidator of regional cable operators. We are focused on delivering great customer experiences, continuously innovating and investing in product enhancements and service improvements. We are proud to serve our customers with local teams, to contribute to the connectivity needs of our communities, and to invest in their social and cultural life.



**\$2.5 billion**  
in revenue



**3,800**  
employees



**Supporting  
700 local  
non-profit  
organizations**



First telecommunications company  
in Canada with emissions targets approved  
by the Science-Based Target initiative



Among Corporate Knights' Global  
100 Most Sustainable Corporations  
in the World

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# 2021 FINANCIAL PERFORMANCE

+5.3%

## REVENUE (in thousands of Canadian dollars)

2021		2,510,453
2020		2,384,283

+5.0%

## ADJUSTED EBITDA<sup>1</sup> AND ADJUSTED EBITDA MARGIN<sup>1</sup> (in thousands of Canadian dollars, except %)

2021		1,205,656
2020		1,148,729

+8.8%

## PROFIT FOR THE YEAR (in thousands of Canadian dollars)

2021		431,647
2020		396,591

+11.0%

## CASH FLOWS FROM OPERATING ACTIVITIES (in thousands of Canadian dollars)

2021		1,019,059
2020		917,819

+10.2%

## ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY<sup>1</sup> (in thousands of Canadian dollars, except %)

2021		533,186
2020		483,990

+6.9%

## FREE CASH FLOW<sup>1</sup> (in thousands of Canadian dollars)

2021		486,877
2020		455,436

<sup>1</sup> The indicated terms do not have standardized definitions prescribed by International Financial Reporting Standards ("IFRS") and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of the Management's Discussion and Analysis ("MD&A"), including reconciliation to the most comparable IFRS financial measures.

# FINANCIAL HIGHLIGHTS

## Years ended August 31,

(in thousands of Canadian dollars, except percentages and per share data)

	2021 \$	2020 \$	Change %	Change in constant currency <sup>1,2</sup> %	Foreign exchange impact <sup>1</sup> \$
<b>OPERATIONS</b>					
Revenue	2,510,453	2,384,283	5.3	8.1	(67,157)
Adjusted EBITDA <sup>2</sup>	1,205,656	1,148,729	5.0	7.4	(28,367)
Adjusted EBITDA margin <sup>2</sup>	48.0%	48.2%			
Integration, restructuring and acquisition costs <sup>3</sup>	8,744	9,486	(7.8)		
Profit for the year	431,647	396,591	8.8		
Profit for the year attributable to owners of the Corporation	401,517	375,174	7.0		
<b>CASH FLOW</b>					
Cash flows from operating activities	1,019,059	917,819	11.0		
Acquisition of property, plant and equipment <sup>4</sup>	533,186	483,990	10.2	15.0	(23,200)
Free cash flow <sup>2</sup>	486,877	455,436	6.9	6.7	927
<b>CAPITAL INTENSITY<sup>2</sup></b>					
	21.2%	20.3%			
<b>FINANCIAL CONDITION</b>					
Cash and cash equivalents	365,520	366,497	(0.3)		
Total assets	7,351,692	6,804,197	8.0		
Indebtedness <sup>2,5</sup>	3,319,708	3,179,926	4.4		
Equity attributable to owners of the Corporation	2,415,144	2,268,246	6.5		
<b>PER SHARE DATA<sup>6</sup></b>					
Earnings per share					
Basic	8.47	7.74	9.4		
Diluted	8.40	7.67	9.5		
Dividends	2.56	2.32	10.3		

<sup>1</sup> Key performance indicators presented on a constant currency basis are obtained by translating financial results from the current period denominated in US dollars at the foreign exchange rate of the prior year. For the year ended August 31, 2020, the average foreign exchange rate used for translation was 1.3456 USD/CDN.

<sup>2</sup> The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section of the MD&A, including reconciliation to the most comparable IFRS financial measures.

<sup>3</sup> For the year ended August 31, 2021, integration, restructuring and acquisition costs resulted mostly from costs incurred in connection with the acquisition and integration of DERYtelecom, which was completed on December 14, 2020, and due diligence costs and legal fees related to the acquisition of the Ohio broadband systems, which was completed on September 1, 2021. For the year ended August 31, 2020, integration, restructuring and acquisition costs resulted primarily from organizational changes initiated across the Corporation resulting in cost optimization, as well as costs related to the acquisition and integration of Thames Valley Communications and iTéract.

<sup>4</sup> For the year ended August 31, 2021, acquisition of property, plant and equipment in constant currency amounted to \$556.4 million.

<sup>5</sup> Indebtedness is defined as the total of bank indebtedness and principal on long-term debt.

<sup>6</sup> Per multiple and subordinate voting share.

“ Our quality service delivery platform continues to be enhanced with substantial network infrastructure investments, and the integration of digital tools which harness the power of artificial intelligence. ”

- Louis Audet



## MESSAGE FROM THE BOARD CHAIR

Fiscal 2021 has been a year of impressive growth and achievement for the company, its shareholders and the communities we serve in more than 1,000 different towns and cities in eastern North America. With a presence in Ontario and Québec in Canada, and 12 states in the United States, Cogeco offers a unique growth proposition in the communications universe.

Our quality service delivery platform continues to be enhanced with substantial network infrastructure investments, and the integration of digital tools which harness the power of artificial intelligence. This allows us to better serve our customers and enables us to reach increasing numbers of new customers in unserved areas. In doing so, Cogeco Communications partners with federal, provincial and state governments to bridge the digital gap and bring fibre-to-the-home connectivity to previously difficult to reach communities. We take pride in contributing to that effort.

In October 2020, our Canadian subsidiary, Cogeco Connexion, announced the acquisition of DERYtelecom, the third largest cable operator in the province of Québec, passing 176,000 homes and serving 100,000 customers. The markets served by DERYtelecom are adjacent to our existing network and offer a further opportunity to extend our network to unserved areas.

In September 2021, we completed the acquisition of networks passing 689,000 homes and businesses in Cleveland and Columbus, Ohio, serving some 198,000 customers. This furthers the growth strategy of our American subsidiary, Atlantic Broadband, as a platform to pursue consolidation within the U.S.

Customer acquisition and financial results have continued to place us at the top of the list of our peers. We take pride in having grown our dividends at the rate of approximately 10% per year, over the past five years.

Canadian federal entities have initiated the introduction of wholesale regulatory mechanisms which, if brought to a satisfactory conclusion, could allow us to offer mobile telephony services in our existing service areas, providing for another interesting growth opportunity.

Throughout our broadband footprint, our teams continue to carry on their responsibility for social leadership and community involvement in the localities we have the privilege to serve.

We have continued to focus our efforts on bettering the environment. Our greenhouse gas emissions reduction targets have been approved by the Science Based Targets initiative that has declared them in conformity with the levels necessary to attain the objectives of the Paris Accord. Our initiatives have elicited broad recognition. Community involvement has been part of our core values since the company was created in 1957. Consequently, we continue to support local initiatives and non-profit organizations across the communities we serve. Again, this year, our governance practices have been recognized as being among the best of family-controlled enterprises by the Globe and Mail Board Games Report on the Toronto Stock Exchange traded companies.

I am pleased to report that the three-year transition period to pass the baton completely to our President and Chief Executive Officer, Philippe Jetté, came to its conclusion on August 31, 2021. The organization, the communities it serves, our Board of Directors and our shareholders can be proud of the success of this transition to a new generation of leaders.

In conclusion, I would like to thank our Board of Directors for the sense of direction and perennity it has given to our company. Our management and all our colleagues deserve our sincere appreciation for another great year serving our customers well and profitably.



**LOUIS AUDET**  
Board Chair

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## MESSAGE FROM THE PRESIDENT & CEO

Dear fellow shareholders,

We have come to the end of another remarkable year. Fiscal 2021 has been a year for setting down fresh roots and expanding our horizons. We have come a long way, having passed through the early turmoil of the pandemic in 2020. However, we are far from the lives we lived before. I continue to be proud and amazed at everything we have accomplished together over the course of fiscal 2021, all while adapting to a new reality and managing the stresses of our changing world, and still growing stronger every day.

Consolidated revenue increased by 5.3% in fiscal 2021 to reach \$2.5 billion, while adjusted EBITDA reached \$1.2 billion, up by 5.0%. Profit for the year reached \$431.6 million and the Corporation generated free cash flow of \$486.9 million. Dividends paid to our shareholders increased by 10.3% to \$2.56 per share.

### Growing stronger every day

Throughout the fiscal year, we have pursued our mission to bring people together through powerful communications and entertainment experiences, with a strategy that is driven by customers' needs, builds on our core strengths and is fueled by our strong organizational culture and highly engaged teams. Operating in a very competitive and evolving ecosystem, we have pursued our strategy based on our five growth pillars which are enabled by organic growth, acquisitions and initiatives that centre on innovation.

Our growth strategy is anchored on a solid backbone which allows us to continuously innovate and invest in product enhancements and service improvements. We are continuing our transformation process by developing more digital services and continuously innovating automation in both Canada and the U.S. to deliver exceptional digital experiences for our customers. Through our digital transformation, we are putting our customers first, we aim to gain agility and speed as well as increase our efficiency.

With that said, I am very proud to present some of the key highlights of our year, which are presented in more detail later in this annual report.

## MESSAGE FROM THE PRESIDENT & CEO (CONTINUED)

### COGECO CONNEXION, OUR CANADIAN BROADBAND SEGMENT

We began the fiscal year welcoming Frédéric Perron to the Cogeco family as President of Cogeco Connexion. He has brought with him renewed energy and a perspective which has quickly seen the team building a culture based on agility and accountability, and the best organic revenue growth since 2017.

Cogeco Connexion completed the acquisition of DERYtelecom, the third largest cable operator in Québec, serving approximately 100,000 customers and generating approximately \$105 million in revenue. The integration of DERYtelecom, acquired in December 2020, is well-advanced and generating expected synergies.

Cogeco's deep roots in regions and rural communities should continue to contribute to its success in collaborating with governments to help close the gap in digital access between large urban centres and rural areas. Over the course of the year, Cogeco Connexion announced several network expansion projects in Québec and Ontario, which are part of the ongoing four-year commitment to invest over \$1 billion in the operation and expansion of our advanced Canadian broadband network.

We continued to enhance our service and product offering to meet evolving customer needs. We successfully launched the EPICO IP television platform in Québec and Ontario, and further expanded our offering of high-speed Internet services with speeds of up to 1 Gbps in the majority of our footprint.

The Canadian Radio-television and Telecommunications Commission (CRTC) rendered two important decisions during the third quarter of the fiscal year, which demonstrated a regulatory approach that takes into account the importance of investment to the expansion of service and competition. These decisions provide more certainty for both our wireline broadband network expansion investments and our plan to enter the wireless market in Canada under the right conditions. Regarding the wholesale rates for Internet services, the CRTC's decision announced in May to maintain the 2016 wholesale rates provides a more stable regulatory framework, which helps ensure continuity in our current and planned investments to increase access to high-speed Internet in communities in underserved and unserved areas. Separately, Cogeco also welcomed the CRTC's decision on mobile wireless to allow regional players investing in telecommunications infrastructure and spectrum to access the wireless networks of Canada's dominant providers.

As we prepare for a possible entry into the wireless market in Canada, we have committed to investing \$295 million to acquire 38 spectrum licences in Québec and Ontario, increasing our spectrum coverage to 91% of our Canadian broadband footprint which represents a population of 3.6 million Canadians. These spectrum investments, together with the recent CRTC regulatory decision on wireless services and our robust and growing regional broadband network, position Cogeco to further develop plans to enter the mobile wireless services market in a financially disciplined way in all of our core markets in Canada.

### ATLANTIC BROADBAND, OUR AMERICAN BROADBAND SEGMENT

Several projects, aligned with our strategic pillars, have been underway at Atlantic Broadband, in support of our growth strategy. Under the leadership of Frank van der Post, the team has built an organizational culture to support the future ambitions of the business.

The team has enhanced the customer experience through a new Internet-first offer strategy, an initiative that is transformational for Atlantic Broadband and its customers. It provides simplified and attractive everyday pricing for consistent, long-term value for customers, that is clear and easy to understand. The strategy quickly proved successful with more customers subscribing to faster speeds and a new managed Wi-Fi solution.

Atlantic Broadband has begun an exciting and ambitious expansion plan which includes extending our network to areas adjacent to our current footprint, as well as plans to extend our network into communities not previously served by Atlantic Broadband. As we have been very successful with our network expansions in Florida for some time, we intend to replicate such a model in other states.

Most exciting in fiscal 2021 was the definitive agreement with WideOpenWest, Inc. to purchase all of its broadband systems located in Ohio. The agreement was closed on the first day of our fiscal year 2022. The acquisition allows us to add significant scale to our growing and profitable U.S. broadband business. It is a strong strategic fit for the company as it is complementary to our existing U.S. footprint and capitalizes on Atlantic Broadband's existing platform. Under the guidance of our business unit's experienced management team, we are in a unique position to grow our customer base, revenues and adjusted EBITDA and to pursue our market expansion strategy.

### Growing inclusively, with our communities

At Cogeco, we take immense pride in pursuing our corporate social responsibility agenda. In 2021, we took great strides to this end, and were gratified to have our activities recognized by leading voices in environmental, social and governance practices and reporting.

As part of our global climate ambitions, our new greenhouse gas emissions targets were approved by the internationally recognized Science Based Targets initiative, making us the first telecommunications company in Canada to have gained this approval. These targets are in line with levels required to meet the most ambitious goal of the Paris Climate Agreement. Cogeco also joined global corporate leaders representing more than \$3.6 trillion in market capitalization, in signing the Business Ambition for 1.5°C commitment led by the UN Global Compact. In addition, we received a 2020 Climate Change score of A- from CDP which puts Cogeco in the leadership band for implementing best practices in measuring, understanding and addressing corporate climate impacts.

Cogeco was also named once more amongst the Global 100 Most Sustainable Corporations and Canada's Best 50 Corporate Citizens. Once again, we received the Caring Company Certification from Imagine Canada, which recognizes outstanding leadership in community investment and social responsibility in Canada.

We have sustained our efforts around diversity and inclusion, having shared with our stakeholders our commitment. We value diversity and inclusion, as together, they enable a highly collaborative and engaging work environment, drive innovation and the development of new ideas, better support our communities and customers to drive inclusive growth in our society, while also correlating with improved organizational performance.

Rooted in the communities which we served for over 60 years, we are today the second largest cable operator in Québec and Ontario and the eighth largest cable operator in the United States. We continue to actively pursue organic growth opportunities and acquisitions in areas where we are positioned as a consolidator of regional cable operators. We are actively investing in our operations and networks to continue to offer ever faster Internet speeds and high performance products while expanding our network into new areas to help address the digital divide between large urban centres and regional and rural areas. As an inclusive leader, we place social commitment and corporate social responsibility at the heart of our priorities. Fiscal 2021 has brought new challenges across all of our business units but it has also offered new opportunities.

As we look forward to a new reality, I am honoured to have the support of our leadership team and our Board of Directors, but most of all, a talented team of over 3,800 colleagues who embody, on a daily basis, Cogeco's values of innovation, commitment to customer service, teamwork, social engagement, and respect. Together, we make a difference in people's lives. Every day, our investments in digital infrastructure and our products and services help connect people, support crucial everyday activities while enabling a modern economy and a better future.



**PHILIPPE JETTÉ**  
President & Chief Executive Officer



“ Our strategy is driven by customers' needs, builds on our core strengths and is fueled by our strong organizational culture and highly engaged teams. ”

- Philippe Jetté

# 2021 ESG HIGHLIGHTS

Our environmental, social and governance (ESG) initiatives and targets support progress towards the United Nations's Sustainable Development Goals as indicated below.

## Environment



First Canadian telecommunications company with an approved science-based emissions reduction target.

23% reduction in scopes 1 and 2 emissions since F19, on track to achieve our 65% reduction target by 2030.

Our first Climate Action Plan and TCFD report is being published in November 2021 and can be found on the [corpo.cogeco.com](https://corpo.cogeco.com) website.

24% of energy consumed was from renewable sources.



## Social



Unveiled our commitment to diversity and inclusion and established a Diversity and Inclusion Leadership Committee. 35% women in managerial positions and above.

Our frequency of lost-time accidents per 200,000 hours worked was well below the industry average in the jurisdictions where we operate.

Employee engagement increased by 5 points compared to F20.

Donated more than 1% of our pre-tax profit representing \$10.3M in cash and in-kind donations.

Deployed \$42M in network investment to enable the closing of the digital divide in underserved and unserved communities.

Completed a full Third-Party Risk Assessment data security process review and developed a risk registry and supporting processes accordingly.

Increased the frequency of cybersecurity vulnerability testing.



## Governance



Customer satisfaction, along with employee engagement, and health and safety results, impact a portion of the variable compensation of executives.

60% of Board members are from designated groups (50% women, 10% disabled).

Cogeco continues to be in the top tier of Canadian family-controlled dual-class companies (as ranked by The Globe and Mail's Board Games).

96% of employees have completed the Code of Ethics training.



**Cogeco's ESG initiatives support the organization's growth strategy.**

# MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

**MD&A**

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# 1. FORWARD-LOOKING STATEMENTS

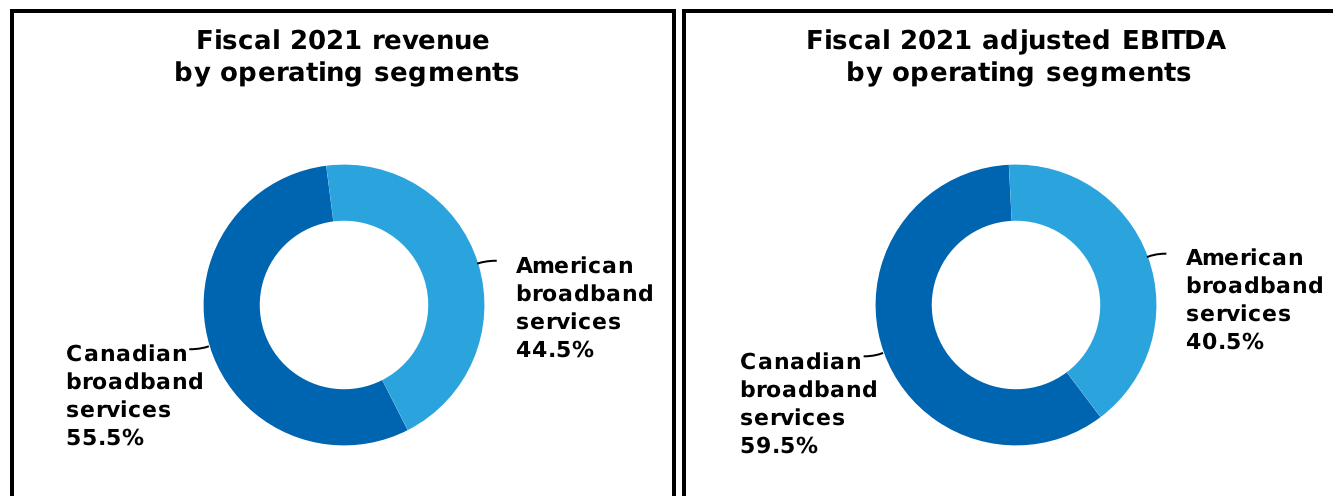
Certain statements contained in this Management's Discussion and Analysis ("MD&A") may constitute forward-looking information within the meaning of securities laws. Forward-looking information may relate to Cogeco Communications Inc.'s ("Cogeco Communications" or the "Corporation") future outlook and anticipated events, business, operations, financial performance, financial condition or results and, in some cases, can be identified by terminology such as "may"; "will"; "should"; "expect"; "plan"; "anticipate"; "believe"; "intend"; "estimate"; "predict"; "potential"; "continue"; "foresee", "ensure" or other similar expressions concerning matters that are not historical facts. Particularly, statements regarding the Corporation's financial guidelines, future operating results and economic performance, objectives and strategies are forward-looking statements. These statements are based on certain factors and assumptions including expected growth, results of operations, purchase price allocation, tax rates, weighted average cost of capital, performance and business prospects and opportunities, which Cogeco Communications believes are reasonable as of the current date. Refer in particular to the "Corporate objectives and strategies" and "Fiscal 2022 financial guidelines" sections of the present MD&A for a discussion of certain key economic, market and operational assumptions we have made in preparing forward-looking statements. While management considers these assumptions to be reasonable based on information currently available to the Corporation, they may prove to be incorrect. Forward-looking information is also subject to certain factors, including risks and uncertainties that could cause actual results to differ materially from what Cogeco Communications currently expects. These factors include risks such as competitive risks, business risks (including potential disruption to our supply chain), regulatory risks, technology risks (including cybersecurity risk), financial risks (including variations in currency and interest rates), economic conditions, human-caused and natural threats to our network, infrastructure and systems, community acceptance risks, ethical behavior risks, ownership risks, litigation risks and public health crisis and emergencies such as the current COVID-19 pandemic, many of which are beyond the Corporation's control. For more exhaustive information on these risks and uncertainties, the reader should refer to the "Uncertainties and main risk factors" section of the present MD&A. These factors are not intended to represent a complete list of the factors that could affect Cogeco Communications and future events and results may vary significantly from what management currently foresees. The reader should not place undue importance on forward-looking information contained in this MD&A which represent Cogeco Communications' expectations as of the date of this MD&A (or as of the date they are otherwise stated to be made) and are subject to change after such date. While management may elect to do so, the Corporation is under no obligation (and expressly disclaims any such obligation) and does not undertake to update or alter this information at any particular time, whether as a result of new information, future events or otherwise, except as required by law.

All amounts are stated in Canadian dollars unless otherwise indicated. This report should be read in conjunction with the Corporation's consolidated financial statements and the notes thereto prepared in accordance with the International Financial Reporting Standards ("IFRS") for the year ended August 31, 2021.

In preparing this MD&A, the Corporation has taken into account information available up to November 11, 2021, the date of this MD&A, unless otherwise indicated. Additional information relating to the Corporation, including its Annual Information Form, is available on the SEDAR website at [www.sedar.com](http://www.sedar.com) or on the Corporation's website at [corpo.cogeco.com](http://corpo.cogeco.com).

## 2. OVERVIEW OF THE BUSINESS

Cogeco Communications is a communications corporation. It is the 8<sup>th</sup> largest cable operator in North America. In fiscal 2021, the Corporation reported its operating results in two operating segments: Canadian broadband services and American broadband services. The reporting structure reflects how the Corporation manages its business activities, makes decisions about resources to be allocated to the segments and assesses their performance. For the year ended August 31, 2021, the proportion of each segment as a percentage of the Corporation's consolidated revenue and adjusted EBITDA <sup>(1)</sup> excluding corporate activities and eliminations of intersegment transactions included in each segment's operating results were as follows:



For further details on the Corporation's segmented operating results, please refer to the "Segmented operating and financial results" section.

### 2.1 CANADIAN AND AMERICAN BROADBAND SERVICES

#### DESCRIPTION OF SERVICES

The Canadian and American broadband services segments provide a wide range of Internet, video and telephony services primarily to residential customers as well as business services across its coverage areas.

The Canadian broadband services activities are carried out by Cogeco Connexion in the provinces of Québec and Ontario and the American broadband services activities are carried out by Atlantic Broadband in 12 states: Connecticut, Delaware, Florida, Maine, Maryland, New Hampshire, New York, Ohio, Pennsylvania, South Carolina, Virginia and West Virginia.

The following four services represent our core suite of offerings:

**Internet services:** We offer a wide range of Internet packages with top download speeds of up to 1 Gbps in Canada and the United States. We also offer best-in-class managed Wi-Fi, with new home Wi-Fi solutions launched in fiscal 2021 in both Canada and the United States. These solutions improve the overall customer experience by providing expanded Wi-Fi coverage with enhanced reliability and consistent speed in every area of the home. Both Cogeco Connexion and Atlantic Broadband's home Wi-Fi solutions include self-installation devices which are provided to customers on a rental basis and work with any of the available gateways or modems. We also offer a simple and complete security suite and email solutions to our Internet customers with automatic updates to protect their devices. As an added benefit, Internet customers can connect wirelessly to the Internet at no extra cost from designated Wi-Fi Internet hotspots in our Canadian and American footprints.

**Video services:** We offer our customers a full array of digital video services and programming offerings. Our customers have access to a basic service, various digital tier packages, pay-per-view ("PPV") channels, video on demand ("VOD") services, advanced video services and a first Internet protocol television ("IPTV") service, branded EPICO, which was officially launched in Canada in fiscal 2021. An IPTV service will also be launched at the end of the calendar year in the United States with a progressive roll out next year.

**Telephony services:** Telephony services use internet protocol ("IP") to transport digitized voice signals over the same private network that brings video and Internet services to customers. Residential customers can subscribe to different packages. All residential telephony service customers have access to direct international calling and can subscribe to various international long distance plans, voicemail and other popular custom calling features.

**Business services:** We offer to our business customers, depending on the area, a wide range of Internet packages, video services, telephony services and other advanced network connectivity services, such as session initiation protocol ("SIP"), primary rate interface ("PRI") trunk solutions, hosted private branch exchange ("HPBX") solutions and business and software efficiency services.

(1) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

Furthermore, we actively bundle our services into "double play" and "triple play" offerings at competitive prices to promote cross-selling within our customer base and to attract new customers.

## NETWORKS AND INFRASTRUCTURE

Cogeco Connexion and Atlantic Broadband provide residential Internet, video and telephony services and business services through advanced fibre optic and two-way broadband distribution networks. Cogeco Connexion and Atlantic Broadband deliver these services through their own long distance fibre optic systems, advanced hybrid fibre-coaxial ("HFC") broadband distribution networks, point-to-point fibre networks and fibre-to-the-home ("FTTH") network technologies.

Cogeco Connexion's distribution network covers a large territory from Western Ontario to Eastern Québec. Atlantic Broadband's distribution network covers the East Coast of the United States, from the southern part of Maine to southern Virginia, as well as portions of South Carolina and a large footprint in Southern Florida, in addition to the Ohio market, which became part of Atlantic Broadband's footprint as of the closing of the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Columbus and Cleveland ("Ohio broadband systems"), which occurred on September 1, 2021. Each of Cogeco Connexion's and Atlantic Broadband's core transport networks have a broad reach and are designed to easily interconnect, at very high speed, their many local distribution systems to video content providers, other public telephony networks, software application providers and the Internet.

For residential services, Cogeco Connexion and Atlantic Broadband are constantly densifying optical fibres to nodes serving small clusters of homes passed, with multiple fibres per node in most cases, to rapidly increase speed and capacity of the system when necessary. This "just in time" process, known as "node splitting", leads to further improve the quality and reliability while increasing the capacity of two-way services such as Internet, VOD and telephony and optimizing the efficiency of capital investments. The HFC distribution infrastructure is designed with radio frequency ("RF") capacity of up to 1 GHz of bandwidth capacity, depending on the market served and customer needs. This hybrid combination of fibre optic and coaxial cable is the most efficient choice when it comes to delivering high quality networks with judicious capital investments.

Cogeco Connexion and Atlantic Broadband's telephony service uses VoIP technology which makes it possible to have a telephone conversation over a dedicated Internet IP network instead of dedicated voice transmission lines. IP networks allow the elimination of circuit switching telephony and the associated waste of bandwidth. Instead, packet switching is used, whereby IP packets with voice data are sent over the network only when data needs to be sent, for example when a caller is talking. VoIP's advantages over traditional telephony include lower costs per call, especially for long-distance calls, and lower infrastructure costs as, once the IP infrastructure is installed, little or no additional telephony infrastructure is needed.

Cogeco Connexion and Atlantic Broadband use CableLabs' DOCSIS technology to deliver Internet and business services over HFC networks. DOCSIS has numerous advanced features to ensure a continuous transmission and high quality of service delivery. In addition, this technology provides a flexible and expandable platform to further increase IP transmission speeds and to provide other products such as symmetrical services, which are particularly well suited for commercial customer applications. Cogeco Connexion offers Internet speeds of up to 1 Gbps in approximately 72% of its footprint and 120 Mbps in virtually all of its footprint. As of August 31, 2021, Atlantic Broadband offered up to 1 Gbps Internet speeds to approximately 94% of its footprint of serviceable homes and businesses, and with the recent acquisition of the Ohio broadband systems, to approximately 97%. Cogeco Connexion and Atlantic Broadband intend to continue deploying 1 Gbps speeds in the coming years through several technologies depending on the location, with DOCSIS 3.1 being the most cost effective.

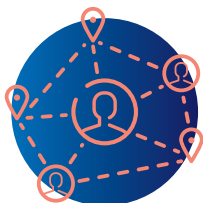
Cogeco Connexion and Atlantic Broadband are deploying FTTH technology in all new residential developments which meet specific criteria of size, proximity to the existing plant and service penetration rate. Cogeco Connexion and Atlantic Broadband's current FTTH deployment utilizes Passive Optical Networking ("PON") technology, as it is a robust solution offering customers symmetrical speeds.

# OUR STRATEGY

## PURSUING OUR STRATEGY FOR CONTINUED LONG-TERM GROWTH

Cogeco's mission to bring people together through powerful communications and entertainment experiences continues to enable strong strategic focus and discipline.

In a highly competitive and evolving ecosystem, our commitment to excellence endures as evidenced by more than 60 years of history, dedication and growth. Leveraging our unique North American broadband platform, our reliable and resilient networks as well as our financial discipline, we have built our strategy around three key vectors of growth:



### Organic

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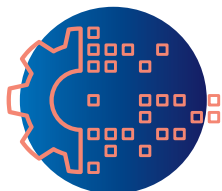
We aim to differentiate ourselves from the competition and deliver superior quality service by providing a distinctive customer experience. We also seek to grow our footprint by expanding our network in adjacent areas.



### Acquisitions

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As a consolidator of targeted regional cable operators, we continue to seek attractive acquisition targets in both the U.S. and Canada, where we add value through our operational expertise.



### Innovation

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We continuously innovate and invest in product enhancements and service improvements to the benefit of our customers, fueled in large part by the digital transformation journey we have embarked upon. Also, we continue to forge ahead with our plan to enter the Canadian mobile services market through a capital efficient model.

A strategy is only as strong as the foundations it's built on. For Cogeco, these foundations include building a solid organizational culture, guided by our core values, and ensuring that strong ESG practices are systematically embedded as a reflection of our commitment to a more sustainable and inclusive future.

# OUR GROWTH PILLARS

In line with our vision to be the organization that delivers the best and most sustainable value to its stakeholders, be they our customers, communities, employees, suppliers or shareholders, we focus on five strategic growth pillars:



These growth pillars are closely aligned to our environmental, social and governance (ESG) practices which form an integral part of and influence our business strategy.

ESG components		CSR pillars			
Environmental		Social		Governance	
Manage our Environmental Footprint		Be a trusted and reliable partner for Our Customers	Take part in developing Our Employees	Take part in developing Our Communities	Maintain a Sound Culture and Strong Corporate Governance Practices as enablers of value creation
Strategic Growth Pillars	Market Expansion	✓		✓	✓
	Cost Efficiency	✓	✓	✓	✓
	Brand Value	✓	✓	✓	✓
	Customer Experience	✓	✓		✓
	Employee Experience	✓	✓		✓






For more details on our ESG strategy and related achievements and priorities, please refer to the "Environmental, social and governance (ESG) practices" section.

Each Business Unit of the Corporation has in turn elaborated a strategic plan that is aligned to the growth pillars defined above. The key areas of focus of those strategic plans are as follows:





## CANADIAN BROADBAND SERVICES SEGMENT

Our Growth Pillars	✓ Progress in Fiscal 2021	🎯 Focus in Fiscal 2022
<p><b>Customer Experience</b></p> 	<p><b>Continued to enhance our service and product offering to meet evolving customer experience expectations.</b></p> <p>Offered enhanced video services through our recently launched state-of-the-art IPTV entertainment system branded EPICO in Canada.</p> <p>Continued to expand our offering of Internet with speeds of up to 1 Gbps in the majority of our footprint.</p> <p>Launched best-in-class home mesh Wi-Fi whole home solution.</p> <p>Launched a new Interactive Voice Response (IVR) and Workforce Management system to optimize routing of consumer calls to enhance call resolution efficiency and effectiveness.</p> <p>Continued to invest in network quality, reliability and resilience by implementing network upgrades, operational improvements (e.g. new troubleshooting procedures) and performance monitoring enhancements.</p> <p>Augmented our consumer end to end digital experience resulting in an uptake of online transactions.</p>	<p><b>Grow market share by enhancing our service offering to provide our customers with a distinctive experience.</b></p> <p>Leverage and broaden our new IPTV entertainment service, EPICO, expanding to new customer segments and increasing availability on our footprint.</p> <p>Continue to expand the 1 Gbps coverage on our footprint in Québec.</p> <p>Further enhance customer experience through a focus on First Call Resolution and First Time Right.</p> <p>Personalize online services including tailored marketing.</p> <p>Continue to evolve self-serve capabilities as part of our digital evolution program.</p> <p>Introduce new marketing automation and “next best action” capabilities leveraging artificial intelligence.</p> <p>Continue to enhance our data analytics capabilities to better understand and serve our customers.</p> <p>Maintain a sharp focus on network quality and resilience.</p>
<p><b>Employee Experience</b></p> 	<p><b>Delivered an employee experience that furthers performance and well-being and promotes strong customer service.</b></p> <p>Re-designed our organizational and operating model, removing layers of hierarchy and establishing clear P&amp;L accountability.</p> <p>Deployed a new employee competency model and enhanced our employee value proposition (e.g. tools, benefits).</p> <p>Continued to implement and/or adapt working protocols, health &amp; safety guidelines and procedures, and employee training, in response to the evolving COVID-19 pandemic.</p> <p>Continued to obtain regular input from employees through engagement surveys, increasing our global engagement score.</p> <p>Completed the launch of a new integrated employee cloud-based platform to enhance the employee experience.</p> <p>Enhanced communications and initiatives surrounding diversity and inclusion.</p>	<p><b>Continue to cultivate an engaging employee experience that drives performance and a distinctive customer experience. Continue to foster collaboration and engagement and promote wellness and safety.</b></p> <p>Evolve our workforce competencies and skills to further drive engagement and meet customers expectations.</p> <p>Continue to enhance our employee value proposition with career development and wellness initiatives.</p> <p>Implement additional strategies to promote diversity and inclusion.</p> <p>Continue to capitalize on our operating model by focusing on value-added activities.</p> <p>Implement the future design of the workplace and finalize our future remote working approach.</p>






## CANADIAN BROADBAND SERVICES SEGMENT (CONTINUED)

Our Growth Pillars	 Progress in Fiscal 2021	 Focus in Fiscal 2022
<p><b>Market Expansion</b></p> 	<p><b>Improved our organic market share trajectory and captured significant inorganic opportunities.</b></p> <p>Unlocked new opportunities for growth and synergies with the acquisition of DERYtelecom, Québec's 3<sup>rd</sup> largest cable provider offering video, Internet and phone services to approximately 100,000 customers in 13 regions in the province.</p> <p>Proactively participated in governments' subsidized program to expand our footprint in underserved and unserved areas.</p> <p>Committed to invest \$295 million to acquire 38 spectrum licences in Québec and Ontario increasing our spectrum coverage to 91% of our Canadian broadband footprint, representing a population of 3.6 million Canadians.</p>	<p><b>Continue to augment our reach and expand into new market segments.</b></p> <p>Consistently deliver solid market share growth in all our key regions.</p> <p>Continue to actively seek and participate in government programs to provide broadband access in underserved and unserved areas.</p> <p>Gradually expand our service offering to DERYtelecom customers.</p> <p>Continue to monitor the market for growth opportunities through acquisitions.</p> <p>Further develop plans to enter the mobile wireless services market under the right conditions.</p>
<p><b>Cost Efficiency</b></p> 	<p><b>Delivered cost efficiencies and savings.</b></p> <p>Continued to improve our customer digital platforms resulting in an increase of online transactions and lower delivery costs (e.g. reduced calls and truck rolls).</p> <p>Launched and implemented new ways of working, shared services and automation initiatives.</p> <p>Investigated and identified data analytics opportunities for further automation and improved management of content and customer interactions to drive efficiency.</p> <p>Improved service and reduced customer pain points driving down service calls per customer by 23%.</p>	<p><b>Continue to pursue cost efficiency opportunities.</b></p> <p>Realize the full potential of the new enterprise resource planning (ERP) system.</p> <p>Pursue our digital transformation mainly through engaging customers to use self-care and virtual connect and through diagnostic tools.</p> <p>Continue to simplify our ways of working to further increase efficiency and productivity.</p> <p>Continue to leverage procurement synergies with Cogeco's U.S. broadband business unit.</p> <p>Further explore opportunities for shared services and automation to reduce cost and unlock value.</p> <p>Launch new tools to enhance workforce management.</p>
<p><b>Brand Value</b></p> 	<p><b>Increased our brand investments, government relations and community involvement.</b></p> <p>Increased brand investments, government and community relations at all levels.</p> <p>Continued to support our local communities during the COVID-19 pandemic.</p> <p>Announced our commitment to diversity and inclusion.</p> <p>Showcased our local presence with our community teams, local TV stations and brand ambassadors, demonstrating our active commitment to the regions in which we operate.</p> <p>Developed a new brand strategy and campaign for the Ontario market.</p>	<p><b>Further increase marketing investments to raise brand awareness and be the preferred brand in our markets.</b></p> <p>Continue to evolve our brand strategy, invest in raising brand awareness and showcase our local presence.</p> <p>Leverage strong community involvement and social responsibility practices to further strengthen brand social media presence.</p> <p>Elevate public relations and social media presence.</p> <p>Continue to optimize media investments to both acquire and retain customers.</p> <p>Rebrand DERYtelecom.</p>

## AMERICAN BROADBAND SERVICES SEGMENT

Our Growth Pillars	 Progress in Fiscal 2021	 Focus in Fiscal 2022
<p><b>Customer Experience</b></p> 	<p><b>Enhanced the customer experience through our digital transformation initiatives.</b></p> <p>Launched a new Broadband First offer strategy putting broadband at the center of the customer experience and offering best-in-class managed Wi-Fi.</p> <p>Launched a new website with improvements to the customer digital experience.</p> <p>Refined existing data analytics and developed additional predictive tools and performance dashboards to improve customer insights.</p> <p>Continued to invest in network quality, reliability and resilience.</p>	<p><b>Offer a best-in-class sales and customer service experience, with a laser focus on operational excellence and continue to drive the benefits of the new offer strategy.</b></p> <p>Launch our IPTV service.</p> <p>Further enhance customer experience through a focus on First Call Resolution and First Time Right.</p> <p>Accelerate investments in digital transformation initiatives to provide customers with an omni-channel experience and refined website and online capabilities.</p> <p>Evolve data analytics capabilities to better understand and serve our customers.</p> <p>Maintain a sharp focus on network quality and resilience.</p>
<p><b>Employee Experience</b></p> 	<p><b>Launched initiatives to strengthen our organization for the future and drive employee engagement.</b></p> <p>Built the organizational design and culture to support the future ambitions of the organization.</p> <p>Deployed a new employee competency model and enhanced our employee value proposition (e.g. tools, benefits).</p> <p>Continued to implement and/or adapt working protocols, health &amp; safety guidelines and procedures, and employee training, in response to the evolving COVID-19 pandemic.</p> <p>Obtained regular input from employees through engagement surveys, increasing our global engagement score.</p> <p>Completed the launch of a new integrated employee cloud-based platform to enhance employee experience.</p> <p>Enhanced communications and initiatives surrounding diversity and inclusion.</p>	<p><b>Transform employees into ambassadors and empower leaders to create an employee experience that creates engagement driving customer satisfaction.</b></p> <p>Evolve our workforce competencies and skills to drive engagement and meet customers expectations.</p> <p>Build on employee Net Promoter Score (NPS) improvements and continue to enhance our employee value proposition with career development and wellness initiatives.</p> <p>Implement additional strategies to promote diversity and inclusion.</p> <p>Implement the future design of the workplace and finalize our future remote working approach.</p>

## AMERICAN BROADBAND SERVICES SEGMENT (CONTINUED)

Our Growth Pillars	 <b>Progress in Fiscal 2021</b>	 <b>Focus in Fiscal 2022</b>
<p><b>Market Expansion</b></p> 	<p><b>Achieved a successful growth year with targeted build-outs.</b></p> <p>Acquired Ohio broadband systems from WideOpenWest (WOW!), adding approximately 200,000 customers and increasing our U.S. revenue base by 28%. With this acquisition, we became the eighth largest cable provider in the U.S. market (up from ninth).</p> <p>Executed targeted edge-outs in all regions.</p> <p>Initiated fibre-to-the-home edge-outs in adjacent cities with solid demographic and economic growth potential.</p>	<p><b>Grow the areas of operation, while building and maintaining state-of-the-art networks.</b></p> <p>Pursue expansion into adjacent cities with attractive growth potential.</p> <p>Integrate newly acquired Ohio broadband systems and prepare to introduce innovative service enhancements to these new customers.</p> <p>Pursue acquisitions strategy.</p> <p>Actively seek and participate in government programs to provide broadband access in underserved and unserved areas.</p>
<p><b>Cost Efficiency</b></p> 	<p><b>Achieved significant operating cost savings.</b></p> <p>Implemented organizational changes to enhance productivity and efficiency.</p> <p>Drove savings with digitization efforts moving more transactions and service functionality online.</p> <p>Continued to accelerate digital interactions with customers.</p>	<p><b>Continue to deploy operational excellence and cost efficiency initiatives.</b></p> <p>Pursue our digital transformation mainly through engaging customers to use self-care and virtual connect and through diagnostic tools.</p> <p>Control operating expense growth through continued organizational and process improvements.</p> <p>Continue to leverage procurement synergies across the group of companies.</p>
<p><b>Brand Value</b></p> 	<p><b>Build a strong internal and external brand with highly engaged employees.</b></p> <p>Launched a new offer strategy with a focus on Internet services.</p> <p>Continued to support communities during the pandemic through various means such as participation in the Emergency Broadband Benefit Program launched by the FCC.</p> <p>Participated in exchanges on bringing broadband to underserved and unserved communities.</p> <p>Implemented Free TV advertising time to minority owned local businesses.</p>	<p><b>Leverage a strong brand that will attract new customers, increase customer value, reduce customer churn, support our communities and make employees proud to work for the company.</b></p> <p>Launch rebrand of Atlantic Broadband.</p> <p>Develop colleagues as strong brand ambassadors.</p> <p>Rebrand WOW!'s acquired Ohio operations following the integration period.</p> <p>Participate in government funding programs to bring broadband to underserved and unserved communities and increase connectivity.</p>

## 2.3 BUSINESS DEVELOPMENTS

### Acquisition of WideOpenWest's Ohio broadband systems

On September 1, 2021, Atlantic Broadband completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Ohio ("Ohio broadband systems") for a purchase price of US\$1.125 billion, subject to customary post-closing adjustments. The transaction was executed through an asset purchase agreement. With the closing of this transaction, Atlantic Broadband is expanding its activities in Ohio and significantly growing its customer base. The acquired Ohio broadband systems passed approximately 689,000 homes and businesses in Cleveland and Columbus and served approximately 196,000 Internet, 54,000 video and 33,000 telephony customers. The acquisition represents a strong strategic fit for Cogeco Communications as it is complementary to Atlantic Broadband's existing footprint and capitalizes on its existing platform. In the short term, the acquired operations will continue to operate under the WOW! name and trademark and be rebranded following the integration period.

The purchase price and transaction costs have been financed through the issuance of a US\$900 million secured Term B loan by Atlantic Broadband maturing in 2028 and excess cash on hand.

Atlantic Broadband has entered into a Transition Service Agreement with WOW! to ensure a smooth transition period and allow Atlantic Broadband to further upgrade the network and launch its products and services, including a state-of-the-art IPTV platform. In conjunction with the acquisition, Atlantic Broadband expects to realize tax benefits with a present value of approximately US\$140 million. These benefits are mostly due to the tax amortization of intangible assets in an asset purchase transaction where such intangible assets are stepped up to current market value.

### Issuance of \$500 million senior secured notes

On September 20, 2021, Cogeco Communications completed, pursuant to a private placement, the issuance of \$500 million senior secured notes, bearing interest at 2.991% and maturing on September 22, 2031. Cogeco Communications used the net proceeds of the offering to fund spectrum auction spend, repay existing indebtedness and for other general corporate purposes. The senior secured notes will be direct and unsubordinated secured debt obligations of Cogeco Communications and will rank equally and *pari passu*, with all other secured senior indebtedness of Cogeco Communications.

### Acquisition of DERYtelecom

On December 14, 2020, Cogeco Connexion completed the acquisition of DERYtelecom, the third largest cable operator in the province of Québec, for a purchase price of \$403 million, subject to customary post-closing adjustments. This acquisition enables Cogeco Connexion to expand its activities in more than 200 municipalities in Québec and adds approximately 100,000 customers to its customer base. The purchase price was financed through a combination of cash on hand and borrowings under Cogeco Communications' Term Revolving Facility. As the transaction was executed essentially through an asset purchase, Cogeco Connexion expects to realize tax benefits with a present value of approximately \$40 million. These benefits are due to the tax amortization of tangible and intangible assets which are both stepped up to current market value in an asset purchase transaction.

### 38 spectrum licences secured in the 3500 MHz band auction

On July 29, 2021, Innovation, Science and Economic Development ("ISED") Canada published the results of the 3500 MHz band auction, which started on June 15, 2021 and ended on July 23, 2021. Cogeco Connexion secured 38 spectrum licences, for a total purchase price of \$295 million, of which \$205 million is to acquire 30 MHz of spectrum in the Greater Toronto area, a region which represents approximately 33% of the Corporation's broadband footprint in Ontario. The balance of the spectrum licences covers several other Ontario regions, as well as the region of Trois-Rivières in Québec. With these new spectrum holdings and previously acquired licences, Cogeco Connexion will hold spectrum covering approximately 91% of its broadband footprint, representing a population of 3.6 million Canadians.

In accordance with the terms and conditions of the spectrum auction, the Corporation's first deposit of \$59 million, representing 20% of the total purchase price, was paid to ISED on August 13, 2021. The final payment of \$236 million, expected to be made on October 4, 2021, has been postponed pending a decision by ISED regarding the establishment of rules to mitigate possible interference between the 3500 MHz band and frequency bands used by aviation radio altimeters at international airports. Final payment and issuance of the spectrum licences will be made after decision is taken on that matter by ISED. In connection with the spectrum auction, Cogeco Connexion contracted a \$150 million unsecured letter of credit, which was submitted to ISED Canada as a pre-auction deposit, with the application to bid. This unsecured letter of credit will remain outstanding until the final payment is made.

### Acceleration of Cogeco Connexion's high-speed Internet network expansion in Québec and Ontario in collaboration with the provincial and federal governments

As part of Cogeco Communications' ongoing four-year commitment to invest over \$1 billion in the operation and expansion of its Canadian broadband network, Cogeco Connexion announced investments in several high-speed Internet network expansion projects in Québec and Ontario over the past year. These investments, in collaboration with provincial and federal governments, are in line with Cogeco Connexion's plan to pursue its growth and to extend its regional high-speed Internet coverage across Ontario and Québec, contributing to providing broadband access in underserved and unserved areas.

On March 22, 2021, Cogeco Communications announced that Cogeco Connexion will carry out 13 new high-speed Internet network expansion projects in several regions of Québec, with the financial support of provincial and federal governments. These digital infrastructure investment projects are scheduled to be completed by September 2022. On March 26, 2021, Cogeco Connexion received \$187.5 million of a total estimated amount of \$208 million expected to be received from the Québec and Canadian governments, to be used to fund these expansion projects. The remainder is expected to be received upon completion of the projects. The amount of subsidies may vary depending on actual construction costs.

Cogeco Connexion will also carry out 9 new high-speed Internet network expansion projects in several communities in Ontario, in collaboration with the Ontario and Canadian governments. These regional infrastructure projects represent a total joint investment of approximately \$53 million, of which Cogeco will invest around \$15 million. Cogeco Connexion is expecting to be awarded further government subsidized projects in Ontario over the next year.

#### **Opportunity to expand in adjacent Atlantic Broadband footprint with good growth profile and attractive demographics**

Atlantic Broadband is regularly investing to expand its broadband footprint, in order to generate revenue and customer growth. Building on the successful Florida expansion in recent years and capitalizing on demand for high-speed Internet, Atlantic Broadband intends to intensify its network expansion activities in the coming years in adjacent areas with good growth profiles and attractive demographics. Planning and initial construction are underway in some areas of New Hampshire and West Virginia with commercial launches scheduled to start in early calendar year 2022.

## **2.4 UPDATE ON THE IMPACT OF THE COVID-19 PANDEMIC ON OPERATIONS AND RESULTS**

The COVID-19 pandemic continues to impact our day-to-day operations although public health restrictions continue to be lifted as vaccines are being rolled out, in both Canada and the United States. Our priority remains on ensuring the well-being of our employees, customers and business partners. During fiscal 2021, we continued to experience some of the trends from past quarters. Those primarily relate to sustained demand for our residential high-speed Internet product, due to customers spending more time at home for work, online education and entertainment purposes, and a reduction of certain expenses due to a more stable customer base (fewer connections and disconnections) and not being able to use all usual sales channels. In these unusual circumstances, certain marketing and advertising activities were delayed during fiscal 2021 in both countries.

We expect that the current remote working trend will continue after the COVID-19 pandemic, where more workers will work remotely than pre-pandemic, on a partial or full-time basis. This trend should benefit our various network expansion projects, especially in underserved and unserved areas.

Although we are pleased with the financial results for fiscal 2021, we remain cautious in our management of this situation as uncertainties remain on the potential human, operating and financial impact of the pandemic. The Corporation's results discussed herein may not be indicative of future operational trends and financial performance. Please refer to the "Fiscal 2022 financial guidelines" section for more details.

## 2.5 KEY PERFORMANCE INDICATORS

The following key performance indicators are closely monitored to ensure that business strategies and objectives are closely aligned with shareholder value creation. The key performance indicators are not measurements in accordance with IFRS and should not be considered an alternative to other measures of performance in accordance with IFRS. The Corporation's method of calculating key performance indicators may differ from other companies and, accordingly, these key performance indicators may not be comparable to similar measures presented by other companies. The Corporation measures its performance, with regard to these objectives, by monitoring revenue, adjusted EBITDA <sup>(1)</sup>, capital intensity <sup>(1)</sup> and free cash flow <sup>(1)</sup> on a constant currency basis <sup>(1)</sup>.

	Actual	Original projections	Revised projections <sup>(1)</sup>		Actual	Achievement of the revised projections
	Fiscal 2020	Fiscal 2021 <sup>(2)</sup> (constant currency) <sup>(3)</sup>	Fiscal 2021 <sup>(2)</sup> (constant currency) <sup>(3)</sup>		Fiscal 2021 <sup>(2)</sup> (constant currency) <sup>(3)</sup>	Fiscal 2021
<i>(In millions of Canadian dollars, except percentages)</i>	\$				\$ %	
<b>Financial guidelines</b>						
Revenue	2,384	Low single-digit percentage growth	Mid to high single-digit percentage growth	2,578	8.1	Achieved
Adjusted EBITDA <sup>(3)</sup>	1,149	Low single-digit percentage growth	Mid to high single-digit percentage growth	1,234	7.4	Achieved
Capital intensity <sup>(3)</sup>	20.3 %	Approximately 20%	Approximately 20%	21.6 %	—	Under-achieved
Free cash flow <sup>(3)</sup>	455	Low single-digit percentage growth	Low double-digit percentage growth	486	6.7	Under-achieved

(1) Fiscal 2021 financial guidelines were revised at the time of issuing fiscal 2021 first-quarter results giving effect to the impact from the acquisition of DERYtelecom which was completed on December 14, 2020, and considering stronger than expected fiscal 2021 first-quarter financial results.

(2) Actual results and projections are presented in constant currency based on fiscal 2020 average foreign exchange rate of 1.3456 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

For further details on the Corporation's operating results, please refer to the "Operating and financial results", the "Segmented operating and financial results" and the "Cash flows analysis" sections.

## REVENUE

Fiscal 2021 revenue in constant currency increased by 8.1%, achieving the Corporation's revised projections, as a result of both the Canadian and American broadband services segments being in line with expectations.

## ADJUSTED EBITDA <sup>(1)</sup>

Fiscal 2021 adjusted EBITDA in constant currency increased by 7.4%, achieving the Corporation's revised projections, as a result of both the Canadian and American broadband services segments being in line with expectations.

## CAPITAL INTENSITY <sup>(1)</sup>

Fiscal 2021 capital intensity on a constant currency basis reached 21.6%, under-achieving the Corporation's revised projections due to higher than expected capital expenditures in the American broadband services segment. Atlantic Broadband accelerated its purchases of customer premise equipment and networking equipment during the fourth quarter in order to avoid supply chain shortages in light of current supply chain disruptions impacting many industries and as a result of higher than expected customer additions during the year. These capital expenditures are expected to be used to support the segment's growth driven by recent acquisitions, ongoing demand for high-speed Internet and network expansion projects.

## FREE CASH FLOW <sup>(1)</sup>

Fiscal 2021 free cash flow in constant currency increased by 6.7%, under-achieving the Corporation's revised projections entirely due to higher than expected capital expenditures in the American broadband services segment, as explained above.

(1) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section.

## 2.6 THREE-YEAR ANNUAL FINANCIAL HIGHLIGHTS

Years ended August 31,	2021	2020	2019 <sup>(1)</sup>
<i>(In thousands of Canadian dollars, except percentages and per share data)</i>	\$	\$	\$
<b>Operations</b>			
Revenue	2,510,453	2,384,283	2,331,820
Adjusted EBITDA <sup>(2)</sup>	1,205,656	1,148,729	1,107,940
Adjusted EBITDA margin <sup>(2)</sup>	48.0 %	48.2 %	47.5 %
Integration, restructuring and acquisition costs	8,744	9,486	11,150
Profit for the year from continuing operations	431,647	396,591	356,908
Profit for the year from discontinued operations	—	—	75,380
Profit for the year	431,647	396,591	432,288
Profit for the year from continuing operations attributable to owners of the Corporation	401,517	375,174	339,973
Profit for the year attributable to owners of the Corporation	401,517	375,174	415,353
<b>Cash flow</b>			
Cash flows from operating activities	1,019,059	917,819	868,711
Acquisition of property, plant and equipment	533,186	483,990	434,545
Free cash flow <sup>(2)</sup>	486,877	455,436	454,059
<b>Capital intensity <sup>(2)</sup></b>	<b>21.2 %</b>	20.3 %	18.6 %
<b>Financial condition</b>			
Cash and cash equivalents	365,520	366,497	556,504
Total assets	7,351,692	6,804,197	6,951,079
Indebtedness <sup>(2) (3)</sup>	3,319,708	3,179,926	3,454,923
Long-term financial liabilities <sup>(4)</sup>	3,088,872	3,154,408	3,428,302
Equity attributable to owners of the Corporation	2,415,144	2,268,246	2,199,789
<b>Per share data <sup>(5)</sup></b>			
Earnings per share			
Basic			
From continuing operations	8.47	7.74	6.89
From discontinued operations	—	—	1.53
From continuing and discontinued operations	8.47	7.74	8.41
Diluted			
From continuing operations	8.40	7.67	6.83
From discontinued operations	—	—	1.51
From continuing and discontinued operations	8.40	7.67	8.35
Dividends	2.56	2.32	2.10

(1) IFRS 16 was adopted by the Corporation on September 1, 2019. Under the transition method chosen, fiscal 2019 was not restated.

(2) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

(3) Indebtedness is defined as the total of bank indebtedness and principal on long-term debt.

(4) Long-term financial liabilities include long-term debt and derivative financial instruments.

(5) Per multiple and subordinate voting shares.

## 3. OPERATING AND FINANCIAL RESULTS

### 3.1 OPERATING RESULTS

Years ended August 31,	2021 <sup>(1)</sup>	2020	Change	Change in constant currency <sup>(2)</sup>	Foreign exchange impact <sup>(2)</sup>
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	2,510,453	2,384,283	5.3	8.1	(67,157)
Operating expenses	1,281,332	1,211,422	5.8	9.0	(38,790)
Management fees – Cogeco Inc.	23,465	24,132	(2.8)	(2.8)	—
Adjusted EBITDA	1,205,656	1,148,729	5.0	7.4	(28,367)
Adjusted EBITDA margin	48.0 %	48.2%			

(1) For fiscal 2021, the average foreign exchange rate used for translation was 1.2691 USD/CDN.

(2) Fiscal 2021 actuals are translated at the average foreign exchange rate of fiscal 2020, which was 1.3456 USD/CDN.

### REVENUE

Years ended August 31,	2021	2020	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian broadband services	1,393,097	1,287,772	8.2	8.2	—
American broadband services	1,117,356	1,096,511	1.9	8.0	(67,157)
	2,510,453	2,384,283	5.3	8.1	(67,157)

Fiscal 2021 revenue increased by 5.3% (8.1% in constant currency) resulting mainly from:

- organic growth in both the American broadband services and the Canadian broadband services segments, resulting mainly from growth in Internet service customers, stemming from the ongoing interest in high-speed Internet offerings which was enhanced since the beginning of the COVID-19 pandemic, and rate increases implemented for certain services;
- the DERYtelecom acquisition completed on December 14, 2020, which contributed to the revenue growth in the Canadian broadband services segment; and
- the Thames Valley Communications acquisition completed on March 10, 2020, which contributed to the revenue growth in the American broadband services segment; partly offset by
- a retroactive adjustment of \$4.6 million recognized following the CRTC's decision on aggregated wholesale Internet rates during the third quarter of fiscal 2021, within the Canadian broadband services segment.

Excluding the acquisitions of DERYtelecom and Thames Valley Communications, and the impact of the \$4.6 million recognized following the CRTC's decision on aggregated wholesale Internet rates, revenue in constant currency increased by 4.6% in fiscal 2021.

For further details on the Corporation's revenue, please refer to the "Segmented operating and financial results" section.

### OPERATING EXPENSES

Years ended August 31,	2021	2020	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Canadian broadband services	642,568	587,752	9.3	9.6	(1,780)
American broadband services	605,856	600,425	0.9	7.1	(37,010)
Corporate and eliminations	32,908	23,245	41.6	41.6	—
	1,281,332	1,211,422	5.8	9.0	(38,790)

Fiscal 2021 operating expenses increased by 5.8% (9.0% in constant currency), mainly resulting from:

- higher operating expenses in the Canadian broadband services segment mainly resulting from the DERYtelecom acquisition and increased IT expenses;
- higher marketing and advertising expenses, in both the Canadian broadband services and the American broadband services segments, to support overall customer base growth;
- higher operating expenses in the American broadband services segment driven by revenue growth, including higher operating expenses resulting from the Thames Valley Communications acquisition, combined with annual video programming rate increases; and
- higher corporate costs, primarily due to costs incurred and initiatives undertaken to support the Corporation's future growth and strategies.

For further details on the Corporation's operating expenses, please refer to the "Segmented operating and financial results" section.

## MANAGEMENT FEES

Fiscal 2021 management fees paid to Cogeco Inc. ("Cogeco") reached \$23.5 million compared to \$24.1 million for fiscal 2020. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

## ADJUSTED EBITDA

Years ended August 31,	2021	2020	Change	Change in constant currency	Foreign exchange impact
<i>(In thousands of Canadian dollars, except percentages)</i>	<i>\$</i>	<i>\$</i>	<i>%</i>	<i>%</i>	<i>\$</i>
Canadian broadband services	750,529	700,020	7.2	7.0	1,780
American broadband services	511,500	496,086	3.1	9.2	(30,147)
Corporate and eliminations	(56,373)	(47,377)	(19.0)	(19.0)	—
	1,205,656	1,148,729	5.0	7.4	(28,367)

Fiscal 2021 adjusted EBITDA increased by 5.0% (7.4% in constant currency) as a result of:

- an increase in the Canadian broadband services segment mainly resulting from the impact of the DERYtelecom acquisition and organic revenue growth, partly offset by a retroactive adjustment of \$4.6 million recognized as a reduction of revenue during the third quarter of fiscal 2021 following the CRTC's decision on aggregated wholesale Internet rates; and
- an increase in the American broadband services segment, mainly resulting from organic revenue growth; partly offset by
- higher marketing and advertising expenses, in both the Canadian broadband services and the American broadband services segments; and
- higher corporate costs, primarily due to costs incurred and initiatives undertaken to support the Corporation's future growth and strategies.

Excluding the acquisitions of DERYtelecom and Thames Valley Communications and the impact of the \$4.6 million recognized following the CRTC's decision on aggregated wholesale Internet rates, adjusted EBITDA in constant currency increased by 4.3% in fiscal 2021.

For further details on the Corporation's adjusted EBITDA, please refer to the "Segmented operating and financial results" section.

## 3.2 INTEGRATION, RESTRUCTURING AND ACQUISITION COSTS

Fiscal 2021 integration, restructuring and acquisition costs amounted to \$8.7 million, mostly related to costs incurred in connection with the acquisition and integration of DERYtelecom, which was completed on December 14, 2020, and due diligence costs and legal fees related to the acquisition of the Ohio broadband systems, which was completed on September 1, 2021.

Fiscal 2020 integration, restructuring and acquisition costs amounted to \$9.5 million, primarily from organizational changes initiated across the Corporation resulting in cost optimization, as well as costs related to the acquisition and integration of Thames Valley Communications and iTéract.

### 3.3 DEPRECIATION AND AMORTIZATION

Years ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Depreciation of property, plant and equipment <sup>(1)</sup>	466,639	440,221	6.0
Amortization of intangible assets	43,737	59,017	(25.9)
	510,376	499,238	2.2

(1) Includes depreciation of right-of-use assets amounting to \$5.8 million in fiscal 2021 (\$6.7 million in 2020).

Fiscal 2021 depreciation and amortization expense increased by 2.2%, mainly due to:

- an increase of depreciation of property, plant and equipment as a result of the acquisition of DERYtelecom combined with a higher level of capital expenditures; partly offset by
- the depreciation of the US dollar against the Canadian dollar compared to the prior year; and
- lower amortization of intangible assets in respect to previously acquired customer relationships.

### 3.4 FINANCIAL EXPENSE

Years ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Interest on long-term debt, excluding interest on lease liabilities	126,058	156,911	(19.7)
Interest on lease liabilities	1,310	1,520	(13.8)
Gain on debt modification	—	(22,898)	(100.0)
Net foreign exchange (gain) loss	(957)	198	—
Amortization of deferred transaction costs	762	1,106	(31.1)
Capitalized borrowing costs	(163)	(584)	(72.1)
Other	(2,847)	(5,160)	(44.8)
	124,163	131,093	(5.3)

Fiscal 2021 financial expense decreased by 5.3%, mainly due to:

- lower interest expense on the Senior Secured Term Loan B Facility resulting from the decrease in the interest rate and in the principal amount outstanding;
- the early redemption of the Senior Secured Debentures Series 2 in July 2020;
- a non-recurring \$5.9 million favorable reversal of a previously recognized provision upon reaching a settlement during the fourth quarter of fiscal 2021; and
- the depreciation of the US dollar against the Canadian dollar compared to the prior year; partly offset by
- the \$22.9 million non-cash gain on debt modification recognized during the second quarter of fiscal 2020 related to the amendment made to the Senior Secured Term Loan B Facility on February 3, 2020 resulting from the reduction of the interest rate by 0.25%; and
- lower interest revenue.

## 3.5 INCOME TAXES

Years ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Current	65,070	57,632	12.9
Deferred	65,656	54,689	20.1
	130,726	112,321	16.4

Years ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Profit before income taxes	562,373	508,912	10.5
Combined Canadian income tax rate	26.5 %	26.5 %	—
Income taxes at combined Canadian income tax rate	149,029	134,862	10.5
Difference in operations' statutory income tax rates	1,870	2,167	(13.7)
Impact on income taxes arising from non-deductible expenses and non-taxable profit	(679)	(443)	53.3
Tax impacts related to foreign operations	(18,576)	(24,135)	(23.0)
Other	(918)	(130)	—
Income taxes at effective income tax rate	130,726	112,321	16.4
Effective income tax rate	23.2 %	22.1 %	5.0

Fiscal 2021 income taxes expense increased by 16.4% mainly due to the increase in profit before income taxes.

## 3.6 PROFIT FOR THE YEAR

Years ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages and earnings per share)</i>	\$	\$	%
Profit for the year	431,647	396,591	8.8
Profit for the year attributable to owners of the Corporation	401,517	375,174	7.0
Profit for the year attributable to non-controlling interest <sup>(1)</sup>	30,130	21,417	40.7
Basic earnings per share	8.47	7.74	9.4

(1) The non-controlling interest relates to the 21% ownership of Caisse de dépôt et placement du Québec ("CDPQ") in Atlantic Broadband.

Fiscal 2021 profit for the year and profit for the year attributable to owners of the Corporation increased by 8.8% and 7.0%, respectively, as a result of:

- higher adjusted EBITDA; and
- reduced financial expense, mainly due to lower interest expense on long-term debt, partly offset by a \$22.9 million non-cash gain on debt modification recognized during the second quarter of fiscal 2020; partly offset by
- higher income taxes expense; and
- higher depreciation and amortization expense.

## 4. SEGMENTED OPERATING AND FINANCIAL RESULTS

The Corporation reports its operating results in two operating segments: Canadian broadband services and American broadband services. The reporting structure reflects how the Corporation manages its business activities, makes decisions about resources to be allocated to the segments and assesses their performance.

### 4.1 CANADIAN BROADBAND SERVICES

#### OPERATING AND FINANCIAL RESULTS

Years ended August 31,	2021 <sup>(1)</sup>	2020	Change	Change in constant currency <sup>(2)</sup>	Foreign exchange impact <sup>(2)</sup>
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	1,393,097	1,287,772	8.2	8.2	—
Operating expenses	642,568	587,752	9.3	9.6	(1,780)
Adjusted EBITDA	750,529	700,020	7.2	7.0	1,780
Adjusted EBITDA margin	53.9 %	54.4 %			
Acquisition of property, plant and equipment	256,636	248,582	3.2	5.4	(5,303)
Capital intensity	18.4 %	19.3 %			

(1) For fiscal 2021, the average foreign exchange rate used for translation was 1.2691 USD/CDN.

(2) Fiscal 2021 actuals are translated at the average foreign exchange rate of fiscal 2020, which was 1.3456 USD/CDN.

#### REVENUE

Fiscal 2021 revenue increased by 8.2% as reported and in constant currency mainly as a result of:

- the DERYtelecom acquisition completed on December 14, 2020;
- rate increases implemented for certain services; and
- the cumulative effect of sustained demand for residential high-speed Internet since the beginning of the pandemic, which was enhanced by customers spending more time at home for work, online education and entertainment purposes, resulting in Internet service customers growth and a higher product mix for the overall base; partly offset by
- a decline in video and telephony service customers as some customers have migrated to Internet-only services; and
- a retroactive adjustment of \$4.6 million recognized following the CRTC's decision on aggregated wholesale Internet rates during the third quarter of fiscal 2021.

Excluding the acquisition of DERYtelecom and the impact of the \$4.6 million recognized following the CRTC's decision on aggregated wholesale Internet rates, revenue in constant currency increased by 2.3% for fiscal 2021.

#### OPERATING EXPENSES

Fiscal 2021 operating expenses increased by 9.3% (9.6% in constant currency), mainly due to:

- the DERYtelecom acquisition completed on December 14, 2020;
- increased IT expenses related to higher software-as-a-service (SaaS) costs; and
- higher marketing and advertising expenses to support overall customer base growth, compared to unusually low costs during the previous year in the context of the COVID-19 pandemic; partly offset by
- lower bad debt expenses compared to fiscal 2020 resulting from improved customers credit risk since the beginning of the COVID-19 pandemic.

#### ADJUSTED EBITDA

Fiscal 2021 adjusted EBITDA increased by 7.2% (7.0% in constant currency), mainly resulting from:

- the impact of the DERYtelecom acquisition; and
- organic revenue growth; partly offset by
- a retroactive adjustment of \$4.6 million recognized as a reduction of revenue during the third quarter of fiscal 2021 following the CRTC's decision on aggregated wholesale Internet rates; and
- higher marketing and advertising expenses.

Excluding the acquisition of DERYtelecom and the impact of the \$4.6 million recognized following the CRTC's decision on aggregated wholesale Internet rates, adjusted EBITDA in constant currency increased by 2.3% for fiscal 2021.

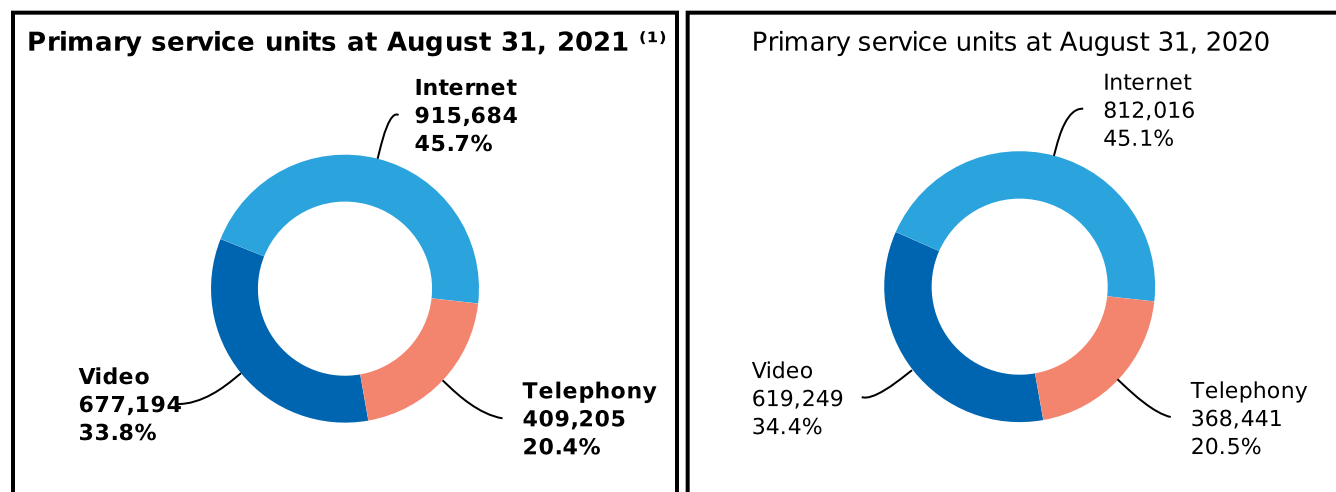
## ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

Fiscal 2021 acquisition of property, plant and equipment increased by 3.2% (5.4% in constant currency) resulting from:

- higher costs related to the maintenance, growth and expansion of Cogeco Connexion's network infrastructure; and
- higher purchases of property, plant and equipment related to the DERYtelecom acquisition; partly offset by
- lower purchases of customer premise equipment due to the timing of certain initiatives; and
- lower costs for network congestion management.

Fiscal 2021 capital intensity reached 18.4% compared to 19.3% for fiscal 2020. The capital intensity decrease is mainly explained by revenue growth exceeding increased capital spending.

## PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS



(1) The addition of the percentages may not sum to 100% due to rounding.

	August 31, 2021	Net additions (losses) Years ended August 31,		% of penetration <sup>(1)</sup>	
		2021 <sup>(2)</sup>	2020 <sup>(3)</sup>	August 31, 2021	August 31, 2020
Primary service units	2,002,083	(21,662)	(12,887)		
Internet service customers	915,684	18,026	21,902	46.2	45.7
Video service customers	677,194	(22,273)	(30,515)	34.1	34.9
Telephony service customers	409,205	(17,415)	(4,274)	20.6	20.7

(1) As a percentage of homes passed.

(2) Excludes 224,039 primary service units (85,642 Internet services, 80,218 video services and 58,179 telephony services) from the acquisition of DERYtelecom completed in the second quarter of fiscal 2021.

(3) Excludes 2,227 primary service units (1,871 Internet services, 181 video services and 175 telephony services) from the acquisition of iTéract Inc. completed in the third quarter of fiscal 2020.

### INTERNET

Fiscal 2021 Internet service customers net additions amounted to 18,026 compared to 21,902 for the prior year. The net additions of fiscal 2021 were mainly resulting from the ongoing interest in high-speed offerings, which was enhanced by customers spending more time at home for work and entertainment purposes in the context of the COVID-19 pandemic.

### VIDEO

Fiscal 2021 video service customers net losses amounted to 22,273 compared to 30,515 for the prior year. The net losses of fiscal 2021 were mainly due to the continuous change in the video consumption environment, with an increasing proportion of customers only subscribing to Internet services.

### TELEPHONY

Fiscal 2021 telephony service customers net losses amounted to 17,415 compared to 4,274 for the prior year. The net losses of fiscal 2021 were mainly due to increasing mobile wireless penetration in Canada and various unlimited offers launched by mobile wireless operators causing some customers to cancel their landline telephony services for mobile wireless telephony services only.

## DISTRIBUTION OF CUSTOMERS

At August 31, 2021, 67% of the Canadian broadband services segment's customers subscribed to "double play" or "triple play" bundled services.

## 4.2 AMERICAN BROADBAND SERVICES

### OPERATING AND FINANCIAL RESULTS

Years ended August 31,	2021 <sup>(1)</sup>	2020	Change	Change in constant currency <sup>(2)</sup>	Foreign exchange impact <sup>(2)</sup>
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	1,117,356	1,096,511	1.9	8.0	(67,157)
Operating expenses	605,856	600,425	0.9	7.1	(37,010)
Adjusted EBITDA	511,500	496,086	3.1	9.2	(30,147)
Adjusted EBITDA margin	45.8 %	45.2 %			
Acquisition of property, plant and equipment	271,474	231,422	17.3	25.0	(17,897)
Capital intensity	24.3 %	21.1 %			

(1) For fiscal 2021, the average foreign exchange rate used for translation was 1.2691 USD/CDN.

(2) Fiscal 2021 actuals are translated at the average foreign exchange rate of fiscal 2020, which was 1.3456 USD/CDN.

### REVENUE

Fiscal 2021 revenue increased by 1.9% (8.0% in constant currency). In local currency, revenue amounted to US\$880.4 million compared to US\$814.8 million for fiscal 2020. The increase resulted mainly from:

- a higher Internet service customer base and a higher value product mix;
- annual rate increases implemented for certain services;
- the reinstatement of late fees charged to customers that were suspended for a portion of the fourth quarter in fiscal 2020 as a relief measure in the context of the COVID-19 pandemic; and
- revenue growth from the Thames Valley Communications acquisition completed on March 10, 2020.

### OPERATING EXPENSES

Fiscal 2021 operating expenses increased by 0.9% (7.1% in constant currency) mainly as a result of:

- higher video services costs resulting from annual video programming rate increases;
- higher marketing and advertising expenses to support overall customer base growth;
- higher operating expenses resulting from the Thames Valley Communications acquisition and to drive and support continued customer growth; and
- a non-recurring gain on disposal of property, plant and equipment amounting to US\$1.7 million recorded during the third quarter of fiscal 2020.

### ADJUSTED EBITDA

Fiscal 2021 adjusted EBITDA increased by 3.1% (9.2% in constant currency). In local currency, adjusted EBITDA amounted to US\$402.8 million compared to US\$368.6 million for fiscal 2020. The increase is mainly resulting from:

- revenue growth driven by the cumulative effect of high-speed Internet service additions over the past year and by rate increases implemented for certain services; and
- the impact of the Thames Valley Communications acquisition; partly offset by
- higher marketing and advertising expenses.

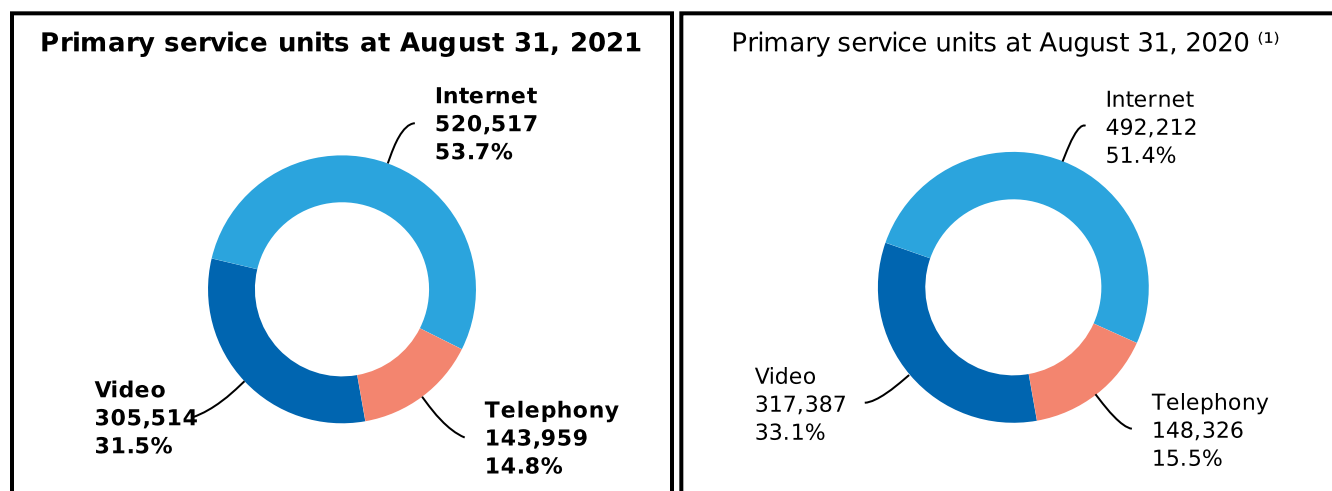
### ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

Fiscal 2021 acquisition of property, plant and equipment increased by 17.3% (25.0% in constant currency) resulting mainly from:

- higher purchases of customer premise equipment in order to support increased demand for high-speed Internet product;
- accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries; and
- the timing of certain initiatives.

Fiscal 2021 capital intensity reached 24.3% compared to 21.1% for fiscal 2020. The capital intensity increase is mainly due to higher capital expenditures, as explained above.

## PRIMARY SERVICE UNIT AND CUSTOMER STATISTICS



(1) Net of a provision related to non-paying customers who had not been disconnected as at August 31, 2020 in the context of the COVID-19 pandemic.

	August 31, 2021	Net additions (losses) Years ended August 31,		% of penetration <sup>(1)</sup>	
		2021	2020 <sup>(2)</sup> <sup>(3)</sup>	August 31, 2021	August 31, 2020
Primary service units	969,990	12,065	40,502		
Internet service customers	520,517	28,305	36,998	55.6	53.3
Video service customers	305,514	(11,873)	(279)	32.6	34.4
Telephony service customers	143,959	(4,367)	3,783	15.4	16.1

(1) As a percentage of homes passed.

(2) Excludes 15,977 primary service units (9,077 Internet services, 5,111 video services and 1,789 telephony services) from the acquisition of Thames Valley Communications completed in the third quarter of fiscal 2020.

(3) Net of a provision related to non-paying customers who had not been disconnected as at August 31, 2020 in the context of the COVID-19 pandemic.

### INTERNET

Fiscal 2021 Internet service customers net additions amounted to 28,305 compared to 36,998 for the prior year. The net additions of fiscal 2021 were mainly resulting from:

- growth in the residential sector primarily driven by ongoing demand for high-speed offerings, which was enhanced by customers spending more time at home for work and entertainment purposes in the context of the COVID-19 pandemic;
- sales effort activities being resumed in certain sales channels impacted by the pandemic combined with increased marketing efforts toward Internet led offerings under the Broadband First strategy; and
- growth in the commercial sector.

The significant growth in fiscal 2020 was mainly driven by the sudden increase in high-speed Internet demand in the residential sector resulting directly from the COVID-19 pandemic, which began in the second half of the year.

### VIDEO

Fiscal 2021 video service customers net losses amounted to 11,873 compared to 279 for the prior year. The net losses of fiscal 2021 were mainly due to:

- the new emphasis started in the second quarter of fiscal 2021 on offers that are Internet led and the cessation of non-bulk residential video-only new offer;
- certain customers declining to subscribe to video services as they move to strictly streaming video content; and
- competitive offers in the industry; partly offset by
- continued growth in the bulk residential customers' activations related mainly to the Florida expansion initiatives.

### TELEPHONY

Fiscal 2021 telephony service customers net losses amounted to 4,367 compared to net additions of 3,783 for the prior year. The net losses of fiscal 2021 were mainly due to:

- the new emphasis started in the second quarter of fiscal 2021 on offers that are Internet led; partly offset by
- growth in the business sector mainly driven by Hosted Voice product offerings.

## DISTRIBUTION OF CUSTOMERS

At August 31, 2021, 47% of the American broadband services segment's customers subscribed to "double play" or "triple play" bundled services.

## 5. RELATED PARTY TRANSACTIONS

The Corporation is a subsidiary of Cogeco, which as of August 31, 2021 held 33.5% of the Corporation's equity shares, representing 83.4% of the votes attached to the Corporation's voting shares.

Cogeco provides executive, administrative, financial, strategic planning and additional services to the Corporation under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco or the Corporation from time to time during the term of the Agreement. For the year ended August 31, 2021, management fees paid to Cogeco amounted to \$23.5 million compared to \$24.1 million for fiscal 2020.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during fiscal years 2021 and 2020, the Corporation granted stock options and performance share units ("PSUs") to these executive officers, as executive officers of Cogeco Communications, and issued deferred share units ("DSUs") to Board directors of Cogeco, as shown in the following table:

Years ended August 31,	2021	2020
<i>(In number of units)</i>		
Stock options	74,275	110,875
PSUs	10,375	14,375
DSUs	792	1,847

The following table shows the amounts that the Corporation charged Cogeco with regards to the Corporation's stock options, incentive share units ("ISUs") and PSUs granted to these executive officers, as well as DSUs issued to Board directors of Cogeco:

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Stock options	1,242	1,205
ISUs	6	39
PSUs	632	1,386
DSUs	269	217
	2,149	2,847

The Corporation had a \$1.8 million receivable from Cogeco at August 31, 2020.

## 6. CASH FLOWS ANALYSIS

Years ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Cash flows from operating activities	1,019,059	917,819	11.0
Cash flows used in investing activities	(984,832)	(557,275)	76.7
Cash flows used in financing activities	(27,408)	(547,095)	(95.0)
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	(7,796)	(3,456)	—
<b>Net change in cash and cash equivalents</b>	<b>(977)</b>	<b>(190,007)</b>	<b>(99.5)</b>
Cash and cash equivalents, beginning of the year	366,497	556,504	(34.1)
<b>Cash and cash equivalents, end of the year</b>	<b>365,520</b>	<b>366,497</b>	<b>(0.3)</b>

## 6.1 OPERATING ACTIVITIES

Fiscal 2021 cash flows from operating activities increased by 11.0%, mainly from:

- higher adjusted EBITDA;
- changes in other non-cash operating activities primarily due to the timing of payments of trade and other payables and the collection of trade accounts receivable; and
- reduced interest paid; partly offset by
- higher income taxes paid, mainly due to the timing of income tax instalments, as a portion of last fiscal year's instalments was paid in September 2020 pursuant to governments allowing certain payment delays in the context of the COVID-19 pandemic.

## 6.2 INVESTING ACTIVITIES

Fiscal 2021 cash flows used in investing activities increased by 76.7%, mainly due to:

- the acquisition of DERYtelecom completed during the second quarter of fiscal 2021;
- a \$59 million deposit paid in order to secure 38 spectrum licences in the 3500 MHz band auction; and
- the increase in acquisition of property, plant and equipment, primarily in the American broadband service segment; partly offset by
- cash flows used in connection with the acquisitions of Thames Valley Communications and iTéract last year.

## ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

The acquisition of property, plant and equipment, as well as the capital intensity per operating segment are as follows:

Years ended August 31, (In thousands of Canadian dollars, except percentages)	2021 \$	2020 \$	Change %	Change in constant currency <sup>(1)</sup> %
<b>Canadian broadband services</b>	<b>256,636</b>	248,582	3.2	5.4
Capital intensity	<b>18.4 %</b>	19.3 %		
<b>American broadband services</b>	<b>271,474</b>	231,422	17.3	25.0
Capital intensity	<b>24.3 %</b>	21.1 %		
<b>Corporate and eliminations</b>	<b>5,076</b>	3,986	27.3	27.3
<b>Consolidated</b>	<b>533,186</b>	483,990	10.2	15.0
Capital intensity	<b>21.2 %</b>	20.3 %		

(1) Fiscal 2021 actuals are translated at the average foreign exchange rate of fiscal 2020, which was 1.3456 USD/CDN.

Fiscal 2021 acquisition of property, plant and equipment increased by 10.2% (15.0% in constant currency), mainly due to:

- higher capital expenditures in the American broadband services segment in order to support the segment's revenue growth driven by increased demand for high-speed Internet product, combined with accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries; and
- higher capital expenditures in the Canadian broadband services segment mainly driven by higher costs related to the maintenance, growth and expansion of Cogeco Connexion's network infrastructure, and higher purchases of property, plant and equipment related to the DERYtelecom acquisition; partly offset by
- the timing of certain initiatives in both the American and Canadian broadband services segments.

Fiscal 2021 capital intensity reached 21.2% compared to 20.3% for the prior year. The capital intensity increase is mainly explained by higher capital expenditures, particularly in the American broadband services segment.

For further details on the Corporation's acquisition of property, plant and equipment, please refer to the "Segmented operating and financial results" section.

## 6.3 FINANCING ACTIVITIES

### ISSUANCE AND REPAYMENT OF DEBT

Fiscal 2021 changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

Years ended August 31,	2021	2020	Explanations
<i>(In thousands of Canadian dollars)</i>	\$	\$	
(Decrease) increase in bank indebtedness	(3,150)	7,610	Related to the timing of payments made to suppliers.
Net increase under the revolving facilities	256,230	—	Mainly related to the DERYtelecom acquisition, which was financed in part through the Corporation's Term Revolving Facility, and to the \$59 million deposit paid in order to secure 38 spectrum licences in the 3500 MHz band auction.
Repayment of notes, debentures and credit facilities	(21,410)	(269,169)	Related to the quarterly repayments on the Senior Secured Term Loan B Facility, compared to the redemption of the Senior Secured Debentures Series 2 during the fourth quarter of fiscal 2020 combined with the repayment of US\$35 million on the Senior Secured Term Loan B Facility during the second quarter of fiscal 2020 in addition to the quarterly repayments.
Repayment of lease liabilities	(4,123)	(4,905)	Comparable.
Repayment of balance due on business combinations	(1,708)	(3,228)	Repayment of balance due related to the FiberLight and iTéract acquisitions.
	225,839	(269,692)	

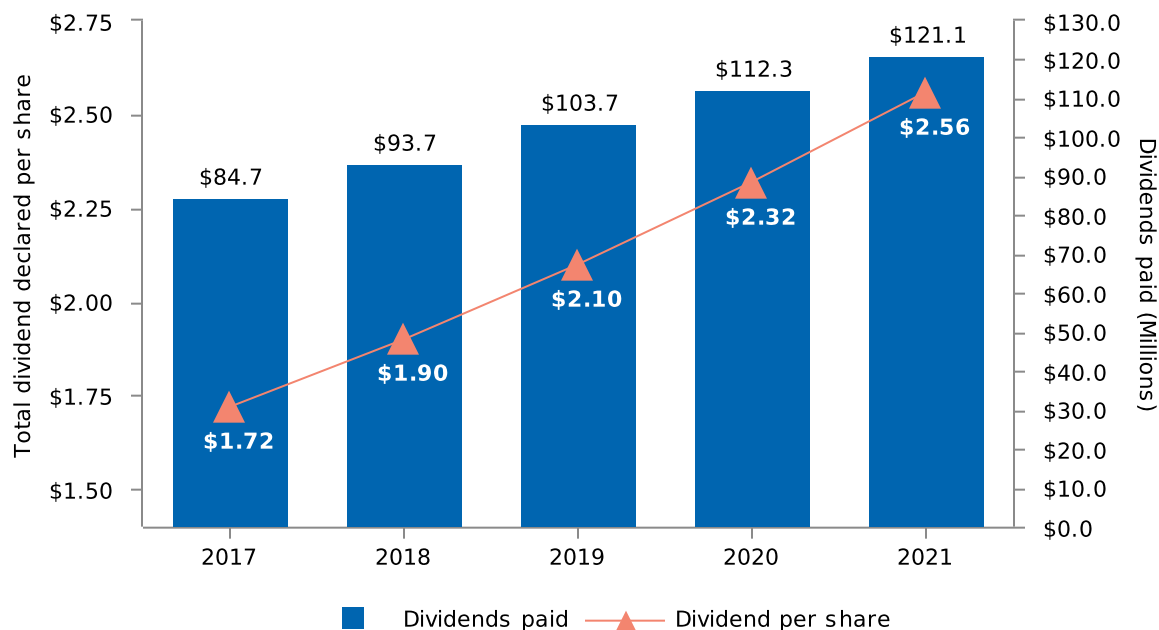
### DIVIDENDS

During fiscal 2021, quarterly eligible dividends of \$0.64 per share, totalling \$2.56 per share, were paid to the holders of multiple and subordinate voting shares, for a total paid of \$121.1 million. In fiscal 2020, quarterly eligible dividends of \$0.58 per share, totalling \$2.32 per share, were paid to the holders of multiple and subordinate voting shares, for a total paid of \$112.3 million.

The dividends declaration dates and payments for multiple and subordinate voting shares are as follows:

Declaration date	Record date	Payment date	Dividend per share (in dollars)
October 27, 2020	November 10, 2020	November 24, 2020	0.64
January 14, 2021	January 28, 2021	February 11, 2021	0.64
April 13, 2021	April 27, 2021	May 11, 2021	0.64
July 14, 2021	July 28, 2021	August 11, 2021	0.64
October 30, 2019	November 13, 2019	November 27, 2019	0.58
January 14, 2020	January 28, 2020	February 11, 2020	0.58
April 7, 2020	April 21, 2020	May 5, 2020	0.58
July 15, 2020	July 29, 2020	August 12, 2020	0.58

During the last five years, dividends paid per share increased by 10.5% on a compounded annual basis. Total dividends and dividends per share over the last five years are as follows:



#### NORMAL COURSE ISSUER BID ("NCIB")

During fiscal 2021, Cogeco Communications purchased and cancelled 1,134,100 subordinate voting shares with a weighted average price per share repurchased of \$115.91 for a total consideration of \$131.5 million. During fiscal 2020, Cogeco Communications purchased and cancelled 1,592,000 subordinate voting shares with a weighted average price per share repurchased of \$103.98 for a total consideration of \$165.5 million.

On April 30, 2021, the Corporation announced that the TSX accepted the renewal of its notice of intention for a NCIB, enabling it to acquire for cancellation up to 2,068,000 subordinate voting shares from May 4, 2021 to May 3, 2022, representing approximately 10% percent of the public float of the Corporation's issued and outstanding subordinate shares as of April 21, 2021. Under its previous NCIB that commenced on May 4, 2020 and ended on May 3, 2021, the Corporation could purchase for cancellation a maximum of 1,809,000 subordinate shares.

On September 2, 2020, Cogeco Communications ceased repurchasing shares under the NCIB as a result of an unsolicited proposal to acquire the Corporation. During the second quarter of fiscal 2021, Cogeco Communications resumed the repurchasing of shares.

The Corporation has also entered into an automatic share purchase plan (the "ASPP") with a designated broker to allow for the purchase of subordinate voting shares under the NCIB at times when the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. Such purchases are executed by the broker on parameters established by the Corporation prior to the pre-established ASPP period.

The NCIB purchases were as follows:

	2021				
Quarters ended	Nov. 30	Feb. 28	May 31	Aug. 31	Total
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>					
	\$	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	14,900	313,700	414,000	391,500	1,134,100
Weighted average purchase price per share	99.24	111.72	118.28	117.41	115.91
Purchase costs	1,479	35,046	48,967	45,967	131,459
	2020				
Quarters ended	Nov. 30	Feb. 29	May 31	Aug. 31	Total
<i>(In thousands of Canadian dollars, except number of shares and weighted average purchase price per share)</i>					
	\$	\$	\$	\$	\$
Subordinate voting shares purchased and cancelled	143,100	652,400	601,900	194,600	1,592,000
Weighted average purchase price per share	109.64	108.50	98.73	100.89	103.98
Purchase costs	15,690	70,787	59,425	19,633	165,535

## 6.4 FREE CASH FLOW

Years ended August 31,	2021 <sup>(1)</sup>	2020	Change	Change in constant currency <sup>(2)</sup> <sup>(3)</sup>	Foreign exchange impact <sup>(2)</sup>
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Adjusted EBITDA <sup>(3)</sup>	1,205,656	1,148,729	5.0	7.4	(28,367)
Amortization of deferred transaction costs and discounts on long-term debt	9,277	9,503	(2.4)	2.9	(505)
Share-based payment	7,810	8,070	(3.2)	(3.2)	—
Loss (gain) on disposals and write-offs of property, plant and equipment	185	(515)	—	—	—
Defined benefit plans contributions, net of expense	(765)	(347)	—	—	—
Integration, restructuring and acquisition costs	(8,744)	(9,486)	(7.8)	(5.0)	270
Financial expense <sup>(4)</sup>	(124,163)	(153,991)	(19.4)	(15.4)	6,076
Current income taxes	(65,070)	(57,632)	12.9	13.1	117
Acquisition of property, plant and equipment	(533,186)	(483,990)	10.2	15.0	23,200
Repayment of lease liabilities	(4,123)	(4,905)	(15.9)	(13.2)	136
<b>Free cash flow <sup>(3)</sup></b>	<b>486,877</b>	<b>455,436</b>	<b>6.9</b>	<b>6.7</b>	<b>927</b>

(1) For fiscal 2021, the average foreign exchange rate used for translation was 1.2691 USD/CDN.

(2) Fiscal 2021 actuals are translated at the average foreign exchange rate of fiscal 2020, which was 1.3456 USD/CDN.

(3) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

(4) Excludes the \$22.9 million non-cash gain on debt modification recognized in the second quarter of fiscal 2020.

Fiscal 2021 free cash flow increased by 6.9% (6.7% in constant currency) mainly resulting from:

- higher adjusted EBITDA in both the Canadian and American broadband services segments; and
- reduced financial expense; partly offset by
- higher capital expenditures in both the Canadian and American broadband services segments; and
- the increase in current income taxes.

## 7. FINANCIAL POSITION

### 7.1 WORKING CAPITAL

As part of the usual conduct of its business, Cogeco Communications generally maintains a working capital deficiency, when excluding cash and cash equivalents and bank indebtedness, due to a low level of trade and other receivables since a large proportion of the Corporation's customers pay before their services are rendered, while trade and other payables are usually paid after products are delivered or services are rendered.

The variations are as follows:

	August 31, 2021	August 31, 2020	Change	Explanations
<i>(In thousands of Canadian dollars)</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>	
<b>Current assets</b>				
Cash and cash equivalents	365,520	366,497	(977)	Refer to the "Cash flows analysis" section.
Restricted cash	170,434	—	170,434	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects.
Trade and other receivables	78,346	83,013	(4,667)	Timing of collection of trade accounts receivable and the depreciation of the US dollar against the Canadian dollar.
Income taxes receivable	6,063	3,283	2,780	Not significant.
Prepaid expenses and other	32,681	29,266	3,415	Mainly related to the increase in prepayments for annual service agreements.
Derivative financial instruments	1,076	—	1,076	Not significant.
	<b>654,120</b>	482,059	172,061	
<b>Current liabilities</b>				
Bank indebtedness	4,460	7,610	(3,150)	Not significant.
Trade and other payables	270,497	211,052	59,445	Mainly related to timing of payments made to suppliers, a higher level of trade and other payables resulting from the DERYtelecom acquisition and higher employee benefits-related accruals.
Provisions	17,949	33,864	(15,915)	Mainly related to the settlement of a claim during the fourth quarter and a contract renegotiation with a content provider.
Income tax liabilities	5,800	39,897	(34,097)	Related to the timing of payment of income tax instalments, of which a portion of last year's instalments was paid in September 2020 pursuant to governments allowing certain payment delays in the context of the COVID-19 pandemic, partly offset by the current income taxes expense for the year.
Contract liabilities and other liabilities	57,231	47,162	10,069	Mainly from the DERYtelecom acquisition and higher contract liabilities in connection with increased revenue-generating activities.
Government subsidies received in advance	170,434	—	170,434	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects.
Derivative financial instruments	—	3,834	(3,834)	Not significant.
Current portion of long-term debt	225,344	29,569	195,775	Mainly related to the Senior Secured Debentures Series 3 maturing in February 2022, which are classified as current.
	<b>751,715</b>	372,988	378,727	
<b>Working capital (deficiency) surplus</b>	<b>(97,595)</b>	109,071	(206,666)	

## 7.2 OTHER SIGNIFICANT CHANGES

	August 31, 2021	August 31, 2020	Change	Explanations
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	
<b>Non-current assets</b>				
Restricted cash	13,100	—	13,100	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects.
Other assets	105,445	45,109	60,336	Mainly related to the \$59 million deposit paid in August 2021 in order to secure 38 spectrum licences in the 3500 MHz band auction.
Property, plant and equipment	2,357,845	2,088,930	268,915	Mainly related to capital investments during fiscal 2021 and the acquisition of DERYtelecom, partly offset by the depreciation expense for the year, as well as the depreciation of the US dollar against the Canadian dollar.
Intangible assets	2,739,911	2,800,401	(60,490)	Related to the depreciation of the US dollar against the Canadian dollar and amortization for the year, partly offset by intangible assets acquired as part of the acquisition of DERYtelecom.
Goodwill	1,476,150	1,381,024	95,126	Related to the DERYtelecom acquisition, partly offset by the depreciation of the US dollar against the Canadian dollar.
<b>Non-current liabilities</b>				
Long-term debt	3,046,872	3,087,033	(40,161)	Mainly related to the classification of the Senior Secured Debentures Series 3 as current portion of long-term debt combined with the depreciation of the US dollar against the Canadian dollar and the quarterly repayment on the Senior Secured Term Loan B Facility, partly offset by the acquisition of DERYtelecom which was financed in part with the Corporation's Term Revolving Facility.
Derivative financial instruments	42,000	67,375	(25,375)	Mainly related to changes in market interest rates and the depreciation of the US dollar against the Canadian dollar.
Government subsidies received in advance	13,100	—	13,100	Related to government subsidies received in advance in connection with Cogeco Connexion's high-speed Internet network expansion projects.
Deferred tax liabilities	673,278	610,596	62,682	Timing of temporary differences, partly offset by the depreciation of the US dollar against the Canadian dollar.

## 8. CAPITAL RESOURCES AND LIQUIDITY

### 8.1 CAPITAL STRUCTURE

The table below summarizes debt-related financial ratios over the last two fiscal years and the fiscal 2022 guidelines:

Years ended August 31,	2022 Guidelines <sup>(1)</sup>	2021	2020
Weighted average cost of indebtedness <sup>(2)</sup>	3.3 %	3.3 %	3.8 %
Fixed rate indebtedness <sup>(3)</sup>	69 %	60 %	78 %
Weighted average term: long-term debt (in years)	3.9	3.2	4.2
Net indebtedness <sup>(4) (5)</sup> / adjusted EBITDA <sup>(5)</sup>	3.3	2.45	2.45
Adjusted EBITDA <sup>(5)</sup> / financial expense <sup>(6)</sup>	N/A <sup>(7)</sup>	9.7	7.5

(1) Based on mid-range guidelines.

(2) Excludes amortization of deferred transaction costs and commitment fees but includes the impact of interest rate swaps.

(3) Taking into consideration the interest rate swaps in effect at the end of each fiscal year.

(4) Net indebtedness is defined as the total of bank indebtedness and principal on long-term debt, less cash and cash equivalents.

(5) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

(6) Financial expense for fiscal 2020 excludes the \$22.9 million gain on debt modification related to the amendment made to the Senior Secured Term Loan B facility.

(7) Specific guidance on interest coverage cannot be provided given that financial expense guidance is not provided.

Fiscal 2021 financial leverage ratio relating to net indebtedness over adjusted EBITDA is comparable to last year.

## 8.2 OUTSTANDING SHARE DATA

A description of Cogeco Communications' share data at October 31, 2021 is presented in the table below. Additional details are provided in Note 19 of the consolidated financial statements.

<i>(In thousands of Canadian dollars, except number of shares/options)</i>	Number of shares/ options	Amount \$
<b>Common shares</b>		
Multiple voting shares	15,691,000	98,346
Subordinate voting shares	31,014,298	871,491
<b>Options to purchase subordinate voting shares</b>		
Outstanding options	833,944	
Exercisable options	404,614	

## 8.3 FINANCING

At August 31, 2021, the Corporation had used \$255.9 million of its \$750 million Term Revolving Facility for a remaining availability of \$494.1 million. In addition, two subsidiaries related to Atlantic Broadband benefit from a Senior Secured Revolving Facility of \$189.3 million (US\$150 million), of which \$3.1 million (US\$2.4 million) was used at August 31, 2021, in the form of letters of credit, for a remaining availability of \$186.2 million (US\$147.6 million). An unsecured letter of credit facility was put in place to issue a \$150 million letter of credit in connection with the 3500 MHz band auction (refer to the "Contractual obligations, contingencies and guarantees" section).

## 8.4 CREDIT RATINGS

The table below shows Cogeco Communications' and Atlantic Broadband's credit ratings:

At August 31, 2021	S&P	DBRS	Moody's
<b>Cogeco Communications</b>			
Senior Secured Notes and Debentures	BBB-	BBB (low)	NR
Corporate credit issuer default rating	BB+	BB (high)	NR
<b>Atlantic Broadband</b>			
First Lien Credit Facilities	BB	NR	B1
Corporate credit issuer default rating	BB	NR	B1

**NR** : Not rated

Ratings for long-term debt instruments across the universe of composite rates range from "AAA" (S&P and DBRS) or "Aaa" (Moody's), representing the highest quality of securities rated, to "D" (S&P and DBRS) and "C" (Moody's) for the lowest quality of securities rated. Ratings are based on several industry and company specific factors which include financial leverage as one of the key elements considered.

Our ability to access debt capital markets and bank credit markets and the cost and amount of funding available partly depends on the quality of our credit ratings. Obligations rated in the "BBB" category are considered investment grade and their cost of funding is typically lower relative to the "BB/B" rating category. In addition, obligations with "BBB" ratings generally have greater access to funding than those with "BB/B" ratings.

## 8.5 FINANCIAL RISK MANAGEMENT

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate, foreign exchange and market risks.

### Credit risk

Credit risk represents the risk of financial loss for the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents, restricted cash and trade accounts receivable, the maximum exposure of which is represented by the carrying amounts reported on the consolidated statements of financial position.

Credit risk from derivative financial instruments arises from the possibility that counterparties to the interest rate swaps may default on their obligations in instances where these agreements have positive fair values for the Corporation. The Corporation reduces this risk by completing transactions with financial institutions that carry a high credit rating. The Corporation assesses the creditworthiness of the counterparties in order to minimize the risk of counterparties default under the agreements. At August 31, 2021, management believes that the credit risk relating to its derivative financial instruments is minimal, since the lowest credit rating of the counterparties to the agreements is "A" by Standard & Poor's rating services ("S&P").

Cash equivalents consist mainly of highly liquid short-term investments. The Corporation has deposited the cash and cash equivalents, and the restricted cash with reputable financial institutions, for which management believes the risk of loss to be remote. At August 31, 2021 and 2020, cash and cash equivalents consisted solely of cash in banks.

The Corporation is also exposed to credit risk in relation to its trade accounts receivable. To mitigate such risk, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new large customer. The Corporation establishes an allowance for lifetime expected credit losses related to doubtful accounts. The doubtful accounts allowance is calculated on a specific-identification basis for larger customer accounts receivable and on a statistically derived basis for the remainder. Factors such as the current economic conditions, forward-looking macroeconomic data and historical information (number of overdue days of the customer's balance outstanding as well as the customer's collection history) are examined. The Corporation believes that its allowance for doubtful accounts is sufficient to cover the related credit risk. The Corporation has credit policies in place and has established various credit controls, including credit checks, deposits on accounts and advance billing, and has also established procedures to suspend the availability of services when customers have fully utilized approved credit limits or have violated existing payment terms. Since the Corporation has a large and diversified clientele dispersed throughout its market areas in Canada and the United States, there is no significant concentration of credit risk.

The following table provides further details on trade and other receivables, net of allowance for doubtful accounts:

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Trade accounts receivable	77,608	79,821
Allowance for doubtful accounts	(6,035)	(6,235)
	71,573	73,586
Other accounts receivable	6,773	7,673
Receivable from Cogeco	—	1,754
	78,346	83,013

Trade accounts receivable past due is defined as the amount outstanding beyond normal credit terms and conditions for the respective customers. The Corporation considers the amount outstanding at the due date as trade accounts receivable past due. A large portion of the Corporation's customers are billed and pay before the services are rendered.

The following table provides further details on trade accounts receivable past due, net of allowance for doubtful accounts:

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Less than 60 days past due	14,552	13,075
60 to 90 days past due	276	362
More than 90 days past due	81	—
	14,909	13,437

The following table shows changes in the allowance for doubtful accounts:

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Balance, beginning of the year	6,235	6,759
Provision for impaired receivables	15,931	20,418
Net use	(16,077)	(20,695)
Foreign currency translation adjustments	(54)	(247)
Balance, end of the year	6,035	6,235

## Liquidity risk

The Corporation manages liquidity risk through the management of its capital structure and access to different capital markets. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure sufficient liquidity to meet its obligations when due.

The following table summarizes the contractual maturities of the financial liabilities and lease liabilities, and related capital amounts at August 31, 2021:

	Contractual cash flows						
	2022	2023	2024	2025	2026	Thereafter	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$	\$	\$
Bank indebtedness	4,460	—	—	—	—	—	4,460
Trade and other payables <sup>(1)</sup>	263,880	—	—	—	—	—	263,880
Notes, debentures and credit facilities	221,449	321,449	21,449	2,524,355	—	189,255	3,277,957
Lease liabilities	3,736	3,372	3,121	2,889	2,814	21,359	37,291
	493,525	324,821	24,570	2,527,244	2,814	210,614	3,583,588

(1) Excluding accrued interest on notes, debentures and credit facilities.

The following table is a summary of interest payable on long-term debt that is due for each of the next five years and thereafter:

	2022	2023	2024	2025	2026	Thereafter	Total
	\$	\$	\$	\$	\$	\$	\$
<i>(In thousands of Canadian dollars)</i>							
Interest payments on notes, debentures and credit facilities <sup>(1)</sup>	84,165	78,792	65,820	38,939	8,119	4,060	279,895
Interest payments on lease liabilities	1,199	1,090	988	888	793	3,928	8,886
Interest receipts on derivative financial instruments <sup>(1)</sup>	(822)	(679)	(396)	(67)	—	—	(1,964)
Interest payments on derivative financial instruments <sup>(1)</sup>	20,717	17,097	9,879	1,643	—	—	49,336
	105,259	96,300	76,291	41,403	8,912	7,988	336,153

(1) Based on the principal amounts and interest rates prevailing on the outstanding debt at August 31, 2021 and their respective maturities.

## Interest rate risk

The Corporation is exposed to interest rate risk on its floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At August 31, 2021, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, the Corporation's U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at August 31, 2021:

Type of hedge	Notional amount <sup>(1)</sup>	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US\$770 million	US LIBOR base rate	2.017% - 2.262%	January 2023 - November 2024	Senior Secured Term Loan B

(1) Two tranches amounting to US\$330 million have matured on January 31, 2021.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately \$13.1 million based on the outstanding debt and swap agreements at August 31, 2021.

## Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest associated with its notes, debentures and credit facilities denominated in US dollars. The impact of a 10% increase in the exchange rate of the US dollar into Canadian dollar would increase financial expense by approximately \$8.3 million based on the outstanding debt and swap agreements at August 31, 2021.

The Corporation faces exposure to foreign exchange risk on cash and cash equivalents and trade and other payables denominated mainly in US dollars, and the impact of a 10% decrease in the exchange rate of the US dollar into Canadian dollar would increase financial expense by approximately \$3.0 million. The Corporation's exposure is as follows:

At August 31,	2021	2020
	US	US
(In thousands of Canadian dollars)	\$	\$
<b>Financial assets (liabilities)</b>		
Cash and cash equivalents	29,794	2,568
Trade and other payables	(169)	(2,721)
	29,625	(153)

Furthermore, a foreign currency exposure arises from the Corporation's net investment in its U.S. subsidiary, as a result of the translation of the net investment into the Corporation's functional currency. A portion of the Corporation's net investment in its U.S. subsidiary is hedged by the Corporation's US dollar denominated Senior Secured Notes, which the Corporation has designated as hedges of the net investment, while a portion is economically hedged by its U.S. subsidiary's US dollar denominated First Lien Credit Facilities.

The following table shows the aggregate investment in foreign operations attributable to owners of the Corporation and the notional amount of debt borrowed to hedge this investment at August 31, 2021:

Type of hedge	Notional amount of debt	Aggregate investment	Hedged item
Net investment	US\$390 million	US\$1,164 million	Net investment in foreign operations in US dollar

The exchange rate used to translate the US dollar currency into Canadian dollar for the consolidated statement of financial position accounts at August 31, 2021 was \$1.2617 (\$1.3042 at August 31, 2020) per US dollar. A 10% decrease in the exchange rate of the US dollar into Canadian dollar would decrease other comprehensive income by approximately \$97.6 million.

## Market risk

The Corporation uses derivative instruments to manage the cash flow exposure to the risk of changes in the price of its subordinate voting shares under the DSU plan. As such, the Corporation uses equity swap agreements to economically hedge the market price appreciation risk of its subordinate voting shares.

The following table shows the equity derivative contracts outstanding at August 31, 2021:

Type of hedge	Notional	Maturity	Average share price	Hedged item
Economic	58,300 units	January 2022	\$100.86	Equity price exposure

As at August 31, 2021, the fair value of the equity swap was \$0.9 million and recognized as an asset. As a result of the equity swap, a 10% increase in the market price of the subordinate voting shares would not have a material financial impact on the Corporation's results.

## 8.6 FOREIGN CURRENCY

For the years ended August 31, 2021 and 2020, the average rates prevailing used to convert the operating results of the American broadband services segment were as follows:

Years ended August 31,	2021	2020	Change	Change
	\$	\$	\$	%
US dollar vs Canadian dollar	1.2691	1.3456	(0.08)	(5.7)

The following table highlights in Canadian dollars, the impact of a \$0.08 variation of the Canadian dollar against the US dollar, which corresponds to the variation in the exchange rate between fiscal 2021 and fiscal 2020, on Cogeco Communications' segmented and consolidated operating results for the year ended August 31, 2021:

	Canadian broadband services	American broadband services	Consolidated <sup>(1)</sup>
	Exchange rate impact	Exchange rate impact	Exchange rate impact
Year ended August 31, 2021			
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$
Revenue	—	(67,157)	(67,157)
Operating expenses	(1,780)	(37,010)	(38,790)
Adjusted EBITDA	1,780	(30,147)	(28,367)
Acquisition of property, plant and equipment	(5,303)	(17,897)	(23,200)
Free cash flow			927

(1) The consolidated results do not correspond to the addition of the operating segment's results as the "Corporate and eliminations" information is not presented.

## 8.7 CONTRACTUAL OBLIGATIONS, CONTINGENCIES AND GUARANTEES

### A) CONTRACTUAL OBLIGATIONS

The following table presents the Corporation's contractual obligations, at August 31, 2021, that are due in each of the next five years and thereafter:

Years ended August 31,	2022	2023	2024	2025	2026	Thereafter	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$	\$	\$
Acquisition of property, plant and equipment <sup>(1)</sup>	309,655	1,800	1,800	1,800	1,800	—	316,855
Acquisition of intangible assets <sup>(2)</sup>	236,073	—	—	—	—	—	236,073
Other long-term contracts <sup>(3)</sup>	49,034	44,853	41,577	27,698	28,031	28,307	219,500
Lease commitments <sup>(4)</sup>	571	1,059	1,052	1,048	535	14	4,279
Financial liabilities and lease liabilities, and related capital amounts	493,525	324,821	24,570	2,527,244	2,814	210,614	3,583,588
Interest payable on long-term debt	105,259	96,300	76,291	41,403	8,912	7,988	336,153
	1,194,117	468,833	145,290	2,599,193	42,092	246,923	4,696,448

(1) Include contractual obligations in connection with the Corporation's high-speed Internet expansion projects, accelerated purchases of certain equipment in order to avoid potential supply chain shortages and minimum spend commitments for acquisition of customer premise equipment.

(2) Include commitments related to the acquisition of the spectrum licences secured in the 3500 MHz band auction.

(3) Include long-term commitments under service and product contracts for operating expenditures, including minimum spend commitments.

(4) Include leases committed not yet commenced and leases of low value items.

### B) CONTINGENCIES

#### Final rates for aggregated wholesale Internet access services

On May 27, 2021, the CRTC released Telecom Decision 2021-181, which ruled on applications by cable carriers (including the Corporation) and telecommunications carriers to review and vary Telecom Order 2019-288. In Telecom Order 2019-288, the CRTC had set final rates for Cogeco Connexion's aggregated wholesale high-speed Internet access service that were significantly lower than the interim rates set in October 2016, and had made them retroactive to March 31, 2016. In Telecom Decision 2021-181, the CRTC overturned the 2019 rate reductions and made the interim rates it had previously established in 2016, with certain adjustments, final. As a result of this decision, the Corporation was required to make retroactive payments to wholesale Internet access customers for the period of March to October 2016 and has recognized an amount of \$4.6 million as a reduction of revenue during the third quarter of fiscal 2021.

Since then, two independent Internet service providers ("Resellers") and a trade association representing Resellers have petitioned the Governor in Council to overturn Telecom Decision 2021-181 and reinstate the CRTC's 2019 rate decision. On July 28, 2021, a Reseller sought leave to appeal Telecom Decision 2021-181 to the Federal Court of Appeal, which was granted on September 15, 2021. The Corporation, along with several other cable carriers, has asked the Governor in Council to deny the petitions and intervened before the Federal Court of Appeal.

## **Royalties payable for retransmission of distant television signals**

On July 22, 2021, the Federal Court of Appeal issued a decision in response to two applications for judicial review filed by six broadcasting distribution undertakings ("BDUs") (including the Corporation) and nine collective societies challenging a decision by the Copyright Board setting the quantum of royalties payable for the retransmission of distant Canadian and U.S. television over-the-air signals in Canada, for the 2014-2018 period. The Federal Court of Appeal determined that the 2014 and 2015 rates would be final but agreed with the collective societies that the Copyright Board had made errors in determining the 2016 to 2018 rates. The Federal Court of Appeal has sent the matter back to the Copyright Board, which will hold a new proceeding to determine the rates from 2016 onwards, which could increase as a result of this decision.

Due to the significant uncertainty surrounding both the outcome of this decision and its financial implications, the Corporation has not recorded any financial impact as at August 31, 2021.

## **Other**

The Corporation and its subsidiaries are involved in matters involving litigations, other regulatory decisions or potential claims from customers and suppliers arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider these exposures to be significant to these consolidated financial statements. At August 31, 2021 and 2020, no liability has been recorded with respect to these litigations, other regulatory decisions and potential claims, except for those included in Note 16 of the consolidated financial statements.

## **C) GUARANTEES**

In the normal course of business, the Corporation provides indemnification in conjunction with certain transactions. While many of the agreements specify a maximum potential exposure, some do not specify a maximum amount. The overall maximum amount of an indemnification obligation will depend on future events and conditions and therefore cannot be reasonably estimated. As a result, the Corporation cannot determine how they could affect its future liquidity, capital resources or credit risk profile. At August 31, 2021 and 2020, no liability has been recorded with respect to these indemnifications, except for those disclosed in Note 16 of the consolidated financial statements.

## **3500 MHz band auction**

In connection with the 3500 MHz band auction, Cogeco Connexion contracted a \$150 million unsecured letter of credit, which was submitted to ISED Canada as a pre-auction deposit, with the application to bid. This unsecured letter of credit will remain outstanding until the final payment is made.

## **Sale of a business**

In connection with the sale of a business, the Corporation has agreed to indemnify the purchaser against claims related to events that occurred prior to the date of sale.

## **Long-term debt**

Under the terms of the US Senior Secured Notes, the Corporation has agreed to indemnify the lenders against changes in regulations relative to withholding taxes and costs incurred due to changes in laws.

## **Sale of services**

As part of transactions involving the sale of services, the Corporation and its subsidiaries may be required to make payments to counterparties as a result of breaches of representations and warranties made into the service agreements.

## **Purchase and development of assets**

As part of transactions involving the purchase and development of assets, the Corporation and its subsidiaries may be required to pay counterparties for costs and losses incurred as a result of breaches of representations and warranties contained in the purchase agreements.

## 9. QUARTERLY OPERATING RESULTS

### 9.1 QUARTERLY FINANCIAL HIGHLIGHTS

Three months ended	Fiscal 2021				Fiscal 2020			
	Nov. 30	Feb. 28	May 31	Aug. 31	Nov. 30	Feb. 29	May 31	Aug. 31
<i>(In thousands of Canadian dollars, except percentages and per share data)</i>	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operations</b>								
Revenue	618,913	634,548	624,308	632,684	586,827	586,467	605,821	605,168
Adjusted EBITDA <sup>(1)</sup>	311,093	306,994	296,999	290,570	282,105	277,372	294,717	294,535
Adjusted EBITDA margin <sup>(1)</sup>	50.3 %	48.4 %	47.6 %	45.9 %	48.1 %	47.3 %	48.6 %	48.7 %
Integration, restructuring and acquisition costs	1,215	2,330	1,225	3,974	61	5,458	12	3,955
Profit for the period	114,896	110,559	102,786	103,406	89,708	114,011	96,724	96,148
Profit for the period attributable to owners of the Corporation	106,679	102,936	95,702	96,200	84,178	109,391	90,771	90,834
<b>Cash flow</b>								
Cash flows from operating activities	241,725	231,166	264,621	281,547	149,192	231,653	282,229	254,745
Acquisition of property, plant and equipment	116,222	115,214	126,570	175,180	121,302	110,840	123,653	128,195
Free cash flow <sup>(1)</sup>	140,616	142,768	132,070	71,423	102,844	125,062	116,158	111,372
Capital intensity <sup>(1)</sup>	18.8 %	18.2 %	20.3 %	27.7 %	20.7 %	18.9 %	20.4 %	21.2 %
<b>Per share data <sup>(2) (3)</sup></b>								
Earnings per share								
Basic	2.24	2.16	2.02	2.05	1.71	2.24	1.89	1.90
Diluted	2.22	2.14	2.01	2.03	1.70	2.22	1.87	1.88
Dividends per share	0.64	0.64	0.64	0.64	0.58	0.58	0.58	0.58

(1) The indicated terms do not have standardized definitions prescribed by IFRS and, therefore, may not be comparable to similar measures presented by other companies. For more details, please consult the "Non-IFRS financial measures" section, including reconciliation to the most comparable IFRS financial measures.

(2) The addition of quarterly information may not correspond to the annual total due to rounding.

(3) Per multiple and subordinate voting share.

### 9.2 SEASONAL VARIATIONS

Cogeco Communications' operating results are not generally subject to material seasonal fluctuations. Although, in the Canadian and American broadband services segments, the number of Internet and video services customers are generally lower in the second half of a fiscal year as a result of the beginning of the vacation period, the end of the television season, and students leaving their campuses at the end of the school year. Cogeco Communications offers its services in several towns with educational institutions. In the American broadband services segment, certain areas are also subject to seasonal fluctuations during the winter and summer seasons.

## 9.3 FOURTH-QUARTER OPERATING AND FINANCIAL RESULTS

### CONSOLIDATED

#### OPERATING AND FINANCIAL RESULTS

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2021 <sup>(1)</sup> \$	2020 \$	Change %	Change in constant currency <sup>(2)</sup> %	Foreign exchange impact <sup>(2)</sup> \$
Revenue	632,684	605,168	4.5	8.1	(21,515)
Operating expenses	336,206	303,728	10.7	14.8	(12,550)
Management fees – Cogeco Inc.	5,908	6,905	(14.4)	(14.4)	—
Adjusted EBITDA	290,570	294,535	(1.3)	1.7	(8,965)
Adjusted EBITDA margin	45.9 %	48.7%			

(1) For the three-month period ended August 31, 2021, the average foreign exchange rate used for translation was 1.2450 USD/CDN.

(2) Fiscal 2021 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2020 which was 1.3424 USD/CDN.

#### REVENUE

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2021 \$	2020 \$	Change %	Change in constant currency %	Foreign exchange impact \$
Canadian broadband services	356,850	324,197	10.1	10.1	—
American broadband services	275,834	280,971	(1.8)	5.8	(21,515)
	632,684	605,168	4.5	8.1	(21,515)

Fiscal 2021 fourth-quarter revenue increased by 4.5% (8.1% in constant currency) resulting from:

- the DERYtelecom acquisition completed on December 14, 2020, which contributed to the revenue growth in the Canadian broadband services segment; and
- organic growth in both the American broadband services and the Canadian broadband services segments, resulting mainly from growth in Internet service customers, stemming from the ongoing interest in high-speed Internet offerings which was enhanced since the beginning of the COVID-19 pandemic, and rate increases implemented for certain services.

Excluding the acquisition of DERYtelecom, revenue in constant currency increased by 3.4% for the fourth quarter of fiscal 2021.

#### OPERATING EXPENSES

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2021 \$	2020 \$	Change %	Change in constant currency %	Foreign exchange impact \$
Canadian broadband services	171,128	142,242	20.3	20.7	(618)
American broadband services	153,903	155,182	(0.8)	6.9	(11,932)
Other	11,175	6,304	77.3	77.3	—
	336,206	303,728	10.7	14.8	(12,550)

Fiscal 2021 fourth-quarter operating expenses increased by 10.7% (14.8% in constant currency), mainly resulting from:

- higher operating expenses in the Canadian broadband services segment mainly resulting from the DERYtelecom acquisition;
- higher marketing and advertising expenses, in both the Canadian broadband services and the American broadband services segments, to support overall customer base growth; and
- higher operating expenses in the American broadband services segment resulting from annual video programming rate increases and overall higher operating expenses to drive and support continued customer growth.

## MANAGEMENT FEES

Fiscal 2021 fourth-quarter management fees paid to Cogeco reached \$5.9 million compared to \$6.9 million for the same period of fiscal 2020. For further details on the Corporation's management fees, please refer to the "Related party transactions" section.

## ADJUSTED EBITDA

Three months ended August 31,	2021	2020	Change	Change in constant currency	Foreign exchange impact
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Canadian broadband services	185,722	181,955	2.1	1.7	618
American broadband services	121,931	125,789	(3.1)	4.6	(9,583)
Other	(17,083)	(13,209)	(29.3)	(29.3)	—
	290,570	294,535	(1.3)	1.7	(8,965)

Fiscal 2021 fourth-quarter adjusted EBITDA decreased by 1.3% (increased by 1.7% in constant currency). The increase in constant currency is resulting mainly from:

- an increase in the American broadband services segment, mainly resulting from revenue growth; and
- an increase in the Canadian broadband services segment mainly resulting from the impact of the DERYtelecom acquisition and organic revenue growth; partly offset by
- higher marketing and advertising expenses, which unfavorably impacted the adjusted EBITDA of both the Canadian and American broadband services segments; and
- unusual reduction in expenses in the Canadian broadband services segment, totaling approximately \$4 million last year, resulting from a retroactive effect of new programming contracts recognized during the fourth quarter of fiscal 2020 following contract renegotiations and other reduced expenses in light of the COVID-19 pandemic.

Excluding the acquisition of DERYtelecom, adjusted EBITDA in constant currency decreased by 2.8% for the fourth quarter of fiscal 2021.

## INTEGRATION, RESTRUCTURING AND ACQUISITION COSTS

Fiscal 2021 fourth-quarter integration, restructuring and acquisition costs amounted to \$4.0 million, mostly related to due diligence costs and legal fees related to the acquisition of the Ohio broadband systems, which was completed on September 1, 2021, as well as integration costs incurred in connection with the acquisition of DERYtelecom.

Fiscal 2020 fourth-quarter integration, restructuring and acquisition costs amounted to \$4.0 million, primarily from organizational changes initiated across the Corporation resulting in cost optimization.

## DEPRECIATION AND AMORTIZATION

Three months ended August 31,	2021	2020	Change
(In thousands of Canadian dollars, except percentages)	\$	\$	%
Depreciation of property, plant and equipment <sup>(1)</sup>	121,542	109,471	11.0
Amortization of intangible assets	9,574	15,354	(37.6)
	131,116	124,825	5.0

(1) Includes depreciation of right-of-use assets amounting to \$1.3 million for the three-month period ended August 31, 2021 (\$1.6 million in 2020).

Fiscal 2021 fourth-quarter depreciation and amortization expense increased by 5.0%, mainly due to:

- an increase of depreciation of property, plant and equipment as a result of the acquisition of DERYtelecom combined with a higher level of capital expenditures; partly offset by
- the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year; and
- lower amortization of intangible assets in respect to previously acquired customer relationships.

## FINANCIAL EXPENSE

Three months ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Interest on long-term debt, excluding interest on lease liabilities	30,370	38,380	(20.9)
Interest on lease liabilities	322	370	(13.0)
Net foreign exchange gain	(1,949)	(181)	—
Amortization of deferred transaction costs	183	213	(14.1)
Capitalized borrowing costs	(31)	(122)	(74.6)
Other	(5,287)	642	—
	23,608	39,302	(39.9)

Fiscal 2021 fourth-quarter financial expense decreased by 39.9% mainly due to:

- a non-recurring \$5.9 million favorable reversal of a previously recognized provision upon reaching a settlement during the fourth quarter of fiscal 2021;
- the early redemption of the Senior Secured Debentures Series 2 in July 2020, of which a \$2.8 million early redemption premium cost was recorded last year;
- lower interest expense on the Senior Secured Term Loan B Facility resulting from the decrease in the interest rate and in the principal amount outstanding; and
- the depreciation of the US dollar against the Canadian dollar compared to the same period of the prior year.

## INCOME TAXES

Three months ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Current	20,331	13,713	48.3
Deferred	8,135	16,592	(51.0)
	28,466	30,305	(6.1)

Three months ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Profit before income taxes	131,872	126,453	4.3
Combined Canadian income tax rate	26.5 %	26.5 %	—
Income taxes at combined Canadian income tax rate	34,946	33,510	4.3
Difference in operations' statutory income tax rates	(496)	534	—
Impact on income taxes arising from non-deductible expenses and non-taxable profit	(1,359)	317	—
Tax impacts related to foreign operations	(3,776)	(5,912)	(36.1)
Other	(849)	1,856	—
Income taxes at effective income tax rate	28,466	30,305	(6.1)
Effective income tax rate	21.6 %	24.0 %	(10.0)

Fiscal 2021 fourth-quarter income taxes expense decreased by 6.1% mainly attributable to the impact of a favorable tax true-up adjustment recorded in fiscal 2021 compared to an unfavorable adjustment in fiscal 2020, partly offset by the increase in profit before income taxes.

## PROFIT FOR THE PERIOD

Three months ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages and earnings per share)</i>	\$	\$	%
Profit for the period	103,406	96,148	7.5
Profit for the period attributable to owners of the Corporation	96,200	90,834	5.9
Profit for the period attributable to non-controlling interest <sup>(1)</sup>	7,206	5,314	35.6
Basic earnings per share	2.05	1.90	7.9

(1) The non-controlling interest relates to the 21% ownership of CDPQ in Atlantic Broadband.

Fiscal 2021 fourth-quarter profit for the period and profit for the period attributable to owners of the Corporation increased by 7.5% and 5.9%, respectively, as a result of:

- reduced financial expense, mainly due to lower interest expense on long-term debt and a non-recurring \$5.9 million favorable reversal of a previously recognized provision upon reaching a settlement during the fourth quarter of fiscal 2021; partly offset by
- lower adjusted EBITDA, which was unfavorably impacted by the depreciation of the US dollar and higher marketing and advertising activities at both the Canadian and American broadband services segments; and
- higher depreciation and amortization expense.

## CANADIAN BROADBAND SERVICES

### OPERATING AND FINANCIAL RESULTS

Three months ended August 31,	2021 <sup>(1)</sup>	2020	Change	Change in constant currency <sup>(2)</sup>	Foreign exchange impact <sup>(2)</sup>
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%	\$
Revenue	356,850	324,197	10.1	10.1	—
Operating expenses	171,128	142,242	20.3	20.7	(618)
Adjusted EBITDA	185,722	181,955	2.1	1.7	618
Adjusted EBITDA margin	52.0 %	56.1 %			
Acquisition of property, plant and equipment	76,342	46,474	64.3	68.6	(2,007)
Capital intensity	21.4 %	14.3 %			

(1) For the three-month period ended August 31, 2021, the average foreign exchange rate used for translation was 1.2450 USD/CND.

(2) Fiscal 2021 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2020 which was 1.3424 USD/CND.

### REVENUE

Fiscal 2021 fourth-quarter revenue increased by 10.1% as reported and in constant currency mainly as a result of:

- the DERYtelecom acquisition completed on December 14, 2020;
- rate increases implemented for certain services; and
- the cumulative effect of sustained demand for residential high-speed Internet since the beginning of the pandemic, which was enhanced by customers spending more time at home for work, online education and entertainment purposes, resulting in Internet service customers growth and a higher product mix for the overall base; partly offset by
- a decline in video and telephony service customers as some customers have migrated to Internet-only services.

Excluding the acquisition of DERYtelecom, revenue in constant currency increased by 1.2% for the fourth quarter of fiscal 2021.

### OPERATING EXPENSES

Fiscal 2021 fourth-quarter operating expenses increased by 20.3% (20.7% in constant currency) mainly attributable to:

- the DERYtelecom acquisition completed on December 14, 2020;
- unusual reduction in expenses totaling approximately \$4 million last year, resulting from a retroactive effect of new programming contracts recognized during the fourth quarter of fiscal 2020 following contract renegotiations and other reduced expenses in light of the COVID-19 pandemic; and
- higher marketing and advertising expenses to support overall customer base growth, compared to unusually low costs during the previous year in the context of the COVID-19 pandemic.

## ADJUSTED EBITDA

Fiscal 2021 fourth-quarter adjusted EBITDA increased by 2.1% (1.7% in constant currency) mainly resulting from:

- the impact of the DERYtelecom acquisition; and
- rate increases implemented for certain services; partly offset by
- the \$4 million unusual reduction in expenses last year, as noted above; and
- higher marketing and advertising expenses.

Excluding the acquisition of DERYtelecom, adjusted EBITDA in constant currency decreased by 5.5% for the fourth quarter of fiscal 2021. Adjusted EBITDA for the fourth quarter of fiscal 2021 was unfavorably impacted by the higher marketing and advertising expenses to support overall customer base growth, compared to unusually low costs during the previous year in the context of the COVID-19 pandemic.

## ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

Fiscal 2021 fourth-quarter acquisition of property, plant and equipment increased by 64.3% (68.6% in constant currency) mostly related to:

- higher costs related to the maintenance, growth and expansion of Cogeco Connexion's network infrastructure;
- higher purchases of customer premise equipment due to the timing of certain initiatives; and
- higher purchases of property, plant and equipment related to the DERYtelecom acquisition.

Fiscal 2021 fourth-quarter capital intensity reached 21.4% compared to 14.3% for the same period of the prior year. The capital intensity increase is mainly explained by higher capital expenditures.

## PRIMARY SERVICE UNIT STATISTICS

	August 31, 2021	Net additions (losses) Three months ended August 31,	
		2021	2020
Primary service units	2,002,083	(653)	(2,925)
Internet service customers	915,684	5,783	8,943
Video service customers	677,194	(3,262)	(8,359)
Telephony service customers	409,205	(3,174)	(3,509)

### INTERNET

Fiscal 2021 fourth-quarter Internet service customers net additions amounted to 5,783 compared to 8,943 for the same period of the prior year. The fiscal 2021 fourth-quarter net additions were mainly resulting from the ongoing interest in high-speed offerings, which was enhanced by customers spending more time at home for work and entertainment purposes in the context of the COVID-19 pandemic.

### VIDEO

Fiscal 2021 fourth-quarter video service customers net losses amounted to 3,262 compared to 8,359 for the same period of the prior year. The fiscal 2021 fourth-quarter net losses were mainly due to the continuous change in the video consumption environment, with an increasing proportion of customers only subscribing to Internet services.

### TELEPHONY

Fiscal 2021 fourth-quarter telephony service customers net losses amounted to 3,174 compared to 3,509 for the same period of the prior year. The fiscal 2021 fourth-quarter net losses were mainly due to increasing mobile wireless penetration in Canada and various unlimited offers launched by mobile wireless operators causing some customers to cancel their landline telephony services for mobile wireless telephony services only.

## AMERICAN BROADBAND SERVICES

### OPERATING AND FINANCIAL RESULTS

Three months ended August 31,	2021 <sup>(1)</sup>	2020	Change	Change in constant currency <sup>(2)</sup>	Foreign exchange impact <sup>(2)</sup>
(In thousands of Canadian dollars, except percentages)	\$	\$	%	%	\$
Revenue	275,834	280,971	(1.8)	5.8	(21,515)
Operating expenses	153,903	155,182	(0.8)	6.9	(11,932)
Adjusted EBITDA	121,931	125,789	(3.1)	4.6	(9,583)
Adjusted EBITDA margin	44.2 %	44.8 %			
Acquisition of property, plant and equipment	96,989	79,457	22.1	30.9	(7,006)
Capital intensity	35.2 %	28.3 %			

(1) For the three-month period ended August 31, 2021, the average foreign exchange rate used for translation was 1.2450 USD/CDN.

(2) Fiscal 2021 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2020 which was 1.3424 USD/CDN.

#### REVENUE

Fiscal 2021 fourth-quarter revenue decreased by 1.8% (increased by 5.8% in constant currency). In local currency, revenue amounted to US\$221.5 million compared to US\$209.3 million for the same period of fiscal 2020. The increase in constant currency is mainly resulting from:

- a higher Internet service customer base and a higher value product mix;
- annual rate increases implemented for certain services; and
- the reinstatement of late fees charged to customers that were suspended for a portion of the fourth quarter in fiscal 2020 as a relief measure in the context of the COVID-19 pandemic.

#### OPERATING EXPENSES

Fiscal 2021 fourth-quarter operating expenses decreased by 0.8% (increased by 6.9% in constant currency). The increase in constant currency is mainly due to:

- higher video services costs resulting from annual video programming rate increases;
- higher marketing and advertising expenses to support overall customer base growth; and
- overall higher operating expenses to drive and support continued customer growth.

#### ADJUSTED EBITDA

Fiscal 2021 fourth-quarter adjusted EBITDA decreased by 3.1% (increased by 4.6% in constant currency). In local currency, adjusted EBITDA amounted to US\$98.0 million compared to US\$93.7 million for the same period of fiscal 2020. The increase in constant currency is mainly resulting from:

- revenue growth driven by the cumulative effect of high-speed Internet service additions over the past year and by rate increases implemented for certain services; partly offset by
- higher marketing and advertising expenses.

#### ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

Fiscal 2021 fourth-quarter acquisition of property, plant and equipment increased by 22.1% (30.9% in constant currency) mainly as a result of:

- higher purchases of customer premise equipment in order to support increased demand for high-speed Internet product;
- accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries; and
- the timing of certain initiatives.

Fiscal 2021 fourth-quarter capital intensity reached 35.2% compared to 28.3% for the same period of the prior year. The capital intensity increase is mainly explained by higher capital expenditures.

## PRIMARY SERVICE UNIT STATISTICS

	August 31, 2021	Net additions (losses)	
		Three months ended August 31,	
		2021	2020 <sup>(1)</sup>
Primary service units	969,990	(3,665)	20,653
Internet service customers	520,517	2,666	13,523
Video service customers	305,514	(3,728)	5,542
Telephony service customers	143,959	(2,603)	1,588

(1) Net of a provision related to non-paying customers who had not been disconnected as at August 31, 2020 in the context of the COVID-19 pandemic.

### INTERNET

Fiscal 2021 fourth-quarter Internet service customers net additions amounted to 2,666 compared to 13,523 for the same period of the prior year. The fiscal 2021 fourth-quarter net additions were due to:

- growth in the residential sector primarily driven by demand for high-speed offering;
- sales effort activities being resumed in certain sales channels impacted by the pandemic combined with increased marketing efforts toward Internet led offerings under the Broadband First strategy; and
- growth in the commercial sector.

The significant growth in fiscal 2020 was mainly driven by the sudden increase in high-speed Internet demand in the residential sector resulting directly from the COVID-19 pandemic, which began in the second half of the year.

### VIDEO

Fiscal 2021 fourth-quarter video service customers net losses amounted to 3,728 compared to net additions of 5,542 for the same period of the prior year. The fiscal 2021 fourth-quarter net losses were due to:

- the new emphasis started in the second quarter of fiscal 2021 on offers that are Internet led and the cessation of non-bulk residential video-only new offer;
- certain customers declining to subscribe to video services as they move to strictly streaming video content; and
- competitive offers in the industry; partly offset by
- continued growth in the bulk residential customers' activations related mainly to the Florida expansion initiatives.

### TELEPHONY

Fiscal 2021 fourth-quarter telephony service customers net losses amounted to 2,603 compared to net additions of 1,588 for the same period of the prior year. The fiscal 2021 fourth-quarter net losses were mainly due to:

- the new emphasis started in the second quarter of fiscal 2021 on offers that are Internet led; partly offset by
- growth in the business sector mainly driven by Hosted Voice product offerings.

## CASH FLOWS ANALYSIS

Three months ended August 31,	2021	2020	Change
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%
Cash flows from operating activities	281,547	254,745	10.5
Cash flows used in investing activities	(234,922)	(126,899)	85.1
Cash flows from (used) in financing activities	162	(246,410)	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	13,293	(8,733)	—
<b>Net change in cash and cash equivalents</b>	<b>60,080</b>	<b>(127,297)</b>	<b>—</b>
Cash and cash equivalents, beginning of the period	305,440	493,794	(38.1)
<b>Cash and cash equivalents, end of the period</b>	<b>365,520</b>	<b>366,497</b>	<b>(0.3)</b>

### OPERATING ACTIVITIES

Fiscal 2021 fourth-quarter cash flows from operating activities increased by 10.5%, mainly from:

- changes in other non-cash operating activities primarily due to the timing of payments of trade and other payables and the collection of trade accounts receivable; and
- reduced interest paid; partly offset by
- higher income taxes paid, mainly due to the timing of income tax instalments, as a portion of last fiscal year's instalments was paid in September 2020 pursuant to governments allowing certain payment delays in the context of the COVID-19 pandemic; and
- lower adjusted EBITDA, which was unfavorably impacted by the depreciation of the US dollar and higher marketing and advertising activities at both the Canadian and American broadband services segments.

### INVESTING ACTIVITIES

Fiscal 2021 fourth-quarter cash flows used in investing activities increased by 85.1%, mainly due to:

- a \$59 million deposit paid in order to secure 38 spectrum licences in the 3500 MHz band auction; and
- the increase in acquisition of property, plant and equipment.

### ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT AND CAPITAL INTENSITY

The acquisition of property, plant and equipment as well as the capital intensity per operating segment are as follows:

Three months ended August 31,	2021	2020	Change	Change in constant currency <sup>(1)</sup>
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	%	%
<b>Canadian broadband services</b>	<b>76,342</b>	46,474	64.3	68.6
Capital intensity	21.4 %	14.3 %		
<b>American broadband services</b>	<b>96,989</b>	79,457	22.1	30.9
Capital intensity	35.2 %	28.3 %		
<b>Other</b>	<b>1,849</b>	2,264	(18.3)	(18.3)
<b>Consolidated</b>	<b>175,180</b>	128,195	36.7	43.7
Capital intensity	27.7 %	21.2 %		

(1) Fiscal 2021 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2020 which was 1.3424 USD/CDN.

Fiscal 2021 fourth-quarter acquisition of property, plant and equipment increased by 36.7% (43.7% in constant currency), mainly due to:

- higher capital expenditures in the Canadian broadband services segment mainly driven by higher costs related to the maintenance, growth and expansion of Cogeco Connexion's network infrastructure;
- higher capital expenditures in the American broadband services segment in order to support the segment's revenue growth driven by increased demand for high-speed Internet product, combined with accelerated purchases of customer premise equipment and networking equipment in order to avoid supply chain shortages impacting many industries; and
- the timing of certain initiatives in both the American and Canadian broadband services segments.

Fiscal 2021 fourth-quarter capital intensity reached 27.7% compared to 21.2% for the same period of the prior year. The capital intensity increase is mainly explained by higher capital expenditures.

## FINANCING ACTIVITIES

### ISSUANCE AND REPAYMENT OF DEBT

Fiscal 2021 fourth-quarter changes in cash flows from the issuance and repayment of debt are mainly explained as follows:

Three months ended August 31, (In thousands of Canadian dollars)	2021 \$	2020 \$	Explanations
(Decrease) increase in bank indebtedness	(1,924)	7,610	Related to the timing of payments made to suppliers.
Net increase under the revolving facilities	84,458	—	Mainly related to the \$59 million deposit paid in order to secure 38 spectrum licences in the 3500 MHz band auction.
Repayment of notes, debentures and credit facilities	(5,298)	(205,566)	Redemption of the Senior Secured Debentures Series 2 during the fourth quarter of fiscal 2020 combined with quarterly repayments on the Senior Secured Term Loan B Facility.
Repayment of lease liabilities	(784)	(1,143)	Comparable.
Repayment of balance due on business combinations	(450)	—	Repayment of balance due related to the iTéract acquisition.
	76,002	(199,099)	

### DIVIDENDS

During the fourth quarter of fiscal 2021, a quarterly eligible dividend of \$0.64 per share was paid to the holders of subordinate and multiple voting shares, totalling \$29.9 million, compared to a quarterly eligible dividend paid of \$0.58 per share, or \$27.7 million, in the fourth quarter of fiscal 2020.

### NORMAL COURSE ISSUER BID

During the fourth quarter of fiscal 2021, Cogeco Communications purchased and cancelled 391,500 subordinate voting shares with a weighted average price per share purchased of \$117.41 for a total consideration of \$46.0 million. During the fourth quarter of fiscal 2020, Cogeco Communications purchased and cancelled 194,600 subordinate voting shares with a weighted average price per share purchased of \$100.89 for a total consideration of \$19.6 million.

### FREE CASH FLOW

Three months ended August 31, (In thousands of Canadian dollars, except percentages)	2021 <sup>(1)</sup> \$	2020 \$	Change %	Change in constant currency <sup>(2)</sup> %	Foreign exchange impact <sup>(2)</sup> \$
Adjusted EBITDA	290,570	294,535	(1.3)	1.7	(8,965)
Amortization of deferred transaction costs and discounts on long-term debt	2,342	2,344	(0.1)	6.8	(161)
Share-based payment	1,879	2,249	(16.5)	(16.5)	—
Loss (gain) on disposals and write-offs of property, plant and equipment	792	(177)	—	—	—
Defined benefit plans contributions, net of expense	(283)	(1,271)	(77.7)	(77.7)	—
Integration, restructuring and acquisition costs	(3,974)	(3,955)	0.5	4.0	140
Financial expense	(23,608)	(39,302)	(39.9)	(35.1)	1,917
Current income taxes	(20,331)	(13,713)	48.3	48.4	16
Acquisition of property, plant and equipment	(175,180)	(128,195)	36.7	43.7	9,013
Repayment of lease liabilities	(784)	(1,143)	(31.4)	(28.2)	37
<b>Free cash flow</b>	<b>71,423</b>	<b>111,372</b>	<b>(35.9)</b>	<b>(37.7)</b>	<b>1,997</b>

(1) For the three-month period ended August 31, 2021, the average foreign exchange rate used for translation was 1.2450 USD/CDN.

(2) Fiscal 2021 actuals are translated at the average foreign exchange rate of the comparable period of fiscal 2020 which was 1.3424 USD/CDN.

Fiscal 2021 fourth-quarter free cash flow decreased by 35.9% (37.7% in constant currency), mainly due to:

- higher capital expenditures in both the Canadian and American broadband services segments; and
- the increase in current income taxes, primarily resulting from the increase in profit before income taxes; partly offset by
- reduced financial expense, primarily resulting from a non-recurring \$5.9 million favorable reversal of a previously recognized provision upon reaching a settlement during the fourth quarter of fiscal 2021 and the early redemption of the Senior Secured Debentures Series 2 in July 2020, of which a \$2.8 million early redemption premium was recorded last year; and
- improved adjusted EBITDA in constant currency in both the Canadian and American broadband services segments.

## 10. FISCAL 2022 FINANCIAL GUIDELINES

Cogeco Communications revised its fiscal 2022 preliminary financial guidelines as issued on July 14, 2021 giving effect to the impact of the acquisition of the Ohio broadband systems, which was completed on September 1, 2021.

The current section contains forward-looking statements concerning the business outlook for Cogeco Communications. For a description of risk factors that could cause actual results to differ materially from what Cogeco Communications expects, please refer to the "Uncertainties and main risk factors" section of the present MD&A.

Cogeco Communications presents its financial guidelines on a constant currency basis and believes this presentation enables an improved understanding of its underlying financial performance, undistorted by the effects of changes in a foreign currency rate. Measures on a constant currency basis are considered non-IFRS measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies. The financial guidelines exclude the impact from possible business acquisitions and do not take into consideration the potential impact of the review of the royalties payable for retransmission of distant television signals currently pending before the Copyright Board. Capital intensity and free cash flow definitions do not include the acquisition of spectrum licences (refer to section "Non-IFRS financial measures"). The projections take into consideration the experience gained while operating during the COVID-19 pandemic so far, but exclude potential unexpected significant material impacts from it.

On a constant currency and consolidated basis, Cogeco Communications expects fiscal 2022 revenue to grow between 15% and 17%, mainly as a result of revenue generated from the Ohio broadband systems acquisition and organic growth in both the Canadian and American broadband services segments. In the Canadian broadband services segment, revenue growth should stem primarily from demand for the residential Internet product, the upselling of customers to higher tiers of service, the recent launch of the IPTV product, as well as the full-year impact of the DERYtelecom acquisition. In the American broadband services segment, the growth is expected from ongoing demand for the residential Internet product resulting from the Broadband First strategy, growth in the business sector and the impact of the Ohio broadband systems acquisition.

On a constant currency and consolidated basis, fiscal 2022 adjusted EBITDA should grow between 14% and 16%, mainly as a result of the Ohio broadband systems and DERYtelecom acquisitions and organic revenue growth exceeding operating expenses in both the American and Canadian broadband services segments.

Acquisition of property, plant and equipment should amount to between \$815 and \$845 million, including approximately \$230 to \$240 million in network expansion projects net of government subsidies, resulting in capital intensity of approximately 28%, or 20% excluding growth-oriented network expansion projects. The Canadian broadband services segment expects higher capital intensity than during the previous year primarily due to government sponsored network expansion projects which will increase the Corporation's footprint in the provinces of Québec and Ontario and, to a lesser extent, investments in DERYtelecom's infrastructure in order to offer higher Internet speeds and the IPTV service, and equipment cost inflation. The American broadband services segment also expects higher capital intensity mainly due to network expansion projects which will increase the Corporation's footprint in several areas adjacent to its network and to the Ohio broadband systems acquisition and integration projects. As the network expansion projects will take most of the fiscal year to build, both business segments will benefit from revenue growth from these projects in the following fiscal year.

Free cash flow on a constant currency and consolidated basis should decrease between 33% and 43%, mainly due to higher capital intensity resulting from the network expansion projects, an increase in financial expenses due to acquisition financing related to the Ohio broadband systems, and acquisition and integration costs related to the Ohio broadband systems, partly compensated by the growth of adjusted EBITDA. Excluding the fiscal year 2022 growth-oriented network expansion projects, free cash flow on a constant currency and consolidated basis would otherwise increase between 5% and 15%.

The following table outlines fiscal 2022 financial guidelines ranges on a consolidated basis:

	November 11, 2021 Revised projections Fiscal 2022 (constant currency)	July 14, 2021 Preliminary projections Fiscal 2022 (constant currency)	Actual Fiscal 2021
<i>(In millions of Canadian dollars, except percentages)</i>			
	\$	\$	\$
<b>Financial guidelines</b>			
Revenue	Increase of 15% to 17% <sup>(1)</sup>	Increase of 3.5% to 5.5%	2,510
Adjusted EBITDA	Increase of 14% to 16% <sup>(1)</sup>	Increase of 3.5% to 5.5%	1,206
Acquisition of property, plant and equipment	\$815 to \$845 <sup>(2)</sup>	\$690 to \$720 <sup>(2)</sup>	533
Capital intensity	Approximately 28%	Approximately 27%	21.2 %
Free cash flow	Decrease of 33% to 43% <sup>(3) (4)</sup>	Decrease of 30% to 35% <sup>(3)</sup>	487

(1) The acquisition of the Ohio broadband systems is expected to have a positive impact of approximately 11.5% on fiscal 2022 consolidated revenue and 11% on consolidated adjusted EBITDA.

(2) Fiscal 2022 financial guidelines are based on a USD/CDN constant exchange rate of 1.2691 USD/CDN.

(3) The assumed current income tax effective rate is approximately 11%.

(4) Includes approximately \$35 million of acquisition and integration costs in connection with the acquisition of the Ohio broadband systems.

# 11. ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) PRACTICES

## 11.1 ESG GOVERNANCE

Oversight of ESG issues lies within the Corporate Social Responsibility (CSR) function which is under the purview of the CSR Steering Committee that reports to the Corporate Governance Committee of the Board of Directors. The CSR Steering Committee, which is composed of the CEO, senior vice presidents and presidents of the business units of Cogeco as well as other executives, is responsible for reviewing ESG issues and trends, approving the results of the materiality assessment, identifying top risks and opportunities, setting objectives and ambitions and monitoring ESG performance.

The ESG function is held at a corporate level and is headed by the Vice President, Enterprise Strategy and Social Responsibility, who reports to the Senior Vice President and Chief Public Affairs, Communications and Strategy Officer, who reports directly to the CEO. The Vice President, Enterprise Strategy and Social Responsibility is responsible for the roll-out of corporate strategies and initiatives to support the conduct of business in a socially responsible and ethical manner. Business units are accountable for implementing their specific ESG initiatives and action plans.

Oversight of ESG issues lies with the Board of Directors. The Vice President, Enterprise Strategy and Social Responsibility provides quarterly updates to the Board of Directors on key ESG topics and the Corporation's related ESG performance. In addition, ESG-related risks are reviewed and discussed at the Audit Committee of the Board of Directors on a quarterly basis.

## 11.2 KEY ENVIRONMENTAL, SOCIAL AND GOVERNANCE INITIATIVES

Cogeco has put in place various initiatives and strategies aligned with the best ESG practices. Our ESG practices form an integral part of our business strategy and are considered an important enabler thereof. In addition, we strive to further align our ESG strategy with the United Nations's ("UN") Sustainable Development Goals ("SDGs") as part of our continued effort to drive long-term corporate sustainability and contribute to a better and more sustainable future for all. The SDGs are a universal call to action to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere. Below are some of the key ESG initiatives that were deployed in fiscal 2021, as well as ESG key performance indicators that support the achievement of our goals.

### ENVIRONMENT

#### Climate change adaptation and mitigation



#### Why it is important to Cogeco

The recently released Intergovernmental Panel on Climate Change's (IPCC) sixth assessment report (AR6) signalled a "code red" for humanity with findings suggesting that Earth is on the doorstep of the much-discussed 1.5°C threshold, which more likely than not may be reached by 2040. In order to limit global warming to 1.5°C and help prevent the worst impacts of climate change, countries and businesses must set ambitious paths towards decarbonization. While our industry's environmental footprint is arguably smaller than that of many other sectors, Cogeco is nonetheless committed to leading the decarbonization pathway in our industry.

## What we are doing

- We have set a science-based emissions reduction target:

- Reduce absolute Scope 1 & 2 emissions by 65% by 2030 from 2019.
- 50% of suppliers by spend covering purchased goods & services and capital goods will set science-based scope 1 & 2 emissions reduction targets by 2025.
- Reduce emissions from the use of sold products and employee commuting by 30% by 2030 from 2019.

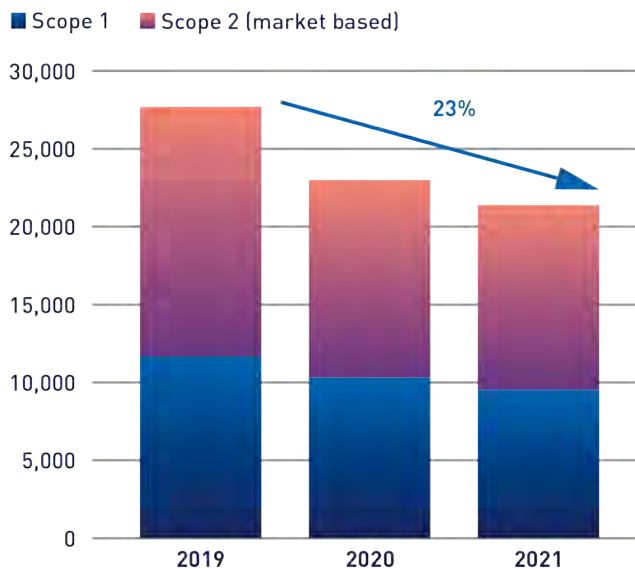
- We are reducing emissions from our operations (scopes 1 & 2) by: implementing energy efficiency initiatives across our network and facilities (e.g. HVAC upgrades, etc.) and for our fleet (GPS/telematics systems, auxiliary batteries, switching to smaller vehicles and right-sizing our fleet).
- We have begun the development of a detailed roadmap to electrify our vehicle fleet.
- In fiscal 2021, we purchased over 11,200 MWh of clean energy through Renewable Energy Certificates and Green Utility tariffs.
- We are providing customers with self-installation and self-swap tools, reducing the use of trucks and their associated emissions by more than 2,800 tonnes of CO<sub>2</sub>e.
- We voluntarily comply with increasingly stringent energy efficiency standards for our customer premise equipment (CPE).
- We are continuing the rollout of our Internet television service (IPTV) in Canada. The IPTV set-top box is approximately 40% more energy efficient than non-IPTV set-top boxes. The rollout in the U.S. is targeted to begin in fiscal 2022.

## Climate-related disclosures

- We published our ninth CDP report.
- To further highlight our actions related to climate change mitigation and adaptation, our first Climate Action Plan and TCFD report, with details on our governance practices, strategy, risk management measures and metrics related to climate change issues, is being published in November 2021 and can be found on the [corpo.cogeco.com](https://corpo.cogeco.com) website.

## RESULTS - GHG EMISSIONS

### 23% reduction in operational emissions

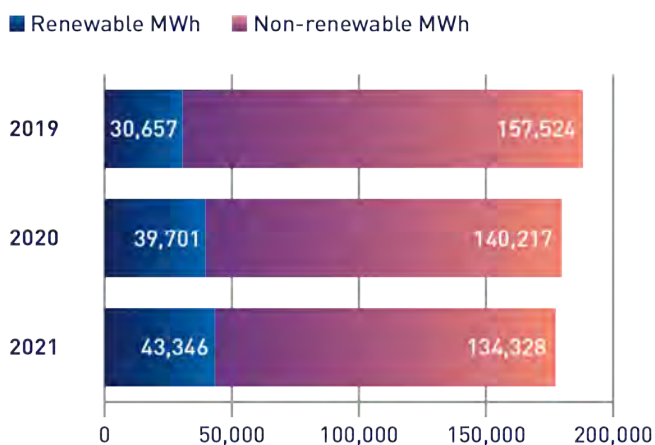


Emissions from the use of sold products have decreased by 7% and emissions from employee commuting have decreased by 86% vs 2019 (mainly due to the global pandemic). Also, 22% of our suppliers by spend have set or committed to set science-based emissions reduction targets.

## RESULTS - ENERGY CONSUMPTION

We reduced overall energy consumption by 6% vs 2019, and increased renewable energy consumption by 41%.

### Renewable energy consumption increased by 41% vs 2019





## End of life product management

### Why it is important to Cogeco

We believe in the 3Rs: reduce, reuse, recycle. We strive to control our waste and in the majority of our facilities, electronic equipment, paper, glass, plastic and metal items, as well as hazardous waste, are recovered and recycled. As a telecommunications company, electronic waste (e-waste) represents the biggest waste category generated by our operations. Because of the rapid rate of change in technology, we know it is important to have the right processes in place to ensure increasing amounts of e-waste are handled in a way that minimizes any negative impacts on the environment.

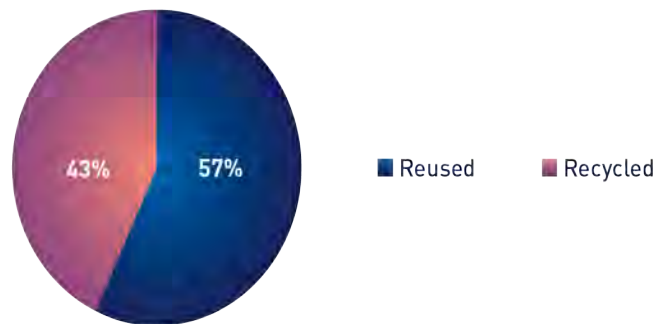
### What we are doing

- The equipment we provide to our customers is collected, tested, repaired, or refurbished, then redeployed, thus enabling a circular economy. More than 1 million units of customer products have been refurbished and redeployed in the last two fiscal years.
- Equipment, which can no longer be redeployed, is brought to organizations or third party vendors that partner with us to resell and recycle obsolete equipment.

### RESULTS - ELECTRONIC WASTE

- We diverted more than 820,000 kg (1.8M lbs) of e-waste from landfill during fiscal year 2021.

**57% of e-waste reused and 43% recycled**



# SOCIAL

## OUR EMPLOYEES



### Diversity and inclusion

#### Why it is important to Cogeco

At Cogeco, respect is a long-standing core value that we embrace by fostering a respectful workplace where integrity, trust and inclusion are the norm. We believe that an inclusive workplace is one where everyone feels a sense of belonging, has a safe environment in which to work and develop, and shares equal opportunities for career advancement regardless of gender, skin colour, ethnicity, religion, age, disability or sexual orientation. Cogeco values diversity and inclusion because together they enable a highly collaborative and engaging work environment and drive innovation and the development of new ideas, which in turn directly correlates with improved organizational performance.

#### What we are doing

In June of 2021, we unveiled our commitment to diversity and inclusion, making public our stance on the importance of this topic and committing to continued action on this front. This includes:

- Creating an environment that fosters open dialogue to gain greater awareness of others' experiences and perspectives.
- Committing to roll out training and education initiatives addressing unconscious biases and promoting D&I.
- The establishment of a Diversity & Inclusion Leadership Committee to drive the development of tangible action plans.
- Increasing philanthropic investments aimed at promoting D&I and supporting underrepresented groups.

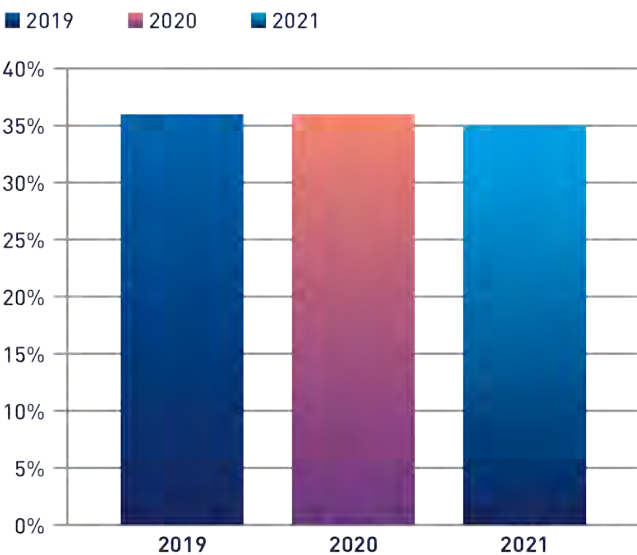
Full details of our diversity and inclusion commitment can be found on the [corpo.cogeco.com](https://corpo.cogeco.com) website.

We also hired a Director of Diversity, Inclusion and Belonging to help develop our diversity and inclusion strategy, coordinate actions and monitor progress.

#### RESULTS

35% female managers, achieving our goal of at least 35% of women in management positions and above.

#### 35% women in managerial positions





## Employee health, safety & well-being

### Why it is important to Cogeco

Our workforce is a key driver of our success which is why providing a superior employee experience is one of Cogeco's top strategic priorities. This includes our commitment to providing a safe and healthy workplace for all employees, volunteers and business partners. We do not simply consider this to be our duty of care but an important business practice as it lowers injury/illness costs, reduces absenteeism and turnover, increases productivity and quality and raises employee morale.

### What we are doing

- We have linked a portion of our executives' variable compensation to the Corporation's health and safety (H&S) results.
- In depth H&S-related training is provided to managers to ensure a consistent management approach.
- We provide all employees and their families with access to confidential consultations and information services from external professionals to resolve challenges and problems through our Employee Assistance Program.
- We provide employees with a subscription to a service to support their overall well-being and mental health.
- We are implementing a new system that will enable Cogeco to track and to address H&S key performance indicators.

### RESULTS

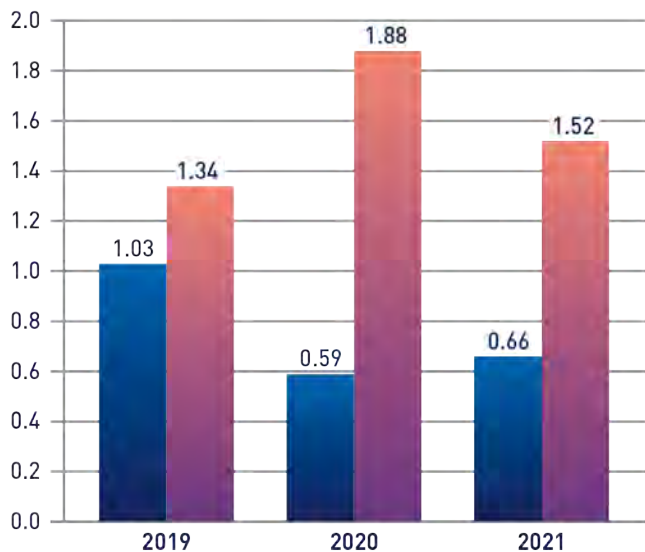
In fiscal 2021, we achieved our goal of maintaining a frequency of workplace-related incidents below industry averages in the jurisdictions where we operate.

#### Lost time injury frequency rate and total recordable injury frequency rate (per 200,000 hours worked)

Lost time injuries decreased by 36% vs 2019

■ Lost time injury frequency rate

■ Total recordable injury frequency rate





## Employee engagement

### Why it is important to Cogeco

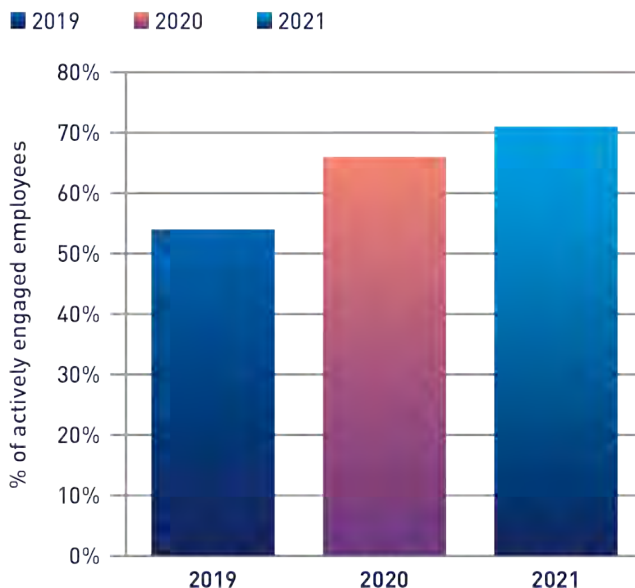
Employee engagement matters to Cogeco as it is our firm belief that engaged employees care about what they do and are thus motivated to contribute to organizational success. Engaged employees are also more attuned to the needs of customers and can therefore make a real difference in terms of providing the best customer experience. Research has shown that high employee engagement increases profitability, work quality and productivity of employees, and is also an important enabler of employee retention. In the current highly competitive market for top talent, the ability for any organization to provide a highly engaging work environment can represent a key differentiator.

### What we are doing

- We provide a stimulating, progressive and diverse work environment based on collaboration and respect.
- We offer comprehensive compensation packages with competitive salaries, group benefits and reward programs, flexible working hours, a stock purchase plan with an employer match, and user-friendly digital tools to enhance collaboration.
- We conduct regular company-wide employee surveys to measure employee engagement that provide us with valuable information to better understand how our employees feel about us as an employer and identify improvement areas that can be brought to the overall employee experience.
- We hold town halls as well as CEO webcasts with employees.

### RESULTS

**Our global employee engagement score increased by 17 points vs fiscal 2019**



OUR COMMUNITIES



Community investment & digital inclusion

Why it is important to Cogeco

Social engagement is one of Cogeco's core values. We are a company that is deeply rooted in the communities we serve through the operation of local offices where our team members and customers live. We aim to make our communities thrive by supporting local economies, building partnerships and building community cohesion. Connectivity is essential to ensure digital inclusion in our society and is a powerful driving force for the economic and social development of our communities. In line with our desire to be a good corporate citizen, we believe that our industry has an essential role to play in closing the digital divide and we view this as a key priority. Expanding our broadband network into underserved and unserved areas enables us to continue supporting our communities and contribute to the economic vitality of rural regions.

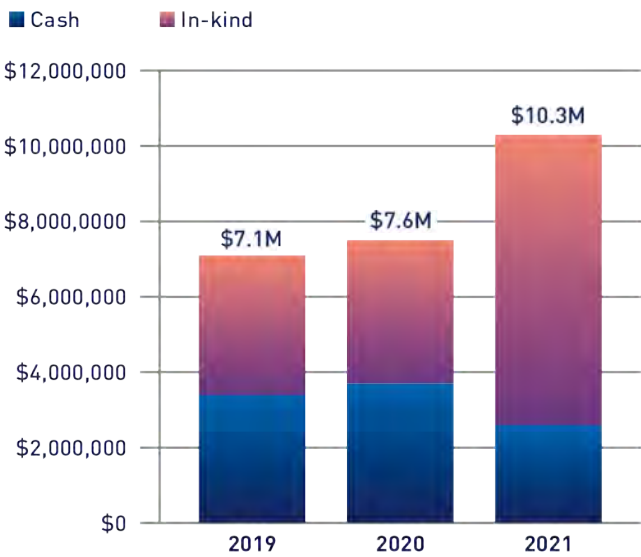
What we are doing

- In fiscal 2021, we supported more than 700 non-profit organizations in Canada and the U.S.
- We actively seek and participate in government programs in both Canada and the U.S. to accelerate access to high-speed Internet in underserved and unserved regions in order to address the digital divide.
- We provided access to affordable Internet services to low-income families through the Federal Communications Commission's Emergency Broadband Benefit Program in the U.S. and through the Connecting Families program in Canada. This was a particularly important initiative during the COVID-19 pandemic.
- We continued our support to Computers for Success Canada whose objective is to deliver improved access to technology for Canadians at risk of digital exclusion. Through this partnership, Cogeco commits to refurbish used desktops and laptops for distribution to young people.

RESULTS - DONATION AND SPONSORSHIPS

In fiscal 2021, we donated 1.8% of pre-tax profits considering cash and in-kind contributions to non-profit organizations supporting philanthropic causes.

Cash and In-kind donations



RESULTS - DIGITAL INCLUSION

High-speed Internet in underserved and unserved areas	Affordable Internet	Technology for education
75,000 homes in Canada and 1,200 in rural Virginia will be delivered over the next 3 years.	Almost 7,200 low-income families.	Donated more than 1,155 units to Computers for Success Canada over the last 3 years.

## OUR CUSTOMERS



### Data security and data privacy

#### Why it is important to Cogeco

As cybersecurity threats and breaches in the public and private sectors have grown in frequency and complexity over recent years, data security has become a top priority for most corporations. A data breach can imperil company data, assets, finances and reputation. To mitigate this risk, Cogeco has put in place governance structures, teams, technological tools and programs to ensure the security of the Cogeco ecosystem. In addition, as part of our operations, we collect personal information and our customers and employees entrust us with their data. We have mechanisms in place to ensure that personal information is kept confidential and secure, and used only for the purposes for which it was collected as that is what our customers and employees expect from us.

#### What we are doing

- We continue with the implementation and strengthening of our multi-year security program that is aligned to the NIST-CSF industry framework.
- Cogeco integrates data privacy standards across all our business units with privacy policies pertaining to the protection of personal information, which are specific to their products, services, and/or jurisdictions. Some mechanisms in place to ensure effective implementation of our privacy policies include:
  - Defined point of contact for escalation of privacy issues;
  - Tools developed allowing for proper documentation, qualification, reporting and notification regarding any incidents;
  - General privacy training provided to all Cogeco Connexion employees, as well as more targeted training to address the needs of specific groups;
  - Disciplinary actions in case of breach.

#### RESULTS

- In fiscal 2021, we completed a full Third-Party Risk Assessment data security process review and developed a Risk Registry and supporting processes accordingly.
- We increased the frequency of cybersecurity vulnerability testing to annually.
- No founded privacy complaints from the Office of the Privacy Commissioner of Canada, the Federal Trade Commission or the Federal Communications Commission of the U.S.



### Network investment

#### Why it is important to Cogeco

Providing customers with a robust and state-of-the-art network is critical to ensure that our customers can depend on reliable connectivity and quality television and telephone services. On-going investments in digital infrastructure are critical to connect families and businesses, to enable economic activity, education and other critical services as well as to reduce the digital divide between urban centres and rural areas.

#### What we are doing

- Continuous investment to maintain, upgrade, or replace our network and infrastructure to maximize system reliability and resiliency to extreme weather events.
- Strong business continuity and disaster recovery plans, policies and procedures to limit network downtime in the event of any emergency.
- Continued investment in expanding our network footprint to reach underserved and unserved geographical areas.

#### RESULTS

- Network available more than 99.9% of the time.
- \$213 million invested in fiscal 2021 which includes \$133 million for resilience and upgrades and \$80 million for network expansion.

## GOVERNANCE

### Ethical business practices & compliance



#### Why it is important to Cogeco

Operating according to ethical values is of utmost importance for any business striving to succeed in today's growing global marketplace. Increasingly, companies are an integral part of a complex society that expects the highest standards of behaviour from businesses. Our stakeholders wish to be associated with responsible and ethical organizations. Therefore, operating with integrity is deemed essential for our sustainable success.

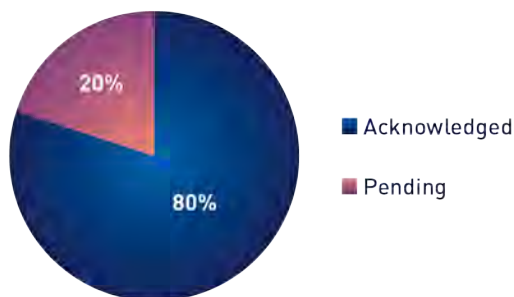
#### What we are doing

- Mandatory ethics training for all employees.
- All reports submitted to the Ethics Line are systematically investigated by Cogeco's Internal Audit team.
- Implemented the requirement for top suppliers to acknowledge our Supplier Code of Conduct or meet our CSR standards. In fiscal 2021, we updated our Supplier Code of Conduct to include more stringent criteria related to the measurement and mitigation of negative impacts of climate change, as well as added a clause encouraging the setting of science-based emissions reduction targets.
- We continued the integration of ESG criteria into our executive compensation with employee engagement, employee health and safety, and customer experience impacting a portion of their short-term incentive plan.
- Continued integrating best Board governance practices.

#### RESULTS

- We remained in the top tier of family-controlled dual-class companies listed on the Canadian stock exchange according to the Globe and Mail's Board Games.
- 96% of employees have completed the Code of Ethics training in fiscal 2021.

**80% of our top 100 suppliers have acknowledged the Corporation's Supplier Code of Conduct or meet our CSR standards through their own code of conduct**



- 60% of Board members are from designated groups (50% women, 10% disabled);
- 80% of Board members are independent.

For more information on our initiatives and our performance, please refer to the latest CSR Report, which was published in February 2020. Our new report will be released in early 2022. In addition, detailed KPIs can be found in our new ESG data supplement available on the [corpo.cogeco.com](https://corpo.cogeco.com) website. It should be noted that updates relative to our ESG strategy and related commitments are available directly on the Corporation's website at [corpo.cogeco.com](https://corpo.cogeco.com).

### ESG AWARDS AND RECOGNITIONS

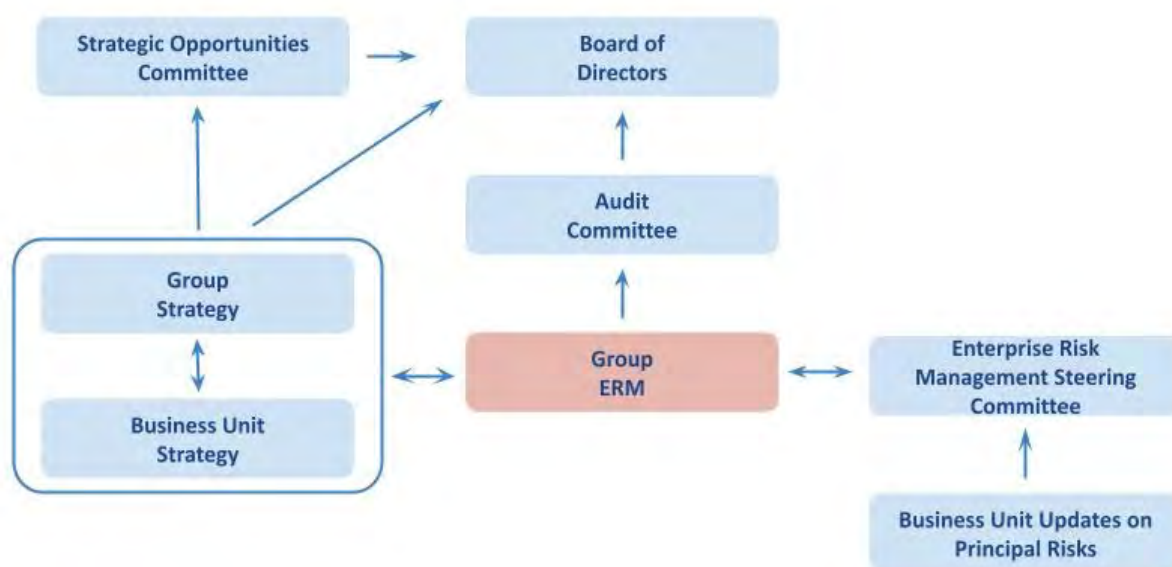


## 12. UNCERTAINTIES AND MAIN RISK FACTORS

This section outlines the principal risks and uncertainties that Cogeco Communications and its subsidiaries currently believe to be material. It does not purport to cover all contingencies, or to describe all possible factors that might have an influence on the Corporation or its activities at any point in time. Furthermore, the risks and uncertainties outlined in this section may or may not materialize in the end, may evolve differently than expected or may have different consequences than those that are currently anticipated. If any of the following risks, or any other risks and uncertainties that the Corporation and its subsidiaries have not yet identified or that they currently consider not to be material, actually occur or become material risks, the Corporation and its subsidiaries' businesses, guidance, prospects, financial condition, results of operations and cash flows and consequently the price of the subordinate voting shares could be materially and adversely affected.

### ENTERPRISE RISK MANAGEMENT

The Corporation has a formal integrated enterprise-wide risk management ("ERM") program structured and governed based on the widely adopted *Committee of Sponsoring Organizations of the Treadway Commission* ("COSO") ERM integrated framework. This framework puts forward the strong connection between risk, strategy and enterprise performance. As a result, the ERM approach at Cogeco is supported by a Risk Governance Ecosystem as illustrated below.



The Risk Governance Ecosystem solicits input from corporate functions as well as business units and feeds the strategic planning process.

Annual Consolidated Risk Assessment	Principal business risks that could impact the Corporation are formally identified on an annual basis. Risks considered are not only strategic, operational, financial, regulatory and compliance related in nature but also environmental, social and governance ("ESG") related, and take into consideration both short and longer term existing and emerging risks, as deemed relevant. In addition, as part of this annual risk assessment process, the Risk Appetite Framework, guiding strategic decision making, is reviewed and updated, as needed. Critical output from this annual risk assessment is used in the preparation of the corporate strategy and presented to the Board of Directors as part of the strategic planning process.
Business Unit Risk Assessment	As part of the strategic planning process, business units identify the principal risks specific to their business unit as well as mitigation plans. In addition, they provide quarterly updates on principal risks for the Corporation and related mitigation measures, from their perspective.
Risk Oversight	On an annual basis, the Board, with the Audit Committee, reviews the principal business risks facing the Corporation and its subsidiaries as well as the mitigation measures implemented to manage these risks. On a quarterly basis: <ul style="list-style-type: none"> <li>– the Enterprise Risk Management Steering Committee, composed of the CEO and his direct reports, governs risk management. A risk profile update is presented and discussed at each meeting and mitigation measures are reviewed to ensure adequacy;</li> <li>– the Audit Committee oversees ERM activities and the risk profile update as well as the operational and financial risks associated with significant programs or projects of the Corporation.</li> </ul>
Other Risk Related Activities	A risk universe is maintained by the ERM function and updated through exchanges with members of the business units covering risks that could impact our risk assessment and strategic planning. In addition, context maps are developed at a group level and at a business unit level documenting forces that shape our environment representing potential opportunities, threats and risks facing the organization (e.g. demographic trends, rules and regulations, economy and environment, competition, technology trends, customer needs and uncertainties).

## 12.1 COMPETITIVE RISKS

The industries in which we operate are very competitive, and we expect competition to continue to intensify in the future. Competition stems from various sources. Large traditional phone companies and mobile wireless service operators are upgrading their offering with products such as direct to consumer content (streaming platforms) with exclusive content, investing in fibre-to-the-home ("FTTH") and expanding their 5G networks, offering mobile substitutes for fixed home Internet and looking for growth outside their footprint. Competition is also rising from other sources, such as Internet resellers in Canada, companies and municipalities which are overbuilding in areas where we operate or digital-native organizations and satellite providers which are evolving their offering and business model to penetrate markets and appeal to a larger customer base. We also face competition in the merger and acquisitions space in the United States with non-traditional players, such as private equity firms and infrastructure funds, competing for the same opportunities in the telecommunications sector.

Some of our competitors have longer operating histories, significantly greater financial, technical, marketing and other resources, greater brand recognition and a larger base of customers while some are digital-native organizations with lower cost structures due to the absence of legacy systems to maintain. Our competitors may be able to adapt more quickly to new or emerging technologies, changes in customer expectations, and may also be able to develop services comparable or superior to those we offer at more competitive prices. Aggressive pricing and market offers of our competitors could result in pricing pressures and increased customer acquisition and retention costs and could put pressure and adversely affect our businesses and results of operations. Our ability to compete successfully within one or more of our market segments may thus decline in the future due to increased competition from current competitors or from new entrants taking bold actions to establish, sustain or increase their position in the market. Our businesses and results of operations could be materially adversely affected to the extent that we are unable to retain our existing customers and grow our customer base or have to lower revenue per customer in order to maintain market share.

To mitigate our competitive risks, focus is placed on providing customers with a distinctive experience with state-of-the-art Internet services, IP enabled services such as IPTV, and by seizing opportunities to expand our network and services where financially sound, aligned with our risk appetite.

Our principal competitive risks can be broken down as follows.

### ***We face intensifying competition in our Canadian broadband services segment from traditional service providers and new entrants.***

Large traditional phone companies and mobile service providers remain our main network-based competitors. These operators offer their services through evolving technologies such as FTTH, mobile high-speed Internet services (including 4G and 5G), fixed-wireless services that allow for lower deployment costs in rural areas, and traditional satellite-based services primarily for video services. In addition to traditional competitors, other companies are developing new delivery models such as Internet through low earth orbit satellites for hard-to-reach areas. In the past year, some providers of Internet delivered via satellite were awarded government funding to expand their service territories to unserved areas.

Over recent years, Internet resellers have gained significant market share in the Canadian territories where we offer our services, namely in Ontario. A favorable regulated wholesale regime, which does not require resellers to invest in network construction, and low wholesale rates have enabled resellers to offer services at competitive price points. While resellers are primarily focused on Internet services, some are also providing video and phone services and growing their offering.

In addition, certain Canadian municipalities plan to or have entered into public/private partnership arrangements to build and operate their own broadband networks, entering into competition with the Corporation in some of its service areas.

### ***Some of the large integrated communications service providers we compete with in Canada also own broadcast content assets.***

Some of the large integrated communications service providers we compete with in Canada own broadcast television content assets. This vertical integration could result in content being withheld from us or being made available to us at inflated prices or unattractive terms. In order to limit the power of vertically integrated entities on the public's access to diverse and quality programming services, the CRTC adopted in 2015 a Wholesale Code which applies to all broadcasting distribution undertakings ("BDU") and licensed programming undertakings. The Code prohibits a number of commercially unreasonable practices and sets out a dispute resolution mechanism for the renewal of affiliation agreements in situations where both the BDU and the programming undertaking intend to renew the agreement but are unable to agree on terms.

### ***Intensifying competition in the American broadband services segment.***

The market in the United States continues to converge with mergers and acquisitions consolidating the industry. Similar to Canada, our main source of competition in video services is incumbent phone companies and satellite service providers with phone companies investing increasingly in FTTH in the territories where we operate. Our telephony services face competition from the incumbent phone companies, as well as other providers such as mobile wireless and VoIP providers. We are also facing intensified competition from overbuild competitors, such as Comcast, Verizon and AT&T, in our Florida, Connecticut and New Hampshire markets. The United States market is seeing an increase in the number of providers that offer fixed wireless broadband and Internet delivered via satellite, some of which have been awarded federal funding to expand their service territories to unserved areas.

Faced with increasing competition and customer demands, providers are enhancing the value they offer customers. Some are looking to disrupt the cable bundle by offering more choice to subscribers through personalized and tailored services that would eliminate contracts and bundling, others are expanding their service offering to include complementary services such as cybersecurity and home security to provide customers with a whole home experience while others are launching a next version of Wi-Fi to deliver faster speeds and better coverage throughout the home.

***We face competition in both the Canadian and American broadband services segments from streaming services.***

Cogeco Connexion and Atlantic Broadband face increasing competition from streaming services offered not only from over-the-top ("OTT") video content providers such as Netflix but also from content owners launching or acquiring a streaming service of their own (e.g. Disney+, Peacock, HBO Max). A majority of households already subscribe to streaming services as a complement to traditional video services and a surge in subscriptions was fueled by the COVID-19 crisis. Some OTT video content providers, such as Prime Amazon, now offer live-feeds channels traditionally offered only by broadcasting distribution undertakings. The streaming trend is expected to continue to increase and we could be materially adversely affected if, as a result, a significant number of video customers disconnected their services or reduced their video spending and we may not be able to make up for the loss of revenue associated with this shift in customer preference.

Some of our main video competitors have entered the streaming sphere with their own streaming services. Additionally, several programming networks distributed by the Corporation offer direct-to-consumer products, such as Sportsnet in Canada or HBO Now, CBS All Access and Showtime Anytime in the United States. The Corporation enables the delivery of certain streaming services within its video product but does not own any streaming platform.

***An increased number of consumers are switching from landline telephony to mobile wireless and IP based phone services.***

As wireless phone and smartphone adoption grows, an increasing number of fixed phone customers are disconnecting fixed lines. We do not currently offer mobile wireless services and, therefore, further erosion of fixed phone customers could have a material adverse effect on our business, financial condition, prospects and results of operations.

***We do not currently offer "four play" bundles that include mobile wireless communications.***

Although we provide "double play" and "triple play" bundled services in Canada and the United States, with various combinations of Internet, video and landline telephony services being offered at bundled prices, we do not offer "four play" bundles that include mobile wireless services.

We remain interested, as part of our growth strategy, in offering mobile wireless services to complement our service offerings to customers within our current footprint and grow our share of our customers' telecommunications spending. We are currently considering entering the mobile wireless market in Canada, in a capital efficient manner, supported by the recent decision by the CRTC, on April 15, 2021, to allow regional players investing in telecommunications infrastructure and spectrum to access the wireless networks of Canada's dominant providers. Should we conclude that this is financially attractive, we would expect to make investments over time, in addition to making use of the MVNO regime. Launching a mobile wireless operation includes significant risks as investments include the acquisition of spectrum licences, network infrastructure and systems devices, as well as start-up costs. The terms and conditions for the MVNO service and the MVNO rates to be commercially negotiated with the incumbents are still unknown and may not be appropriate to launch a mobile wireless operation. A mobile wireless operation in Canada may result in downward pressure on adjusted EBITDA margins, profits and free cash flow and may not, in the long term, meet profitability expectations.

***Our business services face competition from a variety of service providers.***

Cogeco Connexion and Atlantic Broadband offer Internet, video and telephony services to businesses across their served areas, mainly to small to medium-sized businesses. Our business services in Canada and the United States face competition from a variety of service providers that often have a wider product offering. Our results of operations could be materially adversely affected to the extent that we are unable to retain our existing customers and grow our business customer base.

## **12.2 BUSINESS RISKS**

### **STRATEGIC PLAN AND BUSINESS STRATEGIES**

Our ability to successfully implement our business strategies described above in section "Corporate objectives and strategies" of this report in a timely and coordinated manner and to realize their anticipated benefits could be adversely affected by a number of factors beyond our control, including operating difficulties, increased ongoing operating expenses, regulatory developments, general economic conditions, increased competition, technological changes and the other factors described in this "Uncertainties and main risk factors" section. Failure to successfully implement and execute our strategic plan and business strategies in a timely and coordinated manner could have a material adverse effect on our reputation, business, financial condition, prospects and results of operations and on our ability to meet our obligations, including our ability to service our debt.

### **PROGRAMMING COSTS**

The financial performance of our businesses depends in large part on our ability to sustain and increase adjusted EBITDA by tightly controlling operating expenses. One of the largest drivers of such operating expenses is the programming licence fees we pay to television programming service suppliers. The programming licence fees of certain television programming services have increased significantly in Canada and in the United States in recent years, particularly for sports programming. Future increases in programming licence fees could have a material adverse effect on our business and results of operations.

In Canada, the market for video content services is characterized by high levels of supplier concentration and vertical integration. Our largest programming supplier is Bell, with approximately 39% of our overall programming costs. Bell is vertically integrated and is also our largest competitor. While we have generally been able to obtain satisfactory distribution agreements with programming service suppliers in Canada to date, we may not be able to maintain our current arrangements, or conclude new arrangements that are economically viable; therefore the number of video channels may change from year to year.

Certain affiliation agreements with some of our major programming suppliers have expired and the terms and conditions for their renewal have not yet been fully concluded. We may be subject in upcoming Canadian programming services renewals to regulatory dispute resolution proceedings which could either help us obtain reasonable affiliation terms or compel us to pay increased programming licence fees or otherwise subject us to adverse competitive conditions.

While the programming costs in the United States showed some signs of stabilization in the last three years, our ability to access content at reasonable rates, terms and conditions for "must have" content including live sports and retransmission consent is continuously challenged. Recent mergers such as AT&T and Warner Media, Disney and 21st Century Fox, and Sinclair's purchase of Fox Regional Sports Networks will continue to impact our ability to procure content at reasonable rates and terms. This ongoing consolidation activity enables combined companies to leverage popular content and negotiate better terms with us in the future or require that we carry their less popular services, thus further increasing costs. In addition to the increase in programming costs, most of our programming agreements require us to meet certain penetration thresholds, which limit our ability to offer smaller tiers and packages. Many of these same programmers are simultaneously launching their own direct-to-consumer products to effectively compete with programming distributors or offering their content through OTT video providers. While this adds marketplace confusion, it also presents alternative content sources for consumers, which could enable the rationalization of certain content and the reduction of wholesale cost.

We are also subject in the United States to increasing financial and other demands by broadcasters to obtain the required consent for the transmission of local broadcast programming to our customers. Federal law prohibits cable operators from carrying local broadcast stations without consent. Under federal "must-carry" regulations, local broadcast stations may require cable operators to carry such stations without compensation. Alternatively, local broadcast stations may require cable operators to engage in "retransmission consent" negotiations, pursuant to which broadcast stations require significant payments and other concessions, in exchange for the right to carry such stations. We expect to continue to be subject to significant increases in fees by broadcasters in exchange for their required consent for the retransmission of local broadcast programming to customers. Failure to reach an agreement with a broadcaster could result in the loss of popular programming from our video services.

The inability to acquire and provide content to our customers that meets their expectations in terms of quality, format, variety of programming choices, packages and platforms at competitive rates which customers can afford to pay, could have a material adverse effect on our businesses as well as on our adjusted EBITDA should we fail to pass on the incremental increase in costs of programming to our customers.

## **ACCESS TO SUPPORT STRUCTURES AND MUNICIPAL RIGHTS-OF-WAYS FOR OUR BROADBAND OPERATIONS**

Our business requires the execution of contracts with utilities in order to obtain access to utility support structures (such as utility poles) and with municipalities to obtain access to public rights-of-ways. Access to the support structures of telephone companies in Canada is provided on a tariff basis approved by the CRTC. In the case of Canadian provincial and municipal electric utilities, access to those support structures is subject to provincial and municipal requirements, and the terms for access to these structures may need to be obtained through provincial and municipal authorities. Where access to municipal rights-of-ways in our Canadian footprint cannot be secured, we may apply to the CRTC to obtain a right of access under the *Telecommunications Act*. In the United States, the Communications Act requires telephone companies and other utilities (other than those owned by municipalities or cooperatives) to provide cable systems with non-discriminatory access to any pole or rights-of-ways controlled by the utility. The rates that utilities may charge, together with certain terms and conditions for such access are regulated by the Federal Communications Commission ("FCC"), or, alternatively, by states that certify to the FCC that they regulate pole attachments.

Make ready work, which is the strengthening of the poles and/or relocation of other facilities on the poles to accommodate additional attachments, often takes several months to years to complete, which delays the Corporation's network expansion. If we have to support increasing costs in securing access to support structures needed for our broadband network or are unable to secure such agreements, we may not be able to implement our business strategies and our businesses, financial condition, results of operations, reputation and prospects could be materially adversely affected.

## **GOVERNMENT SUBSIDY PROGRAMS TO PROVIDE HIGH-SPEED INTERNET IN UNDERSERVED OR UNSERVED REGIONS**

The Corporation is participating in government programs in Canada to provide high-speed Internet to underserved or unserved regions and has been awarded funding for over 40 broadband expansion projects in Ontario and Québec, representing approximately 75,000 homes passed over the next three years. The Corporation is also expecting to be awarded further government subsidies for broadband expansion in Ontario. The digital infrastructure investment projects in Québec are scheduled to be completed by September 2022 and are subject to penalties for late delivery, except if due to events out of Cogeco Connexion's control. In the U.S., the Corporation has been awarded funding under the Rural Digital Opportunity Fund and certain State broadband funding programs. The Corporation has applied for additional funding for rural broadband expansion, for which awards have not yet been announced.

## **CUSTOMER EXPERIENCE**

The Corporation strives to maintain respectful and transparent relationships with its customers by providing a distinctive customer experience and through honest marketing of its products. The loyalty of our customers and their retention depend on our ability to provide a service experience that meets or exceeds their expectations. The Corporation firmly believes that customer experience represents a key differentiator and has enacted various programs and actions at its different business units to constantly improve the customer experience and build upon this reputational capital.

With increased demand for digital capabilities, a failure to keep pace with customer demands could result in loss of customer base and difficulty in attracting potential new customers. In fiscal 2021, the Corporation continued to accelerate its digital transformation efforts in response to the COVID-19 crisis and increased customer demands. We launched our Android-based IPTV service, branded EPICO, in Canada, enhanced our Wi-Fi service and continued to evolve self-install capabilities and self-serve features to enable customers to manage their telecommunication service relationship online. We also implemented improvements to our customer service resulting in a decrease of call center wait times and call transfers and launched a new Interactive Voice Response ("IVR") and Workforce Management system to optimize routing of consumer calls to enhance call resolution efficiency and effectiveness. It is now possible for consumers to experience an augmented end-to-end digital experience. In addition, feedback on customer satisfaction and trends on new ways in which consumers wish to engage are measured, and advanced survey tools collect information at every point of contact, all in real time. Failure to evolve our customer experience in line with customer demands could adversely affect our business, financial results, reputation and brand value.

## MEETING CUSTOMER EXPECTATIONS

Increasing needs for digital connectivity, bolstered by the COVID-19 crisis, has further highlighted the importance of the Internet. To meet rising customer expectations, we launched a new Broadband First offer strategy, in the United States, putting broadband connectivity at the center of the customer experience and offering an advanced managed Wi-Fi solution. In Canada, we continued to expand our offering with speeds of up to 1 Gbps and an advanced managed Wi-Fi solution.

Rising OTT fragmentation is also triggering a consumer call for aggregation of OTT offerings on a common platform. Our new IPTV service in Canada and a new IPTV service to be launched at the end of the calendar year in the United States, with a progressive roll out next year, will enable more source-agnostic integrated content navigation and consumption. The Corporation has various ongoing initiatives in place to evolve its products and service offerings, in the digital space, in line with customer expectations. Failure to anticipate and respond in a timely manner to changing customer expectations, changes in consumer behavior, technology trends and new market conditions may result in an outdated product/services portfolio, thus impairing our ability to retain current customers and attract new ones.

## MARKETING AND SALES

The evolution of technology has enabled more targeted marketing approaches, initiatives and campaigns, thus changing the dynamics of the competitive environment. The Corporation continues to evolve its marketing and sales approach to align with customer preferences powered by data analytics and automated marketing platforms based on a highly segmented outreach. Furthermore, in the current market, transparency in pricing, easy to understand promotions and high value product packaging, with high-performance Internet at its core, will continue to be critical for both the acquisition and retention of customers.

The failure to achieve sales growth targets as a result of inadequate marketing and/or sales strategies, a deficient execution of said strategies or operating difficulties could have a material adverse effect on our business, financial condition and results of operations. To mitigate our risk, a strong multi-tiered marketing and sales approach to create high levels of brand awareness with a distinctive offer strategy and value proposition will aim to ensure continued growth in highly competitive markets with multiple providers.

## GLOBAL SUPPLY CHAIN AND RELIANCE ON THIRD PARTIES

We currently offer video services to our customers on our Canadian and American footprint through a combination of equipment from various suppliers and depend on long-term agreements with suppliers for the provision of our telephony services to our residential and business customers. All these suppliers may experience business difficulties, restructure their operations, discontinue products or sell their operations to other suppliers, which could affect the availability and future development of our products and services. The inability to meet product or service delivery objectives or having to incur increased costs as a result of a failure in supply from third-party suppliers (chipssets, fiber and other network components shortage) or change in suppliers could have a material adverse effect on our business, financial condition and results of operations. Risk mitigation approaches vary depending on suppliers and circumstances and can include strategies such as enhanced governance, alternative sourcing, advance purchasing and increased inventory.

We rely on our supply chain to deliver our services. COVID-19 created shortages in materials and workforce and, disrupted global supply chain transport and logistics increasing lead times, the effects of which are expected to last for some time. Given the inter-dependencies with other telecommunication and utility providers, disturbances in the global supply chain could have serious adverse affects on our business operations, innovation and evolution of our network and services including government subsidized programs, financial results and reputation.

## MERGERS/ACQUISITIONS, DIVESTITURES AND REORGANIZATIONS

The Corporation has grown through acquisitions and will continue to seek attractive acquisition opportunities in the future. Achieving the expected benefits of acquisitions depends in part on successfully consolidating functions, integrating operations, procedures and personnel in a timely and efficient manner and realizing revenue, synergies and other growth opportunities from combining acquired businesses with ours. There is no assurance that the integration of acquisitions will be successful and will deliver the anticipated benefits and results. The nature of a carve-out asset acquisition, such as the recent Ohio broadband systems, makes it inherently more difficult to assume operations upon closing and to integrate activities, as certain systems, processes and employees may not all be transferred with the acquired systems to support such activities. Such risk is mitigated by entering into a Transition Service Agreement with the seller. It is possible however that the integration process could result in the disruption of the respective ongoing businesses or inconsistencies in standards, information technology, security and financial reporting systems, controls, procedures and policies that adversely affect the ability of management to achieve the anticipated benefits of the acquisition. The integration process may lead to greater than expected operating expenses, financial leverage, capital costs, customer losses, asset write-offs, business disruption of our other businesses and management's diversion of time and resources. We may also be required to make capital expenditures or other investments, which may affect our ability to implement our business strategies to the extent we are unable to secure additional financing on acceptable terms or generate sufficient funds internally to cover these requirements. In addition, an acquired business could have liabilities that we fail or are unable to uncover and for which the Corporation may be responsible. Depending on the circumstances, pursuing acquisitions may also require that we raise additional capital, through debt or equity, and establish relationships with new financing partners, or use cash that would otherwise have been available to support our existing business operations. Also, we generally

face competition in acquisition processes from strategic players and private equity funds, which can result in having to pay high acquisition prices or not be the ultimate buyers of the companies being sold. Any failure by the Corporation to successfully integrate or address the risks associated with acquisitions or to take advantage of future strategic opportunities could materially adversely affect our financial position, financial performance, cash flows, business or reputation. To mitigate our risk, we follow a proactive and agile mergers and acquisitions process and evolve and enhance our integration procedures, as needed.

## FOREIGN OPERATIONS

Our American broadband services activities are carried out by Atlantic Broadband in 12 states along the East Coast and the Midwest and represent 44.5% of the consolidated revenue of the Corporation. There are significant complexities and risks involved with carrying foreign operations, such as geographical specificities and differences in political, legal, regulatory and taxation regimes. Furthermore, these activities expose the Corporation to currency risk as most of them are carried out in US dollars. These factors could have a material adverse effect on our operating and financial results.

## TALENT MANAGEMENT AND SUCCESSION PLANNING

The fast pace of technological advancements and the digitization within the industry and the workplace have created a shortage of digital skills as industry players compete for the same resources. In addition, employees' expectations have evolved during the COVID-19 crisis and continue to evolve, requiring compelling employee value proposition to attract and retain talent. For this reason, the Corporation is actively engaged in its employees' professional development through the implementation of a variety of programs that promote continuous education, a healthy and safe work environment as well as diversity and inclusion and by offering competitive working conditions including flexible work arrangements. Our success is substantially dependent on our capacity to attract new talent and our ability to retain existing talent and foster continued performance of our employees and executive officers. Many of the Corporation's employees and executive officers are uniquely qualified in their areas of expertise, making it difficult to replace their services. Retaining key employees and executive officers is especially important to our business in order to keep pace with technological change and to avoid losing critical knowledge in the context of the organization's continued expansion. The loss of the services of key executives and/or employees in critical roles or inadequate processes designed to attract, develop, motivate and retain productive and engaged employees could impact our ability to deliver on organizational goals and have a material adverse effect on our growth, business and profitability.

## LABOUR RELATIONS

Collective bargaining agreements are in place with some of our employees that are renewed from time to time in the normal course of business. The Corporation has been successful to date in negotiating satisfactory collective agreements with unions without significant labor disruption. While the Corporation's labor relations have been satisfactory in the past, we can neither predict the outcome of current or future negotiations relating to labor disputes, union representation or renewal of collective bargaining agreements, nor be able to avoid future work stoppages, strikes or other forms of labor protests pending the outcome of any current or future negotiations. A prolonged work stoppage, strike or other form of labor protest could have a material adverse effect on our businesses, operations and reputation. Although we have not experienced strikes or other forms of labour protests in recent years, the outcome of labor negotiations could adversely affect our businesses and results of operations. In addition, our ability to make short-term adjustments to control compensation and benefits costs is limited by the terms of our collective bargaining agreements.

## 12.3 REGULATORY RISKS

### REGULATORY RISKS - CANADIAN AND AMERICAN BROADBAND SERVICES

Our Canadian and American broadband operations are subject to extensive and evolving laws, regulations and policies at the federal, provincial, state and local levels. Cogeco Connexion is primarily regulated under the Broadcasting Act and the *Telecommunications Act* and regulations thereunder while Atlantic Broadband is regulated mainly by the Communications Act. In addition, both Cogeco Connexion and Atlantic Broadband are subject to other legislation relating to copyright and intellectual property, data protection, privacy of personal information, spam, e-commerce, direct marketing and digital advertising which have become more prevalent in recent years. Changes to existing laws and regulations, the adoption of new laws and regulations as well as periodic reviews of copyright royalties payable in relation to the use by the Corporation of protected content could have negative financial, operational or competitive consequences on our business, financial condition, prospects and results of operations by increasing our costs, limiting our revenues and/or imposing additional restrictions on our operations.

Several recent and ongoing legislative reviews, regulatory proceedings of the CRTC in Canada and the FCC in the United States or judicial hearings could have a material adverse effect on our business and results of operations depending on outcome. We describe below some of these legislative, judicial and regulatory developments in Canada and the United States.

#### Canada

##### *Appeals of CRTC's 2021 Internet Wholesale Rate Decision*

On May 27, 2021, the CRTC released Telecom Decision 2021-181, which ruled on applications by cable carriers (including the Corporation) and telecommunications carriers to review and vary Telecom Order 2019-288. In Telecom Order 2019-288, the CRTC had set final rates for Cogeco Connexion's aggregated wholesale high-speed Internet access service that were significantly lower than the interim rates set in October 2016, and had made them retroactive to March 31, 2016. In Telecom Decision 2021-181, the CRTC overturned the 2019 rate reductions and made the interim rates it had previously established in 2016, with certain adjustments, final.

Since then, two independent Internet service providers ("Resellers") and a trade association representing Resellers have petitioned the Governor in Council to overturn Telecom Decision 2021-181 and reinstate the CRTC's 2019 rate decision. On July 28, 2021, a Reseller sought leave to appeal Telecom Decision 2021-181 to the Federal Court of Appeal, which was granted on September 15, 2021. The Corporation, along with several other cable carriers, has asked the Governor in Council to deny the petitions and intervened before the Federal Court of Appeal. An adverse decision by the Governor in Council or the Federal Court of Appeal that would result in the implementation of final wholesale rates that are significantly below the 2021 final rates and/or the requirement to refund monies to Resellers could have a material adverse effect on our business, financial condition and results of operations.

#### ***Review of Network Configuration for Disaggregated Wholesale High-Speed Access Services***

On June 11, 2020, the CRTC launched a consultation to reconsider the proposed network configuration for disaggregated wholesale high-speed access service for large telephone and cable carriers. The consultation may result in the CRTC adopting a different level of disaggregation for the Corporation that had been mandated in 2015, which could require costly changes to the Corporation's broadband network architecture. The final rates for disaggregated wholesale high-speed access services, as well as the outcome of the CRTC's review of network configuration, could have a material adverse effect on our business, financial condition and results of operations.

#### ***Review of Rate-Setting Methodology for Wholesale Telecommunications Services***

On April 24, 2020, the CRTC initiated a proceeding to review its approach to rate setting for wholesale telecommunications services. The costing approach that is selected could potentially be substantially different from the current "Phase II" costing methodology. If the selected methodology fails to adequately compensate the Corporation for the costs associated with the provisioning of wholesale high-speed Internet access services and allow it to secure a reasonable return on investment, it could negatively affect our ability to compete with Resellers and could have a material adverse effect on our financial conditions and results of operations.

#### ***Royalties Payable for Retransmission of Distant Television Signals***

On July 22, 2021, the Federal Court of Appeal issued a decision in response to two applications for judicial review filed by six broadcasting distribution undertakings ("BDUs") (including the Corporation) and nine collective societies challenging a decision by the Copyright Board setting the quantum of royalties payable for the retransmission of distant Canadian and U.S. television over-the-air signals in Canada, for the 2014-2018 period. The Federal Court of Appeal determined that the 2014 and 2015 rates would be final but agreed with the collective societies that the Copyright Board had made errors in determining the 2016 to 2018 rates. The Federal Court of Appeal has sent the matter back to the Copyright Board, which will hold a new proceeding to determine the rates from 2016 onwards, which could increase as a result of this decision.

#### ***Implementation of CRTC's MVNO Framework for Mobile Wireless Services***

On April 15, 2021, the CRTC issued Telecom Regulatory Policy 2021-130, *Review of mobile wireless services*, which aims to provide Canadians with greater wireless choice, better services and affordable prices. Telecom Regulatory Policy 2021-130 mandates the provision of wholesale mobile virtual network operator ("MVNO") access, including seamless roaming, by national wireless carriers (Bell, TELUS, Rogers) and Sasktel, in Saskatchewan, to regional carriers that invest in infrastructure and spectrum. Terms and conditions for the MVNO service are to be approved by the CRTC, while rates are to be commercially negotiated between parties, with final offer arbitration by the CRTC as a last resort. Failure by the CRTC to approve the terms and conditions conducive to market entry, or by the Corporation to negotiate reasonable rates with one of the national wireless carriers, could impact the Corporation's decision to offer mobile wireless services.

In August, TELUS was granted leave to appeal the legality of CRTC's seamless roaming mandate, a key component of the MVNO framework, before the Federal Court of Appeal. Cogeco, along with Vidéotron, Eastlink and Xplornet, is opposing the challenge. An adverse decision by the Court could impact the implementation of the CRTC's MVNO framework and the Corporation's plans to launch mobile wireless services more challenging.

#### ***Limitations on the Distribution of Distant Signals***

In an application posted by the CRTC on February 21, 2020, Rogers Media Inc. asked the Commission to enforce section 21 and 49 of the Broadcasting Distribution Regulations ("BDU Regulations"), which state that BDUs must obtain consent of an over-the-air broadcaster in order to distribute its signal in a distant market. Cogeco, as well as other BDUs, opposed the application on the basis that there are doubts regarding the validity of these provisions. Should the CRTC confirm their validity, broadcasters could attempt to limit distribution of distant signals or seek remuneration for their distribution by Cogeco Connexion, which would increase our costs and/or limit our offering to consumers. An adverse decision by the CRTC that would result in a confirmation of the validity of section 21 and 49 of the BDU Regulations could also lead non-Canadian broadcasters to make similar demands, and could have a material adverse effect on our business, financial condition and results of operation.

#### ***Challenge to the CRTC's Ability to Regulate Affiliation Agreements***

On June 18, 2019, the Federal Court of Appeal ("FCA") granted Québecor the right to appeal a decision issued by the CRTC compelling TVA Group Inc. to continue providing its programming service, TVA Sports, to Bell TV customers until they can reach an agreement concerning the carriage and distribution terms of TVA Sports or until the CRTC renders a decision on matters not resolved by agreement. This order is made to enforce the "standstill rule", which provides that parties involved in a wholesale rate re-negotiation dispute must provide continued access to programming services and carriage for the duration of the dispute. Québecor argued that the Broadcasting Act does not provide the CRTC jurisdiction to regulate commercial relationships between programming undertakings and broadcasting distribution undertakings, and that the standstill rule conflicts with the Copyright Act. On July 28, 2021, the FCA released a decision rejecting Québecor's arguments and finding that the CRTC does have the power to apply the standstill rule. Québecor has filed a motion for leave to appeal the decision to the Supreme Court of Canada. Should the Supreme Court grant Québecor's applications and ultimately agree with Québecor's position, regulatory safeguards aimed at protecting independent distributors would be removed, and there is a risk that vertically integrated providers of content could abuse their market power and impose anticompetitive terms for the distribution of their programming services, or attempt to withhold content from us.

## United States

### Regulation of Internet

In 2017, the FCC classified broadband Internet access service as an information service, rather than a telecommunications service under Title II of the Communications Act (which would subject such service to more onerous regulations). In 2019, the U.S. Court of Appeals for the District of Columbia upheld the FCC's classification, but it vacated the FCC's directive preventing state and local governments from adopting any requirements inconsistent with the FCC's decision, which will likely empower state and local governments to adopt legislation regulating Internet service. Several states have passed or proposed legislation that imposes open Internet requirements. Some federal and state legislators have advocated for increased regulation of broadband service, especially in light of the COVID-19 crisis, during which broadband service has been deemed to be an essential service. Under the new U.S. administration, increased regulation of broadband Internet services is likely, including the potential reclassification of broadband Internet as telecommunications services under Title II of the Communications Act. Such regulation would prohibit blocking, throttling and paid prioritization of Internet content, increase oversight of broadband service providers and create the potential for rate regulation of broadband services. Any such, rate regulation of broadband Internet services could have an adverse impact on our business and results of operations.

### U.S. Administration Infrastructure Plan

On March 31, 2021, President Biden introduced an extensive US\$2 trillion infrastructure plan, which has since been reduced to US\$1.2 trillion and now provides for broadband funding in the amount of US\$65 billion. Under the bill passed by the Senate in August 2021, the National Telecommunications and Information Administration ("NTIA") would allocate US\$42 billion of the funding to states to award for broadband expansion. Award recipients would be required to begin providing service within 4 years of receiving funding. Municipalities would be able to apply for funding as well. The funding would be made available to broadband service providers for expansion of their networks only in unserved areas defined as areas where at least 80% of locations don't have access to speeds of 25/3 Mbps and underserved areas defined as areas where at least 80% of locations don't have access to speeds of 120/20 Mbps. The NTIA, FCC and several states have commenced proceedings to collect broadband mapping data from service providers to more accurately reflect served and unserved areas and ensure that funds are not awarded for competitive overbuilds. While any funding for broadband expansion would represent market expansion opportunities for the Corporation, it could allow municipal and competitive expansion overbuilds that could materially adversely affect our business and results of operations. The House of Representatives has not yet passed the infrastructure bill and the foregoing provisions could change before final passage by the House and Senate.

### Modern Television Act of 2021

A U.S. House of Representatives bipartisan bill titled the *Modern Television Act of 2021* was introduced on March 11, 2021 which could overhaul the existing broadcast carriage system, by eliminating the must-carry/retransmission consent laws and leaving copyright protection to market negotiations between broadcasters and Multichannel video programming distributors ("MVPDs"). Specifically, the proposed legislation would protect consumers from blackouts by requiring MVPDs to carry broadcast signals for up to sixty days while the parties continue renewal negotiations, repeal retransmission consent and compulsory copyright licenses and allow traditional copyright laws to govern free-market negotiations for content rights and establish an optional mechanism for the FCC to impose binding arbitration to resolve disputes. While the Corporation supports the elimination of must-carry/retransmission consent, any legislation to that effect could potentially disadvantage the Corporation in free-market negotiations, given its size compared to larger broadcasting conglomerates.

### Provision of Video and Broadband Service in MDUs

In July 2021, the FCC released a Notice of Proposed Rulemaking ("NPRM") seeking comment on the provision of video and broadband service in multiple tenant environments ("MTEs"). Specifically, the NPRM asks several questions about the impact on deployment and competition of various arrangements under which a service provider is granted certain unique rights or privileges from the MTE owner in connection with providing service to the MTE. The particular practices in question include revenue sharing arrangements, exclusive marketing rights, bulk billing, exclusive wiring and "sale-and-leaseback" arrangements. Any negative changes to the regulatory framework governing the provision of video and broadband service in MTEs could have an adverse impact on our business and results of operations.

## 12.4 TECHNOLOGY RISKS

### NETWORK FAILURE

The Corporation manages network failure risks through a business continuity planning program as well as through a Disaster Recovery Policy and related procedures. Operational risk assessments are also conducted on an annual basis minimally to consider anticipated and unanticipated events (including climate-related incidents) in order to protect the viability of all critical business processes.

In Canada, Cogeco Connexion has a backup system for retransmission through another headend or a mobile headend if one of our headends fails. In the United States, Atlantic Broadband also has emergency backup or replacement sites, including several interconnects with adjacent cable operators to be able to use their video signals as a backup. Atlantic Broadband feeds critical headends and hubs with diverse fiber and/or third party redundant circuits. In addition, headends located in high risk areas (e.g. flood zone) are relocated as deemed necessary.

A failure in our headends could prevent us from delivering some of our services through a portion of our network until we have implemented backup solutions or resolved the failure and result in significant customer dissatisfaction and loss of revenue, depending on the severity of the outage condition.

### MAINTENANCE OF OUR NETWORK, INFRASTRUCTURE AND IT SYSTEMS

We continuously maintain, upgrade or replace our network, infrastructure and IT systems in order to optimize our networks and systems performance and reliability, increase the speed of our Internet service and improve and provide new or enhanced services that meet the needs and expectations of our customers. If we are unable to do so because of capital or other constraints, this may materially adversely affect our ability to compete and negatively impact our business and financial performance.

## DEPENDENCE ON TECHNOLOGY SYSTEMS

Our daily operations are highly dependent on information technology systems and software, including those provided by certain third party suppliers, and cloud-based services. Our business is dependent on our payroll, customer billing, service provisioning, financial, accounting and other data processing systems. We rely on these systems to process, on a daily basis, a large number of transactions. An inability to maintain and enhance our existing information technology systems or obtain new systems to support additional customer growth or new products and services could have a material adverse effect on our ability to acquire new customers, retain existing customers, produce accurate and timely billing, generate revenue growth and manage operating expenses, or comply with regulatory requirements, all of which could materially adversely affect our operational results and financial position. Any future difficulties from system replacements or upgrades could damage our brand and reputation and have a material adverse effect on our results of operations, compliance with regulatory requirements, financial performance and future business prospects.

## CYBER THREATS

Cybersecurity threats have grown in frequency and complexity over recent years in the public and private sectors. Security measures and insurance coverage are in place to protect the Corporation and its subsidiaries against such threats. We continue to enhance our cyber resilience posture, the overall governance over information security and the security awareness of our employees through continuous training and continuous improvement efforts surrounding the security of our IT systems, the controls within our IT systems and our business processes. During fiscal 2021, the Corporation did not experience any major cybersecurity breach.

There can however be no certainty that future cybersecurity threats such as data theft, unauthorized usage and disclosure, viruses, ransomware and sabotage will not occur and have an adverse effect on our brand and reputation as well as entail significant legal and financial exposure.

## DATA PROTECTION

We do not disclose our customers' personal information without their consent, unless otherwise required or authorized by law, or in accordance with the Privacy Policy of each subsidiary. We do not sell, trade, or exchange that information either. In the course of our business, we collect, use and manage various data about our customers, including personal information but policies, procedures, guidelines, business rules and safeguards are in place to ensure that this information is protected and treated appropriately under applicable privacy laws. Each subsidiary within the Corporation has implemented customary security measures that are designed to safeguard personal information against unauthorized access or disclosure, which include advanced technologies that monitor for appropriate authorized access and report on such. Personal information will be retained only as long as necessary for the fulfillment of the purposes for which it was collected and for which consent was received. The Corporation is committed to providing transparency to its customers with respect to the Corporation's practices in handling their information, and has a legal obligation to provide access thereto to individuals to whom this information belongs.

Each year, our employees must agree to abide by the rules of our Code of Ethics and the Information and Cybersecurity Policy and are required to certify in writing that they will comply with them. Privacy training is provided on a regular basis, taking into consideration risks and needs. Existing and proposed privacy legislation and regulations, including changes in the manner in which such legislation and regulations are interpreted by courts in Canada and the United States may impose limits on our collection, use and disclosure of certain kinds of information.

Any malfunction of our systems or security breaches resulting in unauthorized access to, loss, use or disclosure of, customer and employee personal information could result in the potential loss of business, damage to our market reputation, litigation, regulatory scrutiny and penalties.

## 12.5 FINANCIAL RISKS

### CAPITAL COMMITMENTS, LIQUIDITY AND DEBT

The Corporation relies on its free cash flow generated by operations to fund its capital expenditures program and on capital markets to refinance its indebtedness and further grow its business through acquisitions. Capital markets are volatile and the Corporation may not be able to access them at reasonable conditions if its credit profile and general economic conditions deteriorate. Such conditions could lead to higher cost of funding, deteriorating financial position and liquidity, and more restrictions on the Corporation's operations.

The Corporation may be unable to generate sufficient cash flows and maintain an adequate liquidity position to ensure and preserve its financial stability/solvency and fund strategic imperatives as well as its operational and financial obligations of the business.

### CURRENCY AND INTEREST RATES

The Corporation's financial results are reported in Canadian dollars and a significant portion of its revenue, operating expenses and capital expenditures are realized in US dollars. For the purposes of financial reporting, any change in the value of the Canadian dollar against the US dollar during a given financial reporting period would result in variations of the Corporation's operating results and financial condition. Although a significant portion of the Corporation indebtedness, which is denominated in US dollars, serves as hedges of net investments in foreign operations, its revenue, adjusted EBITDA and indebtedness could fluctuate materially as a result of foreign exchange rate fluctuations.

Interest rate volatility can also impact interest cost on floating interest rate instruments and have a material adverse effect on the Corporation's financial results. To mitigate this risk, the Corporation enters into contracts to partially fix the interest rate.

## CREDIT RATINGS

Credit ratings issued by rating agencies can affect the availability and terms of the Corporation's debt particularly, a downgrade below investment grade of secured debt currently rated as investment grade, could materially adversely affect our cost of capital and access to capital.

## TAXATION MATTERS

The Corporation's business operations are subject to various international tax laws and regulations. These tax laws and regulations are subject to frequent changes and evolving interpretation. While management believes the Corporation has adequately provided for all taxes based on the information available, the calculation of taxes requires significant judgment in interpreting laws and regulations. A failure to accurately assess and record taxes could result in material changes to tax amounts recorded and an assessment of interest and penalties having a material adverse effect on the Corporation's financial results.

Changes to Canadian and foreign tax policies in the tax jurisdictions where the Corporation is present may also have a material adverse effect on its current financial structure and the level of its future tax costs and liabilities.

### Canadian tax

The federal budget introduced on April 19, 2021 included certain international measures relating to the Organisation for Economic Co-operation and Development's ("OECD") Base Erosion and Profit Shifting ("BEPS") project. Specifically, the budget includes proposals for new interest deductibility limits and anti-hybrid rules. From the limited information available, the new interest deductibility limits should not affect the Corporation. The Corporation will monitor the release in the coming months of the draft rules, to assess any potential adverse impact on its global tax situation, which, if any, is not expected to occur before 2023.

### United States tax

The U.S. administration intends to increase the corporate tax rate and potentially introduce an additional interest deductibility limitation. If the changes related to corporate tax rates were to be implemented, the Corporation would incur a one-time non-cash deferred tax expense on the re-evaluation of the deferred tax liabilities and its future tax expenses would increase. The interest deductibility limitations as drafted in the U.S. House of Representatives draft bill of September 12, 2021, could negatively impact the Corporation, as of fiscal 2023, increasing its effective tax rate by approximately 1%. Further negotiations between the U.S. House of Representatives and the Senate before enactment could further alter these estimates.

## 12.6 ECONOMIC CONDITIONS

We are affected by general economic conditions, consumer confidence and spending, and the demand for our products and services. Adverse general economic conditions, such as economic downturns or recessions leading to a declining level of retail and commercial activity could have a negative impact on the demand for our products and services. More specifically, adverse general economic conditions could result in customers delaying or reducing purchases of our products and services or discontinuing using them, and a decline in the creditworthiness of our customers could increase our bad debt expense.

## 12.7 HUMAN-CAUSED AND NATURAL THREATS TO OUR NETWORK, INFRASTRUCTURE AND SYSTEMS

In the event of natural disasters, terrorist acts or other catastrophic occurrences, either natural or man-made, our ability to protect our network, infrastructure, including customer data, and to maintain ongoing operations could be significantly impaired. Although we have business continuity and disaster recovery plans and strategies in place, they may not be successful in mitigating the effects of a natural disaster, terrorist act or catastrophic occurrence which could have a material adverse effect on our business, prospects, financial condition and results of operations. Moreover, we have limited insurance coverage against the losses resulting from natural disasters affecting our networks.

## CLIMATE CHANGE

The effects of global climate change are increasing the severity and frequency of natural threats on our business, such as weather-related events, and may result in increased operational and capital costs. Certain of our facilities are located in areas more prone to weather-related events such as Atlantic Broadband's operations in Florida. The findings of the United Nations' Intergovernmental Panel on Climate Change's ("IPCC") Sixth Assessment Report suggest that, unless drastic actions are taken to reduce greenhouse gas emissions, the effects will continue to worsen. Some of the more significant climate-related risks that the Corporation has identified include: 1) increased operational costs due to increase in fuel and energy prices coming from policies related to carbon pricing; 2) increased operational and capital costs as a result of damage to facilities and/or equipment because of extreme weather events or increased variability in weather patterns; and 3) increased operational and capital costs due to longer term shifts in climate patterns such as sea-level rise or chronic heat waves. For example, increased temperatures could impact our network equipment which could entail the need for additional cooling devices and could reduce equipment lifespan. Ice storms or extreme precipitations could have a negative impact on the physical network infrastructure which could affect the delivery of service to our customers. Hurricanes and cyclones could impact or destroy the facilities or portions of the network and could also impact our insurance-related expenses. Impacts to our supply chain would adversely affect the ability of suppliers to supply required products and services and increased capital expenditures could result from the substitution of existing products and services with lower emissions options.

Some measures taken to mitigate climate-related risks include business continuity and disaster recovery plans and strategies as well as the implementation of energy efficiency initiatives that will contribute to the reduction of operational costs (for further details on our measures to mitigate climate-related risks, please refer to our Climate Action Plan and TCFD Report). The magnitude of the effects of climate change could be unpredictable and therefore, our plans may not successfully mitigate the consequences of a natural disaster. This could have a material adverse effect on our business, prospects, financial condition and results of operations.

## 12.8 COMMUNITY ACCEPTANCE RISKS

The Corporation is committed to taking part in developing communities. Our markets cover many rural areas and smaller centres. By bringing affordable broadband services to underserved markets, we make an important contribution to their economic and social development. The availability of broadband services at competitive prices promotes job creation by local businesses by helping them become more competitive. Moreover, our network investments help companies establish operations, expand and diversify. While call centres are often outsourced offshore in our industry, the majority of our call centres have local customer service agents from the communities where we operate. In addition, the Corporation has developed community-focused initiatives, reflecting the particular needs of their communities. In 2021, the Corporation contributed \$10.3 million in cash and in-kind through donations and sponsorships, mostly contributing to culture, education, health and well-being, environment, social inclusion as well as connectivity initiatives. Lastly, YourTV/NousTV, our unique community television channels in Canada, are a powerful complement to our donations and sponsorship activities by providing broad visibility to local community activities and interests. YourTV/NousTV stations are dedicated to in-depth coverage of local people, places, events and issues of interest to the communities we serve and are funded by a regulated percentage of our gross video revenues.

Failure to maintain our community acceptance may affect our capacity to attract and retain customers therefore impacting our revenue generation and growth prospects. Furthermore, it may result in losing our social licence to operate and our capacity to remain competitive in the market.

## 12.9 ETHICAL BEHAVIOR RISKS

Maintaining high ethical practices throughout the Corporation is particularly important in the context of the Corporation's continued expansion. The Corporation's Ethics Steering Committee, composed of representatives from Human Resources, Legal, Finance and Internal Audit functions, provides executive oversight of our overall Ethics program, including the review of our Code of Ethics and related policies. Besides having a comprehensive Code of Ethics, the Corporation has an anonymous and confidential Ethics Line which allows employees and other individuals to report any perceived or actual instances of violations to the Corporation's Code of Ethics and employees are also encouraged to use this tool to seek advice about ethical and lawful behavior. In order to increase employee's awareness on ethics, a formal online training on the Code of Ethics is mandatory for all new employees and Board members and must be completed by employees every two years subsequently. Furthermore, articles on various topics related to ethics are published throughout the year to all employees. Despite these efforts, the Corporation may experience ethics breaches which could not only adversely affect our reputation, but may also cause the Corporation to incur extraordinary expenses related to penalties and fines.

## 12.10 OWNERSHIP RISKS

The Corporation is controlled by Cogeco Inc. through its ownership of multiple voting shares. Cogeco Inc. is in turn controlled by Gestion Audem Inc., a company controlled by the members of the family of the late Henri and Marie-Jeanne Audet (the "Audet Family"), through its ownership of Cogeco's multiple and subordinate voting shares. Both the Corporation and Cogeco Inc. are reporting issuers in Canada with subordinate voting shares listed on the Toronto Stock Exchange. Pursuant to the Conflicts Agreement in effect between the Corporation and Cogeco Inc., all cable television undertakings must be owned or controlled by the Corporation. Cogeco Inc. is otherwise free to own and operate any other business or to invest as it deems appropriate. It is possible that situations could arise where the respective interests of the Audet Family and shareholders or other stakeholders of Cogeco Inc. and of the shareholders or other stakeholders of the Corporation could differ and that the interests of these shareholders or stakeholders be adversely affected by such situations.

## 12.11 LITIGATION RISKS

We are involved in various litigation matters arising in the course of our business. The outcome of these claims or litigations is uncertain and may adversely affect our reputation, results of operation, liquidity or financial condition. Based on information currently known, we do not expect that the resolution of any of these claims and proceedings, individually or in total, to the extent not provided for through insurance or otherwise, will have a material adverse effect on our business, results of operations or financial condition.

## 12.12 PUBLIC HEALTH CRISIS AND EMERGENCIES

The COVID-19 crisis continues to pose a risk to our business despite vaccine rollout in both Canada and the United States given the unpredictability of the evolution of the virus with new variants emerging. Although we experienced sustained demand for our residential high-speed Internet product, due to customers spending more time at home for work, online education and entertainment purposes, uncertainty remains. The COVID-19 crisis poses a number of potential threats such as supply chain disruption, health and safety concerns impacting both employees and customers that could impact our ability to deliver our services and meet our obligations. Failure to ensure the well-being of our employees, customers and business partners could result in material adverse effects on our brand, reputation, business, prospects, financial condition and results of operations. To address the risk posed by the current COVID-19 crisis, we implemented mitigation measures such as alternative third party sourcing, increased self-install capabilities, health and safety protocols, financial relief and support initiatives for our customers and communities. Any future epidemic, pandemic, or other public health crisis that occurs in the future may pose similar risks to us.

## 13. CONTROLS AND PROCEDURES

Internal control over financial reporting ("ICFR") is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting and of the preparation of financial statements for external purposes in accordance with IFRS. The President and Chief Executive Officer ("CEO") and the Senior Vice President and Chief Financial Officer ("CFO"), together with management, are responsible for establishing and maintaining adequate disclosure controls and procedures ("DC&P") and ICFR, as defined in National Instrument 52-109. Cogeco Communications' internal control framework is based on the criteria published in the updated version released in May 2013 of the report *Internal Control Integrated Framework* issued by the *Committee of Sponsoring Organizations of the Treadway Commission*. Following these implementations, internal controls over financial reporting have been updated and tested in order to support adequate DC&P and ICFR.

On September 1, 2020, the Corporation's subsidiary, Atlantic Broadband, implemented a new financial system. In addition, a new human capital management system was implemented on January 1, 2021 by the Corporation and its subsidiaries. These implementations resulted in changes to internal controls related to financial reporting for the year ended August 31, 2021. Following these implementations, internal controls over financial reporting have been updated and tested in order to support adequate DC&P and ICFR. On September 1, 2021, the new financial system was implemented at the Corporation's head office and Cogeco Connexion.

The CEO and CFO, supported by management, evaluated the overall design and effectiveness of the Corporation's DC&P and ICFR at August 31, 2021, and concluded that they were effective.

## 14. ACCOUNTING POLICIES

### 14.1 CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Preparation of the consolidated financial statements in accordance with IFRS requires management to adopt accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, contingent assets and liabilities and revenue and expenses during the reporting year. A summary of the Corporation's significant accounting policies is presented in Note 2 of the consolidated financial statements. The following accounting policies were identified as critical to Cogeco Communications' business operations.

#### REVENUE RECOGNITION

Revenue is measured based on the consideration received or receivable from a customer, net of returns and discounts. The Corporation recognizes revenue from the sale of products or the rendering of services when it transfers control to the customer.

Revenue is recognized applying the following five steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the Corporation satisfies a performance obligation.

The Corporation's principal sources of revenue are recognized as follows:

##### Residential

- Monthly subscription revenue (net of any discounts, rebates, refunds and credits) for Internet, video and telephony services and rental of equipment is recognized on a monthly basis, as the services are provided;
- Revenue from data services, long-distance and other pay-per-use services is recognized on a monthly basis, as the services are provided; and
- Revenue generated from the sale of customer premise equipment or other equipment is recognized when the customer accepts the delivery of the equipment.

##### Commercial

- Monthly subscription revenue (net of any discounts, rebates, refunds and credits) for Internet, video and telephony services and rental of equipment is recognized on a straight-line basis over the contractual period arrangement; and
- Revenue generated from the sale of customer premise equipment or other equipment is recognized when the customer accepts the delivery of the equipment.

##### Other

- Revenue mainly from advertising, which is recognized as the services are provided.

## BUSINESS COMBINATIONS

Fair value of assets acquired and liabilities assumed in a business combination is estimated based on information available at the date of acquisition and involves considerable judgment in determining the fair values assigned to the identifiable assets acquired and liabilities assumed on acquisition. Among other things, the determination of these fair values involves the use of discounted cash flow analyses, estimated future margins and estimated future customer counts.

## CAPITALIZATION OF PROPERTY, PLANT AND EQUIPMENT

During construction of new assets, direct costs plus overhead costs directly attributable to the asset are capitalized. Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which require a substantial amount of time to get ready for their intended use or sale, are capitalized until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are recorded as financial expense in the period in which they are incurred.

The cost of replacing a part of property, plant and equipment that is ready for its intended use is added to the carrying amount of the property, plant and equipment or recognized as a separate component if applicable, only if it is probable that the economic benefits associated with the cost will flow to the Corporation and the cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other day-to-day maintenance costs are recognized in profit or loss in the period in which they are incurred.

## PROVISIONS

Management's judgment is used to determine the timing, likelihood and the amount of expected cash outflows as well as the discount rate.

## CONTINGENCIES

Contingencies such as lawsuits, taxes, impact of regulatory decisions, and commitments under contractual and other commercial obligations are estimated based on applying significant judgement in determining if a loss is probable and in determining the estimated outflow of economic resources. Such contingencies are estimated based on the information available to the Corporation.

## MEASUREMENT OF NON-FINANCIAL ASSETS

The measurement of non-financial assets requires the use of management judgment to identify the existence of impairment indicators and the determination of cash-generating units ("CGUs"). Furthermore, when determining the recoverable amount of a CGU or an asset, the Corporation uses significant estimates such as the estimation of future cash flows and discount rates applicable. Any significant modification of market conditions could translate into an inability to recover the carrying amounts of non-financial assets.

## DEFERRED TAXES

Deferred tax assets and liabilities require estimates about the nature and timing of future permanent and temporary differences, the expected timing of reversals of those temporary differences and the future tax rates that will apply to those differences.

## 14.2 INITIAL APPLICATION OF STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

### Definition of a Business - Amendments to IFRS 3

In October 2018, the IASB amended IFRS 3, *Business Combinations*, to clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. Effective September 1, 2020, the Corporation adopted these amendments, which had no impact on the consolidated financial statements. The effects, if any, of these amendments, will be dependent on the facts and circumstances of any future acquisitions and they may affect whether those future acquisitions are accounted for as business combinations or as asset acquisitions, along with the allocation of the purchase price between the net identifiable assets acquired and goodwill.

## 14.3 FUTURE CHANGES TO STANDARDS, INTERPRETATIONS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, interpretations, amendments to standards and interpretations were issued by the IASB or the IFRS Interpretations Committee, but have not yet been applied in preparing these consolidated financial statements. The following issued amendments to standards and interpretations may have an impact on future consolidated financial statements of the Corporation:

<b>Demand Deposits with Restrictions on Use (IAS 7 Statement of Cash Flows)</b>	In September 2021, the IFRS Interpretations Committee issued tentative agenda decision <i>Demand Deposits with Restrictions on Use (IAS 7 Statement of Cash Flows)</i> , following the receipt of a request to clarify whether an entity should include a demand deposit as a component of cash and cash equivalents in its statements of cash flows and financial position when the demand deposit is subject to contractual restrictions on use agreed with a third party. The Corporation will monitor the development of this tentative agenda decision and will assess the impact on its consolidated financial statements, particularly in regards to the presentation of the funds received from the provincial and federal governments to be used to fund certain high-speed Internet network expansion projects (refer to Note 12 of the consolidated financial statements), which are currently presented as <i>Restricted cash</i> , once the agenda decision will be finalized.
<b>Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12</b>	In May 2021, the IASB amended IAS 12, <i>Income Taxes</i> , to clarify how companies should account for deferred tax on certain transactions that on initial recognition give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The Corporation intends to apply these amendments in its consolidated financial statements for the annual reporting periods beginning on September 1, 2021. The Corporation does not expect any impact on its consolidated financial statements upon application of these amendments.
<b>Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)</b>	In March 2021, the IFRS Interpretations Committee finalized agenda decision <i>Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)</i> , which clarified how to recognize certain configuration or customisation costs related to cloud computing arrangement. The Corporation is currently assessing the impact on its consolidated financial statements, but it does not expect the related impact to be material. The Corporation expects to implement related changes, if any, arising from this agenda decision within the next quarters.
<b>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2</b>	In February 2021, the IASB amended IAS 1, <i>Presentation of Financial Statements</i> , to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its accounting policies disclosure.
<b>Interest Rate Benchmark Reform (Phase 2) - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16</b>	In August 2020, the IASB issued <i>Interest Rate Benchmark Reform - Phase 2</i> , which amends IFRS 9, <i>Financial Instruments</i> , IAS 39, <i>Financial Instruments: Recognition and Measurement</i> , IFRS 7, <i>Financial Instruments: Disclosures</i> , IFRS 4, <i>Insurance Contracts</i> , and IFRS 16, <i>Leases</i> . The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements and will continue to monitor the reform and its related implications.
<b>Classification of Liabilities as Current or Non-current - Amendments to IAS 1</b>	In January 2020, the IASB amended IAS 1 to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments, if any, on its consolidated financial statements. In June 2021, the IASB tentatively decided to propose several amendments to the clarifications made in January 2020 and to defer the effective date to January 1, 2024.

## 15. NON-IFRS FINANCIAL MEASURES

This section describes non-IFRS financial measures used by Cogeco Communications throughout this MD&A. These financial measures are reviewed in assessing the performance of the Corporation and used in the decision-making process with regards to its business units. Reconciliations between "adjusted EBITDA", "adjusted EBITDA margin", "free cash flow", "capital intensity", "indebtedness" and "net indebtedness" and the most comparable IFRS financial measures are also provided. These financial measures do not have standard definitions prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

This MD&A also makes reference to key performance indicators on a constant currency basis, including revenue, "adjusted EBITDA", acquisition of property, plant and equipment and "free cash flow". Measures on a constant currency basis are considered non-IFRS financial measures and do not have any standardized meaning prescribed by IFRS and therefore, may not be comparable to similar measures presented by other companies.

Non-IFRS financial measures	Application	Calculation	Most comparable IFRS financial measures
Adjusted EBITDA and adjusted EBITDA margin	Adjusted EBITDA and adjusted EBITDA margin are key measures commonly reported and used in the telecommunications industry, as they allow comparisons between companies that have different capital structures and are more current measures since they exclude the impact of historical investments in assets. Adjusted EBITDA is one of the key metrics employed by the financial community to value a business and its financial strength.  Adjusted EBITDA for Cogeco Communications' business units is equal to the segment profit (loss) reported in Note 5 of the consolidated financial statements.	Adjusted EBITDA: - Profit for the period and/or year add: - Income taxes; - Financial expense; - Depreciation and amortization; and - Integration, restructuring and acquisition costs.  Adjusted EBITDA margin: - Adjusted EBITDA divided by: - Revenue.	Profit for the period and/or year          No comparable IFRS financial measure
Free cash flow	Management and investors use free cash flow to measure Cogeco Communications' ability to repay debt, distribute capital to its shareholders and finance its growth.	Free cash flow: - Adjusted EBITDA add: - Amortization of deferred transaction costs and discounts on long-term debt; - Share-based payment; - Loss (gain) on disposals and write-offs of property, plant and equipment; and - Defined benefit plans expense, net of contributions; deduct: - Integration, restructuring and acquisition costs; - Financial expense <sup>(1)</sup> ; - Current income taxes; - Acquisition of property, plant and equipment <sup>(2)</sup> ; and - Repayment of lease liabilities.	Cash flows from operating activities
Constant currency basis	Revenue, operating expenses, adjusted EBITDA, acquisition of property, plant and equipment and free cash flow are measures presented on a constant currency basis to enable an improved understanding of the Corporation's underlying financial performance, undistorted by the effects of changes in foreign exchange rates.	Constant currency basis is obtained by translating financial results from the current periods denominated in US dollars at the foreign exchange rates of the comparable periods of the prior year.	No comparable IFRS financial measure
Capital intensity	Capital intensity is used by Cogeco Communications' management and investors to assess the Corporation's investment in capital expenditures in order to support a certain level of revenue.	Capital intensity: - Acquisition of property, plant and equipment <sup>(2)</sup> divided by: - Revenue.	No comparable IFRS financial measure

(1) Excludes the non-cash gain on debt modification of \$22.9 million recognized in the second quarter of fiscal 2020.

(2) Excludes the non-cash acquisition of right-of-use assets and the purchases of spectrum licences.

Non-IFRS financial measures	Application	Calculation	Most comparable IFRS financial measures
Indebtedness and net indebtedness	Indebtedness and net indebtedness are measures used by management and investors to assess Cogeco Communications' financial leverage, as they represent the debt and the debt that is not covered by the available cash and cash equivalents, respectively.	Indebtedness: add: - Principal on long-term debt; and - Bank indebtedness.  Net indebtedness: - Indebtedness deduct: - Cash and cash equivalents.	Long-term debt, including the current portion    Long-term debt, including the current portion

## 15.1 ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN RECONCILIATION

The reconciliation of adjusted EBITDA to the most comparable IFRS financial measure and the calculation of adjusted EBITDA margin are as follows:

	Three months ended August 31,		Years ended August 31,	
	2021	2020	2021	2020
(In thousands of Canadian dollars, except percentages)	\$	\$	\$	\$
<b>Profit for the period</b>	<b>103,406</b>	96,148	<b>431,647</b>	396,591
Income taxes	<b>28,466</b>	30,305	<b>130,726</b>	112,321
Financial expense	<b>23,608</b>	39,302	<b>124,163</b>	131,093
Depreciation and amortization	<b>131,116</b>	124,825	<b>510,376</b>	499,238
Integration, restructuring and acquisition costs	<b>3,974</b>	3,955	<b>8,744</b>	9,486
<b>Adjusted EBITDA</b>	<b>290,570</b>	294,535	<b>1,205,656</b>	1,148,729
Revenue	<b>632,684</b>	605,168	<b>2,510,453</b>	2,384,283
<b>Adjusted EBITDA margin</b>	<b>45.9 %</b>	48.7 %	<b>48.0 %</b>	48.2 %

## 15.2 FREE CASH FLOW RECONCILIATION

The reconciliation of free cash flow to the most comparable IFRS financial measure is as follows:

	Three months ended August 31,		Years ended August 31,	
	2021	2020	2021	2020
(In thousands of Canadian dollars)	\$	\$	\$	\$
<b>Cash flows from operating activities</b>	<b>281,547</b>	254,745	<b>1,019,059</b>	917,819
Amortization of deferred transaction costs and discounts on long-term debt	<b>2,342</b>	2,344	<b>9,277</b>	9,503
Changes in other non-cash operating activities	<b>(50,068)</b>	(1,116)	<b>(40,289)</b>	55,194
Income taxes paid (received)	<b>25,320</b>	(7,410)	<b>101,715</b>	20,004
Current income taxes	<b>(20,331)</b>	(13,713)	<b>(65,070)</b>	(57,632)
Interest paid	<b>32,185</b>	45,162	<b>123,657</b>	153,434
Financial expense <sup>(1)</sup>	<b>(23,608)</b>	(39,302)	<b>(124,163)</b>	(153,991)
Acquisition of property, plant and equipment	<b>(175,180)</b>	(128,195)	<b>(533,186)</b>	(483,990)
Repayment of lease liabilities	<b>(784)</b>	(1,143)	<b>(4,123)</b>	(4,905)
<b>Free cash flow</b>	<b>71,423</b>	111,372	<b>486,877</b>	455,436

(1) Excludes the non-cash gain on debt modification of \$22.9 million recognized during the second quarter of fiscal 2020.

## 15.3 CAPITAL INTENSITY RECONCILIATION

The calculation of capital intensity is as follows:

	Three months ended August 31,		Years ended August 31,	
	2021	2020	2021	2020
<i>(In thousands of Canadian dollars, except percentages)</i>	\$	\$	\$	\$
Acquisition of property, plant and equipment	175,180	128,195	533,186	483,990
Revenue	632,684	605,168	2,510,453	2,384,283
<b>Capital intensity</b>	<b>27.7 %</b>	<b>21.2 %</b>	<b>21.2 %</b>	<b>20.3 %</b>

## 15.4 INDEBTEDNESS AND NET INDEBTEDNESS RECONCILIATION

The reconciliation of indebtedness and net indebtedness to the most comparable IFRS financial measure is as follows:

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Long-term debt, including the current portion	3,272,216	3,116,602
Discounts, transaction costs and other	43,032	55,714
Bank indebtedness	4,460	7,610
<b>Indebtedness</b>	<b>3,319,708</b>	<b>3,179,926</b>
Cash and cash equivalents	(365,520)	(366,497)
<b>Net indebtedness</b>	<b>2,954,188</b>	<b>2,813,429</b>

# CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements

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# MANAGEMENT'S RESPONSIBILITY

## RELATED TO THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of Cogeco Communications Inc. (the "Corporation") and the financial information contained in this annual report are the responsibility of management. The consolidated financial statements include amounts determined by management based on estimates, which in their opinion are reasonable and fair. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and have been approved by the Board of Directors. Operating and financial information used elsewhere in the annual report is consistent with that of the consolidated financial statements.

In fulfilling its responsibilities, management of Cogeco Communications Inc. and its subsidiaries has developed, and continues to improve administrative and accounting systems in order to provide reasonable assurance that assets are safeguarded against loss or unauthorized use and maintains internal accounting controls to ensure that financial records are reliable for preparing the consolidated financial statements. The Board of Directors carries out its responsibility for the consolidated financial statements in this annual report principally through its Audit Committee, which reviews the annual consolidated financial statements of the Corporation and recommends their approval to the Board of Directors. The Committee periodically meets with management and the external auditor to discuss the results of the external and internal examinations and matters having an impact on financial information.

The independent auditor appointed by the shareholders, Deloitte LLP, Chartered Professional Accountants, is responsible for making an independent examination of the consolidated financial statements in accordance with Canadian auditing standards and to issue an opinion on the statements. The independent auditor has free access to the Audit Committee, with or without the presence of management. Their report follows.

**(signed) Philippe Jetté**  
President and Chief Executive Officer

**(signed) Patrice Ouimet**  
Senior Vice President and Chief Financial Officer

Montréal, November 11, 2021

# INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Cogeco Communications Inc.

## Opinion

We have audited the consolidated financial statements of Cogeco Communications Inc. (the "Corporation"), which comprise the consolidated statements of financial position as at August 31, 2021 and 2020, the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in shareholders' equity and the consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at August 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended August 31, 2021. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### ***Goodwill - American Broadband Services — Refer to Notes 2 F) and 15 to the consolidated financial statements***

#### *Key Audit Matter Description*

Goodwill is allocated to cash-generating units ("CGU") based on the level at which management monitors goodwill. The allocation is made to CGUs that are expected to benefit from the synergies of the business combination from which it arose. At June 30, 2021, the Corporation performed impairment tests for all its CGUs within the Canadian and American broadband services segments. The Corporation's evaluation of goodwill for impairment involves the comparison of the recoverable amount of each CGU that contains goodwill to its corresponding carrying value. Consistent with the other CGUs, the recoverable amount of the American Broadband Services New Hampshire/Maine CGU ("New Hampshire/Maine") was estimated based on the value in use model, which required management to make significant estimates and assumptions related to discount rates and cash flow projections (which include forecasted revenues and earnings before interest, income taxes, depreciation and amortization ("EBITDA") margins, capital expenditures and terminal growth rate). Changes in these estimates and assumptions could have a significant impact on either the recoverable amount, the amount of any goodwill impairment charge, or both. As of the measurement date, the recoverable amount of New Hampshire/Maine exceeded its carrying value therefore, no impairment was recognized.

While there are several estimates and assumptions that are required to estimate the recoverable amount of New Hampshire/Maine, the estimates and assumptions with the highest degree of subjectivity and impact on fair value are related to forecasted revenues and EBITDA margins and the selection of terminal growth and discount rates. Auditing these estimates and assumptions required a high degree of auditor attention and an increased extent of audit effort, including the involvement of fair value specialists.

#### *How the Key Audit Matter Was Addressed in the Audit*

Our audit procedures related to forecasted revenues and EBITDA margins and the selection of terminal growth and discount rates to estimate the recoverable amount of New Hampshire/Maine included the following, among others:

- Evaluated management's ability to accurately forecast revenues and EBITDA margins by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of forecasted revenues and EBITDA margins by:
  - Comparing the forecasts to historical revenues and EBITDA margins and internal communications to senior leadership and the Board of Directors detailing business strategies and growth plans and,
  - Comparing forecasted revenues to analysts and industry reports that are publicly available.
- With the assistance of fair value specialists, evaluated the reasonableness of:

- The terminal growth rate by developing a range of independent estimates using available industry data and expected long term inflation rates and comparing those to the terminal growth rate selected by management.
- The discount rate by testing the source information underlying the determination of the discount rate and developing a range of independent estimates and comparing those to the discount rate selected by management.
- Management's recoverable amount by developing an independent range of estimates using available market information from third party sources and recent transactions, if applicable, and comparing those to the implied EBITDA multiple of New Hampshire/Maine.

## Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Corporation to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Christian Jacques.

/s/ Deloitte LLP <sup>1</sup>

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<sup>1</sup> CPA auditor, CA, public accountancy permit No. A124341

Montréal, Québec  
November 11, 2021

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Years ended August 31,	Notes	2021	2020
<i>(In thousands of Canadian dollars, except per share data)</i>		\$	\$
<b>Revenue</b>	4	<b>2,510,453</b>	2,384,283
Operating expenses	7	<b>1,281,332</b>	1,211,422
Management fees – Cogeco Inc.	24 A)	<b>23,465</b>	24,132
Integration, restructuring and acquisition costs	5	<b>8,744</b>	9,486
Depreciation and amortization	8	<b>510,376</b>	499,238
Financial expense	9	<b>124,163</b>	131,093
<b>Profit before income taxes</b>		<b>562,373</b>	508,912
Income taxes	10	<b>130,726</b>	112,321
<b>Profit for the year</b>		<b>431,647</b>	396,591
<b>Profit for the year attributable to:</b>			
Owners of the Corporation		<b>401,517</b>	375,174
Non-controlling interest		<b>30,130</b>	21,417
		<b>431,647</b>	396,591
<b>Earnings per share</b>			
Basic	11	<b>8.47</b>	7.74
Diluted	11	<b>8.40</b>	7.67

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended August 31, (In thousands of Canadian dollars)	Note	2021 \$	2020 \$
<b>Profit for the year</b>		<b>431,647</b>	396,591
<b>Other comprehensive income (loss)</b>			
Items to be subsequently reclassified to profit or loss			
<i>Cash flow hedging adjustments</i>			
Net change in fair value of hedging derivative financial instruments		<b>28,998</b>	(24,954)
Related income taxes		<b>(7,684)</b>	6,612
		<b>21,314</b>	(18,342)
<i>Foreign currency translation adjustments</i>			
Net foreign currency translation differences on a net investment in foreign operations		<b>(61,389)</b>	(37,356)
Net changes on translation of long-term debt designated as a hedge of a net investment in foreign operations		<b>16,575</b>	9,867
Related income taxes		<b>172</b>	84
		<b>(44,642)</b>	(27,405)
		<b>(23,328)</b>	(45,747)
Items not to be subsequently reclassified to profit or loss			
<i>Defined benefit plans actuarial adjustments</i>			
Remeasurement of net defined benefit liability or asset	22 B)	<b>4,441</b>	1,425
Related income taxes		<b>(1,177)</b>	(378)
		<b>3,264</b>	1,047
		<b>(20,064)</b>	(44,700)
<b>Comprehensive income for the year</b>		<b>411,583</b>	351,891
<b>Comprehensive income for the year attributable to:</b>			
Owners of the Corporation		<b>393,904</b>	338,076
Non-controlling interest		<b>17,679</b>	13,815
		<b>411,583</b>	351,891

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

Years ended August 31, 2021 and 2020 <i>(In thousands of Canadian dollars)</i>	Equity attributable to owners of the Corporation			Retained earnings	Equity attributable to non-controlling interest	Total shareholders' equity
	Share capital	Share-based payment reserve	Accumulated other comprehensive income (loss)			
	\$	\$	\$	\$	\$	\$
	(Note 19)		(Note 20)			
Balance at August 31, 2019	1,023,390	13,526	31,028	1,131,845	359,689	2,559,478
Profit for the year	—	—	—	375,174	21,417	396,591
Other comprehensive (loss) income for the year	—	—	(38,145)	1,047	(7,602)	(44,700)
Comprehensive (loss) income for the year	—	—	(38,145)	376,221	13,815	351,891
Issuance of subordinate voting shares under the Stock Option Plan	6,670	—	—	—	—	6,670
Share-based payment (Notes 19 D) and 24 A))	—	7,164	—	—	—	7,164
Share-based payment previously recorded in share-based payment reserve for options exercised	1,129	(1,129)	—	—	—	—
Dividends (Note 19 C))	—	—	—	(112,275)	—	(112,275)
Purchase and cancellation of subordinate voting shares	(44,536)	—	—	(120,999)	—	(165,535)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(5,643)	—	—	—	—	(5,643)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	3,953	(3,214)	—	(739)	—	—
Total (distributions to) contributions by shareholders	(38,427)	2,821	—	(234,013)	—	(269,619)
<b>Balance at August 31, 2020</b>	<b>984,963</b>	<b>16,347</b>	<b>(7,117)</b>	<b>1,274,053</b>	<b>373,504</b>	<b>2,641,750</b>
Profit for the year	—	—	—	401,517	30,130	431,647
Other comprehensive (loss) income for the year	—	—	(10,877)	3,264	(12,451)	(20,064)
Comprehensive (loss) income for the year	—	—	(10,877)	404,781	17,679	411,583
Issuance of subordinate voting shares under the Stock Option Plan	3,702	—	—	—	—	3,702
Share-based payment (Notes 19 D) and 24 A))	—	6,241	—	—	—	6,241
Share-based payment previously recorded in share-based payment reserve for options exercised	665	(665)	—	—	—	—
Dividends (Note 19 C))	—	—	—	(121,051)	—	(121,051)
Purchase and cancellation of subordinate voting shares	(31,827)	—	—	(99,632)	—	(131,459)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	(4,439)	—	—	—	—	(4,439)
Distribution to employees of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	5,187	(5,034)	—	(153)	—	—
Total (distributions to) contributions by shareholders	(26,712)	542	—	(220,836)	—	(247,006)
<b>Balance at August 31, 2021</b>	<b>958,251</b>	<b>16,889</b>	<b>(17,994)</b>	<b>1,457,998</b>	<b>391,183</b>	<b>2,806,327</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At August 31, (In thousands of Canadian dollars)	Notes	2021 \$	2020 \$
<b>Assets</b>			
Current			
Cash and cash equivalents		365,520	366,497
Restricted cash	12	170,434	—
Trade and other receivables	23 A)	78,346	83,013
Income taxes receivable		6,063	3,283
Prepaid expenses and other		32,681	29,266
Derivative financial instruments		1,076	—
		<b>654,120</b>	482,059
Non-current			
Restricted cash	12	13,100	—
Other assets	13	105,445	45,109
Property, plant and equipment	14	2,357,845	2,088,930
Intangible assets	15 A)	2,739,911	2,800,401
Goodwill	15 B)	1,476,150	1,381,024
Deferred tax assets	10	5,121	6,674
		<b>7,351,692</b>	6,804,197
<b>Liabilities and Shareholders' equity</b>			
<b>Liabilities</b>			
Current			
Bank indebtedness		4,460	7,610
Trade and other payables		270,497	211,052
Provisions	16	17,949	33,864
Income tax liabilities		5,800	39,897
Contract liabilities and other liabilities	17	57,231	47,162
Government subsidies received in advance	12	170,434	—
Derivative financial instruments		—	3,834
Current portion of long-term debt	18	225,344	29,569
		<b>751,715</b>	372,988
Non-current			
Long-term debt	18	3,046,872	3,087,033
Derivative financial instruments		42,000	67,375
Contract liabilities and other liabilities	17	8,547	10,965
Government subsidies received in advance	12	13,100	—
Pension plan liabilities and accrued employee benefits	22 B)	9,853	13,490
Deferred tax liabilities	10	673,278	610,596
		<b>4,545,365</b>	4,162,447
<b>Shareholders' equity</b>			
Equity attributable to owners of the Corporation			
Share capital	19 B)	958,251	984,963
Share-based payment reserve		16,889	16,347
Accumulated other comprehensive loss	20	(17,994)	(7,117)
Retained earnings		1,457,998	1,274,053
		<b>2,415,144</b>	2,268,246
Equity attributable to non-controlling interest		391,183	373,504
		<b>2,806,327</b>	2,641,750
		<b>7,351,692</b>	6,804,197

Commitments, contingencies and guarantees (Note 25)

Subsequent events (Note 26)

On behalf of the Board of Directors,

(signed) Louis Audet  
Director

(signed) Joanne Ferstman  
Director

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended August 31, (In thousands of Canadian dollars)	Notes	2021 \$	2020 \$
<b>Cash flows from operating activities</b>			
Profit for the year		431,647	396,591
Adjustments for:			
Depreciation and amortization	8	510,376	499,238
Financial expense	9	124,163	131,093
Income taxes	10	130,726	112,321
Share-based payment		7,810	8,070
Loss (gain) on disposals and write-offs of property, plant and equipment		185	(515)
Defined benefit plans contributions, net of expense		(765)	(347)
		1,204,142	1,146,451
Changes in other non-cash operating activities	21 A)	40,289	(55,194)
Interest paid		(123,657)	(153,434)
Income taxes paid		(101,715)	(20,004)
		1,019,059	917,819
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	14	(533,186)	(483,990)
Payment of spectrum licences deposits	13	(59,018)	—
Business combinations, net of cash and cash equivalents acquired	6	(395,086)	(81,509)
Proceeds on disposals of property, plant and equipment		2,458	8,224
		(984,832)	(557,275)
<b>Cash flows from financing activities</b>			
(Decrease) increase in bank indebtedness		(3,150)	7,610
Net increase under the revolving facilities		256,230	—
Repayment of notes, debentures and credit facilities		(21,410)	(269,169)
Repayment of lease liabilities		(4,123)	(4,905)
Repayment of balance due on business combinations		(1,708)	(3,228)
Increase in deferred transaction costs		—	(620)
Issuance of subordinate voting shares	19 B)	3,702	6,670
Purchase and cancellation of subordinate voting shares	19 B)	(131,459)	(165,535)
Acquisition of subordinate voting shares held in trust under the Incentive and Performance Share Unit Plans	19 B)	(4,439)	(5,643)
Dividends paid	19 C)	(121,051)	(112,275)
		(27,408)	(547,095)
<b>Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency</b>		(7,796)	(3,456)
<b>Net change in cash and cash equivalents</b>		(977)	(190,007)
Cash and cash equivalents, beginning of the year		366,497	556,504
<b>Cash and cash equivalents, end of the year</b>		365,520	366,497

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Years ended August 31, 2021 and 2020

## NATURE OF OPERATIONS

Cogeco Communications Inc. ("Cogeco Communications" or the "Corporation") is a communications corporation operating in Canada under the Cogeco Connexion name in Québec and Ontario, and in the United States under the Atlantic Broadband brand in 12 states. Cogeco Communications provides residential and business customers with Internet, video and telephony services through its two-way broadband fibre networks.

On September 1, 2021, the Corporation's subsidiary, Atlantic Broadband, completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Ohio (see Note 26).

The Corporation is a subsidiary of Cogeco Inc. ("Cogeco"), which as of August 31, 2021 held 33.5% of the Corporation's equity shares, representing 83.4% of the votes attached to the Corporation's voting shares. Cogeco Communications is a Canadian public corporation whose subordinate voting shares are listed on the Toronto Stock Exchange ("TSX") under the trading symbol "CCA".

The Corporation's registered office is located at 1 Place Ville Marie, Suite 3301, Montréal, Québec, H3B 3N2.

## 1. BASIS OF PRESENTATION

These audited consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements have been prepared on a going concern basis using historical cost, except for financial instruments and derivative financial instruments (see Note 2 M)), cash-settled share-based payment arrangements (see Note 2 J)) and pension plan assets (see Note 2 K)), which are measured at fair value, and for the defined benefit obligation (see Note 2 K)) and provisions (see Note 2 I)), which are measured at present value. Certain comparative amounts in the consolidated financial statements have been reclassified in order to conform to the fiscal 2021 consolidated financial statements presentation.

Financial information is presented in Canadian dollars, which is the functional currency of Cogeco Communications.

The consolidated financial statements were approved by the Board of Directors of Cogeco Communications at its meeting held on November 11, 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements, unless otherwise indicated.

### A) BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Corporation and its subsidiaries.

Subsidiaries are entities controlled by the Corporation. Control is achieved where the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Subsidiaries' financial statements are included in the consolidated financial statements from the date that control commences until the date that control ceases. Subsidiaries' year-end and accounting policies are aligned with those adopted by the Corporation. Non-controlling interest in the net assets and results of consolidated subsidiaries is identified separately from the Corporation's ownership interest in them. Non-controlling interest in the equity of a subsidiary consists of the amount of non-controlling interest calculated at the date of the original business combination and its share of changes in equity since that date. Changes in non-controlling interest in a subsidiary that do not result in a loss of control by the Corporation are accounted for as equity transactions.

Operating segments and percentage of interest in the principal subsidiaries at August 31, 2021 are as follows:

Operating segments	Principal subsidiaries	Percentage of equity interest	Voting rights
		%	%
Canadian broadband services	Cogeco Connexion	100	100
American broadband services	Atlantic Broadband	79	79

The Corporation has established special purpose entities ("SPEs") with the objective of mitigating the impact of stock price fluctuations in connection with its Incentive Share Unit and Performance Share Unit Plans. SPEs are consolidated if, based on an evaluation of the substance of their relationship with the Corporation and the SPEs' risks and rewards, the Corporation concludes that it controls the SPEs.

SPEs controlled by the Corporation were established under terms that impose strict limitations on the decision-making powers of the SPEs' management, resulting in the Corporation receiving the majority of the benefits related to the SPEs' operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

All intercompany transactions and balances, and any unrealized revenue and expense are eliminated in preparing the consolidated financial statements.

## **B) BUSINESS COMBINATIONS**

Business combinations are accounted for using the acquisition method. Goodwill is measured as the excess of the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree over the net recognized amount of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date.

The consideration transferred is measured as the sum of the fair values of assets transferred, liabilities assumed, and equity instruments issued by the Corporation at the acquisition date, including any asset or liability resulting from a contingent consideration arrangement, in exchange for control of the acquiree.

A right to receive or an obligation to pay contingent consideration is classified as an asset or a liability or as equity. Contingent consideration classified as equity is not remeasured until it is finally settled within equity. Contingent consideration classified as an asset or a liability is measured either as a financial instrument or as a provision. Changes in fair values that qualify as measurement period adjustments of preliminary purchase price allocations are adjusted in the current period and such changes are applied on a retrospective basis.

Acquisition costs, other than those associated with the issuance of debt or equity securities, and integration and restructuring costs that the Corporation incurs in connection with a business combination are recognized in profit or loss as incurred.

## **C) REVENUE RECOGNITION**

Revenue is measured based on the consideration received or receivable from a customer, net of returns and discounts. The Corporation recognizes revenue from the sale of products or the rendering of services when it transfers control to the customer.

Revenue is recognized applying the following five steps:

- Identify the contract with a customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when (or as) the Corporation satisfies a performance obligation.

The Corporation's principal sources of revenue are recognized as follows:

### **Residential**

- Monthly subscription revenue (net of any discounts, rebates, refunds and credits) for Internet, video and telephony services and rental of equipment is recognized on a monthly basis, as the services are provided;
- Revenue from data services, long-distance and other pay-per-use services is recognized on a monthly basis, as the services are provided; and
- Revenue generated from the sale of customer premise equipment or other equipment is recognized when the customer accepts the delivery of the equipment.

### **Commercial**

- Monthly subscription revenue (net of any discounts, rebates, refunds and credits) for Internet, video and telephony services and rental of equipment is recognized on a straight-line basis over the contractual period arrangement; and
- Revenue generated from the sale of customer premise equipment or other equipment is recognized when the customer accepts the delivery of the equipment.

### **Other**

- Revenue mainly from advertising, which is recognized as the services are provided.

### **Multiple-element arrangements**

The Corporation offers certain products and services as part of multiple deliverable arrangements. The Corporation accounts for individual products or services separately if they are distinct performance obligations, such that a product or service is separately identifiable from other items in the bundled package and a customer can benefit from it on its own or with other readily available resources.

Consideration is measured and allocated between the components based upon stand-alone selling price while applying the relevant revenue recognition policy. The stand-alone selling price is based on the observable price for which the Corporation sells its products and services separately without a contract, adjusted for market conditions and other factors.

### **Contract liabilities**

The Corporation considers that installation and activation fees are not distinct performance obligations because a customer cannot benefit from it, on its own.

Accordingly, for residential service customers, they are deferred and amortized as revenue over the period of time the fee remains material to the customer, which the Corporation estimates to be approximately six months. The estimate requires consideration of both quantitative and qualitative factors including average installation fee, average revenue per customer and customer behavior, among others. For commercial service customers, they are deferred and amortized as revenue at the same pace as the revenue from the related services are earned over the term of the agreement.

Unearned revenue, such as payments for services and goods received in advance, is recorded as contract liabilities in the consolidated statement of financial position until the service is provided or the product is delivered to the customer.

### Contract costs

Contract cost assets are recognized in the consolidated statement of financial position as *Other assets*, and are comprised of upfront fees paid to multiple-dwelling units as well as incremental costs of obtaining a contract. Upfront fees paid by the Corporation to multiple-dwelling units such as condo associations, in order to gain access to serve and market occupants of the dwelling, are recognized over the term of the contract, as a reduction of revenue. Costs to obtain a contract (such as sales commissions) are recognized in operating expenses over the period of time the customer is expected to remain a customer of the Corporation, not exceeding four years.

## D) PROPERTY, PLANT AND EQUIPMENT

### Owned assets

Property, plant and equipment are measured at cost, net of government grants, less accumulated depreciation and impairment losses.

During construction of new assets, direct costs plus overhead costs directly attributable to the asset are capitalized. Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which require a substantial amount of time to get ready for their intended use or sale, are capitalized until such time the assets are substantially ready for their intended use or sale. All other borrowing costs are recorded as financial expense in the period in which they are incurred.

The cost of replacing a part of property, plant and equipment that is ready for its intended use is added to the carrying amount of the property, plant and equipment or recognized as a separate component if applicable, only if it is probable that the economic benefits associated with the cost will flow to the Corporation and the cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other day-to-day maintenance costs are recognized in profit or loss in the period in which they are incurred.

Depreciation is recognized on a straight-line basis over the expected useful life of the asset <sup>(1)</sup>, from the date the asset is ready for its intended use. Depreciation is calculated based on the depreciable amount, which is the cost of the asset less its residual value. Land and assets under construction are carried at cost and not depreciated.

Depreciation periods are as follows:

Buildings and leasehold improvements <sup>(1)</sup>	10 to 40 years
Networks and infrastructure <sup>(2)</sup>	3 to 20 years
Customer premise equipment	3 to 5 years
Vehicles and equipment <sup>(3)</sup>	3 to 10 years

(1) Leasehold improvements are amortized over the shorter of the term of the lease and economic life.

(2) Networks and infrastructure include cable towers, headends, transmitters, fibre and coaxial networks, customer drops and network equipment.

(3) Vehicles and equipment include vehicles, programming equipment, furniture and fixtures, computer and software and other equipments.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The estimated useful lives, residual values and depreciation method are reviewed annually, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or write-off of an item of property, plant and equipment is determined as the difference between the sale proceeds, if any, and the carrying amount of the asset, and is recognized as profit or loss.

The Corporation does not record decommissioning obligations in connection with its fibre and coaxial networks. The Corporation expects to renew all of its agreements with utility companies to access their support structures in the future, thus the resulting present value of the obligation is not significant.

### Right-of-use assets

Refer to accounting policy G) Leases.

## E) INTANGIBLE ASSETS AND GOODWILL

### Intangible assets acquired separately

Intangible assets acquired separately are measured at cost less accumulated amortization and impairment losses, if they are amortizable, otherwise, only at cost net of accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

### Identifiable intangible assets acquired in a business combination

Identifiable intangible assets acquired in a business combination are recognized separately from goodwill if they meet the definition of an intangible asset and if their fair value can be measured reliably. The cost of these intangible assets equals their acquisition-date fair value.

Subsequent to initial recognition, identifiable intangible assets acquired in a business combination are recorded at cost less accumulated amortization and impairment losses, if they are amortizable, otherwise only at cost net of accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite.

### Intangible assets with finite useful lives

Intangible assets with finite useful lives are amortized over their useful life. The estimated useful lives are reviewed annually, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with finite useful lives are amortized as follows:

- Customer relationships are amortized on a straight-line basis over the estimated useful life, defined as the average life of a customer's subscription, not exceeding eight years;
- Spectrum licences are amortized over the initial non-cancellable term of the licences, not exceeding ten years.

### Intangible assets with indefinite useful lives

Intangible assets with indefinite useful lives are those for which there is no foreseeable limit to their useful economic life as they arise from contractual or other legal rights that can be renewed without significant cost. They are comprised of Cable Distribution Undertaking Broadcasting Licences and Franchises ("Cable Distribution Licences"). Cable Distribution Licences are comprised of broadcast authorities' licences and exemptions from licensing that allow access to homes and customers in a specific area. The Corporation has concluded that the Cable Distribution Licences have indefinite useful lives since there are no legal, regulatory, contractual, economic or other factors that would prevent their renewals or limit the period over which they will contribute to the Corporation's cash flows. The Corporation reviews at the end of each reporting period whether events and circumstances continue to support the indefinite useful life assessment. Intangible assets with indefinite useful lives are not amortized.

### Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is not amortized.

## F) IMPAIRMENT OF NON-FINANCIAL ASSETS

At the end of each reporting period, the Corporation assesses whether there is an indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually or more frequently if there is an indication of impairment.

The recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For the purpose of impairment testing, assets that cannot be tested on an individual basis are grouped together into the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets ("cash-generating unit" or "CGU"). When a reasonable and consistent basis of allocation can be identified, corporate assets are allocated to an individual CGU, otherwise they are allocated to the smallest group of CGU for which a reasonable and a consistent basis of allocation can be identified.

The most recent detailed calculation, made in a preceding period, of the recoverable amount of a CGU to which goodwill has been allocated, may be used in the impairment test of that unit in the current period provided all of the following criteria are met:

- The assets and liabilities making up the unit have not changed significantly since the most recent recoverable amount calculation;
- The most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the unit by a substantial margin; and
- Based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation, the likelihood that a current recoverable amount determination would be less than the current carrying amount of the unit is remote.

An impairment loss is recognized when the carrying amount of an asset or a CGU exceeds its recoverable amount. Impairment losses recognized are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amounts of the other assets in the CGU on a pro-rata basis. Impairment losses are recognized in profit or loss.

For assets other than goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

For the purpose of impairment testing, goodwill is allocated to each of the Corporation's CGUs that are expected to benefit from the synergies of the related business combination. An impairment loss recognized for goodwill cannot be reversed.

## **G) LEASES**

At inception, the Corporation assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. At the commencement date of the lease, i.e. the date the underlying asset is available for use, the Corporation recognizes a lease liability with a corresponding right-of-use asset, except for short-term leases and leases of low value assets, which are expensed on a straight-line basis over the lease term.

### **Right-of-use assets**

Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets is comprised of:

- the initial measurement amount of the lease liabilities recognized;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease contract.

Right-of-use assets are depreciated on a straight-line basis over the lesser of the estimated useful life of the underlying assets and the lease term. The lease term consists of the non-cancellable period of the lease, the period covered by extension options which are reasonably certain to be exercised and the period covered by termination options which are reasonably certain not to be exercised. They are assessed for impairment whenever there is an indication that the right-of-use assets may be impaired.

### **Lease liabilities**

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date over the lease term, discounted using the Corporation's incremental borrowing rate, unless the rate implicit in the lease is readily determinable. The Corporation applies a single discount rate to a portfolio of leases with similar characteristics.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate;
- amounts expected to be payable under a residual value guarantee;
- payments relating to purchase options and renewal option periods that are reasonably certain to be exercised; and
- penalties for early termination of a lease that is reasonably certain to be exercised.

Variable lease payments that do not depend on an index or a rate are not included in the measurement of lease liabilities but instead recognized as expenses in the period in which the event that triggers the payment occurs.

After the commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced to reflect lease payments made. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a modification to the lease terms and conditions, a change in the amount expected to be payable under a residual value guarantee or when there is a change in the assessment of whether purchase, renewal or termination options will be exercised. The remeasurement amount of the lease liabilities is recognized as a corresponding adjustment to the right-of-use asset, or in the consolidated income statement when the carrying amount of the right-of-use asset is reduced to zero.

The Corporation elected not to separate fixed non-lease components and account for the lease and any fixed non-lease components as a single lease component, for certain classes of underlying assets, such as for land and buildings.

## **H) INCOME TAXES**

Income taxes expense represents the sum of the taxes currently payable and deferred. Current and deferred taxes are recognized in profit or loss, except when they relate to a business combination or to items that are recognized in other comprehensive income or directly in equity.

### **Current tax**

The tax currently payable is based on taxable profit for the year. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

## Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or assets or liabilities in a transaction that is not a business combination and that affects neither the taxable profit nor the accounting profit or is related to investments in subsidiaries to the extent that the Corporation is able to control the reversal and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are generally recognized for unused tax losses and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which, those unused tax losses and deductible temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted at the end of the reporting period. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority on the same taxable entity, or on different tax entities, but the Corporation intends to settle its current tax assets and liabilities on a net basis.

## I) PROVISIONS

Provisions represent liabilities of the Corporation for which the amount or timing is uncertain. A provision is recorded when the Corporation has a legal or constructive present obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognized represents management's best estimate required to settle the obligation at the end of the reporting period, taking into account the obligation's risks and uncertainties. When the effect of the time value of money is material, the amount of the provision is determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as financial expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## J) SHARE-BASED PAYMENT

### Equity-settled awards

The Corporation measures stock options granted to employees that vest rateably over the service period based on the fair value of each tranche on grant date by using the Black-Scholes option pricing model and a compensation expense is recognized on a straight-line basis over the vesting period applicable to the tranche, with a corresponding increase in share-based payment reserve. Granted options vest equally over a period of five years beginning one year after the day such options are granted. When the stock options are exercised, share capital is credited by the sum of the consideration paid and the related portion previously recorded in share-based payment reserve.

The Corporation measures Incentive Share Units ("ISUs") and Performance Share Units ("PSUs") granted to employees based on the fair value of the Corporation's subordinate voting shares at the date of grant and a compensation expense is recognized over the vesting period, with a corresponding increase in share-based payment reserve. The total vesting period of each grant is three years less one day.

### Cash-settled awards

The fair value of the amount payable to the members of the Board of Directors in respect of share appreciation rights under the Deferred Share Unit ("DSU") Plan of the Corporation, which are settled in cash or shares, is recognized as a compensation expense with a corresponding increase in *Pension plan liabilities and accrued employee benefits* as of the date units are issued to the members of the Board of Directors. The accrued liability is remeasured at the end of each reporting period, until settlement, using the average closing price of the subordinate voting shares on the TSX for the twenty consecutive trading days immediately preceding by one day the closing date of the reporting period. Any changes in the fair value of the liability are recognized in profit or loss.

## K) EMPLOYEE BENEFITS

### Short-term employee benefits

Short-term employee benefits include wages, salaries, compensated absences, profit-sharing and bonuses. They are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Corporation has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an expense in the periods during which services are rendered by employees.

## Defined benefit plans

A defined benefit plan is a post-employment benefit plan whereby the amount of pension benefit that a plan participant will receive during retirement is defined and dependent on factors such as age, years of service and compensation. On each annual reporting date, independent actuaries extrapolate the data of the most recent full actuarial valuation to measure, for accounting purposes, the present value of the defined benefit obligation. The Corporation's net defined benefit liability in respect of its defined benefit plans is calculated separately for each plan.

The present values of the defined benefit obligation, the current service cost and, if applicable, the past service cost are actuarially determined using the projected unit credit method (sometimes known as the accrued benefit method pro-rated on service) based on management's best-estimate assumptions on the discount rate, the expected rate of compensation increase and the mortality table.

Management determines the discount rate based on a review of the current market interest rates on investment-grade fixed-rate corporate bonds, which are rates adjusted to reflect the duration of the expected future cash outflows of retirement benefit payments.

The net defined benefit liability or asset recognized in the consolidated statement of financial position corresponds to the fair value of plan assets net of the present value of the defined benefit obligation. Any asset resulting from this calculation is limited to the present value of the economic benefits available in the form of refunds from the plans or in the form of reductions in future contributions to the plans.

The net defined benefit cost components of the defined benefit plans are recognized as follows:

- Service cost is recognized in profit or loss;
- Net interest on the net defined benefit liability or asset is recognized in profit or loss; and
- Remeasurements of the net defined benefit liability or asset are recognized in other comprehensive income.

The service cost recognized in profit or loss comprises:

- Current service cost provided in exchange for employees services rendered during the period;
- Past service cost recognized in profit or loss in the period in which the plan is amended; and
- Gains or losses resulting from a settlement recognized in profit or loss in the period in which the plan settlement occurs.

Net interest on the net defined benefit liability or asset is calculated by multiplying the net defined benefit liability or asset by the discount rate.

Remeasurements of the net defined benefit liability or asset are recognized immediately in *Other comprehensive income* and they are not reclassified to profit or loss in a subsequent period. Remeasurements of the net defined benefit liability or asset comprise:

- Actuarial gains and losses arising from experience adjustments, changes in financial assumptions and changes in demographic assumptions;
- The return on plan assets, except amounts included in interest income; and
- Any change in the effect of the asset ceiling, except amounts included in net interest on the net defined benefit liability or asset.

## L) FOREIGN CURRENCY TRANSLATION

For the purpose of the consolidated financial statements, the profit or loss and financial position of each group entity are expressed in Canadian dollars, which is the functional and presentation currency of the Corporation.

### Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency of the Corporation's entities at the exchange rate in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation are recognized as financial expense in profit or loss, except for those arising on the translation of financial instruments designated as a hedge of a net investment in foreign operations, and financial instruments designated as hedging instruments in a cash flow hedge, which are recognized in other comprehensive income until the hedged items are settled or recognized in profit or loss.

### Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustment arising on acquisition, are translated into Canadian dollars using exchange rates prevailing at the end of the reporting period.

Revenue and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly or significant transactions occurred during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising from the translation process of net investments in foreign operations are recognized as foreign currency translation adjustments in other comprehensive income and accumulated in equity.

The Corporation designated a portion of its US dollar denominated debt as a hedging item in a net investment hedge in its U.S. subsidiary. The Corporation applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Corporation's functional currency. Foreign currency differences arising on the translation of long-term debt designated as hedges of a net investment in foreign operations are recognized in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation balance. The Corporation has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the hedging instruments is identical to the hedged item risks. The hedge ineffectiveness will arise when the amount of the net investments in the foreign subsidiary becomes lower than the amount of the related hedging instruments. To the extent that the hedge is ineffective, such differences are recognized in profit or loss. When the hedged portion of a net investment is disposed of, the relevant amount in the cumulative amount of foreign currency translation adjustments is transferred to profit or loss as part of the profit or loss on disposal.

## M) FINANCIAL INSTRUMENTS

### Classification and measurement

All financial instruments, including derivatives, are included in the consolidated statement of financial position initially at fair value when the Corporation becomes a party to the contractual obligations of the instrument.

Subsequent to initial recognition, the classification of non-derivative financial instruments, based on their method of measurement, is as follows:

- Cash and cash equivalents, restricted cash and trade and other receivables are classified and measured at amortized cost using the effective interest method, less any impairment loss;
- Transaction costs that are directly attributable to the acquisition or related to the issuance of financial assets or liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as required, upon initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss; and
- Bank indebtedness, trade and other payables and long-term debt, excluding lease liabilities, are classified and measured at amortized cost using the effective interest method. Directly attributable transaction costs are added to the initial fair value of financial instruments except for those incurred with respect to the revolving facilities which are recorded as other assets and amortized over the term of the related financing on a straight-line basis.

Financial assets are derecognized only when the Corporation no longer holds the contractual rights to the cash flows of the asset or when the Corporation transfers substantially all the risks and rewards of ownership of the financial asset to another entity. Financial liabilities are derecognized only when the Corporation's obligations are discharged, cancelled or expired.

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

### Derivative financial instruments, including hedge accounting

The Corporation uses interest rate swaps as derivative financial instruments to manage interest rate risk related to its floating rate long-term debt. The Corporation also uses equity swap agreements, which are not designated as hedging relationships, in order to manage cash flow exposures related to settling DSUs. The Corporation does not hold or use any derivative financial instruments for speculative trading purposes. Derivative financial instruments are recognized initially at fair value and related transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are accounted for as described below, except for equity swap instruments whereby the changes are recorded in operating expenses. Net receipts or payments arising from derivative financial instruments are recognized as financial expense.

The Corporation has elected to apply the hedge accounting requirements of IAS 39, *Financial instruments: recognition and measurement*. On initial designation of the hedge, the Corporation formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedging transaction, together with the methods that will be used to assess the effectiveness of the hedging relationship and measure the ineffectiveness. There is an economic relationship between the hedged items and the hedging instruments as the terms of the interest rate hedges match the terms of the respective variable rate loans (i.e., notional amount, maturity, payment and reset dates). The Corporation has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk of the hedging instruments is identical to the hedged item risks. The Corporation makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the cash flows of the respective hedged items during the period for which the hedge is designated and whether the actual results of each hedging relationship are within a range of 80-125 percent. For a cash flow hedge of a forecasted transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss. The main source of ineffectiveness in the hedge relationships relates to the effect of the counterparties and the Corporation's own credit risk on the fair value of the interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates.

### Cash flow hedge accounting

When a derivative financial instrument is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative financial instrument is recognized in accumulated other comprehensive income and presented in the cash flow hedge reserve in equity. The amount recognized in accumulated other comprehensive income is removed and included in profit or loss in the same period as the hedged item affects profit or loss and in the same line item as the hedged item. Any ineffective portion of changes in the fair value of the derivative financial instrument is recognized immediately in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires, is sold, terminated, exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognized in accumulated other comprehensive income and presented in cash flow hedge reserve in equity, remains there until the forecasted hedged item affects profit or loss. If the forecasted hedged item is no longer expected to occur, then the balance in accumulated other comprehensive income is recognized immediately in profit or loss. In other cases, the amount recognized in accumulated other comprehensive income is transferred to profit or loss in the same period in which the hedged item affects profit or loss.

## Embedded derivatives

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, if a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and if the combined instrument is not measured at fair value through profit or loss.

## Impairment of financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Trade and other receivables ("receivables") are assessed at each reporting date to determine whether there is objective evidence that they are impaired. Objective evidence that receivables are impaired can include default or delinquency by a debtor or indications that a debtor will enter into bankruptcy. The Corporation considers evidence of impairment for receivables at both the specific asset level and on an aggregate basis. All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are assessed for impairment on an aggregate basis by grouping together receivables with similar risk characteristics.

An impairment loss, with respect to receivables assessed on an aggregate basis, is measured based on the lifetime expected credit loss model which is an estimate of all possible default events over the expected life of the financial instrument. An impairment loss is recognized in profit or loss and reflected in an allowance account presented in reduction of receivables.

## N) GOVERNMENT ASSISTANCE

Government assistance is recognized when there is reasonable assurance that it will be received and the Corporation will comply with all of the conditions associated with the assistance. Government grants related to an expense are recognized as a reduction of related expense for which the grant is intended to compensate. Government grants related to an asset are recognized as a deduction of the cost of the related asset.

## O) CASH AND CASH EQUIVALENTS, AND RESTRICTED CASH

Cash and cash equivalents, if any, include cash and highly liquid investments that have an original maturity of three months or less. It consists solely of cash in banks as at August 31, 2021 and 2020.

Restricted cash consists of government subsidies received in advance (see Note 12).

## P) EARNINGS PER SHARE

The Corporation presents basic and diluted earnings per share data for its multiple and subordinate voting shares. Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the Corporation by the weighted average number of multiple and subordinate voting shares outstanding during the period, adjusted for subordinate voting shares held in trust under the ISU and PSU Plans. Diluted earnings per share is determined by further adjusting the weighted average number of multiple and subordinate voting shares outstanding for the effects of all potential dilutive subordinate voting shares, which comprise stock options, ISUs and PSUs granted to executive officers and designated employees.

## Q) SEGMENT REPORTING

An operating segment is a component of the Corporation that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Corporation's other components. All segments' operating results are reviewed regularly by the Corporation's chief operating decision maker ("CODM") to decide about resources to be allocated to the operating segment and to assess its performance, and for which discrete financial information is available. Segment operating results that are directly reported to the CODM include items directly attributable to an operating segment as well as those that can be allocated on a reasonable basis.

## R) ACCOUNTING JUDGMENTS AND USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, revenue and expenses.

Significant areas requiring the use of management's judgments and estimates relate to the following items:

- **Business combinations**

Fair value of assets acquired and liabilities assumed in a business combination is estimated based on information available at the date of acquisition and involves considerable judgment in determining the fair values assigned to the identifiable assets acquired and liabilities assumed on acquisition. Among other things, the determination of these fair values involves the use of discounted cash flow analyses, estimated future margins and estimated future customer counts (see Note 6);

- **Revenue from contracts with customers**

The identification of performance obligations within a contract and the timing of satisfaction of those performance obligations, as well as determining the costs that are incremental to obtaining and fulfilling a contract, require judgment. Determining the transaction price for a contract requires estimating the revenue expected for delivering the performance obligations within the contract. Additionally, an estimate might be necessary when determining the stand-alone selling price of performance obligations and the allocation of the transaction price between performance obligations;

- **Provisions**

Management's judgment is used to determine the timing, likelihood and the amount of expected cash outflows as well as the discount rate (see Note 16);

- **Contingencies**

Contingencies such as lawsuits, taxes, impact of regulatory decisions, and commitments under contractual and other commercial obligations are estimated based on applying significant judgement in determining if a loss is probable and in determining the estimated outflow of economic resources. Such contingencies are estimated based on the information available to the Corporation;

- **Measurement of non-financial assets**

The measurement of non-financial assets requires the use of management judgment to identify the existence of impairment indicators and the determination of CGUs. Furthermore, when determining the recoverable amount of a CGU or an asset, the Corporation uses significant estimates such as the estimation of future cash flows and discount rates applicable. Any significant modification of market conditions could translate into an inability to recover the carrying amounts of non-financial assets (see Note 15); and

- **Deferred taxes**

Deferred tax assets and liabilities require estimates about the nature and timing of future permanent and temporary differences, the expected timing of reversals of those temporary differences and the future tax rates that will apply to those differences (see Note 10).

Such judgments and estimates are based on the facts and information available to the management of the Corporation. Changes in facts and circumstances may require the revision of previous estimates, and actual results could differ from these estimates.

### 3. ACCOUNTING POLICY DEVELOPMENTS

#### A) INITIAL APPLICATION OF STANDARDS, INTERPRETATIONS AND AMENDMENTS TO STANDARDS AND INTERPRETATIONS

##### Definition of a Business - Amendments to IFRS 3

In October 2018, the IASB amended IFRS 3, *Business Combinations*, to clarify the definition of a business, with the objective of assisting entities in determining whether a transaction should be accounted for as a business combination or as an asset acquisition. Effective September 1, 2020, the Corporation adopted these amendments, which had no impact on the consolidated financial statements. The effects, if any, of these amendments, will be dependent on the facts and circumstances of any future acquisitions and they may affect whether those future acquisitions are accounted for as business combinations or as asset acquisitions, along with the allocation of the purchase price between the net identifiable assets acquired and goodwill.

## B) FUTURE CHANGES TO STANDARDS, INTERPRETATIONS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS

New standards, interpretations, amendments to standards and interpretations were issued by the IASB or the IFRS Interpretations Committee, but have not yet been applied in preparing these consolidated financial statements. The following issued amendments to standards and interpretations may have an impact on future consolidated financial statements of the Corporation:

<b>Demand Deposits with Restrictions on Use (IAS 7 Statement of Cash Flows)</b>	In September 2021, the IFRS Interpretations Committee issued tentative agenda decision <i>Demand Deposits with Restrictions on Use (IAS 7 Statement of Cash Flows)</i> , following the receipt of a request to clarify whether an entity should include a demand deposit as a component of cash and cash equivalents in its statements of cash flows and financial position when the demand deposit is subject to contractual restrictions on use agreed with a third party. The Corporation will monitor the development of this tentative agenda decision and will assess the impact on its consolidated financial statements, particularly in regards to the presentation of the funds received from the provincial and federal governments to be used to fund certain high-speed Internet network expansion projects (refer to Note 12), which are currently presented as <i>Restricted cash</i> , once the agenda decision will be finalized.
<b>Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12</b>	In May 2021, the IASB amended IAS 12, <i>Income Taxes</i> , to clarify how companies should account for deferred tax on certain transactions that on initial recognition give rise to equal taxable and deductible temporary differences. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with early application permitted. The Corporation intends to apply these amendments in its consolidated financial statements for the annual reporting periods beginning on September 1, 2021. The Corporation does not expect any impact on its consolidated financial statements upon application of these amendments.
<b>Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)</b>	In March 2021, the IFRS Interpretations Committee finalized agenda decision <i>Configuration or Customisation Costs in a Cloud Computing Arrangement (IAS 38 Intangible Assets)</i> , which clarified how to recognize certain configuration or customisation costs related to cloud computing arrangement. The Corporation is currently assessing the impact on its consolidated financial statements, but it does not expect the related impact to be material. The Corporation expects to implement related changes, if any, arising from this agenda decision within the next quarters.
<b>Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2</b>	In February 2021, the IASB amended IAS 1, <i>Presentation of Financial Statements</i> , to require entities to disclose their material accounting policy information rather than their significant accounting policies. Further amendments to IAS 1 are made to explain how an entity can identify a material accounting policy. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its accounting policies disclosure.
<b>Interest Rate Benchmark Reform (Phase 2) - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16</b>	In August 2020, the IASB issued <i>Interest Rate Benchmark Reform - Phase 2</i> , which amends IFRS 9, <i>Financial Instruments</i> , IAS 39, <i>Financial Instruments: Recognition and Measurement</i> , IFRS 7, <i>Financial Instruments: Disclosures</i> , IFRS 4, <i>Insurance Contracts</i> , and IFRS 16, <i>Leases</i> . The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest rate benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendments are effective for annual periods beginning on or after January 1, 2021, with earlier application permitted. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements and will continue to monitor the reform and its related implications.
<b>Classification of Liabilities as Current or Non-current - Amendments to IAS 1</b>	In January 2020, the IASB amended IAS 1 to clarify the criterion for classifying a liability as non-current relating to the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted. The Corporation is currently assessing the impact of these amendments, if any, on its consolidated financial statements. In June 2021, the IASB tentatively decided to propose several amendments to the clarifications made in January 2020 and to defer the effective date to January 1, 2024.

## 4. REVENUE

	Canadian broadband services		American broadband services		Consolidated	
Years ended August 31,	2021	2020	2021	2020	2021	2020
(In thousands of Canadian dollars)	\$	\$	\$	\$	\$	\$
Residential <sup>(1)</sup>	1,244,099	1,153,403	963,180	938,872	2,207,279	2,092,275
Commercial	147,169	133,164	134,208	132,360	281,377	265,524
Other	1,829	1,205	19,968	25,279	21,797	26,484
	1,393,097	1,287,772	1,117,356	1,096,511	2,510,453	2,384,283

(1) Includes revenue from Internet, video and telephony residential customers, bulk residential customers and Internet resellers customers.

## 5. OPERATING SEGMENTS

The Corporation's segment profit (loss) is reported in two operating segments: Canadian broadband services and American broadband services. The reporting structure reflects how the Corporation manages its business activities to make decisions about resources to be allocated to the segments and to assess their performance.

The Canadian and American broadband services segments provide a wide range of Internet, video and telephony services primarily to residential customers, as well as business services across their coverage areas. The Canadian broadband services activities are carried out by Cogeco Connexion in the provinces of Québec and Ontario and the American broadband services activities are carried out by Atlantic Broadband in 12 states: Connecticut, Delaware, Florida, Maine, Maryland, New Hampshire, New York, Ohio, Pennsylvania, South Carolina, Virginia and West Virginia.

The Corporation and its chief operating decision maker assess the performance of each operating segment based on its segment profit (loss), which is equal to *Revenue* less *Operating expenses*. Transactions between operating segments are measured at the amounts agreed to between the parties.

	Canadian broadband services	American broadband services	Corporate and eliminations	Consolidated
Year ended August 31, 2021				
(In thousands of Canadian dollars)	\$	\$	\$	\$
<b>Revenue</b>	1,393,097	1,117,356	—	2,510,453
Operating expenses	642,568	605,856	32,908	1,281,332
Management fees – Cogeco Inc.	—	—	23,465	23,465
<b>Segment profit (loss)</b>	750,529	511,500	(56,373)	1,205,656
Integration, restructuring and acquisition costs <sup>(1)</sup>				8,744
Depreciation and amortization				510,376
Financial expense				124,163
<b>Profit before income taxes</b>				562,373
Income taxes				130,726
<b>Profit for the year</b>				431,647
Acquisition of property, plant and equipment	256,636	271,474	5,076	533,186

(1) Comprised primarily of costs incurred in connection with the acquisition and integration of DERYtelecom, which was completed on December 14, 2020, as well as due diligence costs and legal fees related to the acquisition of the Ohio broadband systems, which was completed on September 1, 2021 (see Note 26).

Year ended August 31, 2020	Canadian broadband services	American broadband services	Corporate and eliminations	Consolidated
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
<b>Revenue</b>	1,287,772	1,096,511	—	2,384,283
Operating expenses	587,752	600,425	23,245	1,211,422
Management fees – Cogeco Inc.	—	—	24,132	24,132
<b>Segment profit (loss)</b>	700,020	496,086	(47,377)	1,148,729
Integration, restructuring and acquisition costs <sup>(1)</sup>				9,486
Depreciation and amortization				499,238
Financial expense				131,093
<b>Profit before income taxes</b>				508,912
Income taxes				112,321
<b>Profit for the year</b>				396,591
Acquisition of property, plant and equipment	248,582	231,422	3,986	483,990

(1) Comprised primarily of costs associated with organizational changes initiated across the Corporation resulting in cost optimization, as well as costs related to the acquisition and integration of Thames Valley Communications and iTéract.

The following tables set out certain segmented and geographic market information at August 31, 2021 and 2020:

### Segmented information

	At August 31, 2021			
	Canadian broadband services	American broadband services	Corporate and eliminations	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Spectrum licences deposits	59,018	—	—	59,018
Property, plant and equipment	1,347,304	996,127	14,414	2,357,845
Intangible assets	1,036,850	1,703,061	—	2,739,911
Goodwill	148,649	1,327,501	—	1,476,150

	At August 31, 2020			
	Canadian broadband services	American broadband services	Corporate and eliminations	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Property, plant and equipment	1,142,894	939,760	6,276	2,088,930
Intangible assets	1,004,408	1,795,993	—	2,800,401
Goodwill	8,807	1,372,217	—	1,381,024

### Geographic market information

	At August 31, 2021		
	Canada	United States	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$
Spectrum licences deposits	59,018	—	59,018
Property, plant and equipment	1,361,718	996,127	2,357,845
Intangible assets	1,036,850	1,703,061	2,739,911
Goodwill	148,649	1,327,501	1,476,150

	At August 31, 2020		
	Canada	United States	Total
(In thousands of Canadian dollars)	\$	\$	\$
Property, plant and equipment	1,149,170	939,760	2,088,930
Intangible assets	1,004,408	1,795,993	2,800,401
Goodwill	8,807	1,372,217	1,381,024

## 6. BUSINESS COMBINATIONS

### BUSINESS COMBINATION IN FISCAL 2021

#### Acquisition of DERYtelecom

On December 14, 2020, the Corporation's subsidiary, Cogeco Connexion, completed the acquisition of DERYtelecom, the third largest cable operator in the province of Québec, for a purchase price of \$403 million, subject to customary post-closing adjustments. The transaction was executed essentially through an asset purchase. This acquisition enables Cogeco Connexion to expand its activities in more than 200 municipalities in Québec and adds approximately 100,000 customers to its customer base. The purchase price was financed through a combination of cash on hand and borrowings under Cogeco Communications' Term Revolving Facility.

The Corporation is currently assessing the fair value of the assets acquired and the liabilities assumed at the date of acquisition, for which the valuation process of certain assets remains to be finalized. The preliminary allocation of the purchase price was based on the estimated fair value of the assets acquired and the liabilities assumed at the date of acquisition, which could be subject to some adjustments until the fair value assessment is finalized. The items that are mainly subject to change are *Property, plant and equipment*, *Intangible assets* and *Goodwill*. The Corporation will finalize the purchase price allocation during the first quarter of fiscal 2022. Final adjustment to the purchase price allocation could also impact depreciation, amortization and income taxes expenses recognized since the initial accounting of the DERYtelecom business acquisition.

The preliminary allocation of the purchase price based on the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition is as follows:

	At August 31, 2021	At May 31, 2021
	Preliminary	Preliminary, as previously presented
(In thousands of Canadian dollars)	\$	\$
<b>Purchase price</b>		
Consideration paid at closing	403,000	403,000
Working capital adjustments	(7,710)	(8,500)
	395,290	394,500
<b>Net assets acquired</b>		
Cash and cash equivalents acquired	204	204
Current assets	6,694	6,549
Property, plant and equipment	235,001	235,001
Intangible assets	41,350	41,350
Goodwill	139,842	138,320
Current liabilities	(27,801)	(26,924)
	395,290	394,500

The amount of goodwill, which is expected to be mostly deductible for tax purposes, is mainly attributable to the expected growth in both residential and business services and the expertise of the workforce. As the transaction was executed essentially through an asset purchase, the goodwill is also attributable to the realization of expected tax benefits.

In connection with this acquisition, the Corporation incurred acquisition-related costs of \$4.4 million, recognized within *Integration, restructuring and acquisition costs* in the Corporation's consolidated statement of profit and loss.

During the year ended August 31, 2021, the Corporation recognized \$79.9 million of revenue related to the operations generated by the acquisition of DERYtelecom. The results of operations of DERYtelecom are reported in the Canadian broadband services operating segment.

Had the business combination been effective at September 1, 2020, the consolidated revenue of the Corporation would have been \$2.541 billion for the year ended August 31, 2021. Management considers the "pro forma" supplemental information to represent an approximate measure of the performance of the combined group and to provide a reference point for comparison in future periods. The "pro forma" supplemental information is based on estimates and assumptions that management believes to be reasonable.

## BUSINESS COMBINATIONS IN FISCAL 2020

### Acquisition of Thames Valley Communications

On March 10, 2020, the Corporation's subsidiary, Atlantic Broadband, completed the acquisition of Thames Valley Communications, a broadband services company operating in Southeastern Connecticut, for a consideration of \$67 million (US\$50 million), net of cash and cash equivalents acquired.

### Acquisition of iTéract

On May 1, 2020, the Corporation's subsidiary, Cogeco Connexion, completed the acquisition of iTéract Inc., a telecommunications service provider operating in Southern Québec using a combination of fixed-wireless and fibre-to-the-home technologies, and owner of 15 spectrum licences, for \$16 million.

These acquisitions were accounted for using the purchase method and were subject to post-closing adjustments. The final allocation of the purchase price of these acquisitions is as follows:

	At August 31, 2020		
	Thames Valley Communications	iTéract	TOTAL
	Final	Final	Final
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$
<b>Purchase price</b>			
Consideration paid at closing	70,982	14,399	85,381
Balance due on a business combination	—	1,600	1,600
Working capital adjustments	—	(198)	(198)
	70,982	15,801	86,783
<b>Net assets acquired</b>			
Cash and cash equivalents acquired	3,631	43	3,674
Current assets	1,500	27	1,527
Property, plant and equipment	18,435	3,023	21,458
Intangible assets	31,003	12,449	43,452
Goodwill	30,744	4,145	34,889
Current liabilities	(2,706)	(256)	(2,962)
Deferred tax liabilities	(11,625)	(3,630)	(15,255)
	70,982	15,801	86,783

The goodwill recorded on these acquisitions is mainly attributable to the expected growth in both residential and business services, and to the expertise of the workforce, and is not deductible for tax purposes. Goodwill arising from the acquisition of Thames Valley Communications was allocated to the American broadband services segment, while goodwill arising from the acquisition of iTéract was allocated to the Canadian broadband services operating segment.

## 7. OPERATING EXPENSES

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Salaries, employee benefits and outsourced services	398,977	374,411
Service delivery costs <sup>(1)</sup>	684,717	660,257
Customer related costs <sup>(2)</sup>	84,271	84,798
Other external purchases <sup>(3)</sup>	113,367	91,956
	<b>1,281,332</b>	<b>1,211,422</b>

- (1) Include content and programming costs, payments to other carriers, franchise fees and network costs.
- (2) Include advertising and marketing expenses, selling costs, billing expenses, bad debts and collection expenses.
- (3) Include office building expenses, professional service fees, Canadian Radio-television and Telecommunications Commission ("CRTC") fees, losses and gains on disposals and write-offs of property, plant and equipment and other administrative expenses.

## 8. DEPRECIATION AND AMORTIZATION

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Depreciation of property, plant and equipment <sup>(1)</sup>	466,639	440,221
Amortization of intangible assets	43,737	59,017
	<b>510,376</b>	<b>499,238</b>

- (1) Includes depreciation of right-of-use assets amounting to \$5.8 million for fiscal 2021 (\$6.7 million in 2020).

## 9. FINANCIAL EXPENSE

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Interest on long-term debt, excluding interest on lease liabilities	126,058	156,911
Interest on lease liabilities	1,310	1,520
Gain on debt modification <sup>(1)</sup>	—	(22,898)
Net foreign exchange (gain) loss	(957)	198
Amortization of deferred transaction costs	762	1,106
Capitalized borrowing costs	(163)	(584)
Other	(2,847)	(5,160)
	<b>124,163</b>	<b>131,093</b>

- (1) On February 3, 2020, the Senior Secured Term Loan B Facility was amended and the most significant change consisted in the reduction of the interest rate by 0.25%. As a result, the Corporation recognized a gain on debt modification of \$22.9 million.

## 10. INCOME TAXES

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Current	65,070	57,632
Deferred	65,656	54,689
	130,726	112,321

The following table provides the reconciliation between income taxes expense at the Canadian statutory federal and provincial income tax rates and the consolidated income taxes expense:

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Profit before income taxes	562,373	508,912
Combined Canadian income tax rate	26.5 %	26.5 %
Income taxes at combined Canadian income tax rate	149,029	134,862
Difference in operations' statutory income tax rates	1,870	2,167
Impact on income taxes arising from non-deductible expenses and non-taxable profit	(679)	(443)
Tax impacts related to foreign operations	(18,576)	(24,135)
Other	(918)	(130)
Income taxes at effective income tax rate	130,726	112,321
Effective income tax rate	23.2 %	22.1 %

The following table shows deferred income taxes resulting from temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for tax purposes, as well as tax losses carryforwards:

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Property, plant and equipment	(287,440)	(257,272)
Intangible assets and goodwill	(562,164)	(548,666)
Contract liabilities and other liabilities	11,088	13,607
Non-capital losses and other tax credits carryforwards, net of unrecognized benefits related to tax losses	148,364	153,000
Other	21,995	35,409
Net deferred tax liabilities	(668,157)	(603,922)
Consolidated financial statements presentation:		
Deferred tax assets	5,121	6,674
Deferred tax liabilities	(673,278)	(610,596)
Net deferred tax liabilities	(668,157)	(603,922)

The movements in deferred tax asset and liability balances during fiscal 2021 and 2020 were as follows:

	Balance beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Foreign currency translation adjustments	Balance end of the year
<b>Year ended August 31, 2021</b>					
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$
Property, plant and equipment	(257,272)	(35,832)	—	5,664	(287,440)
Intangible assets and goodwill	(548,666)	(23,244)	—	9,746	(562,164)
Contract liabilities and other liabilities	13,607	(2,466)	—	(53)	11,088
Non-capital losses and other tax credits carryforwards, net of unrecognized benefits related to tax losses	153,000	265	—	(4,901)	148,364
Other	35,409	(4,379)	(8,689)	(346)	21,995
	(603,922)	(65,656)	(8,689)	10,110	(668,157)

	Balance beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	Acquisition through business combinations	Foreign currency translation adjustments	Balance end of the year
<b>Year ended August 31, 2020</b>						
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$	\$
Property, plant and equipment <sup>(1)</sup>	(205,251)	(52,426)	—	(3,574)	3,979	(257,272)
Intangible assets and goodwill	(514,233)	(29,134)	—	(11,681)	6,382	(548,666)
Contract liabilities and other liabilities	15,214	(1,574)	—	—	(33)	13,607
Non-capital losses and other tax credits carryforwards, net of unrecognized benefits related to tax losses	135,205	21,083	—	—	(3,288)	153,000
Other <sup>(1)</sup>	22,047	7,362	6,318	—	(318)	35,409
	(547,018)	(54,689)	6,318	(15,255)	6,722	(603,922)

(1) The net income tax effect of IFRS 16 adoption on *Property, plant and equipment* and *Other (lease liabilities)* was nil.

The Corporation also has taxable temporary differences associated with its investments in subsidiaries. No deferred tax has been recognized with respect to such temporary differences, as the Corporation is able to control the timing of their reversal and such reversal is not probable in the foreseeable future.

At August 31, 2021, the Corporation and its subsidiaries had accumulated federal income tax losses, the benefits of which have been recognized in these consolidated financial statements, unless indicated otherwise. The benefits represent the amount expected to be realized, based on management's assessment of the Corporation's projected future profitability, deferred tax liabilities reversal and available carryback and carryforward periods, among others.

These losses expire as follows:

	2026	2027	2028	Thereafter	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$
United States	42,339	69,627	37,659	481,049	630,674

The Corporation and its subsidiaries also had accumulated capital losses in Canada amounting to \$1,128 million which can be carried forward indefinitely and used against Canadian capital gains, and \$94 million of unrealized foreign exchange temporary differences, the benefits of which have not been recognized in these consolidated financial statements.

## 11. EARNINGS PER SHARE

The following table provides the components used in the calculation of basic and diluted earnings per share:

Years ended August 31,	2021	2020
(In thousands of Canadian dollars, except number of shares)	\$	\$
<b>Profit for the year attributable to owners of the Corporation</b>	<b>401,517</b>	375,174
<b>Weighted average number of multiple and subordinate voting shares outstanding</b>	<b>47,391,520</b>	48,496,273
Effect of dilutive stock options <sup>(1)</sup>	<b>239,137</b>	237,696
Effect of dilutive incentive share units	<b>71,696</b>	74,360
Effect of dilutive performance share units	<b>100,047</b>	112,776
<b>Weighted average number of diluted multiple and subordinate voting shares outstanding</b>	<b>47,802,400</b>	48,921,105

(1) For the year ended August 31, 2021, 181,575 stock options (199,125 in 2020) were excluded from the calculation of diluted earnings per share as the exercise price of the options was greater than the average share price of the subordinate voting shares.

## 12. RESTRICTED CASH AND GOVERNMENT SUBSIDIES RECEIVED IN ADVANCE

On March 22, 2021, Cogeco Communications announced that Cogeco Connexion will carry out 13 new high-speed Internet network expansion projects in several regions of Québec, with the financial support of provincial and federal governments. These digital infrastructure investment projects are scheduled to be completed by September 2022. On March 26, 2021, Cogeco Connexion received \$187.5 million of a total estimated amount of \$208 million expected to be received from the Québec and Canadian governments, to be used to fund these expansion projects. The remainder is expected to be received upon completion of the projects. The amount of subsidies may vary depending on actual construction costs.

The subsidies received in advance were classified as *Restricted cash* with a corresponding liability in *Government subsidies received in advance*, on the consolidated statement of financial position. At August 31, 2021, \$3.6 million of these subsidies were recognized as a reduction of the cost of *Property, plant and equipment*, based on the costs incurred in connection with these projects over the expected costs, and \$0.7 million as a reduction of *Operating expenses*.

## 13. OTHER ASSETS

At August 31,	2021	2020
(In thousands of Canadian dollars)	\$	\$
Spectrum licences deposits	<b>59,018</b>	—
Contract costs <sup>(1)</sup>	<b>44,199</b>	42,070
Transaction costs	<b>1,701</b>	2,512
Other	<b>527</b>	527
	<b>105,445</b>	45,109

(1) Include incremental costs of obtaining a contract and upfront fees paid to multiple-dwelling units.

### Spectrum licences deposits

Following the 3500 MHz band auction held by Innovation, Science and Economic Development ("ISED") Canada, which started on June 15, 2021 and ended on July 23, 2021, Cogeco Connexion secured 38 spectrum licences, for a total purchase price of \$295 million. In accordance with the terms and conditions of the spectrum auction, the Corporation's first deposit of \$59 million, representing 20% of the total purchase price, was paid to ISED Canada, on August 13, 2021. The final payment of \$236 million, expected to be made on October 4, 2021, has been postponed pending a decision by ISED regarding the establishment of rules to mitigate possible interference between the 3500 MHz band and frequency bands used by aviation radio altimeters at international airports. Final payment and issuance of the spectrum licences will be made after decision is taken on that matter by ISED. The deposit remitted as of August 31, 2021 has been presented in the consolidated statement of financial position as *Other assets*, as Cogeco Connexion did not have the right to commercially use the licences as of that date.

## Contract costs

The table below provides a reconciliation of the contract costs balance:

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Balance, beginning of the year	42,070	36,372
Additions	15,895	17,890
Amortization	(12,722)	(11,525)
Foreign currency translation adjustments	(1,044)	(667)
<b>Balance, end of the year</b>	<b>44,199</b>	<b>42,070</b>

## 14. PROPERTY, PLANT AND EQUIPMENT

At August 31,	2021	2020
(In thousands of Canadian dollars)	\$	\$
Owned assets	2,314,832	2,043,406
Right-of-use assets	43,013	45,524
	2,357,845	2,088,930

### A) OWNED ASSETS

During fiscal 2021 and 2020, owned assets variations were as follows:

Years ended August 31, 2021 and 2020 (In thousands of Canadian dollars)	Land, buildings and leasehold improvements \$	Networks and infrastructure \$	Customer premise equipment \$	Vehicles and equipment \$	Assets under construction \$	Total \$
<b>Cost</b>						
Balance at August 31, 2019	126,218	3,829,028	769,002	447,851	85,800	5,257,899
Reclassified to ROU assets upon adoption of IFRS 16	—	(9,576)	—	—	—	(9,576)
Acquisitions through business combinations	921	19,634	449	209	—	21,213
Additions <sup>(1)</sup>	3,817	142,277	113,776	16,969	205,860	482,699
Assets under construction put into service	4,543	153,232	2,200	37,262	(197,237)	—
Disposals and write-offs	(7,337)	(9,234)	(35,772)	(2,876)	—	(55,219)
Foreign currency translation adjustments	(495)	(28,903)	(5,794)	(2,395)	(501)	(38,088)
<b>Balance at August 31, 2020</b>	<b>127,667</b>	<b>4,096,458</b>	<b>843,861</b>	<b>497,020</b>	<b>93,922</b>	<b>5,658,928</b>
Acquisitions through business combinations	5,580	187,263	19,473	8,487	12,929	233,732
Additions <sup>(1)</sup>	204	21,322	140,992	3,166	364,905	530,589
Assets under construction put into service	9,467	296,826	408	38,457	(345,158)	—
Disposals and write-offs	(5,358)	(137,786)	(49,018)	(50,894)	(86)	(243,142)
Foreign currency translation adjustments	(992)	(45,115)	(9,195)	(3,697)	(651)	(59,650)
<b>Balance at August 31, 2021</b>	<b>136,568</b>	<b>4,418,968</b>	<b>946,521</b>	<b>492,539</b>	<b>125,861</b>	<b>6,120,457</b>
<b>Accumulated depreciation and impairment losses</b>						
Balance at August 31, 2019	59,474	2,336,150	558,595	296,070	—	3,250,289
Reclassified to ROU assets upon adoption of IFRS 16	—	(1,688)	—	—	—	(1,688)
Depreciation expense	6,699	287,767	88,535	50,514	—	433,515
Disposals and write-offs	(3,750)	(6,364)	(34,809)	(2,582)	—	(47,505)
Foreign currency translation adjustments	(313)	(15,044)	(2,650)	(1,082)	—	(19,089)
<b>Balance at August 31, 2020</b>	<b>62,110</b>	<b>2,600,821</b>	<b>609,671</b>	<b>342,920</b>	<b>—</b>	<b>3,615,522</b>
Depreciation expense	5,777	290,302	110,557	54,234	—	460,870
Disposals and write-offs	(5,174)	(137,497)	(47,263)	(50,565)	—	(240,499)
Foreign currency translation adjustments	(506)	(23,536)	(4,493)	(1,733)	—	(30,268)
<b>Balance at August 31, 2021</b>	<b>62,207</b>	<b>2,730,090</b>	<b>668,472</b>	<b>344,856</b>	<b>—</b>	<b>3,805,625</b>
<b>Carrying amounts</b>						
At August 31, 2020	65,557	1,495,637	234,190	154,100	93,922	2,043,406
<b>At August 31, 2021</b>	<b>74,361</b>	<b>1,688,878</b>	<b>278,049</b>	<b>147,683</b>	<b>125,861</b>	<b>2,314,832</b>

(1) In fiscal 2021, the Corporation received \$15.3 million of government assistance, which was accounted for as a deduction of the cost of property, plant and equipment (\$1.6 million in 2020), including the amount recognized in connection to the high-speed Internet network expansion projects (see Note 12).

## B) RIGHT-OF-USE ASSETS

During fiscal 2021 and 2020, right-of-use assets variations were as follows:

Years ended August 31, 2021 and 2020 (In thousands of Canadian dollars)	Land and buildings \$	Other <sup>(1)</sup> \$	Total \$
Balance at August 31, 2019	—	—	—
Reclassified upon adoption of IFRS 16	—	7,888	7,888
IFRS 16 transition	41,540	441	41,981
Acquisitions through business combinations	184	61	245
Additions <sup>(2)</sup>	1,879	1,305	3,184
Modifications, disposals and write-offs	(638)	—	(638)
Depreciation expense	(5,878)	(828)	(6,706)
Foreign currency translation adjustments	(224)	(206)	(430)
<b>Balance at August 31, 2020</b>	<b>36,863</b>	<b>8,661</b>	<b>45,524</b>
Acquisitions through business combinations	556	713	1,269
Additions <sup>(2)</sup>	888	2,826	3,714
Modifications, disposals and write-offs	(1,167)	57	(1,110)
Depreciation expense	(4,884)	(885)	(5,769)
Foreign currency translation adjustments	(383)	(232)	(615)
<b>Balance at August 31, 2021</b>	<b>31,873</b>	<b>11,140</b>	<b>43,013</b>

(1) Includes right-of-use assets pertaining to networks and infrastructure, and vehicles and equipment.

(2) Includes \$2.6 million of indefeasible rights of use paid in fiscal 2021 (\$1.3 million in 2020).

## 15. INTANGIBLE ASSETS AND GOODWILL

### A) INTANGIBLE ASSETS

During fiscal 2021 and 2020, intangible assets variations were as follows:

	Finite useful life		Indefinite useful life	Total
	Customer relationships	Spectrum licences	Cable distribution licences	
Years ended August 31, 2021 and 2020				
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
<b>Cost</b>				
Balance at August 31, 2019	433,216	32,306	2,613,321	3,078,843
Acquisitions through business combinations	9,112	10,000	24,340	43,452
Foreign currency translation adjustments	(8,392)	—	(32,324)	(40,716)
<b>Balance at August 31, 2020</b>	<b>433,936</b>	<b>42,306</b>	<b>2,605,337</b>	<b>3,081,579</b>
Acquisitions through business combinations	41,350	—	—	41,350
Fully amortized	(184,208)	—	—	(184,208)
Foreign currency translation adjustments	(13,846)	—	(53,388)	(67,234)
<b>Balance at August 31, 2021</b>	<b>277,232</b>	<b>42,306</b>	<b>2,551,949</b>	<b>2,871,487</b>
<b>Accumulated amortization and impairment losses</b>				
Balance at August 31, 2019	223,515	4,484	—	227,999
Amortization expense	55,096	3,921	—	59,017
Foreign currency translation adjustments	(5,838)	—	—	(5,838)
<b>Balance at August 31, 2020</b>	<b>272,773</b>	<b>8,405</b>	<b>—</b>	<b>281,178</b>
Amortization expense	39,150	4,587	—	43,737
Fully amortized	(184,208)	—	—	(184,208)
Foreign currency translation adjustments	(9,131)	—	—	(9,131)
<b>Balance at August 31, 2021</b>	<b>118,584</b>	<b>12,992</b>	<b>—</b>	<b>131,576</b>
<b>Carrying amounts</b>				
At August 31, 2020	161,163	33,901	2,605,337	2,800,401
<b>At August 31, 2021</b>	<b>158,648</b>	<b>29,314</b>	<b>2,551,949</b>	<b>2,739,911</b>

## B) GOODWILL

During fiscal 2021 and 2020, goodwill variations were as follows:

Years ended August 31, 2021 and 2020	
<i>(In thousands of Canadian dollars)</i>	
	\$
<b>Cost</b>	
Balance at August 31, 2019	1,373,439
Acquisitions through business combinations	34,889
Foreign currency translation adjustments	(27,304)
<b>Balance at August 31, 2020</b>	<b>1,381,024</b>
Acquisitions through business combinations	139,842
Foreign currency translation adjustments	(44,716)
<b>Balance at August 31, 2021</b>	<b>1,476,150</b>
<b>Accumulated impairment losses</b>	
<b>Balance at August 31, 2020 and August 31, 2021</b>	<b>—</b>
<b>Carrying amounts</b>	
At August 31, 2020	1,381,024
<b>At August 31, 2021</b>	<b>1,476,150</b>

## C) IMPAIRMENT TESTING OF GOODWILL AND INTANGIBLE ASSETS

The Corporation tests goodwill and intangible assets with indefinite useful lives for impairment annually, or more frequently when indicators of impairment are identified.

Goodwill is allocated to cash-generating units ("CGU") based on the level at which management monitors goodwill. The allocation is made to CGUs that are expected to benefit from the synergies of the business combination from which it arose.

Intangible assets with indefinite useful lives who do not generate independent cash inflows from those of other assets or group of assets, are allocated and tested for impairment as part of the CGU to which they belong.

For the purpose of impairment testing, goodwill and intangible assets with indefinite useful lives are allocated to each of the Corporation's CGUs as follows:

At August 31,	2021		2020	
Operating segments / CGUs	Goodwill	Cable distribution licences	Goodwill	Cable distribution licences
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
<b>Canadian broadband services</b>	<b>148,649</b>		8,807	
Ontario		857,696		857,696
Québec		109,304		109,304
<b>American broadband services</b>	<b>1,327,501</b>		1,372,217	
Southern Florida		235,938		243,885
South Carolina		39,113		40,430
Pennsylvania		483,484		499,770
Delaware/Maryland/Virginia		397,057		410,432
Eastern Connecticut		113,427		117,248
New Hampshire/Maine		315,930		326,572
<b>Total</b>	<b>1,476,150</b>	<b>2,551,949</b>	1,381,024	2,605,337

Goodwill and intangible assets with indefinite useful lives are considered impaired if the recoverable amount is less than the carrying amount. The recoverable amount of each CGU is calculated based on the higher of value in use and fair value less costs of disposal. The value in use is determined using cash flow projections derived from internal financial projections covering a period of five to eight years, depending on the CGU. A period of five to eight years is used, as the payback period of the Corporation's capital investments often exceeds five years. They reflect management's expectations of revenue growth, expenses and capital expenditures for each CGU based on past experience and expected growth for the CGU. Cash flows beyond that period are extrapolated using an estimated terminal growth rate determined with regard to projected growth rates for the specific markets in which the CGUs participate and are not considered to exceed the long-term average growth rates for those markets. Discount rates applied to the cash flow forecasts are derived from the Corporation's pre-tax weighted average cost of capital, adjusted for the different risk profiles of the individual CGUs.

At June 30, 2021 and 2020, the Corporation performed impairment tests for all its CGUs within the Canadian and American broadband services segments. The recoverable amount of each CGU was calculated based on the value in use and was determined to be higher than its carrying amount. The impairment test at June 30, 2021 of the Canadian broadband service segment was performed using the 2020 calculation of the recoverable amount, which represented the most recent detailed calculation made in a preceding year. No impairment loss has been recognized for the years ended August 31, 2021 and 2020.

The following represents the key assumptions that were used to determine the recoverable amounts in the most recent impairment tests performed for each of the Corporation's operating segments:

	2021		2020	
	Pre-tax discount rate	Terminal growth rate	Pre-tax discount rate	Terminal growth rate
Operating segments	%	%	%	%
Canadian broadband services	8.3	2.0	8.3	2.0
American broadband services	8.9 to 9.5	2.5 to 3.0	8.1 to 9.3	2.5 to 3.0

The following table presents, for each operating segment, the change in the pre-tax discount rate and in the terminal growth rate used in the tests performed, that would have been required in order for the recoverable amount to equal the carrying value of the CGU at the date of the most recent impairment tests:

	Increase in pre-tax discount rate	Decrease in terminal growth rate
Operating segments	%	%
Canadian broadband services	(1)	(1)
American broadband services	1.7 to 13.5	2.8 to 37.6

- (1) The recoverable amount of the Canadian broadband services CGUs exceeds the corresponding carrying value. No reasonable changes in the discount rate or in the terminal growth rate, used in the impairment test performed, would have caused the recoverable amount to equal the carrying value of the Canadian broadband services CGUs.

## 16. PROVISIONS

During fiscal 2021, provisions variations were as follows:

Year ended August 31, 2021	Withholding and stamp taxes <sup>(1)</sup>	Programming and content costs <sup>(2)</sup>	Other <sup>(3)</sup>	Total
(In thousands of Canadian dollars)	\$	\$	\$	\$
Balance, beginning of the year	7,427	14,029	12,408	33,864
Assumed through business combinations	—	1,657	—	1,657
Provisions made during the year	—	6,956	3,369	10,325
Provisions used during the year	—	(14,376)	(2,126)	(16,502)
Provisions reversed during the year	—	(446)	(10,553)	(10,999)
Foreign currency translation adjustments	(335)	(39)	(22)	(396)
<b>Balance, end of the year</b>	<b>7,092</b>	<b>7,781</b>	<b>3,076</b>	<b>17,949</b>

- (1) The provisions for withholding and stamp taxes relate to contingent liabilities for withholding and stamp taxes relating to fiscal years prior to the acquisition of a subsidiary by the Corporation.
- (2) The provisions for programming and content costs include provisions for retroactive rate increases as well as additional royalties or content costs as a result of periodical audits from service providers.
- (3) The other provisions include provisions for contractual obligations and other legal obligations.

## 17. CONTRACT LIABILITIES AND OTHER LIABILITIES

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Advance billings	43,634	38,629
Deferred customer connection fees	20,932	18,005
Customer deposits and prepayments	949	1,221
Contract liabilities	65,515	57,855
Other liabilities	263	272
	65,778	58,127
Current	57,231	47,162
Non-current	8,547	10,965

During fiscal 2021 and 2020, contract liabilities variations were as follows:

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Balance, beginning of the year	57,855	54,263
Revenue deferred in the previous period and recognized in the current period	(44,508)	(43,200)
Net additions arising from operations	46,737	46,815
Additions arising from business combinations	6,615	718
Foreign currency translation adjustments	(1,184)	(741)
<b>Balance, end of the year</b>	<b>65,515</b>	<b>57,855</b>

## 18. LONG-TERM DEBT

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Notes, debentures and credit facilities	3,234,816	3,072,511
Lease liabilities	37,400	41,235
Balance due on business combinations	—	2,856
	3,272,216	3,116,602
Less current portion	225,344	29,569
	3,046,872	3,087,033

### A) NOTES, DEBENTURES AND CREDIT FACILITIES

At August 31,	Maturity	Interest rate	2021	2020
<i>(In thousands of Canadian dollars, except percentages)</i>		%	\$	\$
<b>Corporation</b>				
Term Revolving Facility <sup>a)</sup>				
Revolving loan	January 2025	1.62 <sup>(1)</sup>	52,972	—
Revolving loan - US\$160 million	January 2025	1.28 <sup>(1) (2)</sup>	201,872	—
Senior Secured Notes <sup>b)</sup>				
Series A - US\$25 million	September 2024	4.14	31,491	32,538
Series B - US\$150 million	September 2026	4.29	188,823	195,123
Senior Secured Notes - US\$215 million <sup>b)</sup>	June 2025	4.30	270,686	279,687
Senior Secured Debentures Series 3 <sup>b)</sup>	February 2022	4.93	199,895	199,671
Senior Secured Debentures Series 4 <sup>b)</sup>	May 2023	4.18	299,371	299,027
<b>Subsidiaries</b>				
First Lien Credit Facilities <sup>c)</sup>				
Senior Secured Term Loan B Facility - US\$1,609.8 million (US\$1,626.8 million at August 31, 2020)	January 2025	2.08 <sup>(1) (3) (4)</sup>	1,989,706	2,066,465
Senior Secured Revolving Facility	July 2024	—	—	—
			3,234,816	3,072,511
Less current portion			221,344	22,171
			3,013,472	3,050,340

(1) Interest rate on debt includes applicable credit spread.

(2) An amount of US\$160 million drawn under the Corporation's Term Revolving Facility was hedged until September 20, 2021, using a cross-currency swap agreement which sets the amount redeemable at maturity at \$201.7 million and the effective interest rate on the Canadian dollar equivalent at 1.43%.

(3) As of August 31, 2021, a U.S. subsidiary of the Corporation entered into interest rate swap agreements to fix the interest rate on a notional amount of US\$770 million of its LIBOR based loans. These agreements have the effect of converting the floating US LIBOR base rate into fixed rates ranging from 2.017% to 2.262%, plus an applicable credit spread, for maturities between January 31, 2023 and November 30, 2024, under the Senior Secured Term Loan B Facility. Taking into account these agreements, the effective interest rate on the Senior Secured Term Loan B Facility is 3.06%.

(4) On February 3, 2020, a U.S. subsidiary of the Corporation amended its Senior Secured Term Loan B Facility, whereby the most significant change consisted in the reduction of the interest rate by 0.25%.

- a) The Corporation has a Term Revolving Facility of \$750 million with a syndicate of lenders. On December 6, 2019, the maturity was extended until January 24, 2025 and can be further extended annually. The amended and restated Term Revolving Facility is available in Canadian dollars, US dollars, Euros and British Pounds and interest rates are based on banker's acceptance, US dollar base rate loans, LIBOR loans in US dollars, Euros or British Pounds, plus the applicable credit spread. The Term Revolving Facility provides access to a swingline with a limit of \$30 million. The Term Revolving Facility can be repaid at any time without penalty and is indirectly secured by a first priority fixed and floating charge and a security interest on substantially all present and future real and personal property and undertaking of every nature and kind of the Corporation and its subsidiaries, except for the unrestricted subsidiaries, and provides for certain permitted encumbrances, including purchased money obligations, existing funded obligations and charges granted by any subsidiary prior to the date when it becomes a subsidiary, subject to a maximum amount. The provisions under this facility provide for restrictions on the operations and activities of the Corporation and its subsidiaries, except for the unrestricted subsidiaries. Generally, the most significant restrictions relate to total indebtedness, financial expense, permitted investments, distributions to shareholders including dividends on multiple and subordinate voting shares and share repurchases, as well as the incurrence and maintenance of certain financial ratios primarily linked to EBITDA adjusted for integration, restructuring and acquisition costs ("adjusted EBITDA").
- b) The interest on the Senior Secured Notes and Debentures is payable semi-annually. These notes and debentures are redeemable at any time at Cogeco Communications' option, in whole or in part, at 100% of the principal amount plus a make-whole premium. These notes and debentures are indirectly secured by a first priority fixed and floating charge and a security interest on substantially all present and future real and personal property and undertaking of every nature and kind of the Corporation and its subsidiaries except for the unrestricted subsidiaries. The provisions under these notes provide for restrictions on the operations and activities of the Corporation and its subsidiaries except for the unrestricted subsidiaries. Generally, the most significant restrictions relate to permitted indebtedness, dispositions and maintenance of certain financial ratios.
- c) On January 4, 2018, in connection with the financing of the MetroCast acquisition, a \$2.1 billion (US\$1.7 billion) Senior Secured Term Loan B maturing January 2025, and a \$188 million (US\$150 million) Senior Secured Revolving facility maturing January 2023 were entered into by two of Cogeco Communications' U.S. subsidiaries. On December 6, 2019, the maturity date of the US\$150 million Senior Secured Revolving Facility was extended by an additional 18 months until July 4, 2024.

The interest rate on these First Lien Credit Facilities is based on LIBOR plus an applicable credit spread. Commencing in August 2018, the Senior Secured Term Loan B is subject to a quarterly amortization of 0.25% until its maturity date. In addition to the quarterly amortization, the loan shall be prepaid according to a prepayment percentage of excess cash flows generated during the prior fiscal year as defined below, if applicable.

- (i) 50% if Atlantic Broadband's ratio of net senior secured indebtedness / adjusted EBITDA ("leverage ratio") is greater than or equal to 5.1;
- (ii) 25% if Atlantic Broadband's leverage ratio is greater than or equal to 4.6 but less than 5.1; and
- (iii) 0% if Atlantic Broadband's leverage ratio is less than 4.6.

Atlantic Broadband's leverage ratio was below 4.6 as of August 31, 2021, therefore no excess cash flows prepayments are applicable in fiscal 2022. The First Lien Credit Facilities are non-recourse to the Corporation and most of its Canadian subsidiaries, and are indirectly secured by a first priority fixed and floating charge on substantially all present and future real and personal property and undertaking of every nature and kind of Atlantic Broadband and its subsidiaries. The provisions under these facilities provide for restrictions on the operations and activities of Atlantic Broadband and its subsidiaries. Generally, the most significant restrictions relate to permitted indebtedness, investments, distributions and maintenance of certain financial ratios.

## B) LEASE LIABILITIES

In the normal course of operations, the Corporation enters into leases for buildings, land, network infrastructure and equipment. Lease contracts are typically individually negotiated for a wide range of fixed periods, but may also include renewal or termination options.

At August 31, 2021, the weighted average interest rate on lease liabilities was approximately 3.48% and the weighted average lease term was approximately 6.3 years (3.55% and 6.7 years, respectively, in 2020).

At August 31,	2021	2020
(In thousands of Canadian dollars)	\$	\$
Lease liabilities	37,400	41,235
Less current portion	4,000	4,542
	33,400	36,693

Total expenses of \$6.2 million have been recognized during fiscal 2021 relating primarily to variable lease payments not included in the measurement of lease liabilities (\$16.4 million in 2020).

## 19. SHARE CAPITAL

### A) AUTHORIZED

Unlimited number of:

*Class A Preference shares*, without voting rights, redeemable by the Corporation and retractable at the option of the holder at any time at a price of \$1 per share, carrying a cumulative preferential cash dividend at a rate of 11% of the redemption price per year.

*Class B Preference shares*, without voting rights, could be issued in series.

*Multiple voting shares*, 10 votes per share.

*Subordinate voting shares*, 1 vote per share.

### B) ISSUED AND PAID

At August 31,	2021	2020
<i>(In thousands of Canadian dollars, except number of shares)</i>	\$	\$
15,691,100 multiple voting shares	98,346	98,346
31,154,698 subordinate voting shares (32,231,433 at August 31, 2020)	875,436	902,896
	973,782	1,001,242
73,987 subordinate voting shares held in trust under the Incentive Share Unit Plan (76,957 at August 31, 2020)	(6,403)	(6,346)
103,587 subordinate voting shares held in trust under the Performance Share Unit Plan (115,222 at August 31, 2020)	(9,128)	(9,933)
	958,251	984,963

During fiscal 2021 and 2020, subordinate voting share transactions were as follows:

Years ended August 31,		2021		2020
	Number of shares	Amount	Number of shares	Amount
<i>(In thousands of Canadian dollars, except number of shares)</i>		\$		\$
Balance, beginning of the year	32,231,433	902,896	33,717,668	939,633
Shares issued for cash under the Stock Option Plan	57,365	3,702	105,765	6,670
Share-based payment previously recorded in share-based payment reserve for options exercised	—	665	—	1,129
Purchase and cancellation of subordinate voting shares <sup>(1)</sup>	(1,134,100)	(31,827)	(1,592,000)	(44,536)
<b>Balance, end of the year</b>	<b>31,154,698</b>	<b>875,436</b>	<b>32,231,433</b>	<b>902,896</b>

(1) During fiscal 2021, under its Normal Course Issuer Bid ("NCIB") program, the Corporation purchased and cancelled 1,134,100 (1,592,000 in 2020) subordinate voting shares with an average stated value of \$31.8 million (\$44.5 million in 2020), for consideration of \$131.5 million (\$165.5 million in 2020). The excess of the purchase price over the average stated value of the shares totalled \$99.6 million (\$121.0 million in 2020) and was charged to retained earnings.

#### NORMAL COURSE ISSUER BID

On April 30, 2021, the Corporation announced that the TSX accepted the renewal of its notice of intention for a NCIB, enabling it to acquire for cancellation up to 2,068,000 subordinate voting shares from May 4, 2021 to May 3, 2022, representing approximately 10% percent of the public float of the Corporation's issued and outstanding subordinate shares as of April 21, 2021. Under its previous NCIB that commenced on May 4, 2020 and ended on May 3, 2021, the Corporation could purchase for cancellation a maximum of 1,809,000 subordinate shares.

On September 2, 2020, Cogeco Communications ceased repurchasing shares under the NCIB as a result of an unsolicited proposal to acquire the Corporation. During the second quarter of fiscal 2021, Cogeco Communications resumed the repurchasing of shares.

The Corporation has also entered into an automatic share purchase plan (the "ASPP") with a designated broker to allow for the purchase of subordinate voting shares under the NCIB at times when the Corporation would ordinarily not be permitted to purchase shares due to regulatory restrictions or self-imposed blackout periods. Such purchases are executed by the broker on parameters established by the Corporation prior to the pre-established ASPP period.

During fiscal 2021 and 2020, the transactions pertaining to the subordinate voting shares held in trust under the Incentive Share Unit Plan were as follows:

Years ended August 31,	2021		2020	
	Number of shares	Amount	Number of shares	Amount
<i>(In thousands of Canadian dollars, except number of shares)</i>		\$		\$
Balance, beginning of the year	76,957	6,346	76,935	5,409
Subordinate voting shares acquired	24,255	2,311	21,290	2,437
Subordinate voting shares distributed to employees	(27,225)	(2,254)	(21,268)	(1,500)
<b>Balance, end of the year</b>	<b>73,987</b>	<b>6,403</b>	<b>76,957</b>	<b>6,346</b>

During fiscal 2021 and 2020, the transactions pertaining to the subordinate voting shares held in trust under the Performance Share Unit Plan were as follows:

Years ended August 31,	2021		2020	
	Number of shares	Amount	Number of shares	Amount
<i>(In thousands of Canadian dollars, except number of shares)</i>		\$		\$
Balance, beginning of the year	115,222	9,933	118,667	9,180
Subordinate voting shares acquired	22,337	2,128	28,005	3,206
Subordinate voting shares distributed to employees	(33,972)	(2,933)	(31,450)	(2,453)
<b>Balance, end of the year</b>	<b>103,587</b>	<b>9,128</b>	<b>115,222</b>	<b>9,933</b>

## C) DIVIDENDS

For the year ended August 31, 2021, quarterly eligible dividends of \$0.64 per share, for a total of \$2.56 per share or \$121.1 million, were paid to the holders of multiple and subordinate voting shares, compared to quarterly eligible dividends of \$0.58 per share, for a total of \$2.32 per share or \$112.3 million, for the year ended August 31, 2020.

Years ended August 31,	2021	2020
	\$	\$
<i>(In thousands of Canadian dollars)</i>		
Dividends on multiple voting shares	40,169	36,403
Dividends on subordinate voting shares	80,882	75,872
	<b>121,051</b>	<b>112,275</b>

At its November 11, 2021 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of \$0.705 per share for multiple and subordinate voting shares, payable on December 9, 2021 to shareholders of record on November 25, 2021.

## D) SHARE-BASED PAYMENT PLANS

The Corporation offers an Employee Stock Purchase Plan for the benefit of its employees and those of its subsidiaries and a Stock Option Plan to its executive officers and designated employees. No more than 10% of the outstanding subordinate voting shares are available for issuance under these plans. Furthermore, the Corporation offers an Incentive Share Unit Plan ("ISU Plan") and a Performance Share Unit Plan ("PSU Plan") for executive officers and designated employees, and a Deferred Share Unit Plan ("DSU Plan") for members of the Board of Directors ("Board").

### Stock purchase plan

The Corporation offers, for the benefit of its employees and those of its subsidiaries, an Employee Stock Purchase Plan, which is accessible to all employees up to a maximum of 7% of their base annual salary and the Corporation contributes 25% of the employee contributions. The subscriptions are made monthly and employee subordinate voting shares are purchased on the stock market.

### Stock option plan

A total of 3,432,500 subordinate voting shares are reserved for the purpose of the Stock Option Plan. The minimum exercise price at which options are granted is equal to the market value of such shares at the time the option is granted. Options vest equally over a period of five years beginning one year after the day such options are granted and are exercisable over ten years.

Changes in the outstanding number of stock options were as follows:

Years ended August 31,	2021		2020	
	Options	Weighted average exercise price	Options	Weighted average exercise price
<i>(In Canadian dollars, except number of options)</i>		\$		\$
Outstanding, beginning of the year	786,799	78.49	715,614	65.93
Granted	156,125	94.69	207,150	114.19
Exercised <sup>(1)</sup>	(57,365)	64.53	(105,765)	63.07
Cancelled	(50,485)	90.94	(30,200)	79.67
<b>Outstanding, end of the year</b>	<b>835,074</b>	<b>81.73</b>	<b>786,799</b>	<b>78.49</b>
<b>Exercisable, end of the year</b>	<b>377,679</b>	<b>68.24</b>	<b>291,294</b>	<b>59.99</b>

(1) The weighted average share price for options exercised during the year was \$113.65 (\$110.44 in 2020).

At August 31, 2021, the range of exercise prices, the weighted average exercise price and the weighted average remaining contractual life of options were as follows:

At August 31, 2021		Options outstanding		Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$		(years)	\$		\$
38.08 to 50.10	91,119	1.76	45.20	91,119	45.20
50.11 to 64.20	118,875	4.53	61.87	94,675	61.76
64.21 to 85.00	160,625	6.31	65.93	84,470	66.53
85.01 to 105.00	282,880	7.72	89.87	71,900	85.20
105.01 to 118.42	181,575	8.20	114.36	35,515	114.30
	<b>835,074</b>	<b>6.45</b>	<b>81.73</b>	<b>377,679</b>	<b>68.24</b>

The weighted average fair value of stock options granted for the year ended August 31, 2021 was \$14.86 (\$18.43 in 2020) per option. The weighted average fair value of each option granted was estimated at the grant date for purposes of determining share-based payment expense using the Black-Scholes option pricing model based on the following weighted-average assumptions:

Years ended August 31,	2021	2020
	%	%
Expected dividend yield	2.75	2.07
Expected volatility <sup>(1)</sup>	24.79	20.51
Risk-free interest rate	0.43	1.53
Expected life (in years)	5.9	5.9

(1) The expected volatility is based on the historical volatility of the Corporation's subordinate voting shares for a period equivalent to the expected life of the options.

## ISU plan

The Corporation offers to its executive officers and designated employees an Incentive Share Unit ("ISU") Plan. According to this plan, executive officers and designated employees periodically receive a given number of ISUs which entitle the participants to receive subordinate voting shares of the Corporation after three years less one day from the date of grant. The number of ISUs is based on the dollar value of the award and the average closing stock price of the Corporation for the previous twelve month period ending August 31. ISUs are redeemable in case of death, permanent disability, normal retirement or termination of employment not for cause. A trust was created for the purpose of purchasing these shares on the stock market in order to protect against stock price fluctuation and the Corporation instructed the trustee to purchase subordinate voting shares of the Corporation on the stock market. These shares are purchased and are held in trust for the participants until they are fully vested. The trust, considered as a special purpose entity, is consolidated in the Corporation's consolidated financial statements with the value of the acquired subordinate voting shares held in trust under the ISU Plan presented in reduction of share capital.

Changes in the outstanding number of ISUs were as follows:

Years ended August 31,	2021	2020
Outstanding, beginning of the year	76,141	71,825
Granted <sup>(1)</sup>	27,425	29,200
Distributed	(27,225)	(21,268)
Cancelled	(7,506)	(3,616)
<b>Outstanding, end of the year</b>	<b>68,835</b>	<b>76,141</b>

(1) The weighted average fair value of the ISUs granted was \$96.55 in 2021 (\$113.02 in 2020).

## PSU plan

The Corporation also offers a Performance Share Unit ("PSU") Plan for the benefit of its executive officers and designated employees. The objectives of the PSU Plan are to retain executive officers and designated employees, to align their interests with those of the shareholders and to sustain positive corporate performance, as measured by an economic value creation formula, a performance measure used by management. The number of PSUs is based on the dollar value of the award and the average closing stock price of the Corporation for the previous twelve month period ending August 31. The PSUs vest over a three-year less one day period, based on the level of increase in the economic value of the Corporation or the relevant subsidiary for the preceding three-year period ending August 31, meaning that no vesting will occur if there is no increase in the economic value. The participants are entitled to receive dividend equivalents in the form of additional PSUs but only with respect to PSUs expected to vest. PSUs are redeemable in case of death, permanent disability or termination of employment not for cause, in which cases, the holder of PSUs is entitled to payment of the PSUs in proportion to the time of employment from the date of the grant to the date of termination versus the three-year less one day vesting period. In case of retirement, the holders of PSUs are entitled to partial or full payment of their PSUs depending on a combination of age at the time of retirement and length of service with the Corporation. A trust was created for the purpose of purchasing these shares on the stock market in order to protect against stock price fluctuation and the Corporation instructed the trustee to purchase subordinate voting shares of the Corporation on the stock market. These shares are purchased and are held in trust for the participants until they are fully vested. The trust, considered as a special purpose entity, is consolidated in the Corporation's consolidated financial statements with the value of the acquired subordinate voting shares held in trust under the PSU Plan presented in reduction of share capital.

Changes in the outstanding number of PSUs were as follows:

Years ended August 31,	2021	2020
Outstanding, beginning of the year	112,886	107,551
Granted <sup>(1)</sup>	33,075	39,425
Distributed	(33,972)	(31,450)
Cancelled	(18,111)	(5,102)
Dividend equivalents	2,305	2,462
<b>Outstanding, end of the year</b>	<b>96,183</b>	<b>112,886</b>

(1) The weighted average fair value of the PSUs granted was \$94.81 in 2021 (\$114.15 in 2020).

## DSU plan

The Corporation also offers a Deferred Share Unit ("DSU") Plan for members of the Board to assist in the attraction and retention of qualified individuals to serve on the Board of the Corporation. Each existing or new member of the Board may elect to be paid a percentage of the annual retainer in the form of DSUs with the balance, if any, being paid in cash. The number of DSUs that a member is entitled to receive is based on the average closing price of the subordinate shares on the TSX for the twenty consecutive trading days immediately preceding by one day the date of issue. Dividend equivalents are awarded with respect to DSUs in a member's account on the same basis as if the member was a shareholder of record of subordinate shares on the relevant record date, and the dividend equivalents are credited to the individual's account as additional DSUs. DSUs are redeemable and payable in cash or in shares, upon an individual ceasing to be a member of the Board or in the event of the death of the member.

Changes in the outstanding number of DSUs were as follows:

Years ended August 31,	2021	2020
Outstanding, beginning of the year	50,958	42,679
Issued <sup>(1)</sup>	8,512	7,233
Redeemed	(1,513)	—
Dividend equivalents	1,323	1,046
<b>Outstanding, end of the year</b>	<b>59,280</b>	<b>50,958</b>

(1) The weighted average fair value of the DSUs issued was \$98.48 in 2021 (\$113.75 in 2020).

The following table shows the compensation expense recorded with regards to the Corporation's share-based payment plans:

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Stock options	844	806
ISUs	2,025	1,995
PSUs	1,492	1,733
DSUs	1,300	689
	5,661	5,223

## 20. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

During fiscal 2021 and 2020, accumulated other comprehensive (loss) income variations were as follows:

Years ended August 31, 2021 and 2020	Cash flow hedge reserve	Foreign currency translation	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$
Balance at August 31, 2019	(33,842)	64,870	31,028
Other comprehensive loss for the year	(18,342)	(19,803)	(38,145)
<b>Balance at August 31, 2020</b>	<b>(52,184)</b>	<b>45,067</b>	<b>(7,117)</b>
Other comprehensive income (loss) for the year	21,314	(32,191)	(10,877)
<b>Balance at August 31, 2021</b>	<b>(30,870)</b>	<b>12,876</b>	<b>(17,994)</b>

## 21. ADDITIONAL CASH FLOWS INFORMATION

### A) CHANGES IN OTHER NON-CASH OPERATING ACTIVITIES

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Trade and other receivables	12,480	(8,550)
Prepaid expenses and other	(2,524)	(6,337)
Other assets	(3,195)	(6,384)
Trade and other payables	42,396	(35,513)
Provisions	(9,928)	(4,460)
Contract liabilities and other liabilities	1,060	6,050
	40,289	(55,194)

## B) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Years ended August 31, 2021 and 2020 (In thousands of Canadian dollars)	Long-term debt				Total
	Bank indebtedness	Notes, debentures and credit facilities	Lease liabilities	Balance due on business combinations	
	\$	\$	\$	\$	\$
Balance at August 31, 2019	—	3,404,859	—	4,520	3,409,379
Increase in bank indebtedness	7,610	—	—	—	7,610
Repayment of notes, debentures and credit facilities	—	(269,169)	—	—	(269,169)
Repayment of lease liabilities	—	—	(4,905)	—	(4,905)
Increase in deferred transaction costs	—	(98)	—	—	(98)
Repayment of balance due on business combinations	—	—	—	(3,228)	(3,228)
Total cash flows from (used in) financing activities excluding equity	7,610	(269,267)	(4,905)	(3,228)	(269,790)
Interest paid on lease liabilities	—	—	(1,094)	—	(1,094)
Total cash flow changes	7,610	(269,267)	(5,999)	(3,228)	(270,884)
IFRS 16 transition	—	—	44,443	—	44,443
Gain on debt modification	—	(22,898)	—	—	(22,898)
Effect of changes in foreign exchange rates	—	(50,094)	(226)	(36)	(50,356)
Amortization of discounts, transaction costs and other	—	9,911	—	—	9,911
Net increase in lease liabilities	—	—	3,017	—	3,017
Net increase in balance due on business combinations	—	—	—	1,600	1,600
Total non-cash changes	—	(63,081)	47,234	1,564	(14,283)
<b>Balance at August 31, 2020</b>	<b>7,610</b>	<b>3,072,511</b>	<b>41,235</b>	<b>2,856</b>	<b>3,124,212</b>
Decrease in bank indebtedness	(3,150)	—	—	—	(3,150)
Net increase under the revolving facilities	—	256,230	—	—	256,230
Repayment of notes, debentures and credit facilities	—	(21,410)	—	—	(21,410)
Repayment of lease liabilities	—	—	(4,123)	—	(4,123)
Repayment of balance due on business combinations	—	—	—	(1,708)	(1,708)
Total cash flows (used in) from financing activities excluding equity	(3,150)	234,820	(4,123)	(1,708)	225,839
Interest paid on lease liabilities	—	—	(1,577)	—	(1,577)
Total cash flow changes	(3,150)	234,820	(5,700)	(1,708)	224,262
Effect of changes in foreign exchange rates	—	(85,462)	(396)	2	(85,856)
Amortization of discounts, transaction costs and other	—	12,937	—	—	12,937
Net increase in lease liabilities	—	—	977	—	977
Assumed through business combinations	—	10	1,284	—	1,294
Settlement of balance due on business combinations	—	—	—	(1,150)	(1,150)
Total non-cash changes	—	(72,515)	1,865	(1,148)	(71,798)
<b>Balance at August 31, 2021</b>	<b>4,460</b>	<b>3,234,816</b>	<b>37,400</b>	<b>—</b>	<b>3,276,676</b>

## 22. EMPLOYEE BENEFITS

### A) DEFINED CONTRIBUTION PLANS AND COLLECTIVE REGISTERED RETIREMENT SAVING PLANS

The Corporation and its subsidiaries offer to certain employees defined contribution plans or collective registered retirement savings plans. Under these plans, the Corporation and its subsidiaries' obligations are limited to the payment of the monthly employer's contribution. The total expense recognized with respect to these plans amounted to \$8.8 million (\$8.2 million in 2020) for the year ended August 31, 2021 and is included in the Corporation's consolidated statement of profit and loss under *Salaries, employee benefits and outsourced services*.

### B) DEFINED BENEFIT PLANS

The Corporation and its subsidiaries sponsor a defined benefit plan for the benefit of certain employees and a separate defined benefit plan for the benefit of their executive officers, which provide pensions based on the number of years of service and the average salary during the employment of each participant. In addition, the Corporation and its subsidiaries offer to their designated executive officers a supplementary pension plan. The defined benefit plans are registered with the Office of the Superintendent of Financial Institutions and are subject to the Federal Pension Benefits Standards Act. The plans are also registered with the Canada Revenue Agency and are subject to the Income Tax Act (Canada). The Corporation's Pension Advisory Committee oversees the administration of these plans, which includes the following principal areas: monitoring of the funds performance and ensuring the plans are appropriately funded, decision-making in relation to the investment strategy, the plans' design and fund manager selection, and reviewing and approving the audited financial statements of the pension plans. The Corporation's funding policy is to maintain its contribution at a level sufficient to cover benefits and to meet requirements of the applicable regulations and plan provisions that govern the funding of the plans. The defined benefit plans are funded by the Corporation's and the participants' contributions. The defined benefits plans funding is calculated based on actuarial estimates and is subject to limitations under applicable income tax and other regulations.

Each year at August 31, the Corporation and its subsidiaries measure plan assets at fair value, as well as the defined benefit obligation for all plans. The most recent actuarial valuation of the pension plan for the benefit of the employees was at August 31, 2020 and the next required valuation is at August 31, 2021, which is expected to be completed in February 2022. For the executive officers' plans, the most recent actuarial valuation was at August 31, 2020 and the next required valuation is at August 31, 2023.

The following table provides a reconciliation of the change in the defined benefit obligation and plan assets at fair value and a statement of the funded status at August 31:

Years ended August 31,	2021	2020
(In thousands of Canadian dollars)	\$	\$
<b>Defined benefit obligation <sup>(1)</sup></b>		
Defined benefit obligation, beginning of the year	61,357	57,686
Current service cost	2,063	1,963
Interest cost	1,668	1,686
Contributions by plan participants	216	226
Benefits paid	(1,795)	(1,750)
Actuarial losses (gains) on obligation arising from:		
Experience adjustments	583	(148)
Changes in demographic assumptions	251	—
Changes in financial assumptions	(3,703)	1,694
Defined benefit obligation, end of the year	60,640	61,357
<b>Plan assets at fair value</b>		
Plan assets at fair value, beginning of the year	53,011	47,650
Interest income	1,426	1,376
Return on plan assets, except amounts included in interest income	5,085	2,971
Administrative expense	(188)	(202)
Contributions by plan participants	216	226
Employer contributions	3,339	2,740
Benefits paid	(1,795)	(1,750)
Plan assets at fair value, end of the year	61,094	53,011
<b>Funded status</b>		
Plan assets at fair value	61,094	53,011
Defined benefit obligation	60,640	61,357
Plan surplus (deficit)	454	(8,346)
Effect of asset ceiling	(3,513)	—
Net defined benefit liability	(3,059)	(8,346)

(1) The weighted average duration of the defined benefit obligation is 13 years at August 31, 2021 (14 years at August 31, 2020).

The net defined benefit liability is included in the Corporation's consolidated statements of financial position under *Pension plan liabilities and accrued employee benefits*.

#### Pension plan liabilities and accrued employee benefits

At August 31,	2021	2020
(In thousands of Canadian dollars)	\$	\$
Pension plan liabilities	3,059	8,346
Accrued employee benefits - DSU liability	6,794	5,144
	9,853	13,490

### Defined benefit costs recognized in profit or loss

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Recognized in operating expenses (salaries, employee benefits and outsourced services)		
Current service cost	2,063	1,963
Administrative expense	188	202
Recognized in financial expense (other)		
Net interest	242	310
	2,493	2,475

### Defined benefit costs recognized in other comprehensive income

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Actuarial losses (gains) arising from:		
Experience adjustments	583	(148)
Change in demographic assumptions	251	—
Change in financial assumptions	(3,703)	1,694
Return on plan assets, except amounts included in interest income	(5,085)	(2,971)
Change in asset ceiling	3,513	—
	(4,441)	(1,425)

### Changes in the asset ceiling

Year ended August 31,	2021
<i>(In thousands of Canadian dollars)</i>	\$
Balance, beginning of the year	—
Change in asset ceiling	3,513
Balance, end of the year	3,513

The Corporation's asset ceiling represents the present value of future economic benefits available in the form of reductions in future contributions.

The expected employer contributions to the Corporation's defined benefit plans should be approximately \$2.8 million in 2022.

Plan assets consist of:

At August 31,	2021	2020
	%	%
Equity securities <sup>(1)</sup>	51.6	48.3
Debt securities <sup>(1)</sup>	34.6	34.7
Deposits in trust <sup>(2)</sup>	13.3	16.0
Other	0.5	1.0
Total	100	100

(1) All equity and debt securities have a quoted price in active markets and do not include securities issued by the Corporation.

(2) Deposits in trust prescribed by the Canada Revenue Agency for funded supplemental employee retirement plans are non-interest bearing.

The significant weighted average assumptions used in measuring the Corporation's defined benefit obligation and defined benefit costs are as follows:

At August 31,	2021	2020
	%	%
<b>Defined benefit obligation</b>		
Discount rate	3.05	2.65
Rate of compensation increase <sup>(1)</sup>	2.60	2.60
Mortality table	CPM-2014	CPM-2014
<b>Defined benefit costs</b>		
Discount rate	3.40	2.85
Rate of compensation increase	2.60	2.75
Mortality table	CPM-2014	CPM-2014

(1) Increase of 2.60% from January 1, 2022 (1.67% in 2021).

## C) EXPOSURE TO ACTUARIAL RISKS

The Corporation is exposed to the following actuarial risks:

### Investment risk

The investment strategy of the plans is to diversify the nature of the returns on assets. Given the long-term nature of the defined benefit obligation, a portion of the assets are invested in equity securities in order to maximize return. Since equity securities are inherently volatile and risky, the Corporation sets investment goals, both in terms of asset mix percentage and target return, which is monitored monthly and adjusted as needed.

### Interest rate risk

A decrease in the interest rate on investment-grade fixed-rate corporate bonds will reduce the discount rate used and increase the present value of the defined benefit obligation. However, the increase in the obligation would be partly offset by an increase in the value of plan investments in debt securities.

### Salary risk

Active members' expected benefits are linked to their pre-retirement compensation. The present value of the defined benefit obligation is calculated using management's best estimate of the expected rate of compensation increase of plan members. Increasing that assumption would increase the defined benefit obligation.

## D) SENSITIVITY ANALYSIS

The sensitivity analysis of the defined benefit obligation was calculated based on reasonably possible changes to each key actuarial assumption without considering simultaneous changes to several key actuarial assumptions. A change in one actuarial assumption could trigger a change in another actuarial assumption, which could amplify or mitigate the impact of the change in these assumptions on the present value of the defined benefit obligation. The sensitivity analysis was prepared in accordance with the Corporation's accounting policies described in Note 2 K). The actual results of items subject to estimates may differ.

At August 31, 2021	Change in assumption	Increase in the defined benefit obligation
(In thousands of Canadian dollars, except percentages)	%	\$
Discount rate decrease	0.25	2,275
Expected rate of compensation increase	0.25	126

## 23. FINANCIAL INSTRUMENTS

### A) FINANCIAL RISK MANAGEMENT

Management's objectives are to protect the Corporation and its subsidiaries against material economic exposures and variability of results, and against certain financial risks including credit, liquidity, interest rate, foreign exchange and market risks.

#### Credit risk

Credit risk represents the risk of financial loss for the Corporation if a customer or counterparty to a financial asset fails to meet its contractual obligations. The Corporation is exposed to credit risk arising from the derivative financial instruments, cash and cash equivalents, restricted cash and trade accounts receivable, the maximum exposure of which is represented by the carrying amounts reported on the consolidated statements of financial position.

Credit risk from derivative financial instruments arises from the possibility that counterparties to the interest rate swaps may default on their obligations in instances where these agreements have positive fair values for the Corporation. The Corporation reduces this risk by completing transactions with financial institutions that carry a high credit rating. The Corporation assesses the creditworthiness of the counterparties in order to minimize the risk of counterparties default under the agreements. At August 31, 2021, management believes that the credit risk relating to its derivative financial instruments is minimal, since the lowest credit rating of the counterparties to the agreements is "A" by Standard & Poor's rating services ("S&P").

Cash equivalents consist mainly of highly liquid short-term investments. The Corporation has deposited the cash and cash equivalents, and the restricted cash with reputable financial institutions, for which management believes the risk of loss to be remote. At August 31, 2021 and 2020, cash and cash equivalents consisted solely of cash in banks.

The Corporation is also exposed to credit risk in relation to its trade accounts receivable. To mitigate such risk, the Corporation continuously monitors the financial condition of its customers and reviews the credit history or worthiness of each new large customer. The Corporation establishes an allowance for lifetime expected credit losses related to doubtful accounts. The doubtful accounts allowance is calculated on a specific-identification basis for larger customer accounts receivable and on a statistically derived basis for the remainder. Factors such as the current economic conditions, forward-looking macroeconomic data and historical information (number of overdue days of the customer's balance outstanding as well as the customer's collection history) are examined. The Corporation believes that its allowance for doubtful accounts is sufficient to cover the related credit risk. The Corporation has credit policies in place and has established various credit controls, including credit checks, deposits on accounts and advance billing, and has also established procedures to suspend the availability of services when customers have fully utilized approved credit limits or have violated existing payment terms. Since the Corporation has a large and diversified clientele dispersed throughout its market areas in Canada and the United States, there is no significant concentration of credit risk.

The following table provides further details on trade and other receivables, net of allowance for doubtful accounts:

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Trade accounts receivable	77,608	79,821
Allowance for doubtful accounts	(6,035)	(6,235)
	71,573	73,586
Other accounts receivable	6,773	7,673
Receivable from Cogeco	—	1,754
	78,346	83,013

Trade accounts receivable past due is defined as the amount outstanding beyond normal credit terms and conditions for the respective customers. The Corporation considers the amount outstanding at the due date as trade accounts receivable past due. A large portion of the Corporation's customers are billed and pay before the services are rendered.

The following table provides further details on trade accounts receivable past due, net of allowance for doubtful accounts:

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Less than 60 days past due	14,552	13,075
60 to 90 days past due	276	362
More than 90 days past due	81	—
	14,909	13,437

The following table shows changes in the allowance for doubtful accounts:

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Balance, beginning of the year	6,235	6,759
Provision for impaired receivables	15,931	20,418
Net use	(16,077)	(20,695)
Foreign currency translation adjustments	(54)	(247)
Balance, end of the year	6,035	6,235

## Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk through the management of its capital structure and access to different capital markets. It also manages liquidity risk by continuously monitoring actual and projected cash flows to ensure sufficient liquidity to meet its obligations when due. At August 31, 2021, the Corporation had used \$255.9 million of its \$750 million amended and restated Term Revolving Facility for a remaining availability of \$494.1 million. Management believes that the committed Term Revolving Facility will, until its maturity in 2025, provide sufficient liquidity to manage its long-term debt maturities and support working capital requirements. In addition, two subsidiaries related to Atlantic Broadband also benefit from a Senior Secured Revolving Facility of \$189.3 million (US\$150 million), of which \$3.1 million (US\$2.4 million) was used at August 31, 2021, in the form of letters of credit, for a remaining availability of \$186.2 million (US\$147.6 million). An unsecured letter of credit facility was put in place to issue a \$150 million letter of credit in connection with the 3500 MHz band auction (see Note 25 C)).

The following table summarizes the contractual maturities of the financial liabilities and lease liabilities, and related capital amounts at August 31, 2021:

	Contractual cash flows						
	2022	2023	2024	2025	2026	Thereafter	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$	\$	\$
Bank indebtedness	4,460	—	—	—	—	—	4,460
Trade and other payables <sup>(1)</sup>	263,880	—	—	—	—	—	263,880
Notes, debentures and credit facilities	221,449	321,449	21,449	2,524,355	—	189,255	3,277,957
Lease liabilities	3,736	3,372	3,121	2,889	2,814	21,359	37,291
	493,525	324,821	24,570	2,527,244	2,814	210,614	3,583,588

(1) Excluding accrued interest on notes, debentures and credit facilities.

The following table is a summary of interest payable on long-term debt that is due for each of the next five years and thereafter:

	2022	2023	2024	2025	2026	Thereafter	Total
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$	\$	\$	\$
Interest payments on notes, debentures and credit facilities <sup>(1)</sup>	84,165	78,792	65,820	38,939	8,119	4,060	279,895
Interest payments on lease liabilities	1,199	1,090	988	888	793	3,928	8,886
Interest receipts on derivative financial instruments <sup>(1)</sup>	(822)	(679)	(396)	(67)	—	—	(1,964)
Interest payments on derivative financial instruments <sup>(1)</sup>	20,717	17,097	9,879	1,643	—	—	49,336
	105,259	96,300	76,291	41,403	8,912	7,988	336,153

(1) Based on the principal amounts and interest rates prevailing on the outstanding debt at August 31, 2021 and their respective maturities.

## Interest rate risk

The Corporation is exposed to interest rate risk on its floating interest rate instruments. Interest rate fluctuations will have an effect on the repayment of these instruments. At August 31, 2021, all of the Corporation's long-term debt was at fixed rate, except for the amounts drawn under the Term Revolving Facility and First Lien Credit Facilities, which are subject to floating interest rates.

To reduce the risk on the floating interest rate instruments and mitigate the impact of interest rate variations, the Corporation's U.S. subsidiary entered into fixed interest rate swap agreements. The following table shows the interest rate swaps outstanding at August 31, 2021:

Type of hedge	Notional amount <sup>(1)</sup>	Receive interest rate	Pay interest rate	Maturity	Hedged item
Cash flow	US\$770 million	US LIBOR base rate	2.017% - 2.262%	January 2023 - November 2024	Senior Secured Term Loan B

(1) Two tranches amounting to US\$330 million have matured on January 31, 2021.

The sensitivity of the Corporation's annual financial expense to an increase of 1% in the interest rate applicable to the unhedged portion of these facilities would represent an increase of approximately \$13.1 million based on the outstanding debt and swap agreements at August 31, 2021.

### Foreign exchange risk

The Corporation is exposed to foreign exchange risk with respect to the interest associated with its notes, debentures and credit facilities denominated in US dollars. The impact of a 10% increase in the exchange rate of the US dollar into Canadian dollar would increase financial expense by approximately \$8.3 million based on the outstanding debt and swap agreements at August 31, 2021.

The Corporation faces exposure to foreign exchange risk on cash and cash equivalents and trade and other payables denominated mainly in US dollars, and the impact of a 10% decrease in the exchange rate of the US dollar into Canadian dollar would increase financial expense by approximately \$3.0 million. The Corporation's exposure is as follows:

At August 31,	2021	2020
	US	US
(In thousands of Canadian dollars)	\$	\$
<b>Financial assets (liabilities)</b>		
Cash and cash equivalents	29,794	2,568
Trade and other payables	(169)	(2,721)
	<b>29,625</b>	<b>(153)</b>

Furthermore, a foreign currency exposure arises from the Corporation's net investment in its U.S. subsidiary, as a result of the translation of the net investment into the Corporation's functional currency. A portion of the Corporation's net investment in its U.S. subsidiary is hedged by the Corporation's US dollar denominated Senior Secured Notes, which the Corporation has designated as hedges of the net investment, while a portion is economically hedged by its U.S. subsidiary's US dollar denominated First Lien Credit Facilities.

The following table shows the aggregate investment in foreign operations attributable to owners of the Corporation and the notional amount of debt borrowed to hedge this investment at August 31, 2021:

Type of hedge	Notional amount of debt	Aggregate investment	Hedged item
Net investment	US\$390 million	US\$1,164 million	Net investment in foreign operations in US dollar

The exchange rate used to translate the US dollar currency into Canadian dollar for the consolidated statement of financial position accounts at August 31, 2021 was \$1.2617 (\$1.3042 at August 31, 2020) per US dollar. A 10% decrease in the exchange rate of the US dollar into Canadian dollar would decrease other comprehensive income by approximately \$97.6 million.

### Market risk

The Corporation uses derivative instruments to manage the cash flow exposure to the risk of changes in the price of its subordinate voting shares under the DSU plan. As such, the Corporation uses equity swap agreements to economically hedge the market price appreciation risk of its subordinate voting shares.

The following table shows the equity derivative contracts outstanding at August 31, 2021:

Type of hedge	Notional	Maturity	Average share price	Hedged item
Economic	58,300 units	January 2022	\$100.86	Equity price exposure

At August 31, 2021, the fair value of the equity swap was \$0.9 million and recognized as an asset. As a result of the equity swap, a 10% increase in the market price of the subordinate voting shares would not have a material financial impact on the Corporation's results.

## B) FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values are estimated at a specific point in time, by discounting expected cash flows at rates for assets and liabilities of the same remaining maturities and conditions. These estimates are subjective in nature and involve uncertainties and significant judgment, and therefore, cannot be determined with precision. In addition, income taxes and other expenses that would be incurred on disposition of these financial instruments are not reflected in the fair values. As a result, the fair values are not necessarily the net amounts that would be realized if these instruments were settled. The Corporation has determined the fair value of its financial instruments as follows:

- The carrying amount of cash and cash equivalents, restricted cash, trade and other receivables, bank indebtedness and trade and other payables approximates fair value because of the short-term nature of these instruments;
- Interest rates under the terms of the Term Revolving Facility and First Lien Credit Facilities are based on bankers' acceptance, US dollar base rate loans, LIBOR loans in US dollars, Euros or British Pounds plus applicable credit spread. The fair value of these instruments is based on current trading values for similar financial instruments;
- The fair value of the Senior Secured Debentures Series 3 and 4, and Senior Secured Notes is based on current trading values for similar financial instruments.

The carrying value of all the Corporation's financial instruments approximates fair value, except as otherwise noted in the following table:

At August 31,	2021		2020	
	Carrying value	Fair value	Carrying value	Fair value
<i>(In thousands of Canadian dollars)</i>	\$	\$	\$	\$
Notes, debentures and credit facilities	3,234,816	3,347,701	3,072,511	3,224,816

All financial instruments recognized at fair value on the consolidated statements of financial position must be measured based on the three fair value hierarchy levels, which are as follows:

- 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 for the asset or liability that are not based on observable market data (unobservable inputs).

The Corporation considers that its derivative financial instruments are classified as Level 2 under the fair value hierarchy. The fair value of derivative financial instruments is estimated using valuation models that reflect projected future cash flows over contractual terms of the derivative financial instruments and observable market data, such as interest and currency exchange rate curves.

## C) CAPITAL MANAGEMENT

The Corporation's objectives in managing capital are to ensure sufficient liquidity to support the capital requirements of its various businesses, including development of the business by acquisition and internal growth opportunities. The Corporation manages its capital structure and makes adjustments in light of general economic conditions, the risk characteristics of the underlying assets and the Corporation's working capital requirements. Management of the capital structure involves the issuance of new debt, the repayment of existing debt, the issuance or repurchase of equity and distributions to shareholders.

The capital structure of the Corporation is composed of shareholders' equity, cash and cash equivalents, bank indebtedness and long-term debt.

The provisions of financing agreements provide for restrictions on the activities of the Corporation. Generally, the most significant restrictions relate to permitted investments and dividends on multiple and subordinate voting shares, as well as the maintenance of certain financial ratios primarily linked to the adjusted EBITDA, financial expense and total indebtedness. At August 31, 2021 and 2020, the Corporation was in compliance with all of its debt covenants and was not subject to any other externally imposed capital requirements.

The following table summarizes certain of the key ratios used to monitor and manage the Corporation's capital structure:

Years ended August 31,	2021	2020
Net indebtedness <sup>(1)</sup> / adjusted EBITDA	2.45	2.45
Adjusted EBITDA / financial expense <sup>(2)</sup>	9.7	7.5

(1) Net indebtedness is defined as the total of bank indebtedness and principal on long-term debt, less cash and cash equivalents.

(2) Financial expense for fiscal 2020 excludes the gain on debt modification of \$22.9 million, which is consistent with the covenants calculation.

## D) CATEGORIES OF FINANCIAL INSTRUMENTS

At August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
<b>Financial assets</b>		
Financial assets measured and classified at amortized cost	627,400	449,510
	627,400	449,510
<b>Financial liabilities</b>		
Financial liabilities measured and classified at amortized cost	3,509,773	3,294,029
Derivative financial instruments in designated hedge relationships	42,000	70,998
	3,551,773	3,365,027

## 24. RELATED PARTY TRANSACTIONS

### A) MANAGEMENT FEES AND OTHER RELATED PARTY TRANSACTIONS

Cogeco Communications is a subsidiary of Cogeco, which as of August 31, 2021 held 33.5% of the Corporation's equity shares, representing 83.4% of the votes attached to the Corporation's voting shares.

Cogeco provides executive, administrative, financial, strategic planning and additional services to the Corporation under a Management Services Agreement (the "Agreement"). The methodology used to establish the management fees is based on the costs incurred by Cogeco plus a reasonable mark-up. Provision is made for future adjustments upon the request of either Cogeco or the Corporation from time to time during the term of the Agreement. For fiscal 2021, management fees paid to Cogeco amounted to \$23.5 million (\$24.1 million in 2020).

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during fiscal 2021 and 2020, the Corporation granted stock options and PSUs to these executive officers, as executive officers of Cogeco Communications, and issued DSUs to Board directors of Cogeco, as shown in the following table:

Years ended August 31,	2021	2020
Stock options	74,275	110,875
PSUs	10,375	14,375
DSUs	792	1,847

The following table shows the amounts that the Corporation charged Cogeco with regards to the Corporation's stock options, ISUs and PSUs granted to these executive officers, as well as DSUs issued to Board directors of Cogeco:

Years ended August 31,	2021	2020
<i>(In thousands of Canadian dollars)</i>	\$	\$
Stock options	1,242	1,205
ISUs	6	39
PSUs	632	1,386
DSUs	269	217
	2,149	2,847

The Corporation had a \$1.8 million receivable from Cogeco at August 31, 2020.

## B) COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are comprised of the members of the Board and of the Management Committee of the Corporation. The compensation paid or payable to key management personnel for employee services, which excludes the compensation to executive officers of Cogeco paid under the Management Services Agreement (included in *Management fees - Cogeco Inc.*), is as follows:

Years ended August 31,	2021	2020
(In thousands of Canadian dollars)	\$	\$
Salaries and other short-term employee benefits	4,014	2,706
Share-based payments and post-employment benefits	2,903	2,189
	6,917	4,895

## 25. COMMITMENTS, CONTINGENCIES AND GUARANTEES

### A) COMMITMENTS

The following table presents the Corporation's commitments that are not recognized as liabilities at August 31, 2021, and are due in each of the next five years and thereafter:

	2022	2023	2024	2025	2026	Thereafter
(In thousands of Canadian dollars)	\$	\$	\$	\$	\$	\$
Acquisition of property, plant and equipment <sup>(1)</sup>	309,655	1,800	1,800	1,800	1,800	—
Acquisition of intangible assets <sup>(2)</sup>	236,073	—	—	—	—	—
Other long-term contracts <sup>(3)</sup>	49,034	44,853	41,577	27,698	28,031	28,307
Lease commitments <sup>(4)</sup>	571	1,059	1,052	1,048	535	14
	595,333	47,712	44,429	30,546	30,366	28,321

- (1) Include contractual obligations in connection with the Corporation's high-speed Internet expansion projects, accelerated purchases of certain equipment in order to avoid potential supply chain shortages and minimum spend commitments for acquisition of customer premise equipment.
- (2) Include commitments related to the acquisition of the spectrum licences secured in the 3500 MHz band auction.
- (3) Include long-term commitments under service and product contracts for operating expenditures, including minimum spend commitments.
- (4) Include leases committed not yet commenced and leases of low value items.

### B) CONTINGENCIES

#### Final rates for aggregated wholesale Internet access services

On May 27, 2021, the CRTC released Telecom Decision 2021-181, which ruled on applications by cable carriers (including the Corporation) and telecommunications carriers to review and vary Telecom Order 2019-288. In Telecom Order 2019-288, the CRTC had set final rates for Cogeco Connexion's aggregated wholesale high-speed Internet access service that were significantly lower than the interim rates set in October 2016, and had made them retroactive to March 31, 2016. In Telecom Decision 2021-181, the CRTC overturned the 2019 rate reductions and made the interim rates it had previously established in 2016, with certain adjustments, final. As a result of this decision, the Corporation was required to make retroactive payments to wholesale Internet access customers for the period of March to October 2016 and has recognized an amount of \$4.6 million as a reduction of revenue during the third quarter of fiscal 2021.

Since then, two independent Internet service providers ("Resellers") and a trade association representing Resellers have petitioned the Governor in Council to overturn Telecom Decision 2021-181 and reinstate the CRTC's 2019 rate decision. On July 28, 2021, a Reseller sought leave to appeal Telecom Decision 2021-181 to the Federal Court of Appeal, which was granted on September 15, 2021. The Corporation, along with several other cable carriers, has asked the Governor in Council to deny the petitions and intervened before the Federal Court of Appeal.

#### Royalties payable for retransmission of distant television signals

On July 22, 2021, the Federal Court of Appeal issued a decision in response to two applications for judicial review filed by six broadcasting distribution undertakings ("BDUs") (including the Corporation) and nine collective societies challenging a decision by the Copyright Board setting the quantum of royalties payable for the retransmission of distant Canadian and U.S. television over-the-air signals in Canada, for the 2014-2018 period. The Federal Court of Appeal determined that the 2014 and 2015 rates would be final but agreed with the collective societies that the Copyright Board had made errors in determining the 2016 to 2018 rates. The Federal Court of Appeal has sent the matter back to the Copyright Board, which will hold a new proceeding to determine the rates from 2016 onwards, which could increase as a result of this decision.

Due to the significant uncertainty surrounding both the outcome of this decision and its financial implications, the Corporation has not recorded any financial impact as at August 31, 2021.

## **Other**

The Corporation and its subsidiaries are involved in matters involving litigations, other regulatory decisions or potential claims from customers and suppliers arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider these exposures to be significant to these consolidated financial statements. At August 31, 2021 and 2020, no liability has been recorded with respect to these litigations, other regulatory decisions and potential claims, except for those included in Note 16.

## **C) GUARANTEES**

In the normal course of business, the Corporation provides indemnification in conjunction with certain transactions. While many of the agreements specify a maximum potential exposure, some do not specify a maximum amount. The overall maximum amount of an indemnification obligation will depend on future events and conditions and therefore cannot be reasonably estimated. As a result, the Corporation cannot determine how they could affect its future liquidity, capital resources or credit risk profile. At August 31, 2021 and 2020, no liability has been recorded with respect to these indemnifications, except for those disclosed in Note 16.

### **3500 MHz band auction**

In connection with the 3500 MHz band auction (see Note 13), Cogeco Connexion contracted a \$150 million unsecured letter of credit, which was submitted to ISSED Canada as a pre-auction deposit, with the application to bid. This unsecured letter of credit will remain outstanding until the final payment is made.

### **Sale of a business**

In connection with the sale of a business, the Corporation has agreed to indemnify the purchaser against claims related to events that occurred prior to the date of sale.

### **Long-term debt**

Under the terms of the US Senior Secured Notes, the Corporation has agreed to indemnify the lenders against changes in regulations relative to withholding taxes and costs incurred due to changes in laws.

### **Sale of services**

As part of transactions involving the sale of services, the Corporation and its subsidiaries may be required to make payments to counterparties as a result of breaches of representations and warranties made into the service agreements.

### **Purchase and development of assets**

As part of transactions involving the purchase and development of assets, the Corporation and its subsidiaries may be required to pay counterparties for costs and losses incurred as a result of breaches of representations and warranties contained in the purchase agreements.

## 26. SUBSEQUENT EVENTS

### **Acquisition of WideOpenWest's Ohio broadband systems**

On September 1, 2021, Atlantic Broadband completed the acquisition of the broadband systems of WideOpenWest, Inc. ("WOW!") located in Ohio ("Ohio broadband systems") for a purchase price of US\$1.125 billion, subject to customary post-closing adjustments. The transaction was executed through an asset purchase agreement. With the closing of this transaction, Atlantic Broadband is expanding its activities in Ohio and significantly growing its customer base. The acquired Ohio broadband systems passed approximately 689,000 homes and businesses in Cleveland and Columbus and served approximately 196,000 Internet, 54,000 video and 33,000 telephony customers. The acquisition represents a strong strategic fit for Cogeco Communications as it is complementary to Atlantic Broadband's existing footprint and capitalizes on its existing platform. In the short term, the acquired operations will continue to operate under the WOW! name and trademark and be rebranded following the integration period.

During the fourth quarter of fiscal 2021, due diligence costs and legal fees amounting to \$4.0 million (US\$3.2 million) were recognized within *Integration, restructuring and acquisition costs* (see Note 5). In addition, transaction costs amounting to \$19.5 million (US\$15.5 million), which were due upon closing of the acquisition on September 1, 2021, will be recognized during the first quarter of fiscal 2022. The purchase price and transaction costs have been financed through the issuance of a US\$900 million secured Term B loan by Atlantic Broadband maturing in 2028 and excess cash on hand. Financing costs amounting to US\$13.1 million were due upon closing of this debt issuance. On October 25, 2021, the Corporation entered into interest rate swap agreements to fix the interest rate on a notional amount of US\$800 million of the new secured Term B loan. These agreements have the effect of converting the floating US LIBOR base rate, or 50 bps LIBOR floor if higher, into fixed rates ranging from 1.2237% to 1.4631%, plus applicable credit spread, for maturities between October 31, 2025 and July 31, 2027.

### **Issuance of \$500 million senior secured notes**

On September 20, 2021, Cogeco Communications completed, pursuant to a private placement, the issuance of \$500 million senior secured notes, bearing interest at 2.991% and maturing on September 22, 2031. Cogeco Communications used the net proceeds of the offering to fund spectrum auction spend, repay existing indebtedness and for other general corporate purposes. The senior secured notes will be direct and unsubordinated secured debt obligations of Cogeco Communications and will rank equally and pari passu, with all other secured senior indebtedness of Cogeco Communications.

# INVESTOR INFORMATION

## CREDIT RATINGS

The table below shows Cogeco Communications' and Atlantic Broadband's credit ratings:

At August 31, 2021	S&P	DBRS	Moody's
<b>Cogeco Communications</b>			
Senior Secured Notes and Debentures	BBB-	BBB (low)	NR
Corporate credit issuer default rating	BB+	BB (high)	NR
<b>Atlantic Broadband</b>			
First Lien Credit Facilities	BB	NR	B1
Corporate credit issuer default rating	BB	NR	B1

**NR** : Not rated

Ratings for long-term debt instruments across the universe of composite rates range from "AAA" (S&P and DBRS) or "Aaa" (Moody's), representing the highest quality of securities rated, to "D" (S&P and DBRS) and "C" (Moody's) for the lowest quality of securities rated. Ratings are based on several industry and company specific factors which include financial leverage as one of the key elements considered.

Our ability to access debt capital markets and bank credit markets and the cost and amount of funding available partly depends on the quality of our credit ratings. Obligations rated in the "BBB" category are considered investment grade and their cost of funding is typically lower relative to the "BB/B" rating category. In addition, obligations with "BBB" ratings generally have greater access to funding than those with "BB/B" ratings.

## SHARE INFORMATION

At August 31, 2021	Registrar / Transfer agent	
Number of multiple voting shares (10 votes per share) outstanding	15,691,100	Computershare Trust Company of Canada 100 University Avenue, 9th Floor Toronto, ON M5J 2Y1 Tel.: 514-982-7555 Tel.: 1-800-564-6253 Fax: 416-263-9394
Number of subordinate voting shares (1 vote per share) outstanding	31,154,698	
Stock exchange listing	The Toronto Stock Exchange	
Trading symbol	CCA	

## DIVIDENDS

### DIVIDEND DECLARATION

At its November 11, 2021 meeting, the Board of Directors of Cogeco Communications declared a quarterly eligible dividend of \$0.705 per share for multiple voting and subordinate voting shares, payable on December 9, 2021 to shareholders of record on November 25, 2021. The declaration, amount and date of any future dividend will continue to be considered and approved by the Board of Directors of the Corporation based upon the Corporation's financial condition, results of operations, capital requirements and such other factors as the Board of Directors, at its sole discretion, deems relevant. There is therefore no assurance that dividends will be declared, and if declared, the amount and frequency may vary.

## TRADING STATISTICS

					2021
Quarters ended	Nov. 30	Feb. 28	May 31	Aug. 31	Total
<i>(In Canadian dollars, except subordinate voting share volumes)</i>	\$	\$	\$	\$	
The Toronto Stock Exchange					
High	132.00	119.36	122.82	123.07	
Low	89.90	93.81	112.57	112.88	
Close	94.01	115.07	116.02	116.01	
Volume (subordinate voting shares)	9,525,532	6,706,333	4,941,036	4,150,936	25,323,837

					2020
Quarters ended	Nov. 30	Feb. 29	May 31	Aug. 31	Total
<i>(in Canadian dollars, except subordinate voting share volumes)</i>	\$	\$	\$	\$	
The Toronto Stock Exchange					
High	120.20	117.49	111.46	107.28	
Low	103.18	101.11	87.57	94.88	
Close	114.73	106.22	102.82	97.78	
Volume (subordinate voting shares)	6,489,012	8,608,568	9,911,064	6,313,799	31,322,443

# PRIMARY SERVICE UNIT STATISTICS

	August 31, 2021	May 31, 2021	February 28, 2021 <sup>(1)</sup>	November 30, 2020	August 31, 2020
<b>CONSOLIDATED</b>					
Primary service units	2,972,073	2,976,391	2,982,402	2,763,466	2,757,631
Internet service customers	1,436,201	1,427,752	1,416,325	1,319,869	1,304,228
Video service customers	982,708	989,698	1,001,077	930,684	936,636
Telephony service customers	553,164	558,941	565,000	512,913	516,767
<b>CANADA</b>					
Homes passed	1,983,868	1,982,255	1,977,734	1,779,083	1,775,885
Primary service units	2,002,083	2,002,736	2,010,049	1,790,783	1,799,706
Internet service customers	915,684	909,901	905,321	815,248	812,016
Penetration as a percentage of homes passed	46.2%	45.9%	45.8%	45.8%	45.7%
Video service customers	677,194	680,456	687,486	612,297	619,249
Penetration as a percentage of homes passed	34.1%	34.3%	34.8%	34.4%	34.9%
Telephony service customers	409,205	412,379	417,242	363,238	368,441
Penetration as a percentage of homes passed	20.6%	20.8%	21.1%	20.4%	20.7%
<b>UNITED STATES</b>					
Homes passed	936,519	935,520	929,323	927,564	922,872
Primary service units	969,990	973,655	972,353	972,683	957,925
Internet service customers	520,517	517,851	511,004	504,621	492,212
Penetration as a percentage of homes passed	55.6%	55.4%	55.0%	54.4%	53.3%
Video service customers	305,514	309,242	313,591	318,387	317,387
Penetration as a percentage of homes passed	32.6%	33.1%	33.7%	34.3%	34.4%
Telephony service customers	143,959	146,562	147,758	149,675	148,326
Penetration as a percentage of homes passed	15.4%	15.7%	15.9%	16.1%	16.1%

(1) On December 14, 2020, 224,039 primary service units (85,642 Internet services, 80,218 video services and 58,179 telephony services) were added related to the acquisition of DERYtelecom.

# BOARD OF DIRECTORS AND CORPORATE MANAGEMENT

## BOARD OF DIRECTORS

🌟 **LOUIS AUDET**, Eng., MBA, C.M., **Board Chair**  
Westmount (Québec)

🌟 **JAMES C. CHERRY**, B.Com, FCPA, FCA, **Lead Director**  
Elizabethtown (Ontario)  
Corporate Director

● **COLLEEN ABDOULAH**, MBA, APR  
Denver (Colorado)  
Corporate Director

● **ROBIN BIENENSTOCK**, M.A., B.A.  
Toronto (Ontario)  
Corporate Director

■ **PIPPA DUNN**, LL.B.  
London (UK)  
Founder and partner of Broody (an incubator for startups and accelerator to more established businesses)

● **JOANNE FERSTMAN**, CPA, CA, B.Com  
Toronto (Ontario)  
Corporate Director

★ **PHILIPPE JETTÉ**, Eng.  
Montréal (Québec)  
President and Chief Executive Officer of Cogeco and Cogeco Communications

◆ **BERNARD LORD**, LL.B., B.Soc.Sc.  
Moncton (New Brunswick)  
Chief Executive Officer of Medavie (Canadian health company)

■ **DAVID MCAUSLAND**, B.C.L., LL.B., Ad.E., F.ICD  
Baie-D'Urfé (Québec)  
Counsel of McCarthy Tétrault (Major law firm in Canada)

■ **CAROLINE PAPADATOS**, BA, CAAP  
Toronto (Ontario)  
Corporate Director

### Legend :

- 🌟 Attends as an observer and participates in meetings of all the committees
- Member of the Audit Committee
- Member of the Human Resources Committee
- ◆ Member of the Corporate Governance Committee
- ★ Member of the Strategic Opportunities Committee

## CORPORATE HEAD OFFICE

1 Place Ville Marie  
Suite 3301  
Montréal (Québec)  
H3B 3N2  
[corpo.cogeco.com](http://corpo.cogeco.com)

## CORPORATE MANAGEMENT

### **PHILIPPE JETTÉ**

President and Chief Executive Officer

### **ELIZABETH ALVES**

Vice President, Enterprise Strategy and Social Responsibility

### **PAUL BEAUDRY**

Vice President, Regulatory Affairs

### **FRANCE DE BLOIS**

Vice President, Finance

### **CHANTAL FRAPPIER**

Vice President, Internal Audit

### **DAVID GORGAS**

Vice President, IT Strategy and Digital Transformation

### **MARTIN GRENIER**

Vice President, Procurement

### **CHRISTIAN JOLIVET**

Senior Vice President, Corporate Affairs, Chief Legal Officer and Secretary

### **MARIE-HÉLÈNE LABRIE**

Senior Vice President and Chief Public Affairs, Communications and Strategy Officer

### **MARIE GINETTE LEPAGE**

Vice President, Wireless Solutions and Innovation

### **ZOUHEIR MANSOURATI**

Senior Vice President and Chief Technology Officer

### **DIANE NYISZTOR**

Senior Vice President and Chief Human Resources Officer

### **PATRICE OUIMET**

Senior Vice President and Chief Financial Officer

### **ANDRÉE PINARD**

Vice President, Investor Relations and Treasurer

### **JÉRÔME PRAT**

Vice President, Total Compensation and Human Resources Systems

### **ANTOINE SHIU**

Senior Vice President, Corporate Projects

### **LIETTE VIGNEAULT**

Vice President, Talent and Employee Experience

# OPERATIONS INFORMATION

## CANADIAN BROADBAND SERVICES

### COGECO CONNEXION

**FRÉDÉRIC PERRON**  
President

1 Place Ville Marie  
Suite 3301  
Montréal (Québec)  
H3B 3N2  
[www.cogeco.ca](http://www.cogeco.ca)

## AMERICAN BROADBAND SERVICES

### ATLANTIC BROADBAND

**FRANK VAN DER POST**  
President

2 Batterymarch Park  
Suite 205  
Quincy, MA 02169  
[www.atlanticbb.com](http://www.atlanticbb.com)

# CORPORATE INFORMATION

## ANNUAL MEETING

January 14, 2022  
Additional information on Cogeco Communications Inc. and press releases are available on the Corporation's website at:  
[corpo.cogeco.com](http://corpo.cogeco.com)

## AUDITORS

Deloitte LLP  
1190 Avenue des Canadiens-de-Montréal  
Suite 500  
Montréal (Québec)  
H3B 0M7

## LEGAL COUNSEL

Stikeman Elliott LLP  
1155 René-Lévesque Blvd. West  
Suite 4100  
Montréal (Québec)  
H3B 3V2

**TRANSFER AGENT FOR SUBORDINATE AND MULTIPLE VOTING SHARES, AND TRUSTEE FOR SENIOR SECURED DEBENTURES AND NOTES**  
Computershare Trust Company of Canada

## QUARTER ENDS

November, February, May

## YEAR END

August 31

## INQUIRIES

The Annual Report, Annual Information Form, Quarterly Reports and Information Circular are available in the Investors section of the Corporation's website ([corpo.cogeco.com](http://corpo.cogeco.com)) or upon request by calling 514-764-4700.

*Des versions françaises du rapport annuel, de la notice annuelle, des rapports trimestriels et de la circulaire d'information sont disponibles sous la section « Investisseurs » du site Internet de la société ([corpo.cogeco.com](http://corpo.cogeco.com)) ou sur demande au 514-764-4700.*

## INVESTORS AND ANALYSTS

For all matters related to investor relations, please contact:

### ANDRÉE PINARD

Vice President, Investor Relations and Treasurer  
514-764-4781  
[andree.pinard@cogeco.com](mailto:andree.pinard@cogeco.com)

## SHAREHOLDERS

For any inquiries regarding a change of address or a change of registration of shares, please contact Computershare Trust Company of Canada. For any other inquiries please refer to the Shareholder Engagement Policy which can be found on the "Information for Shareholders" section on the Corporation's website at [corpo.cogeco.com](http://corpo.cogeco.com).

## DUPLICATE COMMUNICATIONS

Some shareholders may receive more than one copy of publications such as Quarterly Reports and the Annual Report. Every effort is made to avoid such duplication. Shareholders who receive duplicate mailings should advise Computershare Trust Company of Canada.

## ETHICS LINE

The Corporation's parent company, Cogeco Inc., makes available an anonymous and confidential Ethics Line for its employees and the employees of all of its business units and other individuals who wish to report any perceived or actual instances of violations of the Cogeco Code of Ethics (including complaints regarding accounting, internal accounting controls and audit matters). The Ethics Line is operated by a specialized external provider that is independent of Cogeco Inc. Reports can be made through secured confidential toll-free telephone lines or the website described below. All reports submitted through the Ethics Line will be examined by the Vice President, Internal Audit and/or the Senior Vice President, Corporate Affairs, Chief Legal Officer and Secretary. Individuals will be protected from dismissal or retaliation of any kind for reporting truthfully and in good faith.

By telephone:

**Canada or United States:**

**1-877-706-2640**

Website of ClearView Connects: [www.clearviewconnects.com](http://www.clearviewconnects.com)

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