

4. RELATED PARTY TRANSACTIONS

Cogeco Communications is a subsidiary of Cogeco Inc. ("Cogeco"), which holds 31.8% of the Corporation's equity shares, representing 82.3% of the Corporation's voting shares.

Cogeco provides executive, administrative, financial and strategic planning services and additional services to the Corporation under a Management Services Agreement (the "Agreement"). On May 1, 2019, the Corporation and Cogeco agreed to amend the Agreement in order to replace the methodology used to establish the management fees payable by the Corporation to Cogeco, which was based on a percentage of the consolidated revenue of the Corporation, with a new methodology based on the costs incurred by Cogeco plus a reasonable mark-up. This cost-plus methodology was adopted to avoid future variations of the management fee percentage due to the frequent changes of the Corporation's consolidated revenue pursuant to business acquisitions and divestitures. Prior to this change, management fees represented 0.75% of the consolidated revenue from continuing and discontinued operations of the Corporation (0.85% for the period prior to the MetroCast acquisition on January 4, 2018). Provision is made for future adjustment 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, 2019, management fees paid to Cogeco reached \$19.9 million compared to \$19.0 million for fiscal 2018.

No direct remuneration is payable to Cogeco's executive officers by the Corporation. However, during fiscal years 2019 and 2018, the Corporation granted stock options and performance share units ("PSUs") to these executive officers, as executive officers of Cogeco Communications, as shown in the following table:

Years ended August 31,	2019	2018
Stock options	97,725	126,425
PSUs	14,625	19,025

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 to these executive officers, as well as deferred share units ("DSUs") issued to Board directors of Cogeco:

Years ended August 31, (in thousands of dollars)	2019 \$	2018 \$
Stock options	1,046	915
ISUs	61	1
PSUs	981	990
DSUs	631	—

There were no other material related party transactions during the periods covered.

5. CASH FLOW ANALYSIS

Years ended August 31, (in thousands of dollars, except percentages)	2019 \$	2018 ⁽¹⁾ \$	Change %
Cash flow from operating activities	868,711	620,748	39.9
Cash flow from investing activities	(471,078)	(2,191,666)	(78.5)
Cash flow from financing activities	(659,222)	1,426,136	—
Effect of exchange rate changes on cash and cash equivalents denominated in a foreign currency	(439)	1,989	—
Net change in cash and cash equivalents from continuing operations	(262,028)	(142,793)	83.5
Net change in cash and cash equivalent from discontinued operations ⁽²⁾	733,807	16,333	—
Cash and cash equivalents, beginning of the year	84,725	211,185	(59.9)
Cash and cash equivalents, end of the year	556,504	84,725	—

(1) Fiscal 2018 was restated to comply with IFRS 15 and to reflect a change in accounting policy as well as to reclassify results from Cogeco Peer 1 as discontinued operations. For further details, please consult the "Accounting policies" and "Discontinued operations" sections.

(2) For further details on the Corporation's cash flow attributable to discontinued operations, please consult the "Discontinued operations" section.