corus.

First Quarter 2021
Report to Shareholders

For the Three Months Ended November 30, 2020
(Unaudited)

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FINANCIAL HIGHLIGHTS

(These highlights are derived from the unaudited consolidated financial statements)

(in thousands of Canadian dollars except per share amounts)	Three months ended November 30, 2020	2019
Revenues		
Television	**392,102**	429,951
Radio	**28,253**	37,927
	420,355	467,878
Segment profit [(1)]		
Television	**179,565**	178,618
Radio	**7,141**	12,028
Corporate	**(8,099)**	(6,531)
	178,607	184,115
Net income attributable to shareholders	**76,664**	78,116
Adjusted net income attributable to shareholders [(1)]	**79,851**	79,980
Basic earnings per share	**$0.37**	$0.37
Adjusted basic earnings per share [(1)]	**$0.38**	$0.38
Diluted earnings per share	**$0.37**	$0.37
Free cash flow [(1)]	**62,374**	53,048

[(1)] Segment profit, adjusted net income attributable to shareholders, adjusted basic earnings per share, and free cash flow do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"). The Company believes these non-IFRS measures are frequently used as key measures to evaluate performance. For definitions, explanations and reconciliations see discussion under the Key Performance Indicators section of this report and/or Management's Discussion and Analysis in the Company's Annual Report for the year ended August 31, 2020.

HIGHLIGHTS IN THE QUARTER

- On September 3, 2020, so.da and Twitter announced its seventh branded content series to launch as part of the Company's Twitter Originals Fueled by so.da partnership #ShopSmallStories with Amex Canada. The series is inspired by the movement to support local Canadian-owned business within communities and brings small businesses to the forefront showcasing how small business owners run their shops, and how they serve their communities with resilience and hard work.
- On September 8, 2020, Global announced its new slate of TV series joining the fall primetime schedule including seven newly licensed series, delivering 15.5 hours of simulcast. Along with new daytime show *The Drew Barrymore Show*, Global added a mix of TV genres to its lineup including scripted true crime series *Manhunt: Deadly Games* and critically acclaimed comedy *One Day at A Time*. In addition, new reality series *I Can See Your Voice*, and *The Greatest #AtHome Videos*, and documentary series *The FBI Declassified*, *and 48 Hours: Suspicion*, a special edition of *48 Hours* joined the schedule.
- On September 10, 2020, the Company announced Corus Radio Toronto's Q107 was the most listened to commercial station in Toronto this past summer, finishing the season with the highest share of tuning for adults aged 25-54, while Corus Radio Vancouver's Rock 101 was the most listened to commercial station in Vancouver this past summer, finishing the season with the highest share of tuning for adults aged 25-54.
- On September 17, 2020, the CRTC launched a public consultation process to consider whether to grant regulatory flexibility to licenced broadcasters in light of COVID-19. In its "Notice of Consultation" document, the CRTC expressed openness to determining broadcasters' compliance with certain regulatory requirements based on whether they have fulfilled their obligations over "a more protracted period of time." Stakeholders had the opportunity to submit comments until October 19, 2020 and to submit reply comments on October 29, 2020. The CRTC is expected to release a decision sometime in the ensuing months.
- On September 24, 2020, the Company and *ET Canada* were recognized with a 2020 CCMA Award for Country Music Program or Special of the Year for the week-long fundraising special *Canada Together: In Concert*. The special featured virtual performances and interviews from some of country music's biggest talent and helped to raise over $300,000 in support of Food Banks Canada and the Unison Benevolent Fund.
- On September 29, 2020, the Company announced the appointment of Lenore MacAdam as Head of Diversity and Inclusion, a newly created role reporting directly to Doug Murphy, President and Chief Executive Officer.
- On October 5, 2020, the Company announced an agreement for Corus Radio Winnipeg's 680 CJOB to acquire the Winnipeg Jets' exclusive radio broadcast rights for all pre-season, regular season and playoff games for the 2020-21 through 2026-27 seasons. The games will also be simulcast on Corus Radio Winnipeg's Power 97.
- On October 12, 2020 the Company and Mattel Television announced a new co-production partnership that introduces a new creative approach for Mattel's popular *Thomas & Friends* television series. Mattel has greenlit 104x11-minute episodes and two 60-minute specials for the *Thomas & Friends* television series over two seasons, starting with Season 25.
- On October 21, 2020, the Company announced an agreement with Duncan Studio, the L.A. based award-winning independent animation company, to produce original high-quality animated feature films for the global market. *Mother Nature*, created by Ken Duncan, is the first title to be developed under the new agreement.
- On October 21, 2020, Global News announced the addition of two new regional news streams for Regina and Saskatoon to its free 24/7 news offering on the Global TV App. These join existing B.C., Calgary, Edmonton, Toronto, Winnipeg, Halifax, Montreal and National-based streams, expanding Global News' roster to ten free streams within the app.
- On November 2, 2020, the Company's Corus Studios announced a growing slate of new and returning series for international distribution as well as numerous worldwide sales over the past six months which represent over 300 hours of programming. This includes a previously announced sale of 85 hours of lifestyle content, sold to Discovery Inc.'s HGTV and Food Network in the U. S., and new sales into international markets such as the United Kingdom, Asia and Australia.
- On November 3, 2020, the Minister of Canadian Heritage tabled Bill C-10 in Parliament, which proposes amendments to the *Broadcasting Act*. Most notably, the bill proposes incorporating "online undertakings" into the Canadian broadcasting regulatory framework, and replacing "conditions of licence" with "conditions of service". Whereas "conditions of licence" are only applicable to traditional broadcasting licence-holders, "conditions of service" would be applicable to all entities captured by the *Broadcasting Act*, including "online undertakings." The Minster also pledged to release a "direction" to the CRTC with more specific policy parameters for the regulator. Further regulatory consultation processes are expected to follow passage of the bill, which is currently proceeding through a multi-stage review process in Parliament.

- On November 5, 2020, the Company announced the hiring of Sabah Mirza as Executive Vice President and General Counsel effective November 23, 2020, succeeding Dale Hancocks.
- On November 12, 2020, the CRTC launched a public proceeding to review the regulatory framework for the commercial radio sector. In its "Notice of Consultation" document, the CRTC announced that it intended to reconsider many significant radio regulatory policies as part of the process, including: the number of stations a single licensee can own in a market, levels of Canadian content development contributions, Canadian content criteria for musical programming, and measures to support spoken word programming. Stakeholders will have the opportunity to submit written comments. A live public hearing is not expected to take place as part of the process. The CRTC is expected to release a decision sometime in late 2021 or early-mid 2022.
- On November 17, 2020, the Company declared a quarterly dividend of $0.05875 and $0.06 per share to holders of its Class A and Class B Shares, respectively, with a record date of December 15, 2020 and a payment date of December 30, 2020.
- On November 17, 2020, the Minister of Innovation, Science and Industry tabled Bill C-11 in Parliament, which proposes significant changes to Canada's private sector privacy laws. The bill seeks to enact the *Consumer Privacy Protection Act* ("CPPA") while simultaneously repealing corresponding provisions from Canada's existing data privacy legislation, the *Personal Information Protection and Electronic Documents Act* ("PIPEDA"). The CPPA would create new privacy obligations for data collecting organizations including new requirements regarding informed consent and algorithmic transparency, as well as strict penalties for non-compliance, while maintaining and supplementing PIPEDA's policy principles. Bill C-11 also proposes to enact the *Personal Information and Data Protection Tribunal Act*, which would create a new administrative tribunal to hear appeals of the Privacy Commissioner's decisions and assist in administering the CPPA. Further regulatory development processes are expected to follow passage of the bill, which is currently proceeding through a multi-stage review process in Parliament.
- On November 18, 2020, the Company announced that Nick+ is now available to customers in Canada through Apple TV channels on the Apple TV app on iPhone, iPad, Apple TV, iPod touch, Mac, select Samsung, LG, Sony, and VIZIO smart TVs, Roku and Amazon Fire TV devices, and PlayStation and Xbox consoles.
- On November 24, 2020, the Company announced that the Toronto Stock Exchange (the "TSX") had accepted the notice filed by Corus to renew its normal course issuer bid ("NCIB") program for its Class B Non-Voting Shares through the facilities of the TSX and/or alternative Canadian trading systems. The Company may, during the 12-month period of November 26, 2020 to November 25, 2021, purchase for cancellation up to 9,673,416 of its Class B Non-Voting Shares, which represent approximately 5% of the public float as at November 1, 2020.
- On November 30, 2020, in its "Fall Economic Statement", the Government of Canada pledged to support "the waiving of broadcasting Part II licence fees in 2020-21, which are collected annually by the Canadian Radio-television and Telecommunications Commission." These fees are payable by all licenced radio, conventional television, and discretionary television services. On December 15, 2020, the Government provided additional details regarding the program. It confirmed that the Part II licence fee waiver would be available to licencees who attest to experiencing a 25% revenue loss due to COVID-19, compliance with CRTC licence obligations for a period of two years and, continuing to operate radio and television services for a period of two years. Statements of attestation must be submitted to the CRTC by January 31, 2021.

HIGHLIGHTS SUBSEQUENT TO THE QUARTER

- On December 4, 2020, the Company was recognized as one of Greater Toronto's Top Employers for 2021 by MediaCorp Canada and The Global and Mail. This designation recognizes Greater Toronto employers with exceptional human resources programs and forward-thinking workplace policies.
- On December 7, 2020, the Company's Global News announced the addition of four new regional news streams to its offering on the GlobalTV App including Okanagan, Lethbridge, Peterborough and Kingston which will join existing B.C., Calgary, Edmonton, Saskatoon, Regina, Winnipeg, Toronto, Montreal, Halifax and National based streams, expanding Global News' roster to 14 free news streams within the app.
- On December 9, 2020, the Company's Creative Agency was awarded gold place in the Children Clip-Based Programming Spot category, silver place in the Copywriting for a Radio Promo category and bronze place for the Best Social Cause Promo or Campaign category at the Promax North America Awards 2020, which celebrated the outstanding achievement in entertainment marketing and design.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three months ended November 30, 2020 is prepared as at January 11, 2021. The following should be read in conjunction with Management's Discussion and Analysis, consolidated financial statements and the notes thereto included in the Company's Annual Report for the year ended August 31, 2020 and the interim condensed consolidated financial statements and notes of the current quarter. The financial highlights included in the discussion of the segmented results are derived from the unaudited interim condensed consolidated financial statements. All amounts are stated in Canadian dollars unless specified otherwise.

Corus Entertainment Inc. ("Corus" or the "Company") reports its financial results under IFRS in Canadian dollars. Per share amounts are calculated using the weighted average number of shares outstanding for the applicable period.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This document contains forward-looking information and should be read subject to the following cautionary language:

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking information"). These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, advertising, distribution, merchandise and subscription revenues, operating costs and tariffs, taxes and fees, and can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances may be considered forward-looking information. Although Corus believes that the expectations reflected in such forward-looking information are reasonable, such information involves assumptions, risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied with respect to the forward-looking information, including without limitation: factors and assumptions regarding the general market conditions and general outlook for the industry, interest rates, stability of the advertising, distribution, merchandise and subscription markets, operating and capital costs and tariffs, taxes and fees, our ability to source desirable content and our capital and operating results being consistent with our expectations. Actual results may differ materially from those expressed or implied in such information. Important factors that could cause actual results to differ materially from these expectations include, among other things: our ability to attract and retain advertising revenues; audience acceptance of our television programs and cable networks; our ability to recoup production costs, the availability of tax credits and the existence of co-production treaties; our ability to compete in any of the industries in which we do business; the opportunities (or lack thereof) that may be presented to and pursued by us; conditions in the entertainment, information and communications industries and technological developments therein; changes in laws or regulations or the interpretation or application of those laws and regulations; our ability to integrate and realize anticipated benefits from our acquisitions and to effectively manage our growth; our ability to successfully defend ourselves against litigation matters arising out of the ordinary course of business; failure to meet covenants under our senior credit facility; epidemics, pandemics or other public health crises, including the current outbreak of novel coronavirus ("COVID-19") and changes in accounting standards. Additional information about these factors and about the material assumptions underlying any forward-looking information may be found under the heading "Risks and Uncertainties" in the Management's Discussion and Analysis for the year ended August 31, 2020 and this document and under the heading "Risk Factors" in our Annual Information Form. Corus cautions that the foregoing list of important assumptions and factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise specified, all forward-looking information in this document speaks as of the date of this document. Unless otherwise required by applicable securities laws, Corus disclaims any intention or obligation to publicly update or revise any forward-looking information whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.

For a discussion on the Company's results of operations for fiscal 2020, we refer you to the Company's Annual Report for the year ended August 31, 2020, filed on SEDAR on December 14, 2020.

OVERVIEW OF CONSOLIDATED RESULTS

REVENUES

Consolidated revenues for the first quarter of fiscal 2021 of $420.4 million decreased 10% from $467.9 million in the prior year. On a consolidated basis, advertising revenues declined 15% from the prior year, subscriber revenues were consistent with the prior year, while merchandising, distribution and other revenues increased 8% compared to the prior year. Revenues were down 9% in Television and decreased in Radio by 26%, compared to the prior year. Further analysis of revenues is provided in the discussion of segmented results.

DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Direct cost of sales, general and administrative expenses for the first quarter of fiscal 2021 of $241.7 million decreased 15% from $283.8 million in the prior year. On a consolidated basis, direct cost of sales decreased 17%, employee costs decreased 4% and general and administrative expenses decreased 25% from the prior year. The decrease in direct cost of sales arises from decreases in amortization of program rights and film assets in the quarter. The decrease in employee costs was primarily due to the estimated Canada Emergency Wage Subsidy ("CEWS") benefit of $3.7 million in the quarter and lower short-term compensation accruals, partially offset by increased share-based compensation expense. General and administrative expenses were lower as a result of the relief on Part I CRTC fees, and lower tariff royalties that are positively correlated with revenues. General and administrative expenses were also positively impacted by a suspension in the first half of fiscal 2021 of most discretionary costs such as advertising, marketing, travel, and entertainment, as well as lower utility and transmission costs, offset by increases over prior year in consulting fees and to a lesser extent incremental COVID-19 related costs. Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Consolidated segment profit for the first quarter of fiscal 2021 was $178.6 million, which was down 3% from $184.1 million in the prior year. Segment profit margin for the first quarter of fiscal 2021 was 42%, an increase from 39% in the prior year. Further analysis is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended November 30, 2020 was $38.0 million, a decrease from $40.0 million in the prior year. The decrease in the quarter was principally a result of decreases in amortization of brands of $1.8 million.

INTEREST EXPENSE

Interest expense for the three months ended November 30, 2020 was $24.7 million, down from $28.8 million in the prior year. The decrease results primarily from lower interest on bank debt of $2.8 million and lower imputed interest of $1.5 million on long-term liabilities associated with program rights, trade marks and right-of-use assets, partially offset by $0.2 million lower amortization of a deferred gain from other comprehensive income on interest rate swaps settled on November 28, 2017. The reduction in interest on bank debt is due to lower debt levels.

The effective interest rate on bank loans for the three months ended November 30, 2020 was 4.0% compared to 4.1% in the prior year. The decrease in the effective rate for fiscal 2021 is due to lower market floating rates, largely offset by interest rate swaps.

INTEGRATION, RESTRUCTURING AND OTHER COSTS

For the three months ended November 30, 2020, the Company incurred $4.3 million of integration, restructuring and other costs, compared to $2.5 million in the prior year. The current fiscal year costs are related to restructuring costs associated with employee exits, continued transmitter decommissioning costs and system integration costs. These charges are excluded from the determination of segment profit.

OTHER INCOME, NET

Other income for the three months ended November 30, 2020 was $0.6 million, compared to $2.1 million in the prior year. The decrease in the quarter reflects gains on U.S. denominated obligations, accounts payable, accounts receivable and cash, offset by fair value adjustment on foreign exchange forward contracts.

INCOME TAX EXPENSE

The effective income tax rates for the three months ended in both November 30, 2020 and November 30, 2019, were consistent with the Company's statutory income tax rates.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS PER SHARE

Net income attributable to shareholders for the first quarter of fiscal 2021 was $76.7 million ($0.37 per share basic), as compared to net income attributable to shareholders of $78.1 million ($0.37 per share basic) in the prior year. Net income attributable to shareholders for the first quarter of fiscal 2021 includes integration, restructuring and other costs of $4.3 million ($0.01 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $79.9 million ($0.38 per share basic) in the quarter. Net income attributable to shareholders for the first quarter of fiscal 2020 includes integration, restructuring and other costs of $2.5 million ($0.01 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $80.0 million ($0.38 per share basic) in the prior year quarter.

The weighted average number of basic shares outstanding for the three months ended November 30, 2020 was 208,367,000 compared to 211,388,000 in the prior year. The number of shares outstanding decreased as a result of the purchase and cancellation of Class B Non-Voting Participating Shares under the Company's normal course issuer bid ("NCIB"), which commenced on November 12, 2019 and expired on November 11, 2020.

OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX

Other comprehensive income for the three months ended November 30, 2020 was $5.1 million, compared to $15.2 million in the prior year. For the three months ended November 30, 2020, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of $3.4 million and unrealized gains on the fair value of cash flow hedges of $2.5 million, offset by an unrealized loss from the change in the fair value of financial assets of $0.8 million. In the prior year, other comprehensive income includes an unrealized gain on the remeasurement of post-employment benefit plans of $4.8 million, an unrealized gain from the change in the fair value of financial assets of $5.5 million, and an unrealized gain on the fair value of cash flow hedges of $4.9 million, offset by an unrealized gain from foreign currency translation adjustments of $0.1 million.

TELEVISION

The Television segment is comprised of 33 specialty television services (34 services prior to December 31, 2020; 35 services prior to December 31, 2019; 37 services prior to September 30, 2019), 15 conventional television stations, digital assets, a social media digital agency, a social media creator network, technology and media services, and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, and animation software.

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Three months ended November 30, 2020	2019
Revenues		
Advertising	**246,258**	286,258
Subscriber fees	**123,701**	123,669
Merchandising, distribution and other	**22,143**	20,024
Total revenues	**392,102**	429,951
Expenses	**212,537**	251,333
Segment profit [1]	**179,565**	178,618
Segment profit margin[1]	**46%**	42%

[1] As defined in the "Key Performance Indicators" section of Management's Discussion and Analysis in the Company's Annual Report for the year ended August 31, 2020.

Revenues in the first quarter of fiscal 2021 decreased 9% from the prior year as a result of a decline of 14% in advertising revenues, while subscriber revenues remained flat, partially offset by an increase of 11% in merchandising, distribution and other revenues. The resurgence of COVID-19, prompting new restrictions in all markets, continued to cause a marked contraction in advertising revenues. However, the decline in advertising revenues in the first quarter of fiscal 2021 was not as pronounced as in the last two quarters of fiscal 2020 (three months ended May 31, 2020 – down 31%; three months ended August 31, 2020 - down 25%). Sequential improvement over two successive quarters was driven by gradual increases in overall television advertising demand. Subscriber revenues remained consistent with the prior year as a result of subscriber growth on STACKTV offsetting lower subscribers in the traditional system and the shut-down of Cosmo, IFC (September 2019) and FYI (December 2019), as well as positive retroactive adjustments that occurred upon renewal of distribution agreements in the prior and current year. The increase in merchandising, distribution and other revenues was primarily driven by strong content licensing sales from both Nelvana and Corus Studios, as well as Toon Boom Animation software and services, partially offset by a decline in Merchandising from the prior year.

Expenses in the first quarter of fiscal 2021 were down 15% from the prior year. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) decreased 17% from the prior year, while general and administrative expenses were down by 14% from the prior year. Amortization of program rights decreased by 17% from the prior year, film amortization decreased by 24% ($1.3 million) and other cost of sales decreased 10% ($0.9 million). The decrease in amortization of program rights was driven predominantly by lower amortization arising from a modified fall schedule due to a delay in programming deliveries, the shut-down of three specialty television services in the prior year (Cosmo, IFC, and FYI), partially offset by higher costs from the renewals of certain U.S. output deals. Amortization of film investments decreased principally as a result of a higher number of acquired properties in the current quarter than the prior year that have lower amortization rates, partially offset by higher amortization on in-house productions, while the decrease in other cost of sales was principally a result of costs associated with certain sales initiatives. Employee costs decreased 7% primarily due to the estimated CEWS benefit of $2.5 million, lower freelancer costs and lower short-term compensation accruals. Other general and administrative expenses were 24% lower as a result of a suspension, for the first half of fiscal 2021, of most discretionary spending on travel, entertainment, advertising and promotions, relief on Part I CRTC fees, lower trade mark fees and tariff royalties levied under the *Copyright Act* that are both positively correlated with movements in revenues, and transmission costs.

Segment profit[1] was up 1% for the first quarter of fiscal 2021. The increase in the first quarter was a result of decreases in direct cost of sales and general and administrative expenses exceeding decreases in revenues. Segment profit margin[1] for the quarter was 46% up from the prior year of 42%.

(1) As defined in the "Key Performance Indicators" section of Management's Discussion and Analysis in the Company's Annual Report for the year ended August 31, 2020.

RADIO

The Radio segment is comprised of 39 radio stations situated primarily in urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Corus is one of Canada's leading radio operators in terms of audience reach.

FINANCIAL HIGHLIGHTS

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2020**	2019
Revenues	**28,253**	37,927
Expenses	**21,112**	25,899
Segment profit[1]	**7,141**	12,028
Segment profit margin[1]	**25%**	32%

(1)As defined in the "Key Performance Indicators" section of Management's Discussion and Analysis in the Company's Annual Report for the year ended August 31, 2020.

Revenues decreased 26% in the first quarter of fiscal 2021. The resurgence of COVID-19, prompting new restrictions in all markets, continued to cause a marked contraction in advertising revenues. However, the decline in advertising revenues in the first quarter of fiscal 2021 was not as pronounced as it was in the last two quarters of fiscal 2020 (three months ended May 31, 2020 – down 53%; three months ended August 31, 2020 – down 43%). Sequential improvement over two successive quarters was driven by gradual increases in certain Ontario and British Columbia markets due to ratings improvements and modest growth in the retail and government spending categories. This was offset by persistent economic challenges in the Alberta market and further exacerbated by the cancellation of the Canadian Football League and postponement of the National Hockey League seasons. The Company continues to work closely with its advertisers and agencies to create relevant and innovative marketing and advertising opportunities.

Direct cost of sales and general and administrative expenses were down 18% in the first quarter of fiscal 2021. The decreases were principally from lower part-time employee costs and the estimated CEWS benefit of $0.4 million, relief on Part I CRTC fees and reductions on tariff royalties levied under the *Copyright Act* that are positively correlated with movements in revenues, as well as a suspension, for the first half of fiscal 2021, of most discretionary spending on travel, entertainment, advertising and promotions.

Radio's segment profit[1] declined $4.9 million in the first quarter of fiscal 2021. Segment profit margin[1] of 25% for the quarter was down from segment profit margin of 32% in the prior year, but significantly improved from the last two quarters of fiscal 2020 (three months ended May 31, 2020 - negative 10%; three months ended August 31, 2020 - negative 6%).

(1) As defined in the "Key Performance Indicators" section of Management's Discussion and Analysis in the Company's August 31, 2020 Annual Report

CORPORATE

The Corporate results are comprised of the incremental cost of corporate overhead in excess of the amount allocated to the operating divisions.

FINANCIAL HIGHLIGHTS

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2020**	2019
Share-based compensation	**4,115**	2,855
Other general and administrative costs	**3,984**	3,676
	8,099	6,531

Share-based compensation includes expenses related to the Company's stock options and other long-term incentive plans (such as Performance Share Units - "PSUs", Deferred Share Units – "DSUs", and Restricted Share Units – "RSUs"). The expense fluctuates with changes in assumptions, primarily regarding the Company's share price and number of units estimated to vest.

Share-based compensation increased in the first quarter by $0.7 million. This increase is due to the increase in the Company's share price, which is partially offset by the change in the fair value of the total return swaps (refer to note 5 to the interim condensed consolidated financial statements for further details on this swap arrangement).

Other general and administrative costs increased 8% ($0.3 million) in the quarter. The increase in the quarter is related to higher short-term compensation accruals, higher consulting fees, and incremental COVID-19 related costs, partially offset by the estimated CEWS benefit of $0.8 million, reduced travel, entertainment and legal costs.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

As discussed in Management's Discussion and Analysis for the year ended August 31, 2020, Corus' operating results are subject to seasonal fluctuations that can significantly impact quarter-to-quarter operating results. The Company's advertising revenues are dependent on general advertising revenues and retail cycles associated with consumer spending activity, accordingly the first and third quarter results tend to be the highest and second and fourth quarter results tend to be the lowest in a fiscal year.

In fiscal 2021, the impact of COVID-19 and measures to prevent its spread continue to significantly affect advertising revenues which continue to deviate from historical distribution patterns, but are showing improvement from the third and fourth quarters of fiscal 2020. In fiscal 2020, this resulted in the third quarter of fiscal 2020 being lower than both the first and second quarters, which resulted in a downward trend in the second half of that fiscal year. The same pattern is observable in segment profit for fiscal 2020. The Company's merchandising and distribution revenues are dependent on the number and timing of film and television programs delivered, as well as the timing and level of success achieved of associated merchandise licensed in the market, which cannot be predicted with certainty. Consequently, the Company's results may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods.

Also in fiscal 2020, segment profit and free cash flow were positively impacted, when compared to fiscal 2019, by the adoption of IFRS 16 - *Leases*. The most significant effect of the new standard was the lessee's recognition of the initial present value of unavoidable future lease payments as right-of-use lease assets and lease liabilities, including those for most leases that would have previously been accounted for as operating leases. This results in depreciation of right-of-use lease assets, rather than as an expense in segment profit and presentation of lease payments as financing costs, rather than as part cash used by operations. The implementation of IFRS 16 did not have any impact on lease economics or lease cash flows. Impact on net income attributable to shareholders was not material. Fiscal 2021 quarters are presented on the same basis as the fiscal 2020 quarters.

The following table sets forth certain unaudited data derived from the Company's interim condensed consolidated financial statements for each of the eight most recent quarters ended November 30, 2020. In Management's opinion, these unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements in the Company's Annual Report for the year ended August 31, 2020, except as disclosed in note 3 of the interim condensed consolidated financial statements.

(thousands of Canadian dollars, except per share amounts)

					Earnings (loss) per share [2]		
	Revenues	Segment profit [1][2]	Net income (loss) attributable to shareholders	Adjusted net income attributable to shareholders [1]	Basic	Diluted	Adjusted basic	Free cash flow [1][2]
2021								
1st quarter	**420,355**	**178,607**	**76,664**	**79,851**	**$ 0.37**	**$ 0.37**	**$ 0.38**	**62,374**
2020								
4th quarter	318,396	94,502	30,278	33,181	$ 0.15	$ 0.15	$ 0.16	87,353
3rd quarter	348,967	111,313	(752,280)	18,996	$ (3.61)	$ (3.61)	$ 0.09	90,773
2nd quarter	375,995	115,909	18,524	25,900	$ 0.09	$ 0.09	$ 0.12	65,073
1st quarter	467,878	184,115	78,116	79,980	$ 0.37	$ 0.37	$ 0.38	53,048
2019								
4th quarter	377,479	109,776	22,947	27,930	$ 0.11	$ 0.11	$ 0.13	93,554
3rd quarter	458,417	170,523	66,378	66,077	$ 0.31	$ 0.31	$ 0.31	90,101
2nd quarter	384,115	113,148	6,344	15,733	$ 0.03	$ 0.03	$ 0.07	83,909

[1] As defined in "Key Performance Indicators" of this report or Management's Discussion and Analysis in the Company's Annual Report for the year ended August 31, 2020.

[2] Effective September 1, 2019, the Company adopted IFRS 16. There has been no restatement of prior periods. Refer to Impact of New Accounting Policies section of the Company's Annual Report fo rthe year ended August 31, 2020, filed on SEDAR on December 14, 2020.

SIGNIFICANT ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- Net income attributable to shareholders for the first quarter of fiscal 2021 was negatively impacted by integration, restructuring and other costs of $4.3 million ($0.01 per share).
- Segment profit and free cash flow in the fourth quarter of fiscal 2020 were positively impacted by IFRS 16 by approximately $3.3 million and $3.8 million, respectively; however the impact on net income attributable to shareholders was not material. Net income attributable to shareholders for the fourth quarter of fiscal 2020 was negatively impacted by integration, restructuring and other costs of $4.0 million ($0.01 per share).
- Segment profit and free cash flow in the third quarter of fiscal 2020 were positively impacted by IFRS 16 by approximately $3.3 million and $4.1 million, respectively; however, the impact on net income attributable to shareholders was not material. Net loss attributable to shareholders for the third quarter of fiscal 2020 was negatively impacted by non-cash radio broadcast license and television and radio goodwill impairment charges of $786.8 million ($3.69 per share) and integration, restructuring and other costs of $2.6 million ($0.01 per share).
- Segment profit and free cash flow in the second quarter of fiscal 2020 were positively impacted by IFRS 16 by approximately $3.4 million and $4.2 million, respectively; however, the impact on net income attributable to shareholders was not material. Net income attributable to shareholders for the second quarter of fiscal 2020 was negatively impacted by integration, restructuring and other costs of $10.0 million ($0.03 per share).
- Segment profit and free cash flow in the first quarter of fiscal 2020 were positively impacted by the implementation of IFRS 16 by approximately $3.4 million and $3.9 million, respectively; however, the impact on net income attributable to shareholders was not material. Net income attributable to shareholders for the first quarter of fiscal 2020 was negatively impacted by integration, restructuring and other costs of $2.5 million ($0.01 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $16.7 million ($0.06 per share) and integration, restructuring and other costs of $6.8 million ($0.02 per share).

- Net income attributable to shareholders for the third quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $16.7 million ($0.06 per share), integration, restructuring and other costs of $2.3 million ($0.01 per share) and a $0.3 million ($nil per share) loss on disposal of the Company's 50.5% interest in TLN, offset by a gain on debt modification of $3.9 million ($0.01 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $34.9 million ($0.12 per share), integration, restructuring and other costs of $4.0 million ($0.01 per share) and an impairment on an investment in an associate of $8.7 million ($0.03 per share).

FINANCIAL POSITION

Total assets at November 30, 2020 were $4.0 billion, which was consistent with total assets at August 31, 2020. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2020.

Current assets at November 30, 2020 were $468.8 million, up $108.2 million from August 31, 2020.

Cash and cash equivalents increased by $4.0 million from August 31, 2020. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $96.0 million from August 31, 2020. The accounts receivable balance is subject to seasonal trends. Typically, the balance of trade receivables is higher at the end of the first and third quarters and lower at the end of the second and fourth quarters as a result of the broadcast advertising revenue seasonality; however this year seasonal trends may be significantly impacted by the resurgence of COVID-19 and may not be representative of historical results (see the Seasonal Fluctuations under the *Quarterly Consolidated Financial Information* section of this report for further details). The Company carefully monitors the aging and collection performance of its accounts receivable.

Tax credits receivable increased $4.7 million from August 31, 2020 as a result of accruals relating to film productions exceeding tax credit receipts.

Investments and other assets increased $1.7 million from August 31, 2020, primarily as a result of an increase in the net asset position of certain post employment benefit plans, offset by a decrease in unrealized gains related to forward foreign exchange contracts.

Property, plant and equipment decreased $10.1 million from August 31, 2020 as a result of depreciation expense exceeding additions.

Program rights decreased $15.1 million from August 31, 2020, as additions of acquired rights of $94.6 million were offset by amortization of $109.7 million.

Film investments decreased $1.7 million from August 31, 2020, as film additions (net of tax credit accruals) of $2.5 million were offset by film amortization of $4.2 million.

Intangibles decreased $27.0 million from August 31, 2020, primarily as a result of amortization of finite life intangibles, while goodwill remained unchanged from August 31, 2020.

Accounts payable and accrued liabilities increased $57.5 million from August 31, 2020, principally as a result of higher program rights payable, trade accounts payable, unremitted sales taxes, film production accruals, and other accrued liabilities, which include other working capital accruals, offset by decreases to unearned revenues, trade marks payable, short-term lease liabilities, short-term compensation accruals, capital asset purchases, and accruals related to third party back-end participations.

Provisions, including the long-term portion, at November 30, 2020 of $19.0 million increased $0.8 million from August 31, 2020 as a result of restructuring related additions exceeding payments.

Bank debt, including the current portion, as at November 30, 2020 was $1,473.6 million compared to $1,506.1 million as at August 31, 2020. As at November 30, 2020, the $158.6 million classified as the current portion of bank debt reflects the mandatory repayments in the following 12 months. During the three months ended November 30, 2020, the Company repaid bank debt of $33.5 million and amortized $1.0 million of deferred financing charges.

Other long-term liabilities decreased $30.7 million from August 31, 2020, primarily from decreases in long-term program rights payable, adjustments to the fair value of interest rate swap derivatives, long-term liabilities related to trade marks, software licenses, leases, employee obligations, unearned revenues, and liabilities related to merchandising and other intangible rights.

Share capital remained unchanged from August 31, 2020. Contributed surplus increased by $0.3 million as a result of share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position increased by $4.0 million in the first quarter of fiscal 2021. Free cash flow for the first quarter of fiscal 2021 increased to $62.4 million, from $53.0 million in the prior year. A reconciliation of free cash flow to the consolidated statements of cash flows is provided in the *Key Performance Indicators section*.

Cash flow provided by operating activities for the three months ended November 30, 2020 was $63.4 million compared to $57.5 million in the prior year. The increase in the current quarter of $5.9 million arises principally from higher cash flow from operations of $16.2 million offset by higher cash used in working capital of $10.3 million.

Cash used in investing activities for the three months ended November 30, 2020 was $1.4 million compared to $5.6 million in the prior year. In the current year, the Company had additions to property, plant and equipment of $1.0 million and had net cash outflows of $0.4 million for intangibles, investments and other assets. The prior year includes additions to property, plant and equipment of $4.3 million and net cash outflows of intangibles, investments and other assets of $1.3 million.

Cash used in financing activities in the three months ended November 30, 2020 was $57.9 million compared to $70.2 million in the prior year. In the current year, the Company repaid bank debt of $33.5 million, returned capital of $1.6 million related to the wind up of Cosmopolitan TV, paid dividends of $16.7 million, and made payments related to right-of-use leases of $4.0 million and software licenses of $2.1 million. In the prior year, the Company repaid bank debt of $48.7 million, repurchased shares of $3.3 million, paid dividends of $16.1 million, and made payments related to right-of-use leases of $3.9 million, offset by equity funding by a non-controlling interest of $2.1 million.

LIQUIDITY

The Company's capital management objectives are to maintain financial flexibility in order to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company defines capital as the aggregate of its shareholders' equity and long-term bank debt, less cash and cash equivalents.

The Company manages its capital structure in accordance with changes in economic conditions. In order to maintain or adjust its capital structure, the Company may elect to issue or repay long-term debt, issue shares, repurchase shares through a normal course issuer bid, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances.

The Company monitors capital using several key performance metrics, including: net debt to segment profit ratio and dividend yield. The Company's stated long-term objectives are a leverage target (net debt to segment profit ratio) below 3.0 times and to maintain a dividend yield in excess of 2.5%. In the short term, the Company may permit the long-term leverage range to be exceeded (for long-term investment opportunities), but endeavours to return to the leverage target range as the Company believes that these objectives provide a reasonable framework for providing a return to shareholders and is supportive of maintaining the Company's credit ratings.

As at November 30, 2020, the Company had a net cash balance of $49.9 million and had available approximately $300.0 million under the Revolving Facility, all of which could be drawn. The Company was in compliance with all loan covenants. Management believes that cash flow from operations and existing credit facilities will provide the Company with sufficient financial resources to fund its operations for the following 12 months.

For further details on the credit facilities most recently amended on May 31, 2019, refer to note 5 of the Company's interim condensed consolidated financial statements.

TOTAL CAPITALIZATION

As at November 30, 2020, total capitalization was $2,688.2 million compared to $2,657.2 million at August 31, 2020, an increase of $31.0 million. The increase in total capitalization is principally related to the decrease in accumulated deficit of $68.2 million, offset by lower bank debt of $32.5 million and higher cash of $4.0 million.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements that have or are reasonably likely to have a current or future material effect on its financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

CONTRACTUAL COMMITMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

On November 30, 2020, the Company initiated additional total return swap agreements on 1,329,000 share units with a notional value of $1.2 million to further offset its exposure to changes in the fair value of certain cash settled share-based payment awards. The estimated fair value of these Level 1 financial instruments will fluctuate with the market price of the Company's shares. The counterparties of these swap agreements are highly rated financial institutions and the company does not anticipate any non-performance. The estimated fair value of these agreements as at November 30, 2020 is de minimis.

On November 11, 2020, the Company entered into a series of foreign exchange forward contracts totalling $63.8 million U.S. dollars. On December 10, 2020, the Company entered into a further series of foreign exchange forward contracts totalling $60.0 million U.S. dollars. Both transactions fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities.

The Company has the following undiscounted contractual obligations related to these forward currency contracts as at November 30, 2020:

(thousands of dollars)	Total	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years
Contractual CDN cash outflows	137,336	45,998	66,700	24,638	—
Contractual USD cash inflows	106,950	36,200	52,000	18,750	—

Forward contracts entered into subsequent to the quarter ended November 30, 2020 are as follows:

(thousands of dollars)	Total	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years
Contractual CDN cash outflows	76,890	14,417	38,445	24,028	—
Contractual USD cash inflows	60,000	11,250	30,000	18,750	—

KEY PERFORMANCE INDICATORS

In addition to disclosing results in accordance with IFRS as issued by the IASB, the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance. The Company measures the success of its strategies using a number of key performance indicators. These have been outlined in Management's Discussion and Analysis contained in the Annual Report for the year ended August 31, 2020, including a discussion as to their relevance, definitions, calculation methods and underlying assumptions.

Certain key performance indicators are not measurements in accordance with IFRS and should not be considered as an alternative to net income or any other measure of performance under IFRS. The following tables reconcile those key performance indicators that are not in accordance with IFRS measures:

FREE CASH FLOW

Free cash flow is calculated as cash provided by operating activities less cash used in investing activities, as reported in the consolidated statements of cash flows, and then adding back cash used specifically for business combinations and strategic investments and deducting net proceeds from dispositions. Free cash flow is a key metric used by the investing community that measures the Company's ability to repay debt, finance strategic business acquisitions and investments, pay dividends, and repurchase shares. Free cash flow does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measures presented by other companies. Free cash flow should not be considered in isolation or as a substitute for cash flows prepared in accordance with IFRS.

(thousands of Canadian dollars)	Three months ended November 30, 2020	2019
Cash provided by (used in):		
Operating activities	**63,381**	57,472
Investing activities	**(1,407)**	(5,551)
	61,974	51,921
Add: cash used in business acquisitions and strategic investments [1]	**400**	1,127
Free cash flow	**62,374**	53,048

[1] Strategic investments are comprised of investments in venture funds and associated companies.

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE

Management uses adjusted net income and adjusted basic earnings per share as a measure of enterprise-wide performance. Adjusted net income and adjusted basic earnings per share are defined as net income and basic earnings per share before items such as: non-recurring gains or losses related to acquisitions and/or dispositions of investments; costs of debt refinancing; non-cash impairment charges; and business acquisition, integration and restructuring costs. Management believes that adjusted net income attributable to shareholders and adjusted basic earnings per share are useful measures that facilitate period-to-period operating comparisons. Adjusted net income attributable to shareholders and adjusted basic earnings per share do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Adjusted net income attributable to shareholders and adjusted basic earnings per share should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE RECONCILIATION

(thousands of Canadian dollars, except per share amounts)	Three months ended November 30, 2020	2019
Net income attributable to shareholders	**76,664**	78,116
Adjustments, net of income tax:		
Integration, restructuring and other costs	**3,187**	1,864
Adjusted net income attributable to shareholders	**79,851**	79,980

	Three months ended November 30, 2020	2019
Basic earnings per share	**$0.37**	$0.37
Adjustments, net of income tax:		
Integration, restructuring and other costs	**$0.01**	$0.01
Adjusted basic earnings per share	**$0.38**	$0.38

NET DEBT AND NET DEBT TO SEGMENT PROFIT

Net debt is calculated as long-term debt plus lease liabilities, less cash and cash equivalents as reported in the consolidated statements of financial position. Net debt to segment profit is calculated as net debt divided by segment profit. Net debt is an important measure as it reflects the principal amount of debt owing by the Company as at a particular date. Net debt to segment profit is an important measure of the Company's liquidity. Net debt and net debt to segment profit do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies.

(thousands of Canadian dollars)	**As at November 30, 2020**	As at August 31, 2020
Total bank loans, net of unamortized financing fees	**1,473,605**	1,506,089
Lease liabilities	**146,536**	148,580
Cash and cash equivalents	**(49,937)**	(45,900)
Net debt	**1,570,204**	1,608,769

(thousands of Canadian dollars)	**As at November 30, 2020**	As at August 31, 2020
Net debt (numerator)	**1,570,204**	1,608,769
Segment profit (denominator) [1]	**500,331**	505,839
Net debt to segment profit	**3.14**	3.18

[1] Reflects aggregate amounts for the most recent four quarters, as detailed in the table in the "Quarterly Consolidated Financial Information" section.

RISKS AND UNCERTAINTIES

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's August 31, 2020 Annual Report under the "Risks and Uncertainties" section. The following is an update to the changes in the risks or uncertainties facing the Company since that date.

COVID-19

The resurgence of COVID-19 has meant that many communities have levels of COVID-19 higher than levels in April and May, when COVID-19 was formally characterized as a pandemic and restrictions were first imposed. Additional emergency measures have been introduced in various provinces and territories in order to counter the resurgence of COVID-19 cases. Disruptions caused by the imposition of these emergency measures, particularly in the retail sector, continue to negatively impact advertising revenues. These emergency measures are expected to continue into the second quarter of fiscal 2021 which could continue to adversely impact advertising and other revenues. Although COVID-19 vaccines have been approved by the public health authorities, the timing of phased-in roll-outs of the vaccines and subsequent relaxation of emergency measures remains uncertain at this time. There can be no certainty that the approval and subsequent availability of vaccines will reduce the impact of the COVID-19 pandemic on the Company's business in the short to medium term.

The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to continue to contain the COVID-19 virus or remedy its impact, among others. Any of these developments, and others, could have a material adverse effect on the Company's business, financial condition, operations and results of operations. In addition, because of the severity and global nature of the COVID-19 pandemic, it is possible that estimates in the Company's financial statements will change in the near term and the effect of any such changes could be material, which could result in, among other things, an impairment of long-lived assets, an impairment of investments in venture funds and a change in the estimated credit losses on accounts receivable. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.

The Company's financial priorities remain unchanged. Importantly the Company remains committed to increasing its financial flexibility over the longer term. In this environment, the Company believes it is prudent to conserve cash out of an abundance of caution. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.

Broadcasting Act Bill C-10

On November 3, 2020, the Minister of Canadian Heritage tabled Bill C-10 in Parliament, which proposes amendments to the *Broadcasting Act*. Most notably, the bill proposes incorporating "online undertakings" into the Canadian broadcasting regulatory framework, and replacing "conditions of licence" with "conditions of service". Whereas "conditions of licence" are only applicable to traditional broadcasting licence-holders, "conditions of service" would be applicable to all entities captured by the *Broadcasting Act*, including "online undertakings." The Minster also pledged to release a "direction" to the CRTC with more specific policy parameters for the regulator. Further regulatory consultation processes are expected to follow passage of the bill, which is currently proceeding through a multi-stage review process in Parliament. The potential outcome of this process is difficult to predict and, as such, the specific impact on the Company is not determinable at this time but the bill and related changes could adversely affect the Company's result of operations and financial performance.

Consumer Privacy Protection Act Bill C-11

On November 17, 2020, the Minister of Innovation, Science and Industry tabled Bill C-11 in Parliament, which proposes significant changes to Canada's private sector privacy laws. The bill seeks to enact the *Consumer Privacy Protection Act* ("CPPA") while simultaneously repealing corresponding provisions from Canada's existing data privacy legislation, the *Personal Information Protection and Electronic Documents Act* ("PIPEDA"). The CPPA would create new privacy obligations for data collecting organizations, including new requirements regarding informed consent and algorithmic transparency, as well as strict penalties for non-compliance, while maintaining and supplementing PIPEDA's policy principles. Bill C-11 also proposes to enact the *Personal Information and Data Protection Tribunal Act*, which would create a new administrative tribunal to hear appeals of the Privacy Commissioner's decisions and assists in administering the CPPA. Further regulatory development processes are expected to follow passage of the bill, which is currently proceeding through a multi-stage review process in Parliament. The impact of the CPPA on the Company's business, operations and financial condition cannot be determined at this time. Although the Company operates compliance procedures to address the obligations under PIPEDA and is reviewing these procedures in respect of the CPPA, there can be no assurance that the Company's compliance procedures will prevent a non-compliance event. Any failure to comply with applicable privacy laws could materially adversely impact Corus' results of operations.

IMPACT OF NEW ACCOUNTING POLICIES

The IASB continues to issue new and revised IFRS. There are no pending accounting standard changes that would have a significant effect on the Company's results and operations.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2021

The Company has adopted new amendments to the following accounting standards effective for its interim and annual consolidated financial statements commencing September 1, 2020. The effects of these pronouncements on the Company's results and operations are described below.

IFRS 3 – *Business Combinations ("IFRS 3")*

In October 2018, the IASB amended IFRS 3 seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, although earlier application is permitted. The Company will apply the standard prospectively from September 1, 2020. The effects, if any, of the amended standard on the Company's financial performance and disclosure will be dependent on the facts and circumstances of any future acquisition transactions.

CONTROLS AND PROCEDURES

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred in the first quarter ended November 30, 2020 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at November 30, 2020	As at August 31, 2020
ASSETS		
Current		
Cash and cash equivalents	**49,937**	45,900
Accounts receivable	**393,605**	297,585
Prepaid expenses and other assets	**25,249**	17,112
Total current assets	**468,791**	360,597
Tax credits receivable	**31,485**	26,745
Investments and other assets	**61,154**	59,424
Property, plant and equipment	**323,641**	333,762
Program rights	**622,705**	637,819
Film investments	**43,167**	44,891
Intangibles (note 4)	**1,762,009**	1,789,018
Goodwill	**664,958**	664,958
Deferred income tax assets	**54,328**	53,668
	4,032,238	3,970,882
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**509,164**	451,682
Current portion of bank debt (note 5)	**158,589**	76,339
Provisions	**8,965**	8,621
Income taxes payable	**12,076**	12,698
Total current liabilities	**688,794**	549,340
Bank debt (note 5)	**1,315,016**	1,429,750
Other long-term liabilities	**462,253**	492,956
Provisions	**9,994**	9,494
Deferred income tax liabilities	**438,222**	440,923
Total liabilities	**2,914,279**	2,922,463
EQUITY		
Share capital (note 6)	**816,189**	816,189
Contributed surplus	**1,511,617**	1,511,325
Accumulated deficit	**(1,357,263)**	(1,425,432)
Accumulated other comprehensive deficit	**(579)**	(2,258)
Total equity attributable to shareholders	**969,964**	899,824
Equity attributable to non-controlling interest	**147,995**	148,595
Total equity	**1,117,959**	1,048,419
	4,032,238	3,970,882

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited - in thousands of Canadian dollars, except per share amounts)	Three months ended **November 30,** **2020**	2019
Revenues	**420,355**	467,878
Direct cost of sales, general and administrative expenses (note 7)	**241,748**	283,763
Depreciation and amortization	**37,987**	39,967
Interest expense (note 8)	**24,736**	28,823
Integration, restructuring and other costs	**4,336**	2,534
Other income, net (note 9)	**(565)**	(2,063)
Income before income taxes	**112,113**	114,854
Income tax expense (note 10)	**29,565**	30,494
Net income for the period	**82,548**	84,360
Other comprehensive income, net of income taxes:		
Items that may be reclassified subsequently to income:		
Unrealized change in fair value of cash flow hedges	**2,487**	4,949
Unrealized foreign currency translation adjustment	**(29)**	(53)
	2,458	4,896
Items that will not be reclassified to income:		
Unrealized change in fair value of financial assets	**(779)**	5,508
Actuarial gain on post-retirement benefit plans	**3,385**	4,756
	2,606	10,264
Other comprehensive income, net of income taxes	**5,064**	15,160
Comprehensive income for the period	**87,612**	99,520
Net income attributable to:		
Shareholders	**76,664**	78,116
Non-controlling interest	**5,884**	6,244
	82,548	84,360
Comprehensive income attributable to:		
Shareholders	**81,728**	93,276
Non-controlling interest	**5,884**	6,244
	87,612	99,520
Earnings per share attributable to shareholders:		
Basic	**$0.37**	$0.37
Diluted	**$0.37**	$0.37

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive loss	Total equity attributable to shareholders	Non-controlling interest	Total equity
As at August 31, 2020	816,189	1,511,325	(1,425,432)	(2,258)	899,824	148,595	1,048,419
Comprehensive income	—	—	76,664	5,064	81,728	5,884	87,612
Dividends declared	—	—	(12,497)	—	(12,497)	(4,245)	(16,742)
Actuarial gain on post-retirement benefit plans	—	—	3,385	(3,385)	—	—	—
Share-based compensation expense	—	292	—	—	292	—	292
Return of capital to non-controlling interest	—	—	—	—	—	(1,622)	(1,622)
Reallocation of equity interest	—	—	617	—	617	(617)	—
As at November 30, 2020	**816,189**	**1,511,617**	**(1,357,263)**	**(579)**	**969,964**	**147,995**	**1,117,959**

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income	Total equity attributable to shareholders	Non-controlling interest	Total equity
As at August 31, 2019	830,477	1,512,818	(758,757)	12,187	1,596,725	145,512	1,742,237
Comprehensive income	—	—	78,116	15,160	93,276	6,244	99,520
Dividends declared	—	—	(12,680)	—	(12,680)	(3,415)	(16,095)
Share repurchase under normal course issuer bid ("NCIB")	(2,655)	(1,215)	—	—	(3,870)	—	(3,870)
Share repurchase commitment under NCIB	(5,314)	(2,449)	—	—	(7,763)	—	(7,763)
Actuarial gain on post-retirement benefit plans	—	—	4,756	(4,756)	—	—	—
Share-based compensation expense	—	254	—	—	254	—	254
Equity funding by a non-controlling interest	—	—	—	—	—	2,134	2,134
As at November 30, 2019	**822,508**	**1,509,408**	**(688,565)**	**22,591**	**1,665,942**	**150,475**	**1,816,417**

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended November 30, 2020	2019
OPERATING ACTIVITIES		
Net income for the period	**82,548**	84,360
Adjustments to reconcile net income to cash flow from operations:		
Amortization of program rights	**109,722**	132,601
Amortization of film investments	**4,264**	5,826
Depreciation and amortization	**37,987**	39,967
Deferred income tax expense (recovery)	**(5,359)**	(5,979)
Share-based compensation expense (note 6)	**292**	254
Imputed interest (note 8)	**11,034**	12,556
Payment of program rights	**(81,110)**	(119,192)
Net spend on film investments	**(9,749)**	(15,522)
CRTC benefit payments	**(612)**	(722)
Other	**672**	(675)
Cash flow from operations	**149,689**	133,474
Net change in non-cash working capital balances related to operations	**(86,308)**	(76,002)
Cash provided by operating activities	**63,381**	57,472
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(976)**	(4,265)
Net cash flows for intangibles, investments and other assets	**(431)**	(1,286)
Cash used in investing activities	**(1,407)**	(5,551)
FINANCING ACTIVITIES		
Decrease in bank loans	**(33,517)**	(48,674)
Shares repurchased under NCIB	**—**	(3,296)
Return of capital to non-controlling interest	**(1,622)**	—
Payments of lease liabilities	**(3,967)**	(3,884)
Equity funding by a non-controlling interest	**—**	2,134
Dividends paid	**(12,497)**	(12,718)
Dividends paid to non-controlling interest	**(4,245)**	(3,415)
Other	**(2,089)**	(387)
Cash used in financing activities	**(57,937)**	(70,240)
Net change in cash and cash equivalents during the period	**4,037**	(18,319)
Cash and cash equivalents, beginning of the period	**45,900**	82,568
Cash and cash equivalents, end of the period	**49,937**	64,249

Supplemental cash flow disclosures (note 12)

See accompanying notes

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
November 30, 2020
(in thousands of Canadian dollars, except per share information)

1. CORPORATE INFORMATION

Corus Entertainment Inc. (the "Company" or "Corus") is a diversified Canadian media and content company. The Company is incorporated under the *Canada Business Corporations Act* and its Class B Non-Voting Shares are listed on the Toronto Stock Exchange (the "TSX") under the symbol CJR.B.

The Company's registered office is at 1500, 850 – 2nd Street SW, Calgary, Alberta, T2P 0R8. The Company's executive office is at Corus Quay, 25 Dockside Drive, Toronto, Ontario, M5A 0B5.

These interim condensed consolidated financial statements include the accounts of the Company and all its subsidiaries and joint ventures. The Company's principal business activities are: the operation of specialty television networks, conventional television stations; the operation of radio stations; and the Corus content business, which consists of the production and distribution of films and television programs, merchandise licensing, book publishing and the production and distribution of animation software.

2. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in the preparation of these interim condensed consolidated financial statements conform with those in the Company's audited annual consolidated financial statements for the year ended August 31, 2020, except as described in note 3. These interim condensed consolidated financial statements do not include all the information and disclosures required in annual financial statements and, accordingly, should be read in conjunction with the Company's annual consolidated financial statements for the year ended August 31, 2020, which are available at www.sedar.com and on the Company's website at www.corusent.com.

These interim condensed consolidated financial statements of the Company for the three months ended November 30, 2020 were authorized for issue in accordance with a resolution of the Company's Board of Directors on January 11, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The interim condensed consolidated financial statements have been prepared on a cost basis, except for derivative financial instruments and investments in venture funds, which have been measured at fair value. The interim condensed consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency, and all values are rounded to the nearest thousand, except where otherwise noted. Each entity consolidated by the Company determines its own functional currency based on the primary economic environment in which the entity operates.

The extent to which COVID-19 and any other pandemic or public health crisis impacts the Company's business, affairs, operations, financial condition, liquidity, availability of credit and results of operations will depend on future developments that are highly uncertain and cannot be predicted with any meaningful precision, including new information which may emerge concerning the severity of the COVID-19 virus and the actions required to continue to contain the COVID-19 virus or remedy its impact, among others. Any of these developments, and others, could have a material adverse effect on the Company's business, financial condition, operations and results of operations. In addition, because of the severity and global nature of the COVID-19 pandemic, it is possible that estimates in the Company's financial statements will change in the near term and the effect of any such changes could be material, which could result in, among other things, an impairment of long-lived assets, an impairment of investments in venture funds and a change in the estimated credit losses on accounts receivable. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.

(in thousands of Canadian dollars, except per share information)

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2021

The Company has adopted new amendments to the following accounting standards effective for its interim and annual consolidated financial statements commencing September 1, 2020.

The effects of these pronouncements on the Company's results and operations are described below:

IFRS 3 – Business Combinations ("IFRS 3")

In October 2018, the IASB amended IFRS 3 seeking to clarify whether an acquisition transaction results in the acquisition of an asset or the acquisition of a business. The amendments are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, although earlier application is permitted. The Company will apply the standard prospectively from September 1, 2020. The effects, if any, of the amended standard on the Company's financial performance and disclosure will be dependent on the facts and circumstances of any future acquisition transactions.

PENDING ACCOUNTING CHANGES

There are no pending accounting standard changes that would have a significant effect on the Company's results and operations.

4. INTANGIBLES

	Broadcast licenses [1]	Brands and trade marks	Other [2]	Total
Balance – August 31, 2020	895,983	879,302	13,733	1,789,018
Additions	—	—	636	636
Amortization	—	(25,448)	(2,197)	(27,645)
Balance – November 30, 2020	**895,983**	**853,854**	**12,172**	**1,762,009**

[1] Broadcast licenses are located in Canada.

[2] Other intangibles are comprised principally of computer software.

5. BANK DEBT

	November 30, 2020	August 31, 2020
Bank loans	**1,482,835**	1,516,159
Unamortized financing fees	**(9,230)**	(10,070)
	1,473,605	1,506,089
Less: current portion of bank loans	**(158,589)**	(76,339)
	1,315,016	1,429,750

Interest rates on the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at November 30, 2020, the weighted average interest rate on outstanding bank loans was 3.9% (2020 – 4.0%). Interest on the bank loans averaged 4.0% for the three months ended November 30, 2020 (2020 – 4.1%).

The banks hold, as collateral, a first ranking charge on all assets and undertakings of Corus and certain of Corus' subsidiaries as designated under the Amended and Restated Credit Agreement dated April 1, 2016 (the "Facility") as amended from time-to-time. Under the Facility, the Company has undertaken to comply with financial covenants regarding a minimum interest coverage ratio and a maximum debt to cash flow ratio. Management has determined that the Company was in compliance with the covenants provided under the bank loans as at November 30, 2020.

CREDIT FACILITIES

In connection with the closing of the acquisition of Shaw Media, Corus established syndicated senior secured credit facilities in the aggregate amount of $2.6 billion consisting of $2.3 billion in term loans (the "Term Facility"), all of which was fully drawn at closing, and a $300.0 million revolving facility (the "Revolving Facility"), which was not drawn on as part of closing.

Effective May 31, 2019, the Company's credit agreement with a syndicate of banks was further amended. The principal amendment effected was the extension of the maturity for the Term Facility and the Revolving Facility. The carrying value of the debt is accreted using the effective interest rate method over the remaining term of the Term Facility with the accretion recognized within Interest expense on the interim condensed consolidated statements of income and comprehensive income.

Term Facility

As at November 30, 2020, the Term Facility was composed of three tranches, with the first tranche in the amount of $598.6 million and having a maturity date of May 31, 2024, the second tranche in the amount of $813.7 million and having a maturity date of May 31, 2023, and the third tranche in the amount of $82.3 million and having a maturity date of November 30, 2021.

Advances under the Term Facility may be outstanding in the form of either prime loans or bankers' acceptances and bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio.

Voluntary prepayments on the amount outstanding under the Term Facility are permitted at any time without penalty, subject to payment of customary breakage costs, if applicable, and provided that advances in the form of bankers' acceptances may only be paid on their maturity. The first and second tranches of the Term Facility will be subject to mandatory repayment equal to 1.25% per quarter at the end of each fiscal quarter of Corus.

Revolving Facility

The Revolving Facility matures on May 31, 2023. The Revolving Facility is available on a revolving basis to finance permitted acquisitions and capital expenditures and for general corporate purposes. Amounts owing under the Revolving Facility will be payable in full at maturity. The Revolving Facility permits full or partial cancellation of the facility and, if applicable, concurrent prepayment of the amounts drawn thereunder at any time without penalty, subject to payment of customary breakage costs, if applicable, and provided that advances in the form of bankers' acceptances may only be paid on their maturity.

Advances under the Revolving Facility may be drawn in Canadian dollars as either a prime rate loan, bankers' acceptance or Canadian dollar denominated letters of credit (to a sub-limit of $50.0 million total), or in U.S. dollars as either a base rate loan, U.S. LIBOR loan or U.S. dollar denominated letters of credit (to a sub-limit of $50.0 million total). Amounts drawn under the Revolving Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio. A standby fee will also be payable on the unutilized amount of the Revolving Facility. As at November 30, 2020, all of the Revolving Facility was available and could be drawn.

INTEREST RATE SWAP AGREEMENTS

The Company has entered into Canadian interest rate swap agreements to fix the interest rate on a portion of its outstanding term loan facilities. The notional value of these swaps reduces concurrently with the mandatory repayments of the Term Facility. The current notional value of the interest rate swap agreements are $888.0 million and $494.0 million of its outstanding term loan facilities at 1.947% and 2.004%, respectively, plus applicable margins to August 31, 2021 and August 31, 2022. The notional value of these swaps reduces concurrently with the mandatory repayments of the Term Facility. The counterparties of the swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The fair value of Level 2 financial instruments such as interest rate swap agreements is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads. The Company has assessed that there is no ineffectiveness in the hedge of its interest rate exposure. As an effective hedge, unrealized gains or losses on the interest rate swap agreements are recognized in other comprehensive income. The estimated fair value of these agreements as at November 30, 2020 is $21.4 million (August 31, 2020 – $26.3 million), which has been recorded in the interim consolidated statements of financial position as a long-term liability. The effectiveness of the hedging relationship is reviewed on a quarterly basis.

(in thousands of Canadian dollars, except per share information)

TOTAL RETURN SWAPS

The Company initiated total return swap agreements on 1,868,500 share units to offset its exposure to changes in the fair value of certain cash settled share-based compensation awards. The estimated fair value of these Level 1 financial instruments will fluctuate with the market price of the Company's shares. The counterparties of these swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The estimated fair value of these agreements as at November 30, 2020 was a liability of $1.2 million (August 31, 2020 – $3.3 million), which has been recorded in the interim condensed consolidated statements of financial position as an other long-term liability and within employee costs in the interim condensed consolidated statements of income and comprehensive income (note 7).

On November 30, 2020, the Company initiated additional total return swap agreements on 1,329,000 share units with a notional value of $1.2 million to further offset its exposure to changes in the fair value of certain cash settled share-based payment awards. The estimated fair value of these Level 1 financial instruments will fluctuate with the market price of the Company's shares. The counterparties of these swap agreements are highly rated financial institutions and the company does not anticipate any non-performance. The estimated fair value of these agreements as at November 30, 2020 is de minimis.

FORWARD CONTRACTS

On November 11, 2020, the Company entered into a series of foreign exchange forward contracts totalling $63.8 million U.S. dollars. On December 10, 2020, the Company entered into a further series of foreign exchange forward contracts totalling $60.0 million U.S. dollars. Both transactions fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities.

As at November 30, 2020, the Company has a series of foreign exchange forward contracts totalling $107.0 million U.S. dollars, to fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities. The forward contracts are not designated as hedges for accounting purposes; they are measured at fair value at each reporting date. The counterparty of the forward contracts is a highly rated financial institution and the Company does not anticipate any non-performance. The estimated fair value of future cash flow of the U.S. dollar forward contract derivatives change with fluctuations in the foreign exchange rate of U.S. dollars to Canadian dollars. The estimated fair value of these agreements as at November 30, 2020 was an asset of $1.7 million (August 31, 2020 – $3.1 million), which has been recorded in the interim condensed consolidated statements of financial position as a long-term other asset and within other income, net (note 9) in the interim condensed consolidated statements of income and comprehensive income.

The Company has the following undiscounted contractual obligations related to forward foreign exchange contracts:

(thousands of dollars)	Total	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years
Contractual CDN cash outflows	137,336	45,998	66,700	24,638	—
Contractual USD cash inflows	106,950	36,200	52,000	18,750	—

Forward contracts entered into subsequent to the quarter ended November 30, 2020 are as follows:

(thousands of dollars)	Total	Within 1 year	2 - 3 years	4 - 5 years	More than 5 years
Contractual CDN cash outflows	76,890	14,417	38,445	24,028	—
Contractual USD cash inflows	60,000	11,250	30,000	18,750	—

6. SHARE CAPITAL

AUTHORIZED

The Company is authorized to issue, upon approval of holders of no less than two-thirds of the existing Class A shares, an unlimited number of Class A participating shares ("Class A Voting Shares"), as well as an unlimited number of Class B non-voting participating shares ("Class B Non-Voting Shares"), Class A Preferred Shares, and Class 1 and Class 2 Preferred Shares.

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	$	#	$	$
Balance – August 31, 2020	3,412,392	9,439	204,954,666	806,750	816,189
Balance – November 30, 2020	**3,412,392**	**9,439**	**204,954,666**	**806,750**	**816,189**

EARNINGS PER SHARE

The following is a reconciliation of the numerator and denominator (in thousands) used for the computation of the basic and diluted earnings per share amounts:

	Three months ended **November 30,** 2020	2019
Net income attributable to shareholders (numerator)	**76,664**	78,116
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding – basic	**208,367**	211,388
Effect of dilutive securities	**—**	21
Weighted average number of shares outstanding – diluted	**208,367**	211,409

The calculation of diluted earnings per share for the three months ended November 30, 2020 excluded 6,273 (2020 – 5,040) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

DIVIDENDS

On November 17, 2020, the Company declared quarterly dividends of $0.05875 and $0.06 per share to holders of its Class A and Class B Shares, respectively.

STOCK OPTIONS

In the first quarter of fiscal 2021, 1,347,000 stock options were granted at a weighted average exercise price of $3.40.

SHARE-BASED COMPENSATION

Share-based compensation expense recorded for the first quarter of fiscal 2021 in respect of the PSU, DSU and RSU plans was $4,115 (2020 – $2,855). As at November 30, 2020, the carrying value of the liability for these plans was $14,540 (August 31, 2020 – $9,094).

NORMAL COURSE ISSUER BID ("NCIB")

On November 24, 2020, the Company announced that the TSX had accepted the notice filed by the Company for the renewal of an NCIB for its Class B Non-Voting Participating Shares through the facilities of the TSX, and/or other alternative Canadian trading systems. The Company may purchase for cancellation a maximum of 9,673,416 Class B Non-Voting Participating Shares during the period from November 26, 2020 through November 25, 2021.

The shares purchased and cancelled since August 31, 2020 were nil (2019 - 675).

(in thousands of Canadian dollars, except per share information)

7. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended	
		November 30,
	2020	2019
Direct cost of sales		
Amortization of program rights	**109,722**	132,601
Amortization of film investments	**4,264**	5,826
Other cost of sales	**9,283**	10,226
General and administrative expenses		
Employee costs [1]	**77,218**	80,389
Other general and administrative	**41,261**	54,721
	241,748	283,763

[1] The estimated CEWS of approximately $3.7 million has been recorded principally as a reduction of employee costs.

8. INTEREST EXPENSE

	Three months ended	
		November 30,
	2020	2019
Interest on long-term debt (note 5)	**14,795**	17,563
Imputed interest on long-term liabilities	**11,034**	12,556
Amortization of deferred gain on settled interest rate swap	**(1,455)**	(1,684)
Other	**362**	388
	24,736	28,823

9. OTHER INCOME, NET

	Three months ended	
		November 30,
	2020	2019
Foreign exchange loss (income) (note 5)	**141**	(1,207)
Equity loss of associates	**12**	1
Other income	**(718)**	(857)
	(565)	(2,063)

(in thousands of Canadian dollars, except per share information)

10. INCOME TAXES

The reconciliation of income taxes attributable to operations computed at the statutory rates to income tax expense is as follows:

	Three months ended November 30, 2020		Three months ended November 30, 2019	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**29,636**	**26.4**	30,431	26.5
Income subject to tax at less than statutory rates	**(214)**	**(0.2)**	(105)	(0.1)
Impact of valuation allowance recorded against future income tax assets in the year	**(180)**	**(0.1)**	(39)	(0.0)
Transaction costs	**(119)**	**(0.1)**	(82)	(0.1)
Increase of various tax reserves	**42**	**0.0**	38	0.0
Miscellaneous differences	**400**	**0.4**	251	0.2
	29,565	**26.4**	30,494	26.5

11. BUSINESS SEGMENT INFORMATION

The Company's business activities are conducted through two segments: Television and Radio.

TELEVISION

The Television segment is comprised of 33 specialty television networks (34 services prior to December 31, 2020; 35 services prior to December 31, 2019; 37 services prior to September 30, 2019), 15 conventional television stations, digital assets, a social media digital agency, a social media creator network, and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software, and technology and media services. Revenues are generated from advertising, subscribers and the licensing of proprietary films and television programs, merchandise licensing, book publishing, animation software, and technology and media service sales.

RADIO

The Radio segment comprises 39 radio stations, situated primarily in urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Revenues are derived from advertising aired over these stations.

CORPORATE

Corporate results represent the incremental cost of corporate overhead in excess of the amount allocated to the other operating segments.

Management evaluates each division's performance based on revenues less direct cost of sales, general and administrative expenses. Segment profit (loss) excludes depreciation and amortization, interest expense, debt refinancing costs, integration, restructuring and other costs, impairments, gains or losses on dispositions, and certain other income and expenses.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies of the most recent annual audited consolidated financial statements, except as described in note 3.

(in thousands of Canadian dollars, except per share information)

REVENUES AND SEGMENT PROFIT

Three months ended November 30, 2020	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenues	**392,102**	**28,253**	**—**	**420,355**
Direct cost of sales, general and administrative expenses	**212,537**	**21,112**	**8,099**	**241,748**
Segment profit (loss)	**179,565**	**7,141**	**(8,099)**	**178,607**
Depreciation and amortization				**37,987**
Interest expense				**24,736**
Integration, restructuring and other costs				**4,336**
Other income, net				**(565)**
Income before income taxes				**112,113**

Three months ended November 30, 2019	Television	Radio	Corporate	Consolidated
Revenues	429,951	37,927	—	467,878
Direct cost of sales, general and administrative expenses	251,333	25,899	6,531	283,763
Segment profit (loss)	178,618	12,028	(6,531)	184,115
Depreciation and amortization				39,967
Interest expense				28,823
Integration, restructuring and other costs				2,534
Other income, net				(2,063)
Income before income taxes				114,854

Revenues are derived from the following areas:

	Three months ended **November 30,**	
	2020	2019
Advertising	**273,072**	322,409
Subscriber fees	**123,701**	123,669
Merchandising, distribution and other	**23,582**	21,800
	420,355	467,878

12. CONSOLIDATED STATEMENTS OF CASH FLOWS

Interest paid, interest received and income taxes paid and classified as operating activities are as follows:

	Three months ended **November 30,**	
	2020	2019
Interest paid	**15,160**	17,987
Interest received	**64**	396
Income taxes paid	**34,105**	16,867

13. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative interim condensed consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2021 interim condensed consolidated financial statements.