# Third Quarter 2021
# Report to Shareholders

For the Three and Nine Months Ended May 31, 2021
(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 | | | Nine months ended | | |
|---|---|---|---|---|---|---|
| | | May 31, | % | | May 31, | % |
| | **2021** | 2020 | **Change** | **2021** | 2020 | **Change** |
| **Revenues** | | | | | | |
| Television | **379,822** | 331,322 | **15%** | **1,110,443** | 1,109,116 | **0%** |
| Radio | **23,177** | 17,645 | **31%** | **71,785** | 83,724 | **(14%)** |
| | **402,999** | 348,967 | **15%** | **1,182,228** | 1,192,840 | **(1%)** |
| **Segment profit (loss)** [1] | | | | | | |
| Television [2] | **140,012** | 115,838 | **21%** | **439,133** | 409,928 | **7%** |
| Radio [2] | **1,285** | (1,776) | **172%** | **9,835** | 14,828 | **(34%)** |
| Corporate [2] | **(10,626)** | (2,749) | **(287%)** | **(27,050)** | (13,419) | **(102%)** |
| | **130,671** | 111,313 | **17%** | **421,918** | 411,337 | **3%** |
| **Segment profit margin** [1] | | | | | | |
| Television | **37%** | 35% | | **40%** | 37% | |
| Radio | **6%** | (10%) | | **14%** | 18% | |
| Consolidated | **32%** | 32% | | **36%** | 34% | |
| Net income (loss) attributable to shareholders | **40,666** | (752,280) | **n/m** | **152,630** | (655,640) | **n/m** |
| Adjusted net income attributable to shareholders [1] | **44,324** | 18,996 | **133%** | **161,671** | 124,876 | **29%** |
| Basic earnings (loss) per share | **$0.20** | ($3.61) | | **$0.73** | ($3.12) | |
| Adjusted basic earnings per share [1] | **$0.21** | $0.09 | | **$0.77** | $0.59 | |
| Diluted earnings (loss) per share | **$0.19** | ($3.61) | | **$0.73** | ($3.12) | |
| **Free cash flow** [1] | **64,702** | 90,773 | **(29%)** | **216,766** | 208,894 | **4%** |

[1] Segment profit (loss), segment profit margin, 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.

[2] Segment profit included $4.4 million in Q3 (Television: $3.9 million; Radio: $0.6 million) and $12.6 million year-to-date (Television: $10.0 million; Radio: $1.7 million; Corporate: $0.9 million) of estimated Canada Emergency Wage Subsidy ("CEWS") benefit and relief on regulatory fees of $0.6 million in Q3 (Television: $0.5 million; Radio: $0.1 million) and $8.8 million year-to-date (Television: $7.7 million; Radio: $1.1 million). In the prior year, segment profit included $17.4 million in Q3 and year-to-date (Television: $13.5 million; Radio: $2.7 million; Corporate: $1.1 million) of estimated CEWS benefit.

## SIGNIFICANT HIGHLIGHTS

**Create a Great Place to Work**

- On June 1, 2021, the Company's Global News announced new scholarship programs to help increase the representation of Black, Indigenous and racialized (BIR) journalists in the newsroom. These initiatives represent an overall investment of more than $140,000.
- On June 15, 2021, the Company announced three Employee Resource Groups (ERGs) - OUT at Corus for 2SLGBTQ+ employees and allies, BOLD for Black team members and one for East Asian employees. This initiative aims to strengthen community by facilitating opportunities for social connection, professional networking and development, while raising awareness of experiences and barriers faced by employees.
- During the third quarter of fiscal 2021, the Company demonstrated its commitment to serve its communities through two feature television specials. Global News aired network-wide news special *Hidden Hate: Anti-Asian Racism*, which addressed the rise of racist incidents amid the COVID-19 pandemic, the law around hate crimes in Canada and Asian stereotypes in pop culture. ET Canada aired a fundraising special *ET Canada Presents: Help India* in support of the Humanitarian Coalition's emergency response efforts to raise funds for India's battle with the COVID-19 crisis.
- On June 28, 2021, the Company announced that it has helped raise $4.4 million for 344 community giving initiatives as well as provided over 2,400 volunteer hours to local organizations across Canada for the third quarter ended May 31, 2021.

**Build a Content Powerhouse**

- On April 9, 2021, the Company's Corus Studios announced its largest sale to date of over 200 episodes to U.S. streamer, Hulu. This represents nine premium series across the home renovation, real estate and food genres including popular shows *Backyard Builds* (Season 1-3), *Home to Win* (Season 1-4) and *Wall of Chefs.*
- On May 17 to 28, 2021, the Company's programming, original production and content received a total of five Canadian Screen Awards (CSA) including HGTV's *Property Brothers* for Best Direction, Lifestyle or Information Award, the late Christopher Plummer posthumously for the Best Supporting Actor for *Departure*, and HISTORY's *Cheating Hitler: Surviving the Holocaust* for the Barbara Sears Award for Best Visual Research.
- On May 26, 2021, the Company announced its line-up of premium original content for 2021/2022 across its portfolio of specialty networks and streaming platforms. Corus Studios unveiled its diverse slate of 21 lifestyle and factual reality series with eight new series including *Styled* and *Wall of Bakers* and 13 returning hits such as *Island of Bryan* and *Rust Valley Restorers*. Nelvana greenlit five new and returning series including *Super Wish* and *Agent Binky: Pets of the Universe*.
- On June 8, 2021, the Company's Global Television unveiled its 2021/2022 programming slate featuring new series such as Global Original *Family Law*, franchise expansions *CSI: Vegas* and *FBI: International*, and returning hits *Survivor, The Equalizer* and *New Amsterdam*.
- On June 8, 2021, the Company announced its 2021/2022 programming slate of premium specialty programming. New scripted Peacock Original shows include *Bel-Air, MacGruber* and Dan Brown's *The Lost Symbol*. Unscripted and Reality show premieres include *Real Housewives Mash-Up* and *Top Chef Family Style*.
- On June 28, 2021, the Company's Corus Studios announced that it greenlit new series *Pamela Anderson's Home Reno Project* for HGTV Canada and for international sale. The series follows Pamela Anderson as she returns to her roots on the coast of Vancouver Island to rebuild the family home of her dreams.

**Connect with Audiences**

- As of June 29, 2021, the Company has reached a new milestone of more than 600,000 paying subscribers to its STACKTV, Nick+ and other streaming platforms, an increase from more than 500,000 paying subscribers on April 9, 2021.

**Help Brands Grow**

- On May 15, 2021, the Company's so.da announced the launch of five new digital-first original series, producing serialized content on a range of topics and trends from baking to cosplay (costume play) to sex education for Corus' leading digital and social brands.
- On June 9, 2021, the Company's Kin Community Canada announced it was adding 115,000 new Canadian creators to its roster, deepening Corus' investment in influencer marketing and media strategy.
- On June 9, 2021, the Company announced the launch of 'Unboxed by Corus', a new program that connects content with commerce and creates integrated opportunities to drive product trial and discovery amongst targeted consumers.

- On June 9, 2021, in partnership with ThinkTV, the Company announced the addition of seven new industry-wide common advertising segments, bringing the total to 26. In addition, Corus has the ability to build virtually any custom segment for its clients.

**Operate with Discipline**

- On March 31, 2021, the Company paid a quarterly dividend of $0.05875 and $0.06 per share to holders of its Class A and Class B Shares, respectively.
- On May 11, 2021, the Company issued $500.0 million principal amount of 5.0% Senior Unsecured Notes due May 11, 2028. The net proceeds therefrom were used to repay amounts under the Bank Term Credit Facility (the "Term Facility").
- Effective May 31, 2021, the Company's credit agreement with a syndicate of banks was amended and restated. The principal amendments effected combined the Term Facility tranches into one and extended the maturity dates for the Term Facility and Bank Revolving Credit Facility (the "Revolving Facility") to May 31, 2025.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three and nine months ended May 31, 2021 is prepared as at June 28, 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 third quarter of fiscal 2021 of $403.0 million increased 15% from $349.0 million in the prior year. On a consolidated basis, advertising revenues increased 23%, subscriber revenues were up 2%, while merchandising, distribution and other revenues were up 20% compared to the prior year. The increase in advertising revenues was attributable to the rebound over pandemic driven lows of the prior year. Revenues were up 15% in Television and increased in Radio by 31%, compared to the prior year.

For the nine months ended May 31, 2021, consolidated revenues of $1,182.2 million decreased 1% from $1,192.8 million in the prior year. On a consolidated basis, advertising revenues decreased 3%, while subscriber revenues were up 1% and merchandising, distribution and other revenues increased by 13% from the prior year. Revenues were consistent with the prior year in Television and decreased 14% in Radio.

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 third quarter of fiscal 2021 of $272.3 million increased 15% from $237.7 million in the prior year. On a consolidated basis, direct cost of sales increased 8%, and employee costs increased 42% from the prior year, while general and administrative expenses decreased 3%. The increase in direct cost of sales arises from increases in amortization of program rights and other cost of sales in the quarter, partially offset by decreases in amortization of film assets in the quarter. The increase in employee costs was primarily due to higher share-based compensation expense, short-term compensation accruals, reduced estimated Canadian Emergency Wage Subsidy (“CEWS”) benefits of approximately $4.4 million (2020 – $17.4 million) and higher commission costs in the quarter. Other general and administrative expenses were lower as a result of relief on Part II Canadian Radio-television and Telecommunications Commission (“CRTC”) fees, reductions of estimated credit losses, lower fees and licenses, as well as telephone, data and transmission costs, offset by increases in advertising and marketing costs principally for STACKTV and selected programs on specialty networks and, to a lesser extent, increased legal and insurance costs.

For the nine months ended May 31, 2021, direct cost of sales, general and administrative expenses of $760.3 million were down 3% from $781.5 million in the prior year. On a consolidated basis, direct cost of sales decreased 4%, other general and administrative costs decreased 20% from the prior year, while employee costs increased 10%. The decrease in direct cost of sales was driven principally by the decreases in amortization of program rights and film investments. The increase in employee costs was primarily attributable to higher share-based compensation expense, short-term compensation accruals and reduced estimated CEWS benefits of approximately $12.6 million (2020 – $17.5 million), as well as increased commission costs. Other general and administrative expenses decreased principally from relief on Part I and Part II CRTC fees of $8.8 million, lower trade mark fees and lower tariff royalties that are positively correlated with revenues, as well as lower discretionary costs such as advertising, marketing, travel and entertainment, consulting and professional fees, reductions in estimated credit losses, and telephone, data, and transmission costs.

Further analysis of expenses is provided in the discussion of segmented results.

### SEGMENT PROFIT

Consolidated segment profit for the third quarter of fiscal 2021 was $130.7 million, which was up 17% from $111.3 million in the prior year. Segment profit margin for the third quarter of fiscal 2021 of 32% was consistent with the prior year.

For the nine months ended May 31, 2021, consolidated segment profit was $421.9 million, which was up 3% from $411.3 million in the prior year. Segment profit margin of 36% for the nine months ended May 31, 2021 was up from 34% 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 May 31, 2021 was $38.1 million, a decrease from $39.5 million in the prior year. The decrease in the quarter was a result of decreases in amortization of capital assets of $1.5 million and other intangible assets of $0.3 million, offset by an increase in amortization of brands of $0.4 million.

Depreciation and amortization expense for the nine months ended May 31, 2021 was $114.4 million, a decrease from $119.8 million in the prior year. The decrease for the nine months resulted from lower amortization of capital assets of $3.4 million, brands of $1.6 million and other intangible assets of $0.3 million.

**INTEREST EXPENSE**
Interest expense for the three months ended May 31, 2021 was $26.8 million, down from $29.4 million in the prior year. On May 11, 2021, the Company issued $500.0 million in Senior Unsecured Notes due 2028 (the "Notes") that pay interest at 5.0%. The Company used the net proceeds of the Notes issuance to repay bank debt. The decrease in interest expense in the quarter results primarily from lower interest on long-term debt of $1.2 million and lower imputed interest of $2.9 million on long-term liabilities associated with program rights, trade marks and right-of-use assets, offset by $1.6 million lower amortization of a deferred gain from other comprehensive income on interest rate swaps settled in November 2017. The reduction in interest on long-term debt is due to lower bank debt levels, offset by accrued interest on the Notes.

Effective May 31, 2021, the Company's credit facility with a syndicate of banks was amended. The principal amendments were to reduce the Term Facility to one tranche in the amount of $923.7 million and to extend the maturity dates on both the Term Facility and Revolving Facility to May 31, 2025.

Interest expense for the nine months ended May 31, 2021 was $75.9 million, down from $88.0 million in the prior year. The decrease results from lower interest on long-term debt of $7.0 million, lower imputed interest of $7.0 million on long-term liabilities associated with program rights, trade marks and right-of-use assets, offset by $2.0 million lower amortization of a deferred gain from other comprehensive income on interest rate swaps settled in November 2017. Interest on long-term debt is lower due to lower bank debt levels, partially offset by accrued interest on the Notes.

The effective interest rate on bank loans and Notes for both the three and nine months ended May 31, 2021 was 4.1% and 4.0%, respectively compared to 4.1% in both of the comparable periods of the prior year.

**BROADCAST LICENCES AND GOODWILL IMPAIRMENT**
Broadcast licences and goodwill are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. In the third quarter of fiscal 2020, management identified indicators of impairment at the enterprise level, notably a significant decline in the Company's share price from August 31, 2019, which resulted in the Company's carrying value being significantly greater than its current market enterprise value. Accordingly, interim goodwill impairment testing was required for both the Television and Radio cash generating units ("CGUs"). As a result of these tests, the Company recorded non-cash goodwill impairment charges of $673.0 million and $46.0 million in the Television and Radio operating segments, respectively, in the third quarter of fiscal 2020.

In addition, the pervasive economic impact of COVID-19 on Radio revenues meant that certain Radio markets had actual results and revised financial projections that fell well short of previous estimates, indicating that interim broadcast licence impairment testing was also required. As a result of these tests, the Company recorded non-cash broadcast licence impairment charges of $67.8 million in the Radio segment in the third quarter of fiscal 2020.

**DEBT REFINANCING**
On May 11, 2021, the Company issued $500.0 million in Notes due May 11, 2028. The Company used the net proceeds of the Notes issue to repay $490.7 million of its bank debt. Effective May 31, 2021, the Company amended its credit agreement. These transactions resulted in a non-cash write offs of unamortized debt financing fees of $3.5 million and $1.5 million related to the ineffective portion of an interest rate swap designated as a cash flow hedge on long-term debt, offset by a gain on debt modification of $1.6 million. Further information about debt refinancing can be found in the *Liquidity* section of this report, under the subheading *Contractual Commitments and Derivative Financial Instruments*.

**INTEGRATION, RESTRUCTURING AND OTHER COSTS**
For the three and nine months ended May 31, 2021, the Company incurred $1.6 million and $8.9 million, respectively, of integration, restructuring and other costs, compared to $2.6 million and $15.2 million in the comparable periods of the prior year. The current fiscal year costs relate to restructuring costs associated with employee exits, as well as certain costs associated with the shut-down of the BBC Canada channel, continued transmitter decommissioning and system integration costs. The prior year costs relate to restructuring costs associated with employee exits, as well as certain costs associated with the shut-down of the FYI channel, transmitter decommissioning costs and system integration costs. These charges are excluded from the determination of segment profit.

**OTHER EXPENSE (INCOME), NET**
Other income for the three month period ended May 31, 2021 was $4.8 million, compared to other expense of $10.3 million in the prior year. The current year period includes a foreign exchange gain of $3.9 million primarily reflecting translation of USD denominated payables and other income of $0.9 million consisting of rental income, gains on property sales and miscellaneous interest income. In the prior year, a foreign exchange loss of $10.7 million was offset by miscellaneous other income of $0.5 million.

Other income for the nine months ended May 31, 2021 was $11.6 million compared to other expense of $13.6 million in the prior year. In the current year, other income includes foreign exchange gains of $9.3 million, income of $2.3 million from rental income, gains relating to net insurance proceeds received, gains on property sales and miscellaneous interest income. In the prior year, other expense includes foreign exchange losses of $16.1 million, offset by income of $2.4 million from rental income and miscellaneous interest income. Further discussion of the foreign exchange forward contracts can be found in the *Liquidity and Capital Resources* section of this report under the heading *Derivative Financial Instruments*.

**INCOME TAX EXPENSE**
The Company's effective income tax rates for the three and nine months ended May 31, 2021 were 26.3% and 26.1%, respectively, slightly below the Company's statutory income tax rates of 26.5%. The effective income tax rates for the three and nine months ended May 31, 2020 was a recovery of 1.2% and expense of 4.8%, respectively. The significant difference between the statutory rates and effective tax rates resulted from the impairment recorded on goodwill in the television and radio operating segments in the third quarter.

**NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS (LOSS) PER SHARE**
Net income attributable to shareholders for the third quarter of fiscal 2021 was $40.7 million ($0.20 per share basic), as compared to a net loss attributable to shareholders of $752.3 million ($3.61 loss per share basic) in the prior year. Net income attributable to shareholders for the third quarter of fiscal 2021 includes integration, restructuring and other costs of $1.6 million ($nil per share) and debt refinancing costs of $3.4 million ($0.01 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $44.3 million ($0.21 per share basic) in the quarter. Net loss attributable to shareholders for the third quarter of fiscal 2020 includes a broadcast licence and goodwill impairment of $786.8 million ($3.69 per share) and integration, restructuring and other costs of $2.6 million ($0.01 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $19.0 million ($0.09 per share basic) in the prior year quarter.

Net income attributable to shareholders for the nine months ended May 31, 2021 was $152.6 million ($0.73 per share basic), as compared to a net loss attributable to shareholders of $655.6 million ($3.12 loss per share basic) in the prior year. Net income attributable to shareholders for the nine months ended May 31, 2021 includes integration, restructuring and other costs of $8.9 million ($0.03 per share) and debt refinancing costs of $3.4 million ($0.01 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $161.7 million ($0.77 per share basic) for the nine months ended May 31, 2021 of the current fiscal year. Net loss attributable to shareholders for the nine months ended May 31, 2020 includes a broadcast licence and goodwill impairment of $786.8 million ($3.66 per share) and integration, restructuring and other costs of $15.2 million ($0.05 per share basic). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $124.9 million ($0.59 per share basic) for the prior year period.

The weighted average number of basic shares outstanding for both the three and nine months ended May 31, 2021 was 208,367,000, compared to 208,663,000 and 210,239,000, respectively, for the comparable periods in the prior year. The average number of shares outstanding in the current year 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 took place between November 2019 and April 2020.

**OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAXES**
Other comprehensive income for the three months ended May 31, 2021 was $25.5 million, compared to $1.3 million in the prior year. For the three months ended May 31, 2021, other comprehensive income includes an unrealized gain from the change in the fair value of financial assets of $18.1 million, an unrealized gain on the change on the fair value of cash flow hedges of $4.6 million, net of $1.1 million ($1.5 million before tax) that was reclassified to income as a result of a portion of the hedge being ineffective and an actuarial gain on the remeasurement of post-employment benefit plans of $4.1 million, offset by an unrealized loss from foreign currency translation adjustments of $1.3 million. In the prior year, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of $21.8 million and an unrealized gain from foreign currency translation adjustments of $0.7 million, offset by an unrealized loss on the fair value of

cash flow hedges of $13.7 million and an unrealized loss on the change in fair value of financial assets of $7.5 million.

Other comprehensive income for the nine months ended May 31, 2021 was $38.3 million, compared to a loss of $3.9 million in the prior year. For the nine months ended May 31, 2021, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of $13.9 million, and unrealized gain on the fair value of financial assets of $16.5 million, an unrealized gain on the fair value of cash flow hedges of $9.6 million, offset by an unrealized loss from foreign currency translation adjustments of $1.7 million. The prior year other comprehensive loss includes an unrealized loss on the fair value of cash flow hedges of $17.9 million and an unrealized loss on the fair value of financial assets of $0.9 million, offset by an actuarial gain on the remeasurement of post-employment benefit plans of $14.0 million and an unrealized gain from foreign currency translation adjustments of $0.8 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 media 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

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | | **May 31,** | | **May 31,** |
| (thousands of Canadian dollars) | **2021** | 2020 | **2021** | 2020 |
| **Revenues** | | | | |
| Advertising | **233,181** | 191,437 | **665,260** | 676,883 |
| Subscriber fees | **124,402** | 121,500 | **372,314** | 368,919 |
| Merchandising, distribution and other | **22,239** | 18,385 | **72,869** | 63,314 |
| Total revenues | **379,822** | 331,322 | **1,110,443** | 1,109,116 |
| Expenses | **239,810** | 215,484 | **671,310** | 699,188 |
| Segment profit (1) | **140,012** | 115,838 | **439,133** | 409,928 |
| Segment profit margin(1) | **37%** | 35% | **40%** | 37% |

(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 for the third quarter of fiscal 2021 increased 15% from the prior year as a result of an increase of 22% in advertising revenues, a 2% increase in subscriber revenues and an increase of 21% in merchandising, distribution and other revenues. Television advertising revenues have begun to rebound from the lows experienced in the third quarter of fiscal 2020 as a result of higher demand, but a more robust recovery was muted by continued COVID-19 restrictions throughout Canada. The growth in subscriber revenues was attributable to growth on STACKTV, Nick+ and other streaming services, which offset lower subscribers in the traditional system and the shut-down of BBC Canada (December 2020). The increase in merchandising, distribution and other revenues were primarily driven by Nelvana merchandise licensing, Toon Boom Animation software licensing and book publishing sales, partially offset by a decline in Nelvana and Corus Studios content licensing compared to the prior year.

Revenues for the nine months ended May 31, 2021 were consistent with the prior year as a result of a 2% decline in advertising revenues, offset by growth of 1% in subscriber revenues, and a 15% increase in merchandising, distribution and other revenues. The decrease in advertising revenues was driven primarily by the impact of the COVID-19 pandemic when compared to the prior year, while subscriber revenues benefited from growth on STACKTV and Nick+ as well as retroactive adjustments that offset lower subscribers in the traditional system. Increases in merchandising, distribution and other revenues were driven by Corus Studios content licensing and software licensing sales, partially offset by a decline in Nelvana content and merchandise licensing sales compared to the prior year.

Expenses in the third quarter of fiscal 2021 were up 11% from the prior year. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) increased 8% from the prior year, while general and administrative expenses were up 17% from the prior year. Amortization of program rights increased 6% from the prior year and other cost of sales increased by 80% ($3.4 million), offset by a decrease in film investment amortization of 11% ($0.4 million). The increase in amortization of program rights was driven predominantly by higher program deliveries delayed from the fall and winter schedules. The increase in other cost of sales was principally a result of increased costs associated with certain sales initiatives. Amortization of film investments decreased principally as a result of production cost true ups for completed productions. Employee costs increased 29% primarily due to reduced estimated CEWS benefits of $3.9 million for the quarter (2020 – $13.5 million), increased commission costs and short-term compensation accruals. Other general and administrative expenses were flat to the prior year as higher marketing costs for STACKTV and Nick+ services to drive subscriptions, were offset by relief on CRTC Part II fees, a reduction in the provision for estimated credit losses, lower maintenance costs, and the continued suspension of most discretionary spending on travel and entertainment.

Expenses for the nine months ended May 31, 2021 were down 4% from the prior year as a result of a decrease of 3% in direct cost of sales and a 5% decrease in general and administrative expenses. The decrease in direct cost of sales is driven by lower amortization of program rights and film investments amortization, offset by higher other costs associated with certain sales initiatives. Employee costs increased 4% primarily due to the reduced estimated CEWS benefits of $10.0 million for the period (2020 – $13.5 million), increased short-term compensation accruals and increased pension expenses. Other general and administrative expenses were down 18% from the prior year from relief on CRTC Part I and Part II fees along with reductions in tariffs and trade marks that are positively correlated with revenues, as well as curtailment of spending on travel and entertainment, advertising and marketing, a reduction in the provision for estimated credit losses, lower maintenance, transmission and distribution costs.

Segment profit[(1)] was up 21% for the third quarter of fiscal 2021 and 7% for the nine months ended May 31, 2021. The increase for the quarter was a result of increases in revenues outpacing increases in direct cost of sales and general and administrative expenses, while the year-to-date direct cost of sales and general and administrative expenses decreased as revenues remained consistent with the prior year. Segment profit margin[(1)] for the three and nine months ended May 31, 2021 was 37% and 40%, respectively, up from the prior year of 35% and 37% in the comparable periods.

(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 | | Nine months ended | |
|---|---|---|---|---|
| | | **May 31,** | | **May 31,** |
| (thousands of Canadian dollars) | **2021** | 2020 | **2021** | 2020 |
| Revenues | **23,177** | 17,645 | **71,785** | 83,724 |
| Expenses | **21,892** | 19,421 | **61,950** | 68,896 |
| Segment profit [(1)] | **1,285** | (1,776) | **9,835** | 14,828 |
| Segment profit margin[(1)] | **6%** | -10% | **14%** | 18% |

(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 increased 31% in the three months ended May 31, 2021, but decreased 14% for the nine months ended May 31, 2021. Radio advertising revenues have begun to rebound from the lows experienced in the third quarter of fiscal 2020, but a more robust recovery was muted by continued COVID-19 restrictions throughout Canada. Supply chain issues in the automotive sector and hardware/renovation sectors continue to hamper a robust advertising recovery in these categories, while increasing home prices in the real estate market continue to suppress the need for advertising in the financial services category. Businesses in the travel and entertainment categories, as well as professional services have begun to show growth from the prior year, as advertising by federal and provincial governments starts to ramp down.

Direct cost of sales and general and administrative expenses increased 13% in the third quarter, but were down 10% for the nine months ended May 31, 2021. The increase in the quarter was primarily due to reduced estimated CEWS benefits of $0.6 million for the quarter (2020 – $2.7 million), increased sports rights costs due to the shift of the NHL season and to a lesser extent advertising and promotions, offset by reductions over prior year of estimated credit losses. The decrease in the nine months ended May 31, 2021 is attributable to reductions on tariff royalties levied under the *Copyright Act* that are positively correlated with movements in revenues, relief on Part I and Part II CRTC fees, suspension of most discretionary spending on travel, entertainment, advertising and promotions, as well as decreased sports rights costs, and reductions over the prior year of estimated for credit losses, offset by reduced CEWS benefits of $1.7 million for the period (2020 – $2.7 million).

Radio's segment profit(1) increased by $3.1 million in the third quarter of fiscal 2021, and declined $5.0 million for the nine months ended May 31, 2021. Segment profit margin(1) for the third quarter of 6% was up from negative 10% in the prior year. Segment profit margin(1) for the nine months ended May 31, 2021 was 14% compared to 18% in the prior year.

(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 | | Nine months ended | |
|---|---|---|---|---|
| | | **May 31,** | | **May 31,** |
| (thousands of Canadian dollars) | **2021** | 2020 | **2021** | 2020 |
| Share-based compensation | **6,400** | 134 | **14,422** | 2,933 |
| Other general and administrative costs | **4,226** | 2,615 | **12,628** | 10,486 |
| | **10,626** | 2,749 | **27,050** | 13,419 |

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 for the three and nine months ended May 31, 2021 by $6.3 million and $11.5 million, respectively. These increases are 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 4 to the interim condensed consolidated financial statements for further details on this swap arrangement).

Other general and administrative costs increased $1.6 million in the quarter and $2.1 million for the nine months ended May 31, 2021. The increases in both three and nine months ended May 31, 2021 are principally due to reduced estimated CEWS benefits (2021 – Q3: nil; YTD: $0.9 million; 2020 – Q3 & YTD: $1.1 million), increased short-term compensation accruals, facilities, maintenance and COVID-19 related costs, partially offset by decreases in travel, entertainment, consulting, and professional fees.

## 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 may continue to deviate from historical seasonal patterns. In fiscal 2021, the first and third quarters are higher than the second quarter; the same pattern is observable in segment profit for fiscal 2021. 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 of cash used by operations. The implementation of IFRS 16 did not have any impact on lease economics or lease cash flows. The 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 May 31, 2021. 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** | | | | | | | | |
| 3rd quarter | **402,999** | **130,671** | **40,666** | **44,324** | **$ 0.20** | **$ 0.19** | **$ 0.21** | **64,702** |
| 2nd quarter | 358,874 | 112,640 | 35,300 | 37,496 | $ 0.17 | $ 0.17 | $ 0.18 | 89,690 |
| 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 |

[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 third quarter of fiscal 2021 was negatively impacted by debt refinancing costs of $3.4 million ($0.01 per share) and integration, restructuring and other costs of $1.6 million ($nil per share).
- Net income attributable to shareholders for the second quarter of fiscal 2021 was negatively impacted by integration, restructuring and other costs of $3.0 million ($0.01 per share).
- 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 licence 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).

## FINANCIAL POSITION

Total assets at May 31, 2021 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 May 31, 2021 were $484.0 million, up $123.4 million from August 31, 2020.

Cash and cash equivalents increased by $38.2 million from August 31, 2020. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $75.6 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 COVID-19 pandemic 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 $5.7 million from August 31, 2020 as a result of accruals relating to film productions exceeding tax credit receipts.

Investments and other assets increased $30.9 million from August 31, 2020, as a result fair value measurement gains on investments in venture funds and an increase in the net asset position of certain post employment benefits, offset by a decrease in unrealized gains related to forward foreign exchange contracts that are in a liability position at the end of the period.

Property, plant and equipment decreased $20.9 million from August 31, 2020 as a result of depreciation expense exceeding additions.

Program rights decreased $48.2 million from August 31, 2020, as additions of acquired rights of $329.5 million were offset by amortization of $375.1 million and the $2.6 million write-off of certain program rights related to the BBC Canada channel shut-down on December 31, 2020.

Film investments decreased $4.9 million from August 31, 2020, as film additions (net of tax credit accruals) of $5.0 million were offset by film amortization of $9.9 million.

Intangibles decreased $75.3 million from August 31, 2020, primarily as a result of amortization of finite life intangibles exceeding additions, while goodwill remained unchanged from August 31, 2020.

Accounts payable and accrued liabilities increased $79.8 million from August 31, 2020, principally as a result of higher trade accounts payable, program rights payable, short-term compensation accruals, unremitted sales taxes, and other accrued liabilities, which include other working capital accruals, and unearned revenues, offset by decreases to trade marks payable and capital asset purchases.

Provisions, including the long-term portion, at May 31, 2021 of $16.6 million decreased $1.5 million from August 31, 2020 principally as a result of restructuring related payments exceeding additions.

Long-term debt, including the current portion, as at May 31, 2021 was $1,396.8 million compared to $1,506.1 million as at August 31, 2020. As at May 31, 2021, the $46.2 million classified as the current portion of bank debt reflects mandatory repayments in the following 12 months. During the nine months ended May 31, 2021, the Company repaid bank debt of $602.2 million, issued Notes of $500.0 million, added deferred fees of $12.1 million related to the issuance of the Notes, wrote off $3.5 million of previously deferred fees, as well as recognized a financing gain of $1.6 million, both related to bank debt amendments, and amortized $3.1 million of deferred financing charges.

Other long-term liabilities decreased $111.2 million from August 31, 2020, primarily from decreases in long-term program rights payable, long-term liabilities related to trade marks, merchandising and other intangible rights, adjustments to the fair value of interest rate swap and foreign exchange forward derivatives, as well as decreases in employee obligations, leases, unearned revenues, and software licenses.

Share capital remained unchanged from August 31, 2020. Contributed surplus increased by $0.8 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 $24.9 million in the third quarter of fiscal 2021 and $38.2 million in the nine months ended May 31, 2021. Free cash flow for the three and nine months ended May 31, 2021 was $64.7 million and $216.8 million, respectively, compared to $90.8 million and $208.9 million, in the same comparable periods of the prior year. The decrease in free cash flow in the third quarter is principally attributable to the deferral of corporate income tax installments in the prior year, which resulted in a year-over-year increase in cash income taxes of $22.0 million, along with higher payments for program rights and a lower working capital contribution. Free cash flow for the nine months ended May 31, 2021, was positively impacted by CEWS receipts of $33.0 million, offset by the payment of deferred corporate income tax installments from fiscal 2020 of $17.2 million that are both reflected in the net change in non-cash working capital balances related to the operations line item within operating activities in the consolidated statements of cash flows. 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 and nine months ended May 31, 2021 was $67.3 million and $224.4 million, respectively, compared to $95.9 million and $219.1 million, in the comparable periods in the prior year. The decrease in the current quarter of $28.5 million arises principally from lower cash provided by the net change in non-cash working capital of $40.1 million, partially offset by an increase in cash flow from operations of $11.5 million, which includes lower spend on film investments of $8.5 million, but higher spend on program rights of $31.6 million. The increase for the nine months ended May 31, 2021 in the cash provided by operating activities of $5.3 million arises from an increase in cash flow from operations of $70.5 million, which includes lower spending on program rights of $33.2 million and film investments of $24.7 million, offset by higher cash used in working capital of $65.2 million.

Cash used in investing activities for the three and nine months ended May 31, 2021 was $2.6 million and $8.4 million, respectively, compared to $5.8 million and $12.0 million, in the comparable periods of the prior year. In the current fiscal year, the Company had additions to property, plant, equipment of $6.2 million, and net cash outflows of $2.5 million for intangibles, investments and other assets. The prior year includes additions of property, plant, equipment of $10.1 million and net cash outflows of $2.2 million for intangibles, investments and other assets.

Cash used in financing activities in the three and nine months ended May 31, 2021 was $39.9 million and $177.8 million, respectively, compared to $68.9 million and $210.0 million in the comparable periods of the prior year. In the current year, the Company issued Notes of $500.0 million, paid $12.1 million in deferred financing fees, paid down bank debt by $602.2 million, returned capital of $1.6 million to a non-controlling interest related to the wind up of Cosmopolitan TV, paid dividends of $49.0 million to shareholders and non-controlling interests, made payments related to right-of-use leases of $12.1 million and software licenses of $2.9 million, offset by equity funding received from a non-controlling interest of $2.1 million. In the prior year, the Company repaid bank debt of $130.7 million, repurchased shares for $16.9 million, made payments related to right-of-use leases of $12.1 million, paid dividends of $52.6 million, and made payments on software licenses of $3.2 million, offset by equity funding received from a non-controlling interest of $5.4 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. In the second quarter of fiscal 2021, the Company changed its stated long-term objectives to a leverage target (net debt to segment profit ratio) below 2.5 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 May 31, 2021, the Company had a net cash balance of $84.1 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 effective May 31, 2021, refer to note 4 of the Company's interim condensed consolidated financial statements.

## TOTAL CAPITALIZATION

As at May 31, 2021, total capitalization was $2,668.4 million compared to $2,657.2 million at August 31, 2020, an increase of $11.2 million. The increase in total capitalization is principally related to the decrease in accumulated deficit of $129.7 million, offset by lower bank debt of $109.3 million and higher cash of $38.2 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 May 11, 2021, the Company issued $500.0 million principal amount of 5.0% Senior Unsecured Notes (the "Notes"). Interest on the Notes is payable semi-annually in arrears in equal installments on May 11 and November 11 of each year, commencing on November 11, 2021. The Company used the net proceeds therefrom to repay amounts under the Term Facility.

Effective May 31, 2021 the Company's credit agreement with a syndicate of banks was amended and restated. The principal amendment effected combined the Term Facility tranches into one and extended the maturity dates for the Term Facility and Revolving Facility to May 31, 2025.

The transactions noted above resulted in the Company recording net debt refinancing costs of $3.4 million in the third quarter of fiscal 2021, which included non-cash write-offs of unamortized deferred financing fees and prior refinancing gains of $3.5 million, the recognition of the ineffective portion of interest rate swaps of $1.5 million, offset by the refinancing gain on the modification of the Credit Facility of $1.6 million.

The Company has total return swap agreements on 3,197,500 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 May 31, 2021 is an asset of $4.9 million.

On November 11, 2020 and December 10, 2020, the Company entered into two additional series of foreign exchange forward contracts totalling $120.0 million U.S. dollars, bringing the total remaining foreign exchange forward contracts to $145.1 million U.S. dollars. All foreign exchange forward contracts fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities. The estimated fair value of these agreements as at May 31, 2021 is a liability of $10.6 million.

The Company has the following remaining undiscounted contractual obligations related to forward currency contracts as at May 31, 2021:

| (thousands of dollars) | Total | Within 1 year | 2 - 3 years | 4 - 5 years | More than 5 years |
|---|---|---|---|---|---|
| Contractual CDN cash outflows | 186,421 | 65,717 | 91,505 | 29,199 | — |
| Contractual USD cash inflows | 145,100 | 51,600 | 71,000 | 22,500 | — |

## 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.

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | | **May 31,** | | **May 31,** |
| (thousands of Canadian dollars) | **2021** | 2020 | **2021** | 2020 |
| Cash provided by (used in): | | | | |
| Operating activities | **67,313** | 95,859 | **224,402** | 219,074 |
| Investing activities | **(2,562)** | (5,789) | **(8,377)** | (12,010) |
| | **64,751** | 90,070 | **216,025** | 207,064 |
| Add (Deduct): cash used in (provided by) business acquisitions and strategic investments[1] | **(49)** | 703 | **741** | 1,830 |
| **Free cash flow** | **64,702** | 90,773 | **216,766** | 208,894 |

[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 May 31, 2021 | Three months ended May 31, 2020 | Nine months ended May 31, 2021 | Nine months ended May 31, 2020 |
|---|---|---|---|---|
| **Net income (loss) attributable to shareholders** | **40,666** | (752,280) | **152,630** | (655,640) |
| **Adjustments, net of income tax:** | | | | |
| Broadcast licences and goodwill impairment | **—** | 769,338 | **—** | 769,338 |
| Debt refinancing | **2,511** | — | **2,511** | — |
| Integration, restructuring and other costs | **1,147** | 1,938 | **6,530** | 11,178 |
| **Adjusted net income attributable to shareholders** | **44,324** | 18,996 | **161,671** | 124,876 |
| | | | | |
| **Basic earnings (loss) per share** | **$0.20** | ($3.61) | **$0.73** | ($3.12) |
| **Adjustments, net of income tax:** | | | | |
| Broadcast licences and goodwill impairment | **—** | $3.69 | **—** | $3.66 |
| Debt refinancing | **$0.01** | — | **$0.01** | — |
| Integration, restructuring and other costs | **—** | $0.01 | **$0.03** | $0.05 |
| **Adjusted basic earnings per share** | **$0.21** | $0.09 | **$0.77** | $0.59 |

### 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 May 31, 2021 | As at August 31, 2020 |
|---|---|---|
| Total debt, net of unamortized financing fees | **1,396,765** | 1,506,089 |
| Lease liabilities | **145,988** | 148,580 |
| Cash and cash equivalents | **(84,118)** | (45,900) |
| **Net debt** | **1,458,635** | 1,608,769 |
| | | |
| Net debt (numerator) | **1,458,635** | 1,608,769 |
| Segment profit (denominator) [(1)] | **516,420** | 505,839 |
| **Net debt to segment profit** | **2.82** | 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***

All provinces and territories continue to expand mass vaccination programs at an accelerated pace to inoculate Canadians against COVID-19, with approximately 75% of adult Canadians having received at least one dose as of June 28, 2021. Current government forecasts indicate that all Canadians who want to be, will be fully immunized before the end of September 2021. Many provinces and territories had begun to ease restrictions as infection rates decline considerably, but continue to closely monitor COVID-19 variants of concern that are more transmissible and carry increased health risks, which may lead to the reintroduction of emergency measures to counter any resurgence of COVID-19 cases. Disruptions caused by the imposition of these emergency measures continue to negatively impact advertising revenues. There can be no certainty that inoculations will continue to 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 has passed third reading in the House of Commons and is currently with the Senate for approval. 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 as the bill and related changes could adversely affect the Company's results of operations and financial performance.

***Digital Charter Implementation 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 currently remains at the second reading stage in the House of Commons and has not yet been referred to a House of Commons committee for further review. 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. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 3 in the Company's August 31, 2020 consolidated financial statements and note 3 in the Company's May 31, 2021 interim condensed consolidated financial statements.

### 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 third quarter ended May 31, 2021 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 May 31, 2021 | As at August 31, 2020 |
|---|---|---|
| **ASSETS** | | |
| **Current** | | |
| Cash and cash equivalents | **84,118** | 45,900 |
| Accounts receivable | **373,175** | 297,585 |
| Prepaid expenses and other assets | **26,713** | 17,112 |
| **Total current assets** | **484,006** | 360,597 |
| Tax credits receivable | **32,464** | 26,745 |
| Investments and other assets | **90,373** | 59,424 |
| Property, plant and equipment | **312,824** | 333,762 |
| Program rights | **589,580** | 637,819 |
| Film investments | **39,999** | 44,891 |
| Intangibles | **1,713,739** | 1,789,018 |
| Goodwill | **664,958** | 664,958 |
| Deferred income tax assets | **55,535** | 53,668 |
| | **3,983,478** | 3,970,882 |
| | | |
| **LIABILITIES AND EQUITY** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | **531,505** | 451,682 |
| Current portion of long-term debt (note 4) | **46,185** | 76,339 |
| Provisions | **7,536** | 8,621 |
| Income taxes payable | **15,519** | 12,698 |
| **Total current liabilities** | **600,745** | 549,340 |
| Long-term debt (note 4) | **1,350,580** | 1,429,750 |
| Other long-term liabilities | **381,801** | 492,956 |
| Provisions | **9,081** | 9,494 |
| Deferred income tax liabilities | **431,533** | 440,923 |
| **Total liabilities** | **2,773,740** | 2,922,463 |
| | | |
| **EQUITY** | | |
| Share capital (note 5) | **816,189** | 816,189 |
| Contributed surplus | **1,512,155** | 1,511,325 |
| Accumulated deficit | **(1,295,778)** | (1,425,432) |
| Accumulated other comprehensive income (deficit) | **22,143** | (2,258) |
| Total equity attributable to shareholders | **1,054,709** | 899,824 |
| Equity attributable to non-controlling interest | **155,029** | 148,595 |
| **Total equity** | **1,209,738** | 1,048,419 |
| | **3,983,478** | 3,970,882 |

See accompanying notes

## CORUS ENTERTAINMENT INC.
## CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | | **May 31,** | | **May 31,** |
| (unaudited - in thousands of Canadian dollars, except per share amounts) | **2021** | 2020 | **2021** | 2020 |
| Revenues | **402,999** | 348,967 | **1,182,228** | 1,192,840 |
| Direct cost of sales, general and administrative expenses (note 6) | **272,328** | 237,654 | **760,310** | 781,503 |
| Depreciation and amortization | **38,117** | 39,485 | **114,405** | 119,751 |
| Interest expense (note 7) | **26,807** | 29,378 | **75,890** | 87,984 |
| Broadcast licences and goodwill impairment | **—** | 786,790 | **—** | 786,790 |
| Debt refinancing | **3,408** | — | **3,408** | — |
| Integration, restructuring and other costs | **1,561** | 2,636 | **8,885** | 15,194 |
| Other expense (income), net (note 8) | **(4,755)** | 10,251 | **(11,612)** | 13,636 |
| Income (loss) before income taxes | **65,533** | (757,227) | **230,942** | (612,018) |
| Income tax expense (recovery) (note 9) | **17,258** | (8,947) | **60,222** | 29,479 |
| **Net income (loss) for the period** | **48,275** | (748,280) | **170,720** | (641,497) |
| | | | | |
| **Other comprehensive income (loss), net of income taxes:** | | | | |
| **Items that may be reclassified subsequently to income:** | | | | |
| Unrealized change in fair value of cash flow hedges | **4,611** | (13,663) | **9,640** | (17,871) |
| Unrealized foreign currency translation adjustment | **(1,295)** | 656 | **(1,707)** | 834 |
| | **3,316** | (13,007) | **7,933** | (17,037) |
| **Items that will not be reclassified to income:** | | | | |
| Unrealized change in fair value of financial assets | **18,055** | (7,458) | **16,468** | (893) |
| Actuarial gain on post-retirement benefit plans | **4,171** | 21,750 | **13,900** | 14,035 |
| | **22,226** | 14,292 | **30,368** | 13,142 |
| Other comprehensive income (loss), net of income taxes | **25,542** | 1,285 | **38,301** | (3,895) |
| **Comprehensive income (loss) for the period** | **73,817** | (746,995) | **209,021** | (645,392) |
| | | | | |
| **Net income (loss) attributable to:** | | | | |
| Shareholders | **40,666** | (752,280) | **152,630** | (655,640) |
| Non-controlling interest | **7,609** | 4,000 | **18,090** | 14,143 |
| | **48,275** | (748,280) | **170,720** | (641,497) |
| | | | | |
| **Comprehensive income (loss) attributable to:** | | | | |
| Shareholders | **66,208** | (750,995) | **190,931** | (659,535) |
| Non-controlling interest | **7,609** | 4,000 | **18,090** | 14,143 |
| | **73,817** | (746,995) | **209,021** | (645,392) |
| | | | | |
| **Earnings (loss) per share attributable to shareholders:** | | | | |
| Basic | **$0.20** | ($3.61) | **$0.73** | ($3.12) |
| Diluted | **$0.19** | ($3.61) | **$0.73** | ($3.12) |

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 income (deficit)** | **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 | **—** | **—** | **152,630** | **38,301** | **190,931** | **18,090** | **209,021** |
| Dividends declared | **—** | **—** | **(37,493)** | **—** | **(37,493)** | **(11,543)** | **(49,036)** |
| Actuarial gain on post-retirement benefit plans | **—** | **—** | **13,900** | **(13,900)** | **—** | **—** | **—** |
| Share-based compensation expense | **—** | **830** | **—** | **—** | **830** | **—** | **830** |
| Return of capital to non-controlling interest | **—** | **—** | **—** | **—** | **—** | **(1,622)** | **(1,622)** |
| Reallocation of equity interest | **—** | **—** | **617** | **—** | **617** | **(617)** | **—** |
| Equity funding by a non-controlling interest | **—** | **—** | **—** | **—** | **—** | **2,126** | **2,126** |
| As at May 31, 2021 | **816,189** | **1,512,155** | **(1,295,778)** | **22,143** | **1,054,709** | **155,029** | **1,209,738** |

| (unaudited - in thousands of Canadian dollars) | Share capital | Contributed surplus | Accumulated deficit | Accumulated other comprehensive income (deficit) | 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 (loss) | — | — | (655,640) | (3,895) | (659,535) | 14,143 | (645,392) |
| Dividends declared | — | — | (25,187) | — | (25,187) | (14,668) | (39,855) |
| Share repurchase under normal course issuer bid ("NCIB") | (14,288) | (2,605) | — | — | (16,893) | — | (16,893) |
| Actuarial gain on post-retirement benefit plans | — | — | 14,035 | (14,035) | — | — | — |
| Share-based compensation expense | — | 852 | — | — | 852 | — | 852 |
| Equity funding by a non-controlling interest | — | — | — | — | — | 5,411 | 5,411 |
| As at May 31, 2020 | 816,189 | 1,511,065 | (1,425,549) | (5,743) | 895,962 | 150,398 | 1,046,360 |

See accompanying notes

## CORUS ENTERTAINMENT INC.
## CONSOLIDATED STATEMENTS OF CASH FLOWS

| (unaudited - in thousands of Canadian dollars) | Three months ended May 31, 2021 | Three months ended May 31, 2020 | Nine months ended May 31, 2021 | Nine months ended May 31, 2020 |
|---|---|---|---|---|
| **OPERATING ACTIVITIES** | | | | |
| Net income (loss) for the period | **48,275** | (748,280) | **170,720** | (641,497) |
| Adjustments to reconcile net income (loss) to cash flow from operations: | | | | |
| Amortization of program rights (note 6) | **139,301** | 130,661 | **375,161** | 386,224 |
| Amortization of film investments (note 6) | **2,980** | 3,333 | **9,900** | 14,414 |
| Depreciation and amortization | **38,117** | 39,485 | **114,405** | 119,751 |
| Deferred income tax recovery | **(6,419)** | (21,529) | **(22,656)** | (27,607) |
| Broadcast licences and goodwill impairment | **—** | 786,790 | **—** | 786,790 |
| Share-based compensation expense | **269** | 291 | **830** | 852 |
| Imputed interest (note 7) | **10,710** | 13,564 | **32,753** | 39,802 |
| Debt refinancing | **3,408** | — | **3,408** | — |
| Payment of program rights | **(169,787)** | (138,195) | **(372,044)** | (405,196) |
| Net spend on film investments | **(4,013)** | (12,527) | **(21,319)** | (46,007) |
| CRTC benefit payments | **—** | (312) | **(635)** | (1,045) |
| Other | **(599)** | (2,553) | **680** | (5,761) |
| Cash flow from operations | **62,242** | 50,728 | **291,203** | 220,720 |
| Net change in non-cash working capital balances related to operations | **5,071** | 45,131 | **(66,801)** | (1,646) |
| **Cash provided by operating activities** | **67,313** | 95,859 | **224,402** | 219,074 |
| **INVESTING ACTIVITIES** | | | | |
| Additions to property, plant and equipment | **(2,002)** | (3,801) | **(6,184)** | (10,091) |
| Proceeds from sale of property | **172** | 249 | **319** | 288 |
| Net cash flows for intangibles, investments and other assets | **(732)** | (2,237) | **(2,512)** | (2,207) |
| **Cash used in investing activities** | **(2,562)** | (5,789) | **(8,377)** | (12,010) |
| **FINANCING ACTIVITIES** | | | | |
| Decrease in bank loans | **(507,527)** | (43,691) | **(602,163)** | (130,660) |
| Financing fees | **(12,119)** | — | **(12,119)** | — |
| Issuance of senior unsecured notes | **500,000** | — | **500,000** | — |
| Shares repurchased under NCIB | **—** | (3,930) | **—** | (16,893) |
| Return of capital to non-controlling interest | **—** | — | **(1,622)** | — |
| Payments of lease liabilities | **(4,170)** | (4,058) | **(12,136)** | (12,105) |
| Equity funding by a non-controlling interest | **—** | — | **2,126** | 5,411 |
| Dividends paid | **(12,497)** | (12,535) | **(37,493)** | (37,901) |
| Dividends paid to non-controlling interest | **(3,136)** | (4,007) | **(11,543)** | (14,668) |
| Other | **(406)** | (675) | **(2,857)** | (3,184) |
| **Cash used in financing activities** | **(39,855)** | (68,896) | **(177,807)** | (210,000) |
| Net change in cash and cash equivalents during the period | **24,896** | 21,174 | **38,218** | (2,936) |
| Cash and cash equivalents, beginning of the period | **59,222** | 58,458 | **45,900** | 82,568 |
| **Cash and cash equivalents, end of the period** | **84,118** | 79,632 | **84,118** | 79,632 |

Supplemental cash flow disclosures (note 11)

See accompanying notes

# CORUS ENTERTAINMENT INC.
# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
# (Unaudited)
# May 31, 2021
(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 and 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 and nine months ended May 31, 2021 were authorized for issue in accordance with a resolution of the Company's Board of Directors on June 28, 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, its variant sand 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 consolidated 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

***IAS 1 - Presentation of Financial Statements ("IAS 1")***

In January 2020, IASB issued an amendment to IAS 1, which affects only the presentation of liabilities in the statement of financial position and not the amount or timing of their recognition. The amendments clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period and align the wording in all affected paragraphs to refer to the right to defer settlement by at least 12 months. That classification is unaffected by the likelihood that an entity will exercise its deferral right. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its financial statements.

## 4. LONG-TERM DEBT

| | **May 31, 2021** | August 31, 2020 |
|---|---|---|
| Bank loans | **913,779** | 1,516,159 |
| Senior unsecured notes | **500,000** | — |
| Unamortized financing fees | **(17,014)** | (10,070) |
| | **1,396,765** | 1,506,089 |
| Less: current portion of long-term debt | **(46,185)** | (76,339) |
| | **1,350,580** | 1,429,750 |

Interest rates on the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at May 31, 2021, the weighted average interest rate on outstanding bank loans and notes was 4.7% (May 31, 2020 – 3.9%). Interest on the bank loans and notes averaged 4.1% and 4.0% for the three and nine months ended May 31, 2021 (May 31, 2020 – 4.1% and 4.1%, respectively).

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 May 31, 2021 (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 May 31, 2021.

**CREDIT FACILITIES AND SENIOR UNSECURED NOTES**

On May 11, 2021, the Company issued $500.0 million in principal amount of 5.0% Senior Unsecured Notes due May 11, 2028 (the "Notes"). The net proceeds therefrom were used to repay amounts under the Term Facility.

Effective May 31, 2021 the Company's credit agreement with a syndicate of banks was amended and restated. The principal amendments were to reduce the term loan facility to one tranche in the amount of $923.7 million and to extend the maturity for the Term Facility and the Revolving Facility to May 31, 2025.

The carrying value of the debt is accreted using the effective interest rate method over the remaining term of the Term Facility, or the Notes with the accretion recognized within interest expense on the interim condensed consolidated statements of income and comprehensive income (loss).

The transactions noted above resulted in the Company recording net debt refinancing costs of $3.4 million in the third quarter of fiscal 2021, which included the non-cash write-off of unamortized financing fees of $3.5 million, the recognition of the ineffective portion of the interest rates swap designated as a cash flow hedge on long-term debt of $1.5 million, offset by the refinancing gain recognized on the modification of the Credit Facility of $1.6 million.

***Senior Unsecured Notes***

The Notes are senior unsecured obligations guaranteed by certain of the Company's subsidiaries and contain covenants that limit the Company's ability to incur additional debt, make certain restricted payments and investments, create liens, enter into transactions with affiliates, and consolidate, merge, transfer or sell all or substantially all of its property and assets. Interest on the Senior Notes is paid semi-annually.

At any time prior to May 11, 2024 (first optional early redemption date), the Company may redeem all or part of the Notes at a make-whole price determined by discounting the future interest and early redemption payments to the first optional early redemption date with reference to prevailing market Government of Canada rates plus 1%, but in any case at a redemption price that is no less than 101% of the principal amount of the Notes being redeemed, plus accrued and unpaid interest to the date of redemption. On or after May 11, 2024, the Company may redeem all or part of the Notes at the redemption price of 102.5% to May 11, 2025, 101.25% to May 11, 2026 and 100% thereafter, plus accrued and unpaid interest to the date of redemption.

***Term Facility***

As at May 31, 2021, the Term Facility balance was $923.7 million with a maturity date of May 31, 2025.

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 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, 2025. 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 May 31, 2021, 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 current notional values of the interest rate swap agreements are $852.0 million and $476.0 million at 1.947% and 2.004%, respectively, plus applicable margins to August 31, 2021 and August 31, 2022. 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 ineffectiveness in the hedge of its interest rate exposure for the portion of the interest rate swaps that exceed the outstanding term loan facilities after repayment with the net proceeds of the Notes. For the ineffective portion of the hedge cumulative unrealized gains or losses on the interest rate swap agreements are recognized in the debt refinancing costs. For the effective portion of the hedge, unrealized gains or losses on the interest rate swap agreements are recognized in other comprehensive income (loss). The estimated fair value of these agreements as at May 31, 2021 is $11.8 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.

**TOTAL RETURN SWAPS**

The Company has total return swap agreements on 3,197,500 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 May 31, 2021 was an asset of $4.9 million (August 31, 2020 – a liability of $3.3 million), which has been recorded in the interim condensed consolidated statements of financial position as prepaid expenses and other assets, and within employee costs in the interim condensed consolidated statements of income and comprehensive income (loss) (note 6).

**FORWARD CONTRACTS**

On November 11, 2020 and December 10, 2020, the Company entered into two additional series of foreign exchange forward contracts totalling $120.0 million U.S. dollars. All foreign exchange forward contracts fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities.

As at May 31, 2021, the Company has remaining a series of foreign exchange forward contracts totalling $145.1 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 values 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 May 31, 2021 was a liability of $10.6 million (August 31, 2020 – asset of $3.1 million), which has been recorded in the interim condensed consolidated statements of financial position as an other long-term liability, and within other expense (income), net (note 8) in the interim condensed consolidated statements of income and comprehensive income (loss).

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 | 186,421 | 65,717 | 91,505 | 29,199 | — |
| Contractual USD cash inflows | 145,100 | 51,600 | 71,000 | 22,500 | — |

## 5. 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 – May 31, 2021** | **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 May 31, | | Nine months ended May 31, | |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Net income (loss) attributable to shareholders (numerator)** | **40,666** | (752,280) | **152,630** | (655,640) |
| **Weighted average number of shares outstanding (denominator)** | | | | |
| Weighted average number of shares outstanding – basic | **208,367** | 208,663 | **208,367** | 210,239 |
| Effect of dilutive securities | **698** | — | **168** | — |
| **Weighted average number of shares outstanding – diluted** | **209,065** | 208,663 | **208,535** | 210,239 |

The calculation of diluted earnings per share for the three and nine months ended May 31, 2021 excluded 3,844 and 6,135, respectively (May 31, 2020 – 6,957 and 6,778, respectively), 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 April 9, 2021, the Company declared quarterly dividends of $0.05875 and $0.06 per share to holders of its Class A and Class B Shares, respectively.

### SHARE-BASED COMPENSATION

Share-based compensation expense recorded for the third quarter and the nine months ended May 31, 2021 in respect of the Performance Share Units, Deferred Share Units and Restricted Share Units plans was $6,400 and $14,422 (2020 – $134 and $2,933). As at May 31, 2021, the carrying value of the liability for these plans was $30,678 (August 31, 2020 – $9,094).

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

## 6. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

| | Three months ended | May 31, | Nine months ended | May 31, |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| **Direct cost of sales** | | | | |
| Amortization of program rights | **139,301** | 130,661 | **375,161** | 386,224 |
| Amortization of film investments | **2,980** | 3,333 | **9,900** | 14,414 |
| Other cost of sales | **8,187** | 4,897 | **24,532** | 24,370 |
| **General and administrative expenses** | | | | |
| Employee costs [1] | **82,134** | 57,688 | **236,509** | 214,317 |
| Other general and administrative | **39,726** | 41,075 | **114,208** | 142,178 |
| | **272,328** | 237,654 | **760,310** | 781,503 |

[1] The estimated Canada Emergency Wage Subsidy for the three and nine months ended May 31, 2021 is approximately $4.4 million and $12.6 million (2020 – Q3 and YTD: $17.4 million), respectively, has been recorded principally as a reduction of employee costs.

## 7. INTEREST EXPENSE

| | Three months ended | May 31, | Nine months ended | May 31, |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| Interest on long-term debt (note 4) | **15,564** | 16,778 | **44,728** | 51,703 |
| Imputed interest on long-term liabilities | **10,710** | 13,564 | **32,753** | 39,802 |
| Amortization of deferred gain on settled interest rate swap | **—** | (1,570) | **(2,853)** | (4,881) |
| Other | **533** | 606 | **1,262** | 1,360 |
| | **26,807** | 29,378 | **75,890** | 87,984 |

## 8. OTHER EXPENSE (INCOME), NET

| | Three months ended | May 31, | Nine months ended | May 31, |
|---|---|---|---|---|
| | **2021** | 2020 | **2021** | 2020 |
| Foreign exchange loss (income) (note 4) | **(3,853)** | 10,716 | **(9,269)** | 16,051 |
| Equity gain of associates | **(51)** | (3) | **(39)** | (5) |
| Other income | **(851)** | (462) | **(2,304)** | (2,410) |
| | **(4,755)** | 10,251 | **(11,612)** | 13,636 |

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

## 9. INCOME TAXES

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

| | | | Nine months ended | |
|---|---|---|---|---|
| | | | | **May 31,** |
| | | **2021** | | 2020 |
| | **$** | **%** | $ | % |
| Income tax at combined federal and provincial rates | **60,952** | **26.4** | (162,595) | 26.6 |
| Income subject to tax at less than statutory rates | **(814)** | **(0.4)** | (396) | — |
| Non-deductible (taxable) portion of capital losses (gains) | **308** | **0.1** | 183 | — |
| Impact of valuation allowance recorded against future income tax assets in the year | **(541)** | **(0.2)** | (132) | — |
| Goodwill impairment | **—** | **—** | 191,017 | (31.2) |
| Transaction costs | **(170)** | **—** | (136) | — |
| Decrease of various tax reserves | **(33)** | **—** | 156 | — |
| Miscellaneous differences | **520** | **0.2** | 1,382 | (0.2) |
| | **60,222** | **26.1** | 29,479 | (4.8) |

## 10. 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 segment'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.

## CORUS ENTERTAINMENT INC.
## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
## (Unaudited)
## May 31, 2021
(in thousands of Canadian dollars, except per share information)

### REVENUES AND SEGMENT PROFIT

| **Three months ended May 31, 2021** | **Television** | **Radio** | **Corporate** | **Consolidated** |
|---|---|---|---|---|
| Revenues | **379,822** | **23,177** | **—** | **402,999** |
| Direct cost of sales, general and administrative expenses | **239,810** | **21,892** | **10,626** | **272,328** |
| **Segment profit (loss)** | **140,012** | **1,285** | **(10,626)** | **130,671** |
| Depreciation and amortization | | | | **38,117** |
| Interest expense | | | | **26,807** |
| Debt refinancing | | | | **3,408** |
| Integration, restructuring and other costs | | | | **1,561** |
| Other income, net | | | | **(4,755)** |
| **Income before income taxes** | | | | **65,533** |

| Three months ended May 31, 2020 | Television | Radio | Corporate | Consolidated |
|---|---|---|---|---|
| Revenues | 331,322 | 17,645 | — | 348,967 |
| Direct cost of sales, general and administrative expenses | 215,484 | 19,421 | 2,749 | 237,654 |
| **Segment profit (loss)** | 115,838 | (1,776) | (2,749) | 111,313 |
| Depreciation and amortization | | | | 39,485 |
| Interest expense | | | | 29,378 |
| Broadcast licences and goodwill impairment | | | | 786,790 |
| Integration, restructuring and other costs | | | | 2,636 |
| Other expense, net | | | | 10,251 |
| **Loss before income taxes** | | | | (757,227) |

| **Nine months ended May 31, 2021** | **Television** | **Radio** | **Corporate** | **Consolidated** |
|---|---|---|---|---|
| Revenues | **1,110,443** | **71,785** | **—** | **1,182,228** |
| Direct cost of sales, general and administrative expenses | **671,310** | **61,950** | **27,050** | **760,310** |
| **Segment profit (loss)** | **439,133** | **9,835** | **(27,050)** | **421,918** |
| Depreciation and amortization | | | | **114,405** |
| Interest expense | | | | **75,890** |
| Debt refinancing | | | | **3,408** |
| Integration, restructuring and other costs | | | | **8,885** |
| Other income, net | | | | **(11,612)** |
| **Income before income taxes** | | | | **230,942** |

| Nine months ended May 31, 2020 | Television | Radio | Corporate | Consolidated |
|---|---|---|---|---|
| Revenues | 1,109,116 | 83,724 | — | 1,192,840 |
| Direct cost of sales, general and administrative expenses | 699,188 | 68,896 | 13,419 | 781,503 |
| **Segment profit (loss)** | 409,928 | 14,828 | (13,419) | 411,337 |
| Depreciation and amortization | | | | 119,751 |
| Interest expense | | | | 87,984 |
| Broadcast licences and goodwill impairment | | | | 786,790 |
| Integration, restructuring and other costs | | | | 15,194 |
| Other expense, net | | | | 13,636 |
| **Loss before income taxes** | | | | (612,018) |

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

Revenues are derived from the following areas:

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | | **May 31,** | | **May 31,** |
| | **2021** | 2020 | **2021** | 2020 |
| Advertising | **255,082** | 207,862 | **733,160** | 756,131 |
| Subscriber fees | **124,402** | 121,500 | **372,314** | 368,919 |
| Merchandising, distribution and other | **23,515** | 19,605 | **76,754** | 67,790 |
| | **402,999** | 348,967 | **1,182,228** | 1,192,840 |

## 11. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

| | Three months ended | | Nine months ended | |
|---|---|---|---|---|
| | | **May 31,** | | **May 31,** |
| | **2021** | 2020 | **2021** | 2020 |
| Interest paid | **14,801** | 17,344 | **44,529** | 53,061 |
| Interest received | **91** | 194 | **283** | 829 |
| Income taxes paid | **18,213** | (4,123) | **77,828** | 34,538 |

## 12. 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.