First Quarter 2020
Report to Shareholders

For the Three Months Ended November 30, 2019 (unaudited)

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FINANCIAL HIGHLIGHTS

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

(in thousands of Canadian dollars except per share amounts)	Three months ended **November 30,** **2019**	2018
Revenues		
Television	**429,951**	426,190
Radio	**37,927**	41,281
	467,878	467,471
Segment profit (1)(2)		
Television	**178,618**	184,553
Radio	**12,028**	13,012
Corporate	**(6,531)**	(5,927)
	184,115	191,638
Net income attributable to shareholders	**78,116**	60,415
Adjusted net income attributable to shareholders (1)	**79,980**	70,111
Basic earnings per share	**$0.37**	$0.28
Adjusted basic earnings per share (1)	**$0.38**	$0.33
Diluted earnings per share	**$0.37**	$0.28
Free cash flow (1) (2)	**53,048**	42,406

(1) Segment profit, adjusted net income attributable to shareholders, adjusted basic earnings per share, and free cash flow do not have standardized meanings prescribed by International Financial Reporting Standards ("IFRS"). The Company believes these non-IFRS measures are frequently used as key measures to evaluate performance. For definitions, explanations and reconciliations see discussion under the Key Performance Indicators section of this report.

(2) Segment profit for the three months ended November 30, 2019 was impacted by the adoption of the new accounting standard, IFRS 16 - Leases, effective September 1, 2019. This has resulted in an increase in segment profit and free cash flow of approximately $3.4 million and $3.9 million, respectively, for the quarter. Further discussion of this can be found in the Impact of New Accounting Policies section of this report.

HIGHLIGHTS IN THE QUARTER

- On September 5, 2019, the Company filed an application with the CRTC requesting that its cumulative under-expenditure limit for Canadian Programming Expenditures ("CPE") be increased from 5% to 10%, with a commitment to meet its full CPE obligation by the end of the current licence term (August 31, 2022). The Company is seeking additional flexibility to better manage the timing of these expenditures, it does not seek a reduction of its total CPE requirement. A decision from the CRTC is expected in early 2020.
- On September 9, 2019, the Company's brands and people were recognized at the 2019 Canadian Country Music Association Awards for Edmonton's CISN Country 103.9 program *CISN in the Mornings with Chris, Jack & Matt,* which won On-air Personality of the Year – Large Market.
- On September 23, 2019, the Company announced its participation in the 2019 Elevate Tech Festival, an annual technology and innovation festival in Toronto, as the lead media partner.
- On September 30, 2019, 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 October 8, 2019, the Company's Corus Studios subsidiary announced multiple international content sales for its original lifestyle and unscripted content ahead of MIPCOM, notably *Fire Masters* (20x60) was sold to the Cooking Channel in the U.S. and A+E Networks in the UK, and pre-broadcast sales of demolition show *Salvage Kings* (10x60) to A+E Networks in the UK and Ireland, Sweden, South Africa, Poland and Romania.
- On October 15, 2019, the Company's Nelvana subsidiary, Spin Master Ltd. and TMS Entertainment, announced multiple new international distribution deals for animated series *Bakugan: Battle Planet* (100x11).
- On November 6, 2019, the Company's Nelvana subsidiary and Lambur Productions announced the production of a new live-action Canadian original series, *The Hardy Boys* (13x60). The series will premiere on premium streaming platform Hulu in the U.S. and on YTV in Canada.
- On November 8, 2019, the Company announced that the Toronto Stock Exchange (the "TSX") had accepted the notice filed by Corus to establish a normal course issuer bid ("NCIB") program for its Class B Non-Voting Shares through the facilities of the TSX and/or alternative Canadian trading systems. The Company may, during the 12-month period of November 12, 2019 to November 11, 2020, purchase for cancellation up to 9,913,940 of its Class B Non-Voting Shares, which represent approximately 5% of the public float as at November 1, 2019.
- On November 18, 2019, the Company hosted an investor education session on its Go-To-Market Revenue Strategy in the context of current market trends. The archive webcast is available in the Investor Relations/ Events and Presentations section of the Company's website at www.corusent.com.
- On November 28, 2019, the Company was recognized for its achievement in innovative media strategy, winning Best Media Company at the 2019 Media Innovation Awards for its work with Kao Canada Inc.'s John Frieda® hair care brand. The multiplatform campaign was supported by work executed by Corus' in-house social digital agency so.da.

HIGHLIGHTS SUBSEQUENT TO THE QUARTER

- On December 6, 2019, the Company was recognized as one of Greater Toronto's Top Employers for 2020 by MediaCorp Canada and The Global and Mail for the eighth consecutive year. This designation recognizes Greater Toronto employers with exceptional human resources programs and forward-thinking workplace policies.
- On December 19, 2019, the Company announced it had greenlit the new Global Original drama series *Family Law* as well as second seasons of Global Original drama series *Nurses* and *Departure*, underscoring its long-term commitment to producing scripted Canadian content.
- On December 23, 2019, the Company was added to the following S&P/TSX market indices prior to market open: S&P/TSX Composite Index; S&P/TSX Composite Dividend Index; S&P/TSX Composite High Dividend Index; and S&P/TSX SmallCap Select Index.
- On December 30, 2019, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three months ended November 30, 2019 is prepared at January 9, 2020. 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 August 31, 2019 Annual Report 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, including 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 and 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; 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, 2019 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 2019, we refer you to the Company's Annual Report for the year ended August 31, 2019, filed on SEDAR on December 10, 2019.

OVERVIEW OF CONSOLIDATED RESULTS

REVENUES

Consolidated revenues for the first quarter of fiscal 2020 of $467.9 million were consistent with $467.5 million in the prior year. On a consolidated basis, advertising revenues were flat to the prior year and subscriber revenues decreased 2%, while merchandising, distribution and other revenues increased 12% from the prior year. In the first quarter, revenues were up 1% in Television and decreased in Radio by 8%, compared to the prior year. Further analysis of revenues is provided in the discussion of segmented results.

DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Direct cost of sales, general and administrative expenses for the first quarter of fiscal 2020 of $283.8 million increased 3% from $275.8 million in the prior year. On a consolidated basis, direct cost of sales increased 6%, employee costs increased 2%, while general and administrative costs decreased 4% from the prior year. The increase in direct cost of sales arises from increases in program rights amortization, film asset amortization and higher other cost of sales. The increase in employee costs was primarily due to additional staff to fuel growth related to both digital advertising and technology initiatives, as well as increases in share-based compensation expense, partially offset by lower commission costs. General and administrative expenses were lower principally as a result of the implementation of IFRS 16 - *Leases* as issued by the International Accounting Standards Board ("IASB"), which reduced rent expenses charged through operating costs (refer to *Impact of New Accounting Policies* section of this report for further details). General and administrative expenses were also positively impacted by lower trade mark fees and transmission fees from the shut down of the Cosmo and IFC channels on September 30, 2019, offset by timing of marketing spend and license fees. Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Consolidated segment profit for the first quarter of fiscal 2020 was $184.1 million, which was down 4% from $191.6 million in the prior year. Segment profit margin for the first quarter of fiscal 2020 was 39%, a decrease from 41% in the prior year.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended November 30, 2019 was $40.0 million, a decrease from $54.3 million in the prior year. The decrease in the first quarter was a result of a decrease in the amortization of brands by $15.6 million, offset by a net increase in amortization of capital assets of $1.9 million principally from the implementation of IFRS 16. Amortization of brands has decreased significantly from the prior year as a result of accelerated amortization related to a change in estimate in fiscal 2019 of the useful life of the Action brand that was retired in April 2019.

INTEREST EXPENSE

Interest expense for the three months ended November 30, 2019 was $28.8 million, which was down from $31.3 million in the prior year. The decrease results primarily from lower interest on bank debt of $5.1 million, partially offset by higher imputed interest of $2.0 million on long-term liabilities associated with right-of-use assets and program rights, as well as $0.6 million lower amortization of a deferred gain from other comprehensive income on interest rate swaps settled on November 28, 2017. The reduction in interest on bank debt is due to lower debt levels.

The effective interest rate on bank loans for the three months ended November 30, 2019 was 4.1% compared to 4.6% in the prior year. The decrease in the effective rate for fiscal 2020 is due to a lower interest rate margin resulting from reduced leverage.

INTEGRATION, RESTRUCTURING AND OTHER COSTS

For the three months ended November 30, 2019, the Company incurred $2.5 million of integration, restructuring and other costs, compared to $13.2 million in the prior year. The current fiscal year costs are related to restructuring costs associated with employee exits, continued transmitter decommissioning costs and system integration costs. These charges are excluded from the determination of segment profit.

OTHER EXPENSE (INCOME), NET

Other income for the three month period ended November 30, 2019 was $2.1 million, compared to an expense of $1.2 million in the prior year. The current year period includes foreign exchange gains of $1.2 million and miscellaneous interest income on short-term investments of $0.9 million. The prior year period included a net foreign exchange loss of $1.7 million and equity losses from associates of $0.3 million, partially offset by income of $0.7 million from insurance proceeds and interest income on short-term investments.

INCOME TAX EXPENSE

The effective income tax rate for the three months ended November 30, 2019 was 26.5%, consistent with the Company's statutory income tax rate. The effective income tax rate for the three months ended November 30, 2018 of 27.1% was consistent with the Company's statutory income tax rate.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS PER SHARE

Net income attributable to shareholders for the first quarter of fiscal 2020 was $78.1 million ($0.37 per share basic), as compared to $60.4 million ($0.28 per share basic) in the prior year. Net income attributable to shareholders for the first quarter of fiscal 2020 includes integration, restructuring and other costs of $2.5 million ($0.01 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $80.0 million ($0.38 per share basic) in the quarter. Net income attributable to shareholders for the first quarter of fiscal 2019 includes integration, restructuring and other costs of $13.2 million ($0.05 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $70.1 million ($0.33 per share basic) in the prior year quarter.

The weighted average number of basic shares outstanding for the three months ended November 30, 2019 was 211,388,000 compared to 211,997,000 in the prior year. The number of shares outstanding decreased as a result of the purchase and cancellation of Class B Non-Voting Participating Shares under the Company's normal course issuer bid ("NCIB"), which commenced on November 12, 2019.

OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX

Other comprehensive income for the three months ended November 30, 2019 was $15.2 million, compared to $2.2 million in the prior year. For the three months ended November 30, 2019, other comprehensive income includes an unrealized gain on the fair value of cash flow hedges of $4.9 million, an unrealized gain from the change in fair value of financial assets of $5.5 million, and an actuarial gain on the remeasurement of post-employment benefit plans of $4.8 million. In the prior year, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of $2.3 million, an unrealized loss on the fair value of cash flow hedges of $0.4 million, and an unrealized gain on foreign currency translation adjustments of $0.3 million.

TELEVISION

The Television segment is comprised of 34 specialty television services (35 services prior to December 31, 2019; 37 services prior to September 30, 2019; 44 services prior to March 22, 2019), 15 conventional television stations, digital assets and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software, a social digital agency, a social creator network, and technology and media services.

FINANCIAL HIGHLIGHTS

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2019**	2018
Revenues		
Advertising	**286,258**	282,044
Subscriber fees	**123,669**	126,684
Merchandising, distribution and other	**20,024**	17,462
Total revenues	**429,951**	426,190
Expenses	**251,333**	241,637
Segment profit [(1)]	**178,618**	184,553
Segment profit margin[(1)]	**42%**	43%

[(1)] As defined in the "Key Performance Indicators" section

Revenues in the first quarter of fiscal 2020 increased 1% from the prior year as a result of a 1% increase in advertising revenues and a 15% increase in merchandising, distribution and other revenues, while subscriber revenues decreased 2%. The increase in advertising revenues was driven by improved yield from better inventory utilization, increased demand on Global in certain large markets and growth in digital advertising. The decrease in subscriber revenues was due to the divestiture of TLN in March 2019 and the shut-down of the Cosmo and IFC channels in September 2019, partially offset by retroactive adjustments that occurred upon renewal of a large distribution agreement in the current year. Adjusting for the impact of the TLN disposal, subscriber revenues were flat on a proforma basis. The increase in merchandising, distribution and other revenues of $2.6 million was driven by the expanded distribution and sales of Bakugan merchandise.

Expenses in the first quarter of fiscal 2020 were up 4% from the prior year. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) was up 7% from the prior year, while general and administrative expenses were consistent with the prior year. Increases in amortization of program rights was driven by higher foreign programming costs including new programming output deals, partially offset by lower amortization on Canadian programming. Production activity drove the increase in film amortization. The increase in other cost of sales is principally driven by increased direct costs associated with certain sales initiatives. General and administrative expenses were relatively flat to the prior year despite reductions in rent expenses due to the implementation of IFRS 16 (Refer to *Impact of New Accounting Policies* section of this report for further details). Employee costs increased primarily due to additional staff to fuel growth related to both digital advertising and technology initiatives, partially offset by lower commission costs. Other general and administrative expenses were also positively impacted by lower trade mark fees and transmission costs, offset by timing of marketing spend and license fees.

Segment profit(1) was down 3% for the first quarter of fiscal 2020, principally as a result of increases in direct cost of sales exceeding increases in revenues. Segment profit margin(1) for the quarter was 42% compared to 43% in the prior year.

(1) As defined in the "Key Performance Indicators" section

RADIO

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

FINANCIAL HIGHLIGHTS

	Three months ended November 30,	
(thousands of Canadian dollars)	**2019**	2018
Revenues	**37,927**	41,281
Expenses	**25,899**	28,269
Segment profit(1)	**12,028**	13,012
Segment profit margin(1)	**32%**	32%

(1)As defined in the "Key Performance Indicators" section

Revenues decreased 8% in the first quarter of fiscal 2020. The decline in advertising revenues in the quarter was driven primarily by lower market tuning levels, a soft retail advertising environment and the continuing economic and ratings challenges in Alberta. On a sales category basis, the decline was mainly driven by entertainment, retail and professional services.

Direct cost of sales and general and administrative expenses were down 8% in the first quarter of fiscal 2020, principally from decreased rent costs resulting from the IFRS 16 implementation and lower employee costs reflecting a continued focus on cost containment and synergies with Global News.

Radio's segment profit(1) declined $1.0 million in the first quarter of fiscal 2020. Segment profit margin(1) for the quarter of 32% remained consistent with the prior year.

(1) As defined in the "Key Performance Indicators" section

CORPORATE

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

FINANCIAL HIGHLIGHTS

	Three months ended November 30,	
(thousands of Canadian dollars)	**2019**	2018
Share-based compensation	**2,555**	2,072
Other general and administrative costs	**3,976**	3,855
	6,531	5,927

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.

The increase in share-based compensation expense in the first quarter is due to the improvement in the Company's share price from August 31, 2019, partially offset by the change in the fair value of the total return swaps (refer to note 6 to the interim condensed consolidated financial statements for further details on this swap arrangement).

Other general and administrative costs in the first quarter of fiscal 2020 were up 3% from the prior year, principally related to higher salaries and benefits, increased legal fees and license fees related to cloud based systems that were launched in the back half of fiscal 2019, offset by decreased rent costs resulting from the IFRS 16 implementation.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

As discussed in Management's Discussion and Analysis for the year ended August 31, 2019, 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. 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.

The following table sets forth certain unaudited data derived from the Company's interim condensed consolidated financial statements for each of the eight most recent quarters ended November 30, 2019. 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, 2019, 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 [1]	Adjusted net income attributable to shareholders [1]	Basic	Diluted	Adjusted basic	Free cash flow [2]
2020								
1st quarter	**467,878**	**184,115**	**78,116**	**79,980**	**$ 0.37**	**$ 0.37**	**$ 0.38**	**53,048**
2019								
4th quarter	377,479	109,776	22,947	27,930	$ 0.11	$ 0.11	$ 0.13	93,554
3rd quarter	458,417	170,523	66,378	66,077	$ 0.31	$ 0.31	$ 0.31	90,101
2nd quarter	384,115	113,148	6,344	15,733	$ 0.03	$ 0.03	$ 0.07	83,909
1st quarter	467,471	191,638	60,415	70,111	$ 0.28	$ 0.28	$ 0.33	42,406
2018								
4th quarter	379,084	114,561	33,675	39,534	$ 0.16	$ 0.16	$ 0.19	95,966
3rd quarter	441,410	170,421	(935,899)	78,112	$ (4.49)	$ (4.49)	$ 0.37	87,753
2nd quarter	369,465	112,759	40,042	41,880	$ 0.19	$ 0.19	$ 0.20	82,073

[1] As defined in "Key Performance Indicators".

[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 this report for more information.

SIGNIFICANT ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- Segment profit and free cash flow in the first quarter of fiscal 2020 were positively impacted by the implementation of IFRS 16 by approximately $3.4 million and $3.9 million, respectively; however, the impact on net income attributable to shareholders was not material. Net income attributable to shareholders for the first quarter of fiscal 2020 was negatively impacted by integration, restructuring and other costs of $2.5 million ($0.01 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $16.7 million ($0.06 per share) and integration, restructuring and other costs of $6.8 million ($0.02 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $16.7 million ($0.06 per share), integration, restructuring and other costs of $2.3 million ($0.01 per share) and a $0.3 million ($nil per share) loss on disposal of the Company's 50.5% interest in TLN, offset by a gain on debt modification of $3.9 million ($0.01 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $34.9 million ($0.12 per share), integration, restructuring and other costs of $4.0 million ($0.01 per share) and an impairment on an investment in an associate of $8.7 million ($0.03 per share).
- Net income attributable to shareholders for the first quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $34.9 million ($0.12 per share) and integration, restructuring and other costs of $13.2 million ($0.05 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2018 was negatively impacted by integration, restructuring and other costs of $7.7 million ($0.03 per share).
- Net loss attributable to shareholders for the third quarter of fiscal 2018 was negatively impacted by non-cash radio broadcast license and television goodwill impairment charges of $1,013.7 million ($4.84 per share) and integration, restructuring and other costs of $5.3 million ($0.02 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2018 was negatively impacted by integration, restructuring and other costs of $2.5 million ($0.01 per share).

FINANCIAL POSITION

Total assets at November 30, 2019 were $5.0 billion compared to $4.7 billion at August 31, 2019. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2019.

Effective September 1, 2019, the Company adopted the new lease accounting standard IFRS 16 with a modified retrospective application. This method of application does not result in the retrospective adjustment of amounts reported for periods prior to fiscal 2020 as the cumulative effect of the initial application of the new standard was recognized at the date of initial application, September 1, 2019. The most significant effect of the new standard is 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 and financing costs arising from lease liabilities, rather than as part of general and administrative expenses. The adoption of the new standard has resulted in an increase to property, plant and equipment of approximately $139.1 million and other long-term liabilities of approximately $157.8 million as at September 1, 2019. The right-of-use assets have been reduced for accrued rents of $18.6 million, which arose under IAS 17. However, the implementation of IFRS 16 does not have any impact on lease economics or lease cash flows. Further discussion of the change in accounting policy for leases can be found in the *Impact of New Accounting Policies* section of this report.

Current assets at November 30, 2019 were $555.0 million, up $66.3 million from August 31, 2019.

Cash and cash equivalents decreased by $18.3 million from August 31, 2019. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $85.2 million from August 31, 2019. The accounts receivable balance is subject to seasonal trends. Typically, the balance 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. The Company carefully monitors the aging and collection performance of its accounts receivable.

Tax credits receivable increased $4.6 million from August 31, 2019 as a result of accruals relating to film productions exceeding tax credit receipts.

Investments and other assets increased $11.8 million from August 31, 2019, primarily as a result of the unrealized gains related to the fair value remeasurement of investment in venture funds and cash funding of venture funds, as well as an increase in the net asset position of certain post employment benefit plans, offset by a decrease in unrealized gains related to forward foreign exchange contracts.

Property, plant and equipment increased $132.6 million from August 31, 2019 as a result of additions in the quarter including the addition of right-of-use lease assets, exceeding depreciation expense.

Program rights increased $95.2 million from August 31, 2019, as additions of acquired rights of $227.8 million were offset by amortization of $132.6 million.

Film investments increased $1.7 million from August 31, 2019, as film additions (net of tax credit accruals) of $7.5 million were offset by film amortization of $5.8 million.

Intangibles increased $4.0 million from August 31, 2019, primarily as a result of additions related to trade mark licenses exceeding amortization of finite life intangibles, while goodwill remained unchanged from August 31, 2019.

Accounts payable and accrued liabilities increased $92.2 million from August 31, 2019, principally as a result of higher program rights payable, trade marks payable, short-term lease liabilities and other accrued liabilities, which include other working capital accruals and unremitted sales taxes, offset by decreases to short-term compensation accruals and capital asset purchases.

Provisions, including the long-term portion, at November 30, 2019 were $18.8 million compared to $18.0 million at August 31, 2019. The increase of $0.8 million from August 31, 2019 is primarily a result of additional provisions for asset retirement obligations, offset by restructuring related payments exceeding additions.

Bank debt, including the current portion, as at November 30, 2019 was $1,684.1 million compared to $1,731.7 million as at August 31, 2019. As at November 30, 2019, the $76.3 million classified as the current portion of bank debt reflects the mandatory repayments on the debt in the next 12 months. During the three months ended November 30, 2019, the Company repaid bank debt of $48.7 million and amortized $1.0 million of deferred financing charges.

Other long-term liabilities increased $194.8 million from August 31, 2019, primarily from increases from lease liabilities related to the implementation of IFRS 16, long-term program rights payable, and trade marks payable, offset by reductions in deferred rent accruals related to the implementation of IFRS 16 and adjustments to the fair value of interest rate swap derivative liabilities.

Share capital decreased by $8.0 million from August 31, 2019 as a result of 674,600 shares repurchased under the normal course issuer bid and an estimated 1.35 million shares that the Company has committed to purchase under an automatic share purchase plan during the Company's self-imposed blackout period from December 2, 2019 through January 10, 2020. Contributed surplus decreased by $3.4 million primarily as a result of the NCIB.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position decreased by $18.3 million in the first quarter of fiscal 2020. Free cash flow for the first quarter of fiscal 2020 increased to $53.0 million, from $42.4 million in the prior year. A reconciliation of free cash flow to the consolidated statements of cash flows is provided in the *Key Performance Indicators section*.

Cash flow provided by operating activities for the three months ended November 30, 2019 was $57.5 million compared to $45.4 million in the prior year. The increase in the current quarter of $12.1 million arises principally from lower cash used in working capital of $8.9 million and higher cash flow from operations of $3.2 million.

Cash used by investing activities for the three months ended November 30, 2019 was $3.4 million compared to $3.0 million in the prior year. In the current year, the Company had additions to property, plant, equipment of $4.3 million, had net cash outflows of $1.3 million for intangibles, investments and other assets, offset by equity funding by a non-controlling interest of $2.1 million. The prior year includes additions to property, plant and equipment of $2.6 million and net cash outflows for intangibles, investments and other assets of $0.4 million.

Cash used in financing activities in the three months ended November 30, 2019 was $72.4 million compared to $66.5 million in the prior year. In the current year, the Company repaid bank debt of $48.7 million, repurchased shares of $3.3 million, paid dividends of $16.1 million, and made payments related to right-of-use leases of $3.9 million. In the prior year, the Company repaid bank debt of $57.0 million, paid dividends of $7.2 million, and made capital lease payments of $2.3 million.

LIQUIDITY

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

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

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

As at November 30, 2019, the Company had a net cash balance of $64.2 million and had available approximately $300.0 million under the Revolving Facility, all of which could be drawn, and 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 next 12 months.

For further details on the credit facilities, as amended on May 31, 2019, refer to note 6 of the Company's interim condensed consolidated financial statements.

NET DEBT TO SEGMENT PROFIT

As at November 30, 2019, net debt was $1.8 billion, up from $1.6.billion at August 31, 2019. Net debt to segment profit as at November 30, 2019 was 3.08 times versus 2.82 times at August 31, 2019. Segment profit for the net debt to segment profit calculation reflects aggregate amounts as reported by the Company for the most recent four quarters; however, does not include the removal from segment profit of operating lease costs prior to September 1, 2019. The increase in net debt and net debt to segment profit reflects increased debt for lease liabilities of $156.6 million, but does not include a full twelve months of segment profit under the new lease accounting standard IFRS 16. Further discussion on this is contained in the *Impact of New Accounting Policies* section.

TOTAL CAPITALIZATION

As at November 30, 2019, total capitalization was $3,436.3 million compared to $3,391.4 million at August 31, 2019, an increase of $44.9 million. The increase is primarily attributable to a decrease in the accumulated deficit, a decrease in cash of $18.3 million, and an increase in equity attributable to non-controlling interest, offset by lower net debt of $47.7 million and a reduction in share capital as a result of the purchase and cancellation of 674,600 shares under the NCIB which commenced November 12, 2019 as well as an estimated 1.35 million shares that the Company has committed to purchase under an automatic share purchase plan during the Company's self-imposed blackout period from December 2, 2019 through January 10, 2020.

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

There have been no substantial changes to the Company's contractual obligations reported in its 2019 Annual Management's Discussion and Analysis. A copy of the 2019 Annual Management's Discussion and Analysis, which includes a summary of the Company's contractual commitments, is available on SEDAR at www.sedar.com.

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, 2019, 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 November 30,	
(thousands of Canadian dollars)	**2019**	2018
Cash provided by (used in):		
Operating activities [1]	**57,472**	45,371
Investing activities	**(3,417)**	(2,965)
	54,055	42,406
Deduct: cash used in (provided by) business acquisitions, strategic investments and non-controlling interest [2]	**(1,007)**	—
Free cash flow	**53,048**	42,406

[1] Free cash flow for the three months ended November 30, 2019 was impacted by the adoption of IFRS 16, effective September 1, 2019. This has resulted in an increase in free cash flow of approximately $3.9 million for the quarter. Further discussion of this can be found in the Impact of New Accounting Policies Section of this report.

[2] 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

	Three months ended November 30,	
(thousands of Canadian dollars, except per share amounts)	**2019**	2018
Net income attributable to shareholders	**78,116**	60,415
Adjustments, net of income tax:		
Integration, restructuring and other costs	**1,864**	9,696
Adjusted net income attributable to shareholders	**79,980**	70,111
Basic earnings per share	**$0.37**	$0.28
Adjustments, net of income tax:		
Integration, restructuring and other costs	**0.01**	0.05
Adjusted basic earnings per share	**$0.38**	$0.33

NET DEBT AND NET DEBT TO SEGMENT PROFIT

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

(thousands of Canadian dollars)	**As at November 30, 2019**	As at August 31, 2019
Total bank loans, net of unamortized financing fees	**1,684,095**	1,731,745
Lease liabilities	**156,556**	—
Cash and cash equivalents	**(64,249)**	(82,568)
Net debt	**1,776,402**	1,649,177

(thousands of Canadian dollars)	**As at November 30, 2019**	As at August 31, 2019
Net debt (numerator)	**1,776,402**	1,649,177
Segment profit (denominator) (1)	**577,562**	585,085
Net debt to segment profit	**3.08**	2.82

(1) Reflects aggregate amounts for the most recent four quarters, as detailed in the table in the "Quarterly Consolidated Financial Information" section. Effective September 1, 2019, the Company adopted IFRS 16. There has been no restatement of segment profit for the prior three quarters. Refer to Impact of New Accounting Policies section of this report for more information.

RISKS AND UNCERTAINTIES

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's August 31, 2019 Annual Report under the "Risks and Uncertainties" section. There have been no changes in the risks or uncertainties facing the Company since that date.

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 November 30, 2019 interim condensed consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2020

The Company has adopted new amendments to the following accounting standards effective for its interim and annual consolidated financial statements commencing September 1, 2019. The effects of these pronouncements on the Company's results and operations are described below.

IFRS 16 — Leases ("IFRS 16")

Effective September 1, 2019, the Company adopted IFRS 16, which supersedes previous accounting standards for leases, including International Accounting Standard 17 - *Leases* ("IAS 17)") and International Financial Reporting Interpretations Committee 4 - *Determining Whether an Arrangement Contains a Lease* ("IFRIC 4"). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The new standard eliminates the distinction between operating and finance leases. For all lease arrangements, the lessee must recognize a right-of-use lease asset and a corresponding lease liability on the statement of financial position, including those for most leases that would previously have been accounted for as operating leases. Both leases with durations of 12 months or less and leases for low-value assets may be exempted.

The measurement of the total lease expense over the term of a lease is not affected by the new standard. The presentation on the statement of income and other comprehensive income required by the new standard will result in most non-executory lease expenses being recognized as depreciation of right-of-use lease assets and financing costs arising from lease liabilities, rather than as part of general and administrative expenses (executory lease expenses will remain a part of general and administrative costs). The new standard results in an acceleration of the timing of lease expense recognition for leases that would previously have been accounted for as operating leases.

Relative to the results of applying the previous standard, total cash flows are unaffected, however, the lessee's statement of cash flows will reflect increases in cash flows from operating activities offset equally by decreases in cash flows from financing activities. This is the result of the presentation of the payments of leases, which were previously accounted for as operating leases, as a cash flow use within financing activities under the new standard.

The Company has adopted IFRS 16 on a modified retrospective basis, subject to permitted and elected practical expedients. Comparative information has not been restated and continues to be reported under IAS 17.

When applying IFRS 16, the Company has applied the following practical expedients:

- maintained the Company's lease assessments made under IAS 17 and IFRIC 4 for existing contracts;
- applied a single discount rate to a portfolio of leases with similar characteristics;
- excluded initial direct costs from measuring the right-of-use assets as at September 1, 2019;
- used hindsight in determining the lease term where the contract contains purchase, extension or termination options; and
- relied upon the Company's assessment of whether leases are onerous under the requirements of IAS 37 — *Provisions*, *Contingent Liabilities and Contingent Assets* as at August 31, 2019 as an alternative to reviewing the Company's right-of-use assets for impairment.

On transition, the Company has elected the recognition exemptions on short-term leases, with lease terms less than 12 months, or low-value leases; however, the Company may choose to not elect the recognition exemptions on a class-by-class basis for new classes, and lease-by-lease basis, respectively in the future.

There was no significant impact for contracts in which the Company is the lessor.

Upon adoption of IFRS 16, the Company recognized right-of-use lease assets within property, plant and equipment of $139.1 million and lease liabilities within other long-term liabilities of $157.8 million. The right-of-use assets have been reduced for accrued rents of $18.6 million, which arose under IAS 17. For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of the remaining lease payments discounted at the related incremental borrowing rate as at September 1, 2019. The weighted average incremental borrowing rate applied was 4.7%. The right-of-use asset at transition has been measured at an amount equal to the lease liabilities less previously accrued rent relating to the leases.

IFRIC 23 – *Uncertainty over income tax treatments ("IFRIC 23")*

Effective September 1, 2019, the Company adopted IFRIC 23, which clarifies how to apply the recognition and measurement requirements of IAS 12 - *Income Taxes* for taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates to determine current or deferred tax asset or liability when there is uncertainty over income tax treatments. There was no impact to the unaudited consolidated interim financial statements as a result of adopting this standard.

CONTROLS AND PROCEDURES

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred in the first quarter ended November 30, 2019 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at November 30, 2019	As at August 31, 2019
ASSETS		
Current		
Cash and cash equivalents	**64,249**	82,568
Accounts receivable	**458,068**	372,828
Income taxes recoverable	**—**	13,772
Prepaid expenses and other assets	**32,697**	19,557
Total current assets	**555,014**	488,725
Tax credits receivable	**29,638**	25,035
Investments and other assets	**63,479**	51,707
Property, plant and equipment (note 3)	**358,477**	225,927
Program rights	**603,127**	507,913
Film investments	**55,026**	53,336
Intangibles (note 4)	**1,880,278**	1,876,235
Goodwill	**1,383,958**	1,383,958
Deferred income tax assets	**58,047**	59,463
	4,987,044	4,672,299
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**521,694**	429,483
Current portion of bank debt (note 6)	**76,339**	76,339
Provisions (note 5)	**9,445**	10,331
Income taxes payable	**3,461**	—
Total current liabilities	**610,939**	516,153
Bank debt (note 6)	**1,607,756**	1,655,406
Other long-term liabilities (note 3)	**472,951**	278,117
Provisions (note 5)	**9,336**	7,686
Deferred income tax liabilities	**469,645**	472,700
Total liabilities	**3,170,627**	2,930,062
EQUITY		
Share capital (note 7)	**822,508**	830,477
Contributed surplus	**1,509,408**	1,512,818
Accumulated deficit	**(688,565)**	(758,757)
Accumulated other comprehensive income	**22,591**	12,187
Total equity attributable to shareholders	**1,665,942**	1,596,725
Equity attributable to non-controlling interest	**150,475**	145,512
Total equity	**1,816,417**	1,742,237
	4,987,044	4,672,299

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(unaudited - in thousands of Canadian dollars, except per share amounts)	Three months ended November 30, 2019	2018
Revenues	**467,878**	467,471
Direct cost of sales, general and administrative expenses (note 8)	**283,763**	275,833
Depreciation and amortization (note 3)	**39,967**	54,328
Interest expense (note 9)	**28,823**	31,339
Integration, restructuring and other costs (note 5)	**2,534**	13,181
Other expense (income), net (note 10)	**(2,063)**	1,237
Income before income taxes	**114,854**	91,553
Income tax expense (note 11)	**30,494**	24,777
Net income for the period	**84,360**	66,776
Other comprehensive income, net of income taxes:		
Items that may be reclassified subsequently to income:		
Unrealized change in fair value of cash flow hedges	**4,949**	(378)
Unrealized foreign currency translation adjustment	**(53)**	290
	4,896	(88)
Items that will not be reclassified to income:		
Unrealized change in fair value of financial assets	**5,508**	—
Actuarial gain on post-retirement benefit plans	**4,756**	2,326
	10,264	2,326
Other comprehensive income, net of income taxes	**15,160**	2,238
Comprehensive income for the period	**99,520**	69,014
Net income attributable to:		
Shareholders	**78,116**	60,415
Non-controlling interest	**6,244**	6,361
	84,360	66,776
Comprehensive income attributable to:		
Shareholders	**93,276**	62,653
Non-controlling interest	**6,244**	6,361
	99,520	69,014
Earnings per share attributable to shareholders:		
Basic	**$0.37**	$0.28
Diluted	**$0.37**	$0.28

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

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income	Total equity attributable to shareholders	Non-controlling interest	Total equity
As at August 31, 2018, as previously presented	2,330,477	12,119	(856,668)	36,460	1,522,388	154,415	1,676,803
IFRS 9 transitional adjustment	—	—	—	9,396	9,396	—	9,396
IFRS 15 transitional adjustment	—	—	1,985	—	1,985	—	1,985
Adjusted balance as at September 1, 2018	2,330,477	12,119	(854,683)	45,856	1,533,769	154,415	1,688,184
Comprehensive income	—	—	60,415	2,238	62,653	6,361	69,014
Dividends declared	—	—	(12,715)	—	(12,715)	(5,222)	(17,937)
Actuarial gain on post-retirement benefit plans	—	—	2,326	(2,326)	—	—	—
Share-based compensation expense	—	45	—	—	45	—	45
As at November 30, 2018	2,330,477	12,164	(804,657)	45,768	1,583,752	155,554	1,739,306

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended November 30,	
(unaudited - in thousands of Canadian dollars)	**2019**	2018
OPERATING ACTIVITIES		
Net income for the period	**84,360**	66,776
Adjustments to reconcile net income to cash flow from operations:		
Amortization of program rights	**132,601**	129,570
Amortization of film investments	**5,826**	3,529
Depreciation and amortization (note 3)	**39,967**	54,328
Deferred income tax recovery	**(5,979)**	(9,347)
Share-based compensation expense	**254**	45
Imputed interest (note 9)	**12,556**	10,594
Payment of program rights	**(119,192)**	(110,214)
Net spend on film investments	**(15,522)**	(10,663)
CRTC benefit payments	**(722)**	(861)
Other	**(675)**	(3,470)
Cash flow from operations	**133,474**	130,287
Net change in non-cash working capital balances related to operations	**(76,002)**	(84,916)
Cash provided by operating activities	**57,472**	45,371
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(4,274)**	(2,569)
Proceeds from sale of property	**9**	3
Equity funding by a non-controlling interest	**2,134**	—
Net cash flows for intangibles, investments and other assets	**(1,286)**	(399)
Cash used in investing activities	**(3,417)**	(2,965)
FINANCING ACTIVITIES		
Decrease in bank loans	**(48,674)**	(57,009)
Shares repurchased under NCIB	**(3,296)**	—
Payments of lease liabilities	**(3,884)**	—
Dividends paid	**(12,718)**	—
Dividends paid to non-controlling interest	**(3,415)**	(7,222)
Other	**(387)**	(2,309)
Cash used in financing activities	**(72,374)**	(66,540)
Net change in cash and cash equivalents during the period	**(18,319)**	(24,134)
Cash and cash equivalents, beginning of the period	**82,568**	94,801
Cash and cash equivalents, end of the period	**64,249**	70,667

Supplemental cash flow disclosures (note 13)

See accompanying notes

1. CORPORATE INFORMATION

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

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

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

2. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in the preparation of these interim condensed consolidated financial statements conform with those in the Company's audited annual consolidated financial statements for the year ended August 31, 2019, 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, 2019, which are available at www.sedar.com and on the Company's website at www.corusent.com.

These interim condensed consolidated financial statements of the Company for the three months ended November 30, 2019 were authorized for issue in accordance with a resolution of the Company's Board of Directors on January 9, 2020.

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.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2020

The Company has adopted new amendments to the following accounting standards effective for its interim and annual consolidated financial statements commencing September 1, 2019.

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

IFRS 16 – Leases ("IFRS 16")

Effective September 1, 2019, the Company adopted IFRS 16, which supersedes previous accounting standards for leases, including IAS 17 – *Leases* ("IAS 17") and International Financial Reporting Interpretations Committee 4 – *Determining Whether an Arrangement Contains a Lease* ("IFRIC 4"). The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. The new standard eliminates the distinction between operating and finance leases. Lessor accounting is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 did not have an impact for leases where Corus is the lessor.

The Company has adopted IFRS 16 on a modified retrospective basis, subject to permitted and elected practical expedients. Comparative information has not been restated and continues to be reported under IAS 17.

When applying IFRS 16, the Company has applied the following practical expedients:

- maintained the Company's lease assessments made under IAS 17 and IFRIC 4 for existing contracts;
- applied a single discount rate to a portfolio of leases with similar characteristics;
- excluded initial direct costs from measuring the right-of-use assets as at September 1, 2019;
- used hindsight in determining the lease term where the contract contains purchase, extension or termination options; and
- relied upon the Company's assessment of whether leases are onerous under the requirements of IAS 37 – *Provisions*, *Contingent Liabilities and Contingent Assets* as at August 31, 2019 as an alternative to reviewing the Company's right-of-use assets for impairment.

On transition, the Company has elected the recognition exemptions on short-term leases, with lease terms less than 12 months, or low-value leases; however, the Company may choose to not elect the recognition exemptions on a class-by-class basis for new classes, and lease-by-lease basis, respectively, in the future.

Upon adoption of IFRS 16 on September 1, 2019, the Company recognized right-of-use lease assets within property, plant and equipment of $139.1 million and lease liabilities within other long-term liabilities of $157.8 million. The difference between the right-of-use asset and associated liability of $18.6 million relates to accrued rents, which arose under IAS 17. For leases that were classified as operating leases under IAS 17, lease liabilities at transition have been measured at the present value of the remaining lease payments discounted at the related incremental borrowing rate as at September 1, 2019. The weighted average borrowing rate applied was 4.7%. The right-of-use asset at transition has been measured at an amount equal to the lease liabilities less previously accrued rent relating to the leases.

Set out below is the Company's new accounting policy upon adoption of IFRS 16, which has been applied from the date of initial application.

The Company assesses whether a contract is or contains a lease at the inception of the contract. The Company recognizes a lease liability with a corresponding right-of-use asset for all lease agreements in which it is the lessee, except for short-term leases and leases of low value assets. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease liability is subsequently measured by increasing its carrying amount to reflect accretion on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the underlying asset. The Company applies IAS 36 – *Impairment of Assets*, to determine whether the asset is impaired and account for any identified impairment loss.

The Company has elected not to recognize right-of-use assets and lease liabilities for leases that have a lease term of 12 months or less and do not contain a purchase option or for leases related to low value assets. Lease payments on short-term leases and lease of low value assets are recognized as general and administrative expenses in the interim condensed consolidated statements of income and comprehensive income.

After transition, right-of-use assets are measured at cost, comprised of the initial measurement of the corresponding lease liabilities, lease payments made at or before the commencement date of any initial direct costs. They are subsequently depreciated on a straight-line basis over their expected useful lives and reduced by impairment losses. Right-of-use assets are tested for impairment if indicators of impairment exist.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are presented as such in the consolidated interim statements of operations and comprehensive income (loss).

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

Right-of-use assets are included in property, plant and equipment on the statement of financial position. The current portion of lease liabilities are included in accounts payable and accrued liabilities on the statement of financial position, while the long-term portion is included in other long-term liabilities.

IFRIC 23 – *Uncertainty over Income Tax Treatments ("IFRIC 23")*

Effective September 1, 2019, the Company adopted IFRIC 23, which clarifies how to apply the recognition and measurement requirements of IAS 12 – *Income Taxes* for taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates to determine current or deferred tax asset or liability when there is uncertainty over income tax treatments. There was no impact to the interim condensed consolidated financial statements as a result of adopting this standard.

PENDING ACCOUNTING CHANGES

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.

4. INTANGIBLES

	Broadcast licenses [1]	Brands and trade marks	Other [2]	Total
Balance – August 31, 2019	963,773	899,920	12,542	1,876,235
Additions	—	32,980	455	33,435
Amortization	—	(27,291)	(2,101)	(29,392)
Balance – November 30, 2019	**963,773**	**905,609**	**10,896**	**1,880,278**

[1] Broadcast licenses are located in Canada.

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

5. PROVISIONS

	Restructuring	Asset retirement obligations	Other	Total
Balance – August 31, 2019	7,754	10,083	180	18,017
Additions	2,534	1,385	—	3,919
Interest	—	62	—	62
Payments	(3,013)	(204)	—	(3,217)
Balance – November 30, 2019	**7,275**	**11,326**	**180**	**18,781**
Current	5,942	3,323	180	9,445
Long-term	1,333	8,003	—	9,336
	7,275	**11,326**	**180**	**18,781**

In the first quarter of fiscal 2020, the Company recorded restructuring costs associated with employee exits of $2.5 million and asset retirement obligations of $1.4 million for broadcast tower sites.

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

6. BANK DEBT

	November 30, 2019	August 31, 2019
Bank loans	**1,696,685**	1,745,175
Unamortized financing fees	**(12,590)**	(13,430)
	1,684,095	1,731,745
Less: current portion of bank loans	**(76,339)**	(76,339)
	1,607,756	1,655,406

Interest rates on the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at November 30, 2019, the weighted average interest rate on outstanding bank loans was 4.0% (2018 – 4.6%). Interest on the bank loans averaged 4.1% for the three months ended November 30, 2019 (2018 – 4.6%).

The banks hold, as collateral, a first ranking charge on all assets and undertakings of Corus and certain of Corus' subsidiaries as designated under the Amended and Restated Credit Agreement dated April 1, 2016 (the "Facility") as amended from time-to-time. Under the Facility, the Company has undertaken to comply with financial covenants regarding a minimum interest coverage ratio and a maximum debt to cash flow ratio. Management has determined that the Company was in compliance with the covenants provided under the bank loans as at November 30, 2019.

CREDIT FACILITIES

In connection with the closing of the acquisition of Shaw Media on April 1, 2016, Corus established syndicated senior secured credit facilities in the aggregate amount of $2.6 billion consisting of $2.3 billion in term loans (the "Term Facility"), all of which was fully drawn at closing, and a $300.0 million revolving facility (the "Revolving Facility"), which was not drawn on as part of closing.

Effective November 30, 2017, the Company's credit agreement with a syndicate of banks was amended. The principal amendments effected were the extension of the maturity for the Revolving Facility and the Term Facility, and fixing the mandatory repayment on the Term Facility to 1.25% per quarter effective November 30, 2017.

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

Term Facility

As at November 30, 2019, the Term Facility was composed of three tranches, with the first tranche in the amount of $630.9 million and having a maturity date of May 31, 2024, the second tranche in the amount of $857.7 million and having a maturity date of May 31, 2023, and the third tranche in the amount of $228.3 million and having a maturity date of November 30, 2021.

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

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

Revolving Facility

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

Advances under the Revolving Facility may be drawn in Canadian dollars as either a prime rate loan, bankers' acceptance or Canadian dollar denominated letters of credit (to a sub-limit of $50.0 million total), or in U.S. dollars as either a base rate loan, U.S. LIBOR loan or U.S. dollar denominated letters of credit (to a sub-limit of $50.0 million total). Amounts drawn under the Revolving Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio. A standby fee will also be payable on the unutilized amount of the Revolving Facility. As at November 30, 2019, 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 $1,101.0 million and $600.0 million of its outstanding term loan facilities at 1.947% and 2.004%, respectively, plus applicable margins to August 31, 2021 and August 31, 2022. The notional value of these swaps reduces concurrently with the mandatory repayments of the Term Facility. The counterparties of the swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The fair value of Level 2 financial instruments such as interest rate swap agreements is calculated by way of discounted cash flows, using market interest rates and applicable credit spreads. The Company has assessed that there is no ineffectiveness in the hedge of its interest rate exposure. As an effective hedge, unrealized gains or losses on the interest rate swap agreements are recognized in other comprehensive income. The estimated fair value of these agreements as at November 30, 2019 was a liability of $3.2 million (August 31, 2019 – liability of $11.6 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

On November 29, 2018, the Company initiated total return swap agreements on 1,868,500 share units with a notional value of $9.2 million to offset its exposure to changes in the fair value of certain cash settled share-based compensation awards. The estimated fair value of these Level 1 financial instruments will fluctuate with the market price of the Company's shares. The counterparties of these swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The estimated fair value of these agreements as at November 30, 2019 was an asset of $1.5 million (August 31, 2019 - asset of $0.3 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 (note 8).

FORWARD CONTRACTS

The Company has entered into a series of forward foreign exchange contracts totalling $98.0 million USD, to fix the foreign exchange rate and cash flows related to a portion of the Company's USD denominated liabilities. The forward contracts are not designated as hedges for accounting purposes; they are measured at fair value at each reporting date. The counterparty of the forward contracts is a highly rated financial institution and the Company does not anticipate any non-performance. The estimated fair value of future cash flow of the USD forward contract derivatives change with fluctuations in the foreign exchange rate of USD to Canadian dollars. The estimated fair value of these agreements as at November 30, 2019 was an asset of $5.5 million (August 31, 2019 – asset of $6.0 million), which has been recorded in the interim condensed consolidated statements of financial position as a long-term other asset and within other expense (income), net (note 10) in the interim condensed consolidated statements of income and comprehensive income.

7. 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, 2019	3,413,192	9,441	208,583,866	821,036	830,477
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(800)	(2)	800	2	—
Shares repurchased under NCIB	—	—	(674,600)	(2,655)	(2,655)
Share repurchase commitment under NCIB	—	—	(1,350,000)	(5,314)	(5,314)
Balance – November 30, 2019	**3,412,392**	**9,439**	**206,560,066**	**813,069**	**822,508**

EARNINGS PER SHARE

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

	Three months ended **November 30,**	
	2019	2018
Net income attributable to shareholders (numerator)	**78,116**	60,415
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding – basic	**211,388**	211,997
Effect of dilutive securities	**21**	—
Weighted average number of shares outstanding – diluted	**211,409**	211,997

The calculation of diluted earnings per share for the three months ended November 30, 2019 excluded 5,040 (2018 – 6,013) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

In the first quarter of fiscal 2020, 1,142,000 stock options were granted at a weighted average exercise price of $5.43.

SHARE-BASED COMPENSATION

Share-based compensation expense recorded for the first quarter of fiscal 2020 in respect of these plans was $2,555, (2018 – $2,072). As at November 30, 2019, the carrying value of the liability for PSU, DSU and RSU units was $13,077 (August 31, 2019 – $10,086).

NORMAL COURSE ISSUER BID ("NCIB")

On November 8, 2019, the Company announced that the TSX had accepted the notice filed by the Company of its intention to make an NCIB for its Class B Non-Voting Participating Shares through the facilities of the TSX, and/or other alternative Canadian trading systems. The Company may purchase for cancellation a maximum of 9,913,940 Class B Non-Voting Participating Shares during the period from November 12, 2019 through November 11, 2020.

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

On November 29, 2019, the Company also entered into an automatic share purchase plan ("ASPP") with a designated broker for the purpose of permitting the Company to purchase its Common Shares under the NCIB during self-imposed blackout periods. The volume of the purchases is determined by the broker in its sole discretion based on share price and maximum volume parameters established by the Company under the ASPP prior to the commencement of the black-out period. As of November 30, 2019, the Company has committed to purchase and cancel Class B Non-Voting Participating Shares up to an aggregate amount of $7,763, which has been recognized in share capital, contributed surplus and accounts payable and accrued liabilities in the interim condensed consolidated statements of financial position.

The shares purchased and cancelled since November 12, 2019 are as follows:

			Average per share
	#	**$**	**$**
November 2019	674,600	3,870	5.74
December 2, 2019 – January 10, 2020 [1]	1,350,000	7,763	5.75
	2,024,600	11,633	5.75

[1] Amount estimated under ASPP commitment. Actual amount will differ due to actual average per share price.

During the first quarter of fiscal 2020, the total cash consideration paid exceeded the carrying value of the shares repurchased by $1,215, which was charged to contributed surplus.

8. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended **November 30,**	
	2019	2018
Direct cost of sales		
Amortization of program rights	**132,601**	129,570
Amortization of film investments	**5,826**	3,529
Other cost of sales	**10,226**	6,557
General and administrative expenses		
Employee costs (note 6)	**80,089**	78,699
Other general and administrative	**55,021**	57,478
	283,763	275,833

9. INTEREST EXPENSE

	Three months ended **November 30,**	
	2019	2018
Interest on long-term debt (note 6)	**17,563**	22,664
Imputed interest on long-term liabilities	**12,556**	10,594
Amortization of deferred gain on settled interest rate swap	**(1,684)**	(2,320)
Other	**388**	401
	28,823	31,339

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

10. OTHER EXPENSE (INCOME), NET

	Three months ended **November 30,**	
	2019	2018
Foreign exchange (gain) loss	**(1,207)**	1,673
Equity loss of associates	**1**	269
Other income (note 6)	**(857)**	(705)
	(2,063)	1,237

11. INCOME TAXES

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

	Three months ended November 30, 2019		Three months ended November 30, 2018	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**30,431**	**26.5**	24,375	26.6
Loss subject to tax at less than statutory rates	**(105)**	**(0.1)**	13	0.0
Impact of valuation allowance recorded against future income tax assets in the year	**(39)**	**(0.0)**	17	0.0
Transaction costs	**(82)**	**(0.1)**	(234)	(0.3)
Increase of various tax reserves	**38**	**0.0**	78	0.2
Miscellaneous differences	**251**	**0.2**	528	0.6
	30,494	**26.5**	24,777	27.1

12. BUSINESS SEGMENT INFORMATION

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

TELEVISION

The Television segment is comprised of 34 specialty television networks (35 services prior to December 31, 2019; 37 services prior to September 30, 2019; 44 services prior to March 22, 2019), 15 conventional television stations, digital assets and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, animation software, a social digital agency, a social creator network, media and technology 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 high-growth urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Revenues are derived from advertising aired over these stations.

CORPORATE

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

Management evaluates each division's performance based on revenues less direct cost of sales, general and administrative expenses. Segment profit 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.

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

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.

REVENUES AND SEGMENT PROFIT

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

Three months ended November 30, 2018	Television	Radio	Corporate	Consolidated
Revenues	426,190	41,281	—	467,471
Direct cost of sales, general and administrative expenses	241,637	28,269	5,927	275,833
Segment profit (loss)	184,553	13,012	(5,927)	191,638
Depreciation and amortization				54,328
Interest expense				31,339
Integration, restructuring and other costs				13,181
Other expense, net				1,237
Income before income taxes				91,553

Revenues are derived from the following areas:

	Three months ended	
		November 30,
	2019	2018
Advertising	**322,409**	321,335
Subscriber fees	**123,669**	126,684
Merchandising, distribution and other	**21,800**	19,452
	467,878	467,471

13. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended	
		November 30,
	2019	2018
Interest paid	**17,987**	23,059
Interest received	**396**	376
Income taxes paid	**16,867**	11,154