Second Quarter 2020
Report to Shareholders

For the Three and Six Months Ended February 29, 2020
(unaudited)

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FINANCIAL HIGHLIGHTS

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

(in thousands of Canadian dollars except per share amounts)	Three months ended		Six months ended	
	February 29, 2020	February 28, 2019	**February 29, 2020**	February 28, 2019
Revenues				
Television	**347,843**	353,466	**777,794**	779,656
Radio	**28,152**	30,649	**66,079**	71,930
	375,995	384,115	**843,873**	851,586
Segment profit [(1)(2)]				
Television	**115,472**	113,709	**294,090**	298,262
Radio	**4,576**	4,955	**16,604**	17,967
Corporate	**(4,139)**	(5,516)	**(10,670)**	(11,443)
	115,909	113,148	**300,024**	304,786
Net income attributable to shareholders	**18,524**	6,344	**96,640**	66,759
Adjusted net income attributable to shareholders [(1)]	**25,900**	15,733	**105,880**	85,844
Basic earnings per share	**$0.09**	$0.03	**$0.46**	$0.31
Adjusted basic earnings per share [(1)]	**$0.12**	$0.07	**$0.50**	$0.40
Diluted earnings per share	**$0.09**	$0.03	**$0.46**	$0.31
Free cash flow [(1) (2)]	**65,073**	83,909	**118,121**	126,315

(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 and six months ended February 29, 2020 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 for the quarter and year-to-date of approximately $3.4 million and $6.7 million, respectively, and an increase in free cash flow of approximately $4.2 million and $8.0 million, respectively. Further discussion of this can be found in the Impact of New Accounting Policies section of this report.

HIGHLIGHTS IN 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 23, 2019, the Company was added to the following S&P/TSX market indices: 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.
- On January 16, 2020, the Company was named one of Canada's Top Employers for Young People in 2020 by Mediacorp Canada Inc. and The Globe and Mail. The competition recognizes employers offering the nation's best workplaces and programs for young people starting their careers.
- On January 16, 2020, the Company announced a slate of 50 new original scripted made-for-television movies for its Specialty networks, reinforcing its commitment to bolstering independent production and cultivating industry talent at home in Canada.
- On January 17, 2020, the Company announced the voting results from its Annual Meeting of Shareholders (the "Meeting") held in Calgary, Alberta on January 15, 2020. All matters put forth at the Meeting, including the appointment of auditors and authorization of the directors to fix the remuneration of such auditors, the adoption of a resolution to allow the board of directors to fix the number of directors of the Company, within the minimum and maximum number provided for in the Articles of the Company, and the adoption of a resolution to ratify and approve the unallocated entitlements under the Company's Stock Option Plan for the ensuing three (3) years were approved by a large majority of the voting shareholders as detailed in the Company's filing on www.sedar.com.
- On January 29, 2020, the independent panel of external experts appointed by the Government of Canada to review the *Broadcasting Act*, the *Telecommunications Act*, and the *Radiocommunication Ac*t released their final report entitled "Canada's Communications Future: Time to Act". The review addressed competition and affordability for internet and mobile wireless, and examined how to best support the creation, production and distribution of Canadian content in the digital age. The recommendations are non-binding and the full report can be found at www.ic.gc.ca/eic/site/110.nsf/eng/00012.html.

HIGHLIGHTS SUBSEQUENT TO THE QUARTER

- On March 2, 2020, the Company unveiled its new Global TV App - an all-in-one streaming experience delivering Canadians a first-of-its-kind TV product with access to many of the Company's top networks and shows, live and on demand, for networks included in their cable subscriptions. The new platform is the first streaming product to provide Canadians with free, 24/7 access to local and national news feeds from Global News.
- On March 3, 2020, the Company announced the appointment of three new independent board members to its Board of Directors. Joining the Board are Alex Carloss, Stephanie Coyles and Sameer Deen. These appointments bring Corus' total board membership to 12.
- On March 31, 2020, 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 and six months ended February 29, 2020 is prepared as at March 31, 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; 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, 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

Consolidated results for the three and six months ended February 29, 2020 reflect the impact of the sale of the Telelatino Network ("TLN") on March 22, 2019.

REVENUES

Consolidated revenues for the second quarter of fiscal 2020 of $376.0 million were down 2% from $384.1 million in the prior year. On a consolidated basis, advertising revenues were down 6% compared to the prior year and subscriber revenues decreased 2%, while merchandising, distribution and other revenues increased 45% from the prior year. Revenues were down 2% in Television and decreased in Radio by 8%, compared to the prior year.

For the six months ended February 29, 2020, consolidated revenues of $843.9 million decreased 1% from $851.6 million in the prior year. On a consolidated basis, advertising revenues and subscriber revenues decreased 2%, while merchandising, distribution and other revenues increased by 28% from the prior year. Revenues decreased slightly in Television and decreased 8% in Radio 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 second quarter of fiscal 2020 of $260.1 million decreased 4% from $271.0 million in the prior year. On a consolidated basis, direct cost of sales decreased 1%, employee costs decreased 5% and general and administrative expenses decreased 10% from the prior year. The decrease in direct cost of sales arises from decreases in amortization of program rights, offset by increases in film asset amortization in the quarter. The decrease in employee costs was primarily due to decreases in short-term compensation accruals, share-based compensation expense and commission costs, offset by higher salary costs related to additional staff to fuel growth related to both digital and advertising technology initiatives. 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 and transmission fees from the shut down of the Cosmo and IFC channels on September 30, 2019 and the FYI channel on December 31, 2019, offset by timing of marketing spend, increases over prior year in license, consulting and professional fees.

For the six months ended February 29, 2020, direct cost of sales, general and administrative expenses of $543.8 million was down slightly from $546.8 million in the prior year. On a consolidated basis, direct cost of sales increased 3%, while employee costs decreased 2%, and other general and administrative expenses decreased 7% from the prior year. The increase in direct cost of sales was driven by increases in amortization of film investments and other cost of sales, offset by decreases in amortization of program rights. The decrease in employee costs was primarily due to decreases in share-based compensation expense, commissions and short-term incentive accruals, offset by higher salary costs. Other general and administrative expenses decreased principally from lower rent costs, trade mark and transmission fees, offset by marketing spend, and license, consulting and professional fees. Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Consolidated segment profit for the second quarter of fiscal 2020 was $115.9 million, which was up 2% from $113.1 million in the prior year. Segment profit margin for the second quarter of fiscal 2020 was 31%, an increase from 29% in the prior year.

For the six months ended February 29, 2020, consolidated segment profit was $300.0 million, which was down 2% from $304.8 million in the prior year. Segment profit margin of 36% for the six months ended February 29, 2020 was comparable to the prior year. Further analysis is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three and six months ended February 29, 2020 was $40.3 million and $80.3 million, respectively, a decrease from $54.8 million and $109.1 million in the comparable periods in the prior year. The decreases for both the quarter and year-to-date were a result of decreases in the amortization of brands by $17.7 million and $33.3 million, respectively, offset by increases in amortization of capital assets of $3.5 million and $5.5 million, respectively, 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 February 29, 2020 was $29.8 million, which was down from $31.8 million in the prior year. The decrease results primarily from lower interest on bank debt of $4.6 million, partially offset by higher imputed interest of $2.6 million on long-term liabilities associated with program rights, trade marks and right-of-use assets, 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.

Interest expense for the six months ended February 29, 2020 was $58.6 million, down from $63.2 million in the prior year. The decrease results from lower interest on bank debt of $9.7 million, partially offset by higher imputed interest of $4.6 million on long-term liabilities associated with program rights, trade marks and right-of-use assets, as well as $1.3 million of amortization of a deferred gain from other comprehensive income on interest rate swaps settled on November 28, 2017. Interest on bank debt is lower due to lower debt levels.

The effective interest rate on bank loans for both the three and six months ended February 29, 2020 was 4.1% compared to 4.6% in both the comparable periods 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 and six months ended February 29, 2020, the Company incurred $10.0 million and $12.6 million, respectively, of integration, restructuring and other costs, compared to $4.0 million and $17.2 million in the comparable periods in 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 FYI channel, continued transmitter decommissioning costs and system integration costs. The prior year costs relate to restructuring costs associated with employee exits, as well as onerous lease provision costs for office space vacated in Vancouver, additional asset retirement obligations for the former Shaw Media headquarters in Toronto, costs associated with the rebranding of the Action channel to the Adult Swim channel, and costs to decommission certain transmitter sites. These charges are excluded from the determination of segment profit.

OTHER EXPENSE, NET

Other expense for the three month period ended February 29, 2020 was $5.4 million, compared to $6.5 million in the prior year. The decrease in the quarter reflects an increase in the foreign exchange loss of $8.1 million, offset by a gain on sale of capital assets and rent receipts of $0.5 million, while the prior year included an impairment charge related to an investment in an associate of $8.7 million.

Other expense for the six month period ended February 29, 2020 was $3.4 million compared to $7.8 million in the prior year. In the current year, other expense includes foreign exchange losses of $5.3 million, offset by income of $1.9 million from rental receipts, gain on sale of capital assets and miscellaneous interest income. In the prior year, other expense includes an impairment charge related to an investment in an associate of $8.7 million, equity losses from associates of $0.3 million, and a net foreign exchange loss of $0.1 million, offset by income of $1.3 million from insurance proceeds.

INCOME TAX EXPENSE

The Company's effective income tax rates for the three and six months ended February 29, 2020 at 26.1% and 26.5%, respectively, were consistent with the Company's statutory income tax rate of 26.5%. The effective income tax rates for the three and six months ended February 29, 2019 were 26.4% and 27.0%, respectively, both consistent with the Company's 26.5% statutory income tax rate.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS PER SHARE

Net income attributable to shareholders for the second quarter of fiscal 2020 was $18.5 million ($0.09 per share basic), as compared to $6.3 million ($0.03 per share basic) in the prior year. Net income attributable to shareholders for the second quarter of fiscal 2020 includes integration, restructuring and other costs of $10.0 million ($0.03 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $25.9 million ($0.12 per share basic) in the quarter. Net income attributable to shareholders for the second quarter of fiscal 2019 includes integration, restructuring and other costs of $4.0 million ($0.01 per share) and an impairment on an investment in associates of $8.7 million ($0.03 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $15.7 million ($0.07 per share basic) in the prior year quarter.

Net income attributable to shareholders for the six months ended February 29, 2020 was $96.6 million ($0.46 per share basic), as compared to $66.8 million ($0.31 per share basic) in the prior year. Net income attributable to shareholders for year-to-date fiscal 2020 includes integration, restructuring and other costs of $12.6

million ($0.04 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $105.9 million ($0.50 per share basic) for the current fiscal year. Net income attributable to shareholders for the six months ended February 28, 2019 includes integration, restructuring and other costs of $17.2 million ($0.06 per share) and an impairment on an investment in associates of $8.7 million ($0.03 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $85.8 million ($0.40 per share basic) for the prior year period.

The weighted average number of basic shares outstanding for the three and six months ended February 29, 2020 was 210,349,000 and 211,087,000, respectively, compared to 211,997,000 for both 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 commenced on November 12, 2019.

OTHER COMPREHENSIVE LOSS, NET OF INCOME TAX

Other comprehensive loss for the three months ended February 29, 2020 was $20.3 million, compared to $17.9 million in the prior year. For the three months ended February 29, 2020, other comprehensive loss includes an actuarial loss on the remeasurement of post-employment benefit plans of $12.5 million and an unrealized loss on the fair value of cash flow hedges of $9.2 million, offset by an an unrealized gain from the change in fair value of financial assets of $1.1 million and an unrealized gain from foreign currency translation adjustments of $0.2 million. In the prior year, other comprehensive loss includes an unrealized loss on the fair value of cash flow hedges of $14.4 million, an actuarial loss on the remeasurement of post-employment benefit plans of $3.5 million, an unrealized loss on on foreign currency translation adjustments of $0.2 million, offset by an unrealized gain from the change in fair value of financial assets of $0.1 million.

Other comprehensive loss for the six months ended February 29, 2020 was $5.2 million, compared to $15.7 million in the prior year. For the six months ended February 29, 2020, other comprehensive loss includes an actuarial loss on the remeasurement of post-employment benefit plans of $7.7 million and an unrealized loss on the fair value of cash flow hedges of $4.2 million, offset by an unrealized gain on the fair value of financial assets of $6.6 million and an unrealized gain from foreign currency translation adjustments of $0.2 million. The prior year other comprehensive loss includes an unrealized loss on the fair value of cash flow hedges of $14.7 million, an actuarial loss on the remeasurement of post-employment benefit plans of $1.2 million, offset by an unrealized gain from foreign currency translation adjustments of $0.1 million and an unrealized gain on the fair value of financial assets of $0.1 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		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars)	**2020**	2019	**2020**	2019
Revenues				
Advertising	**199,188**	211,271	**485,446**	493,315
Subscriber fees	**123,750**	125,639	**247,419**	252,323
Merchandising, distribution and other	**24,905**	16,556	**44,929**	34,018
Total revenues	**347,843**	353,466	**777,794**	779,656
Expenses	**232,371**	239,757	**483,704**	481,394
Segment profit [1]	**115,472**	113,709	**294,090**	298,262
Segment profit margin[1]	**33%**	32%	**38%**	38%

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

Revenues in the second quarter of fiscal 2020 decreased 2% from the prior year as a result of a decline of 6% in advertising revenues and 2% in subscriber revenues, while merchandising, distribution and other revenues increased 50%. The decrease in advertising revenues was driven by lower audiences for specialty services, the reinstatement of simultaneous substitution for the NFL Super Bowl on a competitor network and the disposal of TLN in March 2019. The decrease in subscriber revenues was due to the divestiture of TLN and the shut-down of the Cosmo and IFC channels in September 2019, as well as the shut-down of the FYI channel in December 2019, partially offset by retroactive adjustments that occurred upon renewal of a distribution agreement in the quarter. Adjusting for the impact of the TLN disposal, subscriber revenues were up 1% on a proforma basis. The increase in merchandising, distribution and other revenues of $8.3 million was primarily driven by a higher number of deliveries on current productions compared to the previous year, a sale of content to a subscription video on demand provider and increased merchandising, and publishing revenues.

Revenues for the six months ended February 29, 2020 were down slightly from the prior year. Decreases of 2% in both advertising revenues and subscriber revenues were offset by a 32% ($10.9 million) increase in merchandising, distribution, and other revenues. As noted above the decline in advertising revenues was driven by lower audiences and the Super Bowl, subscriber revenues were flat on a proforma basis, while merchandising, distribution and other revenues increased primarily as a result of increased deliveries and a sale of content to a subscription video on demand provider.

Expenses in the second quarter of fiscal 2020 were down 3% from the prior year. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) decreased 1% from the prior year, while general and administrative expenses were down 6% from the prior year. The decrease in amortization of program rights was driven by lower amortization on Canadian programming and the shut-down of three specialty services (Cosmo and IFC in September 2019, and FYI in December 2019), offset by higher costs from the renewals of certain U.S. output deals and the Adult Swim channel deal, which commenced in April 2019. Production activity drove the increase in film amortization, while the increase in other costs of sales were principally a result of increased direct costs associated with certain sales initiatives. Employee costs decreased primarily due to lower short-term compensation accruals and commission costs, partially offset by higher staffing levels. Other general and administrative expenses decreased as a result of reductions in rent expenses resulting from the implementation of IFRS 16 (refer to *Impact of new Accounting Policies* section of this report for further details), as well as by lower revenue based costs and transmission costs, partially offset by increases in marketing spend, licensing costs and consulting fees.

Total expenses for the six months ended February 29, 2020 were consistent with the prior year as a result of a 3% increase in direct cost of sales being offset by a 3% decrease in general and administrative expenses. The increase in direct cost of sales is driven by increased production activity, which increased film amortization, and increased costs associated with certain sales initiatives, offset by lower amortization of program rights.

Segment profit[(1)] was up 2% for the second quarter of fiscal 2020, but down 1% for the six months ended February 29, 2020. The increase in the second quarter was principally as a result of decreases in direct cost of sales and general and administrative expenses exceeding decreases in revenues. The year-to-date decrease results from increases in direct cost of sales exceeding decreases in general and administrative expenses, while revenues remained relatively flat to the prior year. Segment profit margin[(1)] for the quarter was 33% up slightly from the prior year at 32%, while the six months ended February 29, 2020 was comparable to the prior year at 38%.

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

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		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars)	**2020**	2019	**2020**	2019
Revenues	**28,152**	30,649	**66,079**	71,930
Expenses	**23,576**	25,694	**49,475**	53,963
Segment profit[(1)]	**4,576**	4,955	**16,604**	17,967
Segment profit margin[(1)]	**16%**	16%	**25%**	25%

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

Revenues decreased 8% in both the three and six months ended February 29, 2020. The decline in advertising revenues in the quarter and the year-to-date was driven primarily by lower market tuning levels, a soft retail advertising environment and the continuing economic and ratings challenges in Alberta.

Direct cost of sales and general and administrative expenses were down 8% in both the three and six months ended February 29, 2020, principally from decreased rent costs resulting from the implementation of IFRS 16 on September 1, 2019 and lower employee costs reflecting a continued focus on cost containment and synergies with Global News.

Radio's segment profit[(1)] declined $0.4 million in the second quarter of fiscal 2020 and $1.4 million for the year-to-date. Segment profit margin[(1)] for the quarter of 16% and 25% for the six months ended February 29, 2020 remained consistent with the prior year comparable periods.

(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		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars)	**2020**	2019	**2020**	2019
Share-based compensation	**325**	640	**2,880**	2,712
Other general and administrative costs	**3,814**	4,876	**7,790**	8,731
	4,139	5,516	**10,670**	11,443

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 decreased in the second quarter by $0.3 million and increased for the six months ended February 29, 2020 by $0.2 million. Both the decrease in the quarter and increase in the year-to-date is due to the decline 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 6 to the interim condensed consolidated financial statements for further details on this swap arrangement).

Other general and administrative costs in the three and six months ended February 29, 2020 decreased 22% and 11%, respectively from the prior year, principally related to decreased rent costs resulting from the implementation of IFRS 16 on September 1, 2019 and Directors fees for those Directors that have elected to receive their remuneration in DSUs that are revalued at the Company's closing share price at the end of each period, offset by higher salaries and benefits, increased legal fees, license and maintenance fees related to cybersecurity and cloud based systems that were launched in the second half of fiscal 2019 and the first half of fiscal 2020.

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 February 29, 2020. In Management's opinion, these unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements in the Company's Annual Report for the year ended August 31, 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								
2st quarter	**375,995**	**115,909**	**18,524**	**25,900**	**$ 0.09**	**$ 0.09**	**$ 0.12**	**65,073**
1st quarter	467,878	184,115	78,116	79,980	$ 0.37	$ 0.37	$ 0.38	53,048
2019								
4th quarter	377,479	109,776	22,947	27,930	$ 0.11	$ 0.11	$ 0.13	93,554
3rd quarter	458,417	170,523	66,378	66,077	$ 0.31	$ 0.31	$ 0.31	90,101
2nd quarter	384,115	113,148	6,344	15,733	$ 0.03	$ 0.03	$ 0.07	83,909
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

[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 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 first quarter of fiscal 2020 was negatively impacted by integration, restructuring and other costs of $10.0 million ($0.03 per share).
- Segment profit and free cash flow in the first quarter of fiscal 2020 were positively impacted by the implementation of IFRS 16 by approximately $3.4 million and $3.9 million, respectively; however, the impact on net income attributable to shareholders was not material. Net income attributable to shareholders for the first quarter of fiscal 2020 was negatively impacted by integration, restructuring and other costs of $2.5 million ($0.01 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $16.7 million ($0.06 per share) and integration, restructuring and other costs of $6.8 million ($0.02 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $16.7 million ($0.06 per share), integration, restructuring and other costs of $2.3 million ($0.01 per share) and a $0.3 million ($nil per share) loss on disposal of the Company's 50.5% interest in TLN, offset by a gain on debt modification of $3.9 million ($0.01 per share).

- Net income attributable to shareholders for the second quarter of fiscal 2019 was negatively impacted by additional amortization from a change in estimate for the useful lives of television brand assets of $34.9 million ($0.12 per share), integration, restructuring and other costs of $4.0 million ($0.01 per share) and an impairment on an investment in an associate of $8.7 million ($0.03 per share).
- 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).

FINANCIAL POSITION

Total assets at February 29, 2020 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 February 29, 2020 were $489.4 million, up $0.7 million from August 31, 2019.

Cash and cash equivalents decreased by $24.1 million from August 31, 2019. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $17.3 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 $11.1 million from August 31, 2019 as a result of accruals relating to film productions exceeding tax credit receipts.

Investments and other assets increased $6.0 million from August 31, 2019, primarily as a result of the unrealized gains related to the fair value remeasurement of investment in venture funds, as well as increase in unrealized gains related to forward foreign exchange contracts, offset by certain post employment benefit plans now being in a net liability position.

Property, plant and equipment increased $122.1 million from August 31, 2019 as a result of additions including the addition of right-of-use lease assets upon adoption of IFRS 16, exceeding depreciation expense.

Program rights increased $202.0 million from August 31, 2019, as additions of acquired rights of $461.3 million were offset by amortization of $255.6 million and the $3.8 million write-off of certain program rights related to the FYI channel shut-down on December 31, 2019.

Film investments decreased $0.1 million from August 31, 2019, as film additions (net of tax credit accruals) of $11.0 million were offset by film amortization of $11.1 million.

Intangibles increased $33.7 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 $96.3 million from August 31, 2019, principally as a result of higher program rights payable, trade marks payable, short-term lease liabilities, film production accruals and other accrued liabilities, which include other working capital accruals, offset by decreases to short-term compensation accruals, capital asset purchases, unearned revenues and accruals related to third party back-end participations.

Provisions, including the long-term portion, at February 29, 2020 were $18.7 million compared to $18.0 million at August 31, 2019. The increase of $0.7 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 February 29, 2020 was $1,646.8 million compared to $1,731.7 million as at August 31, 2019. As at February 29, 2020, 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 six months ended February 29, 2020, the Company repaid bank debt of $87.0 million and amortized $2.1 million of deferred financing charges.

Other long-term liabilities increased $320.3 million from August 31, 2019, primarily from increases from lease liabilities related to the implementation of IFRS 16, long-term program rights payable, trade marks payable, certain post employment benefit plans, and adjustments to the fair value of interest rate swap derivatives, offset by reductions in deferred rent accruals related to the implementation of IFRS 16.

Share capital decreased by $15.3 million from August 31, 2019 as a result of 2.48 million shares repurchased under the Normal Course Issuer Bid ("NCIB") and an estimated 1.4 million shares that the Company has committed to purchase under an automatic share purchase plan during the Company's self-imposed blackout period from March 2, 2020 through April 1, 2020. Contributed surplus decreased by $3.5 million primarily as a result of the repurchases under the NCIB.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position decreased by $5.8 million in the second quarter of fiscal 2020 and $24.1 million in the six months ended February 29, 2019. Free cash flow for the three and six months ended decreased to $65.1 million and $118.1 million, respectively, from $83.9 million and $126.3 million, in the same comparable periods 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 and six months ended February 29, 2020 was $65.7 million and $123.2 million, respectively, compared to $86.3 million and $131.7 million in the comparable periods in the prior year. The decrease in the current quarter of $20.6 million arises principally from lower cash flow from operations of $25.1 million as the current year includes higher spend in program rights of $21.2 million, offset by higher cash provided by working capital of $4.5 million. The decrease in the year-to-date of cash provided by operating activities of $8.5 million arises from lower cash flow from operations of $21.9 million, as the current year includes higher spend in program rights of $30.2 million and film investments of $5.1 million, offset by lower cash used in working capital of $13.4 million.

Cash used in investing activities for the three months ended February 29, 2020 was $0.7 million compared $5.7 million in the prior year. In the second quarter, the Company had additions to property, plant, equipment of $2.0 million, offset by net cash inflows of $1.3 million for intangibles, investments and other assets. The prior year includes additions to property, plant and equipment of $3.6 million and net cash outflows for intangibles, investments and other assets of $2.1 million.

Cash used by investing activities for the six months ended February 29, 2020 was $6.2 million compared to $8.7 million in the prior year. In the current year, the Company had additions of property, plant, equipment and software intangibles of $6.3 million. The prior year includes additions to property, plant and equipment of $6.2 million and net cash outflows for intangibles, investments and other assets of $2.5 million.

Cash used in financing activities in the three and six months ended February 29, 2020 was $70.9 million and $141.1 million, respectively, compared to $83.6 million and $150.2 million in the comparable periods in the prior year. In the current year, the Company repaid bank debt of $87.0 million, paid dividends of $36.0 million, repurchased shares of $13.0, million, made payments related to right-of-use leases of $8.1 million, and made capital lease payments of $2.5 million, offset by equity funding of a non-controlling interest of $5.4 million. In the prior year, the Company repaid bank debt of $117.5 million, paid dividends of $29.9 million and made capital lease payments of $2.7 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 February 29, 2020, the Company had a net cash balance of $58.5 million and had available approximately $300.0 million under the Revolving Facility, all of which could be drawn. As at March 31, 2020, the Company has drawn $25.0 million of the Revolving Facility. 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 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 February 29, 2020, net debt was $1,742 million, up from $1,649 million at August 31, 2019 as a result of increased debt for lease liabilities of $153.6 million. Net debt to segment profit as at February 29, 2020 was 3.00 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, 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 February 29, 2020, total capitalization was $3,383.0 million compared to $3,391.4 million at August 31, 2019, a decrease of $8.4 million. The decrease is primarily attributable to a decrease in the accumulated deficit, a decrease in cash of $24.1 million, and an increase in equity attributable to non-controlling interest of $4.9 million, offset by lower bank debt of $84.9 million and a reduction in share capital as a result of the purchase and cancellation of 2.48 million shares under the NCIB which commenced November 12, 2019 as well as an estimated 1.4 million shares that the Company has committed to purchase under an automatic share purchase plan during the Company's self-imposed quarterly trading blackout period from March 2, 2020 through April 1, 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		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars)	**2020**	2019	**2020**	2019
Cash provided by (used in):				
Operating activities [1]	**65,743**	86,320	**123,215**	131,691
Investing activities	**(670)**	(5,709)	**(6,221)**	(8,674)
	65,073	80,611	**116,994**	123,017
Add: cash used in business acquisitions, strategic investments and non-controlling interest [2]	**—**	3,298	**1,127**	3,298
Free cash flow	**65,073**	83,909	**118,121**	126,315

[1] Free cash flow for the three and six months ended February 29, 2020 was impacted by the adoption of IFRS 16, effective September 1, 2019. This has resulted in an increase in free cash flow of approximately $4.2 million for the quarter and $8.0 million year-to-date. 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		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars, except per share amounts)	**2020**	2019	**2020**	2019
Net income attributable to shareholders	**18,524**	6,344	**96,640**	66,759
Adjustments, net of income tax:				
Impairment of investment in associates	**—**	6,409	**—**	6,409
Integration, restructuring and other costs	**7,376**	2,980	**9,240**	12,676
Adjusted net income attributable to shareholders	**25,900**	15,733	**105,880**	85,844
Basic earnings per share	**$0.09**	$0.03	**$0.46**	$0.31
Adjustments, net of income tax:				
Impairment of investment in associates	**—**	$0.03	**—**	$0.03
Integration, restructuring and other costs	**$0.03**	$0.01	**$0.04**	$0.06
Adjusted basic earnings per share	**$0.12**	$0.07	**$0.50**	$0.40

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.

	As at February 29,	As at August 31,
(thousands of Canadian dollars)	**2020**	2019
Total bank loans, net of unamortized financing fees	**1,646,816**	1,731,745
Lease liabilities	**153,607**	—
Cash and cash equivalents	**(58,458)**	(82,568)
Net debt	**1,741,965**	1,649,177

	As at February 29,	As at August 31,
(thousands of Canadian dollars)	**2020**	2019
Net debt (numerator)	**1,741,965**	1,649,177
Segment profit (denominator) (1)	**580,323**	585,085
Net debt to segment profit	**3.00**	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. The following is an update to the changes in the risks or uncertainties facing the Company since that date.

The Company is closely monitoring the evolution of the novel coronavirus ("COVID-19") situation. Several provinces in Canada have instituted closures of non-essential businesses. At this time, media and broadcasting operations have generally been recognized as essential workplaces across Canada.

The Company has suspended all travel, slowed down the hiring of new employees, and taken active steps to implement physical distancing and other measures recommended by public health agencies, decreasing the number of people in the Company's offices and broadcast centres. The Company has deployed additional IT equipment and has implemented multi-factor authentication for accessing company networks and webmail, enabling a significant number of additional employees in all locations to work from home securely. Appropriate business continuity measures are being taken to ensure uninterrupted service of the Company's television, digital and radio operations.

The Company is updating employees on a frequent basis to provide information on the situation and on necessary precautions to take.

It is too soon to gauge the impacts of the current outbreak, given the many unknowns related to COVID-19. These include the duration and severity of the outbreak. COVID-19 is altering business and consumer activity in affected areas and beyond. The global response to the COVID-19 outbreak has resulted in, among other things, border closures, severe travel restrictions, the temporary shut-down of non-essential services and extreme fluctuations in financial and commodity markets. Additional measures may be implemented by one or more governments in jurisdictions where the Company operates. Labour shortages due to illness, Company or government imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or cessation of all or a portion of the Company's operations. 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 contain the COVID-19 virus or remedy its impact, among others.

The actual and threatened spread of COVID-19 globally could also have a material adverse effect on the regional economies in which we operate, could continue to negatively impact stock markets, including the trading price of our Shares, could adversely impact our ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing or renegotiating the terms of our existing financing more challenging or more expensive. Potential impacts include, but are not limited to, an impairment of long-lived assets, an impairment of investments in venture funds and a change in the estimated credit loss on accounts receivable.

Any of these developments, and others, could have a material adverse effect on our 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, impairments of investments in venture funds and a change in the estimated credit losses on accounts receivable.

The Company's financial priorities remain unchanged. Importantly the Company remains committed to increasing its financial flexibility over the longer term. In this environment, however, the Company believes it is prudent to conserve cash out of an abundance of caution. As such, the Company expects to refrain from buying back shares under its share buyback program in the immediate term. Consistent with this approach, the Board of Directors has elected to defer its decision on the declaration of the June dividend at this time. The outside date for a decision on the declaration of the June dividend is June 9, 2020 by which point the Company expects to have more clarity on the nature and length of the impact of the COVID-19 pandemic. For greater clarity, the Company is not reducing, eliminating or temporarily suspending the dividend at this time. The Company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business.

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 second quarter ended February 29, 2020 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at February 29, 2020	As at August 31, 2019
ASSETS		
Current		
Cash and cash equivalents	**58,458**	82,568
Accounts receivable	**390,159**	372,828
Income taxes recoverable	**12,276**	13,772
Prepaid expenses and other assets	**28,511**	19,557
Total current assets	**489,404**	488,725
Tax credits receivable	**36,139**	25,035
Investments and other assets	**57,727**	51,707
Property, plant and equipment (note 3)	**348,062**	225,927
Program rights	**709,892**	507,913
Film investments	**53,231**	53,336
Intangibles (note 4)	**1,909,896**	1,876,235
Goodwill	**1,383,958**	1,383,958
Deferred income tax assets	**58,290**	59,463
	5,046,599	4,672,299
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**525,751**	429,483
Current portion of bank debt (note 6)	**76,339**	76,339
Provisions (note 5)	**8,970**	10,331
Total current liabilities	**611,060**	516,153
Bank debt (note 6)	**1,570,477**	1,655,406
Other long-term liabilities (note 3)	**598,434**	278,117
Provisions (note 5)	**9,686**	7,686
Deferred income tax liabilities	**462,311**	472,700
Total liabilities	**3,251,968**	2,930,062
EQUITY		
Share capital (note 7)	**815,205**	830,477
Contributed surplus	**1,509,352**	1,512,818
Accumulated deficit	**(695,053)**	(758,757)
Accumulated other comprehensive income	**14,722**	12,187
Total equity attributable to shareholders	**1,644,226**	1,596,725
Equity attributable to non-controlling interest	**150,405**	145,512
Total equity	**1,794,631**	1,742,237
	5,046,599	4,672,299

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Three months ended		Six months ended	
	February 29,	February 28,	February 29,	February 28,
(unaudited - in thousands of Canadian dollars, except per share amounts)	**2020**	2019	**2020**	2019
Revenues	**375,995**	384,115	**843,873**	851,586
Direct cost of sales, general and administrative expenses (note 8)	**260,086**	270,967	**543,849**	546,800
Depreciation and amortization (note 3)	**40,299**	54,801	**80,266**	109,129
Interest expense (note 9)	**29,783**	31,846	**58,606**	63,185
Integration, restructuring and other costs (note 5)	**10,024**	4,047	**12,558**	17,228
Other expense, net (note 10)	**5,448**	6,521	**3,385**	7,758
Income before income taxes	**30,355**	15,933	**145,209**	107,486
Income tax expense (note 11)	**7,932**	4,213	**38,426**	28,990
Net income for the period	**22,423**	11,720	**106,783**	78,496
Other comprehensive loss, net of income taxes:				
Items that may be reclassified subsequently to income:				
Unrealized change in fair value of cash flow hedges	**(9,157)**	(14,368)	**(4,208)**	(14,746)
Unrealized foreign currency translation adjustment	**231**	(170)	**178**	120
	(8,926)	(14,538)	**(4,030)**	(14,626)
Items that will not be reclassified to income:				
Unrealized change in fair value of financial assets	**1,057**	96	**6,565**	96
Actuarial loss on post-retirement benefit plans	**(12,471)**	(3,502)	**(7,715)**	(1,176)
	(11,414)	(3,406)	**(1,150)**	(1,080)
Other comprehensive loss, net of income taxes	**(20,340)**	(17,944)	**(5,180)**	(15,706)
Comprehensive income (loss) for the period	**2,083**	(6,224)	**101,603**	62,790
Net income attributable to:				
Shareholders	**18,524**	6,344	**96,640**	66,759
Non-controlling interest	**3,899**	5,376	**10,143**	11,737
	22,423	11,720	**106,783**	78,496
Comprehensive income (loss) attributable to:				
Shareholders	**(1,816)**	(11,600)	**91,460**	51,053
Non-controlling interest	**3,899**	5,376	**10,143**	11,737
	2,083	(6,224)	**101,603**	62,790
Earnings per share attributable to shareholders:				
Basic	**$0.09**	$0.03	**$0.46**	$0.31
Diluted	**$0.09**	$0.03	**$0.46**	$0.31

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 (loss)	—	—	96,640	(5,180)	91,460	10,143	101,603
Dividends declared	—	—	(25,221)	—	(25,221)	(10,661)	(35,882)
Share repurchase under normal course issuer bid ("NCIB") (note 7)	(9,761)	(3,629)	—	—	(13,390)	—	(13,390)
Share repurchase commitment under NCIB (note 7)	(5,511)	(398)	—	—	(5,909)	—	(5,909)
Actuarial loss on post-retirement benefit plans	—	—	(7,715)	7,715	—	—	—
Share-based compensation expense	—	561	—	—	561	—	561
Equity funding	—	—	—	—	—	5,411	5,411
As at February 29, 2020	**815,205**	**1,509,352**	**(695,053)**	**14,722**	**1,644,226**	**150,405**	**1,794,631**

(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 (loss)	—	—	66,759	(15,706)	51,053	11,737	62,790
Dividends declared	—	—	(25,431)	—	(25,431)	(15,163)	(40,594)
Reduction of stated capital	(1,500,000)	1,500,000	—	—	—	—	—
Actuarial loss on post-retirement benefit plans	—	—	(1,176)	1,176	—	—	—
Share-based compensation expense	—	247	—	—	247	—	247
As at February 28, 2019	830,477	1,512,366	(814,531)	31,326	1,559,638	150,989	1,710,627

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended February 29, 2020	Three months ended February 28, 2019	Six months ended February 29, 2020	Six months ended February 28, 2019
OPERATING ACTIVITIES				
Net income for the period	**22,423**	11,720	**106,783**	78,496
Adjustments to reconcile net income to cash flow from operations:				
Amortization of program rights	**122,962**	127,558	**255,563**	257,128
Amortization of film investments	**5,255**	2,856	**11,081**	6,385
Depreciation and amortization (note 3)	**40,299**	54,801	**80,266**	109,129
Deferred income tax recovery	**(99)**	(10,600)	**(6,078)**	(19,947)
Impairment of investment in associate	**—**	8,720	**—**	8,720
Share-based compensation expense	**307**	202	**561**	247
Imputed interest (note 9)	**13,682**	11,071	**26,238**	21,665
Payment of program rights	**(147,809)**	(126,590)	**(267,001)**	(236,804)
Net spend on film investments	**(17,958)**	(17,722)	**(33,480)**	(28,385)
CRTC benefit payments	**(11)**	(50)	**(733)**	(911)
Other	**(2,533)**	(338)	**(3,208)**	(3,808)
Cash flow from operations	**36,518**	61,628	**169,992**	191,915
Net change in non-cash working capital balances related to operations	**29,225**	24,692	**(46,777)**	(60,224)
Cash provided by operating activities	**65,743**	86,320	**123,215**	131,691
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(2,016)**	(3,591)	**(6,290)**	(6,160)
Proceeds from sale of property	**30**	6	**39**	9
Net cash flows for intangibles, investments and other assets	**1,316**	(2,124)	**30**	(2,523)
Cash used in investing activities	**(670)**	(5,709)	**(6,221)**	(8,674)
FINANCING ACTIVITIES				
Decrease in bank loans	**(38,295)**	(60,539)	**(86,969)**	(117,548)
Shares repurchased under NCIB	**(9,667)**	—	**(12,963)**	—
Payments of lease liabilities	**(4,163)**	—	**(8,047)**	—
Equity funding by a non-controlling interest	**3,277**	—	**5,411**	—
Dividends paid	**(12,648)**	(12,717)	**(25,366)**	(12,717)
Dividends paid to non-controlling interest	**(7,246)**	(9,941)	**(10,661)**	(17,163)
Other	**(2,122)**	(431)	**(2,509)**	(2,740)
Cash used in financing activities	**(70,864)**	(83,628)	**(141,104)**	(150,168)
Net change in cash and cash equivalents during the period	**(5,791)**	(3,017)	**(24,110)**	(27,151)
Cash and cash equivalents, beginning of the period	**64,249**	70,667	**82,568**	94,801
Cash and cash equivalents, end of the period	**58,458**	67,650	**58,458**	67,650

Supplemental cash flow disclosures (note 13)

See accompanying notes

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
February 29, 2020
(in thousands of Canadian dollars, except per share information)

1. CORPORATE INFORMATION

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

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

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

2. STATEMENT OF COMPLIANCE

These interim condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), specifically International Accounting Standard ("IAS") 34 – *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in the preparation of these interim condensed consolidated financial statements conform with those in the Company's audited annual consolidated financial statements for the year ended August 31, 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 and six months ended February 29, 2020 were authorized for issue in accordance with a resolution of the Company's Board of Directors on March 31, 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 interim condensed consolidated statements of income 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	—	83,630	7,746	91,376
Amortization	—	(52,933)	(4,782)	(57,715)
Balance – February 29, 2020	**963,773**	**930,617**	**15,506**	**1,909,896**

[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	12,558	1,381	—	13,939
Interest	—	114	—	114
Payments	(13,109)	(305)	—	(13,414)
Balance – February 29, 2020	**7,203**	**11,273**	**180**	**18,656**
Current	5,571	3,219	180	8,970
Long-term	1,632	8,054	—	9,686
	7,203	**11,273**	**180**	**18,656**

In the six months ended February 29, 2020, the Company recorded restructuring costs of $12.6 million comprised of employee exits of $4.5 million, FYI program rights of $3.8 million and system integration costs of $4.3 million, and additional asset retirement obligations of $1.4 million for broadcast tower sites.

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

6. BANK DEBT

	February 29, 2020	August 31, 2019
Bank loans	**1,658,566**	1,745,175
Unamortized financing fees	**(11,750)**	(13,430)
	1,646,816	1,731,745
Less: current portion of bank loans	**(76,339)**	(76,339)
	1,570,477	1,655,406

Interest rates on the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at February 29, 2020, the weighted average interest rate on outstanding bank loans was 4.0% (2019 – 4.1%). Interest on the bank loans averaged 4.1% for both the three and six months ended February 29, 2020 (2019 – 4.6%, in both the same comparable periods).

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 February 29, 2020.

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 further amended. The principal amendment effected was the extension of the maturity for the Term Facility and the Revolving Facility. The carrying value of the debt is accreted using the effective interest rate method over the remaining term of the Term Facility with the accretion recognized within Interest expense on the interim condensed consolidated statements of income and comprehensive income.

Term Facility

As at February 29, 2020, the Term Facility was composed of three tranches, with the first tranche in the amount of $622.8 million and having a maturity date of May 31, 2024, the second tranche in the amount of $846.7 million and having a maturity date of May 31, 2023, and the third tranche in the amount of $208.3 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 February 29, 2020, all of the Revolving Facility was available and could be drawn. As at March 31, 2020, the Company has drawn $25.0 million of the Revolving Facility.

INTEREST RATE SWAP AGREEMENTS

The Company has entered into Canadian interest rate swap agreements to fix the interest rate on a portion of its outstanding term loan facilities. The notional value of these swaps reduces concurrently with the mandatory repayments of the Term Facility. The current notional value of the interest rate swap agreements are $941.0 million and $521.0 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 February 29, 2020 was a liability of $14.0 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 February 29, 2020 was a liability of $1.4 million (August 31, 2019 - asset of $0.3 million), which has been recorded in the interim condensed consolidated statements of financial position as an other long-term liability and within employee costs in the interim condensed consolidated statements of income and comprehensive income (note 8).

FORWARD CONTRACTS

As at February 29, 2020, the Company has a series of forward foreign exchange contracts totalling $58.5 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 February 29, 2020 was an asset of $6.1 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	—	—	(2,480,000)	(9,761)	(9,761)
Share repurchase commitment under NCIB	—	—	(1,400,000)	(5,511)	(5,511)
Balance – February 29, 2020	**3,412,392**	**9,439**	**204,704,666**	**805,766**	**815,205**

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		Six months ended	
	February 29, 2020	February 28, 2019	**February 29, 2020**	February 28, 2019
Net income attributable to shareholders (numerator)	**18,524**	6,344	**96,640**	66,759
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding – basic	**210,349**	211,997	**211,087**	211,997
Effect of dilutive securities	**7**	—	**21**	—
Weighted average number of shares outstanding – diluted	**210,356**	211,997	**211,108**	211,997

The calculation of diluted earnings per share for the three and six months ended February 29, 2020 excluded 5,878 and 5,459, respectively (2019 – 5,455 and 5,454, respectively) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

SHARE-BASED COMPENSATION

Share-based compensation expense recorded for the second quarter and year-to-date of fiscal 2020 in respect of these plans was $325 and $2,880 (2019 – $640 and $2,712). As at February 29, 2020, the carrying value of the liability for PSU, DSU and RSU units was $9,712 (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)

Concurrent with the NCIB, 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. On February 29, 2020, the Company provided instructions to its designated broker to purchase 50,000 shares per day by the Company under the ASPP prior to the commencement of the blackout period. As of February 29, 2020, the Company has committed to purchase and cancel Class B Non-Voting Participating Shares up to an estimated aggregate amount of $5,511, 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 2019	1,000,000	5,508	5.51
January 2020	305,400	1,675	5.48
February 2020	500,000	2,338	4.68
March 2, 2020 – April 1, 2020 [1]	1,400,000	5,511	3.94
	3,880,000	18,902	4.87

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

During the first two quarters of fiscal 2020, the total cash consideration paid exceeded the carrying value of the shares repurchased by $3,629, which was charged to contributed surplus.

8. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Six months ended	
	February 29, 2020	February 28, 2019	**February 29, 2020**	February 28, 2019
Direct cost of sales				
Amortization of program rights	**122,962**	127,558	**255,563**	257,128
Amortization of film investments	**5,255**	2,856	**11,081**	6,385
Other cost of sales	**9,247**	8,897	**19,473**	15,454
General and administrative expenses				
Employee costs (note 6)	**76,621**	80,815	**156,710**	159,514
Other general and administrative	**46,001**	50,841	**101,022**	108,319
	260,086	270,967	**543,849**	546,800

9. INTEREST EXPENSE

	Three months ended		Six months ended	
	February 29, 2020	February 28, 2019	**February 29, 2020**	February 28, 2019
Interest on long-term debt (note 6)	**17,362**	21,982	**34,925**	44,646
Imputed interest on long-term liabilities	**13,682**	11,071	**26,238**	21,665
Amortization of deferred gain on settled interest rate swap	**(1,627)**	(2,260)	**(3,311)**	(4,580)
Other	**366**	1,053	**754**	1,454
	29,783	31,846	**58,606**	63,185

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

10. OTHER EXPENSE, NET

	Three months ended		Six months ended	
	February 29, 2020	February 28, 2019	**February 29, 2020**	February 28, 2019
Foreign exchange (gain) loss	**6,542**	(1,603)	**5,335**	70
Equity loss of associates	**(3)**	(3)	**(2)**	266
Impairment of investment in associate	**—**	8,720	**—**	8,720
Other income (note 6)	**(1,091)**	(593)	**(1,948)**	(1,298)
	5,448	6,521	**3,385**	7,758

11. INCOME TAXES

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

	Six months ended			
	February 29, 2020		February 28, 2019	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**38,470**	**26.5%**	28,592	26.6%
Differences from statutory rates relating to:				
Loss subject to tax at less than statutory rates	**(261)**	**(0.2%)**	49	0.1%
Impact of valuation allowance recorded against future income tax assets in the year	**(227)**	**(0.2%)**	68	0.1%
Transaction costs	**(83)**	**—%**	(194)	(0.2%)
Increase of various tax reserves	**156**	**0.1%**	232	0.2%
Miscellaneous differences	**371**	**0.3%**	243	0.2%
	38,426	**26.5%**	28,990	27.0%

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 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.

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

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.

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 February 29, 2020	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenues	**347,843**	**28,152**	**—**	**375,995**
Direct cost of sales, general and administrative expenses	**232,371**	**23,576**	**4,139**	**260,086**
Segment profit (loss)	**115,472**	**4,576**	**(4,139)**	**115,909**
Depreciation and amortization				**40,299**
Interest expense				**29,783**
Integration, restructuring and other costs				**10,024**
Other expense, net				**5,448**
Income before income taxes				**30,355**

Three months ended February 28, 2019	Television	Radio	Corporate	Consolidated
Revenues	353,466	30,649	—	384,115
Direct cost of sales, general and administrative expenses	239,757	25,694	5,516	270,967
Segment profit (loss)	113,709	4,955	(5,516)	113,148
Depreciation and amortization				54,801
Interest expense				31,846
Integration, restructuring and other costs				4,047
Other expense, net				6,521
Income before income taxes				15,933

Six months ended February 29, 2020	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenues	**777,794**	**66,079**	**—**	**843,873**
Direct cost of sales, general and administrative expenses	**483,704**	**49,475**	**10,670**	**543,849**
Segment profit (loss)	**294,090**	**16,604**	**(10,670)**	**300,024**
Depreciation and amortization				**80,266**
Interest expense				**58,606**
Integration, restructuring and other costs				**12,558**
Other expense, net				**3,385**
Income before income taxes				**145,209**

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

Six months ended February 28, 2019	Television	Radio	Corporate	Consolidated
Revenues	779,656	71,930	—	851,586
Direct cost of sales, general and administrative expenses	481,394	53,963	11,443	546,800
Segment profit (loss)	298,262	17,967	(11,443)	304,786
Depreciation and amortization				109,129
Interest expense				63,185
Integration, restructuring and other costs				17,228
Other expense, net				7,758
Income before income taxes				107,486

Revenues are derived from the following areas:

	Three months ended		Six months ended	
	February 29, 2020	February 28, 2019	**February 29, 2020**	February 28, 2019
Advertising	**225,860**	240,284	**548,269**	561,619
Subscriber fees	**123,750**	125,639	**247,419**	252,323
Merchandising, distribution and other	**26,385**	18,192	**48,185**	37,644
	375,995	384,115	**843,873**	851,586

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		Six months ended	
	February 29, 2020	February 28, 2019	**February 29, 2020**	February 28, 2019
Interest paid	**17,730**	23,038	**35,717**	46,097
Interest received	**239**	331	**635**	707
Income taxes paid	**21,794**	24,085	**38,661**	35,239

14. SUBSEQUENT EVENTS

The Company is closely monitoring the evolution of the novel coronavirus ("COVID-19") situation. Several provinces in Canada have instituted closures of non-essential businesses. At this time, media and broadcasting operations have generally been recognized as essential workplaces across Canada.

It is too soon to gauge the impacts of the current COVID-19 outbreak, given the many unknowns related to it. These include the duration and severity of the outbreak. COVID-19 is altering business and consumer activity in affected areas and beyond. The global response to the COVID-19 outbreak has resulted in, among other things, border closures, severe travel restrictions, the temporary shut-down of non-essential services, and extreme fluctuations in financial and commodity markets. Additional measures may be implemented by one or more governments in jurisdictions where the Company operates. Labour shortages due to illness, Company or government imposed isolation programs, or restrictions on the movement of personnel or possible supply chain disruptions could result in a reduction or cessation of all or a portion of the Company's operations. 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 contain the COVID-19 virus or remedy its impact, among others.

The actual and threatened spread of COVID-19 globally could also have a material adverse effect on the regional economies in which we operate, could continue to negatively impact stock markets, including the trading price of our Shares, could adversely impact our ability to raise capital, could cause continued interest rate volatility and movements that could make obtaining financing or renegotiating the terms of our existing financing more challenging or more expensive.

Any of these developments, and others, could have a material adverse effect on our 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.