Fourth Quarter 2021
Report to Shareholders

For the Three Months and Year Ended August 31, 2021
(Unaudited)

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FINANCIAL HIGHLIGHTS

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

(in thousands of Canadian dollars except per share amounts)	Three months ended August 31, 2021	2020	% Change	Year ended August 31, 2021	2020	% Change
Revenue						
Television	**335,844**	299,122	**12%**	**1,446,287**	1,408,238	**3%**
Radio	**25,411**	19,274	**32%**	**97,196**	102,998	**(6%)**
	361,255	318,396	**13%**	**1,543,483**	1,511,236	**2%**
Segment profit (loss) [1]						
Television [2]	**110,026**	98,787	**11%**	**549,159**	508,715	**8%**
Radio [2]	**4,316**	1,195	**261%**	**14,151**	16,023	**(12%)**
Corporate [2]	**(11,642)**	(5,480)	**112%**	**(38,692)**	(18,899)	**(105%)**
	102,700	94,502	**9%**	**524,618**	505,839	**4%**
Segment profit margin [1]						
Television	**33%**	33%		**38%**	36%	
Radio	**17%**	6%		**15%**	16%	
Consolidated	**28%**	30%		**34%**	33%	
Net income (loss) attributable to shareholders	**19,920**	30,278	**(34%)**	**172,550**	(625,362)	**n/m**
Adjusted net income attributable to shareholders [1]	**21,669**	33,181	**(35%)**	**182,218**	158,057	**15%**
Basic earnings (loss) per share	**$0.10**	$0.15		**$0.83**	($2.98)	
Adjusted basic earnings per share [1]	**$0.10**	$0.16		**$0.88**	$0.75	
Diluted earnings (loss) per share	**$0.10**	$0.15		**$0.83**	($2.98)	
Free cash flow [1]	**35,181**	87,353	**(60%)**	**251,947**	296,247	**(15%)**

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

(2) Segment profit included $1.0 million in Q4 (Television: $1.1 million; Radio: $0.2 million; Corporate reduction of $0.3 million) and $13.5 million for the year (Television: $11.1 million; Radio: $1.9 million; Corporate: $0.5 million) of estimated Canada Emergency Wage Subsidy ("CEWS") benefit and a reduction in the relief on CTRC regulatory fees of $0.2 million in Q4 (Television $0.3 million reduction, offset by Radio increase of $0.1 million) and $8.6 million for the year (Television: $7.5 million; Radio: $1.1 million). In the prior year, segment profit included $17.5 million in Q4 (Television: $14.3 million; Radio: $2.1 million; Corporate: $1.1 million) and $34.9 million for the year (Television: $27.8 million; Radio: $4.7 million; Corporate: $2.3 million) of estimated CEWS benefit.

SIGNIFICANT HIGHLIGHTS

Build a Content Powerhouse

- On August 10, 2021, the Company's Corus Studios announced international sales to Discovery U.S.' MotorTrend Group for *Rust Valley Restorers* (Seasons 1, 3 and the pre-sale of Season 4) and to Germany's SevenOne Entertainment Group for a suite of lifestyle and factual reality programming. In addition, Corus Studios announced a new greenlight *Sarah's Mountain Escape* starring HGTV Canada designer Sarah Richardson.
- On August 19, 2021, the Company's subsidiary Nelvana announced its appointment as the exclusive licensing representative for the iconic Care Bears™ brand in Canada.
- On September 10, 2021, the Company's Global News celebrated the 20th Anniversary of its flagship national news program *Global National* with the airing of documentary special *Disruption: 20 Years of Global National*.
- On September 20, 2021, the Company's Séries Plus and Historia were recognized with a combined six awards at the 36th Prix Gémeaux for French original productions *Béte noir* (Séries Plus) and *FLQ - La traque* (Historia).
- On October 12, 2021, Discovery, Inc. announced an integrated marketing partnership with the Company as part of their extension of discovery+ into Canada. Canadians will be introduced to discovery+ via marketing campaigns across the Company's portfolio of media assets, including linear networks, radio, digital and social platforms.
- On October 21, 2021, the Company's subsidiary Nelvana announced international distribution for *The Hardy Boys* has been secured on Disney+ outside of the U.S. and Canada. The Daytime-Emmy® nominated live-action mystery series will launch in select international markets in 2022.
- On October 22, 2021, the Company's Corus Studios announced multiple international licensing sales, comprising 70 hours of content for fiscal 2022 year-to-date. In addition to over 200 episodes sold in April, 2021, Hulu has acquired 58 episodes of original Corus Studios series *Project Bakover, Salvage Kings* (Season 1 and 2), *Worst to First* (Seasons 1 and 2) and the pre-sale of *Deadman's Curse.*

Connect with Audiences

- As of October 21, 2021, the Company has reached a new milestone of more than 675,000 paying subscribers to its STACKTV, Nick+ and other streaming platforms, an increase from more than 600,000 paying subscribers on June 29, 2021.

Help Brands Grow

- On July 29, 2021, the Company's so.da teamed up with Twitter and @AmexCanada to spotlight locally-owned businesses for a brand new collection of stories, hosted by HGTV Canada's Sebastian Clovis.
- On September 1, 2021, the Company's Creative Agency was recognized with three awards at the 2021 Promax North America Awards. The Promax Awards celebrate innovation and creativity in entertainment, marketing and design across North America.

Operate with Discipline

- On June 30, 2021, the Company paid a quarterly dividend of $0.05875 and $0.06 per share to holders of its Class A and Class B Shares, respectively.
- On September 29, 2021, the Company paid a quarterly dividend of $0.05875 and $0.06 per share to holders of its Class A and Class B Shares, respectively.

Create a Great Place to Work

- On September 14, 2021, the Company released its Q4 report on Diversity, Equity and Inclusion ("DEI"). New initiatives include the introduction of a new Inclusion Index in Corus' quarterly employee engagement survey, the launch of a DEI Education Program for all employees, the introduction of new Employee Resources Groups BOLD (Black Organization for Leadership and Development) and CREATE (Corus Recognizes Excellence in Asian Talent and Energy), and the expansion of the DEI team to ensure on-air diversity reflects the diversity of Corus audiences. Details can be found on the Company's website https://www.corusent.com/corporate-social-resposibility/diversity-inclusion/.
- On September 15, 2021, the Company's subsidiaries Nelvana and Kids Can Press announced the Nelvana / Kids Can Press Talent Incubator: Black Write Edition, an initiative designed to discover, support, and mentor emerging Black storytellers and illustrators.
- On October 21, 2021, the Company announced that it has helped raise $4.9 million for 369 community giving initiatives as well as provided 439 volunteer hours to local organizations across Canada for the fourth quarter ended August 31, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three months and year ended August 31, 2021 is prepared as at October 21, 2021. The following should be read in conjunction with Management's Discussion and Analysis, consolidated financial statements and the notes thereto included in the Company's Annual Report for the year ended August 31, 2020 and the interim condensed consolidated financial statements and notes of the current quarter. The financial highlights included in the discussion of the segmented results are derived from the unaudited interim condensed consolidated financial statements. All amounts are stated in Canadian dollars unless specified otherwise.

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking information"). These forward-looking statements relate to, among other things, our objectives, goals, strategies, intentions, plans, estimates and outlook, advertising, distribution, merchandise and subscription revenue, operating costs and tariffs, taxes and fees, and can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances may be considered forward-looking information. Although Corus believes that the expectations reflected in such forward-looking information are reasonable, such information involves assumptions, risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied with respect to the forward-looking information, including without limitation: factors and assumptions regarding the general market conditions and general outlook for the industry as well as the competitive landscape in Canada and globally; changes to applicable tax, licensing and regulatory regimes; interest rates, stability of the advertising, distribution, merchandise and subscription markets; changes to key suppliers or clients; operating and capital costs and tariffs, taxes and fees, our ability to source, produce or sell 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 revenue; our ability to maintain relationships with key suppliers and clients and on anticipated financial terms and conditions; audience acceptance of our television programs and cable networks; our ability to recoup production costs; the availability of tax credits; the availability of expected news, production and related credits, programs and funding; the existence of co-production treaties; our ability to compete in any of the industries in which we do business including with competitors which may not be regulated in the same way or to the same degree; the business and strategic 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 including statements, decisions or positions by applicable regulators including, without limitation, the Canadian Radio-television and Telecommunications Commission ("CRTC"), Canadian Heritage and Innovation, Science and Economic Development Canada ("ISED"); changes to licensing status or conditions; unanticipated or un-mitigatable programming costs; 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; our ability to continue to meet covenants under our senior credit facility or other instruments or facilities; epidemics, pandemics or other public health and safety crises, including the current outbreak of novel coronavirus ("COVID-19") and ongoing pandemic conditions in Canada and globally; physical and operational changes to our key facilities and infrastructure; cybersecurity threats or incidents to us or our key suppliers and vendors; and changes in accounting standards. Additional information about these factors and about the material assumptions underlying any forward-looking information may be found under the heading "Risks and Uncertainties" in the Management's Discussion and Analysis for the year ended August 31, 2020 and this document and under the heading "Risk Factors" in our Annual Information Form. Corus cautions that the foregoing list of important assumptions and factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to Corus, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Unless otherwise specified, all forward-looking information in this document speaks as of the date of this document and may be updated or amended from time to time. Except as otherwise required by applicable securities laws, Corus disclaims any intention or obligation to publicly update or revise any forward-looking information whether as a result of new information, events or circumstances that arise after the date thereof or otherwise.

For a discussion on the Company's results of operations for fiscal 2020, we refer you to the Company's Annual Report for the year ended August 31, 2020, filed on SEDAR on December 14, 2020. Additional information relating to the Company, including the Company's Annual Information Form for the year ended August 31, 2020, is on SEDAR at www.sedar.com.

OVERVIEW OF CONSOLIDATED RESULTS

REVENUE

Revenue for the fourth quarter of fiscal 2021 of $361.3 million increased 13% from $318.4 million in the prior year's quarter. On a consolidated basis, advertising revenue increased 22%, subscriber revenue was up 3%, while merchandising, distribution and other revenue grew 9% compared to the prior year. The increase in advertising revenue was attributable to the rebound over pandemic driven lows of the prior year's quarter. Revenue was up 12% in Television and 32% in Radio compared to the prior year.

For the year ended August 31, 2021, consolidated revenue of $1,543.5 million increased 2% from $1,511.2 million in the prior year. On a consolidated basis, advertising revenue increased 1%, subscriber revenue was up 1% and merchandising, distribution and other revenue grew 12% from the prior year. Revenue increased 3% from the prior year in Television and decreased 6% in Radio. Further analysis of revenue 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 fourth quarter of fiscal 2021 of $258.6 million increased 15% from $223.9 million in the prior year's quarter. On a consolidated basis, direct cost of sales increased 9%, employee costs increased 29% and general and administrative expenses increased 13%. The increase in direct cost of sales results from increases in amortization of program rights and higher costs associated with certain sales initiatives, partially offset by decreases in amortization of film assets in the quarter. The increase in employee costs was primarily due to the reduction in estimated Canadian Emergency Wage Subsidy ("CEWS") benefits in the quarter to approximately $1.0 million (2020 – $17.5 million), higher share-based compensation expense and short-term compensation accruals, as well as higher commission costs. Other general and administrative expenses were higher as a result of increases in advertising and marketing costs principally for STACKTV and selected programs on specialty networks and fall premieres on Global as well as increases in consulting costs and license fees, offset by reductions of estimated credit losses as well as decreased operating rent costs.

For the year ended August 31, 2021, direct cost of sales, general and administrative expenses of $1,018.9 million increased 1% from $1,005.4 million in the prior year. On a consolidated basis, direct cost of sales decreased 1%, other general and administrative costs decreased 13% from the prior year, while employee costs increased 15%. The decrease in direct cost of sales was driven principally by the decreases in amortization of film investments and program rights, offset by higher costs associated with certain sales initiatives. The increase in employee costs was primarily attributable to the reduction in estimated CEWS benefits to approximately $13.5 million (2020 – $34.9 million), higher share-based compensation expense, short-term compensation accruals, as well as increased commission costs. Other general and administrative expenses decreased as a result of relief on Part I and Part II CRTC fees of $8.6 million, lower trade mark fees and lower tariff royalties that are positively correlated with revenue, decreased travel and entertainment costs, as well as reductions in estimated credit losses, professional and consulting fees, telephone, and transmission and distribution costs, partially offset by increases in property taxes and insurance costs. Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Segment profit for the fourth quarter of fiscal 2021 was $102.7 million, which was up 9% from $94.5 million in the prior year's quarter. Segment profit margin for the fourth quarter of fiscal 2021 of 28% was down from 30% in the prior year.

For the year ended August 31, 2021, segment profit was $524.6 million, which was up 4% from $505.8 million in the prior year. Segment profit margin of 34% for the year ended August 31, 2021 was up from 33% in the prior year. Further analysis is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended August 31, 2021 was $37.9 million, a decrease from $38.8 million in the prior year's quarter. The decrease was a result of decreases in amortization of capital assets of $0.8 million and other intangible assets of $0.4 million, offset by an increase in amortization of brands of $0.2 million.

Depreciation and amortization expense for the year ended August 31, 2021 was $152.3 million, a decrease from $158.5 million in the prior year. The decrease was a result of lower amortization of capital assets of $4.1 million, brands of $1.5 million and other intangible assets of $0.7 million.

INTEREST EXPENSE

Interest expense for the three months ended August 31, 2021 of $26.7 million decreased from $27.2 million in the prior year's quarter. On May 11, 2021, the Company issued $500.0 million in Senior Unsecured Notes due 2028 (the "Notes") that pay interest at 5.0%. The Company used the net proceeds of the Notes issuance to repay bank debt. The decrease in interest expense in the quarter is a result of lower interest on credit facilities of $3.8 million and lower imputed interest of $3.0 million on long-term liabilities associated with program rights, trade marks and right-of-use assets, offset by accrued interest on the Notes of $6.3 million.

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

Interest expense for the year ended August 31, 2021 of $104.1 million decreased from $115.2 million in the prior year. The decrease is a result of lower interest on long-term debt of $4.5 million and lower imputed interest of $10.1 million on long-term liabilities associated with program rights, trade marks and right-of-use assets, offset by $3.5 million reduced amortization of a deferred gain from other comprehensive income on interest rate swaps settled in November 2017. Interest on long-term debt is lower due to lower bank debt levels, partially offset by accrued interest on the Notes.

The effective interest rate on bank loans and Notes for the three months and year ended August 31, 2021 was 4.8% and 4.2%, respectively, compared to 3.9% and 4.0% in the comparable periods of the prior year. The increase in the rate, particularly for the quarter, results from an increase in margins under the amended and restated Credit Facility and the issue of Notes at a 5% interest rate.

BROADCAST LICENCES AND GOODWILL IMPAIRMENT

Broadcast licences and goodwill are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. The Company has completed its annual impairment testing of broadcast licences and goodwill and determined that there were no impairment charges required at August 31, 2021.

In the third quarter of fiscal 2020, management identified indicators of impairment at the enterprise level, notably a significant decline in the Company's share price from August 31, 2019, which resulted in the Company's carrying value being significantly greater than its current market enterprise value. Accordingly, interim goodwill impairment testing was required for both the Television and Radio cash generating units ("CGUs"). As a result of these tests, the Company recorded non-cash goodwill impairment charges of $673.0 million and $46.0 million in the Television and Radio operating segments, respectively, in the third quarter of fiscal 2020.

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

DEBT REFINANCING

On May 31, 2021, the Company amended its credit facility, which resulted in a non-cash write off of unamortized debt financing fees of $3.5 million, offset by a gain on debt modification of $1.6 million. Further information about debt refinancing can be found in the *Liquidity* section of this report, under the subheading *Contractual Commitments and Derivative Financial Instruments*.

INTEGRATION, RESTRUCTURING AND OTHER COSTS

For the three months and year ended August 31, 2021, the Company incurred $2.4 million and $11.3 million, respectively, of integration, restructuring and other costs, compared to $4.0 million and $19.2 million in the comparable periods of the prior year.

The current fiscal year costs relate to restructuring costs associated with employee exits, certain costs associated with the shut-down of the BBC Canada channel and system integration as well as continued transmitter decommissioning costs. The prior year costs relate to restructuring costs associated with employee exits, certain costs associated with the shut-down of the FYI channel and transmitter decommissioning costs as well as system integration costs.

OTHER EXPENSE (INCOME), NET

Other expense for the three month period ended August 31, 2021 was $3.4 million, compared to other income of $21.7 million in the prior year's quarter. The current year period includes a foreign exchange loss of $4.2 million primarily reflecting translation of USD denominated payables net of gains on foreign exchange forward contracts, as well as other income of $0.8 million consisting of rental income and miscellaneous interest income. The prior year's quarter included a foreign exchange gain of $20.3 million and other income of $1.4 million.

Other income for the year ended August 31, 2021 was $8.2 million compared to $8.1 million in the prior year. In the current year, other income includes foreign exchange gains of $5.1 million net of losses on foreign exchange forward contracts, income of $3.1 million from short-term investments, rental income, gains relating to net insurance proceeds received, gains from property sales, and miscellaneous interest income. For the year ended August 31, 2021, forward foreign exchange contracts resulted in unrealized foreign exchange loss of $5.7 million, which offset foreign exchange gains recorded related to the period end revaluation of U.S. dollar denominated long term liabilities. In the prior year, other income included foreign exchange gains of $4.3 million and $3.8 million from short-term investments, rental income, gains from property sales, and miscellaneous interest income. Further discussion of the foreign exchange forward contracts can be found in the *Liquidity and Capital Resources* section of this report under the heading *Derivative Financial Instruments*.

INCOME TAX EXPENSE

The Company's effective income tax rate for the fourth quarter of fiscal 2021 was 26.4% compared to 26.9% in the prior year's quarter, which was comparable with the Company's statutory income tax rate of 26.5%.

The Company's effective tax rate rate for the year ended August 31, 2021 was 26.1% compared to 7.4% in the prior year. The difference between the statutory rate and effective tax rate in the prior year results from the impairment recorded on goodwill in the television and radio operating segments.

NET INCOME (LOSS) ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS (LOSS) PER SHARE

Net income attributable to shareholders for the fourth quarter of fiscal 2021 was $19.9 million ($0.10 per share basic), compared to net income attributable to shareholders of $30.3 million ($0.15 per share basic) in the prior year's quarter. Net income attributable to shareholders for the fourth quarter of fiscal 2021 includes integration, restructuring and other costs of $2.4 million ($nil per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $21.7 million ($0.10 per share basic) in the quarter. Net income attributable to shareholders for the fourth quarter of fiscal 2020 includes restructuring and other costs of $4.0 million ($0.01 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $33.2 million ($0.16 per share basic) in the prior year quarter.

Net income attributable to shareholders for the year ended August 31, 2021 was $172.6 million ($0.83 per share basic), compared to a net loss attributable to shareholders of $625.4 million ($2.98 loss per share basic) in the prior year. Net income attributable to shareholders for the year ended August 31, 2021 includes integration, restructuring and other costs of $11.3 million ($0.04 per share) and debt refinancing costs of $1.9 million ($0.01 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $182.2 million ($0.88 per share basic) for the current fiscal year. Net loss attributable to shareholders for the year ended August 31, 2020 includes a broadcast licence and goodwill impairment of $786.8 million ($3.66 per share) and integration, restructuring and other costs of $19.2 million ($0.07 per share basic). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $158.1 million ($0.75 per share basic) for the prior year period.

The weighted average number of basic shares outstanding for both the three months and year ended August 31, 2021 was 208,367,000, compared to 208,367,000 and 209,769,000, respectively, for the comparable periods in the prior year. The average number of shares outstanding in the prior year decreased as a result of the purchase and cancellation of Class B Non-Voting Participating Shares under the Company's normal course issuer bid ("NCIB"), which took place between November 2019 and April 2020.

OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAXES

Other comprehensive income for the three months ended August 31, 2021 was $5.1 million, compared to a loss of $1.7 million in the prior year's quarter. For the three months ended August 31, 2021, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of $5.5 million, an unrealized gain on the change in the fair value of cash flow hedges of $2.7 million and an unrealized gain from foreign currency translation adjustments of $1.2 million, offset by an unrealized loss from the change in the fair value of financial assets of $4.2 million. In the prior year, other comprehensive loss includes an actuarial loss on the remeasurement of post-employment benefit plans of $5.2 million and an unrealized loss from foreign currency translation adjustments of $0.9 million, offset by an unrealized gain on the fair value of cash flow hedges of $2.4 million and an unrealized gain on the change in fair value of financial assets of $2.0 million.

Other comprehensive income for the year ended August 31, 2021 was $43.4 million, compared to a loss of $5.6 million in the prior year. For the year ended August 31, 2021, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of $19.4 million, an unrealized gain on the fair value of cash flow hedges of $12.3 million, and an unrealized gain on the fair value of financial assets of $12.3 million, offset by an unrealized loss from foreign currency translation adjustments of $0.5 million. The prior year other comprehensive loss includes an unrealized loss on the fair value of cash flow hedges of $15.5 million and an unrealized loss from foreign currency translation adjustments of $0.1 million, offset by an actuarial gain on the remeasurement of post-employment benefit plans of $8.9 million and an unrealized gain on the fair value of financial assets of $1.1 million.

BUSINESS SEGMENT INFORMATION

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

TELEVISION

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

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. Revenue is derived from advertising aired over these stations.

CORPORATE

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

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

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

TELEVISION

FINANCIAL HIGHLIGHTS

	Three months ended	August 31,	Year ended	August 31,
(thousands of Canadian dollars)	**2021**	2020	**2021**	2020
Revenue				
Advertising	**176,942**	146,565	**842,202**	823,448
Subscriber fees	**125,735**	122,066	**498,049**	490,985
Merchandising, distribution and other	**33,167**	30,491	**106,036**	93,805
Total revenue	**335,844**	299,122	**1,446,287**	1,408,238
Expenses	**225,818**	200,335	**897,128**	899,523
Segment profit [1]	**110,026**	98,787	**549,159**	508,715
Segment profit margin[1]	**33%**	33%	**38%**	36%

[1] As defined in the "Key Performance Indicators" section of this report.

Revenue for the fourth quarter of fiscal 2021 was up 12% from the prior year's quarter as a result of increases of 21% in advertising revenue, 3% in subscriber revenue and 9% in merchandising, distribution and other revenue. Television advertising revenue has continued to rebound in the current year from the lows experienced in the fourth quarter of fiscal 2020. The growth in subscriber revenue was attributable to increased subscribers on STACKTV, Nick+ and other streaming services, which offset lower subscribers in the traditional system and the shut-down of BBC Canada in December 2020. The increase in merchandising, distribution and other revenue was primarily driven by increased licensing sales of Corus Studios content, Toon Boom Animation software, and merchandise, as well as growth at Nelvana.

Revenue for the year ended August 31, 2021 was up 3% from the prior year as a result of increases of 2% in advertising revenue, 1% in subscriber revenue, and 13% in merchandising, distribution and other revenue. Television advertising revenue in the last half of the year has improved from the lows of the prior year primarily driven by the impact of the COVID-19 pandemic, but a more robust recovery was muted with continued COVID-19 restrictions and concerns around a fourth wave fueled by the Delta variant throughout Canada which are still impacting some advertising categories. Subscriber revenue benefited from growth on streaming services STACKTV and Nick+ that offset lower subscribers in the traditional system. Increases in merchandising, distribution and other revenue was driven by licensing of Corus Studios content and Toon Boom Animation software licensing, as well as Nelvana service work, partially offset by a decline in Nelvana content licensing sales compared to the prior year.

Expenses in the fourth quarter of fiscal 2021 were up 13% from the prior year's quarter. Direct cost of sales (which includes amortization of program rights and film investments, and other cost of sales) increased 8%, while general and administrative expenses (which includes employee costs and other general and administrative costs) were up 19% from the prior year's quarter. Amortization of program rights increased 8% from the prior year's quarter and other cost of sales increased by 88% ($4.0 million), offset by a decrease in film investment amortization of 47% ($2.7 million). The increase in amortization of program rights was driven predominantly by a greater number of original program deliveries in the quarter compared to the prior year's quarter where there were a larger number of repeats and delivery delays due to the impact of COVID-19 on production. The increase in other cost of sales was principally a result of increased costs associated with certain sales initiatives. Amortization of film investments decreased as a result of tax credit adjustments for completed productions. Employee costs increased 24% primarily due to the reduction in estimated CEWS benefits to $1.1 million for the quarter (2020 – $14.3 million). Other general and administrative expenses increased 12% from the prior year's quarter as a result of higher marketing costs for STACKTV and Nick+ services to drive subscriptions and increased consulting costs, offset by lower rent and facilities costs.

Expenses for the year ended August 31, 2021 were consistent with the prior year as a result of the 1% decrease in direct cost of sales being offset by the 1% increase in general and administrative expenses. The decrease in direct cost of sales was driven by lower amortization of film investments and program rights amortization, partially offset by higher costs associated with certain sales initiatives. Employee costs increased 9% primarily due to the reduction in estimated CEWS benefits to $11.1 million (2020 – $27.8 million), as well as increased commission and short-term compensation costs. Other general and administrative expenses were down 12% from the prior year from relief on CRTC Part I and Part II fees of $0.9 million (2020 – $8.4 million), curtailment of spending on travel and entertainment, advertising and marketing, as well as reductions in the provision for estimated credit losses, lower rent, maintenance, transmission and distribution costs.

Segment profit[1] was up 11% for the fourth quarter of fiscal 2021 and 8% for the year. The increase for the quarter was a result of growth in revenue outpacing increases in direct cost of sales and general and administrative expenses. Direct cost of sales and general and administrative expenses for the year decreased as revenue was up compared from the prior year. Segment profit margin[1] of 33% for the quarter was consistent with the prior year. The segment profit margin[1] for the year ended August 31, 2021 was 38% up from the prior year of 36%.

[1] As defined in the "Key Performance Indicators" section of this report.

RADIO

FINANCIAL HIGHLIGHTS

	Three months ended		Year ended	
		August 31,		**August 31,**
(thousands of Canadian dollars)	**2021**	2020	**2021**	2020
Revenue	**25,411**	19,274	**97,196**	102,998
Expenses	**21,095**	18,079	**83,045**	86,975
Segment profit [1]	**4,316**	1,195	**14,151**	16,023
Segment profit margin[1]	**17%**	6%	**15%**	16%

[1]As defined in the "Key Performance Indicators" section of this report.

Revenue increased 32% in the fourth quarter and decreased 6% for the year ended August 31, 2021 compared to the same period in the prior year. Advertising revenue in the latter half of fiscal 2021 continued to rebound from the lows experienced in the latter half of fiscal 2020, but a more robust recovery was muted by continued COVID-19 restrictions and concerns about the fourth wave fueled by the Delta variant throughout Canada which is still impacting some advertising categories. Most large offices across Canada remain closed, which impacts commuting patterns and therefore listening patterns. The automotive sector continues to suffer from supply chain issues, which has created a lack of auto inventory and resulted in a marked contraction of advertising in this category. Businesses in the restaurant, retail, travel and entertainment categories have shown cautious growth from the prior year as these businesses appear to be awaiting a clear return to economic normalcy.

Direct cost of sales and general and administrative expenses increased 17% in the fourth quarter and decreased 5% for the year ended August 31, 2021 compared to the same periods in the prior year. The increase in the quarter was primarily due to the reduction in estimated CEWS benefits to $0.2 million for the quarter (2020 – $2.1 million), increased sports rights costs due to the commencement of the CFL season and in part to advertising and promotions, offset by reductions over prior year of estimated credit losses. The decrease in the year ended August 31, 2021 was attributable to reductions on tariff royalties levied under the *Copyright Act* that are positively correlated with movements in revenue, relief on Part I and Part II CRTC fees, suspension of most discretionary spending on travel, entertainment, advertising and promotions, as well as decreased sports rights costs, and reductions over the prior year for estimated credit losses, offset by the reduction in CEWS benefits to $1.9 million for the year (2020 – $4.7 million).

Radio's segment profit[1] increased by $3.1 million in the fourth quarter of fiscal 2021, and declined $1.9 million for the year ended August 31, 2021. Segment profit margin[1] for the fourth quarter of 17% was up from 6% in the prior year. Segment profit margin[1] for the year ended August 31, 2021 was 15% compared to 16% in the prior year.

[1] As defined in the "Key Performance Indicators" section of this report.

CORPORATE

FINANCIAL HIGHLIGHTS

	Three months ended		Year ended	
	August 31,		**August 31,**	
(thousands of Canadian dollars)	**2021**	2020	**2021**	2020
Share-based compensation	**3,312**	1,496	**17,734**	4,429
Other general and administrative costs	**8,330**	3,984	**20,958**	14,470
	11,642	5,480	**38,692**	18,899

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

Share-based compensation increased for the three months and year ended August 31, 2021 by $1.8 million and $13.3 million, respectively, as compared to the same periods in the prior year. These increases are due to the increase in the Company's share price, which is partially offset by the change in the fair value of the total return swaps (refer to note 4 to the interim condensed consolidated financial statements for further details on this swap arrangement).

Other general and administrative costs increased $4.3 million in the quarter and $6.5 million for the year ended August 31, 2021 as compared to the same periods in the prior year. The increases in both the three months and year ended August 31, 2021 are principally due to reduced estimated CEWS benefits (2021 – Q4: reduction of $0.3 million; Fiscal 2021: $0.5 million; 2020 – Q4: $1.2 million; Fiscal 2020: $2.3 million), increased short-term compensation accruals, higher operating rent, licenses, consulting costs and COVID-19 related costs, partially offset by decreases in travel, entertainment and professional fees.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

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

In fiscal 2021, the Company has seen a return to historical seasonal trends with the first and third quarter results being the highest and second and fourth quarter results being the lowest in the fiscal year. In fiscal 2020, the pandemic resulted in advertising revenue deviating from historical distribution patterns with the third quarter of fiscal 2020 being lower than both the first and second quarters, which resulted in a downward trend in the second half of that fiscal year. The same pattern is observable in segment profit for fiscal 2020. The Company's merchandising and distribution revenue is 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 August 31, 2021. In Management's opinion, these unaudited interim condensed consolidated financial statements have been prepared on a basis consistent with the audited consolidated financial statements in the Company's Annual Report for the year ended August 31, 2020, except as disclosed in note 3 of the interim condensed consolidated financial statements.

(thousands of Canadian dollars, except per share amounts)					Earnings (loss) per share			
	Revenue	**Segment profit** [1]	**Net income (loss) attributable to shareholders**	**Adjusted net income attributable to shareholders** [1]	**Basic**	**Diluted**	**Adjusted basic**	**Free cash flow** [1]
2021								
4th quarter	**361,255**	**102,700**	**19,920**	**21,669**	**$ 0.10**	**$ 0.10**	**$ 0.10**	**35,181**
3rd quarter	402,999	130,671	40,666	44,324	$ 0.20	$ 0.19	$ 0.21	64,702
2nd quarter	358,874	112,640	35,300	37,496	$ 0.17	$ 0.17	$ 0.18	89,690
1st quarter	420,355	178,607	76,664	79,851	$ 0.37	$ 0.37	$ 0.38	62,374
2020								
4th quarter	318,396	94,502	30,278	33,181	$ 0.15	$ 0.15	$ 0.16	87,353
3rd quarter	348,967	111,313	(752,280)	18,996	$ (3.61)	$ (3.61)	$ 0.09	90,773
2nd quarter	375,995	115,909	18,524	25,900	$ 0.09	$ 0.09	$ 0.12	65,073
1st quarter	467,878	184,115	78,116	79,980	$ 0.37	$ 0.37	$ 0.38	53,048

Notes:

[1] As defined in "Key Performance Indicators" of this report.

SIGNIFICANT ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- Net income attributable to shareholders for the fourth quarter of fiscal 2021 was negatively impacted by integration, restructuring and other costs of $2.4 million ($nil per share).
- Net income attributable to shareholders for the third quarter of fiscal 2021 was negatively impacted by debt refinancing costs of $1.9 million ($0.01 per share) and integration, restructuring and other costs of $1.6 million ($nil per share).
- Net income attributable to shareholders for the second quarter of fiscal 2021 was negatively impacted by integration, restructuring and other costs of $3.0 million ($0.01 per share).
- Net income attributable to shareholders for the first quarter of fiscal 2021 was negatively impacted by integration, restructuring and other costs of $4.3 million ($0.01 per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2020 was negatively impacted by integration, restructuring and other costs of $4.0 million ($0.01 per share).
- Net loss attributable to shareholders for the third quarter of fiscal 2020 was negatively impacted by non-cash radio broadcast licence and television and radio goodwill impairment charges of $786.8 million ($3.69 per share) and integration, restructuring and other costs of $2.6 million ($0.01 per share).
- Net income attributable to shareholders for the second quarter of fiscal 2020 was negatively impacted by integration, restructuring and other costs of $10.0 million ($0.03 per share).
- 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).

FINANCIAL POSITION

Total assets at August 31, 2021 were $3.9 billion, compared to $4.0 billion at August 31, 2020. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2020.

Current assets at August 31, 2021 were $399.0 million, up $38.4 million from August 31, 2020.

Cash and cash equivalents decreased by $2.2 million from August 31, 2020. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $28.0 million from August 31, 2020. The increase was a result of an increase in trade accounts receivable, a decrease in the allowance for doubtful accounts, offset by a decrease in other accounts receivable. The accounts receivable balance is subject to seasonal trends. Typically, the balance of trade receivables is higher at the end of the first and third quarters and lower at the end of the second and fourth quarters as a result of the broadcast advertising revenue seasonality. The Company carefully monitors the aging and collection performance of its accounts receivable.

Tax credits receivable decreased $2.2 million from August 31, 2020 as a result of tax credit receipts exceeding accruals relating to film productions.

Investments and other assets increased $39.2 million from August 31, 2020, as a result of an increase in the net asset position of certain post employment benefits, a net increase in the fair value measurement on investments in venture funds, offset by a decrease in unrealized gains related to forward foreign exchange contracts that are in a liability position at the end of the period.

Property, plant and equipment decreased $17.5 million from August 31, 2020 as a result of depreciation expense exceeding additions.

Program rights decreased $61.7 million from August 31, 2020, as additions of acquired rights of $434.5 million were offset by amortization of $493.6 million and the $2.6 million write-off of certain program rights related to the BBC Canada channel shut-down on December 31, 2020.

Film investments decreased $5.2 million from August 31, 2020, as film additions (net of tax credit accruals) of $7.8 million were offset by film amortization of $12.9 million.

Intangibles decreased $101.6 million from August 31, 2020, primarily as a result of amortization of finite life intangibles exceeding additions, while goodwill remained unchanged from August 31, 2020.

Accounts payable and accrued liabilities increased $58.1 million from August 31, 2020, principally as a result of higher trade accounts payable, short-term compensation accruals, program rights payable, interest accruals, unearned revenue, and other accrued liabilities, which include other working capital accruals, offset by decreases to trade marks payable and capital asset purchases.

Provisions, including the long-term portion, at August 31, 2021 of $16.7 million decreased $1.4 million from August 31, 2020 principally as a result of restructuring related payments exceeding additions and reductions in certain estimated asset retirement obligations.

Long-term debt, including the current portion, as at August 31, 2021 was $1,349.3 million compared to $1,506.1 million as at August 31, 2020. As at August 31, 2021, the $35.3 million classified as the current portion of bank debt reflects mandatory repayments in the following 12 months. During the year ended August 31, 2021, the Company repaid bank debt of $650.6 million, issued Notes of $500.0 million, added deferred fees of $12.1 million related to the issuance of the Notes, wrote off $3.5 million of previously deferred fees and recognized a refinancing gain of $1.6 million, both related to bank debt amendments, as well as amortized $4.1 million of deferred financing charges.

Other long-term liabilities decreased $161.5 million from August 31, 2020, primarily from decreases in long-term program rights payable, long-term liabilities related to trade marks, merchandising and other intangible rights, adjustments to the fair value of interest rate swap and foreign exchange forward derivatives, as well as decreases in lease obligations, unearned revenue, employee obligations, and software licenses.

Share capital remained unchanged from August 31, 2020. Contributed surplus increased by $1.1 million as a result of share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position decreased by $40.4 million in the fourth quarter of fiscal 2021 and $2.2 million in the year ended August 31, 2021 as compared to the same periods in the prior year. Free cash flow[1] for the three months and year ended August 31, 2021 was $35.2 million and $251.9 million, respectively, compared to $87.4 million and $296.2 million in the same comparable periods of the prior year. The decrease in free cash flow[1] in the fourth quarter is attributable to higher income tax installments, higher payments for program rights, and increased additions to property, plant, equipment and software compared to the prior year. The decrease in free cash flow[1] for the year resulted principally from higher income tax installments, offset by CEWS receipts of $33.0 million.

[1] A definition and reconciliation of free cash flow to the consolidated statements of cash flows is provided in the *Key Performance Indicators* section of this report.

Cash provided by operating activities for the three months and year ended August 31, 2021 was $50.1 million and $274.5 million, respectively, compared to $94.2 million and $313.3 million in the comparable periods in the prior year. The decrease in the current quarter of $44.1 million arises from lower cash provided by the net change in non-cash working capital of $10.1 million combined with lower cash flows from operating activities of $34.0 million, which includes higher spend on program rights of $19.5 million. The decrease for the year in cash provided by operating activities of $38.8 million arises from a decrease in cash provided from working capital of $75.3 million, offset by an increase in cash flow from operations of $36.5 million, which includes lower spending on film investments of $25.5 million and program rights of $13.6 million.

Cash used in investing activities for the three months and year ended August 31, 2021 was $21.2 million and $29.5 million, respectively, compared to $7.0 million and $19.0 million in the comparable periods of the prior year. In the current fiscal year, the Company had additions to property, plant, and equipment of $19.6 million, and net cash outflows of $10.3 million for intangibles, investments and other assets, offset by proceeds from asset sales of $0.3 million. The prior year includes additions of property, plant, and equipment of $15.4 million and net cash outflows of $3.9 million for intangibles, investments and other assets.

Cash used in financing activities in the three months and year ended August 31, 2021 was $69.4 million and $247.2 million, respectively, compared to $120.9 million and $330.9 million in the comparable periods of the prior year. In the current year, the Company paid down bank debt by $650.6 million, issued Notes of $500.0 million, paid dividends of $67.7 million to shareholders and non-controlling interests, made payments related to right-of-use leases of $16.3 million and software licenses of $3.0 million, paid $12.1 million in deferred financing fees, returned capital of $1.6 million to a non-controlling interest related to the wind up of Cosmopolitan TV, and received equity funding from a non-controlling interest of $4.1 million. In the prior year, the Company repaid bank debt of $229.5 million, paid dividends of $70.4 million to shareholders and non-controlling interests, repurchased shares of $16.9 million, made payments related to right-of-use leases of $15.9 million, and made payments of $3.6 million related to software license liabilities, and received equity funding from a non-controlling interest of $5.4 million.

LIQUIDITY

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

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

The Company monitors capital using several key performance metrics, including: net debt to segment profit ratio and dividend yield. In the second quarter of fiscal 2021, the Company changed its stated long-term objectives to a leverage target (net debt to segment profit ratio) below 2.5 times and to maintain a dividend yield in excess of 2.5%. In the short term, the Company may permit the long-term leverage range to be exceeded (for long-term investment opportunities), but endeavours to return to the leverage target range as the Company believes that these objectives provide a reasonable framework for providing a return to shareholders and is supportive of maintaining the Company's credit ratings.

As at August 31, 2021, the Company had a cash and cash equivalents balance of $43.7 million and had available approximately $300.0 million under the Revolving Facility, all of which could be drawn. The Company was in compliance with all loan covenants. Management believes that cash flow from operations and existing credit facilities will provide the Company with sufficient financial resources to fund its operations for the following 12 months.

For further details on the credit facilities most recently amended effective May 31, 2021, refer to note 4 of the Company's interim condensed consolidated financial statements.

TOTAL CAPITALIZATION

As at August 31, 2021, total capitalization was $2,669.5 million compared to $2,657.2 million at August 31, 2020, an increase of $12.3 million. The increase in total capitalization is principally related to a decrease in accumulated deficit of $142.5 million and an increase in accumulated other comprehensive income of $24.1 million, offset by lower long-term debt of $156.8 million.

OFF-BALANCE SHEET ARRANGEMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

On May 11, 2021, the Company issued $500.0 million principal amount of 5.0% Senior Unsecured Notes. Interest on the Notes is payable semi-annually in arrears in equal installments on May 11 and November 11 of each year, commencing on November 11, 2021. The Company used the net proceeds therefrom to repay amounts under the Term Facility.

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

The transactions noted above resulted in the Company recording net debt refinancing costs of $1.9 million in fiscal 2021, which included non-cash write-offs of unamortized deferred financing fees and prior refinancing gains of $3.5 million, offset by the refinancing gain on the modification of the Credit Facility of $1.6 million.

The Company has total return swap agreements on 3,197,500 share units to offset its exposure to changes in the fair value of certain cash settled share-based compensation awards. The estimated fair value of these Level 1 financial instruments will fluctuate with the market price of the Company's shares. The counterparties of these swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The estimated fair value of these agreements as at August 31, 2021 is an asset of $4.9 million.

On November 11, 2020 and December 10, 2020, the Company entered into two additional series of foreign exchange forward contracts totalling $120.0 million U.S. dollars. As at August 31, 2021, the total amount of foreign exchange forward contracts outstanding was $132.3 million in U.S. dollars. All foreign exchange forward contracts fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities. The estimated fair value of these agreements as at August 31, 2021 is a liability of $2.6 million.

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

(thousands of dollars)	**Total**	**Within 1 year**	**2 - 3 years**	**4 - 5 years**	**More than 5 years**
Contractual CDN cash outflows	170,116	65,965	84,685	19,466	—
Contractual USD cash inflows	132,300	51,800	65,500	15,000	—

OUTSTANDING SHARE DATA

(shares/units)	**As at October 21, 2021**	As at August 31, 2020
Shares Outstanding		
Class A Voting Shares	**3,412,392**	3,412,392
Class B Non-Voting Shares	**204,954,666**	204,954,666
Stock Options		
Vested	**4,203,200**	3,451,750
Non-vested	**3,022,450**	2,818,700

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. Certain investors, analysts and others utilize these measures in assessing the Company's operational and financial performance and as an indicator of its ability to service debt and return cash to shareholders.

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:

SEGMENT PROFIT AND SEGMENT PROFIT MARGIN

Segment profit is calculated as revenue less direct cost of sales, general and administrative expenses as reported in the Company's consolidated statements of income (loss) and comprehensive income (loss). Segment profit and segment profit margin may be calculated and presented for an individual operating segment, a line of business, or for the consolidated Company. The Company believes these are important measures as they allow the Company to evaluate the operating performance of its business segments or lines of business and its ability to service and/or incur debt; therefore, it is calculated before (i) non-cash expenses such as depreciation and amortization; (ii) interest expense; and (iii) items not indicative of the Company's core operating results, and not used in management's evaluation of the business segment's performance, such as: goodwill and broadcast licence impairment; significant intangible and other asset impairment; debt refinancing; non-cash gains or losses; integration, restructuring and other costs; gain (loss) on disposition; and certain other income and expenses as included in note 8 to the interim condensed consolidated financial statements. Segment profit is also one of the measures used by the investing community to value the Company and is included in note 10 to the interim condensed consolidated financial statements. Segment profit margin is calculated by dividing segment profit by revenue. Segment profit and segment profit margin do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Segment profit and segment profit margin should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

	Three months ended August 31,		Year ended August 31,	
(thousands of Canadian dollars, except percentages)	**2021**	2020	**2021**	2020
Revenue	**361,255**	318,396	**1,543,483**	1,511,236
Direct cost of sales, general and administrative expenses	**258,555**	223,894	**1,018,865**	1,005,397
Segment profit	**102,700**	94,502	**524,618**	**505,839**
Segment profit margin	**28%**	30%	**34%**	33%

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 August 31,		Year ended August 31,	
(thousands of Canadian dollars)	**2021**	2020	**2021**	2020
Cash provided by (used in):				
Operating activities	**50,091**	94,198	**274,493**	313,272
Investing activities	**(21,149)**	(6,995)	**(29,526)**	(19,005)
	28,942	87,203	**244,967**	294,267
Add: cash used in business acquisitions and strategic investments[1]	**6,239**	150	**6,980**	1,980
Free cash flow	**35,181**	87,353	**251,947**	296,247

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

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE

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

(thousands of Canadian dollars, except per share amounts)	Three months ended August 31, 2021	2020	Year ended August 31, 2021	2020
Net income (loss) attributable to shareholders	**19,920**	30,278	**172,550**	(625,362)
Adjustments, net of income tax:				
Broadcast licences and goodwill impairment	**—**	—	**—**	769,338
Debt refinancing	**—**	—	**1,389**	—
Integration, restructuring and other costs	**1,749**	2,903	**8,279**	14,081
Adjusted net income attributable to shareholders	**21,669**	33,181	**182,218**	158,057
Basic earnings (loss) per share	**$0.10**	$0.15	**$0.83**	($2.98)
Adjustments, net of income tax:				
Broadcast licences and goodwill impairment	**—**	—	**—**	$3.66
Debt refinancing	**—**	—	**$0.01**	—
Integration, restructuring and other costs	**—**	$0.01	**$0.04**	$0.07
Adjusted basic earnings per share	**$0.10**	$0.16	**$0.88**	$0.75

NET DEBT AND NET DEBT TO SEGMENT PROFIT

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

(thousands of Canadian dollars)	**As at August 31, 2021**	As at August 31, 2020
Total debt, net of unamortized financing fees	**1,349,293**	1,506,089
Lease liabilities	**143,546**	148,580
Cash and cash equivalents	**(43,685)**	(45,900)
Net debt	**1,449,154**	1,608,769
Net debt (numerator)	**1,449,154**	1,608,769
Segment profit (denominator) [1]	**524,618**	505,839
Net debt to segment profit	**2.76**	3.18

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

ENTERPRISE RISK MANAGEMENT

Corus' enterprise risks primarily arise from the Company's business environment, strategies and objectives. Corus strives to proactively mitigate its risk exposures through rigorous performance planning, risk review and reporting, and effective operations and business management. Residual exposure for certain risks is further mitigated through appropriate insurance coverage where this is deemed to be most effective and commercially available.

Corus strives to avoid taking on undue risk outside of its risk appetite and assesses potential risks for alignment with business strategies, objectives, values and risk tolerance.

RISK GOVERNANCE

The Company's Board of Directors has overall responsibility for risk governance and ensures that there are processes in place to effectively identify, assess, monitor, and manage principal business risks to which the Company is exposed. This includes oversight of the implementation of enterprise risk management procedures and the development of entity level controls. The Board carries out its risk management mandate primarily through its Committees and senior management as follows:

- The Audit Committee, which is responsible for overseeing the Company's policies and processes designed to mitigate and manage applicable regulatory compliance risk, including the adequacy of internal control over financial reporting;
- The Human Resources and Compensation Committee, which is responsible for the Company's policies and processes designed to mitigate and manage risks associated with the Company's compensation plans;
- The Corporate Governance Committee, which is responsible for maintaining and monitoring the Company's governance processes, including its Code of Conduct;
- The Executive Leadership Team, which is responsible for the establishment of enterprise risk management processes; and
- The Company's Risk Management Committee ("RMC"), which oversees and manages risk management processes.

In addition, entity level controls, (including the Company's Code of Conduct which is required to be reviewed and signed to confirm compliance annually by directors, officers and certain other employees of the Company), financial controls and other governance processes are in place and monitored regularly by the Company's Risk and Compliance group, which functions independently from management and provides the Audit Committee and management with objective evaluations of the Company's risk and control environment.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Company has established an Enterprise Risk Management Framework ("ERM") which includes identifying, assessing, managing, monitoring and communicating the principal business risks that impact the Company.

A strategic risk assessment is conducted as part of the Company's strategic planning process to identify and assess the principal business risks facing the Company and their potential impact on the achievement of the Company's strategic objectives. Emerging risks are included in the assessment and risks are prioritized using standard risk assessment criteria.

The RMC, which reports to the Executive Leadership Team, is mandated to maintain the Company's ERM for identifying, assessing, managing, monitoring, and reporting the principal business risks that impact the Company. The RMC is comprised of various senior managers from across the organization, with all key operating segments and functions represented. The Committee meets on a quarterly basis to review financial, hazard, operational and strategic risks to the Company. The likelihood and impact of these risks are ranked on a high, medium and low basis. These risks are reviewed by the Company's Disclosure Committee, the Executive Leadership Team, and finally, with the Board as part of the quarterly risk review process.

RISKS AND UNCERTAINTIES

This section provides a summary description of the principal risks and uncertainties that could have a material adverse effect on the business and financial results of the Company. This discussion is not exhaustive and any discussion about risks should be read in conjunction with the "Cautionary Statement Regarding Forward-Looking Information" and the Company's most recent public disclosure documents.

A. GENERAL RISKS

ECONOMIC CONDITIONS

The Company's operating performance is affected by general Canadian and worldwide economic conditions. Changes in economic conditions or economic uncertainty may affect discretionary consumer and business spending, resulting in increased or decreased demand for Corus' product offerings. These factors may adversely affect the Company through reduced advertising, lower demand for the Company's products and services or decreased profitability. Current or future events caused by volatility in domestic or international economic conditions or a decline in economic growth may have a material adverse effect on Corus, its operations and/or its financial results (see *PANDEMICS*).

COMPETITION AND TECHNOLOGICAL DEVELOPMENTS

Corus operates in an open and highly competitive marketplace. The television production industry and television and radio broadcasting services have always involved a substantial degree of risk. There can be no assurance of the economic success of the Company's radio stations, music formats, talent, television programs or networks because the revenue derived from such services and products depend upon audience acceptance of these or other competing programs released into, or networks existing in the marketplace at or near the same time, the availability of alternative forms of entertainment and leisure time activities, general economic conditions, public tastes generally and other intangible factors, all of which could rapidly change, and many of which are beyond Corus' control. The lack of audience acceptance for Corus' radio stations, television programs, specialty television networks and conventional television stations would have an adverse impact on Corus' businesses, results of operations, prospects and financial condition. Corus' failure to compete in these areas could materially adversely affect Corus' results of operations.

Corus also faces competition from both regulated and unregulated players using existing, new or evolving technologies and from illegal services. The rapid deployment of evolving technologies, services, products and strategic partnerships have reduced the traditional lines between internet and broadcast services and further expanded the competitive landscape. The Company may also be affected by changes in customer discretionary spending patterns, which in turn are dependent on consumer confidence, disposable consumer income and general economic conditions. New or alternative media technologies and business models, such as video-on-demand, subscription-video-on-demand, personal video recorders, mobile television, internet protocol television, over-the-top internet-based video entertainment services, connected TVs, virtual multichannel programming distributors, audio streaming platforms, digital radio services, satellite radio, podcasting and direct-to-home satellite compete with, or may in the future compete with, Corus' services for programming and audiences. As well, mobile devices like smartphones and tablets allow consumers to access content anywhere, anytime and are creating consumer demand for mobile, portable or free content. These technologies and business models may increase audience fragmentation, reduce subscribers to Corus' services, reduce Corus' linear television and radio ratings or have an adverse effect on advertising revenue from local and national audiences. Technological developments may also disrupt traditional distribution platforms by enabling content owners to provide content directly to consumers, thus bypassing traditional content aggregators. While Corus invests in infrastructure, technology and programming to maintain its competitive position, there can be no assurance that these investments will be sufficient to maintain Corus' market share or performance in the future.

Television – Broadcast Business

The financial success of Corus' specialty television services depend on obtaining revenue from advertising and subscribers, while Corus' conventional television services depend primarily on obtaining revenue from advertising. These services are also dependent on the effective management of programming costs. Any failure by Corus' discretionary and basic television services to compete effectively could materially adversely affect Corus' results of operations.

i) Advertising and Subscriber Revenue

The conventional and specialty television business and the advertising markets the Company operates in are highly competitive. Numerous broadcast and specialty television networks, alternative forms of entertainment, as well as online advertising platforms and websites, and "over-the-top" digital distribution services that are not regulated by the CRTC compete with Corus for advertising and subscriber revenue. The CRTC also no longer requires the licensing of new discretionary services. These services can be launched at any time using the CRTC's exemption order which further increases competition. Corus' services also compete with a number of foreign programming services which have been authorized for distribution in Canada by the CRTC, such as A&E and CNN. This competition is for both supply of programming and also for audiences and can affect both the costs and revenue of a network. In addition, competition among specialty television services in Canada is highly dependent upon the offering of prices, marketing and advertising support and other incentives to cable operators and other distributors for carriage so as to favourably position and package the services to subscribers to achieve high distribution levels.

Corus' ability to compete successfully depends on a number of factors, including its ability to secure popular television and other programming rights for all platforms, including traditional linear broadcast rights and non-linear rights, in order to achieve audience acceptance, high distribution levels and attract advertising. Corus' ability to continue to attract advertising customers also depends on its ability to meet the evolving expectations of its advertising customers. Accordingly, there can be no assurance that Corus' television services will be able to maintain or increase their current share of audience and advertising revenue as well as maintain or increase current levels of subscriber distribution and penetration (see *PANDEMICS)*.

ii) Programming Expenditures / Audience Acceptance

Programming costs are one of the most significant expenses in the Television segment. Although the Company has processes to effectively manage these costs, increased competition in the television broadcasting industry due to factors mentioned above, changes in viewer preferences and other developments could impact the availability of premium content and/or increase the cost of programming content which could have a material adverse effect on Corus' operations and/or financial results.

In addition, programming content may be purchased or commissioned for broadcast one or two years in advance, making it more difficult to predict how such content will perform in terms of audience acceptance. Audience acceptance cannot be accurately predicted. The success of a program also depends on the type and extent of promotional and marketing activities, the quality and acceptance of competing programs, general economic conditions and other intangible factors, all of which can rapidly change and many of which are beyond Corus' control. A failure to select and obtain content demanded by viewers or otherwise a lack of audience acceptance of Corus' television programming could have a material adverse effect on Corus' operations and/or financial results.

Commission of original television programs requires a significant amount of capital. Factors such as labour disputes, technology changes or other disruptions affecting aspects of production may affect Corus or its independent production partners and cause cost overruns and delay or hamper completion of a production (see *RELIANCE ON KEY SUPPLIERS AND CUSTOMERS* and *PANDEMICS*).

Television – Content Business

The production and distribution of television, books and other media content is very competitive. There are numerous suppliers of media content, including vertically integrated major motion picture studios, television networks, streaming entities, independent television production companies and book publishers around the world. Many of these competitors are significantly larger than Corus and have substantially greater resources, including easier access to capital. Corus competes with other television and motion picture production companies (including streamed content producers) for ideas and storylines created by third parties as well as for actors, directors and other personnel required for a production.

Further, vertical integration of the television broadcast industry worldwide and the creation and expansion of new networks, which create a substantial portion of their own programming, have decreased the number of available timeslots for programs produced by third-party production companies. There also continues to be intense competition for the most attractive timeslots offered by those services. There can be no assurances that Corus will be able to compete successfully in the future or that Corus will continue to produce or acquire rights to additional successful programming or enter into agreements for the financing, production, distribution or licensing of programming on terms favourable to Corus or that Corus will be able to increase or maintain penetration of broadcast schedules (see *PANDEMICS)*.

Radio

The financial success of each of Corus' radio stations is dependent principally upon its share of the overall advertising revenue within its geographic market, its promotional and other expenses incurred to obtain the revenue and the economic strength of its geographic market. Radio advertising revenue is highly dependent upon audience share (derived from interest in on-air talent, music formats, and other intangible factors). Other stations may change programming formats at any time to compete directly with Corus' stations for listeners and advertisers or launch aggressive promotional campaigns in support of already existing competitive formats. If a competitor, particularly one with substantial financial resources, were to attempt to compete in either of these fashions, ratings at Corus' stations could be adversely impacted, resulting in lower net revenue.

Radio broadcasting is also subject to competition from other media, such as television, outdoor advertising, print and internet as well as alternative media technologies, such as satellite, music streaming, podcasting and music downloading services. Potential advertisers can substitute advertising through the broadcast television system (which can offer concurrent exposure on a number of networks to enlarge the potential audience) or through daily, weekly and free-distribution newspapers, outdoor billboard advertising, magazines, other print media, direct mail marketing, Internet and mobile advertising. Competing media commonly target the customers of their competitors, and advertisers regularly shift dollars from radio to these competing media and vice versa. In markets near the U.S. border, such as Kingston, Ontario, Corus also competes with U.S. radio stations. Accordingly, there can be no assurance that Corus' radio stations will be able to maintain or increase their current audience share and advertising revenue share.

B. BUSINESS RISKS

PANDEMICS

Pandemics, epidemics and other systemic or widespread health and safety risks could occur, any of which could adversely affect the Company's ability to maintain operations or meet revenue or expense targets or plans and may also adversely affect the ability of suppliers to provide products and services needed to operate the business. Pandemics, epidemics and other health and safety risks could also have an adverse effect on the economy and financial markets resulting in a declining level of retail and commercial activity, which could have a negative impact on the demand for, and prices of, the Company's products and services.

The COVID-19 pandemic continues to impact the well-being of individuals as well as the Canadian and global economies. The Company, informed by measures recommended by public health agencies, continues to provide its essential services and support to customers while safeguarding the health and safety of employees. Since the onset of the pandemic in March 2020, this has included restricting on-site Company staff to only those considered essential. In fiscal 2022, the Company anticipates that it will increase on-site capacity for employees with a gradual approach and adopting flexible work arrangements where this is practicable and so long as the health of the Company's people and communities they work are appropriately protected.

The impact of COVID-19 and measures to prevent its spread have affected the Company in a number of ways. Advertising sales in the latter half of fiscal 2021 rebounded from the lows experienced in the latter half of fiscal 2020, but a more robust recovery was muted by continued COVID-19 restrictions, vaccine hesitancy and concerns about the fourth wave fueled by the Delta variant throughout Canada. The Company continues to work closely with its advertisers and agencies to create relevant and innovative marketing and advertising opportunities, which has meant that revenue declines are not as pronounced as they were when strict quarantine measures were in place. There is no guarantee that further impacts may not occur depending on pandemic recovery conditions and pace within Canada and globally.

In addition, there have been industry-wide disruptions in the production and availability of content, including suspension or delays in production of film and television content. This has led to a larger number of repeats and fewer new episodes on all networks that has resulted in lower programming costs for Corus in fiscal 2021 and fiscal 2020. The shut-down and slow restart of Canadian productions resulted in the Company being unable to meet all of its Canadian programming expenditures ("CPE") regulatory requirements in fiscal 2020 resulting in a shortfall in spending of approximately $50.0 million. In August 2021, the CRTC provided television broadcasters with the flexibility to make up the shortfalls on CPE obligations during fiscal 2020 over an extended period. The Company anticipates that it will meet the CRTC's CPE requirement by the mandated date of August 31, 2023. The Company has ramped up its development efforts for new original programming, however there are risks that the Company will continue to be challenged to meet CPE requirements, particularly if productions are shut-down again as a result of continuing pandemic conditions and impacts.

However, overall, given the constantly evolving nature, extent and sentiments about the-COVID-19 pandemic, it is difficult to predict with certainty medium or long-term impacts of the pandemic to the Company. Key unknowns which may affect the Company and its business and financial positions include the duration, severity and the impact of a resurgence of the outbreaks, imposition of new or reintroduction of emergency measures, timing and extent of, border closures or reopening timing, changes to travel restrictions, and fluctuations in financial and commodity markets. In addition, labour shortages due to illness or, restrictions on the movement of personnel as well as supply chain disruptions could result in a material reduction or even cessation of all or a portion of the Company's operations. Further spread or severity of COVID-19 in Canada and globally could also have a material adverse effect on the regional economies in which the Company operates, could negatively impact stock markets, including the trading price of its Class B Non-Voting Shares, adversely impact the Company's ability to raise capital, cause continued interest rate volatility or make obtaining financing or renegotiating the terms of its existing financing more challenging or more expensive. Potential related 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.

The company is constantly evaluating the situation and monitoring any impacts or potential impacts to its business. The Company has recorded approximately $13.5 million (2020 — $34.9 million) in estimated CEWS benefits that were recorded principally as a reduction of employee costs in the consolidated financial statements. In addition to government programs, in Fiscal 2021, the Company initiated other operating expense savings measures to safeguard its financial position and preserve cash which include: pausing the buying back of shares under the Company's NCIB; scaling back capital investments; suspending new non-critical employee hiring; suspending travel and non-critical spending; and continuing to evaluate and apply for other government programs where applicable.

However, in summary, the extent to which COVID-19 and any other pandemic or public health or safety 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.

RELIANCE ON KEY SUPPLIERS AND CUSTOMERS

Corus procures its content from a limited number of key third party suppliers, some of whom are global in scale and have significant negotiating leverage. Certain of these third parties are launching their own direct-to-consumer businesses in Canada, which could impact the terms on which the Company is able to secure premium content.

While Corus may have alternate sources of content, there can be no assurance that Corus would be able to source alternate content desirable to the Company's viewers. The loss of a key supplier may adversely affect Corus' operations and/or its financial results. Suppliers may also experience business difficulties, including labour strikes, privacy and/or security incidents, restructure their operations, be consolidated with other suppliers, discontinue products or sell their operations or products to other vendors, which could affect the future development and support of the Company's services (see *PANDEMICS*).

Corus enters into long-term agreements with various Broadcasting Distribution Undertakings ("BDUs") for the distribution of its television services. Corus derives most of its subscriber revenue from its relationships with a small number of the largest BDUs. As these contracts expire, there could be an adverse effect on Corus' operations and/or its financial results if Corus is unable to renew them on acceptable terms or at all, including revenue per subscriber and packaging that affects the networks' subscriber reach. Similarly, the majority of Corus' advertising revenue is derived from a small number of large advertising agency "upfront commitments". Any significant change in volume, rates and/or other terms associated with these sales commitments may have a positive or adverse effect on Corus' operations and/or financial results.

Corus relies on certain information technology providers, telecommunications carriers and certain utilities to conduct Corus' business. Any disruption to the services provided by these suppliers, including labour strikes and other work disruptions, bankruptcies, technical difficulties or other events affecting the business operations of these information technology providers, telecommunications carriers and utilities may affect Corus' ability to operate and therefore have an adverse impact on its operations and/or its financial results.

The media industry continues to evolve with a number of recently announced mergers and acquisitions, which may have commercial and competitive implications for the Company and the industry generally. For example, on March 15, 2021 a transaction was announced whereby Rogers Communications Inc. ("Rogers") would purchase all outstanding Class A Shares and Class B Shares of Shaw (referred as the "Proposed Rogers/Shaw Transaction"). This transaction has been approved by the shareholders of Shaw, but is still subject to regulatory review by the Competition Bureau, the CRTC and Innovation, Science and Economic Development Canada. These parallel review processes are ongoing. If successful, this transaction would see SFLT become one of the largest shareholders in Rogers, but SFLT would not be the controlling shareholder. As such, there is uncertainty as to the commercial and competitive landscape implications of the resulting merger, if approved, as well as the timing. While Corus maintains strong business relationships with its key suppliers, clients and partners, including Rogers and Shaw, the terms and conditions or revenue derived from current subscriber, programming, licensing and advertising arrangements may change in the future and the other risks noted above in respect of BDUs and advertisers revenues may also materialize. In addition, it is possible that funding currently provided by Shaw to Corus for the production of local news, pursuant to CRTC policies, may not be provided to Corus in the future as a result of Rogers' position that it will discontinue the Shaw-Corus local funding arrangement, and redirect these funds to Rogers-owned Citytv stations.

INFORMATION SYSTEMS AND INTERNAL BUSINESS PROCESSES

The day-to-day operations of Corus are highly dependent on information technology systems and internal business processes and the ability of Corus and its service providers to protect the Company's networks and information technology systems. An inability to operate or enhance information technology systems could have an adverse impact on Corus' business, including its ability to produce accurate and timely invoices, manage operating expenses and produce accurate and timely financial reports. Although Corus has taken steps to reduce these risks, there can be no assurance that potential failures of, or deficiencies in, these systems or processes will not have an adverse effect on the Corus operations and/or its financial results.

An inability to protect the Company's systems, applications and information repositories against cyber threats, which include cyber attacks such as, but not limited to, hacking, computer viruses, denial of service attacks, industrial espionage, unauthorized access to confidential, proprietary or sensitive information, unauthorized access to corporate or network information technology systems or other breaches of security could result in service disruptions to, or could have an adverse impact on, the Company's business operations and could harm the Company's brand, reputation and customer relationships. Although the Company has taken steps to reduce these risks, there can be no assurance that future cyber threats, if to occur, will not have an adverse effect on the Company's operating results. Establishing response strategies and business continuity protocols to maintain operations if any disruptive event materializes is critical to the Company. A failure to complete planned and sufficient testing, maintenance or replacement of the Company's networks, equipment and facilities as appropriate, could disrupt the Company's operations or require significant resources.

The Company uses several cloud-based systems in the operation of its business. The Company depends on these cloud-based technology system providers to provide uninterrupted system access as well as to ensure the

Company's data, which resides in those systems, is appropriately protected and safeguarded. An inability to have continuous access to these systems could result in an adverse impact to Corus' day-to-day operations, including the inability to generate accurate and timely financial data. The third party cloud-based system providers may also be subject to cyber attacks which could result in the loss of data and/or reputational damage. There can be no assurance that the steps Corus takes to reduce the risk of service outages or cyber attacks will be adequate to prevent them in the future.

INTELLECTUAL PROPERTY RIGHTS / PIRACY

Television / Radio – Broadcast Business

Corus pays significant licence fees to acquire rights to content and branding on an exclusive basis.

From time to time, various third parties may contest or infringe upon these owned or licensed rights. Any such infringement, including increasingly rampant online piracy and illegal distribution of copyrighted television content, may have a material adverse impact on Corus' operations and financial results. Corus takes commercially reasonable efforts to minimize these risks including negotiating and enforcing protective covenants in its content licensing agreements.

There are systems in place to track proper registration and renewal of Corus' owned trade mark portfolio, and to have notice of third-party applications that may potentially conflict with Corus' trade marks, all with a view to ensuring that Corus' registrable intellectual property is afforded the maximum protection under applicable law.

Upon notice of a potential infringement of its owned or licensed intellectual property, Corus reviews these matters to determine what, if any, steps may be required or should be taken to protect its rights, including legal action, negotiated settlement and/or seeking remedies from intellectual property licensors. There can be no assurance that the steps that Corus takes to establish and protect its intellectual property will be adequate to prevent or eliminate infringement of its intellectual property and protect Corus' ability to competitively market and brand its television and digital services and/or be the exclusive distribution source of key licensed content in Canada.

Corus' linear television and digital platforms and services broadcast, make available, distribute and may contain many forms of content including licensed audio-visual programming, text, news, graphics, databases, photographs, recipes, audio files (music or otherwise) and rich interactive content, blog content, and user-generated content including story comments, and internal and external links. Corus takes steps to ensure that procedures are in place to clear rights and to monitor user-generated content. There remains a risk, however, that some potentially defamatory or infringing content can be posted on a Corus website. Corus carries insurance coverage against this risk but there remains an exposure to liability for third-party claims.

Television – Content Business

Corus must be able to protect its trade marks, copyrights and other proprietary rights to competitively produce, distribute and licence its television programs and published materials and market its merchandise. Accordingly, Corus devotes the Company's resources to the establishment and protection of trade marks, copyrights and other proprietary rights on a worldwide basis.

From time to time, various third parties may contest or infringe upon the Company's intellectual property rights. The Company reviews these matters to determine what, if any, actions may be required or should be taken, including legal action or negotiated settlement. There can be no assurance that the Company's actions to establish and protect trade marks, copyrights and other proprietary rights will be adequate to prevent imitation or unauthorized reproduction of the Company's products by others or prevent third parties from seeking to block sales, licensing or reproduction of these products as a violation of their trade marks, copyrights and proprietary rights. Moreover, there can be no assurance that others will not assert rights in, or ownership of, the Company's trade marks, copyrights and other proprietary rights, or that the Company will be able to successfully resolve these conflicts. In addition, the laws of certain foreign countries may not protect proprietary rights to the same extent as do the laws of the United States or Canada.

NEWS

Global News' primary directive is to report accurate, balanced, timely and comprehensive news and information in the public interest. Independence is a fundamental Global News value and, accordingly, Global News will resist attempts at censorship or pressure to alter news content, real or apparent. Integrity, fairness and transparency are at the foundation of the Company's news gathering process, and Global News is committed to reporting news without distortion or misrepresentation.

In support of this directive, the Company has promulgated and has in effect a comprehensive set of Journalistic Principles and Practices setting out guidelines and standards for all news staff in their dealings with frequently asked editorial, ethical and legal, and professional conduct questions. These Journalistic Principles and Practices adhere closely to, amongst other things, the Radio Television Digital News Association Canada's Code of Ethics and Professional Standards, the Canadian Association of Broadcasters' Code of Ethics and the Canadian Association of Journalists Ethics Guidelines.

Due to the unique nature of news-gathering and news-reporting, a number of risks may also arise in the ordinary course of Global News' investigation and reporting on the activities of individuals, corporations and governments. These include legal and ethical risks such as claims in respect of defamation, invasion of privacy, misrepresentation, and infringement of other rights (for example, Intellectual Property Rights and Piracy). A significant part of news-gathering and reporting arises in the context of court proceedings. Certain mandatory publication bans apply to criminal proceedings and, in addition, a court may impose a discretionary publication ban or sealing order in respect of the proceedings or materials used or related to investigations leading to a criminal charge. Where Global News has not otherwise successfully overturned or reduced the scope of a publication ban or sealing order through proper legal process, its policy is to fully comply with court-ordered publication bans and sealing orders. However, because there is no formalized publication ban notice system in place in most provinces, and because publication bans can often be subject to different interpretations, there is no assurance that Global News will not inadvertently breach a publication ban or sealing order and if that happens, there is a risk that Global News may be held to be in contempt of court. Similarly, Global News' policy is to resist production orders, warrants and subpoenas for its footage and other materials through proper legal process but, where this is not successful, Global News will comply with production orders, warrants and subpoenas of proper scope and detail.

Due to Global News' strong commitment to editorial independence, certain news-reporting may pose a risk to the Company's advertising revenue streams if advertisers are displeased with their portrayal in news programming and, as a result, choose to reduce or withdraw entirely, their advertising business with the Company.

The deliberate deployment of journalists to dangerous and hostile environments may expose employees and the Company to risks related to kidnapping, injury and death, as well as costs related to medical care and emergency repatriation of employees.

The Journalistic Principles and Practices articulate appropriate ways to deal with the above risks and describes proper protocol when such risks arise. In addition, news staff are provided with regular training to mitigate these risks and the Company carries customary and appropriate insurance to further mitigate risks. However, there can be no assurances that the Journalistic Principles and Practices comprehensively mitigate such risks. Events out of the Company's control may affect the Company's ability to operate and therefore have an adverse impact on its operations and/or its financial results.

PRODUCTION OF FILM AND TELEVISION PROGRAMS

Each production is an individual artistic work and its commercial success is determined primarily by the size of the market and audience acceptance. The latter cannot be accurately predicted. The success of a program is also dependent on the type and extent of promotional and marketing activities, the quality and acceptance of other competing programs, general economic conditions and other ephemeral and intangible factors, all of which can rapidly change and many of which are beyond Corus' control.

Production of film and television programs requires a significant amount of capital. Factors such as labour disputes, technology changes or other disruptions affecting aspects of production may affect Corus or its co-production partners and cause cost overruns, and delay or hamper completion of a production (see *PANDEMICS*).

Financial risks exist in productions relating to tax credits and co-production treaties. The aggregate amount of federal and provincial tax credits a qualifying production may receive can constitute a material portion of a production budget and typically can be as much as 30% to 40% of the Canadian production budget. There is no assurance that government tax credits and industry funding assistance programs will continue to be available at current levels or that Corus' production projects will continue to qualify for them. As well, a significant number of Corus' productions are co-productions involving international treaties that allow Corus to access foreign financing and reduce production risk as well as qualify for Canadian government tax credits. If an existing treaty between Canada and the government of one of the current co-production partners were to be abandoned, one or more co-productions currently underway may also need to be abandoned. Losing the ability to rely on co-productions would have a significant adverse effect on Corus' production capabilities and production financing.

Results of operations for the production and distribution business for any period are dependent on the number, timing and commercial success of television programs and feature films delivered or made available to various media, none of which can be predicted with certainty.

Consequently, revenue from production and distribution may fluctuate materially from period to period and the results of any one period are not necessarily indicative of results for future periods. Cash flows may also fluctuate and are not necessarily closely correlated with revenue recognition.

Revenue from the film library can vary substantially from year to year, both by geographic territory and by year of production. The timing of the Company's ability to sell library product in certain territories will depend on the market outlook in the particular territory and the availability of product by territory, which depends on the extent and term of any prior sale in that territory.

MERCHANDISING

Success of merchandising brands depends on consumers' tastes and preferences that can change in unpredictable ways. The Company depends on the acceptance by consumers of its merchandising offerings, therefore, success depends on the ability to predict and take advantage of consumer tastes in Canada and around the world. In addition, the Company derives royalties from the sale of licensed merchandise by third parties. Corus is dependent on the success of those third parties. Factors that negatively impact those third parties could adversely affect the Company's operating results.

PEOPLE

Employee Retention, Recruitment, Engagement and Diversity

Corus' operations depend on the expertise, efforts and engagement of its employees. The talent and workforce in our industry is highly competitive and the Company's success is highly linked to its ability to attract and retain a high-performing, diverse, and engaged workforce, including in key growth areas, in technology and digital fields as well as in creative, media and on-air areas. To achieve this, the Company recognizes the need to focus on providing career and development opportunities, competitive compensation and benefits, fostering an inclusive and diverse workplace, and a great employee experience to both attract qualified and high performing individuals and to retain them. The Company undertakes annual talent review and succession planning processes to assess capabilities for all areas of the business. The outcomes from these processes inform plans throughout the Company to retain, develop, or acquire talent.

Failure to maintain and achieve this focus, and changes to the Company's workforce as a result of factors such as turnover, restructuring, retirement, inadequate succession planning, cost reduction initiatives, labour negotiations, deterioration in overall employee morale and engagement, or other events, could have an adverse impact on Corus' operations and/or financial results.

The Company's broadcasting assets in television and radio are federally regulated by statute and by related policies governing on air depiction and employment diversity. The Company is committed to building and maintaining a diverse workforce and inclusive work environment throughout the organization. To this end the Company has created a Diversity, Equity and Inclusion Council that provides feedback and ideas about diversity, equity and inclusion priorities, monitors the implementation of the triennial Employment Equity Plan and the Diversity, Equity and Inclusion Plan.

The Company continues to re-examine its diversity, equity and inclusion plans and business processes as they pertain to recruitment. The Company recognizes that an essential element of building a strong and successful company is having and hiring people with the right capabilities, experiences, character and mind-set, which has a direct impact on evolving the diversity of its workforce. In fiscal 2021, the Company began conducting inclusion training for the senior leadership team, which will be cascaded to all of the Company's employees. The Company has adopted changes in how it sources, attracts and selects new Board candidates and employees, with a lens of diversity, equity and inclusion, which will ensure all levels of the Company better reflect the diversity of the communities in which it operates. To further support its commitment to diversity and inclusion, three Employee Resource Groups have been formed: CREATE, Corus Recognizes Excellence in Asian Talent and Energy; BOLD, Black Organization for Leadership and Development, and Out@Corus, a group for 2SLGBTQ+ team members. These groups provide the Company an important sounding board, resource and partners to develop our anti-racism, diversity and inclusion initiatives. Failure to address perceived or actual systemic racism and bias, to recruit and retain a diverse and inclusive workforce or foster and maintain a diverse and inclusive work environment could have an adverse impact on Corus' ability to execute its strategies, reputation, operations or financial results.

Unionized Labour

As at August 31, 2021, 27% of the Company's employees were employed under one of six collective agreements represented by two unions. Renegotiating collective bargaining agreements could result in higher labour costs and be challenging in the context of a declining workload due to transformation, a maturing footprint and improved efficiencies. During the bargaining process there may be project delays and work disruptions, including work stoppages or work slowdowns, which could have an adverse impact on Corus' operational and/or financial results.

ENVIRONMENTAL

Global climate change could exacerbate certain of the threats facing the Company, including the frequency and severity of weather-related events. Corus' operations, service performance, reputation and business continuity depend on how well we and our contracted service providers, protect networks and IT systems, as well as other infrastructure and facilities, from events such as fire, natural disaster (including, without limitation, seismic and severe weather-related events such as ice, snow and wind storms, wildfires, flooding, extended heat waves, and tornadoes), power loss, building cooling loss and other events. Climate change could heighten the occurrence of the above-mentioned environmental risks. Establishing response strategies and business continuity protocols to maintain service consistency if any disruptive event materializes is critical to the achievement of continued operations and could require significant resources and result in significant remediation costs.

The Company also owns or leases a variety of properties, including its transmitter sites. Some or all of these sites may contain fuel storage systems for backup power generation. Leaks or spills from any of these storage tanks may pose an environmental risk or result in adverse environmental conditions that could result in liability for the Company. Failure to recognize and adequately respond to changing governmental and public expectations on environmental matters could result in fines, remedial costs, missed opportunities, additional regulatory scrutiny or harm Corus' brand and reputation.

Any of the above mentioned events could have an adverse effect on Corus' operational and/or financial results.

C. FINANCIAL RISKS

LEVERAGE RISK

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

The Company's maintenance of increased levels of debt could adversely affect its financial condition and results of operations. In addition, increased debt service payments could adversely impact cash flows from operating activities, thereby reducing the amount of cash flows available for working capital, capital expenditures, acquisitions, future business opportunities, and other general corporate purposes, as well as limiting the Company's ability to pay dividends at current levels.

DIVIDEND PAYMENTS

Payment of dividends on the Company's Class A Voting Shares and Class B Non-Voting Shares is dependent on the cash flow of the Company and subject to change. The Company currently pays quarterly share dividends on both its Class A Voting Shares and Class B Non-Voting Shares in amounts approved quarterly by the Board of Directors. While the Company expects to generate sufficient free cash flow in fiscal 2022 to fund the Company's annual dividend rate for fiscal 2022, actual results may differ from the Company's expectations and there can be no assurance that the Company will be able to continue dividend payments at the currently anticipated rate or at all in the future. A reduction or cessation of the payment of dividends could materially affect the trading price of the Class B Non-Voting Shares.

MARKET VOLATILITY

The market price for the Class B Non-Voting Shares may be volatile and subject to fluctuations in response to numerous factors, many of which may be beyond Corus' control. Financial markets have experienced significant price and volume fluctuations that have been particularly affected by the market prices of equity securities of companies and that have often been unrelated to the operating performance, underlying asset values or prospects of such companies. The market price for the Company's Class B Non-Voting Shares may decline in the future, even if the Company's operating results, underlying asset values or prospects have not changed (see *PANDEMICS*).

CAPITAL MARKETS

The Company may require continuing access to capital markets to sustain its operations. Disruptions in the capital markets, including changes in market interest rates or lending practices or the availability of capital, could have a materially adverse effect on the Company's ability to raise or refinance debt. There can be no assurances that additional financing could be available to the Company when needed or on terms that are acceptable. The Company's inability to raise or refinance capital when required to fund on-going operations or capital expenditures could limit growth and may have a material adverse effect on Corus, its operations and/or its financial results (see *PANDEMICS*).

TAXES

Corus' business is subject to various tax laws, changes to tax laws and the adoption of new tax laws, regulations thereunder and interpretations thereof, which may have adverse tax consequences to the Company. While Corus believes it has adequately provided for all income and commodity taxes based on information that is currently available, the calculation and the applicability of taxes in many cases require significant judgment in interpreting tax rules and regulations. In addition, Corus' tax filings are subject to government audits which could result in material changes in the amount of current and deferred income tax assets and liabilities and other liabilities which may, in certain circumstances, result in the assessment of interest and penalties.

INTEREST RATE RISK

The Company utilizes long-term financing extensively in its capital structure, which includes a banking facility, as more fully described in note 4 to the interim condensed consolidated financial statements. Interest rates on the balance of the bank loans fluctuate with Canadian bankers' acceptances. As such, Corus is exposed to risk on the interest rate of the Company's debt.

The Company manages its exposure to floating interest rates through the maintenance of a balance of fixed rate and floating rate debt or through the use of interest rate swap contracts to fix the interest rate on its floating rate debt. As at August 31, 2021, 70% (2020 – 92%) of the Company's consolidated long-term debt was fixed with respect to interest rates for at least the next year. Increases in interest rates could materially increase the cost of its financing and have a material adverse effect on the Company's financial performance.

CREDIT RISK

In the normal course of business, the Company is exposed to credit risk from its accounts receivable from customers. The carrying amounts for accounts receivable are net of applicable allowances for doubtful accounts, which are estimated based on past experience, specific risks associated with the customer and other relevant information (see *PANDEMICS*).

As at August 31, 2021, the Company's trade receivables and allowance for doubtful accounts balances were $311.9 million and $3.9 million, respectively.

FOREIGN CURRENCY RISK

A portion of the Company's revenue and expenses are in currencies other than Canadian dollars and, therefore, are subject to fluctuations in exchange rates. Approximately 5% of Corus' total revenue in fiscal 2021 (2020 – 4%) were in foreign currencies, the majority of which was U.S. dollars. The Company had U.S. dollar denominated payables of approximately $210.5 million at August 31, 2021 (2020 – $325.2 million in U.S. dollar). Accordingly, fluctuations in the Canadian dollar - U.S. dollar exchange rate may adversely affect Corus' financial results.

The Company manages its exposure to foreign exchange risk on U.S. dollar payments through the use of foreign exchange forward contracts to fix the exchange rate on a portion of its U.S. denominated payables. As at August 31, 2021, $132.3 million (2020 – $48.3 million in U.S. dollar) of the Company's U.S. denominated payables were fixed with respect to foreign exchange rates.

ACQUISITIONS AND OTHER STRATEGIC TRANSACTIONS

The Company may, from time to time, make strategic acquisitions which involve significant risks and uncertainties. As such, the Company may experience difficulties in realizing the anticipated benefits, incur unanticipated expenses and/or have difficulty incorporating or integrating the acquired business, the occurrence of which could have a material adverse effect on the Company.

HOLDING COMPANY STRUCTURE

Substantially all of Corus' business activities are operated by its subsidiaries. As a holding company, the Company's ability to meet its financial obligations is dependent primarily upon the receipt of interest and principal payments on intercompany advances, management fees, cash dividends and other payments from its subsidiaries together with proceeds raised by the Company through the issuance of equity and the incurrence of debt, and from proceeds received on the sale of assets. The payment of dividends and the making of loans, advances and other payments to the Company by its subsidiaries may be subject to statutory or contractual restrictions, are contingent upon the earnings of those subsidiaries and are subject to various business and other considerations.

D. OWNERSHIP RISK

CONTROL OF CORUS BY THE SHAW FAMILY

A majority of the outstanding Class A Voting Shares of the Company are held by Shaw Family Living Trust ("SFLT") and its subsidiaries. As at August 31, 2021, SFLT and its subsidiaries hold 2,885,530 Class A Voting Shares, representing approximately 85% of the outstanding Class A Voting Shares, for the benefit of descendants of the late JR Shaw and Carol Shaw. The sole trustee of SFLT is a private company controlled by a board comprised of seven directors, including, as at August 31, 2021, Heather Shaw, Julie Shaw, three other members of their family and two independent directors. The Class A Voting Shares are the only shares entitled to vote in all shareholder matters except in limited circumstances as described in the Company's Annual Information Form. Accordingly, SFLT is, and as long as it holds a majority of the Class A Voting Shares will continue to be able to elect a majority of the Board of Directors of the Company and to control the vote on matters submitted to a vote of the Company's Class A shareholders.

SFLT is the controlling shareholder of Shaw Communications Inc. ("Shaw"), and as a result, Shaw and Corus are subject to common voting control.

E. REGULATORY RISKS

IMPACT OF REGULATION

Corus' radio and television business activities are regulated by the Canadian Radio-television and Telecommunications Commission ("CRTC" or the "Commission") under the *Broadcasting Act*. Accordingly, Corus' results of operations could be adversely affected by changes in regulations, policies and decisions by the CRTC. These changes may relate to, or may have an impact on, among other matters, licencing, licence renewal, competition, the television programming services the Company must distribute, infrastructure access and the potential for new or increased fees or costs, described below. In addition, the costs of providing services may be increased from time to time as a result of compliance with industry or legislative initiatives to address consumer protection concerns or Internet-related issues such as copyright infringement, unsolicited commercial e-mail, cybercrime, and lawful access. There can be no assurance that future regulatory requirements will not be imposed on Corus. Any changes in the regulatory regime could have a material adverse effect on Corus and its reputation, as well as Corus' results of operations and future prospects.

The CRTC, among other things, issues licences to operate radio and television stations. The Company's CRTC licences must be renewed from time to time and cannot be transferred without regulatory approval. Corus' radio stations must also meet technical operating requirements under the *Radiocommunication Act* and regulations promulgated under the *Broadcasting Act*.

The CRTC imposes a range of obligations upon licencees, including exhibition (number of hours broadcast) requirements for Canadian content, Canadian content expenditure requirements and access obligations (i.e. closed captioning or descriptive video). Any failure by the Company to comply with the conditions of a licence could result in a revocation or forfeiture of the licence or imposition of mandatory orders from the Federal Court that could lead to the imposition of fines.

Canadian content programming is also subject to certification by various agencies of the Canadian federal government. If programming fails to so qualify, the Company's television licencees would not be able to use the programs to meet its Canadian content programming obligations and Corus' Nelvana operations might not qualify for certain Canadian tax credits and industry incentives.

Corus' radio, conventional television and specialty television undertakings rely upon blanket licences held by rights-holding collectives in order to make use of the music component of the programming and other uses of works used or distributed by these undertakings. Under these licences, Corus is required to pay a range of tariff royalties established by the Copyright Board pursuant to the requirements of the *Copyright Act* (Canada) (the "*Copyright Act*") to collectives (which represent the copyright owners) and individual copyright owners. These royalties are paid by these undertakings in the normal course of their business. The levels of the tariff royalties payable by Corus are subject to change upon application by the collecting societies and approval by the Copyright Board. The Government of Canada may, from time to time, make amendments to the *Copyright*

Act to implement Canada's international treaty obligations and for other purposes. Any such amendments could result in Corus' broadcasting undertakings being required to pay additional royalties for these licences.

Refer also to the *Canadian Communications Industry – Regulatory Environment* section of the Company's Annual Information Form for further information. Also refer to the discussion of the "Proposed Rogers/Shaw Transaction" in the *Reliance on Key Suppliers and Customers section* in this document.

Group Based Licensing

In 2010, the CRTC adopted a "group based licensing" ("GBL") approach for the renewal of the televisions licences of larger groups such as Corus. This established a framework of policy and regulation that is applied on a group basis rather than to individual licensees. The CRTC grouped all services into three licence categories: basic; discretionary; and on-demand services. Radio licensees continue to be renewed on an individual basis.

During the weeks of November 22, 2016 through December 2, 2016, the CRTC held public hearings concerning the renewal of the group based television licences held by the large English- and French-language ownership groups including Corus. On May 15, 2017, the CRTC issued its decisions. All Corus English-language and French-language television services were given new five-year licence terms, which began on September 1, 2017 and will end on August 31, 2022. The key issues arising from these decisions include the Canadian Programming Expenditure ("CPE") requirements and expenditure towards programming of public national interest ("PNI") which for the first time were standardized across all of the large English market media groups. CPE requirements were set at 30% and PNI requirements were set at 5%. The CRTC also removed the vestiges of legacy conditions of licence in accordance with the CRTC's Let's Talk TV policy.

Following an appeal of the 2017 GBL decisions to the federal Cabinet, on August 30, 2018, the CRTC released "reconsideration" of decisions for the television services of large English- and French-language private ownership groups, including Corus. Revised and additional conditions came into effect on September 1, 2018 and will apply until August 31, 2022, the end of the current licence term. For the English-language groups, the CRTC established new PNI expenditures based on historical expenditures for each group.

Corus' English-language group of services are now subject to an 8.5% PNI expenditure requirement of the previous year's gross revenue and will be required to direct 0.17% of its previous year's gross revenue to FACTOR, a temporary requirement which will be in effect for the current licence term. The CRTC determined that specific funding for short-form films and documentary content is not necessary. French-language groups will be required to devote at least 75% of their CPE to original French-language programs effective September 1, 2019, and at least 50% of their CPE for the 2018-2019 broadcast year. French-language groups will be required, as a temporary measure, to direct 0.17% of their previous year's gross revenue to MUSICATION for the remainder of the current licence term.

The Company has concluded that the impact of these amendments to its television broadcast licences and compliance has no material adverse impact to Corus' business, results of operations, prospects and financial condition.

More information can be found at www.crtc.gc.ca. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this MD&A.

Broadcasting Act Amendments and Pandemic-related Regulatory Measures

On November 3, 2020, the Government of Canada tabled Bill C-10 ("Bill"), which proposed amendments to the *Broadcasting Act*. The Bill proposed incorporating online broadcasting undertakings which operate in Canada but are currently exempt from regulation, in the Canadian broadcasting regulatory framework.

Bill C-10 also proposed eliminating "conditions of licence," which attach to individual broadcasting licence-holders. In their place, the CRTC would acquire new power to issue orders that impose "conditions of service," to either individual entities, or broader classes of regulated actors. Whereas "conditions of licence" are only applicable to traditional broadcasting licence-holders, "conditions of service" would be applicable to all entities captured by the *Broadcasting Act*, including "online undertakings."

Notably, Bill C-10 would have left a number of substantive decisions to the CRTC, such as the process for establishing "conditions of service", and the nature and level of the conditions.

To further guide the CRTC in those processes, the Government promised to issue a separate, binding "policy direction" to the CRTC that addressed "contributions from online broadcasters" and "Regulatory fairness," among other themes.

The Bill proceeded through much of the multi-stage review process in Parliament in late 2020 and early 2021, but did not receive Royal Assent before a federal election was called on August 15, 2021. As such, Bill C10 died on the order paper, and will not become law. Any future amendments to the *Broadcasting Act* will have to be re-introduced, and begin the legislative process anew.

The Liberal Party of Canada won the greatest number of seats (159) in the September 20, 2021 federal election, and will form a minority government. The Liberal Party campaigned on a pledge to "reintroduce legislation to reform the Broadcasting Act to ensure foreign web giants contribute to the creation and promotion of Canadian stories and music … within the first 100 days." Therefore, it is possible the new federal government will pursue (and ultimately enact) similar amendments to the *Broadcasting Act* as were proposed in Bill C-10, however, the probability is difficult to predict. As such, the impact is not determinable at this time but could affect the Company's results of operations and financial performance.

The CRTC launched a public consultation on September 17, 2020 to consider whether to grant licenced broadcasters temporary regulatory relief in response to COVID-19. Among other things, in its August 12, 2021 decision, the CRTC provided television broadcasters with the flexibility to repay any 2019-2020 Canadian programming expenditure ("CPE") shortfalls over an extended period. All large television ownership groups (including Corus' English- and French-language television services) will have until August 31, 2023 to meet their 2019-2020, COVID-19 induced CPE shortfalls. Smaller broadcasters will have an additional year to satisfy their requirements (August 31, 2024). All broadcasters will be free to manage their under-expenditure as they see fit over the course of their extended repayment periods.

More information can be found at www.canada.ca. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this MD&A.

Copyright Act Requirements

The Company's radio, conventional television and specialty television undertakings rely upon licences issued under the *Copyright Act (Canada)* (the "*Copyright Act*") to make use of the music component of the programming and other uses of works used or distributed by these undertakings. Under these licences, the Company is required to pay a range of tariff royalties established by the Copyright Board pursuant to the requirements of the *Copyright Act* to collectives (which represent the copyright owners) and individual copyright owners. These royalties are paid by these undertakings in the normal course of their business.

The levels of the tariff royalties payable by the Company are subject to change upon application by the collective societies and approval by the Copyright Board. The Government of Canada may, from time to time, make amendments to the *Copyright Act* to implement Canada's international treaty obligations and for other purposes. Any such amendments could result in Corus' broadcasting undertakings being required to pay additional royalties for these licences.

DIGITAL TRANSITION AND REPURPOSING OF SPECTRUM

The technical aspects of the operation of radio and television stations in Canada are also subject to the licensing requirements and oversight of Innovation, Science and Economic Development Canada ("ISED"), a Ministry of the Government of Canada. More information can be found at www.ic.gc.ca/eic/site/icgc.nsf/eng/home. Information contained on, or accessible through, third party websites is not deemed to form a part of, or be incorporated by reference into, this Annual Management's Discussion and Analysis.

On August 14, 2015, the Government of Canada confirmed its intent to proceed with repurposing some of the 600 MHz spectrum band and to jointly establish a new allotment plan in collaboration with the United States. ISED has aligned with the US Federal Communications Commission to participate in a spectrum redistribution plan that will require broadcasters to vacate spectrum in TV channels 37-51 (608-692 MHz), as that will be consumed by mobile use. Of the Company's 92 over-the-air television ("OTA") transmitters, 44 are identified in the government's channel re-allotment plan, but only 17 of these will ultimately be impacted. The Company has decommissioned some of the 44 broadcasting transmitters, which will include a number of transmitters that would otherwise be forced to transition out of the 600 MHz band. Accommodating these changes will require Corus to install new equipment or reconfigure existing equipment at affected sites and may have an impact on signal quality and coverage. The first 17 impacted Corus transmitters have been successfully transitioned on schedule. In the last phase, the Company will have two transmitters scheduled to be transitioned by the end of fiscal 2022.

The Company has concluded that the impact of migrating the remaining two transmitter sites in fiscal 2022 will not materially impact Corus' business, results of operations, prospects and financial condition.

ANTI-SPAM / PRIVACY PROTECTION LEGISLATION

Canada's anti-spam legislation (together with the related regulations, "CASL") sets out a comprehensive regulatory regime regarding online commerce, including requirements to obtain consent prior to sending commercial electronic messages and installing computer programs. CASL is administered primarily by the CRTC and non-compliance may result in fines of up to $10 million. Corus has in place a compliance program with respect to CASL including electronic communications guidelines to minimize risk of non-compliance.

The *Personal Information Protection and Electronic Documents Act* ("PIPEDA") sets out the standard for obtaining consent for the collection, use and retention of personal information. Privacy protection of personal information is an area of law that is fast evolving in order to keep pace with technological and business model changes. Corus believes it takes reasonable and prudent steps to comply with PIPEDA and other privacy legislation, including having appointed a Privacy Officer to manage all privacy issues relating to Corus' business activities.

On November 17, 2020, Bill C-11 was tabled by the Minister of Innovation, Science and Industry in Parliament. If it had passed, Bill C-11 would have established a new private sector privacy law in Canada - the Consumer Privacy Protection Act - and a new Personal Information and Data Protection Tribunal. Bill C-11 did not receive Royal Assent before a federal election was called on August 15, 2021. As such, Bill C-11 died on the order paper, and will not become law. Any future privacy-related legislative changes will have to be re-introduced, and begin the legislative process anew. It is uncertain whether Canada's recently elected federal government will table similar privacy legislation in the future.

There can be no assurance that the Company's compliance procedures will prevent a non-compliance event, which could materially adversely impact Corus' results of operations.

RESTRICTIONS ON NON-CANADIAN OWNERSHIP AND CONTROL

The Company is subject to Canadian ownership and control restrictions, including restrictions on the ownership of the Class A Voting Shares and Class B Non-Voting Shares under the *Broadcasting Act*. Although the Company believes it to be in compliance with the relevant legislation, there can be no assurance that a future CRTC determination, or events beyond the Company's control, will not result in Corus ceasing to be in compliance with the relevant legislation. If such a development were to occur, the ability of Corus' subsidiaries to operate as Canadian carriers under the *Broadcasting Act* could be jeopardized and the Company's business could be materially adversely affected.

F. CONTINGENCIES

The Company and its subsidiaries are involved in litigation arising in the ordinary course and conduct of its business from time to time. The Company recognizes liabilities for contingencies when a loss is probable and capable of being estimated. As at August 31, 2021, there were no actions, suits or proceedings pending or against the Company or its subsidiaries which would, in management's estimation, likely be determined in such a manner as to have a material adverse effect on the business of the Company. Should any litigation in which the Company becomes involved be determined against the Company, such a decision could adversely affect the Company's ability to continue operating as well as the trading price of the Class B Non-Voting Shares.

IMPACT OF NEW ACCOUNTING POLICIES

The IASB continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 3 in the Company's August 31, 2021 interim condensed consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2021

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

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

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

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS. For details of the Company's significant accounting policies under IFRS, refer to Note 3 of the Company's unaudited interim condensed consolidated financial statements for the three months and year ended August 31, 2021 and the Company's annual consolidated financial statements for the year ended August 31, 2020. For details of the Company's critical accounting estimates and assumptions under IFRS, refer to management's discussion and analysis for the Company for the year ended August 31, 2020.

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 fourth quarter ended August 31, 2021 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at August 31, 2021	As at August 31, 2020
ASSETS		
Current		
Cash and cash equivalents	**43,685**	45,900
Accounts receivable	**325,587**	297,585
Income taxes recoverable	**5,597**	—
Prepaid expenses and other assets	**24,106**	17,112
Total current assets	**398,975**	360,597
Tax credits receivable	**24,501**	26,745
Investments and other assets	**98,667**	59,424
Property, plant and equipment	**316,226**	333,762
Program rights	**576,076**	637,819
Film investments	**39,732**	44,891
Intangibles	**1,687,432**	1,789,018
Goodwill	**664,958**	664,958
Deferred income tax assets	**50,050**	53,668
	3,856,617	3,970,882
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**509,817**	451,682
Current portion of long-term debt (note 4)	**35,328**	76,339
Provisions	**7,202**	8,621
Income taxes payable	**—**	12,698
Total current liabilities	**552,347**	549,340
Long-term debt (note 4)	**1,313,965**	1,429,750
Other long-term liabilities	**331,482**	492,956
Provisions	**9,497**	9,494
Deferred income tax liabilities	**428,963**	440,923
Total liabilities	**2,636,254**	2,922,463
EQUITY		
Share capital (note 5)	**816,189**	816,189
Contributed surplus	**1,512,431**	1,511,325
Accumulated deficit	**(1,282,897)**	(1,425,432)
Accumulated other comprehensive income (deficit)	**21,811**	(2,258)
Total equity attributable to shareholders	**1,067,534**	899,824
Equity attributable to non-controlling interest	**152,829**	148,595
Total equity	**1,220,363**	1,048,419
	3,856,617	3,970,882

See accompanying notes

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

	Three months ended		Year ended	
		August 31,		**August 31,**
(unaudited - in thousands of Canadian dollars, except per share amounts)	**2021**	2020	**2021**	2020
Revenue	**361,255**	318,396	**1,543,483**	1,511,236
Direct cost of sales, general and administrative expenses (note 6)	**258,555**	223,894	**1,018,865**	1,005,397
Depreciation and amortization	**37,850**	38,798	**152,255**	158,549
Interest expense (note 7)	**26,665**	27,201	**104,078**	115,185
Broadcast licences and goodwill impairment	**—**	—	**—**	786,790
Debt refinancing	**—**	—	**1,885**	—
Integration, restructuring and other costs	**2,379**	3,961	**11,264**	19,155
Other expense (income), net (note 8)	**3,415**	(21,713)	**(8,197)**	(8,077)
Income (loss) before income taxes	**32,391**	46,255	**263,333**	(565,763)
Income tax expense (note 9)	**8,538**	12,465	**68,760**	41,944
Net income (loss) for the period	**23,853**	33,790	**194,573**	(607,707)
Other comprehensive income (loss), net of income taxes:				
Items that may be reclassified subsequently to income:				
Unrealized change in fair value of cash flow hedges	**2,680**	2,405	**12,320**	(15,466)
Unrealized foreign currency translation adjustment	**1,190**	(921)	**(517)**	(87)
	3,870	1,484	**11,803**	(15,553)
Items that will not be reclassified to income:				
Unrealized change in fair value of financial assets	**(4,202)**	2,001	**12,266**	1,108
Actuarial gain (loss) on post-retirement benefit plans	**5,459**	(5,164)	**19,359**	8,871
	1,257	(3,163)	**31,625**	9,979
Other comprehensive income (loss), net of income taxes	**5,127**	(1,679)	**43,428**	(5,574)
Comprehensive income (loss) for the period	**28,980**	32,111	**238,001**	(613,281)
Net income (loss) attributable to:				
Shareholders	**19,920**	30,278	**172,550**	(625,362)
Non-controlling interest	**3,933**	3,512	**22,023**	17,655
	23,853	33,790	**194,573**	(607,707)
Comprehensive income (loss) attributable to:				
Shareholders	**25,047**	28,599	**215,978**	(630,936)
Non-controlling interest	**3,933**	3,512	**22,023**	17,655
	28,980	32,111	**238,001**	(613,281)
Earnings (loss) per share attributable to shareholders:				
Basic	**$0.10**	$0.15	**$0.83**	($2.98)
Diluted	**$0.10**	$0.15	**$0.83**	($2.98)

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited - in thousands of Canadian dollars)	**Share capital**	**Contributed surplus**	**Accumulated deficit**	**Accumulated other comprehensive income (deficit)**	**Total equity attributable to shareholders**	**Non-controlling interest**	**Total equity**
As at August 31, 2020	816,189	1,511,325	(1,425,432)	(2,258)	899,824	148,595	1,048,419
Comprehensive income	—	—	**172,550**	**43,428**	**215,978**	**22,023**	**238,001**
Dividends declared	—	—	**(49,991)**	—	**(49,991)**	**(17,676)**	**(67,667)**
Actuarial gain on post-retirement benefit plans	—	—	**19,359**	**(19,359)**	—	—	—
Share-based compensation expense	—	**1,106**	—	—	**1,106**	—	**1,106**
Return of capital to non-controlling interest	—	—	—	—	—	**(1,622)**	**(1,622)**
Reallocation of equity interest	—	—	**617**	—	**617**	**(617)**	—
Equity funding by a non-controlling interest	—	—	—	—	—	**2,126**	**2,126**
As at August 31, 2021	**816,189**	**1,512,431**	**(1,282,897)**	**21,811**	**1,067,534**	**152,829**	**1,220,363**

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income (deficit)	Total equity attributable to shareholders	Non-controlling interest	Total equity
As at August 31, 2019	830,477	1,512,818	(758,757)	12,187	1,596,725	145,512	1,742,237
Comprehensive income (loss)	—	—	(625,362)	(5,574)	(630,936)	17,655	(613,281)
Dividends declared	—	—	(50,184)	—	(50,184)	(19,983)	(70,167)
Share repurchase under normal course issuer bid (“NCIB”)	(14,288)	(2,605)	—	—	(16,893)	—	(16,893)
Actuarial gain on post-retirement benefit plans	—	—	8,871	(8,871)	—	—	—
Share-based compensation expense	—	1,112	—	—	1,112	—	1,112
Equity funding by a non-controlling interest	—	—	—	—	—	5,411	5,411
As at August 31, 2020	816,189	1,511,325	(1,425,432)	(2,258)	899,824	148,595	1,048,419

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended	
		August 31,		**August 31,**
(unaudited - in thousands of Canadian dollars)	**2021**	2020	**2021**	2020
OPERATING ACTIVITIES				
Net income (loss) for the period	**23,853**	33,790	**194,573**	(607,707)
Adjustments to reconcile net income (loss) to cash flow from operations:				
Amortization of program rights (note 6)	**118,437**	109,590	**493,598**	495,814
Amortization of film investments (note 6)	**3,027**	5,649	**12,927**	20,063
Depreciation and amortization	**37,850**	38,798	**152,255**	158,549
Deferred income tax expense (recovery)	**621**	3,615	**(22,035)**	(23,992)
Broadcast licences and goodwill impairment	**—**	—	**—**	786,790
Share-based compensation expense	**276**	260	**1,106**	1,112
Imputed interest (note 7)	**9,535**	12,569	**42,288**	52,371
Debt refinancing	**—**	—	**1,885**	—
Payment of program rights	**(161,793)**	(142,290)	**(533,837)**	(547,486)
Net spend on film investments	**3,629**	2,829	**(17,690)**	(43,178)
CRTC benefit payments	**(478)**	(1,403)	**(1,113)**	(2,448)
Other	**(1,406)**	4,103	**797**	(1,658)
Cash flow from operations	**33,551**	67,510	**324,754**	288,230
Net change in non-cash working capital balances related to operations	**16,540**	26,688	**(50,261)**	25,042
Cash provided by operating activities	**50,091**	94,198	**274,493**	313,272
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(13,370)**	(5,294)	**(19,554)**	(15,385)
Proceeds from sale of property	**(3)**	26	**316**	314
Net cash flows for intangibles, investments and other assets	**(7,776)**	(1,727)	**(10,288)**	(3,934)
Cash used in investing activities	**(21,149)**	(6,995)	**(29,526)**	(19,005)
FINANCING ACTIVITIES				
Decrease in bank loans	**(48,471)**	(98,854)	**(650,634)**	(229,514)
Financing fees	**—**	—	**(12,119)**	—
Issuance of senior unsecured notes	**—**	—	**500,000**	—
Share repurchase under NCIB	**—**	—	**—**	(16,893)
Return of capital to non-controlling interest	**—**	—	**(1,622)**	—
Equity funding by a non-controlling interest	**1,976**	—	**4,102**	5,411
Payment of lease liabilities	**(4,109)**	(3,840)	**(16,245)**	(15,945)
Dividends paid	**(12,498)**	(12,498)	**(49,991)**	(50,399)
Dividends paid to non-controlling interest	**(6,133)**	(5,315)	**(17,676)**	(19,983)
Other	**(140)**	(428)	**(2,997)**	(3,612)
Cash used in financing activities	**(69,375)**	(120,935)	**(247,182)**	(330,935)
Net change in cash and cash equivalents during the period	**(40,433)**	(33,732)	**(2,215)**	(36,668)
Cash and cash equivalents, beginning of the period	**84,118**	79,632	**45,900**	82,568
Cash and cash equivalents, end of the period	**43,685**	45,900	**43,685**	45,900

Supplemental cash flow disclosures (note 11)

See accompanying notes

1. CORPORATE INFORMATION

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

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

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

2. STATEMENT OF COMPLIANCE

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

These interim condensed consolidated financial statements of the Company for the three months and year ended August 31, 2021 were authorized for issue in accordance with a resolution of the Company's Board of Directors on October 21, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

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

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2021

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

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

IFRS 3 – Business Combinations ("IFRS 3")

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

PENDING ACCOUNTING CHANGES

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

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

IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors ("IAS 8")*

Amendments to IAS 8 in February 2021, IASB issued Definition of Accounting Estimates, which amends IAS 8. The amendment replaces the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty." The amendment provides clarification to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

IAS 12 – *Income Taxes ("IAS 12")*

Amendments to IAS 12 in May 2021, IASB issued Deferred Tax related to Assets and Liabilities arising from a Single Transaction, which amends IAS 12. The amendment narrows the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offset temporary differences. As a result, companies will need to recognize a deferred tax asset and deferred tax liability for temporary differences arising on initial recognition of transactions such as leases and decommissioning obligations. The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company is still assessing the impact of adopting these amendments on its consolidated financial statements.

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

4. LONG-TERM DEBT

	August 31, 2021	August 31, 2020
Bank loans	**865,491**	1,516,159
Senior unsecured notes	**500,000**	—
Unamortized financing fees	**(16,198)**	(10,070)
	1,349,293	1,506,089
Less: current portion of long-term debt	**(35,328)**	(76,339)
	1,313,965	1,429,750

Interest rates on the bank loans fluctuate with Canadian bankers' acceptances and/or LIBOR. As at August 31, 2021, the weighted average interest rate on outstanding bank loans and notes was 4.1% (August 31, 2020 – 3.9%). Interest on the bank loans and notes averaged 4.8% and 4.2% for the three months and year ended August 31, 2021, respectively (August 31, 2020 – 3.9% and 4.0%).

The banks hold, as collateral, a first ranking charge on all assets and undertakings of Corus and certain of Corus' subsidiaries as designated under the Amended and Restated Credit Agreement dated May 31, 2021 (the "Facility"), as amended from time to time. Under the Facility, the Company has undertaken to comply with financial covenants regarding a minimum interest coverage ratio and a maximum debt to cash flow ratio. Management has determined that the Company was in compliance with the covenants provided under the bank loans as at August 31, 2021.

CREDIT FACILITIES AND SENIOR UNSECURED NOTES

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

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

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

The transactions noted above resulted in the Company recording net debt refinancing costs of $1.9 million in fiscal 2021, which included the non-cash write-off of unamortized financing fees of $3.5 million, offset by the refinancing gain recognized on the modification of the Credit Facility of $1.6 million.

Senior Unsecured Notes

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

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

Term Facility

As at August 31, 2021, the Term Facility balance was $865.5 million with a maturity date of May 31, 2025.

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

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

Revolving Facility

The Revolving Facility matures on May 31, 2025. The Revolving Facility is available on a revolving basis to finance permitted acquisitions and capital expenditures and for general corporate purposes. Amounts owing under the Revolving Facility will be payable in full at maturity. The Revolving Facility permits full or partial cancellation of the facility and, if applicable, concurrent prepayment of the amounts drawn thereunder at any time without penalty, subject to payment of customary breakage costs, if applicable, and provided that advances in the form of bankers' acceptances may only be paid on their maturity.

Advances under the Revolving Facility may be drawn in Canadian dollars as either a prime rate loan, bankers' acceptance or Canadian dollar denominated letters of credit (to a sub-limit of $50.0 million total), or in U.S. dollars as either a base rate loan, U.S. LIBOR loan or U.S. dollar denominated letters of credit (to a sub-limit of $50.0 million total). Amounts drawn under the Revolving Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio. A standby fee will also be payable on the unutilized amount of the Revolving Facility. As at August 31, 2021, all of the Revolving Facility was available and could be drawn.

INTEREST RATE SWAP AGREEMENTS

The Company has entered into a Canadian interest rate swap agreement to fix the interest rate on a portion of its outstanding term loan facilities. The current notional value of the interest rate swap agreements is $467.0 million at 2.004%, plus applicable margins to August 31, 2022. The counterparties of the swap agreement 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 agreement are recognized in other comprehensive income (loss). The estimated fair value of these agreements as at August 31, 2021 is $6.7 million (August 31, 2020 – $26.3 million), which has been recorded in the interim consolidated statements of financial position as a long-term liability. The effectiveness of the hedging relationship is reviewed on a quarterly basis.

TOTAL RETURN SWAPS

The Company has total return swap agreements on 3,197,500 share units to offset its exposure to changes in the fair value of certain cash settled share-based compensation awards. The estimated fair value of these Level 1 financial instruments will fluctuate with the market price of the Company's shares. The counterparties of these swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The estimated fair value of these agreements as at August 31, 2021 was an asset of $4.9 million (August 31, 2020 – a liability of $3.3 million), which has been recorded in the interim condensed consolidated statements of financial position as prepaid expenses and other assets and within employee costs in the interim condensed consolidated statements of income and comprehensive income (loss) (note 6).

FORWARD CONTRACTS

On November 11, 2020 and December 10, 2020, the Company entered into two additional series of foreign exchange forward contracts totalling $120.0 million U.S. dollars. All foreign exchange forward contracts fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities. As at August 31, 2021, the total amount of foreign exchange forward contracts outstanding was $132.3 million U.S. dollars. The forward contracts are not designated as hedges for accounting purposes; they are measured at fair value at each reporting date. The counterparty of the forward contracts is a highly rated financial institution and the Company does not anticipate any non-performance. The estimated fair values of future cash flow of the U.S. dollar forward contract derivatives change with fluctuations in the foreign exchange rate of U.S. dollars to Canadian dollars. The estimated fair value of these agreements as at August 31, 2021 was a liability of $2.6 million (August 31, 2020 – asset of $3.1 million), which has been recorded in the interim condensed consolidated statements of financial position as an other long-term liability, and within other expense (income), net (note 8) in the interim condensed consolidated statements of income and comprehensive income (loss).

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

(thousands of dollars)	**Total**	**Within 1 year**	**2 - 3 years**	**4 - 5 years**	**More than 5 years**
Contractual CDN cash outflows	170,116	65,965	84,685	19,466	—
Contractual USD cash inflows	132,300	51,800	65,500	15,000	—

5. SHARE CAPITAL

AUTHORIZED

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

	Class A Voting Shares		**Class B Non-Voting Shares**		**Total**
	#	**$**	**#**	**$**	**$**
Balance – August 31, 2020	3,412,392	9,439	204,954,666	806,750	816,189
Balance – August 31, 2021	**3,412,392**	**9,439**	**204,954,666**	**806,750**	**816,189**

EARNINGS PER SHARE

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

	Three months ended **August 31,**		Year ended **August 31,**	
	2021	2020	**2021**	2020
Net income (loss) attributable to shareholders (numerator)	**19,920**	30,278	**172,550**	(625,362)
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding – basic	**208,367**	208,367	**208,367**	209,769
Effect of dilutive securities	**751**	—	**288**	—
Weighted average number of shares outstanding – diluted	**209,118**	208,367	**208,655**	209,769

The calculation of diluted earnings per share for the three months and year ended August 31, 2021 excluded 3,667 and 4,881, respectively (August 31, 2020 – 6,679 and 6,753, respectively), weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

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

DIVIDENDS

On June 29, 2021, the Company declared quarterly dividends of $0.05875 and $0.06 per share to holders of its Class A and Class B Shares, respectively.

SHARE-BASED COMPENSATION

Share-based compensation expense recorded for the fourth quarter and fiscal 2021 in respect of the Performance Share Units, Deferred Share Units and Restricted Share Units plans was $3,312 and $17,734, respectively (2020 – $1,496 and $4,429, respectively). As at August 31, 2021, the carrying value of the liability for these plans was $33,908 (August 31, 2020 – $9,094).

6. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended August 31,		Year ended August 31,	
	2021	2020	**2021**	2020
Direct cost of sales				
Amortization of program rights	**118,437**	109,590	**493,598**	495,814
Amortization of film investments	**3,027**	5,649	**12,927**	20,063
Other cost of sales	**9,329**	5,125	**33,861**	29,495
General and administrative expenses				
Employee costs [(1)]	**86,333**	67,020	**322,842**	281,337
Other general and administrative	**41,429**	36,510	**155,637**	178,688
	258,555	223,894	**1,018,865**	1,005,397

[(1)] The estimated Canada Emergency Wage Subsidy for the three and twelve months ended August 31, 2021 is approximately $1.0 million and $13.5 million (2020 – $17.5 million and $34.9 million), respectively, and has been recorded principally as a reduction of employee costs.

7. INTEREST EXPENSE

	Three months ended August 31,		Year ended August 31,	
	2021	2020	**2021**	2020
Interest on long-term debt (note 4)	**18,239**	15,774	**62,967**	67,477
Imputed interest on long-term liabilities	**9,535**	12,569	**42,288**	52,371
Amortization of deferred gain on settled interest rate swap	**—**	(1,512)	**(2,853)**	(6,393)
Ineffective portion of interest rate hedge	**(1,523)**	—	**—**	—
Other	**414**	370	**1,676**	1,730
	26,665	27,201	**104,078**	115,185

8. OTHER EXPENSE (INCOME), NET

	Three months ended August 31,		Year ended August 31,	
	2021	2020	**2021**	2020
Foreign exchange loss (income) (note 4)	**4,210**	(20,301)	**(5,059)**	(4,250)
Equity gain of associates	**(1)**	(2)	**(40)**	(7)
Other income	**(794)**	(1,410)	**(3,098)**	(3,820)
	3,415	(21,713)	**(8,197)**	(8,077)

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

9. INCOME TAXES

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

				Year ended
				August 31,
		2021		2020
	$	**%**	$	%
Income tax at combined federal and provincial rates	**69,496**	**26.4**	(150,302)	26.6
Income subject to tax at less than statutory rates	**(916)**	**(0.3)**	(355)	—
Non-deductible (taxable) portion of capital losses (gains)	**313**	**0.1**	183	—
Impact of valuation allowance recorded against future income tax assets in the year	**(431)**	**(0.2)**	(70)	—
Goodwill impairment	**—**	**—**	191,012	(33.8)
Transaction costs	**(194)**	**—**	(223)	—
Increase of various tax reserves	**93**	**—**	240	—
Miscellaneous differences	**399**	**0.1**	1,459	(0.2)
	68,760	**26.1**	41,944	(7.4)

10. BUSINESS SEGMENT INFORMATION

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

TELEVISION

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

CORPORATE

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

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

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

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

REVENUE AND SEGMENT PROFIT

Three months ended August 31, 2021	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenue	**335,844**	**25,411**	**—**	**361,255**
Direct cost of sales, general and administrative expenses	**225,818**	**21,095**	**11,642**	**258,555**
Segment profit (loss)	**110,026**	**4,316**	**(11,642)**	**102,700**
Depreciation and amortization				**37,850**
Interest expense				**26,665**
Integration, restructuring and other costs				**2,379**
Other expense, net				**3,415**
Income before income taxes				**32,391**

Three months ended August 31, 2020	Television	Radio	Corporate	Consolidated
Revenue	299,122	19,274	—	318,396
Direct cost of sales, general and administrative expenses	200,335	18,079	5,480	223,894
Segment profit (loss)	98,787	1,195	(5,480)	94,502
Depreciation and amortization				38,798
Interest expense				27,201
Integration, restructuring and other costs				3,961
Other income, net				(21,713)
Income before income taxes				46,255

Year ended August 31, 2021	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenue	**1,446,287**	**97,196**	**—**	**1,543,483**
Direct cost of sales, general and administrative expenses	**897,128**	**83,045**	**38,692**	**1,018,865**
Segment profit (loss)	**549,159**	**14,151**	**(38,692)**	**524,618**
Depreciation and amortization				**152,255**
Interest expense				**104,078**
Debt refinancing				**1,885**
Integration, restructuring and other costs				**11,264**
Other income, net				**(8,197)**
Income before income taxes				**263,333**

Year ended August 31, 2020	Television	Radio	Corporate	Consolidated
Revenue	1,408,238	102,998	—	1,511,236
Direct cost of sales, general and administrative expenses	899,523	86,975	18,899	1,005,397
Segment profit (loss)	508,715	16,023	(18,899)	505,839
Depreciation and amortization				158,549
Interest expense				115,185
Broadcast licences and goodwill impairment				786,790
Integration, restructuring and other costs				19,155
Other income, net				(8,077)
Loss before income taxes				(565,763)

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

Revenue is derived from the following areas:

	Three months ended	**August 31,**	Year ended	**August 31,**
	2021	2020	**2021**	2020
Advertising	**200,991**	164,718	**934,151**	920,849
Subscriber fees	**125,735**	122,066	**498,049**	490,985
Merchandising, distribution and other	**34,529**	31,612	**111,283**	99,402
	361,255	318,396	**1,543,483**	1,511,236

11. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended	**August 31,**	Year ended	**August 31,**
	2021	2020	**2021**	2020
Interest paid	**12,361**	16,196	**56,890**	69,257
Interest received	**351**	1,118	**634**	1,947
Income taxes paid	**29,534**	(1,047)	**107,362**	33,491

12. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

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

13. SUBSEQUENT EVENT

On September 22, 2021, the Company received a distribution of $34.5 million of U.S. dollars from its venture fund investment representing the Company's pro-rata share of the distribution.