report to shareholders

First Quarter 2022

For the Three Months Ended November 30, 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 November 30,	
	2021	2020
Revenue		
Television	**434,747**	392,102
Radio	**29,126**	28,253
	463,873	420,355
Segment profit (loss) [1]		
Television [2]	**178,886**	179,565
Radio [2]	**5,746**	7,141
Corporate [2]	**(7,462)**	(8,099)
	177,170	178,607
Segment profit margin [1]		
Television	**41%**	46%
Radio	**20%**	25%
Consolidated	**38%**	42%
Net income attributable to shareholders	**76,165**	76,664
Adjusted net income attributable to shareholders [1]	**76,931**	79,851
Basic earnings per share	**$0.37**	$0.37
Adjusted basic earnings per share [1]	**$0.37**	$0.38
Diluted earnings per share	**$0.36**	$0.37
Free cash flow [1][3]	**79,987**	62,374

[1] In addition to disclosing results in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance and to provide a better understanding of how management views the Company' performance. These non-IFRS or non-GAAP measures include: segment profit (loss), segment profit margin, free cash flow, and net debt to segment profit. These are not measurements in accordance with IFRS and should not be considrred as an alternative to any other measure of performance under IFRS. Please see additional discussion and reconciliationsbbunder the Key Performance Indicators section of this report.

[2] No claims for the Canada Emergency Wage Subsidy ("CEWS") have been made in Q1 of fiscal 2022. In the prior year's quarter, segment profit included $3.7 million (Television: $2.5 million; Radio: $0.4 million; Corporate: $0.8 million) of CEWS.

[3] Free cash flow in the prior year's quarter benefited from CEWS receipts of $24.9 million, offset by the payment of deferred corporate income tax installments from fiscal 2020 of $17.2 million.

BUSINESS HIGHLIGHTS

Build a Content Powerhouse

- Global TV benefited from a strong primetime schedule this past Fall, delivering more Top 20 series for the key selling demo of Adults 25-54 than any other broadcast network, with five of the Top 10 and 10 of the Top 20 most-watched programs in Canada, including the #1 reality and overall series, *Survivor,* and #1 new show *CSI: Vegas*.[1] Global TV's winter programming lineup builds off of a successful fall season as the #1 network in core primetime.[2] New series *Good Sam, Women of the Movement*, and *Abbott Elementary* have joined returning top new series *FBI: International, NCIS Hawai'i,* and *Ghosts*, alongside franchise hits *NCIS, NCIS: Los Angeles, FBI, FBI: Most Wanted* and *The Equalizer*. Global TV's lineup is also streamed live and on demand with STACKTV and the Global TV App.
- On November 2, 2021, the Company's Nelvana subsidiary announced it has teamed up with globally renowned children's television writer, producer and creator Keith Chapman, to develop and produce new original preschool series *Bella's Bro-Bots.* Chapman is the creator of award-winning kids' shows, including *Paw Patrol* and *Bob the Builder*.
- On November 22, 2021, the Company teamed up with OYA Emerging Filmmakers to launch the *Corus Unscripted Internship Program,* a newly-created training, networking and mentorship opportunity for Black emerging filmmakers.
- On January 11, 2022, the Company's Nelvana subsidiary announced its first development partnership with Emmy Award®-winning TIME Studios to produce the new original animated preschool series *Leela's Island*.

Connect with Audiences

- On November 2, 2021, the Company announced that its Global TV App, featuring video on demand and live streams of Global and up to eight Corus specialty networks, was available for download from the Samsung App Store.
- The Company has planned an expansion of Corus' STACKTV onto Rogers Ignite TV and Rogers SmartStream platforms. This marks the first time that STACKTV will be offered as a stand-alone streaming channels bundle through a traditional distribution partner.
- As of January 10, 2022, the Company reached a new milestone of more than 725,000 paying subscribers to its STACKTV, Nick+ and other streaming platforms, an increase from more than 675,000 paying subscribers on October 21, 2021.
- On January 12, 2022, the Company's Corus Studios announced the greenlight of *Renovation Resort*, an original renovation competition series that brings together HGTV Canada's Bryan Baeumler and Scott McGillivray for the first time in one show.

Operate with Discipline

- On January 13, 2022, the Company announced that the Toronto Stock Exchange (the "TSX") had accepted the notice filed by Corus to commence its normal course issuer bid ("NCIB") program for its Class B Non-Voting Shares through the facilities of the TSX and/or alternative Canadian trading systems. The Company may, during the 12-month period of January 17, 2022 to January 16, 2023, purchase for cancellation up to 9,669,705 of its Class B Non-Voting Shares, which represent approximately 5% of the public float as at January 3, 2022.
- On December 30, 2021, the Company paid a quarterly dividend of $0.05875 and $0.06 per share to holders of its Class A participating shares and Class B non-voting participating shares, respectively.

Create a Great Place to Work

- On November 25, 2021, the Company was named one of Canada's Most Admired Corporate Cultures by Waterstone Human Capital. This national program recognizes best-in-class Canadian organizations for having cultures that enhance performance and sustain a competitive advantage.
- On December 3, 2021, the Company was recognized as one of Greater Toronto Area's Top 100 Employers for 2022 by MediaCorp Canada and The Globe and Mail. This designation is a benchmark in the Greater Toronto Area for workplace best-practices.
- The Company has helped raise $9.4 million for 204 community giving initiatives as well as provided over 951 volunteer hours to local organizations across Canada for the first quarter ended November 30, 2021.

[1] Source: Numeris Personal People Meter Data, Total Canada, Fall'21 (9/13/2021 to 12/19/2021), confirmed data, Adults aged 25-54, average minute audience (000), 3+ airings, Canadian Conventional Commercial English National Networks

[2] Source: Numeris Personal People Meter Data, Total Canada, Fall'21 (9/13/2021 to 12/19/2021), confirmed data, Adults aged 25-54, average minute audience (000), Canadian Conventional Commercial English National Networks, *Core primetime = Monday to Sunday 8 p.m. to 11 p.m., Local time

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three months ended November 30, 2021 is prepared as at January 12, 2022. 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, 2021 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 International Financial Reporting Standards ("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"). This forward-looking information relates to, among other things, the Company's objectives, goals, strategies, intentions, plans, estimates and outlook, including the adoption and anticipated impact of the Company's strategic plan, advertising and expectations of advertising trends for fiscal 2022, 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", including the adoption and anticipated impact of the company's strategic 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, the Company's ability to source, produce or sell desirable content and the Company's capital and operating results being consistent with its 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: the Company's ability to attract and retain advertising revenue; the Company's ability to maintain relationships with key suppliers and clients and on anticipated financial terms and conditions; audience acceptance of the Company's television programs and cable networks; the Company's 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; the Company's 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 the Company; 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; the Company's ability to integrate and realize anticipated benefits from its acquisitions and to effectively manage its growth; the Company's ability to successfully defend itself against litigation matters arising out of the ordinary course of business; the Company's ability to continue to meet covenants under its 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 the Company's key facilities and infrastructure; cybersecurity threats or incidents to the Company or its 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, 2021 and this document and under the heading "Risk Factors" in the Company's Annual Information Form for the year ended

August 31, 2021 (the "AIF"). Corus cautions that the foregoing list of important assumptions and factors that may affect future results is not exhaustive. When relying on the Company's 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 2021, we refer you to the Company's Annual Report for the year ended August 31, 2021, filed on SEDAR on December 9, 2021. Additional information relating to the Company, including the Company's AIF for the year ended August 31, 2021, is available on SEDAR at www.sedar.com.

OVERVIEW OF CONSOLIDATED RESULTS

REVENUE

Consolidated revenue for the three months ended November 30, 2021 of $463.9 million increased 10% from $420.4 million in the prior year's quarter. On a consolidated basis, advertising revenue increased 15% and subscriber revenue increased 3%, while merchandising, distribution and other revenue remained consistent. Revenue increased in Television by 11% and by 3% in Radio, compared to the same period in the prior year. 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 three months ended November 30, 2021 of $286.7 million increased from $241.7 million in the prior year's quarter. On a consolidated basis, direct cost of sales increased 26% and general and administrative expenses (which includes employee costs and other general and administrative costs) increased 11%. The increase in direct cost of sales arises principally from increases in amortization of program rights in the quarter as a result of programming delivery delays and a higher number of repeats in the prior year's quarter, as productions were impacted by the COVID-19 pandemic. Employee costs increased 7% primarily due to the impact of the Canada Emergency Wage Subsidy ("CEWS") benefits of $3.7 million in the first quarter of the prior year, while the first quarter of fiscal 2022 saw inflationary salary increases, higher benefit costs resulting from expanded health benefits for employees, increased commission expenses and short-term compensation accruals, as well as higher freelancer and contractor costs, partially offset by decreases to share-based compensation expense and employee recruitment costs. Other general and administrative expenses were higher as a result of the return of discretionary costs such as advertising, marketing and travel expenses, and the relief of CRTC Part I fees in the prior year. The increases in advertising and marketing costs in the first quarter of fiscal 2022 were principally related to the fall program launches on Global and specialty Television networks as well as the promotion of STACKTV. Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Consolidated segment profit for the three months ended November 30, 2021 was $177.2 million, a decrease of 1% from $178.6 million in the prior year's quarter. Segment profit margin for the first quarter of fiscal 2022 was 38%, a decrease from 42% in the prior year. Further analysis is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended November 30, 2021 was $37.4 million, a decrease from $38.0 million in the prior year's quarter. The decrease in the quarter was principally a result of lower depreciation on capitalized assets of $1.3 million, offset by higher amortization on brands of $0.7 million.

INTEREST EXPENSE

Interest expense for the three months ended November 30, 2021 was $25.5 million, up from $24.7 million in the prior year's quarter. The increase results primarily from higher imputed interest of $0.2 million on long-term liabilities associated with program rights, trade marks and right-of-use assets and the amortization of a deferred gain from other comprehensive income on interest rate swaps of $1.5 million in the prior year, offset by lower interest on bank loans of $0.9 million. The reduction in interest on bank loans is due to lower debt levels.

The effective interest rate on bank debt and the Senior Unsecured Notes due 2028 (the "Notes") for the three months ended November 30, 2021 was 4.1% compared to 4.0% in the prior year's quarter. The increase in the effective rate for the first quarter of fiscal 2022 is due to a higher interest rate on the Notes offset by lower overall rates on the bank loans resulting from a smaller portion thereof subject to fixed rate interest rate swaps.

INTEGRATION, RESTRUCTURING AND OTHER COSTS

For the three months ended November 30, 2021, the Company incurred $1.0 million of integration, restructuring and other costs, compared to $4.3 million in the prior year's quarter. The current fiscal year costs are related to restructuring costs associated with employee exits and system integration costs.

OTHER EXPENSE (INCOME), NET

Other expense for the three months ended November 30, 2021 was $3.1 million, compared to other income of $0.6 million in the prior year's quarter. The increase in the quarter is principally a result of losses on U.S. denominated long-term obligations, accounts payable, accounts receivable and cash, offset by a fair value adjustment on foreign exchange forward contracts.

INCOME TAX EXPENSE

The effective income tax rates for the three months ended November 30, in both 2021 and 2020, were consistent with the Company's statutory income tax rates.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS PER SHARE

Net income attributable to shareholders for the three months ended November 30, 2021 was $76.2 million ($0.37 per share basic) compared to net income attributable to shareholders of $76.7 million ($0.37 per share basic) in the prior year's quarter. Net income attributable to shareholders for the first quarter of fiscal 2022 includes integration, restructuring and other costs of $1.0 million ($nil per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $76.9 million ($0.37 per share basic) in the quarter. Net income attributable to shareholders for the first quarter of fiscal 2021 includes integration, restructuring and other costs of $4.3 million ($0.01 per share). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $79.9 million ($0.38 per share basic) in the prior year's quarter.

The weighted average number of basic shares outstanding for the three months ended November 30, 2021 was 208,367,000, which was consistent with the prior year.

OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX

Other comprehensive income for the three months ended November 30, 2021 was $15.2 million, compared to $5.1 million in the prior year's quarter. In the current quarter, other comprehensive income includes an unrealized gain from the change in the fair value of financial assets of $13.6 million, unrealized gains on the fair value of cash flow hedges of $2.0 million, an unrealized gain from foreign currency translation adjustments of $0.3 million, offset by an actuarial loss on the remeasurement of post-employment benefit plans of $0.7 million. In the prior year, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of $3.4 million and unrealized gains on the fair value of cash flow hedges of $2.5 million, offset by an unrealized loss from the change in the fair value of financial assets of $0.8 million.

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), 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 to the interim condensed consolidated financial statements.

TELEVISION

FINANCIAL HIGHLIGHTS

	Three months ended November 30,	
(thousands of Canadian dollars)	**2021**	2020
Revenue		
Advertising	**285,037**	246,258
Subscriber fees	**127,535**	123,701
Merchandising, distribution and other	**22,175**	22,143
Total revenue	**434,747**	392,102
Expenses	**255,861**	212,537
Segment profit [1]	**178,886**	179,565
Segment profit margin[1]	**41%**	46%

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

Revenue for the three months ended November 30, 2021 was up 11% from the prior year's quarter as a result of increases of 16% in advertising revenue and 3% in subscriber revenue, while merchandising, distribution and other revenue remained consistent with the prior year. The increase in television advertising revenue is primarily from growth in the financial services, retail and entertainment advertising categories, offset by continued decline in the automotive category due to supply chain issues. 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.

Expenses for the three months ended November 30, 2021 were up 20% 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 25%, while general and administrative expenses (which includes employee costs and other general and administrative costs) were up 14% from the prior comparable period. Amortization of program rights increased 28% and other cost of sales increased by 6% ($0.5 million), offset by a decrease in film investment amortization of 15% ($0.7 million) from the prior comparable period. The increase in amortization of program rights was driven predominantly by a greater number of original program deliveries in the first quarter of fiscal 2022, with the return to a normalized Fall schedule launch on Global TV, compared to the prior year 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 Nelvana service revenue. Amortization of film investments decreased as a result of fewer deliveries in the first quarter of fiscal 2022 compared to the prior year. Employee costs increased 11% primarily due to the CEWS benefits of $2.5 million in the first quarter of the prior year, while the first quarter of fiscal 2022 reflects inflationary salary increases, higher benefit costs resulting from expanded health benefits, as well as increased commission costs and higher costs for freelancers. Other general and administrative expenses increased 19% from the prior year's quarter as a result of marketing costs for STACKTV and Nick+ services to drive subscriptions as well as the return to normalized timing of promotion of the Fall season premieres on Global and specialty networks, the relief of CRTC Part I fees in the prior year, an increase in trade mark fees, licensing fees and maintenance costs, partially offset by reductions in the provision for estimated credit losses.

Segment profit[1] was consistent with the prior year for the first quarter of fiscal 2022 as a result of the growth in direct cost of sales and general and administrative expenses outpacing increases in revenue. Segment profit margin[1] of 41% for the quarter was down from 46% in the prior year.

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

RADIO

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Three months ended November 30, 2021	2020
Revenue	**29,126**	28,253
Expenses	**23,380**	21,112
Segment profit [1]	**5,746**	7,141
Segment profit margin[1]	**20%**	25%

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

Revenue increased 3% in the three months ended November 30, 2021 compared to the prior year. Advertising revenue growth remains muted by COVID-19 restrictions and supply chain issues that continue to impact some advertising categories. Many large offices across Canada remain closed, which impacts commuting patterns and therefore listening patterns. Supply chain issues in the automotive industry persist and continue to limit auto inventory and result in a prolonged contraction of advertising in this category. Smaller retailers have also been challenged by supply chain issues, which has led to a contraction of advertising in this category in the current quarter. Businesses in the travel and entertainment categories have shown cautious growth from the prior year as these businesses closely monitor the impact of changes to COVID-19 related restrictions on consumer activity.

Direct cost of sales and general and administrative expenses increased 11% in the three months ended November 30, 2021 compared to the prior year. The increase in the quarter was primarily due to increased sports rights costs, CEWS benefits of $0.4 million in the first quarter of the prior year, increased tariff royalties levied under the *Copyright Act* that are positively correlated with movements in revenue, increased advertising and promotions costs, as well as the relief on CRTC Part I fees in the first quarter of the prior year, offset by reductions of estimated credit losses and lower facilities costs.

Radio's segment profit[1] decreased by $1.4 million in the three months ended November 30, 2021 as compared to the same period in the prior year as a result of the growth in direct cost of sales and general and administrative expenses outpacing increases in revenue. Segment profit margin[1] of 20% in the first quarter was down from 25% in the prior year.

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

CORPORATE

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Three months ended November 30, 2021	2020
Share-based compensation	**2,250**	4,115
Other general and administrative costs	**5,212**	3,984
	7,462	8,099

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

Share-based compensation decreased in the first quarter by $1.9 million as compared to the same period in the prior year. This decrease is due to the decrease in the Company's share price, which is partially offset by the change in the fair value of the total return swaps (refer to note 5 to the interim condensed consolidated financial statements for further details on this swap arrangement).

Other general and administrative costs increased $1.2 million in the quarter as compared to the same period in the prior year. The increase is principally due to CEWS benefits of $0.8 million in the prior year, as well as higher maintenance and consulting costs, partially offset by lower supplies and recruitment costs.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

As discussed in Management's Discussion and Analysis for the year ended August 31, 2021, 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. 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 November 30, 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, 2021, 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]
2022								
1st quarter	**463,873**	**177,170**	**76,165**	**76,931**	**$ 0.37**	**$ 0.36**	**$ 0.37**	**79,987**
2021								
4th quarter	361,255	102,700	19,920	21,699	$ 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

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

SIGNIFICANT ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- Net income attributable to shareholders for the first quarter of fiscal 2022 was negatively impacted by integration, restructuring and other costs of $1.0 million ($nil per share).
- 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).

FINANCIAL POSITION

Total assets at November 30, 2021 were $4.1 billion, compared to $3.9 billion at August 31, 2021. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2021.

Current assets at November 30, 2021 were $525.2 million, up $126.2 million from August 31, 2021.

Cash and cash equivalents increased by $9.6 million from August 31, 2021. Refer to the discussion of cash flows in the next section.

Accounts receivable increased $121.9 million from August 31, 2021. The increase was primarily a result of an increase in trade 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 increased $2.4 million from August 31, 2021 as a result of accruals relating to film productions exceeding tax credit receipts.

Investments and other assets decreased $29.3 million from August 31, 2021, as a result of a $43.5 million return of capital from a venture fund investment and a decrease of $1.7 million to the net asset position of certain post employment benefit plans, offset by a $15.7 million fair value adjustment to venture funds.

Property, plant and equipment decreased $8.5 million from August 31, 2021 as a result of depreciation expense exceeding additions.

Program rights increased $118.9 million from August 31, 2021, as additions of acquired rights of $261.1 million were offset by amortization of $142.2 million. Approximately half of the additions of acquired rights are related to renewals and extensions of several output agreements.

Film investments increased $8.2 million from August 31, 2021, as film additions (net of tax credit accruals) of $11.8 million were offset by film amortization of $3.6 million.

Intangibles increased $13.3 million from August 31, 2021, principally as a result of renewals and extensions of several output agreements, offset by amortization of $28.0 million. Goodwill remained unchanged from August 31, 2021.

Accounts payable and accrued liabilities increased $70.3 million from August 31, 2021, principally as a result of higher program rights payable, trade accounts payable, trade marks payable, and adjustments in the fair value of interest rate swap derivative instruments, offset by decreases to short-term compensation accruals, interest accruals, unearned revenues and other accrued liabilities, which include other working capital accruals as well as reductions in software license liabilities.

Provisions, including the long-term portion, decreased $1.6 million from August 31, 2021, principally as a result of restructuring-related payments exceeding additions.

Long-term debt, including the current portion, as at November 30, 2021 was $1,301.8 million compared to $1,349.3 million as at August 31, 2021. As at November 30, 2021, the $23.0 million classified as the current portion of bank debt reflects mandatory repayments in the following 12 months. During the three months ended November 30, 2021, the Company repaid bank debt of $48.5 million and amortized $1.0 million of deferred financing charges.

Other long-term liabilities increased $117.6 million from August 31, 2021, primarily from increases in long-term program rights payable, trade mark liabilities and unearned revenue, offset by adjustments in the fair value of foreign exchange forward contracts derivative instruments, the reclassification of interest rate swap derivative to accounts payable and accrued liabilities, as well as long-term liabilities related to employee obligations and lease liabilities.

Share capital remained unchanged from August 31, 2021. Contributed surplus increased by $0.3 million as a result of a stock option expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position increased by $9.6 million in the three months ended November 30, 2021 compared to the same period in the prior year. Free cash flow[(1)] for the first quarter of fiscal 2022 increased to $80.0 million, from $62.4 million in the prior year. The increase in free cash flow[(1)] is attributable to a $43.5 million venture fund distribution, offset by a decrease in cash provided by operating activities of $24.7 million.

Cash provided by operating activities for the three months ended November 30, 2021 was $38.7 million, compared to $63.4 million in the prior year. The decrease in the quarter of $24.7 million arises principally from higher cash used in working capital of $41.2 million, offset by higher cash flows from operations of $16.5 million, which is net of higher spend on program rights of $13.1 million and film investments of $5.5 million.

Cash provided by investing activities for the three months ended November 30, 2021 was $41.0 million compared to cash used in investing activities of $1.4 million in the prior year. The increase of $42.4 million in the current quarter arises from a venture fund distribution of $43.5 million, offset by increases in spend on property plant and equipment of $0.9 million and intangibles, investments and other assets of $0.2 million.

Cash used in financing activities in the three months ended November 30, 2021 was $70.1 million compared to $57.9 million in the prior year. The increase of $12.2 million in the current quarter is due to increased repayments on bank loans of $15.0 million, offset by lower return of capital to non-controlling interest of $1.6 million and lower dividends paid to non-controlling interest of $1.3 million.

LIQUIDITY

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

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

The Company monitors capital using several key performance metrics, including: net debt to segment profit ratio and dividend yield. In 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 November 30, 2021, the Company was in compliance with all loan covenants and had a cash and cash equivalents balance of $53.3 million and had available approximately $300.0 million under the senior secured revolving credit facility, all of which could be drawn. 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 5 of the Company's interim condensed consolidated financial statements.

TOTAL CAPITALIZATION

As at November 30, 2021, total capitalization was $2,694.0 million compared to $2,669.5 million at August 31, 2021, an increase of $24.5 million. The increase in total capitalization is principally related to a decrease in accumulated deficit of $63.0 million and an increase in accumulated other comprehensive income of $15.8 million, offset by lower long-term debt of $47.5 million and an increase in cash and cash equivalents of $9.6 million.

OFF-BALANCE SHEET ARRANGEMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

There have been no substantial changes to the Company's contractual obligations reported in Management's Discussion and Analysis in its 2021 Annual Report.

[(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.

OUTSTANDING SHARE DATA

(shares/units)	**As at January 12, 2022**	As at August 31, 2021
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	**5,092,850**	4,203,200
Non-vested	**2,798,150**	3,022,450

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 and to provide a better understanding of how management views the Company's performance. In addition, 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 and comprehensive income. 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 9 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 11 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 **November 30,**	
(thousands of Canadian dollars, except percentages)	**2021**	2020
Revenue	**463,873**	420,355
Direct cost of sales, general and administrative expenses	**286,703**	241,748
Segment profit	**177,170**	178,607
Segment profit margin	**38%**	42%

FREE CASH FLOW

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

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2021**	2020
Cash provided by (used in):		
Operating activities	**38,703**	63,381
Investing activities	**41,005**	(1,407)
	79,708	61,974
Add: cash used in business acquisitions and strategic investments[1]	**279**	400
Free cash flow	**79,987**	62,374

[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 or basic earnings per share attributable to shareholders prepared in accordance with IFRS as issued by the IASB.

	Three months ended	
	November 30,	
(thousands of Canadian dollars, except per share amounts)	**2021**	2020
Net income attributable to shareholders	**76,165**	76,664
Adjustments, net of income tax:		
Integration, restructuring and other costs	**766**	3,187
Adjusted net income attributable to shareholders	**76,931**	79,851
Basic earnings per share	**$0.37**	$0.37
Adjustments, net of income tax:		
Integration, restructuring and other costs	**—**	$0.01
Adjusted basic earnings per share	**$0.37**	$0.38

NET DEBT AND NET DEBT TO SEGMENT PROFIT

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

(thousands of Canadian dollars)	As at November 30, 2021	As at August 31, 2021
Total debt, net of unamortized financing fees	**1,301,780**	1,349,293
Lease liabilities	**142,262**	143,546
Cash and cash equivalents	**(53,312)**	(43,685)
Net debt	**1,390,730**	1,449,154
Net debt (numerator)	**1,390,730**	1,449,154
Segment profit (denominator) [1]	**523,181**	524,618
Net debt to segment profit	**2.66**	2.76

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

RISKS AND UNCERTAINTIES

The significant risks and uncertainties affecting the Company and its business are discussed in the Company's August 31, 2021 Annual Report under the "Risks and Uncertainties" section of Management's Discussion and Analysis. The following is an update to the changes in the risks or uncertainties facing the Company since that date.

COVID-19

All provinces and territories continue vaccination programs which now include booster doses to combat the surge in cases driven by the Omicron variant. Many provinces and territories have started to re-impose public health restrictions to counter the recent increase in COVID-19 cases. Disruptions caused by imposition of public health restrictions and rising COVID-19 infection rates, including labour shortage, employee absenteeism at the Company or its clients and suppliers, changes in consumer demand, and supply chain shortages or disruptions, particularly in the retail, tourism and entertainment sectors, can negatively impact the Company's operations and financial performance, including advertising revenue. There can be no certainty that current vaccination and public health measures can mitigate negative impacts caused by the COVID-19 pandemic on the Company's business in the short to medium term.

IMPACT OF NEW ACCOUNTING POLICIES

The IASB continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 3 in the Company's November 30, 2021 unaudited interim condensed consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2022

There are no new amendments to accounting standards that are effective for the Company's interim and annual consolidated financial statements commencing September 1, 2021.

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 ended November 30, 2021 and the Company's annual consolidated financial statements for the year ended August 31, 2021. For details of the Company's critical accounting estimates and assumptions under IFRS, refer to Management's Discussion and Analysis in its 2021 Annual Report.

CONTROLS AND PROCEDURES

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred in the first quarter ended November 30, 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 November 30, 2021**	As at August 31, 2021
ASSETS		
Current		
Cash and cash equivalents	**53,312**	43,685
Accounts receivable	**447,521**	325,587
Income taxes recoverable	**—**	5,597
Prepaid expenses and other assets	**24,370**	24,106
Total current assets	**525,203**	398,975
Tax credits receivable	**26,891**	24,501
Investments and other assets (note 4)	**69,408**	98,667
Property, plant and equipment	**307,713**	316,226
Program rights	**695,001**	576,076
Film investments	**47,902**	39,732
Intangibles	**1,700,712**	1,687,432
Goodwill	**664,958**	664,958
Deferred income tax assets	**43,747**	50,050
	4,081,535	3,856,617
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**580,098**	509,817
Current portion of long-term debt (note 5)	**23,021**	35,328
Provisions	**5,882**	7,202
Income taxes payable	**7,032**	—
Total current liabilities	**616,033**	552,347
Long-term debt (note 5)	**1,278,759**	1,313,965
Other long-term liabilities	**449,056**	331,482
Provisions	**9,222**	9,497
Deferred income tax liabilities	**425,170**	428,963
Total liabilities	**2,778,240**	2,636,254
EQUITY		
Share capital (note 6)	**816,189**	816,189
Contributed surplus	**1,512,725**	1,512,431
Accumulated deficit	**(1,219,897)**	(1,282,897)
Accumulated other comprehensive income	**37,634**	21,811
Total equity attributable to shareholders	**1,146,651**	1,067,534
Equity attributable to non-controlling interest	**156,644**	152,829
Total equity	**1,303,295**	1,220,363
	4,081,535	3,856,617

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

	Three months ended	
	November 30,	
(unaudited - in thousands of Canadian dollars, except per share amounts)	**2021**	2020
Revenue	**463,873**	420,355
Direct cost of sales, general and administrative expenses (note 7)	**286,703**	241,748
Depreciation and amortization	**37,381**	37,987
Interest expense (note 8)	**25,522**	24,736
Integration, restructuring and other costs	**1,043**	4,336
Other expense (income), net (note 9)	**3,137**	(565)
Income before income taxes	**110,087**	112,113
Income tax expense (note 10)	**29,158**	29,565
Net income for the period	**80,929**	82,548
Other comprehensive income, net of income taxes:		
Items that may be reclassified subsequently to income:		
Unrealized change in fair value of cash flow hedges	**1,986**	2,487
Unrealized foreign currency translation adjustment	**257**	(29)
	2,243	2,458
Items that will not be reclassified to income:		
Unrealized change in fair value of financial assets	**13,580**	(779)
Actuarial gain (loss) on post-retirement benefit plans	**(668)**	3,385
	12,912	2,606
Other comprehensive income, net of income taxes	**15,155**	5,064
Comprehensive income for the period	**96,084**	87,612
Net income attributable to:		
Shareholders	**76,165**	76,664
Non-controlling interest	**4,764**	5,884
	80,929	82,548
Comprehensive income attributable to:		
Shareholders	**91,320**	81,728
Non-controlling interest	**4,764**	5,884
	96,084	87,612
Earnings per share attributable to shareholders:		
Basic	**$0.37**	$0.37
Diluted	**$0.36**	$0.37

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited - in thousands of Canadian dollars)	**Share capital**	**Contributed surplus**	**Accumulated deficit**	**Accumulated other comprehensive income**	**Total equity attributable to shareholders**	**Non-controlling interest**	**Total equity**
As at August 31, 2021	816,189	1,512,431	(1,282,897)	21,811	1,067,534	152,829	1,220,363
Comprehensive income	—	—	76,165	15,155	91,320	4,764	96,084
Dividends declared	—	—	(12,497)	—	(12,497)	(2,925)	(15,422)
Actuarial loss on post-retirement benefit plans	—	—	(668)	668	—	—	—
Share-based compensation expense	—	294	—	—	294	—	294
Equity funding by a non-controlling interest	—	—	—	—	—	1,976	1,976
As at November 30, 2021	**816,189**	**1,512,725**	**(1,219,897)**	**37,634**	**1,146,651**	**156,644**	**1,303,295**

(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	—	—	76,664	5,064	81,728	5,884	87,612
Dividends declared	—	—	(12,497)	—	(12,497)	(4,245)	(16,742)
Actuarial gain on post-retirement benefit plans	—	—	3,385	(3,385)	—	—	—
Share-based compensation expense	—	292	—	—	292	—	292
Return of capital to non-controlling interest	—	—	—	—	—	(1,622)	(1,622)
Reallocation of equity interest	—	—	617	—	617	(617)	—
As at November 30, 2020	816,189	1,511,617	(1,357,263)	(579)	969,964	147,995	1,117,959

See accompanying notes

CORUS ENTERTAINMENT INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended November 30, 2021	2020
OPERATING ACTIVITIES		
Net income for the period	**80,929**	82,548
Adjustments to reconcile net income to cash flow from operations:		
Amortization of program rights (note 7)	**142,192**	109,722
Amortization of film investments (note 7)	**3,611**	4,264
Depreciation and amortization	**37,381**	37,987
Deferred income tax recovery	**(42)**	(5,359)
Share-based compensation expense	**294**	292
Imputed interest (note 8)	**11,271**	11,034
Payment of program rights	**(94,171)**	(81,110)
Net spend on film investments	**(15,265)**	(9,749)
CRTC benefit payments	**—**	(612)
Other	**(2)**	672
Cash flow from operations	**166,198**	149,689
Net change in non-cash working capital balances related to operations	**(127,495)**	(86,308)
Cash provided by operating activities	**38,703**	63,381
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(1,876)**	(976)
Proceeds from sale of property	**25**	—
Venture fund distribution (note 4)	**43,478**	—
Net cash flows for intangibles, investments and other assets	**(622)**	(431)
Cash provided by (used in) investing activities	**41,005**	(1,407)
FINANCING ACTIVITIES		
Decrease in bank loans	**(48,533)**	(33,517)
Return of capital to non-controlling interest	**—**	(1,622)
Payment of lease liabilities	**(4,015)**	(3,967)
Dividends paid	**(12,497)**	(12,497)
Dividends paid to non-controlling interest	**(2,925)**	(4,245)
Other	**(2,111)**	(2,089)
Cash used in financing activities	**(70,081)**	(57,937)
Net change in cash and cash equivalents during the period	**9,627**	4,037
Cash and cash equivalents, beginning of the period	**43,685**	45,900
Cash and cash equivalents, end of the period	**53,312**	49,937

Supplemental cash flow disclosures (note 12)

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, 2021, 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, 2021, which are available at www.sedar.com and on the Company's website at www.corusent.com.

These interim condensed consolidated financial statements of the Company for the three months ended November 30, 2021 were authorized for issue in accordance with a resolution of the Company's Board of Directors on January 12, 2022.

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.

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

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2022

There are no new amendments to accounting standards that are effective for the Company's interim and annual consolidated financial statements commencing September 1, 2021.

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.

4. INVESTMENTS AND OTHER ASSETS

	Investments in associates	Investment in Venture Funds	Other assets	Total
Balance – August 31, 2021	13	61,320	37,334	98,667
Net increase (decrease)	2	(27,514)	(1,747)	(29,259)
Balance – November 30, 2021	**15**	**33,806**	**35,587**	**69,408**

In the first quarter of fiscal 2022, the Company received a return of capital of $43.5 million (UDS $34.5 million) from a venture fund investment representing the Company's pro-rata share of the distribution. This resulted in a $13.8 million gain, net of tax, recognized through Other Comprehensive Income.

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

5. LONG-TERM DEBT

	November 30, 2021	August 31, 2021
Bank loans	**817,153**	865,491
Senior unsecured notes	**500,000**	500,000
Unamortized financing fees	**(15,373)**	(16,198)
	1,301,780	1,349,293
Less: current portion of long-term debt	**(23,021)**	(35,328)
	1,278,759	1,313,965

Interest rates on the bank loans fluctuate with Canadian bankers' acceptances. As at November 30, 2021, the weighted average interest rate on outstanding bank loans and notes was 4.2% (November 30, 2020 – 3.9%). Interest on the bank loans and notes averaged 4.1% for the three months ended November 30, 2021 (November 30, 2020 – 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 November 30, 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.

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 November 30, 2021, the Term Facility balance was $817.2 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 November 30, 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 $458.0 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 November 30, 2021 was a liability of $4.0 million (August 31, 2021 – $6.7 million), which has been recorded in the interim consolidated statements of financial position as a short-term liability. The effectiveness of the hedging relationship is reviewed on a quarterly basis.

TOTAL RETURN SWAPS

In November 2021, the Company amended its total return swap agreements to add an additional 400,000 share units with a notional value of $2.2 million to further offset its exposure to changes in the fair value of certain cash settled share-based compensation awards. As at November 30, 2021, the Company has total return swap agreements on 3,597,500 share units. The estimated fair value of these Level 1 financial instruments will fluctuate with the market price of the Company's shares. The counterparties of these swap agreements are highly rated financial institutions and the Company does not anticipate any non-performance. The estimated fair value of these agreements as at November 30, 2021 was an asset of $0.4 million (August 31, 2021 – $4.9 million), which has been recorded in the interim condensed consolidated statements of financial position as prepaid expenses and other assets and within employee costs in the interim condensed consolidated statements of income and comprehensive income (note 7).

FORWARD CONTRACTS

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 November 30, 2021, the total amount of foreign exchange forward contracts outstanding was $119.5 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 November 30, 2021 was a liability of $0.3 million (August 31, 2021 – $2.6 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 9) in the interim condensed consolidated statements of income and comprehensive income.

6. SHARE CAPITAL

AUTHORIZED

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

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	$	#	$	$
Balance – August 31, 2021	3,412,392	9,439	204,954,666	806,750	816,189
Balance – November 30, 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 November 30,	
	2021	2020
Net income (loss) attributable to shareholders (numerator)	**76,165**	76,664
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding – basic	**208,367**	208,367
Effect of dilutive securities	**640**	—
Weighted average number of shares outstanding – diluted	**209,007**	208,367

The calculation of diluted earnings per share for the three months ended November 30, 2021 excluded 3,935 (November 30, 2020 – 6,273), weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

DIVIDENDS

On October 22, 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.

STOCK OPTIONS

In the first quarter of fiscal 2022, 889,100 stock options were granted at a weighted average exercise price of $5.74.

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

SHARE-BASED COMPENSATION

Share-based compensation expense recorded for the first quarter of fiscal 2022 in respect of the Performance Share Units, Deferred Share Units and Restricted Share Units plans was $2,250 (2021 – $4,115). As at November 30, 2021, the carrying value of the liability for these plans was $20,313 (August 31, 2021 – $33,908).

7. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended **November 30,**	
	2021	2020
Direct cost of sales		
Amortization of program rights	**142,192**	109,722
Amortization of film investments	**3,611**	4,264
Other cost of sales	**9,838**	9,283
General and administrative expenses		
Employee costs [1]	**82,992**	77,218
Other general and administrative	**48,070**	41,261
	286,703	241,748

[1] No claims for the Canada Emergency Wage Subsidey ("CEWS") have been made in Q1 of fiscal 2022. In the prior year quarter, $3.7 million was recorded principally as a reduction of employee costs.

8. INTEREST EXPENSE

	Three months ended **November 30,**	
	2021	2020
Interest on long-term debt (note 5)	**13,846**	14,795
Imputed interest on long-term liabilities	**11,271**	11,034
Amortization of deferred gain on settled interest rate swap	**—**	(1,455)
Other	**405**	362
	25,522	24,736

9. OTHER EXPENSE (INCOME), NET

	Three months ended **November 30,**	
	2021	2020
Foreign exchange loss (note 5)	**3,599**	141
Equity (gain) loss of associates	**(34)**	12
Other income	**(428)**	(718)
	3,137	(565)

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

10. INCOME TAXES

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

	Three months ended November 30,			
	2021		2020	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**28,989**	**26.3**	29,636	26.4
Income subject to tax at less than statutory rates	**(23)**	**—**	(214)	(0.2)
Non-deductible (taxable) portion of capital gains	**(4)**	**—**	—	—
Impact of valuation allowance recorded against future income tax assets in the year	**40**	**—**	(180)	(0.1)
Transaction costs	**(14)**	**—**	(119)	(0.1)
Increase of various tax reserves	**42**	**—**	42	—
Miscellaneous differences	**128**	**0.1**	400	0.4
	29,158	**26.4**	29,565	26.4

11. BUSINESS SEGMENT INFORMATION

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

TELEVISION

The Television segment is comprised of 33 specialty television networks (34 services prior to December 31, 2020), 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 November 30, 2021	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenue	**434,747**	**29,126**	**—**	**463,873**
Direct cost of sales, general and administrative expenses	**255,861**	**23,380**	**7,462**	**286,703**
Segment profit (loss)	**178,886**	**5,746**	**(7,462)**	**177,170**
Depreciation and amortization				**37,381**
Interest expense				**25,522**
Integration, restructuring and other costs				**1,043**
Other expense, net				**3,137**
Income before income taxes				**110,087**

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

Revenue is derived from the following areas:

	Three months ended **November 30,**	
	2021	2020
Advertising	**312,774**	273,072
Subscriber fees	**127,535**	123,701
Merchandising, distribution and other	**23,564**	23,582
	463,873	420,355

12. CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended **November 30,**	
	2021	2020
Interest paid	**20,581**	15,160
Interest received	**16**	64
Income taxes paid	**15,011**	34,105

13. COMPARATIVE CONSOLIDATED FINANCIAL STATEMENTS

The comparative interim condensed consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2022 interim condensed consolidated financial statements.

14. SUBSEQUENT EVENT

On January 13, 2022, the Company announced that the Toronto Stock Exchange (the “TSX”) had accepted the notice filed by the Company to commence its normal course issuer bid (“NCIB”) program for its Class B Non-Voting Shares through the facilities of the TSX, and/or other alternative Canadian trading systems. The company may, during the 12-month period of January 17, 2022 to January 16, 2023, purchase for cancellation a maximum of 9,669,705 Class B Non-Voting Shares, which represent approximately 5% of the public float as at January 3, 2022.