corus.

report to shareholders

Second Quarter 2024

For the Three and Six Months Ended February 29, 2024
(Unaudited)

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FINANCIAL HIGHLIGHTS

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

(in thousands of Canadian dollars except per share amounts)	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	**February 29, 2024**	February 28, 2023
Revenue				
Television	**278,059**	321,548	**620,492**	723,077
Radio	**21,478**	22,323	**48,949**	51,985
	299,537	343,871	**669,441**	775,062
Segment profit (loss) [1]				
Television	**58,903**	63,019	**180,661**	194,778
Radio	**857**	350	**5,402**	6,372
Corporate	**(7,015)**	(4,234)	**(12,469)**	(10,323)
	52,745	59,135	**173,594**	190,827
Segment profit margin [1]				
Television	**21%**	20%	**29%**	27%
Radio	**4%**	2%	**11%**	12%
Consolidated	**18%**	17%	**26%**	25%
Net income (loss) attributable to shareholders	**(9,780)**	(15,450)	**22,931**	15,937
Adjusted net income (loss) attributable to shareholders [1]	**(5,944)**	(13,880)	**35,303**	19,586
Basic earnings (loss) per share	**($0.05)**	($0.08)	**$0.12**	$0.08
Adjusted basic earnings (loss) per share [1]	**($0.03)**	($0.07)	**$0.18**	$0.10
Diluted earnings (loss) per share	**($0.05)**	($0.08)	**$0.12**	$0.08
Free cash flow [1]	**32,862**	28,397	**56,570**	49,207

[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's performance. These non-IFRS or non-Generally Accepted Accounting Principles ("GAAP") measures can include: segment profit (loss), segment profit margin, free cash flow, adjusted net income (loss) attributable to shareholders, adjusted basic earnings (loss) per share, net debt to segment profit, proforma net debt to segment profit, and new platform revenue. These are not measurements in accordance with IFRS and should not be considered as an alternative to any other measure of performance under IFRS. Please see additional discussion and reconciliations under the Key Performance Indicators and Non-GAAP Financial Measures section below.

BUSINESS HIGHLIGHTS

Multi-Platform Video Business

- **Global launches its Winter/Spring 2024 Programming.** Global Television's core prime-time audiences increased[1] following the return of blockbuster franchises *NCIS* and *FBI*, hit dramas *CSI: Vegas* and *9-1-1*, acclaimed comedies *Abbott Elementary* and *Ghosts*, season 46 of *Survivor*, fan favourite *Big Brother Canada* and the introduction of new drama *Elsbeth.*
- **Global Television celebrates its 50-year anniversary.** Launched on January 6, 1974, Global Television remains an iconic brand for Canadians who have welcomed the network, its news and entertainment programming into their homes for 50 years and counting.

International Content Business

- **HGTV Canada and MEM announced the greenlight of Renovation Resort.** HGTV Canada's Scott McGillivray and Brian Baeumler return as co-hosts and judges in Season 2 of *Renovation Resort*, distributed by Corus Studios. The series successfully debuted as the #1 Canadian original series on Specialty television in Spring 2023[2].
- **Global greenlights Season 4 of Family Law.** Global announced it has greenlit hit Canadian legal drama *Family Law* for a fourth season. The renewal precedes the show's Season 3 Canadian premiere later this year.

Ongoing Focus on Capital Management

- **Corus advances its deleveraging goals.** In the second quarter of fiscal 2024, Corus paid down $21.5 million of debt and $31.5 million year-to-date.

Advanced Focus on Sustainability

- **Corus gives back to local communities**. In the second quarter of fiscal 2024, Corus helped raise just over $9.0 million for over 280 community giving initiatives as well as provided 596 volunteer hours to 21 local organizations across Canada.

Creating a Great Place to Work

- **Canada's Top 100 Employers for Young People 2024.** Corus Entertainment was recognized as one of Canada's Top Employers for Young People for the 14th consecutive year. The recognition is a benchmark for employers that offer the nation's best workplaces and programs for young people just starting their careers.
- **Canada's Best Diversity Employers 2024.** Corus Entertainment was recognized by Canada's Top 100 Employers as one of Canada's Best Diversity Employers 2024 for the Company's ongoing efforts to prioritize Diversity, Equity and Inclusion.

[1] Source: Numeris PPM Data, Total Canada, Conventional Spring'24 (Feb 12/24 - Mar 17/24) vs Spring'24 Prior Weeks (Jan 1/24 - Fe 11/24) - confirmed to 3/10/24, A25-54, AMA (000), core primetime: MO-Su 8-11pm, Local time.

[2] Source: Numeris PPM Data, SP'23 (Jan 2/23 – May 28/23) – confirmed data, Total Canada, 3+ airings, CDN SPEC COM ENG excluding sports, based on AMA(000), A25-54

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three and six months ended February 29, 2024 is prepared as at April 11, 2024. 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, 2023 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 interim financial results under International Accounting Standard ("IAS") 34 - *Interim Financial Reporting,* as issued by 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, targets, 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 2024, subscriber revenue and anticipated subscription trends, distribution, production and other revenue, the Company's dividend policy and the payment of future dividends; the Company's leverage target; the Company's ability to manage retention and reputation risks related to its on-air talent; expectations regarding financial performance, including capital allocation strategy and capital structure management, 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" or the negatives of these terms 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 including: the impact of recessionary conditions and continuing supply chain constraints; the potential impact of new competition and industry mergers and acquisitions; changes to applicable tax, licensing and regulatory regimes; inflation and interest rates, stability of the advertising, subscription, production and distribution 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, retain and manage fluctuations in 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 manage retention and reputation risks related to its on-air talent; 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 it does 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 and complaints; failure to meet covenants under the Company's senior credit facility, senior unsecured notes or other instruments or facilities; epidemics, pandemics or other public health and safety crises 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 Company's Management's Discussion and Analysis for the year ended August 31, 2023 (the "2023 MD&A") and under the heading "Risk Factors" in the Company's Annual Information Form for the year ended August 31, 2023 (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 2023, we refer you to the Company's Annual Report for the year ended August 31, 2023, filed on SEDAR+ on December 8, 2023. Additional information relating to the Company, including the AIF, is available on SEDAR+ at www.sedarplus.ca.

OVERVIEW OF CONSOLIDATED RESULTS

REVENUE

Revenue for the second quarter of fiscal 2024 of $299.5 million decreased 13% from $343.9 million in the prior year's quarter. On a consolidated basis, advertising revenue decreased 11%, subscriber revenue was down 5%, while distribution, production and other revenue was down 54% compared to the prior year's quarter. Revenue declined 14% in Television and 4% in Radio.

For the six months ended February 29, 2024, consolidated revenue of $669.4 million decreased 14% from $775.1 million in the prior year. On a consolidated basis, advertising revenue decreased 14%, subscriber revenue was down 6% and distribution, production and other revenue was down 43% from the prior year. Revenue declined 14% in Television and 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 and general and administrative expenses for the second quarter of fiscal 2024 of $246.8 million decreased 13% from $284.7 million in the prior year's quarter. On a consolidated basis, direct cost of sales decreased 18%, employee costs decreased 3% and other general and administrative expenses decreased 14%. The decrease in direct cost of sales results from declines in amortization of program rights, film investments and other cost of sales. The decrease in employee costs was primarily due to reduced labour costs, offset by higher short-term compensation accruals and share-based compensation expense. Other general and administrative expenses were lower as a result of the elimination of CRTC Part II fees effective April 1, 2023, lower advertising and marketing costs, as well as reduced rental costs and satellite communications charges, offset by increased software and system license fees.

For the six months ended February 29, 2024, direct cost of sales, general and administrative expenses of $495.8 million decreased 15% from $584.2 million in the prior year. On a consolidated basis, direct cost of sales decreased 20%, while employee costs decreased 3% and other general and administrative costs decreased 20% from the prior year. The decrease in direct cost of sales was driven principally by the decline in amortization of program rights. The decrease in employee cost was primarily due to reduced labour costs, offset by increased short-term compensation accruals and share-based compensation expense. Other general and administrative expenses decreased as a result of the elimination of CRTC Part II fee, reduced tariff royalties and trade mark fees that are positively correlated with revenue, lower rental costs, satellite communication charges, and consulting costs, offset by increased software and system license fees. Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Segment profit for the second quarter of fiscal 2024 was $52.7 million, a decrease of 11% from $59.1 million in the prior year's quarter. The decrease in segment profit for the second quarter was principally a result of Television advertising and subscriber revenue declines, partially offset by a decrease in amortization of program rights due to lower revenue and lower deliveries of scripted Hollywood content as well as further cost control measures undertaken to reduce general and administrative expenses. Segment profit margin for the second quarter of fiscal 2024 of 18% was up from 17% in the prior year's quarter.

For the six months ended February 29, 2024, segment profit was $173.6 million, a decrease of 9% from $190.8 million in the prior year. The decrease in segment profit was principally a result of Television advertising and subscriber revenue declines, partially offset by a decrease in amortization of program rights and general and administrative expenses in the current year-to-date. Segment profit margin of 26% for the six months ended February 29, 2024 was up from 25% 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 February 29, 2024 was $29.9 million, a decrease from $40.3 million in the prior year's quarter. The decrease was a result of reductions in the amortization of brands and trade marks of $9.6 million, capital assets of $0.7 million and amortization of other intangible assets of $0.2 million.

Depreciation and amortization expense for the six months ended February 29, 2024 was $60.2 million, a decrease from $80.4 million in the prior year. The decrease was a result of reductions in the amortization of brands and trade marks of $19.3 million, capital assets of $0.9 million and other intangible assets of $0.1 million.

INTEREST EXPENSE

Interest expense for the three months ended February 29, 2024 of $28.1 million decreased from $34.8 million in the prior year's quarter. The decrease in interest expense in the quarter results from lower imputed interest of $4.0 million on long-term liabilities associated with program rights, trade marks and right-of-use assets and lower interest on long-term debt of $2.8 million. Interest on long-term debt was lower as a result of repayments of bank debt, partially offset by higher interest rates on floating interest rate bank debt.

Interest expense for the six months ended February 29, 2024 of $57.2 million decreased from $69.1 million in the prior year. The decrease results from lower imputed interest of $7.9 million on long-term liabilities associated with program rights, trade marks and right-of-use assets and lower interest on long-term debt of $4.2 million in the current year-to-date. Interest on long-term debt was lower due to repayments of unhedged portion of bank debt, partially offset by higher interest rates on floating interest rate bank debt.

The effective interest rate on bank debt and the Senior Unsecured Notes due 2030 (the "2030 Notes") together with the $500.0 million 5.0% Senior Unsecured Notes due 2028 (the "2028 Notes", collectively referred to hereafter as the "Notes") for both the three and six months ended February 29, 2024 was 6.1% compared to 6.0% and 5.8%, respectively, in the comparable periods of the prior year. The increase in the effective rate for both periods results from higher interest rates on bank debt.

DEBT REFINANCING

On October 26, 2023, the Company amended and restated its Credit Facility (refer to note 4 of the interim condensed consolidated financial statements for further details), which resulted in a non-cash loss on debt modification of $0.8 million.

RESTRUCTURING AND OTHER COSTS

For the three and six months ended February 29, 2024, the Company incurred $5.3 million and $16.1 million, respectively, of restructuring and other costs, compared to $2.1 million and $5.0 million in the comparable periods of the prior year. The current fiscal year costs relate primarily to restructuring costs associated with employee exits, while the prior fiscal year costs relate to restructuring costs as well as ongoing system integration costs.

OTHER EXPENSE (INCOME), NET

Other expense for the three month period ended February 29, 2024 was $0.3 million, compared to $1.4 million in the prior year's quarter. The current quarter includes $0.9 million of interest income, foreign exchange gains of $0.2 million related to the translation of USD denominated liabilities, as well as an impairment recovery of $0.3 million on an equity investment, offset by other expenses of $1.6 million consisting of the retroactive portion of a reduction to Television retransmission royalties as well as redundant rent, net of rental income. The prior year's quarter included net foreign exchange losses of $2.8 million primarily related to the translation of USD denominated liabilities, fair value losses on the Notes prepayment options of $0.4 million, offset by $1.2 million of interest income and other income of $0.5 million consisting of rental income.

Other income for the six months ended February 29, 2024 was $0.3 million compared to other expense of $8.4 million in the prior year. In the current year-to-date period, other income included interest income of $2.2 million, a $1.0 million gain on a property disposal, as well as an asset impairment reversal of $0.3 million, offset by foreign exchange losses of $0.7 million primarily related to the translation of USD denominated liabilities and $2.6 million of other expenses related to the retroactive portion of retransmission royalties and redundant rent, net of rental income. In the prior year's comparable period, other expense included net foreign exchange losses of $7.7 million, fair value losses on the Notes prepayment options of $2.0 million, as well as the retroactive portion of retransmission royalty reductions and redundant rent, net of rental income, offset by $1.7 million of interest income.

INCOME TAX EXPENSE (RECOVERY)

The Company's effective income tax recovery rate for the three months ended February 29, 2024 was 28.1% compared to an effective income tax recovery rate for the three months ended February 28, 2023 of 23.1%. The difference between the statutory rate of 26.3% and the effective tax rate resulted from changes in valuation allowances and miscellaneous items.

The Company's effective income tax rate for the six months ended February 29, 2024 was 26.3%, compared to the effective tax rate for the six months ended February 28, 2023 of 29.5%. The year-to- date effective income tax rate was consistent with the Company's statutory income tax rate.

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

Net loss attributable to shareholders for the second quarter of fiscal 2024 was $9.8 million ($0.05 loss per share basic), compared to net loss attributable to shareholders of $15.5 million ($0.08 loss per share basic) in the prior year's quarter. Net loss attributable to shareholders for the second quarter of fiscal 2024 includes restructuring and other costs of $5.3 million ($0.02 per share). Adjusting for the impact of this item results in an adjusted net loss attributable to shareholders of $5.9 million ($0.03 loss per share basic) in the quarter. Net loss attributable to shareholders for the second quarter of fiscal 2023 included restructuring and other costs of $2.1 million ($0.01 per share). Adjusting for the impact of this item results in an adjusted net loss attributable to shareholders of $13.9 million ($0.07 loss per share basic) in the prior year's quarter.

Net income attributable to shareholders for the six months ended February 29, 2024 was $22.9 million ($0.12 per share basic), compared to $15.9 million ($0.08 per share basic) in the prior year. Net income attributable to shareholders for the six months ended February 29, 2024 includes a debt refinancing loss of $0.8 million ($nil per share) and restructuring and other costs of $16.1 million ($0.06 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $35.3 million ($0.18 per share basic). Net income attributable to shareholders for the six months ended February 28, 2023 includes restructuring and other costs of $5.0 million ($0.02 per share basic). Adjusting for the impact of this item results in an adjusted net income attributable to shareholders of $19.6 million ($0.10 per share basic) for the same comparable period of the prior year.

The weighted average number of basic shares outstanding for the three and six months ended February 29, 2024 was 199,440,000 compared to 199,440,000 and 199,583,000 for the comparable periods in the prior year. The average number of shares outstanding in fiscal 2024 decreased from the prior year 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 January 2022 and October 2022.

OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAXES

Other comprehensive loss for the three months ended February 29, 2024 was $5.9 million, compared to other comprehensive income of $3.9 million in the prior year's quarter. For the three months ended February 29, 2024, other comprehensive loss includes an actuarial loss on the remeasurement of post-employment benefit plans of $1.1 million and an unrealized loss on the fair value of financial assets of $4.8 million, offset by an unrealized gain from foreign currency translation adjustments of $0.1 million. In the prior year's quarter, other comprehensive income includes an unrealized gain on the change in the fair value of cash flow hedges of $2.3 million, an actuarial gain on the remeasurement of post-employment benefit plans of $1.5 million and an unrealized gain from foreign currency translation adjustments of $0.4 million, offset by an unrealized loss on the change in the fair value of financial assets of $0.4 million.

Other comprehensive loss for the six months ended February 29, 2024 was $11.5 million, compared to other comprehensive income of $2.5 million in the prior year. For the six months ended February 29, 2024, other comprehensive loss includes an actuarial loss on the remeasurement of post-employment benefit plans of $2.4 million, an unrealized loss on the fair value of cash flow hedges of $2.8 million and an unrealized loss on the fair value of financial assets of $6.5 million, offset by an unrealized gain from foreign currency translation adjustments of $0.2 million. For the six months ended February 28, 2023, other comprehensive income includes an unrealized gain from foreign currency translation adjustments of $1.3 million, an unrealized gain on the fair value of cash flow hedges of $1.3 million and an actuarial gain on the remeasurement of post-employment benefit plans of $0.5 million, offset by an unrealized loss on the fair value of financial assets of $0.7 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, 15 conventional television stations, digital and streaming services, 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 (disposed of on August 23, 2023). Revenue is generated from advertising, subscribers and the licensing of proprietary films and television programs as well as the provision of production services, merchandise licensing, book publishing, animation software (disposed of on August 23, 2023), 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, 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

(thousands of Canadian dollars)	Three months ended February 29, 2024	February 28, 2023	Six months ended February 29, 2024	February 28, 2023
Revenue				
Advertising	**148,979**	169,124	**358,275**	421,637
Subscriber	**117,285**	124,051	**235,535**	251,566
Distribution, production and other	**11,795**	28,373	**26,682**	49,874
Total revenue	**278,059**	321,548	**620,492**	723,077
Expenses	**219,156**	258,529	**439,831**	528,299
Segment profit [1]	**58,903**	63,019	**180,661**	194,778
Segment profit margin[1]	**21%**	20%	**29%**	27%

[1] As defined in the "Key Performance Indicators and Non-GAAP Financial Measures" section of this report.

Revenue for the three months ended February 29, 2024 declined 14% from the prior year's quarter as a result of decreases of 12% in advertising revenue, 5% in subscriber revenue, and 58% in distribution, production and other revenue. Advertising revenue remained well below seasonal trends as demand and spending in the media industry remained challenged primarily from lack of new scripted shows as a result of Hollywood labour actions and lower audiences. The decrease in advertising revenue was driven by declines across almost all the major advertising categories, partially mitigated by increases in the government and travel categories. Subscriber revenue decreased from the prior year's quarter principally as a result of declines in the traditional linear business exceeding moderate growth in the quarter of subscriptions to streaming services. The decrease in distribution, production and other revenue was attributable to fewer episode deliveries, reduced service work and prior year multi-year licensing deals of Corus Studio's properties, as well as the disposition of Toon Boom Animation Inc. ("Toon Boom") in August 2023.

Revenue for the six months ended February 29, 2024 declined 14% from the prior year's comparable period as a result of decreases of 15% in advertising revenue, 6% in subscriber revenue, and 47% in distribution, production and other revenue. On a year-to-date basis, the majority of advertising categories continued to decline as advertisers held, reduced or cut spending compared to the prior year, particularly on linear advertising campaigns as a result of fewer new scripted shows and lower audience levels. Subscriber revenue decreased from the prior year-to-date as a result of declines in the traditional linear business and relative consistency of revenues from streaming services from the prior year-to-date period. The decrease in distribution, production and other revenue was driven by the disposition of Toon Boom in August 2023, deliveries of fewer episodes at both Nelvana and Aircraft Pictures and multi-year licensing deals of Corus Studio's properties in the prior year.

Expenses for the quarter were down 15% from the prior year as a result of a decrease of 18% in direct costs of sales, 7% in employee costs and 16% in other general and administrative expenses. The decrease in direct cost of sales was driven by a $23.6 million (or 17%) decrease in amortization of program rights and decreases in amortization of film investment of $3.0 million (or 49%) and other cost of sales of $2.4 million (or 28%). The decrease in amortization of program rights was due to a lower number of new shows being added in the current quarter as a result of production halts during the Hollywood labour actions. The decrease of $4.4 million in employee costs compared to the prior year's quarter was a direct result of headcount reductions, offset by higher short-term compensation accruals. The decrease of $5.9 million in other general and administrative expenses compared to the prior year's quarter was attributable to continued cost containment measures put in place around advertising and marketing, the elimination of CRTC Part II fees (as of April 1, 2023), lower rental, satellite signal transmission, and consulting costs, offset by higher software and system license fees as well as an increase in the provision for doubtful accounts.

Expenses for the six months ended February 29, 2024 were down 17% from the prior comparable period as a result of a decrease of 20% in direct cost of sales, 6% in employee costs and 22% in other general and administrative expenses. The decrease in direct cost of sales was driven by a $56.3 million (or 19%) reduction in amortization of program rights as well as decreases of $3.2 million (or 30%) in amortization of film investments and $4.1 million (or 22%) in other cost of sales. The decrease of $7.7 million in employee costs reflects significant headcount reductions over the past twelve months, offset by increases in short-term compensation accruals. The decrease of $17.2 million in other general and administrative expenses was a result of the elimination of

CRTC Part II fees, lower advertising and marketing expenditures, consulting costs, rental costs, satellite signal transmission costs, and trade mark fees that are positively correlated with revenue, offset by higher software and system license fees as well as an increase in the provision for doubtful accounts.

Segment profit[1] for the three and six month periods ended February 29, 2024 were down 7%. This decline was primarily a result of the decrease in advertising and subscriber revenue exceeding the decreases in expenses. Segment profit margin[1] for the three and six months ended February 29, 2024 were 21% and 29%, respectively up from 20% and 27% in the prior year's comparable periods.

[1] As defined in the "Key Performance Indicators and Non-GAAP Financial Measures" section of this report.

RADIO

FINANCIAL HIGHLIGHTS

	Three months ended		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Revenue	**21,478**	22,323	**48,949**	51,985
Expenses	**20,621**	21,973	**43,547**	45,613
Segment profit [1]	**857**	350	**5,402**	6,372
Segment profit margin[1]	**4%**	2%	**11%**	12%

[1]As defined in the "Key Performance Indicators and Non-GAAP Financial Measures" section of this report.

Revenue in the three and six months ended February 29, 2024, decreased 4% and 6% from the prior year's comparable periods. The decline in advertising revenue for the quarter was driven principally by the retail, government/political, telecommunications and restaurant categories, offset by growth in the general services, automotive and beverages categories. The decline in advertising revenue for the year-to-date was driven principally by professional services, restaurants, entertainment, telecommunications, travel and government/political categories, offset by growth in automotive, general services, and retail categories.

Direct cost of sales and general and administrative expenses decreased 6% for the quarter and 5% for the six months ended February 29, 2024. The decrease for both the quarter and six months year-to-date was a result of lower copyright tariff fees that are positively correlated with revenue, no CRTC Part II fees (eliminated April 1, 2023) and continued cost containment measures.

Radio's segment profit[1] in the three months ended February 29, 2024 increased by $0.5 million from the prior year's quarter as a result of cost containment measures exceeding revenue declines. Segment profit[1] for the six months year-to-date decreased by $1.0 million as a result of declines in revenue exceeding cost containment measures. Segment profit margin[1] for the three months at 4% was up from 2% in the prior quarter, while the year-to-date at 11% was down from 12% in the prior year-to-date.

[1] As defined in the "Key Performance Indicators and Non-GAAP Financial Measures" section of this report.

CORPORATE

FINANCIAL HIGHLIGHTS

	Three months ended		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Share-based compensation	**1,156**	(289)	**77**	(1,066)
Other general and administrative costs	**5,859**	4,523	**12,392**	11,389
	7,015	4,234	**12,469**	10,323

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 expense in the three and six months ended February 29, 2024 increased by $1.4 million and $1.1 million, respectively from the comparable periods of the prior year. The increase in the quarter results primarily from an increase in the Company's share price from the prior quarter. The increase in the year-to-date period results from the change in the fair value of the total return swaps that were wound up at the start of the second quarter (refer to note 4 in the interim condensed consolidated financial statements for further details on this swap arrangement), offset by a smaller decrease in the Company's share price in the current period compared to the prior year's comparable period as well as a decrease in vesting assumptions.

Other general and administrative costs increased $1.3 million in the quarter and $1.0 million in the six months ended February 29, 2024. The increases are principally attributable to increases to short-term compensation accruals, and rental and maintenance costs, offset by reduced consulting costs, professional fees as well as costs related to changes in the supplementary executive retirement plan recorded in the first quarter of fiscal 2023.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

As discussed in Management's Discussion and Analysis for the year ended August 31, 2023, 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 distribution and production revenue is dependent on the number and timing of film and television programs delivered. Consequently, the Company's results may fluctuate materially from period-to-period and the results of any one period are not necessarily indicative of results for future periods.

The following table sets forth certain unaudited data derived from the Company's interim condensed consolidated financial statements for each of the eight most recent quarters ended February 29, 2024. 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, 2023, 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 (loss) attributable to shareholders [1]	Basic	Diluted	Adjusted basic [1]	Free cash flow [1]
2024								
2nd quarter	**299,537**	**52,745**	**(9,780)**	**(5,944)**	**$ (0.05)**	**$ (0.05)**	**$ (0.03)**	**32,862**
1st quarter	369,904	120,849	32,711	41,247	$ 0.16	$ 0.16	$ 0.20	23,708
2023								
4th quarter	338,843	46,273	50,412	(9,075)	$ 0.25	$ 0.25	$ (0.04)	31,654
3rd quarter	397,335	96,905	(495,073)	18,042	$ (2.48)	$ (2.48)	$ 0.09	25,979
2nd quarter	343,871	59,135	(15,450)	(13,880)	$ (0.08)	$ (0.08)	$ (0.07)	28,397
1st quarter	431,191	131,692	31,387	33,466	$ 0.16	$ 0.16	$ 0.17	20,810
2022								
4th quarter	339,594	56,189	(367,065)	(17,116)	$ (1.82)	$ (1.82)	$ (0.08)	44,713
3rd quarter	433,458	123,728	29,621	30,159	$ 0.14	$ 0.14	$ 0.15	27,468

[1] As defined in the "Key Performance Indicators and Non-GAAP Financial Measures" section of this report.

ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- Net loss attributable to shareholders for the second quarter of fiscal 2024 was negatively impacted by restructuring and other costs of $5.3 million ($0.02 per share).
- Net income attributable to shareholders for the first quarter of fiscal 2024 was negatively impacted by restructuring and other costs of $10.8 million ($0.04 per share) and a loss on debt refinancing of $0.8 million ($nil per share).
- Net income attributable to shareholders for the fourth quarter of fiscal 2023 was negatively impacted by non-cash television broadcast licence and other asset impairment charges of $100.0 million ($0.37 per share) and restructuring and other costs of $5.0 million ($0.02 per share), while positively impacted by a gain on a business disposition of $142.3 million ($0.68 per share).
- Net loss attributable to shareholders for the third quarter of fiscal 2023 was negatively impacted by non-cash television goodwill, broadcast licence and other asset impairment charges of $590.0 million ($2.53 per share) and restructuring and other costs of $10.6 million ($0.04 per share).
- Net loss attributable to shareholders for the second quarter of fiscal 2023 was negatively impacted by restructuring and other costs of $2.1 million ($0.01 per share).
- Net income attributable to shareholders for the first quarter of fiscal 2023 was negatively impacted by restructuring and other costs of $2.8 million ($0.01 per share).
- Net loss attributable to shareholders for the fourth quarter of fiscal 2022 was negatively impacted by a non-cash television goodwill impairment charge of $350.0 million ($1.73 per share) and restructuring and other costs of $1.8 million ($0.01 per share).
- Net income attributable to shareholders for the third quarter of fiscal 2022 was negatively impacted by restructuring and other costs of $4.2 million ($0.02 per share) and was positively impacted by a debt refinancing gain of $3.4 million ($0.01 per share).

FINANCIAL POSITION

Total assets at February 29, 2024 of $2.7 billion were consistent with August 31, 2023. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2023.

Current assets at February 29, 2024 were $379.1 million, down $15.1 million from August 31, 2023.

Cash and cash equivalents increased by $5.3 million from August 31, 2023. Refer to the discussion of cash flows in the next section.

Accounts receivable decreased by $12.6 million from August 31, 2023. The decrease was primarily as a result of lower other accounts receivable related to production revenue. 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 $9.0 million from August 31, 2023 as a result of tax credit receipts exceeding accruals relating to film productions.

Investments and other assets decreased $15.6 million from August 31, 2023, primarily as a result of decreases in the fair value of the derivatives (interest rate swap and foreign exchange forward contracts), a decrease in the net asset position of certain post employment benefit plans, and a decrease in the fair value of the venture funds.

Property, plant and equipment decreased $10.3 million from August 31, 2023 as a result of depreciation expense exceeding additions.

Program rights decreased $22.6 million from August 31, 2023, as additions of acquired rights of $216.8 million were offset by amortization of $239.4 million.

Film investments increased $7.2 million from August 31, 2023, as film additions (net of tax credit accruals) of $14.5 million were offset by film amortization of $7.3 million.

Intangibles decreased $28.5 million from August 31, 2023, as amortization of $41.8 million was offset by trade mark agreement renewals of $13.1 million and net additions to other intangible assets of $0.2 million.

Accounts payable and accrued liabilities decreased $8.9 million from August 31, 2023, principally as a result of lower accounts payable and accrued liabilities, short-term compensation accruals, trade marks payable, and deferred revenue, offset by increases in program rights payable, sales tax payable and the fair value of a put option liability related to one of the Company's partner channels.

Provisions, including the long-term portion, increased by $3.5 million from August 31, 2023, principally as a result of restructuring-related additions exceeding payments.

Long-term debt, including the current portion, as at February 29, 2024 was $1,062.9 million compared to $1,092.4 million as at August 31, 2023. As at February 29, 2024, the $17.6 million classified as the current portion of long-term debt consists of $12.5 million of mandatory repayments of the Term Facility over the next twelve months and $5.1 million of interim production financing. During the six months ended February 29, 2024, the Company decreased bank debt and interim production financing by $31.5 million, amortized $1.8 million of deferred financing charges, amended the Credit Facility resulting in a loss of $0.8 million on debt modification and incurred $0.6 million of deferred fees.

Other long-term liabilities decreased by $59.3 million from August 31, 2023, primarily from decreases in long-term program rights payable, trade mark liabilities, long-term employee obligations, lease liabilities, and software license liabilities, offset by an increase in unearned revenues.

Share capital remained consistent with August 31, 2023, while the contributed surplus increased as a result of share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position increased by $2.2 million for the second quarter of fiscal 2024 and $5.3 million for the six months end February 29, 2024. Free cash flow[(1)] for the three and six months ended February 29, 2024 was $32.9 million and $56.6 million, respectively, compared to $28.4 million and $49.2 million in the same comparable prior year periods. The increase in free cash flow[(1)] in the second quarter was attributable to an increase of $7.2 million in cash provided by operating activities, offset by an increase of $2.7 million in cash used in investing activities. The increase in free cash flow[(1)] for the six months ended February 29, 2024 was attributable to an increase of $6.4 million in cash provided by operating activities and a decrease of $0.7 million in cash used in investing activities.

Cash provided by operating activities for the quarter was $38.1 million compared to $30.9 million in the prior year's quarter. The increase in cash provided in the quarter of $7.2 million arises from an increase in cash flow from operations of $15.6 million, which includes lower spend on program rights and film investments of $37.9 million and $7.7 million, respectively, offset by lower net income from operations (adjusted for non-cash items) of $30.0 million as well as an decrease of cash provided by working capital of $8.4 million. The increase in cash provided year-to-date of $6.4 million arises from an increase in cash flow from operations of $20.0 million, which includes lower spend on program rights and film investments of $66.9 million and $26.1 million, respectively, offset by lower net income from operations (adjusted for non-cash items) of $73.0 million and a reduction of cash provided by working capital of $13.6 million.

Cash used by investing activities for the quarter was $5.3 million compared to $2.6 million in the prior year. The increase in cash used in the quarter of $2.7 million was primarily attributable to increased spend on property, plant and equipment and intangibles of $3.3 million, offset by an increase in proceeds from the sale of assets of $0.7 million. Cash used in investing activities for the six months ended February 29, 2024 was $5.7 million compared to $6.4 million in the prior year. The decrease in cash used year-to-date of $0.7 million is primarily attributable to an increase in proceeds from the sale of property of $1.9 million, offset by increased spend on property, plant and equipment and intangibles of $1.2 million.

Cash used in financing activities for the quarter was $30.7 million compared to $51.4 million for the prior year's quarter. The decrease in cash used in the quarter of $20.7 million was attributable to a decrease in the repayments of bank loans of $11.7 million, a reduction of dividends paid of $12.0 million, and decreased financing fees of $1.0 million, offset by a reduction in equity funding provided by non-controlling interest of $3.9 million. Cash used in financing activities for the six months ended February 29, 2024 was $50.9 million compared to $46.2 million in the prior year's comparable period. The increase in cash used year-to-date was attributable to an increase in the repayments of bank loans of $29.4 million and a reduction of equity funding of $3.9 million, offset by a reduction of dividends paid of $26.4 million and a reduction of $2.0 million related to shares being repurchased under the NCIB in the prior year's comparable period.

[(1)] A definition and reconciliation of free cash flow to the consolidated statements of cash flows is provided in the "*Key Performance Indicators and Non-GAAP Measures*" section of this report

LIQUIDITY

The Company manages its capital structure in accordance with changes in economic conditions and with appropriate prudence. Currently, the Company's capital management activities are focused on maintaining appropriate financial flexibility in order to pursue organic growth, achieve business goals and repay debt, all with the objective to provide returns to its shareholders.

The Company defines capital as the aggregate of its shareholders' equity and total long-term debt less cash and cash equivalents. In order to maintain or adjust its capital structure and enable its capital management activities, from time to time, 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. The Company's stated long-term objective is a leverage target (net debt to segment profit ratio) below 2.5 times. In the short-term, the Company may permit the long-term leverage range to be exceeded, but endeavours to return to the leverage target range as the Company believes that these objectives provide a reasonable framework for providing a return to shareholders and is supportive of maintaining the Company's credit ratings.

As at February 29, 2024, the Company was in compliance with all loan covenants, had a cash and cash equivalents balance of $61.5 million and had approximately $236.4 million available to be drawn under the $300.0 million Revolving Facility. Management believes that cash flow from operations and the existing Credit Facility will provide the Company with sufficient financial resources to fund its operations for the following 12 months.

On October 26, 2023, the Company's Credit Facility was amended to increase the maximum total debt to cash flow ratio required under the financial covenants up to and including August 31, 2024, reintroduce mandatory quarterly repayments of the Term Facility, change certain conditions related to the use of proceeds on asset disposals and to introduce additional restrictions on distributions to shareholders. The amendment of the Credit Facility resulted in the Company recording a net debt refinancing loss of approximately $0.8 million. For further details on the Credit Facility, refer to note 4 of the Company's interim condensed consolidated financial statements.

TOTAL CAPITALIZATION

As at February 29, 2024, total capitalization was $1,453.4 million compared to $1,480.1 million at August 31, 2023, a decrease of $26.7 million. The decrease in total capitalization arises from a reduction in bank debt of $29.5 million, a decrease in lease liabilities of $4.3 million and a reduction in accumulated other comprehensive income of $9.1 million, offset by a decrease in the accumulated deficit of $21.2 million and an increase of cash and cash equivalents of $5.3 million.

OFF-BALANCE SHEET ARRANGEMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

On September 28, 2022, the Company entered into a Canadian interest rate swap agreement to fix the interest rate on a portion of its term loan facilities commencing November 30, 2022 (refer to Note 4 of the Company's interim condensed consolidated financial statements for further details).

On December 1, 2023, 1,706,000 shares under a total return swap were settled at a cost of $7.5 million. On December 8, 2022, 1,891,500 shares under a total return swap were settled at a cost of $4.7 million.

There have been no substantial changes to the Company's foreign exchange forward contracts as reported in Management's Discussion and Analysis in its 2023 Annual Report.

OUTSTANDING SHARE DATA

(shares/units)	**February 29, 2024**	As at August 31, 2023
Shares Outstanding		
Class A Voting Shares	**3,365,526**	3,367,526
Class B Non-Voting Shares	**196,074,632**	196,072,632
Stock Options		
Vested	**5,068,100**	4,811,925
Non-vested	**3,636,100**	4,490,775

KEY PERFORMANCE INDICATORS AND NON-GAAP FINANCIAL MEASURES

In addition to disclosing results in accordance with IFRS as issued by the IASB, the Company also provides non-IFRS or non-GAAP 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 provide returns 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 Company also uses supplementary financial measures to disclose financial measures that are not presented in the financial statements and are, or are intended to be, disclosed periodically to depict the historical or expected future financial performance, financial position or cash flow, that is not a non-GAAP financial measure. The Company has disclosed new platform revenue as a supplementary financial measure as discussed below. Effective for the first quarter of 2024, Corus has discontinued disclosing the supplementary financial measure optimized advertising revenue as the Company believes that the percentage of the total Television advertising revenue will not change in a meaningful manner going forward.

NEW PLATFORM REVENUE

This metric combines subscriber revenue from streaming initiatives and advertising revenue from digital platforms expressed as a percentage of total Television advertising and subscriber revenue. New platform revenue reflects progress on the Company's participation in rapidly growing streaming distribution platforms and digital advertising markets.

	Three months ended			Six months ended		
	February 29,	February 28,	%	**February 29,**	February 28,	%
(thousands of Canadian dollars, except percentages)	**2024**	2023	Change	**2024**	2023	Change
New platform revenue (numerator)	**32,813**	34,172	(4%)	**70,883**	73,860	(4%)
Television advertising revenue	**148,979**	169,124	(12%)	**358,275**	421,637	(15%)
Television subscriber revenue	**117,285**	124,051	(5%)	**235,535**	251,566	(6%)
Total Television advertising and subscriber revenue (denominator)	**266,264**	293,175	(9%)	**593,810**	673,203	(12%)
New platform revenue percentage	**12%**	12%		**12%**	11%	

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; intangible and other asset impairment; debt refinancing; non-cash gains or losses; restructuring and other costs; gain (loss) on dispositions; 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		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars, except percentages)	**2024**	2023	**2024**	2023
Revenue	**299,537**	343,871	**669,441**	775,062
Direct cost of sales, general and administrative expenses	**246,792**	284,736	**495,847**	584,235
Segment profit	**52,745**	59,135	**173,594**	190,827
Segment profit margin	**18%**	17%	**26%**	25%

FREE CASH FLOW

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

	Three months ended		Six months ended	
	February 29,	February 28,	**February 29,**	February 28,
(thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Cash provided by (used in):				
Operating activities	**38,127**	30,932	**61,885**	55,523
Investing activities	**(5,265)**	(2,606)	**(5,661)**	(6,387)
	32,862	28,326	**56,224**	49,136
Add: cash used in business acquisitions and strategic investments [1]	**—**	71	**346**	71
Free cash flow	**32,862**	28,397	**56,570**	49,207

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

ADJUSTED NET INCOME (LOSS) AND ADJUSTED BASIC EARNINGS (LOSS) PER SHARE

Management uses adjusted net income (loss) and adjusted basic earnings (loss) per share as a measure of enterprise-wide performance. Adjusted net income (loss) and adjusted basic earnings (loss) per share are defined as net income (loss) and basic earnings (loss) per share before items such as: non-recurring gains or losses related to dispositions of investments; costs of debt refinancing; non-cash impairment charges; and business acquisition and restructuring costs. Management believes that adjusted net income (loss) attributable to shareholders and adjusted basic earnings (loss) per share are useful measures that facilitate period-to-period operating comparisons. Adjusted net income (loss) attributable to shareholders and adjusted basic earnings (loss) 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 (loss) attributable to shareholders and adjusted basic earnings (loss) 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 February 29, 2024	Three months ended February 28, 2023	Six months ended February 29, 2024	Six months ended February 28, 2023
Net income (loss) attributable to shareholders	**(9,780)**	(15,450)	**22,931**	15,937
Adjustments, net of income tax:				
Debt refinancing	**—**	—	**555**	—
Restructuring and other costs	**3,836**	1,570	**11,817**	3,649
Adjusted net income (loss) attributable to shareholders	**(5,944)**	(13,880)	**35,303**	19,586
Basic earnings (loss) per share	**($0.05)**	($0.08)	**$0.12**	$0.08
Adjustments, net of income tax:				
Debt refinancing	**—**	—	**—**	—
Restructuring and other costs	**$0.02**	$0.01	**$0.06**	$0.02
Adjusted basic earnings (loss) per share	**($0.03)**	($0.07)	**$0.18**	$0.10

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 February 29, 2024	As at August 31, 2023
Total debt, net of unamortized financing fees and prepayment options	**1,062,856**	1,092,384
Lease liabilities	**121,785**	126,084
Cash and cash equivalents	**(61,505)**	(56,163)
Net debt	**1,123,136**	1,162,305
Net debt (numerator)	**1,123,136**	1,162,305
Segment profit (denominator) [1]	**316,772**	334,005
Net debt to segment profit	**3.55**	3.48
Proforma net debt to segment profit [2]	**3.62**	3.62

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

[2] Proforma net debt to segment profit ratio excludes contributions to segment profit from Toon Boom, which was divested on August 23, 2023, for the most recent four quarters.

OUTLOOK

In the third quarter, delivery of new episodes of scripted programming are expected to resume closer to normal levels following the settlement of the labour actions by the U.S. writers and actors guilds. However, lingering impacts from the lengthy disruption of advertising markets due to the strikes, as well as continuing macroeconomic uncertainty and the competitive environment, are expected to lower demand for linear advertising. As such, the Company expects year-over-year declines in Television advertising revenue in the third quarter of fiscal 2024 in the range of 10% to 15%. Amortization of TV program rights is expected to decline in the quarter by a similar range on a year-over-year basis and the Company will continue with its implementation of additional cost reduction initiatives. While the Company continues to expect improvement in the macroeconomic environment in the medium term, visibility remains limited at this time.

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 February 29, 2024 unaudited interim condensed consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2024

The Company has adopted new amendments to the following accounting standards effective for its interim and annual consolidated financial statements commencing September 1, 2023. The effects of these pronouncements on the Company's results and operations are described below.

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

In February 2021, the IASB issued narrow-scope amendments to IAS 1 *and* IFRS Practice Statement 2 - *Making Materiality Judgements.* The amendment requires the disclosure of material accounting policy information rather than disclosing significant accounting policies. This amendment was effective for annual periods beginning on or after January 1, 2023. The Company has concluded that there was no impact of adopting this amendment on its interim condensed consolidated financial statements.

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

Amendments to IAS 8 were issued in February 2021, the 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 amendment was effective for annual reporting periods beginning on or after January 1, 2023. The Company has concluded that there was no impact of adopting this amendment on its interim condensed consolidated financial statements.

IAS 12 – *Income Taxes ("IAS 12")*

Amendments to IAS 12 were issued in May 2021, the 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 amendment was effective for annual reporting periods beginning on or after January 1, 2023 and were to be applied retrospectively. The Company has concluded that there was no impact of adopting this amendment on its interim condensed consolidated financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company's unaudited interim condensed consolidated financial statements have been prepared in accordance with IFRS, specifically IAS 34 - *Interim Financial Reporting*. For details of the Company's material accounting policies under IFRS, refer to note 3 of the Company's unaudited interim condensed consolidated financial statements for the three months ended February 29, 2024 and the Company's annual consolidated financial statements for the year ended August 31, 2023. For details of the Company's critical accounting estimates and assumptions under IFRS, refer to Management's Discussion and Analysis in its 2023 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 second quarter ended February 29, 2024 that have materially affected, or are likely to materially affect, the Company's internal controls over financial reporting.

CORUS ENTERTAINMENT INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(unaudited - in thousands of Canadian dollars)	As at February 29, 2024	As at August 31, 2023
ASSETS		
Current		
Cash and cash equivalents	**61,505**	56,163
Accounts receivable	**282,617**	295,175
Income taxes recoverable	**12,531**	21,597
Prepaid expenses and other assets	**22,457**	21,285
Total current assets	**379,110**	394,220
Tax credits receivable	**35,237**	44,270
Investments and other assets	**58,829**	74,415
Property, plant and equipment, net	**257,918**	268,214
Program rights	**646,407**	668,976
Film investments	**60,295**	53,085
Intangible assets, net	**1,169,734**	1,198,229
Deferred income tax assets	**45,958**	44,653
Total assets	**2,653,488**	2,746,062
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	**556,105**	565,052
Current portion of long-term debt (note 4)	**17,551**	13,434
Provisions	**13,489**	9,811
Total current liabilities	**587,145**	588,297
Long-term debt (note 4)	**1,045,305**	1,078,950
Other long-term liabilities	**257,627**	316,912
Provisions	**8,881**	9,041
Deferred income tax liabilities	**289,155**	293,862
Total liabilities	**2,188,113**	2,287,062
EQUITY		
Share capital (note 5)	**281,052**	281,052
Contributed surplus	**2,013,347**	2,012,936
Accumulated deficit	**(1,992,899)**	(2,014,077)
Accumulated other comprehensive income	**28,771**	37,841
Total equity attributable to shareholders	**330,271**	317,752
Equity attributable to non-controlling interests	**135,104**	141,248
Total equity	**465,375**	459,000
	2,653,488	2,746,062

See accompanying notes

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

(unaudited - in thousands of Canadian dollars, except per share amounts)	Three months ended February 29, 2024	Three months ended February 28, 2023	Six months ended February 29, 2024	Six months ended February 28, 2023
Revenue	**299,537**	343,871	**669,441**	775,062
Direct cost of sales, general and administrative expenses (note 6)	**246,792**	284,736	**495,847**	584,235
Depreciation and amortization	**29,850**	40,282	**60,168**	80,416
Interest expense (note 7)	**28,073**	34,751	**57,161**	69,123
Debt refinancing (note 4)	**—**	—	**753**	—
Restructuring and other costs	**5,267**	2,137	**16,068**	4,966
Other expense (income), net (note 8)	**253**	1,375	**(317)**	8,421
Income (loss) before income taxes	**(10,698)**	(19,410)	**39,761**	27,901
Income tax expense (recovery) (note 9)	**(3,002)**	(4,491)	**10,439**	8,222
Net income (loss) for the period	**(7,696)**	(14,919)	**29,322**	19,679
Other comprehensive income (loss), net of income taxes				
Items that may be reclassified subsequently to income (loss):				
Unrealized change in fair value of cash flow hedges (note 4)	**(4)**	2,336	**(2,844)**	1,294
Unrealized foreign currency translation adjustment	**53**	423	**232**	1,309
	49	2,759	**(2,612)**	2,603
Items that will not be reclassified to income (loss):				
Unrealized change in fair value of financial assets	**(4,815)**	(365)	**(6,458)**	(688)
Actuarial gain (loss) on post-retirement benefit plans	**(1,096)**	1,489	**(2,430)**	547
	(5,911)	1,124	**(8,888)**	(141)
Other comprehensive income (loss), net of income taxes	**(5,862)**	3,883	**(11,500)**	2,462
Comprehensive income (loss) for the period	**(13,558)**	(11,036)	**17,822**	22,141
Net income (loss) attributable to:				
Shareholders	**(9,780)**	(15,450)	**22,931**	15,937
Non-controlling interests	**2,084**	531	**6,391**	3,742
	(7,696)	(14,919)	**29,322**	19,679
Comprehensive income (loss) attributable to:				
Shareholders	**(15,642)**	(11,567)	**11,431**	18,399
Non-controlling interests	**2,084**	531	**6,391**	3,742
	(13,558)	(11,036)	**17,822**	22,141
Earnings (loss) per share attributable to shareholders:				
Basic	**($0.05)**	($0.08)	**$0.12**	$0.08
Diluted	**($0.05)**	($0.08)	**$0.12**	$0.08

See accompanying notes

CORUS ENTERTAINMENT INC.
INTERIM CONDENSED 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 interests**	**Total equity**
As at August 31, 2023	281,052	2,012,936	(2,014,077)	37,841	317,752	141,248	459,000
Comprehensive income (loss)	**—**	**—**	**22,931**	**(11,500)**	**11,431**	**6,391**	**17,822**
Dividends declared	**—**	**—**	**—**	**—**	**—**	**(7,670)**	**(7,670)**
Change in fair value of put option liability	**—**	**—**	**677**	**—**	**677**	**(4,865)**	**(4,188)**
Actuarial loss on post-retirement benefit plans	**—**	**—**	**(2,430)**	**2,430**	**—**	**—**	**—**
Share-based compensation expense	**—**	**411**	**—**	**—**	**411**	**—**	**411**
As at February 29, 2024	**281,052**	**2,013,347**	**(1,992,899)**	**28,771**	**330,271**	**135,104**	**465,375**

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income	Total equity attributable to shareholders	Non-controlling interests	Total equity
As at August 31, 2022	781,918	1,511,481	(1,574,358)	33,000	752,041	151,940	903,981
Comprehensive income	—	—	15,937	2,462	18,399	3,742	22,141
Dividends declared	—	—	(11,505)	—	(11,505)	(10,073)	(21,578)
Reduction of stated capital	(500,000)	500,000	—	—	—	—	—
Change in fair value of put option liability	—	—	(597)	—	(597)	164	(433)
Shares repurchased under normal course issuer bid ("NCIB")	(3,089)	1,119	—	—	(1,970)	—	(1,970)
Reversal of automatic share purchase commitment	2,223	(504)	—	—	1,719	—	1,719
Actuarial gain on post-retirement benefit plans	—	—	547	(547)	—	—	—
Share-based compensation expense	—	368	—	—	368	—	368
Equity funding by a non-controlling interest	—	—	—	—	—	3,855	3,855
As at February 28, 2023	281,052	2,012,464	(1,569,976)	34,915	758,455	149,628	908,083

See accompanying notes

CORUS ENTERTAINMENT INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended February 29, 2024	Three months ended February 28, 2023	Six months ended February 29, 2024	Six months ended February 28, 2023
OPERATING ACTIVITIES				
Net income (loss) for the period	**(7,696)**	(14,919)	**29,322**	19,679
Adjustments to reconcile net income (loss) to cash flow from operations:				
Amortization of program rights (note 6)	**119,857**	143,551	**239,368**	295,940
Amortization of film investments (note 6)	**3,188**	6,234	**7,321**	10,509
Depreciation and amortization	**29,850**	40,282	**60,168**	80,416
Deferred income tax recovery	**(238)**	(3,575)	**(3,123)**	(8,559)
Share-based compensation expense	**164**	102	**411**	368
Imputed interest (note 7)	**11,189**	15,179	**23,421**	31,356
Debt refinancing	**—**	—	**753**	—
Payment of program rights	**(135,988)**	(173,932)	**(266,182)**	(333,047)
Net spend on film investments	**(7,027)**	(14,691)	**(10,143)**	(36,275)
Other	**53**	(491)	**(782)**	141
Cash flow from operations	**13,352**	(2,260)	**80,534**	60,528
Net change in non-cash working capital balances related to operations	**24,775**	33,192	**(18,649)**	(5,005)
Cash provided by operating activities	**38,127**	30,932	**61,885**	55,523
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(6,477)**	(2,426)	**(7,603)**	(5,373)
Proceeds from sale of property	**931**	247	**2,224**	340
Net cash flows for intangibles, investments and other assets	**281**	(427)	**(282)**	(1,354)
Cash used in investing activities	**(5,265)**	(2,606)	**(5,661)**	(6,387)
FINANCING ACTIVITIES				
Decrease in bank loans	**(21,473)**	(33,127)	**(31,486)**	(2,070)
Financing fees	**—**	(998)	**(619)**	(998)
Share repurchase under NCIB	**—**	—	**—**	(2,045)
Equity funding by a non-controlling interest	**—**	3,855	**—**	3,855
Payment of lease liabilities	**(4,514)**	(4,438)	**(8,951)**	(8,813)
Dividends paid	**—**	(11,962)	**—**	(23,965)
Dividends paid to non-controlling interests	**(3,705)**	(3,710)	**(7,670)**	(10,073)
Other	**(999)**	(1,006)	**(2,156)**	(2,087)
Cash used in financing activities	**(30,691)**	(51,386)	**(50,882)**	(46,196)
Net change in cash and cash equivalents during the period	**2,171**	(23,060)	**5,342**	2,940
Cash and cash equivalents, beginning of the period	**59,334**	80,912	**56,163**	54,912
Cash and cash equivalents, end of the period	**61,505**	57,852	**61,505**	57,852

Supplemental cash flow disclosures (note 11)
See accompanying notes

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
February 29, 2024
(in thousands of Canadian dollars, except per share information)

1. CORPORATE INFORMATION

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

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

These interim condensed consolidated financial statements include the accounts of the Company and all its subsidiaries and joint ventures. The Company's principal business activities are: the operation of specialty television networks, conventional television stations, digital and streaming services; 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 (disposed of on August 23, 2023).

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, 2023, 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, 2023, which are available at www.sedarplus.ca and on the Company's website at www.corusent.com.

These interim condensed consolidated financial statements of the Company for the three and six months ended February 29, 2024 were authorized for issue in accordance with a resolution of the Company's Board of Directors on April 11, 2024.

3. MATERIAL ACCOUNTING POLICIES

BASIS OF PRESENTATION

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

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2024

The Company has adopted new amendments to the following accounting standards effective for its interim and annual consolidated financial statements commencing September 1, 2023.

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

In February 2021, the IASB issued narrow-scope amendments to IAS 1 and IFRS Practice Statement 2 - Making Materiality Judgements. The amendment requires the disclosure of material accounting policy information rather than disclosing significant accounting policies. This amendment was effective for annual periods beginning on or after January 1, 2023. The Company concluded that there was no impact of adopting this amendment on its interim condensed consolidated financial statements.

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

Amendments to IAS 8 were issued in February 2021, the 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 amendment was effective for annual reporting periods beginning on or after January 1, 2023. The Company concluded that there was no impact of adopting this amendment on its interim condensed consolidated financial statements.

IAS 12 – *Income Taxes ("IAS 12")*

Amendments to IAS 12 were issued in May 2021, the 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 amendment was effective for annual reporting periods beginning on or after January 1, 2023 and are to be applied retrospectively. The Company concluded that there was no impact of adopting this amendment on its interim condensed consolidated financial statements.

PENDING ACCOUNTING CHANGES

IFRS 16 – *Leases ("IFRS 16")*

In September 2022, the IASB issued an amendment to IFRS 16, which adds subsequent measurement requirements for sale and leaseback transactions for seller-lessees. The amendment is effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The Company is currently assessing the impact of adopting this amendment on its interim condensed consolidated financial statements.

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

In January 2020, the IASB issued an amendment to IAS 1, which affects only the presentation of liabilities in the interim condensed consolidated statements of financial position and not the amount or timing of their recognition. The amendment clarifies 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 amendment is effective for annual reporting periods beginning on or after January 1, 2024 and are to be applied retrospectively. The Company is still assessing the impact of adopting this amendment on its interim condensed consolidated financial statements.

IAS 7 – *Statement of Cash Flows ("IAS 7")* and IFRS 7 – *Financial Instruments: Disclosures ("IFRS 7")*

In May 2023, the IASB issued *Supplier Finance Arrangements*, which amended IAS 7 and IFRS 7 and requires additional quantitative and qualitative disclosure about supplier finance arrangements. The amendments are effective for annual reporting periods beginning on or after January 1, 2024, although earlier application is permitted; comparative prior period information is not required in the year of initial application. The Company is still assessing the impact of adopting these amendments on its interim condensed consolidated financial statements.

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

4. LONG-TERM DEBT

	February 29, 2024	August 31, 2023
Senior unsecured notes	**750,000**	750,000
Bank loans	**315,488**	337,295
Interim production financing	**5,103**	13,434
Unamortized financing fees and prepayment options	**(7,735)**	(8,345)
	1,062,856	1,092,384
Less: current portion of long-term debt [1]	**(17,551)**	(13,434)
	1,045,305	1,078,950

[1] Short-term portion relates to $12.5 million of mandatory bank loan repayments over next 12 months and $5.1 million of interim production financing.

Interest rates on the bank loans under the Amended Credit Agreement dated October 26, 2023 (the "Credit Facility") fluctuate with Canadian bankers' acceptances. The Company has 5.0% Senior Unsecured Notes of $500.0 million due in 2028 issued in fiscal 2021 (the "2028 Notes") and the 6.0% Senior Unsecured Notes of $250.0 million due in 2030 (the "2030 Notes" and, together with the 2028 Notes, collectively referred to hereafter as the "Notes") issued on February 28, 2022. As at February 29, 2024, the weighted average interest rate on the outstanding bank loans and Notes was 5.9% (February 28, 2023 – 5.9%). The effective interest on the bank loans and Notes for the three and six months ended February 29, 2024 averaged 6.1% (February 28, 2023 – 6.0% and 5.8%, respectively).

Amounts drawn under the interim production financing facility bear interest at the prime rate plus an applicable margin. As at February 29, 2024, interest rates ranged from 7.95% to 8.20% (February 28, 2023 – 7.45% to 7.70%) on these loans. The financial institutions hold, as security, a first ranking charge on the assets and undertakings, including receivables, of the productions.

Under the Credit Facility, 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 Credit Facility, as amended from time to time. Under the Credit 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 Credit Facility as at February 29, 2024.

SENIOR UNSECURED NOTES AND CREDIT FACILITIES

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

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 for the 2028 Notes), the Company may redeem all or part of the 2028 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 2028 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 2028 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.

At any time prior to February 28, 2025 (first optional early redemption date for the 2030 Notes), the Company may redeem all or part of the 2030 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 2030 Notes being redeemed, plus accrued and unpaid interest to the date of redemption. On or after February 28, 2025, the Company may redeem all or part of the 2030 Notes at the redemption price of 103% to February 28, 2026, 101.5% to February 28, 2027 and 100% thereafter, plus accrued and unpaid interest to the date of redemption.

The prepayment options associated with the Notes were fair valued at the time of debt issuance. The initial value of the prepayment options related to the Notes was a $9.6 million increase to indebtedness. This liability has been subsequently amortized using the effective interest rate method and as at February 29, 2024 was $6.7 million.

Term Facility

On October 26, 2023, the Company's Credit Facility was amended to increase the maximum total debt to cash flow ratio required under the financial covenants up to and including August 31, 2024, reintroduce mandatory quarterly repayments of the Term Facility, change certain conditions related to the use of proceeds on asset disposals and to introduce additional restrictions on distributions to shareholders. The amendment of the Credit Facility resulted in the Company recording additional deferred financing fees of $0.6 million and a debt refinancing loss of $0.8 million due to the modification of the debt.

On February 17, 2023, the Credit Facility was amended. The principal amendment was to increase the maximum total debt to cash flow ratio required under the financial covenants up to and including November 30, 2023. The amendment of the Credit Facility resulted in the Company recording additional deferred financing fees of $1.0 million.

On March 18, 2022, the Credit Facility was amended and restated. The principal amendments were to extend the maturity on both the Term Facility and the Revolving Facility to March 18, 2027 and to eliminate quarterly mandatory repayments and mandatory repayments from the net proceeds from the issue of other debt on the Term Facility. Net proceeds from the 2030 Notes issued on February 28, 2022 were used for repayment of the Term Facility and resulted in the Company recording net debt refinancing costs of $0.8 million for the non-cash write-off of unamortized financing fees. The March 18, 2022 amendment and restatement of the Credit Facility resulted in the Company recording a net debt refinancing gain of approximately $4.2 million.

As at February 29, 2024, the Term Facility balance was $315.5 million with a maturity date of March 18, 2027. 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.

Revolving Facility

With the amendment and restatement of the Credit Facility effective March 18, 2022, the maturity was extended to March 18, 2027. 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, Secured Overnight Financing Rate ("SOFR") advance or U.S. dollar denominated letters of credit (to a sub-limit of $50.0 million total). Amounts drawn under the Revolving Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio. A standby fee will also be payable on the unutilized amount of the Revolving Facility. As at February 29, 2024, the Company had approximately $236.4 million available to be drawn under the $300.0 million Revolving Facility.

Interim Production Financing

A non-wholly owned subsidiary of Corus has incurred revolving demand loans with certain financial institutions as interim financing for film or television productions. As at February 29, 2024, four interim financing agreements for television productions are drawn in the total amount of $5.1 million.

INTEREST RATE SWAP AGREEMENTS

On September 28, 2022, the Company entered into a Canadian interest rate swap agreement to fix the interest rate at 3.818%, plus applicable margins on $250.0 million of its outstanding Term Facility, which commenced on November 30, 2022 and expires on February 26, 2027. 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 had assessed that there was no ineffectiveness in the hedge of its interest rate exposure. As an effective hedge, unrealized gains or losses on the interest rate swap agreement were recognized in other comprehensive loss. The estimated fair value of these agreements as at February 29, 2024 was an asset of $2.9 million (August 31, 2023 – $6.7 million). The effectiveness of the hedging relationship is reviewed on a quarterly basis.

TOTAL RETURN SWAPS

The Company had a total return swap agreement on 1,706,000 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 this Level 1 financial instrument would fluctuate with the market price of the Company's shares. The counterparty of the swap agreement was a highly rated financial institution and the Company did not anticipate any non-performance. On December 1, 2023, the total return swap was settled at a cost of $7.5 million including interest. This was recorded within employee costs in the interim condensed consolidated statements of income (loss) and comprehensive income (loss) (note 6).

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 February 29, 2024, the total amount of foreign exchange forward contracts outstanding was $30.0 million U.S. dollars. The forward contracts are not designated as hedges for accounting purposes and as a result 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 February 29, 2024 was an asset of $1.6 million (August 31, 2023 – $2.2 million), which has been recorded in the interim condensed consolidated statements of financial position as investments and other assets, and within other expense (income), net (note 8) in the interim condensed consolidated statements of income (loss) and comprehensive income (loss).

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, 2023	3,367,526	3,322	196,072,632	277,730	281,052
Conversion of Class A Voting Shares to Class B Non-Voting Shares	(2,000)	(2)	2,000	2	—
Balance – February 29, 2024	**3,365,526**	**3,320**	**196,074,632**	**277,732**	**281,052**

EARNINGS PER SHARE

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

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	**February 29, 2024**	February 28, 2023
Net income attributable to shareholders (numerator)	**(9,780)**	(15,450)	**22,931**	15,937
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding – basic	**199,440**	199,440	**199,440**	199,583
Effect of dilutive securities	**—**	—	**—**	—
Weighted average number of shares outstanding – diluted	**199,440**	199,440	**199,440**	199,583

The calculation of diluted earnings per share for the three and six months ended February 29, 2024 excluded 8,924 and 9,113, respectively, (February 28, 2023 – 7,404 and 7,481, respectively) weighted average Class B Non-Voting Shares issuable under the Company's Stock Option Plan because these options were not "in-the-money".

SHARE-BASED COMPENSATION

Share-based compensation recorded for the second quarter and year-to-date of fiscal 2024 in respect of Stock Options as well as the Performance Share Units, Deferred Share Units and Restricted Share Units plans was expense of $1,156 and $77 (2023 – recovery of $289 and $1,066). As at February 29, 2024, the carrying value of the liability for these plans was $3,286 (August 31, 2023 – $6,698).

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

6. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	**February 29, 2024**	February 28, 2023
Direct cost of sales				
Amortization of program rights	**119,857**	143,551	**239,368**	295,940
Amortization of film investments	**3,188**	6,234	**7,321**	10,509
Other cost of sales	**7,269**	9,690	**16,412**	20,437
General and administrative expenses				
Employee costs	**77,200**	79,699	**154,692**	159,833
Other general and administrative	**39,278**	45,562	**78,054**	97,516
	246,792	284,736	**495,847**	584,235

7. INTEREST EXPENSE

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	**February 29, 2024**	February 28, 2023
Interest on long-term debt (note 4)	**16,301**	19,059	**32,561**	36,717
Imputed interest on long-term liabilities	**11,189**	15,179	**23,421**	31,356
Other	**583**	513	**1,179**	1,050
	28,073	34,751	**57,161**	69,123

8. OTHER EXPENSE (INCOME), NET

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	**February 29, 2024**	February 28, 2023
Interest income	**(888)**	(1,223)	**(2,247)**	(1,652)
Foreign exchange (gain) loss (note 4)	**(163)**	2,774	**687**	7,671
Equity gain of associates	**(2)**	(34)	**(5)**	(40)
Asset impairment reversal	**(319)**	—	**(319)**	—
Loss (gain) on asset disposal	**6**	(42)	**(1,002)**	(58)
Fair value loss on Notes prepayment options (note 4)	**—**	356	**—**	1,961
Other expense (income)	**1,619**	(456)	**2,569**	539
	253	1,375	**(317)**	8,421

(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 is as follows:

	Six months ended			
	February 29, 2024		February 28, 2023	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**10,454**	**26.3**	7,325	26.3
Income subject to tax at less than statutory rates	**(17)**	**—**	(22)	(0.1)
Non-taxable portion of capital gains	**(77)**	**(0.2)**	(30)	(0.1)
Impact of valuation allowance recorded against future income tax assets	**105**	**0.3**	—	—
Transaction costs	**—**	**—**	(19)	—
Increase of various tax reserves	**15**	**—**	36	0.1
Miscellaneous differences	**(41)**	**(0.1)**	932	3.3
	10,439	**26.3**	8,222	29.5

10. BUSINESS SEGMENT INFORMATION

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

TELEVISION

The Television segment comprises 33 specialty television networks, 15 conventional television stations, digital and streaming services, 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 (sold August 23, 2023). 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, 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 February 29, 2024	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenue	**278,059**	**21,478**	**—**	**299,537**
Direct cost of sales, general and administrative expenses	**219,156**	**20,621**	**7,015**	**246,792**
Segment profit (loss)	**58,903**	**857**	**(7,015)**	**52,745**
Depreciation and amortization				**29,850**
Interest expense				**28,073**
Restructuring and other costs				**5,267**
Other expense, net				**253**
Loss before income taxes				**(10,698)**

Three months ended February 28, 2023	Television	Radio	Corporate	Consolidated
Revenue	321,548	22,323	—	343,871
Direct cost of sales, general and administrative expenses	258,529	21,973	4,234	284,736
Segment profit (loss)	63,019	350	(4,234)	59,135
Depreciation and amortization				40,282
Interest expense				34,751
Restructuring and other costs				2,137
Other expense, net				1,375
Loss before income taxes				(19,410)

Six months ended February 29, 2024	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenue	**620,492**	**48,949**	**—**	**669,441**
Direct cost of sales, general and administrative expenses	**439,831**	**43,547**	**12,469**	**495,847**
Segment profit (loss)	**180,661**	**5,402**	**(12,469)**	**173,594**
Depreciation and amortization				**60,168**
Interest expense				**57,161**
Debt refinancing				**753**
Restructuring and other costs				**16,068**
Other income, net				**(317)**
Income before income taxes				**39,761**

Six months ended February 28, 2023	Television	Radio	Corporate	Consolidated
Revenue	723,077	51,985	—	775,062
Direct cost of sales, general and administrative expenses	528,299	45,613	10,323	584,235
Segment profit (loss)	194,778	6,372	(10,323)	190,827
Depreciation and amortization				80,416
Interest expense				69,123
Restructuring and other costs				4,966
Other expense, net				8,421
Income before income taxes				27,901

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

Revenue is derived from the following areas:

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	**February 29, 2024**	February 28, 2023
Advertising	**168,753**	190,294	**404,106**	471,061
Subscriber	**117,285**	124,051	**235,535**	251,566
Distribution, production and other	**13,499**	29,526	**29,800**	52,435
	299,537	343,871	**669,441**	775,062

11. INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Three months ended		Six months ended	
	February 29, 2024	February 28, 2023	**February 29, 2024**	February 28, 2023
Interest paid	**14,657**	17,335	**33,893**	37,910
Interest received	**888**	1,223	**2,247**	1,652
Income taxes paid	**1,461**	7,215	**2,088**	7,472

12. COMPARATIVE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The comparative interim condensed consolidated financial statements have been reclassified from statements previously presented to conform to the presentation of the 2024 interim condensed consolidated financial statements.