report to shareholders

Third Quarter 2024

For the Three and Nine Months Ended May 31, 2024
(Unaudited)

Table of Contents

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 May 31,		Nine months ended May 31,	
	2024	2023	**2024**	2023
Revenue				
Television	**308,198**	371,159	**928,690**	1,094,236
Radio	**23,606**	26,176	**72,555**	78,161
	331,804	397,335	**1,001,245**	1,172,397
Segment profit (loss) [1]				
Television	**68,412**	96,028	**249,073**	290,806
Radio	**2,633**	4,112	**8,035**	10,484
Corporate	**(3,510)**	(3,235)	**(15,979)**	(13,558)
	67,535	96,905	**241,129**	287,732
Segment profit margin [1]				
Television	**22%**	26%	**27%**	27%
Radio	**11%**	16%	**11%**	13%
Consolidated	**20%**	24%	**24%**	25%
Net loss attributable to shareholders	**(769,897)**	(495,073)	**(746,966)**	(479,136)
Adjusted net income (loss) attributable to shareholders [1]	**(19,873)**	18,042	**15,430**	37,628
Earnings (loss) per share:				
Basic	**($3.86)**	($2.48)	**($3.74)**	($2.40)
Diluted	**($3.86)**	($2.48)	**($3.74)**	($2.40)
Adjusted basic[1]	**($0.10)**	$0.09	**$0.08**	$0.19
Free cash flow [1]	**18,440**	25,979	**75,010**	75,186

[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

Corporate News

- **Corus announces retirement of CEO, appointment of Co-CEOs**. On June 17, 2024, Corus announced that Doug Murphy, former President and CEO, has made the decision to take an early retirement after over 30 years in broadcasting and media, and 21 years with the Company. Troy Reeb and John Gossling have been appointed as Co-Chief Executive Officers by the Board. John Gossling will also continue in his role as Chief Financial Officer.

Multi-Platform Video Business

- **Global TV announces its 2024/2025 primetime lineup of new acquisitions and returns of major hit series.** Global TV's roster will deliver 18.5 hours of simulcast programming in primetime this fall and introduces new dramas *Matlock, Murder in a Small Town,* and *NCIS: Origins.* The fall schedule also features the return of #1 show Survivor(1), #1 drama *9-1-1*[(1)], and *Elsbeth*, along with popular franchises *FBI* and *NCIS,* and Top 10 ranked comedy *Ghosts*[(1)].
- **Corus' Specialty networks and streaming platforms announce 2024/2025 series lineup.** Corus' specialty drama networks and STACKTV will feature returning seasons of *Bel Air, Ted, Based on a True Story, Outlander* and *The Way Home* along with new Peacock Originals *Untitled Steph Curry/Adam Pally Project (WT)*, *Fight Night: The Million Dollar Heist* and *Lockerbie*. Corus' unscripted and reality networks, and STACKTV will see the return of *Celebrity IOU* and *The Secret of Skinwalker Ranch,* and new series *100 Day Hotel Challenge (WT), Holy Marvels with Dennis Quaid,* and more.
- **Corus' complete portfolio of premium networks are now available through Eastlink.** All 33 Corus specialty networks are available through Eastlink, beginning June 6, 2024. Eastlink TV customers can access Corus Channels through brand new Corus Theme Packs, which will offer a wide range of flexible package options.
- **Corus announces changes to programming and trademark output arrangements.** Some of Corus' programming and trademark output arrangements with Warner Bros. Discovery will not be renewed upon their expiry on December 31, 2024. This affects content on certain Corus-operated specialty networks. Corus does not currently expect changes to the programming of the channels until 2025.

International Content Business

- **Corus unveils its 2024/2025 lineup of new and returning Canadian Original Series.** Corus' specialty networks welcome back 16 returning Canadian Original series, plus 18 new titles for 2024/25**.** New titles include *Building Baeumler, Beer Budget Reno (WT), Yukon Rescue, Pamela's Cooking with Love* and more. Returning titles include *Top Chef Canada, Rock Solid Builds, Gut Job Renovation Resort* and more. New and returning titles from Nelvana include *Barney's World, Millie Magnificent* and award-winning short film *Jelly*.

Ongoing Focus on Capital Management

- **Corus advances its deleveraging goals.** Corus paid down $4.6 million of debt In the third quarter of fiscal 2024, and $36.1 million year-to-date.

Advanced Focus on Sustainability

- **Corus gives back to local communities**. In the third quarter, Corus helped raise $9.2 million for over 290 community giving initiatives as well as provided 1,654 volunteer hours to 30 local organizations across Canada.

Regulatory Developments

- **CRTC grants Corus' request for interim relief.** On May 13, 2024, the Canadian Radio-television and Communications Commission (CRTC) announced its decision to grant Corus interim relief for Corus' English-language TV channels. The relief includes a reduction in Programs of National Interest (PNI) expenditure requirements from 8.5% to 5% and the removal of conditions to make up allowable Canadian Programming Expenditure (CPE) underspend requirements by the end of Corus' licensing term.
- **CRTC announces requirement for online streaming services to contribute to Canada's broadcast system.** On June 4, 2024, the CRTC announced a decision to require online streaming services generating over $25 million in Canada, which are unaffiliated with licensed broadcasters, to contribute 5% of their Canadian revenues to support the Canadian broadcasting system effective for the 2024-2025 broadcast year. The CRTC estimates this will provide an estimated $200 million per year in new funding to be directed to areas of need in the Canadian broadcasting system, including local news on radio and television, and others.

(1) Source: Numeris Personal People Meter Data, Total Canada, Spring 2024 season (Jan 8-Jun 2/24) – Confirmed data, 3+ airings, Adults 25-54, Average Minute Audience(000), Canadian Conventional Commercial English national networks, and Connected TV com all others 'Total', excludes playoffs.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three and nine months ended May 31, 2024 is prepared as at July 12, 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 and 2025, 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 including new or re-programmed channels; 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 renegotiate, obtain relief from, or 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 third quarter of fiscal 2024 of $331.8 million decreased 16% from $397.3 million in the prior year's quarter. On a consolidated basis, advertising revenue decreased 14%, subscriber revenue was down 6%, while distribution, production and other revenue declined 63% compared to the prior year's quarter. Revenue declined 17% in Television and 10% in Radio.

For the nine months ended May 31, 2024, consolidated revenue of $1,001.2 million decreased 15% from $1,172.4 million in the prior year. On a consolidated basis, advertising revenue decreased 14%, subscriber revenue was down 6% and distribution, production and other revenue declined 52% from the prior year. Revenue decreased 15% in Television and 7% 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 third quarter of fiscal 2024 of $264.3 million decreased 12% from $300.4 million in the prior year's quarter. On a consolidated basis, direct cost of sales decreased 15%, employee costs decreased 10% and other general and administrative expenses decreased 3%. The decrease in direct cost of sales was driven principally by the decline in amortization of program rights and film investments. The decrease in employee costs was primarily due to reduced labour costs, short-term compensation accruals, commissions and employee recruitment costs, offset by higher share-based compensation expense. Other general and administrative expenses were lower largely as a result of the elimination of CRTC Part II fees effective April 1, 2023, reduced tariff royalties and trade mark fees that are positively correlated with revenue, reduced rental costs, and lower consulting costs, offset by increased advertising and marketing costs as well as software and system license fees.

For the nine months ended May 31, 2024, direct cost of sales, general and administrative expenses of $760.1 million decreased 14% from $884.7 million in the prior year. On a consolidated basis, direct cost of sales decreased 18%, employee costs decreased 6% and other general and administrative costs decreased 15%. The decrease in direct cost of sales was driven principally by the decline in amortization of program rights and film investments. The decrease in employee costs was primarily due to reduced labour costs and commission expense, offset by increased short-term compensation accruals and share-based compensation expense. Other general and administrative expenses decreased largely as a result of the elimination of CRTC Part II fees, 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 third quarter of fiscal 2024 was $67.5 million, a decrease of 30% from $96.9 million in the prior year's quarter. The decrease in segment profit for the third quarter was principally a result of Television advertising, subscriber as well as distribution, production and other revenue declines, partially offset by a decrease in amortization of program rights as well as further cost control measures undertaken to reduce general and administrative expenses. Segment profit margin for the third quarter of fiscal 2024 of 20% was down from 24% in the prior year's quarter.

For the nine months ended May 31, 2024, segment profit was $241.1 million, a decrease of 16% from $287.7 million in the prior year. The decrease in segment profit was principally a result of Television advertising, subscriber as well as distribution, production and other 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 24% for the nine months ended May 31, 2024 was down 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 May 31, 2024 was $27.4 million, a decrease from $40.2 million in the prior year's quarter. The decrease was a result of reductions in the amortization of brands and trade marks of $12.1 million and capital assets of $0.6 million.

Depreciation and amortization expense for the nine months ended May 31, 2024 was $87.6 million, a decrease from $120.6 million in the prior year. The decrease was a result of reductions in the amortization of brands and trade marks of $31.4 million, capital assets of $1.5 million and other intangible assets of $0.2 million.

INTEREST EXPENSE

Interest expense for the three months ended May 31, 2024 of $26.0 million decreased from $33.3 million in the prior year's quarter. The decrease in interest expense in the quarter results from lower imputed interest of $3.8 million on long-term liabilities associated with program rights, trade marks and right-of-use assets and lower interest on long-term debt of $3.3 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 nine months ended May 31, 2024 of $83.2 million decreased from $102.4 million in the prior year. The decrease results from lower imputed interest of $11.8 million on long-term liabilities associated with program rights, trade marks and right-of-use assets and lower interest on long-term debt of $7.5 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 nine months ended May 31, 2024 was 6.0% compared to 6.0% and 5.9%, respectively, in the comparable periods of the prior year. The increase in the effective rate for the nine months results from higher interest rates on bank debt.

GOODWILL, BROADCAST LICENCES AND OTHER ASSET IMPAIRMENT

Goodwill and broadcast licences are tested for impairment annually as at August 31 or more frequently if events or changes in circumstances indicate that they may be impaired. The macroeconomic environment became increasingly uncertain during the fourth quarter of fiscal 2022, and as a result advertising demand and spending across the North American television media industry contracted meaningfully. These conditions persisted throughout fiscal 2023 and 2024, and in particular, more unfavourably than anticipated in the third quarter of fiscal 2024. In addition, the labour action of the Screen Actors Guild-American Federation of Television and Radio Artists ("SAG-AFTRA") between June 2023 and November 2023 impacted the majority of scripted productions world-wide that employ SAG-AFTRA talent, which impacted the delivery of programming available for airing on the Company's services. This resulted in a further contraction in advertising demand, particularly in the Television cash generating unit ("CGU"). Further, the Company was unable to renew certain programming and trademark output arrangements with Warner Bros. Discovery which expire on December 31 2024. The Company's share price has continued to decline meaningfully from August 31, 2023, which resulted in the Company's carrying value being greater than its market enterprise value at May 31, 2023, August 31, 2023 and May 31, 2024. Accordingly, impairment testing was required for both the Television CGU and Radio group of CGUs at all of the aforementioned period ends.

In the third quarter of fiscal 2024, the Company completed impairment testing of broadcast licences, goodwill and definite life intangible assets within the Television CGU and Radio group of CGUs and determined that impairment charges were required. As a result of these tests, the Company recorded non-cash impairment charges in the Television CGU totalling $915.6 million. This included charges against broadcast licences of $526.7 million, brands and trademarks of $315.3 million and program rights of $73.6 million. The Company recorded non-cash impairment charges in the Radio group of CGUs totalling $44.4 million. This included charges against goodwill of $21.1 million and broadcast licences of $23.3 million (refer to note 6 of the interim condensed consolidated financial statements).

For the year ended August 31, 2023, the Company recorded total non-cash impairment charges in the Television CGU against goodwill, broadcast licences, as well as brands and trade marks totalling $690.0 million. No impairment was identified in the Radio group of CGUs.

DEBT REFINANCING

On October 26, 2023, the Company amended and restated its Credit Facility (refer to note 7 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 nine months ended May 31, 2024, the Company incurred $10.9 million and $27.0 million, respectively, of restructuring and other costs, compared to $10.6 million and $15.5 million in the comparable periods of the prior year. The current and prior fiscal year costs relate primarily to restructuring costs associated with employee exits as well as ongoing system integration costs.

OTHER EXPENSE (INCOME), NET

Other expense for the three month period ended May 31, 2024 was $0.5 million, compared to other income of $2.0 million in the prior year's quarter. The current quarter includes other expenses of $1.3 million consisting of redundant rent, offset by $0.9 million of interest income. The prior year's quarter included net foreign exchange gains of $1.6 million primarily related to the translation of USD denominated liabilities, $0.8 million of interest income and other income of $0.1 million consisting of rental income, offset by fair value losses on the Notes prepayment options of $0.3 million and losses on asset disposals of $0.1 million.

Other expense for the nine months ended May 31, 2024 was $0.1 million compared to $6.4 million in the prior year. In the current year-to-date period, other expense included $3.8 million of other expenses related to the retroactive portion of retransmission royalties and redundant rent, net of rental income, foreign exchange losses of $0.7 million primarily related to the translation of USD denominated liabilities, offset by interest income of $3.1 million, a $1.0 million gain on a property disposal as well as an asset impairment reversal of $0.3 million. In the prior year's comparable period, other expense included net foreign exchange losses of $6.1 million, fair value losses on the Notes prepayment options of $2.3 million, as well as the retroactive portion of retransmission royalty reductions and redundant rent, net of rental income, offset by $2.4 million of interest income.

INCOME TAX EXPENSE (RECOVERY)

The Company's effective income tax recovery rate for the three months ended May 31, 2024 was 19.2% compared to an effective income tax recovery rate for the three months ended May 31, 2023 of 14.6%. The difference between the statutory rate of 26.5% and the effective tax rate resulted from changes in valuation allowances and miscellaneous items.

The Company's effective income tax rate for the nine months ended May 31, 2024 was 18.9%, compared to the effective tax rate for the nine months ended May 31, 2023 of 13.8%. The difference between the statutory rate of 26.5% and the effective tax rate resulted from changes in valuation allowances and miscellaneous items.

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

Net loss attributable to shareholders for the third quarter of fiscal 2024 was $769.9 million ($3.86 loss per share basic), compared to net loss attributable to shareholders of $495.1 million ($2.48 loss per share basic) in the prior year's quarter. Net loss attributable to shareholders for the third quarter of fiscal 2024 includes goodwill, broadcast licence and other asset impairment charges of $960.0 million ($3.72 per share) and restructuring and other costs of $10.9 million ($0.04 per share). Adjusting for the impact of these items results in an adjusted net loss attributable to shareholders of $19.9 million ($0.10 loss per share basic) in the quarter. Net loss attributable to shareholders for the third quarter of fiscal 2023 included 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). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $18.0 million ($0.09 per share basic) in the prior year's quarter.

Net loss attributable to shareholders for the nine months ended May 31, 2024 was $747.0 million ($3.74 loss per share basic), compared to net loss attributable to shareholders of $479.1 million ($2.40 loss per share basic) in the prior year. Net loss attributable to shareholders for the nine months ended May 31, 2024 includes goodwill, broadcast licence and other asset impairment charges of $960.0 million ($3.72 per share), a debt refinancing loss of $0.8 million ($nil per share) and restructuring and other costs of $27.0 million ($0.10 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $15.4 million ($0.08 per share basic). Net loss attributable to shareholders for the nine months ended May 31, 2023 includes goodwill, broadcast licence and other asset impairment charges of $590.0 million ($2.53 per share) and restructuring and other costs of $15.5 million ($0.06 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $37.6 million ($0.19 per share basic) for the same comparable period of the prior year.

The weighted average number of basic shares outstanding for the three and nine months ended May 31, 2024 was 199,440,000 compared to 199,440,000 and 199,541,000 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 May 31, 2024 was $1.0 million, compared to $0.8 million in the prior year's quarter. For the three months ended May 31, 2024, other comprehensive loss includes an actuarial loss on the remeasurement of post-employment benefit plans of $1.4 million, offset by an unrealized gain on the change in the fair value of financial assets of $0.3 million and an unrealized gain from foreign currency translation adjustments of $0.1 million. In the prior year's quarter, other comprehensive loss includes an actuarial loss on the remeasurement of post-employment benefit plans of $0.6 million, an unrealized loss on the change in the fair value of financial assets of $0.6 million and an unrealized loss from foreign currency translation adjustments of $0.1 million, offset by an unrealized gain on the change in the fair value of cash flow hedges of $0.5 million.

Other comprehensive loss for the nine months ended May 31, 2024 was $12.5 million, compared to other comprehensive income of $1.6 million in the prior year. For the nine months ended May 31, 2024, other comprehensive loss includes an unrealized change in the fair value of financial assets of $6.2 million, an actuarial loss on the remeasurement of post-employment benefit plans of $3.8 million and an unrealized loss on the fair value of cash flow hedges of $2.8 million, offset by an unrealized gain from foreign currency translation adjustments of $0.3 million. For the nine months ended May 31, 2023, other comprehensive income includes an unrealized gain on the fair value of cash flow hedges of $1.8 million and an unrealized gain from foreign currency translation adjustments of $1.2 million, offset by an unrealized loss on the fair value of financial assets of $1.3 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

	Three months ended	May 31,	Nine months ended	May 31,
(thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Revenue				
Advertising	**178,182**	209,008	**536,457**	630,645
Subscriber	**116,914**	124,225	**352,449**	375,791
Distribution, production and other	**13,102**	37,926	**39,784**	87,800
Total revenue	**308,198**	371,159	**928,690**	1,094,236
Expenses	**239,786**	275,131	**679,617**	803,430
Segment profit [1]	**68,412**	96,028	**249,073**	290,806
Segment profit margin[1]	**22%**	26%	**27%**	27%

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

Revenue for the three months ended May 31, 2024 declined 17% from the prior year's quarter as a result of decreases of 15% in advertising revenue, 6% in subscriber revenue, and 65% in distribution, production and other revenue. Advertising revenue remained well below the prior year as demand and spending in the linear media industry has been reduced and has been further impacted by an oversupply of digital inventory in the market. The decrease in advertising revenue was consistent with the Q3 outlook of 10-15% and was driven by declines across almost all the major advertising categories, partially mitigated by growth in alcoholic beverages and packaged goods. 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 and reduced service work as well as the disposition of Toon Boom Animation Inc. ("Toon Boom") in August 2023.

Revenue for the nine months ended May 31, 2024 declined 15% from the prior year's comparable period as a result of decreases of 15% in advertising revenue, 6% in subscriber revenue, and 55% 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 and has been further impacted by an oversupply of digital inventory in the market. 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 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 in August 2023.

Expenses for the quarter were down 13% from the prior year as a result of a decrease of 15% in direct costs of sales, 11% in employee costs, and 5% in other general and administrative expenses. The decrease in direct cost of sales was driven by a $23.6 million (or 15%) decrease in amortization of program rights and decreases in amortization of film investment of $5.3 million (or 44%), offset by an increase in other cost of sales of $2.5 million (or 37%). The decrease in amortization of program rights was due to lower amortization on Canadian titles, the impact of cancellation of *Entertainment Tonight Canada* and *The Zone*, along with delays in start dates for U.S. programming as a result of Hollywood labour actions in 2023 and prior year U.S. program cancellations. The decrease of $7.2 million in employee costs compared to the prior year's quarter was a direct result of headcount reductions and reduced short-term compensation accruals. The decrease of $1.7 million in other general and administrative expenses compared to the prior year's quarter was attributable to the elimination of CRTC Part II fees (as of April 1, 2023), decreased consulting costs, rental costs, trade mark costs that are positively correlated with revenue, and satellite signal transmission costs, offset by an increase in advertising and marketing costs as well as system fees and licenses.

Expenses for the nine months ended May 31, 2024 were down 15% from the prior comparable period as a result of a decrease of 18% in direct cost of sales, 8% in employee costs and 17% in other general and administrative expenses. The decrease in direct cost of sales was driven by a $79.9 million (or 18%) reduction in amortization of program rights as well as decreases of $8.5 million (or 37%) in amortization of film investments and $1.6 million (or 6%) in other cost of sales. The decrease of $14.9 million in employee costs reflects significant headcount reductions over the past twelve months, offset by increases in short-term compensation accruals in the current year-to-date period. The decrease of $18.9 million in other general and administrative expenses was a result of lower advertising and marketing expenditures, the elimination of CRTC Part II fees, decreased consulting costs, rental costs, satellite signal transmission costs, and trade mark costs 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 nine month periods ended May 31, 2024 was down 29% and 14%, respectively. 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 quarter was 22% down from 26% in the prior year's quarter and 27% for the nine months ended May 31, 2024, which was comparable to the prior year's year-to-date.

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

RADIO

FINANCIAL HIGHLIGHTS

	Three months ended		Nine months ended	
		May 31,		**May 31,**
(thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Revenue	**23,606**	26,176	**72,555**	78,161
Expenses	**20,973**	22,064	**64,520**	67,677
Segment profit [1]	**2,633**	4,112	**8,035**	10,484
Segment profit margin[1]	**11%**	16%	**11%**	13%

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

Revenue in the three and nine months ended May 31, 2024, decreased 10% and 7% from the prior year's comparable periods. The decline in advertising revenue for the quarter was driven principally by retail, professional services, government/political, and restaurants categories, partially offset by growth in the automotive and home products categories. The decline in advertising revenue for the year-to-date was driven principally by retail, professional services, entertainment, government/political, and restaurant categories, offset by growth in automotive and home product categories.

Direct cost of sales and general and administrative expenses decreased 5% for the quarter and the nine months ended May 31, 2024. The decrease for the quarter resulted from reduced employee costs driven by headcount reductions as well as lower short-term compensation accruals, reduced marketing spend, lower copyright tariff fees that are positively correlated with revenue, no CRTC Part II fees (eliminated April 1, 2023) and continued cost containment measures.

The decrease for the nine months ended May 31, 2024 resulted from reduced employee costs driven by headcount reductions as well as short-term compensation accruals, 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] for the three and nine months ended May 31, 2024 decreased by $1.5 million and $2.5 million, respectively, from the prior year's comparable periods as a result of revenue declines exceeding cost containment measures. Segment profit margin[1] for the quarter of 11% was down from 16% in the prior quarter, while the year-to-date of 11% was down from 13% 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		Nine months ended	
		May 31,		**May 31,**
(thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Share-based compensation	**(524)**	(1,543)	**(447)**	(2,609)
Other general and administrative costs	**4,034**	4,778	**16,426**	16,167
	3,510	3,235	**15,979**	13,558

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 recovery in the three and nine months ended May 31, 2024 decreased by $1.0 million and $2.2 million, respectively from the comparable periods of the prior year. The increase in the quarter and year-to-date results primarily from a smaller decrease in the Company's share price in the current periods compared to the prior year's comparable periods as well as a decrease in vesting assumptions on other share-based awards.

Other general and administrative costs decreased $0.7 million in the quarter, but increased by $0.3 million for the nine months ended May 31, 2024 from the comparable prior year periods. The decrease for the quarter results from reduced employee costs driven by headcount reductions as well as short-term compensation accruals, offset by higher system and software costs and higher repairs and maintenance costs. The increase for the year-to-date period results from increased short-term compensation accruals, offset by reduced employee costs driven by headcount reductions, reduced consulting costs 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 May 31, 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								
3rd quarter	**331,804**	**67,535**	**(769,897)**	**(19,873)**	**$ (3.86)**	**$ (3.86)**	**$ (0.10)**	**18,440**
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

[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 third quarter of fiscal 2024 was negatively impacted by non-cash television and radio broadcast licence, goodwill and other asset impairment charges of $960.0 million ($3.72 per share) and restructuring and other costs of $10.9 million ($0.04 per share).
- 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).

FINANCIAL POSITION

Total assets at May 31, 2024 of $1.6 billion decreased from August 31, 2023 of $2.7 billion. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2023.

Current assets at May 31, 2024 were $384.5 million, down $9.7 million from August 31, 2023.

Cash and cash equivalents increased by $11.0 million from August 31, 2023. Refer to the discussion of cash flows in the next section.

Accounts receivable decreased by $10.4 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 $6.1 million from August 31, 2023 as a result of tax credit receipts exceeding accruals relating to film productions.

Investments and other assets decreased $18.7 million from August 31, 2023, primarily as a result of decreases in the fair value of the venture funds, a decrease in the net asset position of certain post employment benefit plans, and a decrease in the fair value of derivatives (interest rate swap and foreign exchange forward contracts).

Property, plant and equipment decreased $14.6 million from August 31, 2023 as a result of depreciation expense exceeding additions.

Program rights decreased $138.8 million from August 31, 2023, as additions of acquired rights of $309.2 million were offset by amortization of $374.4 million and an impairment write-down of $73.6 million.

Film investments increased $3.9 million from August 31, 2023, as film additions (net of tax credit accruals) of $18.1 million were offset by film amortization of $14.2 million.

Intangibles decreased $933.0 million from August 31, 2023, primarily as a result of non-cash impairment charges in broadcast licences of $550.0 million, trade marks and brands of $315.3 million and goodwill of $21.1 million, as well as amortization of $60.2 million. This was offset by trade mark agreement renewals of $13.1 million and net additions to other intangible assets of $0.5 million.

Accounts payable and accrued liabilities decreased $39.8 million from August 31, 2023, principally as a result of lower program rights and trade marks payable, third party participations payable, deferred revenue, and interest payable, partially offset by increases in accounts payable and accrued liabilities, film production accruals 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 $6.8 million from August 31, 2023, principally as a result of restructuring-related additions exceeding payments.

Long-term debt, including the current portion, as at May 31, 2024 was $1,059.2 million compared to $1,092.4 million as at August 31, 2023. As at May 31, 2024, the $14.1 million classified as the current portion of long-term debt consists of $9.9 million of mandatory repayments of the Term Facility over the next twelve months and $4.2 million of interim production financing. During the nine months ended May 31, 2024, the Company decreased bank debt and interim production financing by $36.1 million, amortized $2.7 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 $87.9 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 $5.7 million in the third quarter of fiscal 2024 and $11.0 million for the nine months ended May 31, 2024. Free cash flow[(1)] for the three and nine months ended May 31, 2024 was $18.4 million and $75.0 million, respectively, compared to $26.0 million and $75.2 million in the same comparable prior year periods. The decrease in free cash flow[(1)] in the third quarter was attributable to a decrease of $6.9 million in cash provided by operating activities and an increase of $0.7 million in cash used in investing activities. The decrease in free cash flow[(1)] for the nine months ended May 31, 2024 was attributable to a decrease of $0.5 million in cash provided by operating activities.

Cash provided by operating activities for the quarter was $22.9 million compared to $29.8 million in the prior year's quarter. The decrease in cash provided in the quarter of $6.9 million arises from a decrease in cash flow from operations of $34.7 million, which includes lower spend on program rights and film investments of $11.2 million and $7.2 million, respectively, offset by lower net income from operations (adjusted for non-cash items) of $53.1 million as well as an increase of cash provided by working capital of $27.8 million. The decrease in cash provided year-to-date of $0.5 million arises from a decrease in cash flow from operations of $14.6 million, which includes lower spend on program rights and film investments of $78.1 million and $33.3 million, respectively, offset by lower net income from operations (adjusted for non-cash items) of $126.0 million and an increase of cash provided by working capital of $14.1 million.

Cash used by investing activities for the quarter was $4.5 million compared to $3.8 million in the prior year's quarter. The increase in cash used in the quarter of $0.7 million was primarily attributable to increased spend on property, plant and equipment and intangibles of $0.3 million as well as a reduction in proceeds from the sale of assets of $0.4 million. Cash used in investing activities for the nine months ended May 31, 2024 was $10.2 million, consistent with $10.2 million in the prior year. Increased spend on property, plant and equipment and intangibles of $1.5 million was offset by increased proceeds from the sale of assets of $1.5 million.

Cash used in financing activities for the quarter was $12.7 million compared to $27.7 million in the prior year's quarter. The decrease in cash used in the quarter of $15.0 million was mainly attributable to a decrease in the repayments of bank loans of $5.6 million and a reduction of dividends paid of $9.3 million. Cash used in financing activities for the nine months ended May 31, 2024 was $63.6 million compared to $73.8 million in the prior year's comparable period. The decrease in cash used year-to-date of $10.2 million was mainly attributable to a reduction in dividends paid of $35.6 million and a reduction of $2.0 million related to shares being repurchased under the NCIB in the prior year's comparable period offset by an increase in the repayments of bank loans of $23.8 million and a reduction of equity funding of $3.9 million.

[(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 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 May 31, 2024, the Company was in compliance with all loan covenants, had a cash and cash equivalents balance of $67.2 million and had approximately $98.4 million available to be drawn under the $300.0 million Revolving Facility. On June 1, 2024, availability on the Revolving Facility decreased to $30.2 million as a result of the decrease in the maximum total debt to cash flow ratio required under the financial covenants on that date.

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 7 of the Company's interim condensed consolidated financial statements.

GOING CONCERN UNCERTAINTY

The interim condensed consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's revenue and profitability have declined significantly over the past two years, in turn impacting cash flows from operations negatively. As previously identified, key factors that have and may continue to adversely impact the Company's ability to compete successfully and its financial results include, but are not limited to: industry-wide, continuing reduced advertising demand or spending on linear television; macroeconomic supply chain disruptions, which in turn impact advertising; ability to secure programming rights; changes to acquired programming costs and arrangements, which continue to increase; and continued inaction or slower action by Corus' federal broadcast regulator to revisit Canadian program spending requirements, which represent a significant portion of the Company's cost base.

In the current fiscal year, there were both extended writers' and actors' labour actions in the U.S. which significantly impacted programming deliveries and, in turn, reduced television audience levels and advertising revenues. The Company also disclosed a change to a programming supply agreement subsequent to the quarter which will not take effect until at least January 2025. However, while the Company operates, and intends to continue operating, its widely-distributed suite of lifestyle channels, there are risks associated with audience adoption of re-programmed channels and therefore, associated revenues. Cash flows from operations are currently positive but could decline further in the future. In addition, at May 31, 2024, the Company has accumulated a deficit attributable to shareholders of $440,310.

The Company has entered into the Credit Facility and issued the Senior Unsecured Notes, all of which contain certain financial covenants including with respect to the maintenance of certain leverage ratios. Management has taken and continues to take significant cost-cutting actions and make appropriate investments in areas or assets which support sustainable profitability. Management also intends to actively pursue options for such amendments or relief, concurrent with such cost reduction actions and its regulatory advocacy. However, should the financial performance, specifically the impacts to profitability, continue to decline without successful mitigation and should there be no further changes or amendments to the foregoing financing arrangements, there is material risk that the Company will not meet its covenants under (i) the terms of the Credit Facility, anticipated to be in effect as at September 1, 2024, when the Company's leverage covenant decreases from 4.50 to 4.25 times, or; (ii) the Senior Unsecured Notes, as a result of cross default provisions. The Company's ability to mitigate the concerns above is dependent on its ability to obtain relief from or amendments to terms with lenders or noteholders with respect to relevant financial covenants or repayment terms under such facilities. While the Company has been successful in obtaining requisite relief and amendments in the past, there can be no assurance it will be able to do so in the future.

These events and conditions indicate material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets or liabilities and the reported expenses and consolidated balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

TOTAL CAPITALIZATION

As at May 31, 2024, total capitalization was $670.5 million compared to $1,480.1 million at August 31, 2023, a decrease of $809.6 million. The decrease in total capitalization arises from a reduction in bank debt of $33.2 million, a decrease in lease liabilities of $7.2 million, a reduction in accumulated other comprehensive income of $8.7 million, an increase in the accumulated deficit of $750.0 million and an increase of cash and cash equivalents of $11.0 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 7 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)	**As at May 31, 2024**	As at August 31, 2023
Shares Outstanding		
Class A Voting Shares	**3,365,394**	3,367,526
Class B Non-Voting Shares	**196,074,764**	196,072,632
Stock Options		
Vested	**4,751,925**	4,811,925
Non-vested	**2,906,275**	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			Nine months ended		
		May 31,	%		**May 31,**	%
(thousands of Canadian dollars, except percentages)	**2024**	2023	Change	**2024**	2023	Change
New platform revenue (numerator)	**34,972**	38,637	(9%)	**105,855**	112,497	(6%)
Television advertising revenue	**178,182**	209,008	(15%)	**536,457**	630,645	(15%)
Television subscriber revenue	**116,914**	124,225	(6%)	**352,449**	375,791	(6%)
Total Television advertising and subscriber revenue (denominator)	**295,096**	333,233	(11%)	**888,906**	1,006,436	(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 11 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 13 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		Nine months ended	
		May 31,		**May 31,**
(thousands of Canadian dollars, except percentages)	**2024**	2023	**2024**	2023
Revenue	**331,804**	397,335	**1,001,245**	1,172,397
Direct cost of sales, general and administrative expenses	**264,269**	300,430	**760,116**	884,665
Segment profit	**67,535**	96,905	**241,129**	287,732
Segment profit margin	**20%**	24%	**24%**	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		Nine months ended	
		May 31,		**May 31,**
(thousands of Canadian dollars)	**2024**	2023	**2024**	2023
Cash provided by (used in):				
Operating activities	**22,931**	29,810	**84,816**	85,333
Investing activities	**(4,491)**	(3,831)	**(10,152)**	(10,218)
	18,440	25,979	**74,664**	75,115
Add: cash used in business acquisitions and strategic investments [1]	**—**	—	**346**	71
Free cash flow	**18,440**	25,979	**75,010**	75,186

[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.

	Three months ended	**May 31,**	Nine months ended	**May 31,**
(thousands of Canadian dollars, except per share amounts)	**2024**	2023	**2024**	2023
Net loss attributable to shareholders	**(769,897)**	(495,073)	**(746,966)**	(479,136)
Adjustments, net of income tax:				
Goodwill, broadcast licence and other asset impairment	**742,016**	504,953	**742,016**	504,953
Debt refinancing	**—**	—	**555**	—
Restructuring and other costs	**8,008**	8,162	**19,825**	11,811
Adjusted net income (loss) attributable to shareholders	**(19,873)**	18,042	**15,430**	37,628
Basic loss per share	**($3.86)**	($2.48)	**($3.74)**	($2.40)
Adjustments, net of income tax:				
Goodwill, broadcast licence and other asset impairment	**$3.72**	$2.53	**$3.72**	$2.53
Debt refinancing	**—**	—	**—**	—
Restructuring and other costs	**$0.04**	$0.04	**$0.10**	$0.06
Adjusted basic earnings (loss) per share	**($0.10)**	$0.09	**$0.08**	$0.19

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 May 31, 2024	As at August 31, 2023
Total debt, net of unamortized financing fees and prepayment options	**1,059,168**	1,092,384
Lease liabilities	**118,844**	126,084
Cash and cash equivalents	**(67,208)**	(56,163)
Net debt	**1,110,804**	1,162,305
Net debt (numerator)	**1,110,804**	1,162,305
Segment profit (denominator) [(1)]	**287,402**	334,005
Net debt to segment profit	**3.86**	3.48
Proforma net debt to segment profit [(2)]	**3.91**	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.

RISKS AND UNCERTAINTIES

Significant risks and uncertainties affecting the Company and its business are discussed under the heading "Risks and Uncertainties" and "Seasonal Fluctuations" in the 2023 MD&A, as filed at www.sedarplus.ca on October 30, 2023.

As discussed further in the 2023 MD&A, the Company's operating performance is affected by general Canadian and worldwide economic conditions. Changes or volatility in domestic or international economic conditions, economic uncertainty or geopolitical conflict and tensions, including current ongoing factors that can create or exacerbate recessionary conditions, may affect discretionary consumer and business spending, including on advertising and marketing, resulting in changes to demand for Corus' product and services offerings. The continued elevated consumer price index inflation also affects the Company's business, operations and financial performance through disruption to supply chains, increased costs of programming, services and labour, reduced advertising demand or spending, or lower demand for the Company's products and services, all of which may lead to decreased revenue or profitability.

As previously identified, additional key factors that have and may continue to adversely impact the Company's ability to compete successfully and its financial results include, but are not limited to: industry-wide, continuing reduced advertising demand or spending on linear television; macroeconomic supply chain disruptions, which in turn impact advertising; ability to secure programming rights; changes to acquired programming costs and arrangements, which continue to increase; and continued inaction or slower action by Corus' federal broadcast regulator to revisit Canadian program spending requirements, which represent a significant portion of the Company's cost base. A more extensive discussion of risks and uncertainties that may affect the Company's business, operations and financial performance can be found in the 2023 Annual MD&A.

Programming and trade mark output arrangements for HGTV, Food Network, Cooking Channel, Magnolia Network and OWN will not be renewed upon their expiry on December 31, 2024. The Company is currently undertaking a review of these channels and while some lifestyle channels may be retired, others are expected to be rebranded based on the strength of top-rated Canadian programs and foreign content supply. This is expected to impact revenue on the Company's services in calendar 2025, which may lead to decreased profitability.

In addition, the Company has entered into the Credit Facility and issued the Senior Unsecured Notes, all of which contain certain financial covenants including with respect to the maintenance of certain leverage ratios. Management has taken and continues to take significant cost reduction actions and make appropriate investments in areas or assets which support sustainable profitability. Management also intends to actively pursue options for such amendments or relief, concurrent with such cost reduction actions and its regulatory advocacy. However, should the financial performance, specifically the impacts to profitability, continue to decline without successful mitigation and should there be no further changes or amendments to the foregoing financing arrangements, there is material risk that the Company will not meet its covenants under (i) the terms of the Credit Facility, anticipated to be in effect as at September 1, 2024, when the Company's leverage covenant decreases from 4.50 to 4.25 times, or; (ii) the Senior Unsecured Notes, as a result of cross default provisions.

The Company's ability to mitigate the concerns above is dependent on its ability to continue to access financing and / or obtain relief from or amendments to terms with lenders or noteholders with respect to relevant financial covenants or repayment terms under such facilities. While the Company has been successful in obtaining requisite relief and amendments in the past, there can be no assurance it will be able to do so in the future.

Other financial risks which may be related to or elevated by the foregoing include the volatility of the market price for the Company's Class B Non-Voting Shares, which can be impacted by factors beyond the Company's control and which can decline even if the Company's operating results, underlying asset values or prospects have not changed. Please see the 2023 MD&A for a full discussion of these and other risks and uncertainties.

OUTLOOK

In the fourth quarter, we continue to expect lingering impacts from the lengthy disruption of advertising markets due to the U.S. writers' and actors' strikes, over-supply of premium digital video inventory from foreign competitors, and generally lower demand for linear advertising. As such, the Company expects year-over-year declines in Television advertising revenue in the fourth quarter of fiscal 2024 to be similar to the third quarter of fiscal 2024. Amortization of TV program rights is expected to decline in the quarter by approximately 20% on a year-over-year basis. The Company will continue with its implementation of additional cost reduction initiatives and expects general and administrative expenses to decline in the range of 10 to 15% for the fourth quarter compared to the prior year. 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 May 31, 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 May 31, 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 third quarter ended May 31, 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

See Basis of presentation and going concern uncertainty - Note 3

(unaudited - in thousands of Canadian dollars)	**As at May 31, 2024**	As at August 31, 2023
ASSETS		
Current		
Cash and cash equivalents	**67,208**	56,163
Accounts receivable	**284,728**	295,175
Income taxes recoverable	**11,791**	21,597
Prepaid expenses and other assets	**20,776**	21,285
Total current assets	**384,503**	394,220
Tax credits receivable	**38,210**	44,270
Investments and other assets	**55,742**	74,415
Property, plant and equipment, net	**253,602**	268,214
Program rights (note 4)	**530,133**	668,976
Film investments	**56,990**	53,085
Intangible assets, net (note 5)	**265,200**	1,198,229
Deferred income tax assets	**—**	44,653
Total assets	**1,584,380**	2,746,062
LIABILITIES AND EQUITY (DEFICIT)		
Current		
Accounts payable and accrued liabilities	**525,210**	565,052
Current portion of long-term debt (note 7)	**14,057**	13,434
Provisions	**17,004**	9,811
Total current liabilities	**556,271**	588,297
Long-term debt (note 7)	**1,045,111**	1,078,950
Other long-term liabilities	**229,002**	316,912
Provisions	**8,695**	9,041
Deferred income tax liabilities	**56,396**	293,862
Total liabilities	**1,895,475**	2,287,062
EQUITY (DEFICIT)		
Share capital (note 8)	**281,052**	281,052
Contributed surplus	**2,013,509**	2,012,936
Accumulated deficit	**(2,764,045)**	(2,014,077)
Accumulated other comprehensive income	**29,174**	37,841
Total equity (deficit) attributable to shareholders	**(440,310)**	317,752
Equity attributable to non-controlling interests	**129,215**	141,248
Total equity (deficit)	**(311,095)**	459,000
	1,584,380	2,746,062

See accompanying notes

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

(unaudited - in thousands of Canadian dollars, except per share amounts)	Three months ended May 31, 2024	Three months ended May 31, 2023	Nine months ended May 31, 2024	Nine months ended May 31, 2023
Revenue	**331,804**	397,335	**1,001,245**	1,172,397
Direct cost of sales, general and administrative expenses (note 9)	**264,269**	300,430	**760,116**	884,665
Depreciation and amortization	**27,397**	40,178	**87,565**	120,594
Interest expense (note 10)	**26,004**	33,278	**83,165**	102,401
Goodwill, broadcast licence and other asset impairment (note 6)	**960,000**	590,000	**960,000**	590,000
Debt refinancing (note 7)	**—**	—	**753**	—
Restructuring and other costs	**10,893**	10,580	**26,961**	15,546
Other expense (income), net (note 11)	**452**	(1,997)	**135**	6,424
Loss before income taxes	**(957,211)**	(575,134)	**(917,450)**	(547,233)
Income tax recovery (note 12)	**(184,109)**	(83,982)	**(173,670)**	(75,760)
Net loss for the period	**(773,102)**	(491,152)	**(743,780)**	(471,473)
Other comprehensive income (loss), net of income taxes				
Items that may be reclassified subsequently to loss:				
Unrealized change in fair value of cash flow hedges (note 7)	**65**	461	**(2,779)**	1,755
Unrealized foreign currency translation adjustment	**84**	(143)	**316**	1,166
	149	318	**(2,463)**	2,921
Items that will not be reclassified to loss:				
Unrealized change in fair value of financial assets	**254**	(578)	**(6,204)**	(1,266)
Actuarial loss on post-retirement benefit plans	**(1,426)**	(578)	**(3,856)**	(31)
	(1,172)	(1,156)	**(10,060)**	(1,297)
Other comprehensive income (loss), net of income taxes	**(1,023)**	(838)	**(12,523)**	1,624
Comprehensive loss for the period	**(774,125)**	(491,990)	**(756,303)**	(469,849)
Net loss attributable to:				
Shareholders	**(769,897)**	(495,073)	**(746,966)**	(479,136)
Non-controlling interests	**(3,205)**	3,921	**3,186**	7,663
	(773,102)	(491,152)	**(743,780)**	(471,473)
Comprehensive loss attributable to:				
Shareholders	**(770,920)**	(495,911)	**(759,489)**	(477,512)
Non-controlling interests	**(3,205)**	3,921	**3,186**	7,663
	(774,125)	(491,990)	**(756,303)**	(469,849)
Loss per share attributable to shareholders:				
Basic	**($3.86)**	($2.48)	**($3.74)**	($2.40)
Diluted	**($3.86)**	($2.48)	**($3.74)**	($2.40)

See accompanying notes

CORUS ENTERTAINMENT INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)

(unaudited - in thousands of Canadian dollars)	**Share capital**	**Contributed surplus**	**Accumulated deficit**	**Accumulated other comprehensive income**	**Total equity (deficit) attributable to shareholders**	**Non-controlling interests**	**Total equity (deficit)**
As at August 31, 2023	281,052	2,012,936	(2,014,077)	37,841	317,752	141,248	459,000
Comprehensive income (loss)	**—**	**—**	**(746,966)**	**(12,523)**	**(759,489)**	**3,186**	**(756,303)**
Dividends declared	**—**	**—**	**—**	**—**	**—**	**(10,073)**	**(10,073)**
Change in fair value of put option liability	**—**	**—**	**854**	**—**	**854**	**(5,146)**	**(4,292)**
Actuarial loss on post-retirement benefit plans	**—**	**—**	**(3,856)**	**3,856**	**—**	**—**	**—**
Share-based compensation expense	**—**	**573**	**—**	**—**	**573**	**—**	**573**
As at May 31, 2024	**281,052**	**2,013,509**	**(2,764,045)**	**29,174**	**(440,310)**	**129,215**	**(311,095)**

(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 (loss)	—	—	(479,136)	1,624	(477,512)	7,663	(469,849)
Dividends declared	—	—	(17,490)	—	(17,490)	(15,750)	(33,240)
Reduction of stated capital	(500,000)	500,000	—	—	—	—	—
Change in fair value of put option liability	—	—	(754)	—	(754)	65	(689)
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 loss on post-retirement benefit plans	—	—	(31)	31	—	—	—
Share-based compensation expense	—	562	—	—	562	—	562
Reallocation of equity interest	—	—	3,226	—	3,226	(3,226)	—
Equity funding by a non-controlling interest	—	—	—	—	—	3,855	3,855
As at May 31, 2023	281,052	2,012,658	(2,068,543)	34,655	259,822	144,547	404,369

See accompanying notes

CORUS ENTERTAINMENT INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Nine months ended	
		May 31,		**May 31,**
(unaudited - in thousands of Canadian dollars)	**2024**	2023	**2024**	2023
OPERATING ACTIVITIES				
Net loss for the period	**(773,102)**	(491,152)	**(743,780)**	(471,473)
Adjustments to reconcile net loss to cash flow from operations:				
Amortization of program rights (note 9)	**135,027**	158,748	**374,395**	454,688
Amortization of film investments (note 9)	**6,890**	12,195	**14,211**	22,704
Depreciation and amortization	**27,397**	40,178	**87,565**	120,594
Deferred income tax recovery	**(186,302)**	(91,630)	**(189,425)**	(100,189)
Goodwill, broadcast licence and other asset impairment (note 6)	**960,000**	590,000	**960,000**	590,000
Share-based compensation expense	**162**	194	**573**	562
Imputed interest (note 10)	**9,854**	13,675	**33,275**	45,031
Debt refinancing	**—**	—	**753**	—
Payment of program rights	**(149,981)**	(161,185)	**(416,163)**	(494,232)
Net spend on film investments	**(11,484)**	(18,674)	**(21,627)**	(54,949)
Other	**253**	1,015	**(529)**	1,156
Cash flow from operations	**18,714**	53,364	**99,248**	113,892
Net change in non-cash working capital balances related to operations	**4,217**	(23,554)	**(14,432)**	(28,559)
Cash provided by operating activities	**22,931**	29,810	**84,816**	85,333
INVESTING ACTIVITIES				
Additions to property, plant and equipment	**(4,328)**	(3,548)	**(11,931)**	(8,921)
Proceeds from sale of property	**37**	396	**2,261**	736
Net cash flows for intangibles, investments and other assets	**(200)**	(679)	**(482)**	(2,033)
Cash used in investing activities	**(4,491)**	(3,831)	**(10,152)**	(10,218)
FINANCING ACTIVITIES				
Decrease in bank loans	**(4,583)**	(10,203)	**(36,069)**	(12,273)
Financing fees	**—**	—	**(619)**	(998)
Share repurchase under NCIB	**—**	—	**—**	(2,045)
Equity funding by a non-controlling interest	**—**	—	**—**	3,855
Payment of lease liabilities	**(4,661)**	(4,570)	**(13,612)**	(13,383)
Dividends paid	**—**	(5,979)	**—**	(29,944)
Dividends paid to non-controlling interests	**(2,403)**	(5,677)	**(10,073)**	(15,750)
Other	**(1,090)**	(1,229)	**(3,246)**	(3,316)
Cash used in financing activities	**(12,737)**	(27,658)	**(63,619)**	(73,854)
Net change in cash and cash equivalents during the period	**5,703**	(1,679)	**11,045**	1,261
Cash and cash equivalents, beginning of the period	**61,505**	57,852	**56,163**	54,912
Cash and cash equivalents, end of the period	**67,208**	56,173	**67,208**	56,173

Supplemental cash flow disclosures (note 14)
See accompanying notes

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
May 31, 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 nine months ended May 31, 2024 were authorized for issue in accordance with a resolution of the Company's Board of Directors on July 12, 2024.

3. MATERIAL ACCOUNTING POLICIES

BASIS OF PRESENTATION AND GOING CONCERN UNCERTAINTY

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

The interim condensed consolidated financial statements were prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company's revenue and profitability have declined significantly over the past two years, in turn impacting cash flows from operations negatively. As previously identified, key factors that have and may continue to adversely impact the Company's ability to compete successfully and its financial results include, but are not limited to: industry-wide, continuing reduced advertising demand or spending on linear television; macroeconomic supply chain disruptions, which in turn impact advertising; ability to secure programming rights; changes to acquired programming costs and arrangements, which continue to increase; and continued inaction or slower action by Corus' federal broadcast regulator to revisit Canadian program spending requirements, which represent a significant portion of the Company's cost base.

In the current fiscal year, there were both extended writers' and actors' labour actions in the U.S. which significantly impacted programming deliveries and, in turn, reduced television audience levels and advertising revenues. The Company also disclosed a change to a programming supply agreement subsequent to the quarter which will not take effect until at least January 2025. However, while the Company operates, and intends to continue operating, its widely-distributed suite of lifestyle channels, there are risks associated with audience adoption of re-programmed channels and therefore, associated revenues. Cash flows from operations are currently positive but could decline further in the future. In addition, at May 31, 2024, the Company has accumulated a deficit attributable to shareholders of $440,310.

The Company has entered into the Credit Facility and issued the Senior Unsecured Notes, all of which contain certain financial covenants including with respect to the maintenance of certain leverage ratios. Management has taken and continues to take significant cost-cutting actions and make appropriate investments in areas or assets which support sustainable profitability. Management also intends to actively pursue options for such amendments or relief, concurrent with such cost reduction actions and its regulatory advocacy. However, should the financial performance, specifically the impacts to profitability, continue to decline without successful mitigation and should there be no further changes or amendments to the foregoing financing arrangements, there is material risk that the Company will not meet its covenants under (i) the terms of the Credit Facility, anticipated to be in effect as at September 1, 2024, when the Company's leverage covenant decreases from 4.50 to 4.25 times, or; (ii) the Senior Unsecured Notes, as a result of cross default provisions. The Company's ability to mitigate the concerns above is dependent on its ability to obtain relief from or amendments to terms with lenders or noteholders with respect to relevant financial covenants or repayment terms under such facilities. While the Company has been successful in obtaining requisite relief and amendments in the past, there can be no assurance it will be able to do so in the future.

These events and conditions indicate material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern, and therefore the Company may be unable to realize its assets and discharge its liabilities in the normal course of business. The interim condensed consolidated financial statements do not reflect the adjustments to the carrying values of assets or liabilities and the reported expenses and consolidated balance sheet classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations. Such adjustments could be material.

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.

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

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.

4. PROGRAM RIGHTS

Balance – August 31, 2023	668,976
Net additions	**309,167**
Impairment (note 6)	**(73,615)**
Amortization	**(374,395)**
Balance – May 31, 2024	**530,133**

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

5. INTANGIBLES

	Broadcast licences [1]	Brands and trade marks	Goodwill [1]	Other [2]	Total
Balance – August 31, 2023	676,192	487,256	21,099	13,682	1,198,229
Additions	**—**	**12,518**	**—**	**1,041**	**13,559**
Impairment (note 6)	**(550,000)**	**(315,286)**	**(21,099)**	**—**	**(886,385)**
Amortization	**—**	**(54,212)**	**—**	**(5,991)**	**(60,203)**
Balance – May 31, 2024	**126,192**	**130,276**	**—**	**8,732**	**265,200**

[1] Broadcast licences and goodwill are located in Canada.

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

6. IMPAIRMENT TESTING

The test for impairment of either an intangible asset or goodwill is to compare the recoverable amount of the asset or cash generating unit ("CGU") or groups of CGUs to the carrying value. The recoverable amount is the higher of an asset's, CGU's, or groups of CGUs' fair value less costs to sell ("FVLCS") and its value in use ("VIU"). In Q3 2024, the Company identified certain indicators of impairment in the Television CGU and Radio groups of CGUs. The Company determined the FVLCS calculation was higher than VIU and, therefore, the recoverable amount for all CGUs or groups of CGUs was based on FVLCS. In Q3 2023, the Company identified certain indicators of impairment in the Television CGU and Radio groups of CGUs. The Company determined the VIU calculation was higher than FVLCS and, therefore, the recoverable amount for all CGUs or groups of CGUs was based on VIU.

In determining FVLCS, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Both the FVLCS and VIU calculation uses cash flow projections, generally for a five-year period, and a terminal value. The terminal value is the value attributed to the individual CGU's or groups of CGUs' operations beyond the projected period using a perpetual growth rate. The key assumptions in the VIU calculations are segment profit growth rates (for periods within the cash flow projections and in perpetuity for the calculation of the terminal value) and discount rates.

Segment profit growth rates are based on management's best estimates considering historical and expected operating plans, strategic plans, economic considerations and the general outlook for the industry and markets in which the CGU or groups of CGUs operates. The projections are prepared separately for each of the Company's CGUs or groups of CGUs to which the individual assets are allocated and are based on the most recent financial budgets approved by the Company's Board of Directors and management forecasts generally covering a period of five years with growth rate assumptions. For longer periods, a terminal growth rate is determined and applied to project future cash flows after the fifth year.

The discount rate applied to each asset, CGU or group of CGUs to determine both FVLCS and VIU is a pre-tax rate that reflects an optimal debt-to-equity ratio and considers the risk-free rate, market equity risk premium, size premium and the risks specific to each asset or CGU's or groups of CGUs' cash flow projections.

In calculating the recoverable amount, the Company uses an appropriate range of discount rates in order to establish ranges of values for each CGU or group of CGUs.

The pre-tax discount and growth rates used by the Company in the FVLCS calculations of the Television CGU generally range from 12% to 16% (2023 – 12% to 16%) and nil to 1% (2023 – nil to 1%), respectively.

The pre-tax discount and growth rates included in the FVLCS calculation of the Radio groups of CGUs generally ranged from 12% to 16% (2023 – 12% to 16%) and nil to 1% (2023 – nil to 1%), respectively.

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

As a result of the impairment testing in the third quarter of fiscal 2024 of the Television CGU, the Company recorded impairment charges against goodwill of $0 (2023 - $295.2 million), broadcast licences of $526.7 million (2023 - $162.8 million), brands and trade marks of $315.3 million (2023 - $132.0 million) and program rights of $73.6 million (2023 - $0) that reduced the carrying value of intangible assets of this CGU to their recoverable amounts. As a result of the impairment testing in the third quarter of fiscal 2024 of the Radio group of CGUs, the Company recorded impairment charges against goodwill of $21.1 million (2023 - $0) and broadcast licenses of $23.3 million (2023 - $0). Impairment was recorded against individual assets other than goodwill, if the recoverable amount of the individual asset was less than its carrying amount. The impairment recognized reduced the individual assets to their recoverable amounts.

Sensitivity to changes in assumptions

Due to the uncertainty related to the macroeconomic environment, characterized by persistently high inflation and continuing supply chain constraints, and as a result of advertising demand and spending across the North American television media industry, which has contracted meaningfully, the Company has noted there is significant estimation uncertainty related to the Company's growth rates and future cash flow estimates, which could change in the near term and the effect of such changes could be material. An increase of 50 basis points in the pre-tax discount rate, a decrease of 50 basis points in the earnings growth rate each year or a decrease of 50 basis points in the terminal growth rate, each used in isolation to perform the impairment tests, would have resulted in an additional incremental impairment charge in the Television CGU of between $nil and $65.0 million.

The carrying amount of broadcast licences and goodwill allocated to each CGU and/or group of CGUs are set out in the following tables:

	May 31, 2024	August 31, 2023
Broadcast licences (note 5)		
Television	**106,417**	633,114
Radio		
Toronto	**19,775**	21,775
Vancouver	**—**	21,303
	126,192	676,192

Goodwill (note 5)		
Television	**—**	—
Radio	**—**	21,099
	—	21,099

7. LONG-TERM DEBT

	May 31, 2024	August 31, 2023
Senior unsecured notes	**750,000**	750,000
Bank loans	**312,135**	337,295
Interim production financing	**4,154**	13,434
Unamortized financing fees and prepayment options	**(7,121)**	(8,345)
	1,059,168	1,092,384
Less: current portion of long-term debt [1]	**(14,057)**	(13,434)
	1,045,111	1,078,950

[1] Short-term portion relates to $9.9 million of mandatory bank loan repayments over next 12 months and $4.2 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 Overnight Repo Rate Average ("CORRA") and prior to May 31, 2024 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 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 May 31, 2024, the weighted average interest rate on the outstanding bank loans and Notes was 5.8% (May 31, 2023 – 6.1%). The effective interest on the bank loans and Notes for the three and nine months ended May 31, 2024 averaged 6.0% (May 31, 2023 – 6.0% and 5.9%, respectively).

Amounts drawn under the interim production financing facility bear interest at the prime rate plus an applicable margin. As at May 31, 2024, interest rates ranged from 7.95% to 8.20% (May 31, 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 May 31, 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 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 could 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 May 31, 2024 was $6.4 million.

Term Facility

On May 30, 2024, the Company's Credit Facility was amended to effect the Canadian market transition to CORRA. 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 May 31, 2024, the Term Facility balance was $312.1 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 CORRA 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 CORRA may only be paid on their maturity.

Advances under the Revolving Facility may be drawn in Canadian dollars as either a prime rate loan, CORRA 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 May 31, 2024, the Company had approximately $98.4 million available to be drawn under the $300.0 million Revolving Facility. On June 1, 2024, availability on the Revolving Facility decreased to $30.2 million as a result of the decrease in the maximum total debt to cash flow ratio required under the financial covenants on that date.

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 May 31, 2024, four interim financing agreements for television productions are drawn in the total amount of $4.2 million.

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

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 income (loss). The estimated fair value of these agreements as at May 31, 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 loss and comprehensive loss (note 9).

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 May 31, 2024, the total amount of foreign exchange forward contracts outstanding was $22.5 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 May 31, 2024 was an asset of $1.4 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 11) in the interim condensed consolidated statements of loss and comprehensive loss.

8. 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	(2,132)	(2)	2,132	2	—
Balance – May 31, 2024	**3,365,394**	**3,320**	**196,074,764**	**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	May 31,	Nine months ended	May 31,
	2024	2023	**2024**	2023
Net loss attributable to shareholders (numerator)	**(769,897)**	(495,073)	**(746,966)**	(479,136)
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding – basic	**199,440**	199,440	**199,440**	199,541
Effect of dilutive securities	**—**	—	**—**	—
Weighted average number of shares outstanding – diluted	**199,440**	199,440	**199,440**	199,541

The calculation of diluted earnings per share for the three and nine months ended May 31, 2024 excluded 8,227 and 8,816, respectively, (May 31, 2023 – 7,261 and 7,407, 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 third 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 an expense recovery of $524 and $447 (2023 – recovery of $1,543 and $2,609). As at May 31, 2024, the carrying value of the liability for these plans was $2,828 (August 31, 2023 – $6,698).

9. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended	May 31,	Nine months ended	May 31,
	2024	2023	**2024**	2023
Direct cost of sales				
Amortization of program rights	**135,027**	158,748	**374,395**	454,688
Amortization of film investments	**6,890**	12,195	**14,211**	22,704
Other cost of sales	**10,301**	7,801	**26,713**	28,238
General and administrative expenses				
Employee costs	**72,882**	81,160	**227,574**	240,993
Other general and administrative	**39,169**	40,526	**117,223**	138,042
	264,269	300,430	**760,116**	884,665

10. INTEREST EXPENSE

	Three months ended	May 31,	Nine months ended	May 31,
	2024	2023	**2024**	2023
Interest on long-term debt (note 7)	**15,726**	19,036	**48,287**	55,753
Imputed interest on long-term liabilities	**9,854**	13,675	**33,275**	45,031
Other	**424**	567	**1,603**	1,617
	26,004	33,278	**83,165**	102,401

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

11. OTHER EXPENSE (INCOME), NET

	Three months ended		Nine months ended	
		May 31,		**May 31,**
	2024	2023	**2024**	2023
Interest income	**(855)**	(752)	**(3,102)**	(2,404)
Foreign exchange (gain) loss (note 7)	**36**	(1,584)	**723**	6,087
Equity (gain) loss of associates	**(2)**	3	**(7)**	(37)
Asset impairment reversal	**—**	—	**(319)**	—
Loss (gain) on asset disposal	**15**	139	**(987)**	81
Fair value loss on Notes prepayment options (note 7)	**—**	320	**—**	2,281
Other expense (income)	**1,258**	(123)	**3,827**	416
	452	(1,997)	**135**	6,424

12. INCOME TAXES

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

	Nine months ended			
	May 31,		May 31,	
	2024		2023	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**(242,857)**	**26.5**	(144,869)	26.5
Income subject to tax at less than statutory rates	**(20)**	**—**	(53)	—
Non-taxable portion of capital gains	**(99)**	**—**	12	—
Increase of valuation allowance recorded against future income tax assets	**65,406**	**(7.1)**	(192)	—
Goodwill, broadcast licence and other asset impairment	**4,588**	**(0.5)**	71,057	(13.0)
Transaction costs	**—**	**—**	356	(0.1)
Decrease of various tax reserves	**(794)**	**—**	(3,252)	0.6
Miscellaneous differences	**106**	**—**	1,181	(0.2)
	(173,670)	**18.9**	(75,760)	13.8

13. 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.

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

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.

REVENUE AND SEGMENT PROFIT

Three months ended May 31, 2024	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenue	**308,198**	**23,606**	**—**	**331,804**
Direct cost of sales, general and administrative expenses	**239,786**	**20,973**	**3,510**	**264,269**
Segment profit (loss)	**68,412**	**2,633**	**(3,510)**	**67,535**
Depreciation and amortization				**27,397**
Interest expense				**26,004**
Goodwill, broadcast licence and other asset impairment				**960,000**
Restructuring and other costs				**10,893**
Other expense, net				**452**
Loss before income taxes				**(957,211)**

Three months ended May 31, 2023	Television	Radio	Corporate	Consolidated
Revenue	371,159	26,176	—	397,335
Direct cost of sales, general and administrative expenses	275,131	22,064	3,235	300,430
Segment profit (loss)	96,028	4,112	(3,235)	96,905
Depreciation and amortization				40,178
Interest expense				33,278
Goodwill, broadcast licence and other asset impairment				590,000
Restructuring and other costs				10,580
Other income, net				(1,997)
Loss before income taxes				(575,134)

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

Nine months ended May 31, 2024	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenue	**928,690**	**72,555**	**—**	**1,001,245**
Direct cost of sales, general and administrative expenses	**679,617**	**64,520**	**15,979**	**760,116**
Segment profit (loss)	**249,073**	**8,035**	**(15,979)**	**241,129**
Depreciation and amortization				**87,565**
Interest expense				**83,165**
Goodwill, broadcast licence and other asset impairment				**960,000**
Debt refinancing				**753**
Restructuring and other costs				**26,961**
Other expense, net				**135**
Loss before income taxes				**(917,450)**

Nine months ended May 31, 2023	Television	Radio	Corporate	Consolidated
Revenue	1,094,236	78,161	—	1,172,397
Direct cost of sales, general and administrative expenses	803,430	67,677	13,558	884,665
Segment profit (loss)	290,806	10,484	(13,558)	287,732
Depreciation and amortization				120,594
Interest expense				102,401
Goodwill, broadcast licence and other asset impairment				590,000
Restructuring and other costs				15,546
Other expense, net				6,424
Loss before income taxes				(547,233)

Revenue is derived from the following areas:

	Three months ended		Nine months ended	
		May 31,		**May 31,**
	2024	2023	**2024**	2023
Advertising	**200,370**	233,840	**604,476**	704,901
Subscriber	**116,914**	124,225	**352,449**	375,791
Distribution, production and other	**14,520**	39,270	**44,320**	91,705
	331,804	397,335	**1,001,245**	1,172,397

14. 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		Nine months ended	
		May 31,		**May 31,**
	2024	2023	**2024**	2023
Interest paid	**18,453**	21,942	**52,346**	59,852
Interest received	**855**	752	**3,102**	2,404
Income taxes paid	**267**	1,525	**2,355**	8,997

15. 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.