



**report to
shareholders**
Fourth Quarter 2024

For the Three Months and Year Ended August 31, 2024
(Unaudited)



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FINANCIAL HIGHLIGHTS

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

(in thousands of Canadian dollars except per share amounts)

	Three months ended		Year ended	
	2024	August 31, 2023	2024	August 31, 2023
Revenue				
Television	248,048	314,232	1,176,738	1,408,468
Radio	21,305	24,611	93,860	102,772
	269,353	338,843	1,270,598	1,511,240
Segment profit (loss)⁽¹⁾				
Television	45,707	49,774	294,780	340,580
Radio	1,407	2,976	9,442	13,460
Corporate	(4,814)	(6,477)	(20,793)	(20,035)
	42,300	46,273	283,429	334,005
Segment profit margin⁽¹⁾				
Television	18%	16%	25%	24%
Radio	7%	12%	10%	13%
Consolidated	16%	14%	22%	22%
Net income (loss) attributable to shareholders	(25,675)	50,412	(772,641)	(428,724)
Adjusted net income (loss) attributable to shareholders ⁽¹⁾	(4,003)	(9,075)	11,427	28,553
Earnings (loss) per share:				
Basic	(\$0.13)	\$0.25	(\$3.87)	(\$2.15)
Diluted	(\$0.13)	\$0.25	(\$3.87)	(\$2.15)
Adjusted basic ⁽¹⁾	(\$0.02)	(\$0.04)	\$0.06	\$0.14
Free cash flow⁽¹⁾	39,142	31,654	114,152	106,840

⁽¹⁾ In addition to disclosing results in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), the Company also provides supplementary non-IFRS measures as a method of evaluating the Company's performance and to provide a better understanding of how management views the Company's performance. These non-IFRS or non-Generally Accepted Accounting Principles ("GAAP") measures can include: segment profit (loss), segment profit margin, free cash flow, adjusted net income (loss) attributable to shareholders, adjusted basic earnings (loss) per share, net debt to segment profit, proforma net debt to segment profit, and new platform revenue. These are not measurements in accordance with IFRS and should not be considered as an alternative to any other measure of performance under IFRS. Please see additional discussion and reconciliations under the Key Performance Indicators and Non-GAAP Financial Measures section below.

BUSINESS HIGHLIGHTS

Multi-Platform Video Business

- **Corus Introduces: Flavour Network and Home Network.** On September 18, 2024, Corus announced its two all-new, Canadian-owned lifestyle brands will launch in Canada on December 30, 2024. Launching with more than 460 premiere hours in Winter/Spring 2025, the Corus-owned networks will feature a mix of Canadian original programming, as well as international acquisitions through new and expanded license deals. The broad slate of exclusive content delivers new voices and formats, familiar faces from proven hits, and global representation to deliver a hand-picked, content-first strategy and curated brand experience.
- **Corus adds 173 hours of premium new content to Slice's fall schedule.** While continuing to be home to premium reality content featuring real-life experiences and iconic talent, Slice expands deals with trusted studio partners to feature new unscripted genres including true crime and daily news.

Corus Audio

- **Corus introduces new classic alternative radio station in Calgary.** Iconic Alternative 107.3 the Edge will play 30 years of alternative hits from the 80s, 90s and 2000s.

International Content Business

- **Nelvana brings three popular kids' television series to Peacock across the U.S.** All three seasons of *Agent Binky: Pets of the Universe*, *The Dog & Pony Show* and *Super Wish* are now available to stream exclusively on Peacock in the U.S.

Ongoing Focus on Capital Management

- **Corus advances its deleveraging goals.** In the fourth quarter of fiscal 2024, Corus paid down \$2.7 million of debt and \$38.8 million in the fiscal year.
- **Corus announces amendment and restatement of credit facility.** On October 25, 2024, Corus announced that it has completed an agreement to amend and restate its existing syndicated, senior secured credit facilities with its bank group, a copy of which will be made available under the Company's profile on SEDAR+ at www.sedarplus.ca.

Corporate News

- **Corus refines revenue leadership structure.** On August 7, 2024, Corus announced that as part of its ongoing efforts to right-size its business for sustainability, the decision was made to eliminate the role of EVP and Chief Revenue Officer. Greg McLelland stepped down from the role effective August 31, 2024, with Barb McKergow taking on the expanded role of SVP, Advertising, joining Corus' Senior Leadership Team.

Advanced Focus on Sustainability

- **Corus gives back to local communities.** In the fourth quarter, Corus helped raise \$9.5 million for over 250 community giving initiatives as well as provided 620 volunteer hours to 58 local organizations across Canada.

Regulatory Developments

- **CRTC announces public consultation on Independent Local News Fund.** On July 23, 2024, the CRTC launched a public consultation on the future structure of the Independent Local News Fund ("ILNF"), including eligibility and allocation criteria. The regulator expressed a preliminary view that Corus stations should be eligible to receive proceeds. The relevant policy and order are currently the subject of judicial reviews and/or statutory appeals filed by online undertakings, with one appeal specifically focused on the ILNF (and such appeal being opposed by the Canadian Association of Broadcasters).

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three months and year ended August 31, 2024 is prepared as at October 24, 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 capital allocation strategy, capital structure and liability management including liquidity, leverage targets, ability to repay debt, and or renegotiate existing debt terms, dividend policy and the payment of future dividends, strategic plan, advertising and expectations of advertising trends for fiscal 2025, subscriber revenue and anticipated subscription trends, distribution, production and other revenue, the Company's ability to manage retention and reputation risks related to its on-air talent; expectations regarding financial performance, 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 Company's ability to maintain necessary access to loan and credit facilities, 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 maintain necessary access to loan and credit facilities, 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, re-branded 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 fourth quarter of fiscal 2024 of \$269.4 million decreased 21% from \$338.8 million in the prior year's quarter. On a consolidated basis, advertising revenue decreased 15%, subscriber revenue was down 7%, while distribution, production and other revenue declined 70% compared to the prior year's quarter. Revenue declined 21% in Television and 13% in Radio.

For the year ended August 31, 2024, consolidated revenue of \$1,270.6 million decreased 16% from \$1,511.2 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 58% from the prior year. Revenue decreased 16% in Television and 9% 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 fourth quarter of fiscal 2024 of \$227.1 million decreased 22% from \$292.6 million in the prior year's quarter. On a consolidated basis, direct cost of sales decreased 31%, employee costs decreased 9% and other general and administrative expenses decreased 14%. 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 headcount and short-term compensation accruals. 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, reduced advertising costs and lower consulting costs, offset by increased software and system license fees.

For the year ended August 31, 2024, direct cost of sales, general and administrative expenses of \$987.2 million decreased 16% from \$1,177.2 million in the prior year. On a consolidated basis, direct cost of sales decreased 21%, employee costs decreased 7% 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 pension and benefits costs and short-term compensation accruals. 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 fourth quarter of fiscal 2024 was \$42.3 million, a decrease of 9% from \$46.3 million in the prior year's quarter. The decrease in segment profit for the fourth quarter was principally a result of Television advertising, subscriber and distribution, production and other revenue declines, and the sale of Toon Boom, 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 fourth quarter of fiscal 2024 of 16% was up from 14% in the prior year's quarter.

For the year ended August 31, 2024, segment profit was \$283.4 million, a decrease of 15% from \$334.0 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. Segment profit margin of 22% for the year ended August 31, 2024 was consistent with 22% in the prior year. Further analysis is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended August 31, 2024 was \$23.5 million, a decrease from \$37.1 million in the prior year's quarter. The decrease was a result of reductions in the amortization of brands and trademarks of \$13.8 million, offset by increases in amortization of capital assets of \$0.5 million.

Depreciation and amortization expense for the year ended August 31, 2024 was \$111.1 million, a decrease from \$157.6 million in the prior year. The decrease was a result of reductions in the amortization of brands and trademarks of \$45.2 million, due primarily to the impairment of certain intangible assets during the year, and capital assets of \$1.3 million.

INTEREST EXPENSE

Interest expense for the three months ended August 31, 2024 of \$24.7 million decreased from \$33.0 million in the prior year's quarter. The decrease in interest expense in the quarter results from lower imputed interest of \$4.0 million on long-term liabilities associated with program rights, trade marks and right-of-use assets and lower interest on long-term debt of \$3.9 million. Interest on long-term debt was lower as a result of repayments of bank debt.

Interest expense for the year ended August 31, 2024 of \$107.8 million decreased from \$135.4 million in the prior year. The decrease results from lower imputed interest of \$15.7 million on long-term liabilities associated with program rights, trade marks and right-of-use assets and lower interest on long-term debt of \$11.3 million in the current year. 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 months and year ended August 31, 2024 was 6.0% compared to 6.2% and 6.0%, respectively, in the comparable periods of the prior year.

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 trade marks 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). The Company completed the annual impairment test as at August 31, 2024 and concluded that there was no further impairment.

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, May 30, and August 30, 2024, the Company amended its Credit Facility (refer to note 7 of the consolidated financial statements for further details), which resulted in a non-cash loss on debt modification of \$0.8 million for the October 26, 2023 amendment and \$0 for the others.

RESTRUCTURING AND OTHER COSTS

For the three months and year ended August 31, 2024, the Company incurred \$28.3 million and \$55.2 million, respectively, of restructuring and other costs, compared to \$5.0 million and \$20.6 million in the comparable periods of the prior year. The current year costs relate primarily to restructuring costs associated with employee exits, professional fees and employee retention arrangements while the prior year costs relate primarily to restructuring costs associated with employee exits.

DISPOSITION LOSS (GAIN)

On July 31, 2024, the Company completed the sale of its 51% interest in Aircraft Pictures Limited ("Aircraft"), which resulted in a net loss on disposal of \$0.6 million. Further detail is provided in note 15 of the Company's interim condensed consolidated financial statements for the year ended August 31, 2024.

On August 23, 2023, the Company disposed of Toon Boom Animation Inc ("ToonBoom"), an indirect wholly owned subsidiary, which resulted in a gain of \$142.3 million. The Company received net cash proceeds of \$141.2 million (net of divested cash). Further detail is provided in note 15 of the Company's interim condensed consolidated financial statements for the year ended August 31, 2024.

OTHER EXPENSE (INCOME), NET

Other income for the three month period ended August 31, 2024 was \$1.8 million, compared to \$10.1 million in the prior year's quarter. The current quarter includes interest income of \$1.7 million and foreign exchange gains of \$1.3 million, offset by other expenses of \$1.3 million consisting of redundant rent. The prior year's quarter included \$5.9 million of other income consisting of rental income, net of redundant rent, and reversal of liabilities related to program rights, net foreign exchange gains of \$1.5 million primarily related to the translation of USD denominated liabilities, interest income of \$1.5 million, as well as a reversal of a previously recorded impairment on an equity investment of \$0.8 million.

Other income for the year ended August 31, 2024 was \$1.7 million compared to \$3.7 million in the prior year. In the current period, other income included interest income of \$4.8 million, a \$1.1 million gain on a property disposal, an asset impairment reversal of \$0.3 million and foreign exchange gains of \$0.6 million primarily related to the translation of USD denominated liabilities, offset by \$5.2 million of other expenses related to the retroactive portion of retransmission royalties and redundant rent, net of rental income. In the prior year's comparable period, other income included \$9.8 million of miscellaneous interest and rental income, net of redundant rent, the retroactive portion of a Radio tariff, a reversal of liabilities related to program rights, as well as an impairment recovery of \$0.8 million on an equity investment, offset by net foreign exchange losses of \$4.6 million and fair value losses on the Notes prepayment options of \$2.3 million.

INCOME TAX EXPENSE (RECOVERY)

The Company's effective income tax rate for the three months ended August 31, 2024 was 30.2% compared to an effective income tax recovery rate for the three months ended August 31, 2023 of 106.3%. The difference

between the statutory rate of 26.5% and the effective tax rate resulted from changes in valuation allowances and transaction costs.

The Company's effective income tax rate for the year ended August 31, 2024 was 19.3%, compared to the effective tax rate for the year ended August 31, 2023 of 19.2%. The difference between the statutory rate of 26.5% and the effective tax rate resulted from changes in valuation allowances and the impairment of goodwill and intangible assets.

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

Net loss attributable to shareholders for the fourth quarter of fiscal 2024 was \$25.7 million (\$0.13 loss per share basic), compared to net income attributable to shareholders of \$50.4 million (\$0.25 per share basic) in the prior year's quarter. Net loss attributable to shareholders for the fourth quarter of fiscal 2024 includes restructuring and other costs of \$28.3 million (\$0.11 per share) and a loss on a business divestiture of \$0.6 million (\$nil per share). Adjusting for the impact of these items results in an adjusted net loss attributable to shareholders of \$4.0 million (\$0.02 loss per share basic) in the quarter. Net loss attributable to shareholders for the fourth quarter of fiscal 2023 included goodwill, broadcast licence and other asset impairment charges of \$100.0 million (\$0.37 per share) in the Television operating segment, a gain on a business divestiture of \$142.3 million (\$0.68 per share) and restructuring and other costs of \$5.0 million (\$0.02 per share). Adjusting for the impact of these items results in an adjusted net loss attributable to shareholders of \$9.1 million (\$0.04 loss per share basic) in the prior year's quarter.

Net loss attributable to shareholders for the year ended August 31, 2024 was \$772.6 million (\$3.87 loss per share basic), compared to \$428.7 million (\$2.15 loss per share basic) in the prior year. Net loss attributable to shareholders for the year ended August 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), a loss on a business divestiture of \$0.6 million (\$nil per share) and restructuring and other costs of \$55.2 million (\$0.21 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of \$11.4 million (\$0.06 per share basic). Net loss attributable to shareholders for the year ended August 31, 2023 includes goodwill, broadcast licence and other asset impairment charges of \$690.0 million (\$2.90 per share) in the Television operating segment, a gain on a business divestiture of \$142.3 million (\$0.68 per share) and restructuring and other costs of \$20.6 million (\$0.07 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of \$28.6 million (\$0.14 per share basic) for the same comparable period of the prior year.

The weighted average number of basic shares outstanding for the three months and year ended August 31, 2024 was 199,440,000 compared to 199,440,000 and 199,521,000 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 August 31, 2024 was \$1.8 million, compared to other comprehensive income of \$12.8 million in the prior year's quarter. For the three months ended August 31, 2024, other comprehensive loss includes an unrealized loss on the change in the fair value of cash flow hedges of \$3.8 million, an unrealized loss on the change in the fair value of financial assets of \$0.7 million and an unrealized loss from foreign currency translation adjustments of \$0.3 million, offset by an actuarial gain on the remeasurement of post-employment benefit plans of \$2.9 million. In the prior year's quarter, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of \$9.6 million, an unrealized gain on the change in the fair value of cash flow hedges of \$3.2 million, and an unrealized gain on the change in fair value of financial assets of \$0.1 million, offset by an unrealized loss from foreign currency translation adjustments of \$0.1 million.

Other comprehensive loss for the year ended August 31, 2024 was \$14.3 million, compared to other comprehensive income of \$14.4 million in the prior year. For the year ended August 31, 2024, other comprehensive loss includes an unrealized loss in the fair value of financial assets of \$6.9 million, an unrealized loss on the fair value of cash flow hedges of \$6.5 million, and an actuarial loss on the remeasurement of post-employment benefit plans of \$1.0 million, offset by an unrealized gain from foreign currency translation adjustments of \$0.1 million. For the year ended August 31, 2023, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of \$9.6 million, an unrealized gain on the fair value of cash flow hedges of \$4.9 million and an unrealized gain from foreign currency translation adjustments of \$1.1 million, offset by an unrealized loss on the fair value of financial assets of \$1.2 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 (32 effective September 1, 2024), 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 38 radio stations, situated primarily in urban centres in English Canada, with a concentration in the densely populated area of Southern Ontario. Revenue is derived from advertising aired over these stations.

CORPORATE

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

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

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

TELEVISION

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Three months ended		Year ended	
	2024	2023	2024	2023
Revenue				
Advertising	115,865	137,391	652,322	768,036
Subscriber	117,883	126,466	470,332	502,257
Distribution, production and other	14,300	50,375	54,084	138,175
Total revenue	248,048	314,232	1,176,738	1,408,468
Expenses	202,341	264,458	881,958	1,067,888
Segment profit ⁽¹⁾	45,707	49,774	294,780	340,580
Segment profit margin ⁽¹⁾	18%	16%	25%	24%

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

Revenue for the three months ended August 31, 2024 declined 21% from the prior year's quarter as a result of decreases of 16% in advertising revenue, 7% in subscriber revenue, and 72% 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 advertising inventory in the market. The decrease in advertising revenue was relatively consistent with the Q4 outlook and was driven by declines across almost all the major advertising categories, partially mitigated by growth in packaged goods and video games. 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 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 in August 2023.

Revenue for the year ended August 31, 2024 declined 16% from the prior year's comparable period as a result of decreases of 15% in advertising revenue, 6% in subscriber revenue, and 61% in distribution, production, and other revenue. On an annual basis, all advertising categories declined as advertisers held, reduced or cut spending compared to the prior year on both linear and digital advertising campaigns and has been further impacted by an oversupply of digital inventory in the market. Subscriber revenue decreased from the prior year as a result of declines in the traditional linear business and relative consistency of revenues from streaming services from the prior year 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 23% from the prior year as a result of a decrease of 31% in direct costs of sales, 7% in employee costs, and 18% in other general and administrative expenses. The decrease in direct cost of sales was driven by a \$35.7 million (or 25%) decrease in amortization of program rights and decreases in amortization of film investment of \$12.5 million (or 89%), and a decrease in other cost of sales of \$3.0 million (or 28%). 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*, and prior year U.S. program cancellations. The decrease of \$4.3 million in employee costs compared to the prior year's quarter was a direct result of headcount reductions. The decrease of \$6.5 million in other general and administrative expenses compared to the prior year's quarter was attributable to decreased advertising and marketing costs, consulting costs, rental costs, trade mark costs that are positively correlated with revenue, and satellite signal transmission costs, offset by an increase in system fees and licenses.

Expenses for the year ended August 31, 2024 were down 17% from the prior comparable period as a result of a decrease of 21% 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 \$115.6 million (or 20%) reduction in amortization of program rights as well as decreases of \$21.0 million (or 57%) in amortization of film investments and \$4.6 million (or 13%) in other cost of sales. The decrease of \$19.2 million in employee costs reflects significant headcount reductions over the past twelve months. The decrease of \$25.4 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 twelve month periods ended August 31, 2024 was down 8% and 13%, 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 18%, up from 16% in the prior year's quarter and 25% for the year ended August 31, 2024, which was up from 24% in the prior year.

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

RADIO

FINANCIAL HIGHLIGHTS

	Three months ended		Year ended	
	August 31,		August 31,	
(thousands of Canadian dollars)	2024	2023	2024	2023
Revenue	21,305	24,611	93,860	102,772
Expenses	19,898	21,635	84,418	89,312
Segment profit ⁽¹⁾	1,407	2,976	9,442	13,460
Segment profit margin ⁽¹⁾	7%	12%	10%	13%

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

Revenue in the three and twelve months ended August 31, 2024, decreased 13% and 9%, respectively, from the prior year's comparable periods. The decline in advertising revenue for the quarter was driven principally by professional services, retail, telecommunications, and entertainment categories, partially offset by growth in the automotive and home products categories. The decline in advertising revenue for the year was driven principally by professional services, retail, restaurants, telecommunications and entertainment, offset by growth in automotive.

Direct cost of sales and general and administrative expenses decreased 8% for the quarter and 5% for the year ended August 31, 2024. The decrease for the quarter resulted from reduced employee costs driven by headcount reductions, reduced marketing spend, lower copyright tariff fees that are positively correlated with revenue, and continued cost containment measures.

The decrease for the year ended August 31, 2024 resulted from reduced employee costs driven by headcount reductions, 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 twelve months ended August 31, 2024 decreased by \$1.6 million and \$4.0 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 7% was down from 12% in the prior quarter, while the segment profit margin of 10% for the year was down from 13% in the prior year.

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

CORPORATE

FINANCIAL HIGHLIGHTS

(thousands of Canadian dollars)	Three months ended		Year ended	
	2024	2023	2024	2023
Share-based compensation	(1,116)	1,352	(1,563)	(1,257)
Other general and administrative costs	5,930	5,125	22,356	21,292
	4,814	6,477	20,793	20,035

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 twelve months ended August 31, 2024 increased by \$2.5 million and \$0.3 million, respectively from the comparable periods of the prior year. The changes from the prior quarter and year result primarily from relative movements in the Company's share price.

Other general and administrative costs increased \$0.8 million and \$1.1 million for the three and twelve months ended August 31, 2024 from the comparable prior year periods. The increases for the quarter and year result from higher pension and benefit costs and higher system and software costs offset by headcount reductions.

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 August 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)

	Revenue	Segment profit ⁽¹⁾	Net income (loss) attributable to shareholders	Adjusted net income (loss) attributable to shareholders ⁽¹⁾	Earnings (loss) per share				
					Basic	Diluted	Adjusted basic ⁽¹⁾	Free cash flow ⁽¹⁾	
2024									
4th quarter	269,353	42,300	(25,675)	(4,003)	\$ (0.13)	\$ (0.13)	\$ (0.02)	39,142	
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	

⁽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 fourth quarter of fiscal 2024 was negatively impacted by restructuring and other costs of \$28.3 million (\$0.11 per share).
- 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).

FINANCIAL POSITION

Total assets at August 31, 2024 of \$1.5 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 August 31, 2024 were \$357.3 million, down \$36.9 million from August 31, 2023.

Cash and cash equivalents increased by \$26.3 million from August 31, 2023. Refer to the discussion of cash flows in the next section.

Accounts receivable decreased by \$63.1 million from August 31, 2023. The decrease was primarily a result of lower trade receivables as well as 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 \$24.5 million from August 31, 2023 as a result of tax credit receipts exceeding accruals relating to film productions and the disposition of Aircraft Pictures.

Investments and other assets decreased \$17.1 million from August 31, 2023, primarily as a result of decreases in the fair value of the venture funds, a decrease in the fair value of derivatives (interest rate swaps and foreign exchange forward contracts) and a slight decrease in the net asset position of certain post employment benefit plans.

Property, plant and equipment decreased \$17.4 million from August 31, 2023 as a result of depreciation expense exceeding additions.

Program rights decreased \$175.0 million from August 31, 2023, as additions of acquired rights of \$377.8 million were offset by amortization of \$479.2 million and an impairment write-down of \$73.6 million.

Film investments increased \$2.2 million from August 31, 2023, as film additions (net of tax credit accruals) of \$18.2 million were offset by film amortization of \$15.7 million and the impact of the disposition of Aircraft Pictures of \$0.3 million.

Intangibles decreased \$945.9 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 \$74.0 million. This was offset by trade mark agreement renewals of \$13.1 million and net additions to other intangible assets of \$1.4 million.

Accounts payable and accrued liabilities decreased \$77.0 million from August 31, 2023, principally as a result of lower program rights and trade marks payable, third party participations payable, and deferred revenue, partially offset by increases in accounts payable and accrued liabilities and unremitted sales tax.

Provisions, including the long-term portion, increased by \$17.3 million from August 31, 2023, principally as a result of restructuring-related additions exceeding payments.

Long-term debt, including the current portion, as at August 31, 2024 was \$1,052.8 million compared to \$1,092.4 million as at August 31, 2023. As at August 31, 2024, the \$9.9 million classified as the current portion of long-term debt consists of mandatory repayments of the Term Facility over the next twelve months. During the year ended August 31, 2024, the Company decreased bank debt by \$38.8 million, amortized \$3.6 million of deferred financing charges, amended the Credit Facility resulting in a loss of \$0.8 million on debt modification and incurred \$1.2 million of deferred fees.

Other long-term liabilities decreased by \$119.4 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 the fair value of derivatives.

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 \$26.3 million for the year ended August 31, 2024. Free cash flow⁽¹⁾ for the three months and year ended August 31, 2024 was \$39.1 million and \$114.2 million, respectively, compared to \$31.7 million and \$106.8 million in the same comparable prior year periods. The increase in free cash flow⁽¹⁾ in the fourth quarter was attributable to an increase of \$8.5 million in cash provided by operating activities, offset by an increase of \$1.0 million in cash used in investing activities. The increase in free cash flow⁽¹⁾ for the year ended August 31, 2024 was attributable to an increase of \$8.0 million in cash provided by operating activities, offset by an increase of \$0.7 million in cash used in investing activities.

Cash provided by operating activities for the quarter was \$45.8 million compared to \$37.3 million in the prior year's quarter. The increase in cash provided in the quarter of \$8.5 million arises from an increase of cash provided by working capital of \$17.9 million, offset by a decrease in cash flow from operations of \$9.4 million, which results from a lower net income from operations (adjusted for non-cash items) of \$71.6 million, offset by lower spend on program rights and film investments of \$45.9 million and \$16.3 million, respectively. The increase in cash provided for the year of \$8.0 million arises from an increase of cash provided by working capital of \$32.0 million, offset by a decrease in cash flow from operations of \$24.0 million, which is a result of lower net income from operations (adjusted for non-cash items) of \$197.7 million, offset by lower spend on program rights and film investments of \$124.0 million and \$49.7 million, respectively.

Cash used in investing activities for the quarter was \$13.5 million compared to cash provided of \$135.5 million in the prior year's quarter. The increase in cash used in the quarter of \$149.0 million was primarily attributable to the investment in non-controlling interest of \$4.0 million, the divestiture of Aircraft Pictures, net of divested cash of \$2.8 million, increased spend on property, plant and equipment and intangibles of \$1.0 million and proceeds received in the prior year's quarter from the sale of Toon Boom, net of divested cash of \$141.2 million. Cash used in investing activities for the year ended August 31, 2024 was \$23.7 million compared to cash provided of \$125.3 million in the prior year. The increase in cash used in the year of \$148.9 million is a result of increased spend on property, plant and equipment and intangibles of \$2.5 million, an investment in CMT of \$4.0 million, the divestiture of Aircraft Pictures, net of divested cash of \$2.8 million, and proceeds received in the prior year from the sale of Toon Boom, net of divested cash of \$141.2 million, offset by increased proceeds received from the sale of property of \$1.5 million.

Cash used in financing activities for the quarter was \$17.1 million compared to \$172.8 million in the prior year's quarter. The decrease in cash used in the quarter of \$155.7 million was mainly attributable to a decrease in the repayments of bank loans of \$156.7 million and a reduction of dividends paid of \$5.3 million, offset by a return of capital to a non-controlling interest of \$5.9 million. Cash used in financing activities for the year ended August 31, 2024 was \$80.7 million compared to \$246.7 million in the prior year. The decrease in cash used in the year of \$166.0 million was mainly attributable to a decrease in the repayments of bank loans of \$132.9 million, a reduction in dividends paid of \$40.9 million and a reduction of \$2.0 million related to shares being repurchased under the NCIB in the prior year, offset by a return of capital to a non-controlling interest of \$5.9 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.

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 August 31, 2024, the Company was in compliance with all loan covenants, had a cash and cash equivalents balance of \$82.4 million and had approximately \$30.0 million available to be drawn under the \$300.0 million Revolving Facility.

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

On May 30, 2024, the Company's Credit Facility was amended to effect the Canadian market transition to CORRA.

On August 30, 2024, the Credit Facility was amended to, among other things, increase the maximum Total Debt to Cash Flow Ratio required under the financial covenants to 4.75 through to and including October 15, 2024, and limit the Company to request Advances under the Revolving Facility up to \$30.0 million. Requirements to use any Excess Cash to repay outstanding balances on the Revolving Facility and certain terms related to the use of proceeds on asset disposals, the ability to incur certain indebtedness, the ability to designate certain subsidiaries and certain reporting requirements, were also amended. The terms of this amendment were updated on October 15, 2024 to extend the Total Debt to Cash Flow Ratio required under the financial covenants to 4.75 through to and including October 25, 2024.

On October 24, 2024, the Credit Facility was amended and restated to, among other things, reduce the total limit on the Revolving Facility to \$150.0 million from \$300.0 million, with ability for the Company to request advances up to \$65.0 million, and increase the maximum total debt to cash flow ratio required under the financial covenants to 5.75 through to and including December 31, 2024 and 7.25 from January 1, 2025 through and including March 31, 2025. There are also requirements for Corus to use any excess cash to repay outstanding balances on the Revolving Facility and certain amended terms related to the use of proceeds on asset disposals. The ability to incur certain indebtedness and certain reporting requirements, have also been updated. The maturity date for both the Term Loan and the Revolving Facility is now March 18, 2026.

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 2024 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 which will take effect in 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-branded and re-programmed channels and therefore, associated revenues. Cash flows from operations are currently positive but could decline further in the future. In addition, at August 31, 2024, the Company has a working capital deficit of \$166.1 million and incurred losses of \$766.7 million for the year ended August 31, 2024 resulting in an accumulated deficit attributable to shareholders of \$465.4 million.

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, which sets a maximum total debt to cash flow ratio of 5.75 through to and including December 31, 2024, 7.25 from January 1, 2025 through and including March 31, 2025, and 4.25 thereafter, or; (ii) the Senior Unsecured Notes. 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 August 31, 2024, total capitalization was \$621.8 million compared to \$1,480.1 million at August 31, 2023, a decrease of \$858.3 million. The decrease in total capitalization arises from a reduction in bank debt of \$39.6 million, a decrease in lease liabilities of \$9.3 million, a reduction in accumulated other comprehensive income of \$13.4 million, an increase in the accumulated deficit of \$770.7 million and an increase of cash and cash equivalents of \$26.3 million.

OFF-BALANCE SHEET ARRANGEMENTS AND DERIVATIVE FINANCIAL INSTRUMENTS

On September 28, 2022, the Company entered into a Canadian interest rate swap agreement to fix the interest rate on a portion of its term loan facilities commencing November 30, 2022 (refer to Note 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)	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	5,693,250	4,811,925
Non-vested	1,832,750	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.

(thousands of Canadian dollars, except percentages)	Three months ended			Year ended		
	August 31,		%	August 31,		%
	2024	2023	Change	2024	2023	Change
New platform revenue (numerator)	31,256	33,024	(5%)	137,111	145,521	(6%)
Television advertising revenue	115,865	137,391	(16%)	652,322	768,036	(15%)
Television subscriber revenue	117,883	126,466	(7%)	470,332	502,257	(6%)
Total Television advertising and subscriber revenue (denominator)	233,748	263,857	(11%)	1,122,654	1,270,293	(12%)
New platform revenue percentage	13%	13%		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.

(thousands of Canadian dollars, except percentages)	Three months ended		Year ended	
	August 31,		August 31,	
	2024	2023	2024	2023
Revenue	269,353	338,843	1,270,598	1,511,240
Direct cost of sales, general and administrative expenses	227,053	292,570	987,169	1,177,235
Segment profit	42,300	46,273	283,429	334,005
Segment profit margin	16%	14%	22%	22%

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.

(thousands of Canadian dollars)	Three months ended		Year ended	
	2024	2023	2024	2023
Cash provided by (used in):				
Operating activities	45,841	37,334	130,657	122,667
Investing activities	(13,501)	135,492	(23,653)	125,274
	32,340	172,826	107,004	247,941
Add (deduct): cash used in (provided by) business acquisitions and strategic investments ⁽¹⁾	6,802	(141,172)	7,148	(141,101)
Free cash flow	39,142	31,654	114,152	106,840

⁽¹⁾ Strategic investments are comprised of investments in venture funds and associated companies.

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

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

(thousands of Canadian dollars, except per share amounts)	Three months ended		Year ended	
	2024	2023	2024	2023
Net income (loss) attributable to shareholders	(25,675)	50,412	(772,641)	(428,724)
Adjustments, net of income tax:				
Goodwill, broadcast licence and other asset impairment	—	73,500	742,016	578,453
Debt refinancing	—	—	555	—
Loss (gain) on disposition	584	(136,479)	584	(136,479)
Restructuring and other costs	21,088	3,492	40,913	15,303
Adjusted net income (loss) attributable to shareholders	(4,003)	(9,075)	11,427	28,553

Basic earnings (loss) per share	(\$0.13)	\$0.25	(\$3.87)	(\$2.15)
Adjustments, net of income tax:				
Goodwill, broadcast licence and other asset impairment	—	\$0.37	\$3.72	\$2.90
Debt refinancing	—	—	—	—
Loss (gain) on disposition	—	(\$0.68)	—	(\$0.68)
Restructuring and other costs	\$0.11	\$0.02	\$0.21	\$0.07
Adjusted basic earnings (loss) per share	(\$0.02)	(\$0.04)	\$0.06	\$0.14

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 August 31, 2024	As at August 31, 2023
Total debt, net of unamortized financing fees and prepayment options	1,052,834	1,092,384
Lease liabilities	116,834	126,084
Cash and cash equivalents	(82,422)	(56,163)
Net debt	1,087,246	1,162,305
Net debt (numerator)	1,087,246	1,162,305
Segment profit (denominator) ⁽¹⁾	283,429	334,005
Net debt to segment profit	3.84	3.48
Proforma net debt to segment profit⁽²⁾	3.84	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, HGTV and Food Network will be rebranded as Home Network and Flavour Network respectively, 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, which sets a maximum total debt to cash flow ratio of 5.75 through to and including December 31, 2024, 7.25 from January 1, 2025 through to and including March 31, 2025, and 4.25 thereafter, or; (ii) the Senior Unsecured Notes.

The Company's ability to mitigate the concerns above is dependent on its ability to continue to access financing 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

We continue to expect 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 first quarter of fiscal 2025 to be similar to the fourth quarter of fiscal 2024. Amortization of TV program rights in the first quarter is expected to increase by a mid-single digit percentage year-over-year. The Company will continue with its implementation of additional cost reduction initiatives and expects general and administrative expenses to decline in the range of 5% to 10% for the first 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 August 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 August 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 fourth quarter ended August 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 August 31, 2024	As at August 31, 2023
ASSETS		
Current		
Cash and cash equivalents	82,422	56,163
Accounts receivable	232,040	295,175
Income taxes recoverable	25,006	21,597
Prepaid expenses and other assets	17,857	21,285
Total current assets	357,325	394,220
Tax credits receivable	19,756	44,270
Investments and other assets	57,325	74,415
Property, plant and equipment, net	250,810	268,214
Program rights (note 4)	494,022	668,976
Film investments	55,312	53,085
Intangible assets, net (note 5)	252,358	1,198,229
Deferred income tax assets	—	44,653
Total assets	1,486,908	2,746,062
LIABILITIES AND EQUITY (DEFICIT)		
Current		
Accounts payable and accrued liabilities	488,098	565,052
Current portion of long-term debt (note 7)	9,903	13,434
Provisions	25,467	9,811
Total current liabilities	523,468	588,297
Long-term debt (note 7)	1,042,931	1,078,950
Other long-term liabilities	197,499	316,912
Provisions	10,697	9,041
Deferred income tax liabilities	54,041	293,862
Total liabilities	1,828,636	2,287,062
EQUITY (DEFICIT)		
Share capital (note 8)	281,052	281,052
Contributed surplus	2,013,797	2,012,936
Accumulated deficit	(2,784,729)	(2,014,077)
Accumulated other comprehensive income	24,481	37,841
Total equity (deficit) attributable to shareholders	(465,399)	317,752
Equity attributable to non-controlling interests	123,671	141,248
Total equity (deficit)	(341,728)	459,000
	1,486,908	2,746,062

See accompanying notes

CORUS ENTERTAINMENT INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

	Three months ended		Year ended	
	August 31,		August 31,	
(unaudited - in thousands of Canadian dollars, except per share amounts)	2024	2023	2024	2023
Revenue	269,353	338,843	1,270,598	1,511,240
Direct cost of sales, general and administrative expenses (note 9)	227,053	292,570	987,169	1,177,235
Depreciation and amortization	23,513	37,051	111,078	157,645
Interest expense (note 10)	24,662	33,009	107,827	135,410
Goodwill, broadcast licence and other asset impairment (note 6)	—	100,000	960,000	690,000
Debt refinancing (note 7)	—	—	753	—
Restructuring and other costs	28,264	5,023	55,225	20,569
Loss (gain) on disposition	584	(142,288)	584	(142,288)
Other income, net (note 11)	(1,793)	(10,094)	(1,658)	(3,670)
Income (loss) before income taxes	(32,930)	23,572	(950,380)	(523,661)
Income tax recovery (note 12)	(9,966)	(25,046)	(183,636)	(100,806)
Net income (loss) for the period	(22,964)	48,618	(766,744)	(422,855)
Other comprehensive income (loss), net of income taxes				
Items that may be reclassified subsequently to income (loss):				
Unrealized change in fair value of cash flow hedges (note 7)	(3,754)	3,190	(6,533)	4,945
Unrealized foreign currency translation adjustment	(259)	(99)	57	1,067
	(4,013)	3,091	(6,476)	6,012
Items that will not be reclassified to income (loss):				
Unrealized change in fair value of financial assets	(680)	95	(6,884)	(1,171)
Actuarial gain (loss) on post-retirement benefit plans	2,887	9,632	(969)	9,601
	2,207	9,727	(7,853)	8,430
Other comprehensive income (loss), net of income taxes	(1,806)	12,818	(14,329)	14,442
Comprehensive income (loss) for the period	(24,770)	61,436	(781,073)	(408,413)
Net income (loss) attributable to:				
Shareholders	(25,675)	50,412	(772,641)	(428,724)
Non-controlling interests	2,711	(1,794)	5,897	5,869
	(22,964)	48,618	(766,744)	(422,855)
Comprehensive income (loss) attributable to:				
Shareholders	(27,481)	63,230	(786,970)	(414,282)
Non-controlling interests	2,711	(1,794)	5,897	5,869
	(24,770)	61,436	(781,073)	(408,413)
Earnings (loss) per share attributable to shareholders:				
Basic	(\$0.13)	\$0.25	(\$3.87)	(\$2.15)
Diluted	(\$0.13)	\$0.25	(\$3.87)	(\$2.15)

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 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)	—	—	(772,641)	(14,329)	(786,970)	5,897	(781,073)
Dividends declared	—	—	—	—	—	(12,373)	(12,373)
Disposition of Aircraft Pictures	—	—	1,655	—	1,655	102	1,757
Actuarial loss on post-retirement benefit plans	—	—	(969)	969	—	—	—
Share-based compensation expense	—	861	—	—	861	—	861
Reallocation of equity interest	—	—	1,303	—	1,303	(5,303)	(4,000)
Return of capital to non-controlling interest	—	—	—	—	—	(5,900)	(5,900)
As at August 31, 2024	281,052	2,013,797	(2,784,729)	24,481	(465,399)	123,671	(341,728)

(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)	—	—	(428,724)	14,442	(414,282)	5,869	(408,413)
Dividends declared	—	—	(23,475)	—	(23,475)	(17,366)	(40,841)
Reduction of stated capital	(500,000)	500,000	—	—	—	—	—
Change in fair value of put option liability	—	—	(347)	—	(347)	176	(171)
Shares repurchased under normal course issuer bid ("NCIB")	(3,090)	1,119	—	—	(1,971)	—	(1,971)
Reversal of automatic share purchase commitment	2,224	(504)	—	—	1,720	—	1,720
Actuarial gain on post-retirement benefit plans	—	—	9,601	(9,601)	—	—	—
Share-based compensation expense	—	840	—	—	840	—	840
Reallocation of equity interest	—	—	3,226	—	3,226	(3,226)	—
Equity funding by a non-controlling interest	—	—	—	—	—	3,855	3,855
As at August 31, 2023	281,052	2,012,936	(2,014,077)	37,841	317,752	141,248	459,000

See accompanying notes

CORUS ENTERTAINMENT INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three months ended		Year ended	
	August 31,		August 31,	
(unaudited - in thousands of Canadian dollars)	2024	2023	2024	2023
OPERATING ACTIVITIES				
Net income (loss) for the period	(22,964)	48,618	(766,744)	(422,855)
Adjustments to reconcile net income (loss) to cash flow from operations:				
Amortization of program rights (note 9)	104,775	140,491	479,170	595,179
Amortization of film investments (note 9)	1,513	14,056	15,724	36,760
Depreciation and amortization	23,513	37,051	111,078	157,645
Deferred income tax recovery	(1,937)	(24,327)	(191,362)	(124,516)
Goodwill, broadcast licence and other asset impairment (note 6)	—	100,000	960,000	690,000
Loss (gain) on business divestiture	584	(142,288)	584	(142,288)
Share-based compensation expense	288	278	861	840
Imputed interest (note 10)	8,544	12,516	41,819	57,547
Debt refinancing	—	—	753	—
Payment of program rights	(134,380)	(180,303)	(550,543)	(674,535)
Net spend on film investments	10,955	(5,392)	(10,672)	(60,341)
Other	563	189	34	1,345
Cash flow from operations	(8,546)	889	90,702	114,781
Net change in non-cash working capital balances related to operations	54,387	36,445	39,955	7,886
Cash provided by operating activities	45,841	37,334	130,657	122,667
INVESTING ACTIVITIES				
Additions to property, plant and equipment	(5,854)	(4,381)	(17,785)	(13,302)
Proceeds from sale of property	10	—	2,271	736
Acquisition of non-controlling interest	(4,000)	—	(4,000)	—
Business divestiture, net of divested cash	(2,801)	141,172	(2,801)	141,172
Net cash flows for intangibles, investments and other assets	(856)	(1,299)	(1,338)	(3,332)
Cash provided by (used in) investing activities	(13,501)	135,492	(23,653)	125,274
FINANCING ACTIVITIES				
Decrease in bank loans	(2,736)	(159,469)	(38,805)	(171,742)
Financing fees	(591)	—	(1,210)	(998)
Share repurchase under NCIB	—	—	—	(2,045)
Equity funding (return of capital) to non-controlling interest	(5,900)	—	(5,900)	3,855
Payment of lease liabilities	(4,496)	(4,560)	(18,108)	(17,943)
Dividends paid	—	(5,979)	—	(35,923)
Dividends paid to non-controlling interests	(2,300)	(1,616)	(12,373)	(17,366)
Other	(1,103)	(1,212)	(4,349)	(4,528)
Cash used in financing activities	(17,126)	(172,836)	(80,745)	(246,690)
Net change in cash and cash equivalents during the period	15,214	(10)	26,259	1,251
Cash and cash equivalents, beginning of the period	67,208	56,173	56,163	54,912
Cash and cash equivalents, end of the period	82,422	56,163	82,422	56,163

Supplemental cash flow disclosures (note 14)
See accompanying notes

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 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 months and year ended August 31, 2024 were authorized for issue in accordance with a resolution of the Company's Board of Directors on October 24, 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.

CORUS ENTERTAINMENT INC.
NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
August 31, 2024

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

In the 2024 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 which will take effect in 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-branded and re-programmed channels and therefore, associated revenues. Cash flows from operations are currently positive but could decline further in the future. In addition, at August 31, 2024, the Company has a working capital deficit of \$166.1 million and incurred losses of \$766.7 million for the year ended August 31, 2024 resulting in an accumulated deficit attributable to shareholders of \$465.4 million.

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, which sets a maximum Total Debt to Cash Flow Ratio of 5.75 through to and including December 31, 2024, 7.25 from January 1, 2025 through and including March 31, 2025, and 4.25 thereafter, or; (ii) the Senior Unsecured Notes. 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.

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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 9 – Financial Instruments (“IFRS 9”) and IFRS 7 – Financial Instruments: Disclosures (“IFRS 7”)

In May 2024, the IASB issued amendments to IFRS 9 and IFRS 7, relating to the classification and measurement requirements of financial instruments recognized within those standards. These amendments will be effective for annual periods beginning on or after January 1, 2026 and will be applied retrospectively with an adjustment to opening retained earnings. Prior periods will not be required to be restated and can only be restated without using hindsight. Entities can early adopt the amendments that relate to the classification of financial assets plus the related disclosures, and can apply other amendments subsequently. The Company does not expect material impacts of adopting these amendments on its interim condensed consolidated financial statements.

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.

IFRS 18 – Presentation and Disclosure in Financial Statements (“IFRS 18”)

In April 2024, the IASB issued an amendment to IFRS 18, which will replace IAS 1. The issuance introduces new categories and subtotals in the statements of comprehensive income (loss), requires disclosure of management-defined performance measures, and includes new requirements for the location, aggregation and disaggregation of financial information. IFRS 18 will be effective for annual periods beginning on or after January 1, 2027 and are to be applied retrospectively. Early adoption is permitted and must be disclosed. The Company is still 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.

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4. PROGRAM RIGHTS

Balance – August 31, 2023	668,976
Net additions	377,831
Impairment (note 6)	(73,615)
Amortization	(479,170)
Balance – August 31, 2024	494,022

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	—	12,599	—	1,898	14,497
Impairment (note 6)	(550,000)	(315,286)	(21,099)	—	(886,385)
Amortization	—	(66,020)	—	(7,963)	(73,983)
Balance – August 31, 2024	126,192	118,549	—	7,617	252,358

⁽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. The Company completed its annual impairment tests in Q4.

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.

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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.

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 licences 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. As a result of the annual impairment test completed in the fourth quarter of fiscal 2024, no further impairment was identified.

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:

	August 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

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7. LONG-TERM DEBT

	August 31, 2024	August 31, 2023
Senior unsecured notes	750,000	750,000
Bank loans	309,932	337,295
Interim production financing	—	13,434
Unamortized financing fees and prepayment options	(7,098)	(8,345)
	1,052,834	1,092,384
Less: current portion of long-term debt ⁽¹⁾	(9,903)	(13,434)
	1,042,931	1,078,950

⁽¹⁾ Short-term portion relates to \$9.9 million of mandatory bank loan repayments over next 12 months. Prior year relates to interim production financings.

Interest rates on the bank loans under the Credit Agreement as amended at August 30, 2024 (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 August 31, 2024, the weighted average interest rate on the outstanding bank loans and Notes was 5.9% (August 31, 2023 – 5.9%). The effective interest on the bank loans and Notes for the three months and year ended August 31, 2024 averaged 6.0% (August 31, 2023 – 6.2% and 6.0%, respectively).

Amounts drawn under the interim production financing facility bear interest at the prime rate plus an applicable margin. As at August 31, 2024, there were no amounts drawn under the interim production financing facility. As at August 31, 2023 interest rates ranged from 8.0% to 8.2% 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 August 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 income (loss) and comprehensive income (loss).

Senior Unsecured Notes

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

At any time prior to May 11, 2024 (first optional early redemption date for the 2028 Notes), the Company 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.

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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 August 31, 2024 was \$6.1 million.

Term Facility

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 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.

On May 30, 2024, the Company's Credit Facility was amended to effect the Canadian market transition to CORRA.

On August 30, 2024 the Credit Facility was amended to, among other things, increase the maximum Total Debt to Cash Flow Ratio required under the financial covenants to 4.75 through to and including October 15, 2024, and limit the Company to request Advances under the Revolving Facility up to \$30.0 million. Requirements to use any Excess Cash to repay outstanding balances on the Revolving Facility and certain terms related to the use of proceeds on asset disposals, the ability to incur certain indebtedness, the ability to designate certain subsidiaries and certain reporting requirements, were also amended. The terms of this amendment were updated on October 15, 2024 to extend the Total Debt to Cash Flow Ratio required under the financial covenants to 4.75 through to and including October 25, 2024.

On October 24, 2024 the Credit Facility was amended and restated to, among other things, reduce the total limit on the Revolving Facility to \$150.0 million from \$300.0 million, with ability for the Company to request advances up to \$65.0 million, and increase the maximum total debt to cash flow ratio required under the financial covenants to 5.75 through to and including December 31, 2024 and 7.25 from January 1, 2025 through and including March 31, 2025. There are also requirements for Corus to use any excess cash to repay outstanding balances on the Revolving Facility and certain amended terms related to the use of proceeds on asset disposals. The ability to incur certain indebtedness and certain reporting requirements, have also been updated. The maturity date for both the Term Loan and the Revolving Facility is now March 18, 2026.

As at August 31, 2024, the Term Facility balance was \$309.9 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 advances 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 CORRA advances may only be paid on their maturity.

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Revolving Facility

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, 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. Amounts drawn under the Revolving Facility will bear interest at the applicable reference rate plus an applicable margin depending on the type of advance and Corus' total debt to cash flow ratio. A standby fee will also be payable on the unutilized amount of the Revolving Facility. As at August 31, 2024, the Company has approximately \$300.0 million under the Revolving Facility, \$30.0 million of which is available to be drawn. As at August 31, 2024, the Company had nil drawn on the Revolving Facility.

Interim Production Financing

A non-wholly owned subsidiary of Corus had incurred revolving demand loans with certain financial institutions as interim financing for film or television productions. As at July 31, 2024, the sale of the business was completed and total amount drawn was nil.

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 August 31, 2024 was a liability of \$2.2 million (August 31, 2023 – \$6.7 million asset). The effectiveness of the hedging relationship is reviewed on a quarterly basis.

TOTAL RETURN SWAPS

The Company had a total return swap agreement on 1,706,000 share units to offset its exposure to changes in the fair value of certain cash settled share-based compensation awards. The estimated fair value of this Level 1 financial instrument would fluctuate with the market price of the Company's shares. The counterparty of the swap agreement was a highly rated financial institution and the Company did not anticipate any non-performance. On December 1, 2023, the total return swap was settled at a cost of \$7.5 million including interest. This was recorded within employee costs in the interim condensed consolidated statements of income (loss) and comprehensive income (loss) (note 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 August 31, 2024, the total amount of foreign exchange forward contracts outstanding was \$15.0 million U.S. dollars. The forward contracts are not designated as hedges for accounting purposes and as a result are measured at fair value at each reporting date. The counterparty of the forward contracts is a highly rated financial institution and the Company does not anticipate any non-performance. The estimated fair values of future cash flow of the U.S. dollar forward contract derivatives change with fluctuations in the foreign exchange rate of U.S. dollars to Canadian dollars.

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The estimated fair value of these agreements as at August 31, 2024 was an asset of \$0.7 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 income (loss) and comprehensive income (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		Class B		Total
	Voting Shares		Non-Voting Shares		
	#	\$	#	\$	\$
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 – August 31, 2024	3,365,394	3,320	196,074,764	277,732	281,052

EARNINGS (LOSS) 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		Year ended	
	August 31,		August 31,	
	2024	2023	2024	2023
Net income (loss) attributable to shareholders (numerator)	(25,675)	50,412	(772,641)	(428,724)
Weighted average number of shares outstanding (denominator)				
Weighted average number of shares outstanding – basic	199,440	199,440	199,440	199,521
Effect of dilutive securities	—	—	—	—
Weighted average number of shares outstanding – diluted	199,440	199,440	199,440	199,521

The calculation of diluted earnings per share for the three months and year ended August 31, 2024 excluded 7,550 and 8,498, respectively, (August 31, 2023 – 9,808 and 7,255, 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 fourth quarter and year ended August 31, 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 \$1,116 and \$1,563 (2023 – expense of \$1,352 and a recovery of \$1,257). As at August 31, 2024, the carrying value of the liability for these plans was \$1,267 (August 31, 2023 – \$6,698).

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9. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended		Year ended	
	August 31,		August 31,	
	2024	2023	2024	2023
Direct cost of sales				
Amortization of program rights	104,775	140,491	479,170	595,179
Amortization of film investments	1,513	14,056	15,724	36,760
Other cost of sales	8,489	11,738	35,202	39,976
General and administrative expenses				
Employee costs	74,160	81,897	301,734	322,890
Other general and administrative	38,116	44,388	155,339	182,430
	227,053	292,570	987,169	1,177,235

10. INTEREST EXPENSE

	Three months ended		Year ended	
	August 31,		August 31,	
	2024	2023	2024	2023
Interest on long-term debt (note 7)	15,610	19,487	63,897	75,240
Imputed interest on long-term liabilities	8,544	12,516	41,819	57,547
Other	508	1,006	2,111	2,623
	24,662	33,009	107,827	135,410

11. OTHER EXPENSE (INCOME), NET

	Three months ended		Year ended	
	August 31,		August 31,	
	2024	2023	2024	2023
Interest income	(1,734)	(1,517)	(4,836)	(3,921)
Foreign exchange (gain) loss (note 7)	(1,283)	(1,462)	(560)	4,625
Equity (gain) loss of associates	(2)	6	(9)	(31)
Asset impairment reversal	—	(800)	(319)	(800)
Gain on asset disposal	(119)	(473)	(1,106)	(392)
Fair value loss on Notes prepayment options (note 7)	—	43	—	2,324
Other	1,345	(5,891)	5,172	(5,475)
	(1,793)	(10,094)	(1,658)	(3,670)

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12. INCOME TAXES

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

	August 31,		Year ended August 31,	
	2024	2023	2024	2023
	\$	%	\$	%
Income tax at combined federal and provincial rates	(251,448)	26.5	(138,644)	26.5
Income subject to tax at less than statutory rates	(27)	—	(83)	—
Non-taxable portion of capital gains	(237)	—	(19,568)	3.7
Increase (decrease) of valuation allowance recorded against future income tax assets	63,989	(6.7)	(12,389)	2.4
Goodwill, broadcast licence and other asset impairment	4,579	(0.5)	71,065	(13.6)
Transaction costs	273	—	187	—
Decrease of various tax reserves	(794)	—	(2,838)	0.5
Miscellaneous differences	29	—	1,464	(0.3)
	(183,636)	19.3	(100,806)	19.2

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 (32 effective September 1, 2024), 15 conventional television stations, digital and streaming services, a social media digital agency, a social media creator network, technology and media services, and the Corus content business, which includes the production and distribution of films and television programs, merchandise licensing, book publishing, and animation software (sold August 23, 2023). Revenue is generated from advertising, subscribers and the licensing of proprietary films and television programs, merchandise licensing, book publishing, animation software, and technology and media service sales.

RADIO

The Radio segment comprises 38 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.

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REVENUE AND SEGMENT PROFIT

Three months ended August 31, 2024	Television	Radio	Corporate	Consolidated
Revenue	248,048	21,305	—	269,353
Direct cost of sales, general and administrative expenses	202,341	19,898	4,814	227,053
Segment profit (loss)	45,707	1,407	(4,814)	42,300
Depreciation and amortization				23,513
Interest expense				24,662
Restructuring and other costs				28,264
Loss on disposition				584
Other income, net				(1,793)
Loss before income taxes				(32,930)
Three months ended August 31, 2023	Television	Radio	Corporate	Consolidated
Revenue	314,232	24,611	—	338,843
Direct cost of sales, general and administrative expenses	264,458	21,635	6,477	292,570
Segment profit (loss)	49,774	2,976	(6,477)	46,273
Depreciation and amortization				37,051
Interest expense				33,009
Goodwill, broadcast licence and other asset impairment				100,000
Restructuring and other costs				5,023
Gain on disposition				(142,288)
Other income, net				(10,094)
Income before income taxes				23,572
Year ended August 31, 2024	Television	Radio	Corporate	Consolidated
Revenue	1,176,738	93,860	—	1,270,598
Direct cost of sales, general and administrative expenses	881,958	84,418	20,793	987,169
Segment profit (loss)	294,780	9,442	(20,793)	283,429
Depreciation and amortization				111,078
Interest expense				107,827
Goodwill, broadcast licence and other asset impairment				960,000
Debt refinancing				753
Restructuring and other costs				55,225
Loss on disposition				584
Other income, net				(1,658)
Loss before income taxes				(950,380)

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Year ended August 31, 2023	Television	Radio	Corporate	Consolidated
Revenue	1,408,468	102,772	—	1,511,240
Direct cost of sales, general and administrative expenses	1,067,888	89,312	20,035	1,177,235
Segment profit (loss)	340,580	13,460	(20,035)	334,005
Depreciation and amortization				157,645
Interest expense				135,410
Goodwill, broadcast licence and other asset impairment				690,000
Restructuring and other costs				20,569
Gain on disposition				(142,288)
Other income, net				(3,670)
Loss before income taxes				(523,661)

Revenue is derived from the following areas:

	Three months ended		Year ended	
	August 31,		August 31,	
	2024	2023	2024	2023
Advertising	135,970	160,732	740,446	865,633
Subscriber	117,883	126,466	470,332	502,257
Distribution, production and other	15,500	51,645	59,820	143,350
	269,353	338,843	1,270,598	1,511,240

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		Year ended	
	August 31,		August 31,	
	2024	2023	2024	2023
Interest paid	13,493	17,985	65,839	77,837
Interest received	1,734	1,517	4,836	3,921
Income taxes paid	4,016	4,955	6,371	13,952

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15. BUSINESS DISPOSITIONS

Disposition of Aircraft Pictures Inc. ("Aircraft")

On July 31, 2024, the Company completed the sale of its 51% interest in Aircraft Pictures Limited, which resulted in a net loss on disposal of \$0.6 million.

Disposition of Toon Boom Animation Inc. ("Toon Boom")

On August 23, 2023, the Company completed the sale of Toon Boom Animation Inc., an indirect wholly owned subsidiary for gross proceeds of \$149.3 million, the fair value at the date of the sale.

Net gain on disposition

Gross proceeds	149,288
Carrying amount of Toon Boom	(985)
Disposition related costs	(6,015)
Gain on disposal	142,288
Income taxes	(5,809)
Net gain on disposal	136,479

⁽¹⁾ Cash proceeds net of divested cash and disposal costs of \$141.2 million

16. 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.

17. SUBSEQUENT EVENT

On October 24, 2024 the Credit Facility was amended and restated to, among other things, reduce the total limit on the Revolving Facility to \$150.0 million from \$300.0 million, with ability for the Company to request advances up to \$65.0 million, and increase the maximum total debt to cash flow ratio required under the financial covenants to 5.75 through to and including December 31, 2024 and 7.25 from January 1, 2025 through and including March 31, 2025. There are also requirements for Corus to use any excess cash to repay outstanding balances on the Revolving Facility and certain amended terms related to the use of proceeds on asset disposals. The ability to incur certain indebtedness and certain reporting requirements, have also been updated. The maturity date for both the Term Loan and the Revolving Facility is now March 18, 2026.