Report to Shareholders

First Quarter 2025

For the Three Months Ended November 30, 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 November 30, 2024	2023
Revenue		
Television	**303,629**	342,433
Radio	**23,542**	27,471
	327,171	369,904
Segment profit (loss) [1]		
Television	**85,964**	121,758
Radio	**3,867**	4,545
Corporate	**(5,608)**	(5,454)
	84,223	120,849
Segment profit margin [1]		
Television	**28%**	36%
Radio	**16%**	17%
Consolidated	**26%**	33%
Net income attributable to shareholders	**11,908**	32,711
Adjusted net income attributable to shareholders [1]	**28,372**	41,247
Earnings per share:		
Basic	**$0.06**	$0.16
Diluted	**$0.06**	$0.16
Adjusted basic [1]	**$0.14**	$0.20
Free cash flow [1]	**(10,149)**	23,708

[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 attributable to shareholders, adjusted basic earnings per share, 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 launches Flavour Network and Home Network.** Corus debuted new lifestyle networks Flavour Network and Home Network on December 30, 2024. Flavour Network's schedule features 22 Canadian and international series, including Canadian originals *Pamela's Cooking With Love*, *Big Burger Battle*, *Great Chocolate Showdown* and *Carnival Eats*, and international titles, *Gordon Ramsay's Food Stars*, *Chasing Flavor* and *Adam Richman Eats Britain*. Home Network's schedule features international hits *Extreme Makeover: Home Edition*, *Honest Renovations*, *Selling Houses Australia*, as well as new seasons from some of Canada's biggest lifestyle stars, including *Pamela's Garden of Eden*, *Renovation Resort* and *Scott's Vacation House Rules*.
- **Global announces its winter 2025 lineup.** Global announced its robust slate of winter 2025 premieres, featuring Global original and fan-favourite *Family Law*, new medical drama *Doc,* modern Sherlock Holmes medical mystery series *Watson*, new classic game show *Hollywood Squares* featuring celebrity talk hosts Drew Barrymore and Nate Burleson, and returning top hits including *Saturday Night Live, Survivor, Matlock,* and *Ghosts*.
- **Global is home to TV's #1 fall hits.** Global was the #1 network in core prime time this Fall[1]. Additionally, Global had 11 of the Top 20 most-watched programs in Canada this fall including #1 reality series *Survivor,* #1 late night program *Saturday Night Live* and #1 comedy *Ghosts*[2].
- **Slice announces more unscripted hits for its programming slate.** Joining Slice's lineup are new unscripted titles including *Paris & Nicole: The Encore*, *Side Hustlers*, *Eat Slay Love*, and *World's Most Notorious Killers*.

Corus Audio

- **Winnipeg Blue Bombers renew broadcast partnership with 680 CJOB.** On October 29, 2024, Corus Audio's 680 CJOB, Winnipeg's live sports, news and information leader, announced that it has entered a long-term broadcast partnership with the 12-time Grey Cup winning team.

Ongoing Focus on Capital Management

- **Corus maintains focus on balance sheet management.** On October 24, 2024, Corus completed an agreement to amend and restate its credit facility to provide covenant relief through March 31, 2025.

Advanced Focus on Sustainability

- **Corus releases its third annual Sustainability Report.** Published on December 9, 2024, the 2024 Sustainability Report outlines the Company's focused approach to building a more sustainable future through Environment, Social and Governance (ESG) initiatives.
- **Corus gives back to local communities**. In the first quarter, Corus helped raise $11.4 million for over 413 community giving initiatives as well as provided over 840 volunteer hours to 95 local organizations across Canada.

Regulatory Developments

- **CRTC announces multiple consultations and public hearings as part of its regulatory plan to modernize Canada's broadcasting framework.** On November 15, 2024, the CRTC launched two consultations, the first on how they support the creation and distribution of Canadian audio-visual content for TV and online streaming services, and the second on the modernization of radio processes for Canadian radio broadcasters, with public hearings to follow in Spring 2025. On January 9, 2025, the CRTC launched a consultation to examine the market dynamics between small, medium and large programming, distribution and online services and the tools available to ensure the sustainability and growth of Canada's broadcasting system, with a public hearing to follow in Spring 2025.

(1) Source: Numeris Personal People Meter ("PPM") Data, Conventional Fall'24 Season-to-date ("STD") (September 16/24 – December 22/24) confirmed data, Adults 25-54 unless otherwise stated, Average Minute Audience ("AMA (000)"), Monday-Sunday 8pm-11pm, Local Time, Global Total, CTV Commercial, City Total.

(2) Source: Numeris PPM Data, Fall'24 (September 16 – December 22/24) 3+ airings, Adults 25-54, AMA (000), Total Canada, Confirmed data, Canadian Conventional Commercial English Ontario stations.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis of the financial position and results of operations for the three months ended November 30, 2024 is prepared as at January 9, 2025. 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, 2024 and the interim condensed consolidated financial statements and notes of the current quarter. The financial highlights included in the discussion of the segmented results are derived from the unaudited interim condensed consolidated financial statements. All amounts are stated in Canadian dollars unless specified otherwise.

Corus Entertainment Inc. ("Corus" or the "Company") reports its interim financial results under International Accounting Standard ("IAS") 34 - *Interim Financial Reporting,* as issued by International Financial Reporting Standards ("IFRS") in Canadian dollars. Per share amounts are calculated using the weighted average number of shares outstanding for the applicable period.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

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

To the extent any statements made in this report contain information that is not historical, these statements are forward-looking statements and may be forward-looking information within the meaning of applicable securities laws (collectively, "forward-looking information"). This forward-looking information relates to, among other things, the Company's objectives, goals, strategies, targets, intentions, plans, estimates and outlook, including the adoption and anticipated impact of the Company's strategic plan, advertising and expectations of advertising trends for fiscal 2025, subscriber revenue and anticipated subscription trends, distribution, production and other revenue, the Company's dividend policy and the payment of future dividends; the Company's leverage target; the Company's ability to manage retention and reputation risks related to its on-air talent; expectations regarding financial performance, including capital allocation strategy and capital structure management, operating costs and tariffs, taxes and fees, and can generally be identified by the use of words such as "believe", "anticipate", "expect", "intend", "plan", "will", "may" or the negatives of these terms and other similar expressions. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances may be considered forward-looking information.

Although Corus believes that the expectations reflected in such forward-looking information are reasonable, such information involves assumptions, risks and uncertainties and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied with respect to the forward-looking information, including without limitation, factors and assumptions regarding the 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, 2024 (the "2024 MD&A") and under the heading "Risk Factors" in the Company's Annual Information Form for the year ended August 31, 2024 (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 2024, we refer you to the Company's Annual Report for the year ended August 31, 2024, filed on SEDAR+ on December 8, 2024. Additional information relating to the Company, including the AIF, is available on SEDAR+ at www.sedarplus.ca.

OVERVIEW OF CONSOLIDATED RESULTS

REVENUE

Consolidated revenue for the three months ended November 30, 2024 of $327.2 million decreased 12% from $369.9 million in the prior year's quarter. On a consolidated basis, advertising revenue decreased 15%, subscriber revenue decreased 2%, and distribution, production and other revenue was down 23%. Revenue decreased by 11% in Television and by 14% in Radio compared to the same period in the prior year. Further analysis of revenue is provided in the discussion of segmented results.

DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

Direct cost of sales, general and administrative expenses for the three months ended November 30, 2024 of $242.9 million decreased 2% from $249.1 million in the prior year's quarter. On a consolidated basis, direct cost of sales increased 3% and general and administrative expenses (which includes employee costs and other general and administrative costs) decreased 8%. The increase in direct cost of sales arises principally from increases in amortization of program rights in the quarter as a result of increased original programming deliveries compared to the prior year's quarter. Employee costs decreased 14% primarily due to decreases in salary and benefits as a result of headcount reductions made throughout the prior year and the first quarter of fiscal 2025. Other general and administrative expenses increased 2% primarily as a result of an increase in advertising and marketing costs to support the launch of new programming and brands. Further analysis of expenses is provided in the discussion of segmented results.

SEGMENT PROFIT

Consolidated segment profit for the three months ended November 30, 2024 was $84.2 million, a decrease of 30% from $120.8 million in the prior year's quarter. Segment profit margin for the first quarter was 26%, down from 33% in the prior year. Further analysis is provided in the discussion of segmented results.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense for the three months ended November 30, 2024 was $22.4 million, a decrease of 26% from $30.3 million in the prior year's quarter. The decrease in the quarter was principally attributable to a decrease in amortization of trade marks of $7.1 million as a result of impairment charges taken in the prior year against these assets and a decrease in depreciation of property, plant and equipment of $0.6 million.

INTEREST EXPENSE

Interest expense for the three months ended November 30, 2024 was $25.1 million, down from $29.1 million in the prior year's quarter. The decrease results primarily from lower imputed interest on long-term liabilities associated with program rights, trade marks and right-of-use assets.

The effective interest rate on bank debt, the 5.0% Senior Unsecured Notes of $500.0 million due 2028 (the "2028 Notes") and the 6.0% Senior Unsecured Notes of $250.0 million due 2030 (the "2030 Notes", together with the 2028 Notes collectively referred to hereafter as the "Notes") for the three months ended November 30, 2024 was 6.2% compared to 6.0% in the prior year's quarter. The increase in the effective rate for the first quarter of fiscal year 2025 is due to higher interest rate margins applied to the bank debt.

DEBT REFINANCING

On October 24, 2024, the Company amended and restated its Credit Facility (refer to note 6 of the interim condensed consolidated financial statements for further details), which resulted in a non-cash loss on debt refinancing of $4.4 million.

RESTRUCTURING AND OTHER COSTS

For the three months ended November 30, 2024 the Company incurred $16.5 million of restructuring and other costs, compared to $10.8 million in the prior year's quarter. The current year costs are related to restructuring costs associated with employee exits and professional fees.

OTHER INCOME, NET

Other income for the three months ended November 30, 2024 was $5.3 million, compared to $0.6 million in the prior year's quarter. The current quarter includes a gain on disposal of property of $9.6 million and interest income of $0.7 million, offset by a net foreign exchange loss of $3.8 million primarily related to the translation of USD denominated liabilities and redundant rent of $1.3 million. The prior year's quarter included interest income of $1.4 million and a gain on disposal of property of $1.0 million, offset by a net foreign exchange loss of $0.9 million primarily related to the translation of USD denominated liabilities and redundant rent of $1.0 million.

INCOME TAX EXPENSE

The effective income tax rate for the three months ended November 30, 2024 was 28.6% compared to a statutory rate of 26.4% as a result of the non taxable portion of capital gains offset by the impact of transaction costs. The effective income tax rate for the three months ended November 30, 2023 was consistent with the Company's statutory income tax rate.

NET INCOME ATTRIBUTABLE TO SHAREHOLDERS AND EARNINGS PER SHARE

Net income attributable to shareholders for the three months ended November 30, 2024 was $11.9 million ($0.06 per share basic) compared to $32.7 million income ($0.16 per share basic) in the prior year's quarter. Net income attributable to shareholders for the first quarter of fiscal 2025 included restructuring and other costs of $16.5 million ($0.06 per share) and a debt refinancing loss of $4.4 million ($0.02 per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $28.4 million ($0.14 per share basic) in the quarter. Net income attributable to shareholders for the first quarter of fiscal 2024 includes restructuring and other costs of $10.8 million ($0.04 per share) and a debt refinancing loss of $0.8 million ($nil per share). Adjusting for the impact of these items results in an adjusted net income attributable to shareholders of $41.2 million ($0.20 per share basic) in the prior year's quarter.

The weighted average number of basic shares outstanding for the three months ended November 30, 2024 was 199,440,000, which is unchanged from the same period in the prior year.

OTHER COMPREHENSIVE INCOME (LOSS), NET OF INCOME TAX

Other comprehensive income for the three months ended November 30, 2024 was $2.1 million, compared to other comprehensive loss of $5.6 million in the prior year's quarter. In the current quarter, other comprehensive income includes an actuarial gain on the remeasurement of post-employment benefit plans of $2.6 million and an unrealized gain from foreign currency translation adjustments of $0.9 million, offset by an unrealized loss on the fair value of cash flow hedges of $0.9 million and an unrealized loss from the change in the fair value of financial assets of $0.5 million. In the prior year's quarter, other comprehensive loss includes an unrealized loss on the fair value of cash flow hedges of $2.8 million, an actuarial loss on the remeasurement of post-employment benefit plans of $1.3 million, and an unrealized loss from the change in the fair value of financial assets of $1.6 million, offset by an unrealized gain from foreign currency translation adjustments of $0.2 million.

BUSINESS SEGMENT INFORMATION

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

TELEVISION

The Television segment is comprised of 32 specialty television networks (30 effective December 31, 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, and book publishing. 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, and the provision of technology and media services.

RADIO

The Radio segment comprises 37 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.

TELEVISION

FINANCIAL HIGHLIGHTS

	Three months ended November 30,	
(thousands of Canadian dollars)	**2024**	2023
Revenue		
Advertising	**176,689**	209,296
Subscriber	**115,698**	118,250
Distribution, production and other	**11,242**	14,887
Total revenue	**303,629**	342,433
Expenses	**217,665**	220,675
Segment profit [1]	**85,964**	121,758
Segment profit margin[1]	**28%**	36%

Revenue for the three months ended November 30, 2024 declined in Television by 11% from the prior year's quarter as a result of decreases of 16% in advertising revenue, 2% in subscriber revenue, and 24% in distribution, production and other revenue. Advertising revenue remained well below seasonal trends as demand and spending in the media industry remained challenged by an oversupply of premium digital video inventory. The decrease in advertising revenue was driven by declines across most major advertising categories, partially mitigated by increases in the packaged goods and iGaming categories. Subscriber revenue decreased from the prior year's quarter principally as a result of declines in the traditional linear business. The decrease in distribution, production and other revenue was attributable to fewer episode deliveries and reduced service work.

Expenses for the three months ended November 30, 2024 were down 1% from the prior year's comparable quarter as a result of an increase of 3% in direct cost of sales, a decrease of 15% in employee costs, and an increase of 6% in other general and administrative expenses. The increase in direct cost of sales was driven by a $3.4 million (or 3%) increase in amortization of program rights and a $2.0 million (or 25%) increase in other cost of sales, offset by a decrease of $1.4 million (or 35%) in amortization of film investments. The decrease of $8.9 million in employee costs reflects significant headcount reductions over the past twelve months.

The increase of $1.9 million in other general and administrative expenses was primarily the result of an increase of $2.0 million in advertising and marketing to support the launch of new programming and brands.

Segment profit[(1)] for the three months period ended November 30, 2024 was down 29%. This decline was primarily a result of the decrease in advertising and subscriber revenue exceeding the decreases in expenses. Segment profit margin[(1)] for the three months ended November 30, 2024 was 28%, which has decreased from 36% in the prior year's comparable period.

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

RADIO

FINANCIAL HIGHLIGHTS

	Three months ended November 30,	
(thousands of Canadian dollars)	**2024**	2023
Revenue	**23,542**	27,471
Expenses	**19,675**	22,926
Segment profit [(1)]	**3,867**	4,545
Segment profit margin[(1)]	**16%**	17%

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

Revenue for the three months ended November 30, 2024 decreased 14% from the prior year's comparable period. The decline in advertising revenue for the quarter was driven principally by the retail, professional services, telecommunications and general services categories, offset by modest growth in the government / political, home products and restaurant categories.

Direct cost of sales and general and administrative expenses decreased 14% for the three months ended November 30, 2024. The decrease was a result of lower salaries and benefits due to continued cost containment measures, with a particular focus on headcount reductions.

Radio's segment profit[(1)] in the three months ended November 30, 2024 decreased by $0.7 million from the prior year's quarter as a result of revenue declines exceeding cost containment measures. Segment profit margin[(1)] for the three months at 16% was consistent with the prior year's comparable quarter.

(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 **November 30,** **2024**	2023
Share-based compensation	**58**	(1,079)
Other general and administrative costs	**5,550**	6,533
	5,608	5,454

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

Share-based compensation expense in the three months ended November 30, 2024 increased by $1.1 million from the comparable period of the prior year, as a result of a recovery being recognized in the prior year due to significant fluctuations in the share price.

Other general and administrative costs decreased by $1.0 million in the three months ended November 30, 2024. The decreases are principally attributable to savings on employee costs due to decreased headcount.

QUARTERLY CONSOLIDATED FINANCIAL INFORMATION

SEASONAL FLUCTUATIONS

As discussed in Management's Discussion and Analysis for the year ended August 31, 2024, 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 November 30, 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, 2024, except as disclosed in note 3 of the interim condensed consolidated financial statements.

(thousands of Canadian dollars, except per share amounts)					Earnings (loss) per share			
	Revenue	**Segment profit [1]**	**Net income (loss) attributable to shareholders**	**Adjusted net income (loss) attributable to shareholders [1]**	**Basic**	**Diluted**	**Adjusted basic [1]**	**Free cash flow [1]**
2025								
1st quarter	**327,171**	**84,223**	**11,908**	**28,372**	**$ 0.06**	**$ 0.06**	**$ 0.14**	**(10,149)**
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

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

ITEMS CAUSING VARIATIONS IN QUARTERLY RESULTS

- Net income attributable to shareholders for the first quarter of fiscal 2025 was negatively impacted by restructuring and other costs of $16.5 million ($0.06 per share) and a loss on debt refinancing of $4.4 million ($0.02 per share).
- 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).

FINANCIAL POSITION

Total assets at November 30, 2024 of $1.5 billion were consistent with August 31, 2024. The following discussion describes the significant changes in the consolidated statements of financial position since August 31, 2024.

Current assets at November 30, 2024 were $428.5 million, an increase of $71.2 million from August 31, 2024.

Cash and cash equivalents increased by $5.2 million from August 31, 2024. Refer to the discussion of cash flows in the next section.

Accounts receivable increased by $67.0 million from August 31, 2024. The increase was primarily as a result of trade accounts receivable. The accounts receivable balance is subject to seasonal trends. Typically, the balance of trade receivables is higher at the end of the first and third quarters and lower at the end of the second and fourth quarters as a result of the broadcast advertising revenue seasonality. The Company carefully monitors the aging and collection performance of its accounts receivable.

Tax credits receivable increased $2.5 million from August 31, 2024 as a result of accruals relating to film productions exceeding tax credit receipts.

Investments and other assets increased $3.5 million from August 31, 2024, primarily as a result of an increase in the net asset position of certain post employment benefit plans, offset by a decrease in the fair value of the venture funds.

Property, plant and equipment increased $1.2 million from August 31, 2024 as a result of additions exceeding depreciation expense.

Program rights increased $0.4 million from August 31, 2024, as acquisitions of $123.3 million were offset by amortization of $122.9 million.

Film investments decreased $3.8 million from August 31, 2024, as film additions (net of tax credit accruals) of $1.1 million were offset by film amortization of $2.7 million.

Intangibles decreased $13.3 million from August 31, 2024, as amortization of $13.6 million was offset by net additions to other intangible assets of $0.3 million.

Accounts payable and accrued liabilities increased $22.7 million from August 31, 2024, principally as a result of higher accounts payable and accrued liabilities, sales tax payable, deferred revenue, capital asset purchases and program rights payable, offset by decreases in payroll accruals, interest payable, short-term compensation accruals and trade marks payable.

Provisions, including the long-term portion, decreased by $1.7 million from August 31, 2024, principally as a result of payments exceeding restructuring-related additions.

Long-term debt, including the current portion, as at November 30, 2024 was $1,079.3 million compared to $1,052.8 million as at August 31, 2024. As at November 30, 2024, the $3.3 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 three months ended November 30, 2024, the Company increased bank debt by $22.3 million, amortized $1.1 million of deferred financing charges, amended the Credit Facility resulting in a loss of $4.4 million on debt refinancing and incurred $1.3 million of financing fees.

Other long-term liabilities decreased $3.7 million from August 31, 2024, primarily from decreases in long-term program rights payable, trade mark liabilities, and lease liabilities, offset by an increase in the net asset position of certain post employment benefit plans.

Share capital remained consistent with August 31, 2024, while the contributed surplus increased as a result of share-based compensation expense.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOWS

Overall, the Company's cash and cash equivalents position increased by $5.2 million for the three months ended November 30, 2024. Free cash flow(1) for the three months ended November 30, 2024 was a negative $10.1 million, compared to $23.7 million in the comparable prior year period. The decrease in free cash flow(1) in the first quarter was primarily attributable to a decrease of $41.8 million in cash provided by operating activities.

Cash used by operating activities for the quarter was $18.0 million compared to $23.8 million provided by operating activities in the prior year's quarter. The decrease in cash provided in the quarter of $41.8 million arises from a decrease in cash flow from operations of $17.9 million, which includes lower spend on program rights of $18.8 million and higher film investments of $2.7 million, and an increase of cash used in working capital of $23.8 million.

Cash provided in investing activities for the quarter was $7.9 million compared to $0.4 million used in the prior year. Investing activities in the current quarter included spend on property, plant and equipment of $1.9 million, offset by proceeds from the sale of assets of $10.1 million.

Cash provided by financing activities for the quarter was $15.3 million compared to $20.2 million use of cash in the prior year's quarter. The increase in cash provided in the quarter of $35.5 million was attributable to an increase in bank loans of $22.3 million compared to bank loan repayments of $10.0 million in the prior year's comparable quarter, and a reduction of dividends paid to non-controlling interests of $4.0 million, offset by an increase in financing fees of $0.6 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 pursue organic growth, achieve business goals and repay debt, all with the objective to provide returns to its shareholders.

The Company defines capital as the aggregate of its shareholders' equity and total long-term debt less cash and cash equivalents. In order to maintain or adjust its capital structure and enable its capital management activities, from time to time, the Company may elect to issue or repay long-term debt, issue shares, repurchase shares through a normal course issuer bid, pay dividends or undertake any other activities as deemed appropriate under the specific circumstances.

The Company monitors capital using several key performance metrics including net debt to segment profit ratio. While leverage may be higher in the short-term, the Company endeavours to return to a more sustainable leverage target range in the future.

As at November 30, 2024, the Company was in compliance with all loan covenants, had a cash and cash equivalents balance of $87.6 million and had approximately $31.3 million available to be drawn under the Revolving Facility. Management believes that cash flow from operations and the existing Credit Facility will provide the Company with sufficient financial resources to fund its operations for the following 12 months.

On October 24, 2024, the Company's Credit Facility was amended and restated to, among other things, reduce the 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 up 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. The amendment of the Credit Facility resulted in the Company recording a net debt refinancing loss of approximately $4.4 million. For further details on the Credit Facility, refer to note 6 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 took 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 November 30, 2024, the Company has a working capital deficit of $109.6 million and an accumulated deficit attributable to shareholders of $451.3 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 November 30, 2024, total capitalization was $654.1 million compared to $621.8 million at August 31, 2024, an increase of $32.3 million. The increase in total capitalization arises from an increase in bank debt of $26.5 million and a decrease in the accumulated deficit of $14.5 million, offset by a decrease in lease liabilities of $3.1 million, a reduction in accumulated other comprehensive income of $0.5 million, and an increase of cash and cash equivalents of $5.2 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 6 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.

There have been no substantial changes to the Company's foreign exchange forward contracts as reported in Management's Discussion and Analysis in its 2024 Annual Report.

OUTSTANDING SHARE DATA

(shares/units)	As at November 30, 2024	As at August 31, 2024
Shares Outstanding		
Class A Voting Shares	**3,365,394**	3,365,394
Class B Non-Voting Shares	**196,074,764**	196,074,764
Stock Options		
Vested	**3,343,025**	5,693,250
Non-vested	**1,338,975**	1,832,750

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.

NEW PLATFORM REVENUE

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

	Three months ended November 30,		
(thousands of Canadian dollars, except percentages)	**2024**	2023	% change
New platform revenue (numerator)	**34,768**	38,070	(9%)
Television advertising revenue	**176,689**	209,296	(16%)
Television subscriber revenue	**115,698**	118,250	(2%)
Total Television advertising and subscriber revenue (denominator)	**292,387**	327,546	(11%)
New platform revenue percentage	**12%**	12%	

SEGMENT PROFIT AND SEGMENT PROFIT MARGIN

Segment profit is calculated as revenue less direct cost of sales, general and administrative expenses as reported in the Company's consolidated statements of income and comprehensive income. Segment profit and segment profit margin may be calculated and presented for an individual operating segment, a line of business, or for the consolidated Company. The Company believes these are important measures as they allow the Company to evaluate the operating performance of its business segments or lines of business and its ability to service and/or incur debt; therefore, it is calculated before (i) non-cash expenses such as depreciation and amortization; (ii) interest expense; and (iii) items not indicative of the Company's core operating results, and not used in management's evaluation of the business segment's performance, such as: goodwill and broadcast licence impairment; 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 10 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 12 to the interim condensed consolidated financial statements. Segment profit margin is calculated by dividing segment profit by revenue. Segment profit and segment profit margin do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other companies. Segment profit and segment profit margin should not be considered in isolation or as a substitute for net income prepared in accordance with IFRS as issued by the IASB.

	Three months ended	
	November 30,	
(thousands of Canadian dollars, except percentages)	**2024**	2023
Revenue	**327,171**	369,904
Direct cost of sales, general and administrative expenses	**242,948**	249,055
Segment profit	**84,223**	120,849
Segment profit margin	**26%**	33%

FREE CASH FLOW

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

	Three months ended	
	November 30,	
(thousands of Canadian dollars)	**2024**	2023
Cash provided by (used in):		
Operating activities	**(18,023)**	23,758
Investing activities	**7,874**	(396)
	(10,149)	23,362
Add: cash used in business acquisitions and strategic investments [1]	**—**	346
Free cash flow	**(10,149)**	23,708

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

ADJUSTED NET INCOME AND ADJUSTED BASIC EARNINGS PER SHARE

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

	Three months ended	
		November 30,
(thousands of Canadian dollars, except per share amounts)	**2024**	2023
Net income attributable to shareholders	**11,908**	32,711
Adjustments, net of income tax:		
Debt refinancing	**3,223**	555
Restructuring and other costs	**13,241**	7,981
Adjusted net income attributable to shareholders	**28,372**	41,247
Basic earnings per share	**$0.06**	$0.16
Adjustments, net of income tax:		
Debt refinancing	**$0.02**	—
Restructuring and other costs	**$0.06**	$0.04
Adjusted basic earnings per share	**$0.14**	$0.20

NET DEBT AND NET DEBT TO SEGMENT PROFIT

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

(thousands of Canadian dollars)	**As at November 30, 2024**	As at August 31, 2024
Total debt, net of unamortized financing fees and prepayment options	**1,079,340**	1,052,834
Lease liabilities	**113,699**	116,834
Cash and cash equivalents	**(87,598)**	(82,422)
Net debt	**1,105,441**	1,087,246
Net debt (numerator)	**1,105,441**	1,087,246
Segment profit (denominator) [1]	**246,803**	283,429
Net debt to segment profit	**4.48**	3.84

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

RISKS AND UNCERTAINTIES

Significant risks and uncertainties affecting the Company and its business are discussed under the heading "Risks and Uncertainties" and "Seasonal Fluctuations" in the 2024 MD&A, as filed at www.sedarplus.ca on October 28, 2024. These discussions are important to understanding the assumptions and factors which may affect the Company's outlook and results.

As discussed further in the 2024 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 Company continuously monitors all major risks affecting it or the industry more broadly, including regulatory, legal and judicial developments and decisions, such as, for example, the appeal by certain foreign streaming services of the CRTC decision to require initial base contributions from them. A repeal, change or delay in implementation of a regulatory, legal or judicial decision can materially impact the Company's outlook, operations and business, and financial results. A comprehensive and more extensive discussion of risks and uncertainties that may affect the Company's business, operations and financial performance and by extension, the assumptions or actual results, related to any forward looking information or outlook, can be found in the 2024 Annual MD&A.

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

Other financial risks which may be related to or affected or elevated by the foregoing risks include 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 2024 MD&A for a full discussion of these and other risks and uncertainties.

OUTLOOK

In the second quarter, we continue to expect the 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 second quarter of fiscal 2025 to be similar to the first quarter of fiscal 2025. Amortization of TV program rights is expected to increase in the quarter in the low double digit percentage range on a year-over-year basis. The Company will continue with its implementation of additional cost reduction initiatives and expects general and administrative expenses to decline in the range of 5 to 10% for the second quarter compared to the prior year.

IMPACT OF NEW ACCOUNTING POLICIES

The IASB continues to issue new and revised IFRS. A listing of the recent accounting pronouncements promulgated by the IASB and not yet adopted by the Company is included in note 3 in the Company's November 30, 2024 unaudited interim condensed consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENTS ADOPTED IN FISCAL 2025

The Company has adopted new amendments to the following accounting standards effective for its interim and annual consolidated financial statements commencing September 1, 2024. The effects of these pronouncements on the Company's results and operations are described below.

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 concluded that there was no 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 concluded that there was no impact of adopting this amendment 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 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 November 30, 2024 and the Company's annual consolidated financial statements for the year ended August 31, 2024. For details of the Company's critical accounting estimates and assumptions under IFRS, refer to Management's Discussion and Analysis in its 2024 Annual Report.

CONTROLS AND PROCEDURES

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes in the Company's internal control over financial reporting that occurred in the first quarter ended November 30, 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 November 30, 2024**	As at August 31, 2024
ASSETS		
Current		
Cash and cash equivalents	**87,598**	82,422
Accounts receivable	**299,016**	232,040
Income taxes recoverable	**21,320**	25,006
Prepaid expenses and other assets	**20,581**	17,857
Total current assets	**428,515**	357,325
Tax credits receivable	**22,281**	19,756
Investments and other assets	**60,802**	57,325
Property, plant and equipment, net	**252,034**	250,810
Program rights (note 4)	**494,439**	494,022
Film investments	**51,477**	55,312
Intangible assets (note 5)	**239,105**	252,358
Total assets	**1,548,653**	1,486,908
LIABILITIES AND DEFICIT		
Current		
Accounts payable and accrued liabilities	**510,792**	488,098
Current portion of long-term debt (note 6)	**3,290**	9,903
Provisions	**24,020**	25,467
Total current liabilities	**538,102**	523,468
Long-term debt (note 6)	**1,076,050**	1,042,931
Other long-term liabilities	**193,762**	197,499
Provisions	**10,449**	10,697
Deferred income tax liabilities	**54,765**	54,041
Total liabilities	**1,873,128**	1,828,636
DEFICIT		
Share capital (note 7)	**281,052**	281,052
Contributed surplus	**2,013,825**	2,013,797
Accumulated deficit	**(2,770,183)**	(2,784,729)
Accumulated other comprehensive income	**23,989**	24,481
Total deficit attributable to shareholders	**(451,317)**	(465,399)
Equity attributable to non-controlling interests	**126,842**	123,671
Total deficit	**(324,475)**	(341,728)
Total Liabilities and Deficit	**1,548,653**	1,486,908

See accompanying notes

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

(unaudited - in thousands of Canadian dollars, except per share amounts)	Three months ended November 30, 2024	2023
Revenues	**327,171**	369,904
Direct cost of sales, general and administrative expenses (note 8)	**242,948**	249,055
Depreciation and amortization	**22,376**	30,318
Interest expense (note 9)	**25,134**	29,088
Debt refinancing (note 6)	**4,377**	753
Restructuring and other costs	**16,509**	10,801
Other income, net (note 10)	**(5,282)**	(570)
Income before income taxes	**21,109**	50,459
Income tax expense	**6,030**	13,441
Net income for the period	**15,079**	37,018
Other comprehensive income (loss), net of income taxes		
Items that may be reclassified subsequently to income:		
Unrealized change in fair value of cash flow hedges (note 6)	**(885)**	(2,840)
Unrealized foreign currency translation adjustment	**901**	179
	16	(2,661)
Items that will not be reclassified to income:		
Unrealized change in fair value of financial assets	**(508)**	(1,643)
Actuarial gain (loss) on post-retirement benefit plans	**2,638**	(1,334)
	2,130	(2,977)
Other comprehensive income (loss), net of income taxes	**2,146**	(5,638)
Comprehensive income for the period	**17,225**	31,380
Net income attributable to:		
Shareholders	**11,908**	32,711
Non-controlling interests	**3,171**	4,307
	15,079	37,018
Comprehensive income attributable to:		
Shareholders	**14,054**	27,073
Non-controlling interests	**3,171**	4,307
	17,225	31,380
Earnings per share attributable to shareholders:		
Basic	**$0.06**	$0.16
Diluted	**$0.06**	$0.16

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 deficit attributable to shareholders**	**Non-controlling interests**	**Total deficit**
As at August 31, 2024	281,052	2,013,797	(2,784,729)	24,481	(465,399)	123,671	(341,728)
Comprehensive income	**—**	**—**	**11,908**	**2,146**	**14,054**	**3,171**	**17,225**
Actuarial gain on post-retirement benefit plans	**—**	**—**	**2,638**	**(2,638)**	**—**	**—**	**—**
Share-based compensation expense	**—**	**28**	**—**	**—**	**28**	**—**	**28**
As at November 30, 2024	**281,052**	**2,013,825**	**(2,770,183)**	**23,989**	**(451,317)**	**126,842**	**(324,475)**

(unaudited - in thousands of Canadian dollars)	Share capital	Contributed surplus	Accumulated deficit	Accumulated other comprehensive income	Total equity attributable to shareholders	Non-controlling interests	Total equity
As at August 31, 2023	281,052	2,012,936	(2,014,077)	37,841	317,752	141,248	459,000
Comprehensive income (loss)	—	—	32,711	(5,638)	27,073	4,307	31,380
Dividends declared	—	—	—	—	—	(3,965)	(3,965)
Change in fair value of put option liability	—	—	517	—	517	(4,675)	(4,158)
Actuarial loss on post-retirement benefit plans	—	—	(1,334)	1,334	—	—	—
Share-based compensation expense	—	247	—	—	247	—	247
As at November 30, 2023	281,052	2,013,183	(1,982,183)	33,537	345,589	136,915	482,504

See accompanying notes

CORUS ENTERTAINMENT INC.
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited - in thousands of Canadian dollars)	Three months ended **November 30,** 2024	2023
OPERATING ACTIVITIES		
Net income for the period	**15,079**	37,018
Adjustments to reconcile net income to cash flow from operations:		
Amortization of program rights	**122,904**	119,511
Amortization of film investments	**2,689**	4,133
Depreciation and amortization	**22,376**	30,318
Deferred income tax expense (recovery)	**169**	(2,885)
Gain on sale of assets	**(9,647)**	—
Share-based compensation expense	**28**	247
Imputed interest	**8,499**	12,232
Debt refinancing	**4,377**	753
Payment of program rights	**(111,408)**	(130,194)
Net spend on film investments	**(5,780)**	(3,116)
Other	**(47)**	(835)
Cash flow from operations	**49,239**	67,182
Net change in non-cash working capital balances related to operations	**(67,262)**	(43,424)
Cash provided by (used in) operating activities	**(18,023)**	23,758
INVESTING ACTIVITIES		
Additions to property, plant and equipment	**(1,946)**	(1,126)
Proceeds from sale of property	**10,080**	1,293
Net cash flows for intangibles, investments and other assets	**(260)**	(563)
Cash provided by (used in) investing activities	**7,874**	(396)
FINANCING ACTIVITIES		
Increase (decrease) in bank loans	**22,257**	(10,013)
Financing fees	**(1,250)**	(619)
Payment of lease liabilities	**(4,610)**	(4,437)
Dividends paid to non-controlling interests	**—**	(3,965)
Other	**(1,072)**	(1,157)
Cash provided by (used in) financing activities	**15,325**	(20,191)
Net change in cash and cash equivalents during the period	**5,176**	3,171
Cash and cash equivalents, beginning of the period	**82,422**	56,163
Cash and cash equivalents, end of the period	**87,598**	59,334

Supplemental cash flow disclosures (note 13)

See accompanying notes

1. CORPORATE INFORMATION

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

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

These interim condensed consolidated financial statements include the accounts of the Company and all its subsidiaries and joint ventures. The Company's principal business activities are: the operation of specialty television networks, 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 and book publishing.

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, 2024, 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, 2024, 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 ended November 30, 2024 were authorized for issue in accordance with a resolution of the Company's Board of Directors on January 9, 2025.

3. MATERIAL ACCOUNTING POLICIES

BASIS OF PRESENTATION AND GOING CONCERN UNCERTAINTY

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

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

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

In the 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 took 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 November 30, 2024, the Company has a working capital deficit of $109.6 million and an accumulated deficit attributable to shareholders of $451.3 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 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 2025

The Company has adopted new amendments to the following accounting standards effective for its interim and annual consolidated financial statements commencing September 1, 2024.

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 concluded that there was no 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 concluded that there was no impact of adopting this amendment on its interim condensed consolidated financial statements.

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

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 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 is still assessing the impact of adopting these amendments 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.

4. PROGRAM RIGHTS

Balance - August 31, 2024	494,022
Net additions	123,321
Amortization	(122,904)
Balance – November 30, 2024	**494,439**

5. INTANGIBLES

	Broadcast licences [1]	Brands and trade marks	Other [2]	Total
Balance - August 31, 2024	126,192	118,549	7,617	252,358
Additions	—	81	260	341
Amortization	—	(11,765)	(1,829)	(13,594)
Balance – November 30, 2024	**126,192**	**106,865**	**6,048**	**239,105**

[1] Broadcast licences are located in Canada.

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

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

6. LONG-TERM DEBT

	November 30, 2024	August 31, 2024
Bank loans	**336,640**	309,932
Senior unsecured guaranteed notes	**750,000**	750,000
Deferred financing charges and prepayment options	**(7,300)**	(7,098)
	1,079,340	1,052,834
Less: current portion of long-term debt [1]	**(3,290)**	(9,903)
	1,076,050	1,042,931

[1] Current portion relates to mandatory bank loan repayments over next 12 months.

Interest rates on the bank loans under the Amended Credit Agreement dated October 24, 2024 (the "Credit Facility") fluctuate with Canadian Overnight Repo Rate Average ("CORRA") and prior to May 31, 2024, Canadian bankers' acceptances. The Company has 5.0% Senior Unsecured Notes of $500.0 million due in 2028 issued in fiscal 2021 (the "2028 Notes") and the 6.0% Senior Unsecured Notes of $250.0 million due in 2030 (the "2030 Notes" and, together with the 2028 Notes, collectively referred to hereafter as the "Notes") issued on February 28, 2022. As at November 30, 2024, the weighted average interest rate on the outstanding bank loans and Notes was 6.5% (November 30, 2023 – 5.9%). The effective interest on the bank loans and Notes for the three months ended November 30, 2024 averaged 6.2% (November 30, 2023 – 6.0%).

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 November 30, 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 and comprehensive income.

Senior Unsecured Notes

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

At any time prior to May 11, 2024 (first optional early redemption date for the 2028 Notes), the Company could redeem all or part of the 2028 Notes at a make-whole price determined by discounting the future interest and early redemption payments to the first optional early redemption date with reference to prevailing market Government of Canada rates plus 1%, but in any case at a redemption price that is no less than 101% of the principal amount of the 2028 Notes being redeemed, plus accrued and unpaid interest to the date of redemption. On or after May 11, 2024, the Company may redeem all or part of the 2028 Notes at the redemption price of 102.5% to May 11, 2025, 101.25% to May 11, 2026 and 100% thereafter, plus accrued and unpaid interest to the date of redemption.

At any time prior to February 28, 2025 (first optional early redemption date for the 2030 Notes), the Company may redeem all or part of the 2030 Notes at a make-whole price determined by discounting the future interest and early redemption payments to the first optional early redemption date with reference to prevailing market Government of Canada rates plus 1%, but in any case at a redemption price that is no less than 101% of the principal amount of the 2030 Notes being redeemed, plus accrued and unpaid interest to the date of redemption. On or after February 28, 2025, the Company may redeem all or part of the 2030 Notes at the redemption price of 103% to February 28, 2026, 101.5% to February 28, 2027 and 100% thereafter, plus accrued and unpaid interest to the date of redemption.

The prepayment options associated with the Notes were fair valued at the time of debt issuance. The initial value of the prepayment options related to the Notes was a $9.6 million increase to indebtedness. This liability has been subsequently amortized using the effective interest rate method and as at November 30, 2024 was $5.8 million.

Term Facility

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 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. The amendment of the Credit Facility resulted in the Company recording a net debt refinancing loss of $4.4 million.

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

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

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.

As at November 30, 2024, the Term Facility balance was $303.6 million with a maturity date of March 18, 2026. 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.

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.

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

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 November 30, 2024, the Company had approximately $33.0 million drawn under the Revolving Facility and $0.7 million of Letters of Credit outstanding, leaving $31.3 million available to be drawn.

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. The estimated fair value of these agreements as at November 30, 2024 was a liability of $3.4 million (August 31, 2024 – $2.2 million). The effectiveness of the hedging relationship is reviewed on a quarterly basis.

FORWARD CONTRACTS

All foreign exchange forward contracts fix the foreign exchange rate and cash flows related to a portion of the Company's U.S. dollar denominated liabilities. As at November 30, 2024, the total amount of foreign exchange forward contracts outstanding was $7.5 million U.S. dollars. The forward contracts are not designated as hedges for accounting purposes and as a result are measured at fair value at each reporting date. The counterparty of the forward contracts is a highly rated financial institution and the Company does not anticipate any non-performance. The estimated fair values of future cash flow of the U.S. dollar forward contract derivatives change with fluctuations in the foreign exchange rate of U.S. dollars to Canadian dollars. The estimated fair value of these agreements as at November 30, 2024 was an asset of $0.8 million (August 31, 2024 – $0.7 million), which has been recorded in the interim condensed consolidated statements of financial position as investments and other assets, and within other income, net (note 10) in the interim condensed consolidated statements of income and comprehensive income.

7. SHARE CAPITAL

AUTHORIZED

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

	Class A Voting Shares		Class B Non-Voting Shares		Total
	#	$	#	$	$
Balance - August 31 and November 30, 2024	3,365,394	3,320	196,074,764	277,732	281,052

EARNINGS PER SHARE

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

	Three months ended **November 30,**	
	2024	2023
Net income attributable to shareholders (numerator)	**11,908**	32,711
Weighted average number of shares outstanding (denominator)		
Weighted average number of shares outstanding – basic	**199,440**	199,440
Effect of dilutive securities	**—**	—
Weighted average number of shares outstanding – diluted	**199,440**	199,440

The calculation of diluted earnings per share for the three months ended November 30, 2024 excluded 4,713 (November 30, 2023 – 9,303) 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 three months ended November 30, 2024 in respect of Stock Options as well as the Performance Share Units, Deferred Share Units and Restricted Share Units plans was an expense of $58 (2024 – recovery of $1,079). As at November 30, 2024, the carrying value of the liability for these plans was $1,153 (August 31, 2024 – $1,267).

8. DIRECT COST OF SALES, GENERAL AND ADMINISTRATIVE EXPENSES

	Three months ended **November 30,**	
	2024	2023
Direct cost of sales		
Amortization of program rights	**122,904**	119,511
Amortization of film investments	**2,689**	4,133
Other cost of sales	**10,945**	9,143
General and administrative expenses		
Employee costs	**66,855**	77,492
Other general and administrative	**39,555**	38,776
	242,948	249,055

9. INTEREST EXPENSE

	Three months ended **November 30,**	
	2024	2023
Interest on long-term debt (note 6)	**16,234**	16,260
Imputed interest on long-term liabilities	**8,499**	12,232
Other	**401**	596
	25,134	29,088

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

10. OTHER INCOME, NET

	Three months ended November 30,	
	2024	2023
Interest income	**(713)**	(1,359)
Foreign exchange loss (note 6)	**3,791**	850
Equity (gain) loss of associates	**8**	(3)
Gain on asset disposal [1]	**(9,647)**	(1,008)
Other expense	**1,279**	950
	(5,282)	(570)

[1] Relates to gain on land sale in Edmonton.

11. INCOME TAXES

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

	Three months ended November 30,			
	2024		2023	
	$	**%**	$	%
Income tax at combined federal and provincial rates	**5,584**	**26.4%**	13,233	26.2%
Income subject to tax at less than statutory rates	**(4)**	**—%**	(11)	—%
Non-taxable portion of capital gains	**(850)**	**(4.0%)**	(127)	(0.2%)
Increase in derecognized deferred income tax assets	**733**	**3.5%**	—	—%
Transaction costs	**503**	**2.4%**	42	—%
Increase of various tax reserves	**—**	**—%**	7	—%
Miscellaneous differences	**64**	**0.3%**	297	0.6%
	6,030	**28.6%**	13,441	26.6%

12. BUSINESS SEGMENT INFORMATION

The Company's business activities are conducted through two segments: Television and Radio, and are primarily based in Canada.

TELEVISION

The Television segment comprises 32 specialty television networks (30 effective December 31, 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. 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, and the provision of technology and media services.

RADIO

The Radio segment comprises 37 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.

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

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.

REVENUE AND SEGMENT PROFIT

Three months ended November 30, 2024	**Television**	**Radio**	**Corporate**	**Consolidated**
Revenues	**303,629**	**23,542**	**—**	**327,171**
Direct cost of sales, general and administrative expenses	**217,665**	**19,675**	**5,608**	**242,948**
Segment profit (loss) [1]	**85,964**	**3,867**	**(5,608)**	**84,223**
Depreciation and amortization				**22,376**
Interest expense				**25,134**
Debt refinancing				**4,377**
Restructuring and other costs				**16,509**
Other income, net				**(5,282)**
Income before income taxes				**21,109**

Three months ended November 30, 2023	Television	Radio	Corporate	Consolidated
Revenues	342,433	27,471	—	369,904
Direct cost of sales, general and administrative expenses	220,675	22,926	5,454	249,055
Segment profit (loss) [1]	121,758	4,545	(5,454)	120,849
Depreciation and amortization				30,318
Interest expense				29,088
Debt refinancing				753
Restructuring and other costs				10,801
Other income, net				(570)
Income before income taxes				50,459

Revenue is derived from the following areas:

	Three months ended	
		November 30,
	2024	2023
Advertising	**198,904**	235,353
Subscriber	**115,698**	118,250
Distribution, production and other	**12,569**	16,301
	327,171	369,904

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

13. 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 **November 30,**	
	2024	2023
Interest paid	**19,077**	19,236
Interest received	**713**	1,359
Income taxes paid	**1,385**	627

14. 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 2025 interim condensed consolidated financial statements.

15. SUBSEQUENT EVENT

On December 31, 2024, the Company acquired all outstanding shares of HGTV Canada, Food Network Canada and Cooking Channel for a nominal amount from the minority shareholder, resulting in these entities becoming wholly owned subsidiaries.