FINAL TRANSCRIPT

Corus Entertainment Inc.

Q4 and Year End 2025 Analyst and Investor Conference Call

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PRESENTATION

Operator

Good afternoon, my name is Joelle, and I will be your conference operator today.

At this time, I would like to welcome everyone to the Corus Entertainment Q4 and Year End 2025 Analyst and Investor Conference Call.

All lines have been placed on mute to prevent any background noise.

After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star then the number one on your telephone keypad. If you would like to withdraw your question, please press star, two. Thank you. As a reminder, this call is being recorded.

I will now turn the call over to Mr. John Gossling, CEO of Corus Entertainment. Mr. Gossling, you may begin your conference.

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Great. Thank you very much, Operator, and good afternoon, everyone. Welcome to our fiscal 2025 fourth quarter and year-end earnings call.

Thanks for joining us on what we know is a very busy day for reporting in our sector, and we appreciate you taking the time with all this air traffic. I'd like to remind everyone that we have slides to accompany the call, and you can find them on our website at www.corusent.com under the Investor Relations - Events and Presentations section.

I'll start off by drawing your attention, as usual, to our standard cautionary statement, which can be found on Slide 2. We note that forward-looking statements may be made during this call, and actual results could differ materially from forecast, projections or conclusions in these statements. We'd like to remind those on our call today, in addition to disclosing results in accordance with IFRS, Corus also provides supplementary 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.

Today, we will be referring to certain non-GAAP measures in our remarks. Additional information on these non-GAAP measures and the Company's reported results and factors and assumptions related to forward-looking information can be found in our fourth quarter 2025 Report to Shareholders and the 2025 Annual Report, both of which can be found on SEDAR+ or in the Investor Relations - Financial Reports section of our website.

All right. Joining me on today's call are Jennifer Lee, who is our Chief Administrative and Legal Officer, as well as Senior Finance Team members, Doug Spence and Ann Duggan, all of whom are outlined on Slide 3.

Over to Slide 4, where I'll start with an update on the performance of our impressive fall schedule, which rolled out just two weeks ago across Global and our specialty TV channels and, of course, on our digital platforms like STACKTV.

It's still a bit early in the season, but we have already seen solid momentum with audiences since launch. Consistent with our track record of delivering returning hits together with the most anticipated new shows, we are seeing the latest seasons of *Survivor, 9-1-1, Saturday Night Live, Matlock, Elsbeth, NCIS Origins*, and *FBI,* along with promising debuts like *Sheriff Country* and *DMV* posting strong ratings on Global. This is despite competition from the World Series, which, of course, wraps up this weekend.

Historically, we have seen dips in viewing and related ad spend due to special sporting events such as the NHL playoffs in June. But in that case, we did rebound strongly with our estimated market share of linear TV advertising spend in July and August actually exceeding what we saw earlier in the year.

Turning to Slide 5 and a look at our specialty channels, we are seeing the same trends with our programming lineup delivering more top 20 shows than any of our competitors with hits like *The Secret of Skinwalker Ranch* and number one factual series *Hazardous History with Henry Winkler* on History, the number one reality competition series *The Challenge* on Slice, all new Corus original *Halloween Bake Shop* and audience favorite *Top Chef Canada* on Flavour Network and *House Hunters International* on Home Network. Back by popular demand on W Network, we recently launched Hallmark Channel's Countdown to Christmas event, which reaches nearly 10 million Canadians, including all those on the call, and last year led to the network's number one specialty entertainment service rank during the event.

In addition to having the number one and number two specialty lifestyle networks with Home and Flavour, this September we have also seen Slice increase its rank position, entering into the top 20 among specialty networks. Our smart programming choices are sustaining our momentum, delivering results with audiences who are discovering the latest, most popular content on our networks within a highly competitive landscape.

Let's move on to Slide 6.

We know that demand for premium content is not abating, but the ways audiences look for, watch, or listen to content continues to shift. As part of our strategy to provide Canadians more ways to connect with the premium content they love, we have been working to grow our digital suite of products and services. And this summer we added DTOUR to STACKTV to further expand its value for subscribers, and in addition, last month we launched 12 free ad-supported television or FAST channels on the Global TV app, including Romance 365, Busted at the Border, Nonstop Drama, and Crime Beat.

Our streaming platforms saw an overall combined increase in minutes streamed in September with the launch of our fall schedule, providing strong support for STACKTV subscriber acquisition in the past few weeks. Our Global TV app's new FAST channels are also off to a great start.

Expanding our digital inventory also enhances our ability to provide cross-platform advertising solutions. We're proud to be an industry leader in terms of matching value and tailored creative with the content and audience metrics that clients want. Clients increasingly desire integrated campaigns that flow seamlessly across video, digital, and audio, and Corus is leveraging our multi-platform portfolio to bring their campaign's storytelling to life.

So, as we wrap Fiscal 2025 and kick off Fiscal 2026, I'm confident we have the right content, brands, and offerings to build on our audience momentum from the past year. In fact, in 2025 we saw improved audience metrics in certain key demos, achieving a moderate year-over-year increase in share of Canadian specialty and conventional viewing among adults ages 25 to 54.

Before commenting more specifically on our fourth quarter and year-end results, I want to acknowledge what most of you have noted across the industry. We are all seeing a challenging advertising environment due to ongoing geopolitical and economic uncertainty and increased levels of advertising inventory available from competing digital players.

As a result, our ongoing focus on discipline, cost management, and operational efficiencies will remain in place, the benefits of which are evident in our Q4 and full year results. We will balance that with the pursuit of new opportunities that offer growth and attractive returns. We also continue our work to strengthen our financial foundation and right-size our balance sheet. Today, we announced an increase in our revolver to $125 million as part of a prudent liquidity management strategy that gives us more flexibility.

Now, moving on to Slide 7, our fourth quarter and year-end results, along with our outlook for the first quarter, reflect the continuation of trends we were seeing in the advertising market and specifically our linear TV results reflect broader market and macroeconomic conditions. In Q4, our overall decline in linear TV advertising revenue was in line with the market, even with others bringing competing brands and offering them wide distribution and extended free previews.

Given these broader factors, TV advertising revenue in the fourth quarter was moderately lower than the outlook we provided on the Q3 call back in June. This combined with lower subscription revenue and the expected decline in content revenue contributed to consolidated revenue of $232 million for the quarter, which was a 14 percent decrease from the prior year. We delivered $1.127 billion in consolidated revenue for the year, and that was a decrease of 11 percent year-over-year.

Consolidated segment profit was $26 million for the quarter and $189 million for the year, and that reflects the revenue decline partially offset by the benefits of our cost reduction initiatives. For the fourth quarter, these included a 19 percent reduction in G&A expenses, which were ahead of our Q4 outlook of 10 percent to 15 percent reduction, including a decrease of 8 percent in employee costs. This was partially offset by a modest increase in amortization of program rights and film amortization resulting in 1 percent higher direct cost of sales.

Combined, these helped to drive total expenses lower by $21 million, or 9 percent for the quarter. For the year, total expenses were lower by $49 million, or 5 percent, reflecting meaningful progress on our standing commitment to manage our costs and right-size our business and reflect a 12 percent reduction in G&A expenses, which includes an 11 percent decrease in employee costs, partially offset by the 1 percent increase in direct cost of sales, and again, that was due mainly to the return of programming following the Hollywood labour actions, which impacted delivery from the prior year.

The consolidated segment profit margin was 11 percent for the quarter, and that's down from 16 percent last year, while the segment profit margin for the full year of 17 percent was down from 22 percent in the prior year. Free cash flow was negative $25 million in Q4 and negative $22 million for the year. In the fourth quarter, this reflects lower segment profit, higher working capital usage, and higher restructuring costs, partially offset by the benefit of reduced net investment in program rights.

Just to be specific, on the working capital usage in Q4, that was unusually high due to several factors, which included the end of the federal government's HST remittance and corporate tax installment holidays that we were benefiting from through Q3, as well as reduced accounts payable and accrued liabilities balances at the end of the year, and that was due mainly to timing.

At the end of our fourth quarter, we were in compliance with all covenants and had approximately $60 million in cash and cash equivalents and $35 million available to be drawn under our revolving credit facility, which is prior to the increased capacity that we announced today.

Net debt to segment profit increased to 6.01 times at the end of the fourth quarter, compared to 5.39 times at the end of the last quarter, and that increased from 3.84 times at the end of last year. That was driven by the lower segment profit and slightly higher debt balances.

As mentioned earlier, we are seeing ongoing disruptions of advertising markets in the first quarter of fiscal 2026, and these factors are incorporated into our outlook. The majority of our fall schedule on Global launched in mid-October, and we are encouraged by the early viewing results. Compared to last year, television advertising revenue for Q1 of fiscal 2026 is expected to decline in a similar range to the fourth quarter of fiscal 2025, and amortization of TV program rights is expected to decrease by 5 percent to 10 percent compared to the prior year quarter.

In addition, we anticipate further declines in consolidated G&A expenses in the range of 10 percent to 15 percent, and that continues to exclude any potential impact from the independent local news fund compared to last year, and that's as a result of significant cost reduction initiatives that have been implemented over the last year.

Our ongoing work to further offset the lower expected revenue will be balanced with delivering on our longer-term strategic objectives and taking the necessary steps to fortify our financial foundation.

With that, I'll now pass it on to Doug Spence, who will walk you through the segmented results.

Doug Spence – Vice President Finance, Planning, Strategy and Treasury, Corus Entertainment Inc.

Thank you, John.

I will start on slide 8.

TV segment revenue was $213 million for the quarter and $1.043 billion for the year, down 14 percent and 11 percent, respectively, from the prior year. This was mainly driven by lower TV advertising revenue, which declined 23 percent in the quarter and 16 percent for the year.

Subscriber revenue was lower by 6 percent in Q4 and 5 percent for the year. When we normalized for the sunset of certain specialty channels in the first half of fiscal 2025, subscriber revenue for the quarter was down 3 percent and 2 percent for the year compared to the prior year periods.

Distribution, production, and other revenue was 3 percent lower for the quarter and 11 percent lower for the year, driven by fewer episode deliveries and reduced service work.

Compared to the prior year, expenses were down 10 percent for the quarter and 5 percent for the year. Direct cost of sales for TV increased a modest 1 percent for the quarter and the year.

In Q4, the lower costs were mainly driven by a significant reduction of 23 percent in general and administrative expenses, partially offset by a 2 percent increase in amortization of program rights. For the year, amortization of program rights increased by 4 percent, due mainly to the return of programming following the Hollywood strikes impacting programming deliveries in the prior year, as John noted.

Amortization of film investments increased by $2 million for the quarter, but decreased $10 million for the year, due primarily to changes in film tax credit assumptions. TV employee costs were down $6 million, or 10 percent, for the quarter, and $29 million, or 12 percent for the year, as a direct result of headcount reduction initiatives. Other G&A expenses were down $15 million for the quarter and $19 million lower for the year as a result of robust cost efficiency measures and receipt of some funding to offset news production costs. For the year, these reductions were partially offset by additional advertising and marketing expenses related to the rebranding of two specialty networks.

Overall, TV segment profit declined 34 percent in the fourth quarter and 32 percent for the year, mainly reflecting lower revenue, partially offset by the benefit of G&A expense savings from significant ongoing cost reduction initiatives, as we worked to mitigate the impact of lower revenues. TV segment profit margins were 14 percent in Q4 and 19 percent for the year, compared to 18 percent and 25 percent in the prior year comparable periods.

Moving to Slide 9, Radio segment revenue of $19 million for the quarter and $85 million for the year decreased 10 percent from both the prior year and the year, due to lower advertising demand. Radio segment profit increased to $2.6 million, up 85 percent in the quarter, and $13 million, up 37 percent for the year, with cost containment measures more than offsetting the lower advertising demand. Radio segment profit margin improved meaningfully to 13 percent in Q4 and 15 percent for the year, compared to 7 percent and 10 percent, respectively, in the prior year period, benefiting from our cost reduction initiatives.

I'll now turn it over to Jenn for comments on the regulatory environment and recent developments.

Jennifer Lee – Chief Administrative Officer, Chief Legal Officer and Corporate Secretary, Corus Entertainment Inc.

Thanks, Doug.

So, I'll move on to Slide 10. I'll note a few things from the past quarter and what we're watching closely on the reg front.

We started to receive some funding from the Independent Local News Fund, that's the ILNF, after the CRTC confirmed our eligibility in June. This is just the portion that is currently funded by Canadian BDUs, so it doesn't include anything from streamers who have yet to begin paying in.

Taking a step back, you'll recall that in 2024, the CRTC decided that large, stand-alone streamers would have to contribute a percentage of their previous year's Canadian broadcast revenues to various funds supporting Canadian broadcast policy priorities, and that would include the ILNF.

Supporting independent local news broadcasters is absolutely critical, not just to meet policy objectives, but frankly, to Canadians and our democracy. It is domestic broadcasters, like Corus, and not any streamers or foreign media giants who provide fair, objective news to communities across the country.

So, the CRTC has estimated that the streamer contributions to the ILNF could exceed $40 million per year. However, some of the international streamers appealed the CRTC's decision, as you might recall, and that's been temporarily stayed. The appeal was heard by the Federal Court of Appeal at the beginning of the summer, and we are still waiting for a decision. We hope for an outcome that ensures these foreign players will finally start contributing to the Canadian system, but we don't have specific timing or funding numbers for Corus to share at this time.

I also wanted to mention that we took part in the CRTC's public hearings in the past few months, including on market and structural dynamics earlier in the summer, and then most recently in the hearings relating to audio. I won't comment on anything specifically that is in front of the regulators, but thematically, we continue to urge the Commission to implement measures to level the playing field between broadcasters and distributors, both traditional and online.

As we've said before, we are for smarter, not necessarily more rules, that address the realities of our industry and the competitive environment we face and have faced for more than a decade. We need a fair and properly governed playing field to do what we do best, bring Canadians the most popular content and news they want and need.

On that note, I'm going to turn it back to John for some final comments.

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Great. Thanks very much.

As Jenn mentioned, ensuring and supporting the ability of Canadian independent broadcasters like Corus to provide news is extremely important and reflects what we know Canadians want and need.

This year is indeed important for us on the regulatory front and will be a few key areas of focus for us as we move towards a substantive television license renewal process as early as the end of this current fiscal year, and that will be the first time our licenses have been renewed substantively since really almost a decade.

We are adapting to changes in the industry, but we need to have some changes to our regulatory framework to create fair competition and provide clear usable guardrails and processes for all players, particularly domestic independent broadcasters who have been disadvantaged for quite some time.

Beyond our diligent regulatory advocacy, building sustainability for our business continues to be a priority as we look forward into 2026. An important aspect of this will be the right sizing of our balance sheet. We're continuing to work on our plan to strengthen our financial foundation with our increased revolver forming another step in that process, and I look forward to sharing more details on this front as soon as we can.

We will also continue to make smart choices on our programming, our brands, and our services, building on what we do best, which is acquiring and building incredible brands and content that audiences love and that provide value for our clients.

Despite headwinds in the advertising and competitive environment, this past year we successfully rebranded and launched Home and Flavour, strategically retired to certain lower-performing services, strengthened programming across other ones, and created new digital and advertising offerings, all while reducing our costs significantly.

There will be headwinds for our industry this year, but we are committed to strengthening our business and financial foundation, maximizing revenue opportunities, and building audiences and reach with the most popular content and best-in-class news in Canada.

Before I take questions, I would like to thank all of our stakeholders, partners and clients for their support, and our incredible teams, of course, for their hard work and dedication.

All right. With that, back to you, Operator, and we'll take questions.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session.

Should you have a question, please press star followed by the one on your touchtone phone. You will hear a prompt that your hand has been raised. Should you wish to decline from the polling process, please press star followed by the two. If you are using a speakerphone, please lift the handset before pressing any keys. One moment, please, for your first question.

Your first question comes from Vince Valentini with TD Cowen. Your line is now open.

Vince Valentini – Analyst, TD Cowen

Hey. Thanks very much. Sorry if I missed it, but on the news funding, can we recap the dollars, like what actually got received so far, and what is sort of visible to get received in the next few quarters from just the BDUs, and then maybe top up what could be received on top of that if the streamers start playing nice?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Sure. Vince, there's two pieces of news funding, right? There's the Google money, which is much smaller, and then there's the ILNF, which has the two pieces, the streamer part and the BDU part. For Q4, the combined Google money and BDU ILNF were about $4 million, and that's reflected as a cost reduction. And it's roughly 50-50, not exactly, but it's about 50-50. So, from that, you can annualize the quarterly impact of the BDU contribution, call it, $7 million or $8 million ish. That might be a tiny bit high. And that's obviously dependent on the size of that pool, which is declining because BDU regulated revenues are declining, as you know. That's basically locked.

But the more interesting piece, of course, and not to say it's not helpful, it's very helpful. But the more interesting piece, of course, as Jen mentioned, is the streamer money. And the CRTC has said publicly that will be over or could be over $40 million. And I assume that's growing just given what's happening in the streaming business. So, that's going to be the big piece that we're still waiting for. And frankly, that money to the extent it's confirmed, we would expect a retro pickup on that all the way back into '25 for the full year.

Vince Valentini – Analyst, TD Cowen

Good. And John, based on the percentage you're getting from the fund, funded by BDUs now, what rough percentage of that $40 million do you think you'd get?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Well, the CRTC rules have a cap at 45 percent for any one participant. So, we're by far the largest participant. So, we would expect to be pretty close to that cap or at it.

Vince Valentini – Analyst, TD Cowen

Okay cool. Second, just on the working capital you mentioned, are you saying that the accounts payable portion will just swing back as a positive source of cash flow in the first quarter?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

No, it definitely should, especially when you have a look at the way that programming is being delivered in the first quarter, which is a little bit later than usual, which means that it will likely be there at the end of November in terms of still owing. Although, as you can imagine, studios like to get paid quickly to manage their working capital. The thing that goes against us in Q1 is always the receivables.

And just on that, I didn't really mention it, but our collections have been as strong or stronger than ever, so that was not a factor in Q4. That actually did help us to a small extent. So, that's good news. And we're not feeling the pressure on the money coming in. But yes, there were some unusual things in the fourth quarter on the outbound side of the cash that we saw.

There should be some benefit to that for sure in Q1, and we're past all these government remittance holidays, which created that funny impact between Q3 and Q4 last year.

Vince Valentini – Analyst, TD Cowen

Okay. Last one on the business itself, let's say. Advertising revenues down just as much in the first quarter as they were in the fourth quarter. Can you unpack that at all of like this phenomenal Blue Jays run impact? Has that created a bit of temporary excess pressure for you that could be gone by next week when they're not playing anymore? Or do you think this is just a normal trend you've been seeing continuing?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Well, so if you think about the building blocks for advertising revenue or the audiences and the audience has been well publicized all the way up to MLB level. The audiences for Blue Jays domestically have been massive, more than 5 million a night if you look at all the combined linear networks. So, I think for sure that's having an impact. When you look at who those advertisers are in those games, there's a lot of common threads between what we see there and who our advertisers are. So, it's like a very short-lived in a way and very sort of compressed Olympics, because what will happen in Olympics is that advertisers will go in big into that programming and then they'll kind of stay away from other places because, well, frankly, that's where the viewers are.

I think it's having an impact. It's hard to know. It's not like we're seeing a lot of advertisers canceling, but we're definitely seeing a hesitation just to book in the first place. So, I think there could be a bit of a relief out there. But frankly, I think the bigger relief is if we can get to some kind of stability on trade and some certainty on what might be happening there going forward, I think that will unlock a lot more because that has been for a while—you asked about that on the Q3 call, sort of what's happening here, and that's a big piece of it.

We've got some new leadership in the sales area. We're really working hard to unpack all the pieces. Digital is obviously a big part of it. We have some digital properties. They're not that big in the scheme of things, so we need to be able to drive that harder. We need to look at what's going on with demand. And frankly, we need to be out creating demand if we can.

I think we're doing an okay job against the market. I made some comments about how we thought we performed at the end of the summer against the market. But it's a tough go there. We don't have industry data yet for the beginning of this quarter, but it's certainly tough for everyone. I think if someone tries to tell you that it's not, then they must have a very big digital portfolio because I know your U.S. analyst wrote a state of the media piece this week, and he's calling for linear to be down not as much as what we're seeing in Canada, but overall, the market is up. And that's a U.S. number, but I think that's probably a similar effect here. I think the overall market is probably not growing as much here, and linear is down more.

Vince Valentini – Analyst, TD Cowen

Good. So, fingers crossed that on the next episodes of 911 and FBI, we see Will Arnett commercials 10 times.

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Yes, there's no shortage of repetition in the commercials, that's for sure. But anyway, that's what you get. Again, it's like the Olympics, right? That's exactly what you see during the Olympics.

Vince Valentini – Analyst, TD Cowen

Thank you.

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Thanks, Vince.

Operator

Ladies and gentlemen, as a reminder, should you have a question please press star, one. Your next question comes from Maher Yaghi with Scotiabank. Your line is now open.

Maher Yaghi – Analyst, Scotiabank

Yes. Thank you for taking my question. I wanted to ask you on your financial statements, I see two net debt numbers. One is quoted at 1,089 and in the report to shareholders in Q4 I see a net debt number at 1,137, can you just clarify a little bit the difference between the two? Why are they different? And in terms of the calculation, are they trying to bogey something specific for the covenants? That's why the numbers are different?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

No. I see your 1,137 number, Maher. I'm not sure where you're seeing the other number. That sounds a lot like last (inaudible) number or maybe a number without cash.

Maher Yaghi – Analyst, Scotiabank

The other one is in Note 13 in the long-term debt table of the annual report. The annual MD&A.

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Okay. Hold on a sec, let's just look there. I think it just has to do with the components, because you've got to add to that number the pieces and then we subtract off the cash. So that's the starting point of that number in that footnote, 1,089,741. And then we add the lease liability of $107 million and subtract off the cash of 59. If you look at the report to shareholders, that's reconciled on Page 17.

Maher Yaghi – Analyst, Scotiabank

Okay. Which one should we be using for the covenant calculation?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

The covenant is gross debt. So, I would use the number—so go back to Page 17. I would use the number that is the sum of that total debt of 1,089 and the leases of 107, and I would not reduce it by the cash.

Maher Yaghi – Analyst, Scotiabank

Okay. Great.

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Yes, it’s those two numbers.

Maher Yaghi – Analyst, Scotiabank

Okay. Thanks, John. Maybe just as a clarification, with the credit change that you did, the credit revolver facility that was renewed, what is your quarter end calculation of the covenant metric at the end of August?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

So, if you look at the net debt that we reported, sort of the net leverage of 6.01 I think it is. The gross debt that we're just talking about, that will move up the leverage about half a turn.

Maher Yaghi – Analyst, Scotiabank

Okay. When we hit December, where do you think we will sit in relation to the covenant that you have to abide by after December 31?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Well, I think that's all to be determined, right? Obviously, that deadline is coming, and that's what we're working towards. But in terms of how that all settles out, I think it's just premature to say what that's going to look like.

Maher Yaghi – Analyst, Scotiabank

Okay. And when we look at the—If you take a step back and look at the cash generation of the Company, how should we think about the path forward to debt repayment? Let's say, if the covenants are relaxed, and it seems to be what you guys have been doing well, getting extensions and getting deferrals. And so, how should we think about—let's say, we keep getting those and move forward. Could we see any debt repayment made in 2026 as a result of maybe some stabilization and the cost cutting that you guys are doing? Could we see some positive free cash flow?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Yes. Look, I think it's a little speculative at this point, but I think there's definitely a path there. If you look at where we were in '25 for the year with obviously a fair bit of pressure on the business just in terms of some of the rumors that were circulating. I think we've also been very open about our balance sheet situation. I think to the extent there's probably a little bit less pressure on working capital. The ILNF money would be a significant inflow, obviously. And that on its own would almost get us to flat.

We're running cash interest at a fairly high level. I think it's around $70 million a year, cash interest ish. So, to the extent that something happens to the balance sheet, I think we could also potentially take a fairly big slug of that out. Those are the big moving pieces. But at the end of the day, we also have to arrest the revenue decline because that's driving the EBITDA in the wrong direction. So, I think there's definitely a path there to positive free cash flow, and we just have to execute on some of these important big chunks and move past them, and that will be very helpful.

Maher Yaghi – Analyst, Scotiabank

Okay. Let's talk about maybe the path to arresting the decline in the top line. What can be done on the subscriber front? What's your view on subscriber revenue growth in TV going forward? We talked about advertising, but maybe any indication on the subscriber front?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Yes. We've obviously taken down, in the last year now and a bit, 8 channels. That obviously will hurt the subscriber revenue. Fortunately, there's not a big margin impact to that. So, you're going to see negative subscriber numbers now throughout '26. They could definitely be high single or low double digits. But more than half of that is going to be as a result of these channel shutdowns. So, we view that as a positive. One, we get out of some fairly hefty programming costs that, frankly, weren't driving enough audience performance. As well, it's key to the conversations with the distributors because as you know, they are also looking for cost savings and they're looking at this portfolio of channels and saying, what can be done here because we don't need this many channels. And in particular, we had nine kid’s channels. That's where we're looking.

I wouldn't, Maher, expect that there's going to be a reported positive number on subscriber in the next year. But to your question, what can drive it? So, streaming can drive it. Whether it's STACKTV on Amazon or other platforms, that can definitely help to drive it. And as you know, we get a premium revenue per subscriber on that. I think, beyond that, there's just ongoing negotiations on distribution renewals and those ongoing contracts that we have with the traditional distributors.

Those all kind of go into the mix and how and when those all come out the other end is very difficult to predict. You can imagine they're fairly complicated conversations and difficult negotiations. So, it's going to take some time. But it seems like we have the right focus on the right portfolio of channels. That's been our strategy for a while, but it's going to take a little bit of top line away as we do that. But as I say, not a big margin impact.

Maher Yaghi – Analyst, Scotiabank

Okay. And on STACKTV, maybe I'll finish with this question. I find the subscription to STACKTV so easy to do on Amazon compared to initially when you guys launched it. Can you give us some indication as to the number of subscribers or the growth or any kind of revenue metrics attached to per subscriber? I noticed sometimes you can get discounts—it's not the same price all the time. So, maybe just how you're managing that revenue stream?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Yes. Sure. No, there's absolutely introductory offers, and there's a few emerging examples of bundling like there's a STACKTV/Hayu bundle, and Hayu is a NBC Universal product. Look, we would like to see some additional bundling within the platform. There's obviously a huge selection now of channel products in there. Remember, at the start, we were the only one. So, I think there are some natural places that we can go there. And those, obviously, result in potentially more subscribers, but also lower churn, which is very important. That's one of the things that we're looking at.

A lot of this is on the main platform, which is Amazon Prime Video, it depends on Amazon and what they're doing and whatever developments and enhancements they're making.

There are other things that we've tried. Promotions are always interesting because you can grab a big stack of subscribers all at once. But if they just churn out at the end of the promotion, then that doesn't really get you that far other than, I guess, you've got someone who's tried the product.

We're looking at ways that we can have more retention in the base. But the offers you see that you mentioned, I think those are primarily just the acquisition offers around Prime Days and other kind of events like that. We've sort of gone in and out of those because we find, as I say, the churn can be quite high. So, unless there's a net benefit to us, we don't always necessarily participate, but those are the kind of things we're doing.

Then you see, which is quite common in streaming, there are things like shorter preview periods. There are things like annual plans. So, we're looking at all those things. Again, those are subject to what the Amazon platform can actually deliver. But those are some ideas there.

Maher Yaghi – Analyst, Scotiabank

And the subscriber numbers, have they continued to increase or they are stabilized?

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

I'd say they're relatively stable at this point.

Maher Yaghi – Analyst, Scotiabank

Okay. Okay. Thank you, John.

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Thanks, Maher.

Operator

Ladies and gentlemen, as a reminder, should you have a question please press star, one.

There are no further questions at this time. I will now turn the call over to John for closing remarks.

John Gossling – Chief Executive Officer and Interim Chief Financial Officer, Corus Entertainment Inc.

Great. Thank you very much, Operator, and thanks, everyone, for your interest today.

As I said at the start, I know it's a very busy day with lots of reporting as we wrap up our fourth quarter. And so, we appreciate your patience with us as we had to move our call a little bit later in the day.

With that, I think we will say goodbye for now, and happy Halloween.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.