Corus Entertainment (IR Group)

Third Quarter 2026 Analyst and Investor Call

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CORPORATE PARTICIPANTS

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PRESENTATION

Operator

Good morning, 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 Q3 2026 Analyst and Investor Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' 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.

Thanks very much, Joelle, and good morning everyone. It's certainly nice to be back in our regularly scheduled time slot at 8 a.m. I'm John Gossling, Chief Executive Officer. Welcome to our Fiscal 2026 Third Quarter Earnings Call for Corus Entertainment.

I'd like to remind everyone that we have slides that accompany today's call. 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 to our standard cautionary statement, which can be found on Slide 2. We note that forward-looking statements may be made during this call. Actual results could differ materially from forecast projections or conclusions in these statements.

We'd also like to remind those on our call today that 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, the Company's reported results, and factors and assumptions related to forward-looking information can be found in our Third Quarter 2026 Report to Shareholders and the 2025 Annual Report, all of which can be found on SEDAR+ or on the Investor Relations – Financial Reports section of our website.

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.

I'll start on Slide 4 with a brief update on the recapitalization transaction, which is currently making its way through the CRTC approval process with the written consultation period closing late yesterday. We do not yet have any indication of timing to close, but we'll provide an update as more information becomes available.

In the meantime, our focus remains on positioning Corus for success in our upcoming broadcast season. A few weeks ago, we hosted our annual upfront, which showcased another lineup of very strong programming for the 2026-2027 broadcast year and highlighted the momentum and new opportunities in our business for our clients and partners, and I'll take you through some of that now.

Over to Slide 5, looking back to the 2025-26 season, Global has delivered success on multiple fronts this year, driven by audience momentum, scheduled depth, and the continued strength of Global News. Our balanced mix of established hits and compelling new programming supported strong primetime performance and reinforced Global's value to advertisers across both linear and streaming platforms.

We're especially pleased to head into the upcoming fall season from this position of great strength. Global's exciting schedule is anchored by proven franchises with broad audience appeal, and we've secured 16.5 hours of primetime simulcast for Global programming this fall. Audience hits include powerhouse performers like the number one program in Canada, Survivor, the number one drama, 9-1-1, and the number one new spring series, CIA, alongside a robust lineup that has more top 20 shows than any other Canadian broadcaster. Fan favourite and global original, Private Eyes West Coast, is also returning next season with a fresh new perspective on a proven franchise.

Our lineup also builds on one of television's enduring brands, NCIS, and we'll see the return of NCIS, NCIS Origins, and NCIS Sydney, while expanding the franchise with all new NCIS New York. We will also have highly anticipated new series in our fall slate, built around big talent, both storytelling and broad audience appeal, with the arrival of Cupertino from the creators of The Good Wife and The Good Fight, and Eternally Yours from the creators of hit comedy, Ghost.

Finally, I'm thrilled to share that Global News is the number one morning, noon, and national newscast in Canada. Global News remains a key differentiator and an important driver of audience engagement, reaching more than 16 million Canadians each month across linear and digital platforms. Ninety-one percent of viewing to our linear news broadcast is watched live, underscoring the immediacy and appeal of news. Live tuning across global news digital platforms also remains encouraging, and is up five percent this spring.

Now, turning to Slide 6, Corus is set to deliver another leading fall lineup across specialty and Stack TV. We expect to once again lead the way in Canada's entertainment specialty landscape, with more top 20 entertainment specialty programs than any other broadcaster this past spring.

W Network is the number one specialty entertainment station, while Home and Flavour are the country's top lifestyle brands. History leads in factual, and W and Showcase remain leading drama destinations. Together, these brands deliver many of the most-watched programs in the category and the kind of repeat viewing that strengthens the portfolio.

Reflecting the depth and breadth that audiences expect from Corus, this fall's slate includes standout titles such as TED, the animated series, The Paper, exclusive Hallmark programming, The Burbs, Top Chef Canada, and The Curse of Oak Island.

At the same time, Home and Flavour continue to build brand momentum, pairing premium programming audiences so actively seek out with growing value for clients through meaningful contextual connections.

We remain committed to homegrown talent and original Canadian storytelling, and we are very pleased to share our upcoming slate of 11 Canadian original titles across lifestyle, factual, and entertainment programming.

Returning favourites include Halloween and Holiday Bake Shop, Beer Budget Reno, Rock Solid Builds, and House of Ali. New original series such as Love It or List It West, Property Pursuit, and Top Chef Canada: The Dessert Table further expand successful Canadian-built franchises.

As a unified streaming platform, Stack TV continues to offer compelling value by bringing together specialty brands, global television, and global news all in one place. Further, the Global TV app extends digital access for authenticated traditional television subscriptions, as well as an enticing selection of free content for anyone to access.

This past quarter, these flagship brands together delivered growth in user engagement, including for on-demand viewing, delivering an all-time high for the quarter and underscoring their momentum. For audiences, that means flexible access to premium content, while for partners it creates meaningful engagement opportunities at scale.

All right, over to Slide 7, focused on growth areas that reflect how audiences are watching and how advertisers want to connect. For instance, Vivéo is our new French-language streaming platform created to serve French Canadians with flexible on-demand access to relevant content. At launch, the platform offered nearly 2,000 hours of programming across established hits and curated selections. This is a prime example of how we are expanding our streaming portfolio in ways that align with audience behaviour and viewing preferences and seek to broaden addressable audience markets.

We're also responding to growing demand for advertising solutions that do more than place a message beside content. And Corus is uniquely positioned to connect content creators, commerce, experiences, and advertisers in one integrated offering, giving partners more ways to engage audiences in relevant and measurable ways. That approach is reflected in the expansion of The Morning Show, the number one Canadian news and lifestyle morning show. This fall, TMS2 will launch as an expanded daily weekday series hosted by Global Entertainment's Morgan Hoffman with strong lead-ins from Global News broadcasts.

We're continually looking for ways to expand audiences and opportunities for our clients, both in terms of content and platforms. Wrapping up this broadcast year and looking already to the next, I'm excited about our new offerings, our audience momentum and the tremendous programming we have lined up.

With all that, I'll turn it over to Doug for an overview of the third quarter results.

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

Thank you, John. I'll start on Slide 8.

In our third quarter, lower TV advertising revenue combined with lower subscription revenue contributed to consolidated revenue of $249 million, a 16 percent decrease from the prior year. Our results were impacted by lower demand for linear TV in the broader advertising market, persistent macroeconomic factors, and election spending in the prior year period. The lower subscription revenue reflects ongoing declines in the traditional linear subscription business, as well as the reduced number of

specialty channels in our portfolio compared to the prior year. The lower Q3 revenue was partially offset by a 7 percent decrease in direct cost of sales, general and administrative expenses.

Direct costs of sales were consistent with the prior year, driven by decreases in amortization of program rights and other costs of sales, offset by an increase in amortization of film investments. As we highlighted on our last earnings call, approximately one-third of the year-over-year reduction in amortization of program rights in Q2 was shifted into Q3 due to the Olympics-related delayed start of the winter-spring programming schedule. This was more than offset by savings in Canadian programming costs and the discontinuation of certain program rights related to the changes in our specialty television portfolio at the start of this year. The increase in amortization of film investments was due to a change in estimate of the recoverability of film tax credits in the previous year period.

General and administrative expenses were meaningfully lower, down 16 percent, including a 12 percent decrease in employee costs and a 25 percent decrease in other G&A. The benefits of our ongoing cost containment program are reflected in these results. In addition, reduced advertising and marketing costs, a decrease in certain fees and tariffs tied to revenue, and the receipt of funding to offset news production costs in the current year are important contributing factors.

Consolidated segment profit was $29 million for the quarter, down 53 percent. The consolidated segment profit margin was 12 percent for the quarter, compared to 21 percent last year. The net debt-to-segment profit ratio was 8.2 times, compared to 6.01 times at the end of last year.

At the end of our third quarter, we had approximately $57 million of cash and cash equivalents and $15 million available to be drawn under the revolving credit facility. The Company currently has in

place a waiver and standstill agreement with the lenders under the credit facility, which provides waivers of certain financial covenants, including the total debt-to-segment profit ratio and the cash flow-to-interest expense ratio through June 30, 2026.

Free cash flow of positive $6 million in Q3 was higher than the prior year, driven mainly by increased cash provided by working capital and reduced investment in program rights and film assets.

I'll now move on to Slide 9.

TV segment revenue was $229 million for the third quarter, down 16 percent from the prior year. This was mainly due to declines in advertising and subscriber revenues, while other revenues remained consistent with the prior year. TV advertising revenue declined 20 percent to $120 million, with approximately 4 percent attributable to election spending in the prior year quarter. Subscriber revenue decreased 13 percent to $96 million. Normalizing for the sunset of five specialty networks in September 2025, subscriber revenue declined 9 percent compared to last year.

Distribution, production, and other revenue was $13 million, up 2 percent in the quarter as a result of higher international distribution sales.

TV segment expenses of $200 million were down 6 percent from the prior year, driven by 12 percent lower employee costs and a 24 percent decline in other general and administrative expenses, while direct costs of sales were consistent. Direct costs of sales reflects a decline in amortization of program rights of $4 million due to factors noted earlier offset by an increase in amortization of film investments attributable to the change in estimate in the previous year period.

General and administrative expenses decreased $13 million as a result of ongoing cost containment measures, lower advertising and revenue-related costs, and the receipt of funding to offset news production costs, as described earlier.

TV segment profit of $30 million, a 52 percent decrease from the prior year, primarily reflects the impact of lower revenue, partially offset by a significant decrease in expenses from ongoing cost reduction initiatives, as well as lower programming costs and other savings, as described earlier.

TV segment profit margin was 13 percent compared to 23 percent in the prior year quarter.

Over to Slide 10, radio segment revenue of $20 million for the quarter decreased 15 percent from the prior year due to lower advertising demand. In particular, in the prior year we benefited from the depth of NHL playoff runs by Western Canadian teams, as well as elections, which did not repeat this year.

Radio segment profit of $4 million was 20 percent lower in the quarter, reflecting the lower advertising demand, partially offset by ongoing cost reduction initiatives.

Radio segment profit margin was 21 percent compared to 22 percent in the prior year quarter.

I'll turn it over to Jen.

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

Thanks, Doug. I'm going to move to Slide 11.

As you probably know, in late May, the CRTC issued two long-awaited policy decisions relating to the implementation of the Online Streaming Act, or C-11, as it's also known. On its face, the policies provide some clarity in areas such as future Canadian programming expenditure requirements for broadcasters and streamers, and it confirmed the intent to direct funding to the Independent Local News Fund, or ILNF. At the same time, it introduced some new issues, such as funding for certain must-carry services, and left other important areas, including discoverability and streaming platforms, more ambiguous.

Two weeks later, the Minister of Canadian Identity and Culture announced that the federal government would direct the Commission to revisit parts of those decisions. At the same time, the Minister also announced that the federal government would invest $600 million per year to, and in his words, “provide stability and immediate support to Canada's audio and audiovisual sectors.”

Specific details on the amount, timing, or recipients of the $600 million have not been publicized to date. There is no question that independent Canadian broadcasters need more news funding and support, and we believe this point is well understood in Ottawa. At a minimum, we hope that a proportional share of the $600 million is earmarked for the ILNF and applies across all years of eligibility.

In terms of forthcoming directions to the CRTC, we would stress what we've always stressed on this file, the need for a truly level playing field. Any new direction from the government must be unequivocal about that goal.

And to be clear for us, a level playing field means Canadian broadcasters should have the same freedom to program and operate their platforms as foreign streamers. A regulatory framework that holds

Canadian broadcasters to much higher standards than their foreign rivals when it comes to programming is an unsustainable one.

And finally, we are still awaiting other portions of the CRTC's policy decisions relating to implementing the Online Streaming Act, so that includes those governing market dynamics. We hope any new direction does not further slow or impede the progress that is badly needed to address the current imbalance facing independent Canadian broadcasters. As we've said many times, we need smarter rules that creates fairness for all participants in the Canadian broadcasting system.

Back to you, John.

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

Thanks, Jen. I'll move to the final slide, which is Slide 12.

Look, our priorities remain clear as we take practical steps to strengthen Corus's foundation while building for the future. Across our businesses, we are simplifying how we operate, sharpening our cost base, and backing the content platforms and capabilities that contribute most to sustainability and growth opportunities. I've noted our impressive upcoming programming slate and examples of expanded platform offerings and content like streaming through video and new afternoon lifestyle show TMS2. We're looking for and finding new ways to create value for clients and advertisers across our multi-platform offering.

As Jen noted, progress on these priorities depends very much on a regulatory environment that supports fairness, flexibility, and true competitiveness for all players. We need smart decisions, smarter

rules, and much more speed to right the imbalances in our current system and support a healthy Canadian broadcasting landscape.

Now, before I end the call I want to thank our employees and partners whose commitment and support continues to move our business forward. Together, these efforts leave Corus better positioned to navigate change, serve audiences and clients, and build long-term value.

Thank you everyone, and I will now turn it back to the operator.

Q & A

Operator

Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. If you have a question, please press star followed by the one on your touch-tone phone. You will hear a prompt that your hand has been raised. If 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.

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

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

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

Great. Thanks very much, Operator. I know some of our analysts are traveling this morning, and others are likely kicking off a very—an early, long, long weekend. So, with that, we will thank everyone for their attendance on the call today, and have a great Canada Day everyone and Go Canada. Thanks.

Operator

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