

Q2 2022-2023 FINANCIAL REPORT

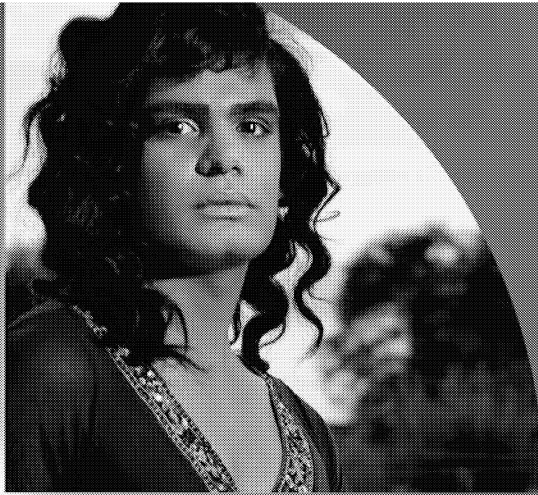
TO: Board of Directors
Audit Committee

MEETING: November 16, 2022

FROM: Carol Najm, Vice-President and Chief Financial Officer
Michelle Sauvé, Executive Director & Controller

RESOLUTION: The Audit Committee recommends:
That the Board of Directors approve the CBC/Radio-Canada Financial Report for the quarter ended September 30, 2022.





Q2 

SECOND QUARTER
**FINANCIAL
REPORT**

2022-2023

CBC  Radio-Canada

MANAGEMENT'S DISCUSSION AND ANALYSIS

In addition to filing an annual report, we are required – like most Canadian federal Crown corporations – to file quarterly financial reports for the first three quarters of each fiscal year. In keeping with our commitment to transparency and effective oversight of public funds, the following Management's Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the quarter and the six month period ended September 30, 2022 compared with the quarter and the six-month period ended September 30, 2021. This report should be read in conjunction with our most recent Annual Report. We have organized our MD&A in the following key sections:

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In this management's discussion and analysis of financial condition and results of operations (MD&A), "we", "us", "our" and "the Corporation" mean CBC/Radio-Canada. Refer to CBC/Radio-Canada's audited consolidated financial statements for the year ended March 31, 2022 when reading this MD&A. All amounts in this MD&A are in thousands of Canadian dollars, except where noted.

To help you better understand this MD&A, note the following:

FINANCIAL REPORTING DISCLOSURE

Our second quarter condensed interim consolidated financial statements ("interim financial statements") were prepared in accordance with IFRS, as issued by the IASB, under IAS 34 – *Interim Financial Reporting* and adopted by the Accounting Standards Board (AcSB). They were approved by the Corporation's Board of Directors on November 16, 2022. These interim financial statements were prepared using the same basis of presentation and accounting policies as outlined under Note 2 of our audited annual financial statements for the year ended March 31, 2022 ("2021-2022 audited annual financial statements"). Our interim financial statements do not include all of the notes required in the 2021-2022 audited annual financial statements.

Discussion and analysis of our financial condition and results of operations are based upon our interim financial statements.

FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements regarding objectives, strategic initiatives, and expected financial and operational results. Forward-looking statements are typically identified by words such as "may", "should", "could", "would" and "will", as well as expressions such as "believe", "expect", "forecast", "anticipate", "intend", "plan", "estimate" and other similar expressions. Forward-looking statements are based on the following broad assumptions: CBC/Radio-Canada's government funding remains consistent with amounts announced in the federal budget, and the broadcasting regulatory environment will not change significantly. Key risks and uncertainties are described in the *Risk Update* section of this report. However, some risks and uncertainties are by definition difficult to predict and are beyond our control. They include, but are not limited to, economic, financial, advertising market, technical and regulatory conditions. These and other factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

PERFORMANCE INDICATORS

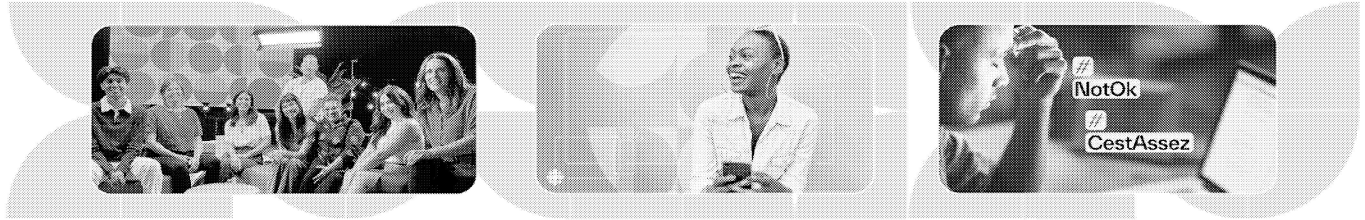
We rely on data from both internal tools and third parties to measure our performance metrics. While these data are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in collecting this information, particularly as the media industry undergoes a digital transformation. For example, Canadians now consume media content on multiple devices from an ever-growing array of content providers. As media consumption habits change, we are, together with audience measurement suppliers, refining methodologies and introducing new measurement technologies to ensure the accuracy and completeness of data gathered. As a result, changes in the way data are collected could result in certain information provided in future periods not being comparable with information disclosed in prior periods. Since some of these data are used to measure our strategic and operational indicators, we may be required to make adjustments to targets and historical results to enhance comparability of the data and follow industry best practices.

Changes in Presentation

This fiscal year, we have streamlined both the MD&A and interim financial statements in order to improve the overall readability of the report and help better summarize our financial results. As a result, we discontinued the use of our non-IFRS measure 'Budget Results' from the *Financial Highlights* and *Discussion of Results* sections. This non-IFRS measure was introduced in 2013 following the adoption of the revised IFRS Pension Standard (IAS 19R - *Employee Benefits*). Upon reassessment of the metric, management believes that readers now understand the impacts of IAS 19R on our net results and the metric is no longer useful.

Business Highlights

Our [2022 Annual Public Meeting](#) took place on September 28, highlighting CBC/Radio-Canada's contributions to youth and young adult programming and featuring a panel of our youth news contributors.

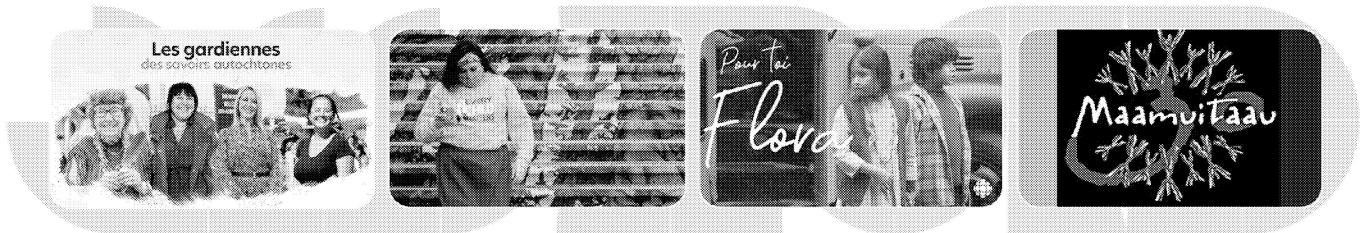


We joined other Canadian media organizations in [signing an open letter](#) to Prime Minister Justin Trudeau, calling for the government to take specific action in responding to the growing, alarming problem of online hate and harassment targeting journalists and journalism as a profession. This letter represents our continued efforts to create a safer environment for media professionals.

Our President & CEO [addressed the media industry](#) at Content Canada about the importance of a modern, inclusive media company that serves all Canadians, including in our digital streaming services and our goals in achieving higher levels of representation from equity-deserving groups.

CBC recently hosted "Green Day" and Radio-Canada hosted "L'heure verte", two employee events aimed at creating sustainable change, through the content we create. We were also a signature partner at the [Sustainable Production Forum 22](#), an event showcasing decarbonization and radical collaboration as key solutions to advancing sustainability in film and television production. In early December we will be publishing our annual environmental sustainability report, the first since the launch of our [Greening Our Story](#) strategy in June 2021. The report will highlight activities and achievements from the 2021-2022 fiscal year, including ongoing collaboration with both internal and external stakeholders.

CBC and Radio-Canada Programming



On National Day of Truth and Reconciliation, we paid tribute to various Indigenous Peoples by offering content reflecting their cultures. Radio-Canada offered music by [Sur les traces d'Anachnid](#) on [ICI ARTV](#), the documentary [MAMU - Ensemble](#) on [ICI TÉLÉ](#) and [Les gardiennes des savoirs autochtones](#) on [Radio-Canada.ca](#), depicting four influential Indigenous women. CBC offered a one-hour commemoration ceremony honouring residential school survivors, their families and their communities. CBC also broadcast presentations of Indigenous performances and speakers featured in [?əmī ce:p x'iwəl \(Come Toward the Fire\)](#) and [Buffy Sainte-Marie Starwalker](#), a 90-minute musical tribute to the life and work of the renowned artist and activist.

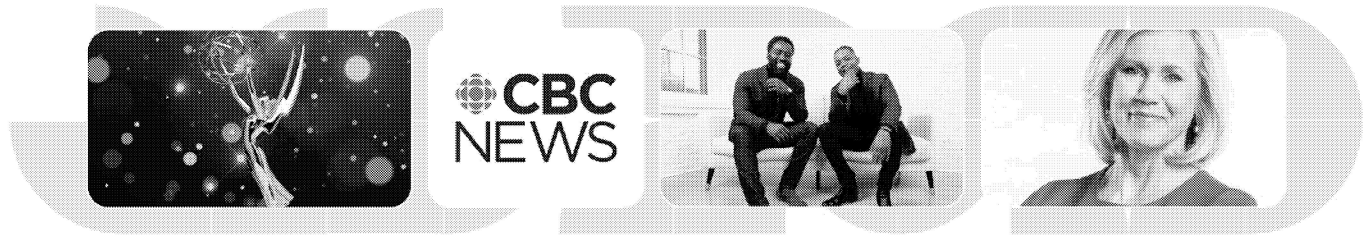
Following the death of Queen Elizabeth II, live coverage of formal events and extensive programming related to her life and legacy were featured on all CBC/Radio-Canada platforms. [Céline Galipeau](#) hosted a special on the funeral ceremony at Westminster Abbey. [Elizabeth](#), an 8-part documentary series brought together archival footage, including testimonies and highlighting the 70 year reign of the Queen among many other offerings. CBC also offered [extensive live coverage](#), including King Charles III's first address to the UK and Commonwealth.

CBC and Radio-Canada teams reported on the devastation of Hurricane Fiona and the resilience of many Canadians on the East Coast dealing with the after effects. Our teams were in the field to report on one of the most devastating storms in our history and information was shared across our platforms.



Rustico Golf and resort Fiona Damage in New Glasgow, PEI / Shane Hennessey - CBC

English Services



This quarter saw two prominent correspondent roles filled by celebrated and experienced journalists. Emmy Award-winning journalist and CBC News Chief Correspondent [Adrienne Arseneault](#) will helm CBC's flagship newscast, [The National](#), and longtime senior correspondent [Susan Ormiston](#) will be the first to take on the [role of International Climate Correspondent](#), building on CBC News' leadership in climate journalism for Canadians.

This fall saw the return of CBC favourites like [This Hour Has 22 Minutes](#) which is celebrating its 30th anniversary season, [Murdoch Mysteries](#), and the Peabody Award-winning series [Sort Of](#). Canadians will also be introduced to the original comedy [Fakes](#), which follows two teenage best friends who accidentally build one of the largest fake ID empires in North America, the original documentary series [Summit '72](#) commemorating the 1972 Canada-Russia hockey summit, and [Lido TV](#), a variety show hosted by award-winning Colombian-Canadian musician and artist Lido Pimient.

We were proud to broadcast on CBC and [CBC Gem](#) the inaugural edition of The Black Academy's award show, [The Legacy Awards](#), featuring live performances by many of Canada's most exciting Black music artists.

French Services



With a focus on credibility and objectivity, Radio-Canada delivered major coverage this quarter. In July, Pope Francis' visit to Canada was broadcast on [ICI RDI](#), [ICI TÉLÉ](#) and [ICI PREMIÈRE](#) from his arrival in Edmonton, at one of the largest residential school sites in the country, to his time in Quebec. We covered the time he spent visiting Indigenous communities in Iqaluit, Nunavut as well. Podcast [Ca s'explique](#) documented the importance of this historic visit in the reconciliation process of the Church with the Indigenous Peoples of Canada.

The 2022 Quebec elections were covered on [ICI RDI](#), [ICI TÉLÉ](#), [ICI PREMIÈRE](#) and [Radio-Canada.ca](#), featuring leaders of the five political parties represented in the National Assembly of Quebec.

Radio-Canada's fall season featured several new high-profile shows, including the flagship series [STAT](#) on [ICI TÉLÉ](#) and [ICI TOU.TV](#). The new daily drama series is based on characters subjected to the daily pressures of a large hospital. The new dramatic series [Pour toi Flora](#), which was directed and produced by Indigenous creators, was also broadcasted on [ICI TÉLÉ](#) in prime time.

To allow greater access and discoverability of our content, Radio-Canada announced that [ICI TOU.TV](#) is now available to Helix TV customers directly via the Helix app. We also joined forces with Radio France to promote our French-language podcasts as we aim to take Canada to the world, consistent with our corporate strategy [Your Stories. Taken to Heart](#).

People and Culture

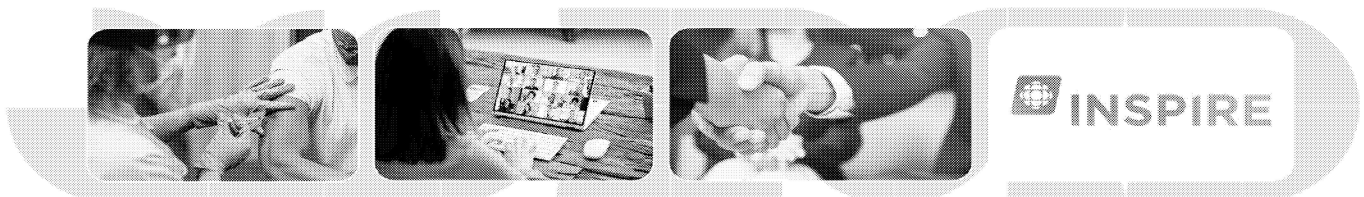
This quarter, we focused on supporting our employee experience. In June, in light of the federal government's announcement regarding vaccination requirements for federal employees, we suspended the mandatory vaccination measures that were in place as of July 4, 2022. All employees on leave as a result of vaccination requirements were recalled to work.

Almost 40% of our employees have elected for hybrid work arrangements since the implementation of our Teleworking policy, modernizing the public broadcaster's workforce.

In addition, we are supporting the well-being of our employees by offering two dedicated days off for mental health and will continue to provide training to equip our staff in the busy fall season and evolving work routines.

We reached a tentative agreement with the STTRC union, which was successfully approved by 88% of the union's membership in September. A meeting with STTRC representatives was held on October 17 to formalize the ratification of the new collective agreement. The new agreement is effective until March 2025.

We are thrilled to introduce our new mentorship program, INSPIRE, which was launched in July. The INSPIRE program pairs senior leaders with an employee to support their development and help them reach their professional and personal aspirations within the organization. The program aims to advance our commitment to a more inclusive workplace.



Technology and Infrastructure

We faced a real challenge this quarter when Hurricane Fiona struck the eastern provinces. However, thanks to the incredible work of our operations, distribution, security and resiliency teams, our operations and services were minimally affected. To ensure service continuity, our transmission teams deployed portable generators and fuel, our telecom teams monitored our next generation converged networks, and our media presentation teams worked to provide emergency content where local operations were impacted. Our Network Operations Centre kept support teams abreast of impacts to technical infrastructure, our incident management teams coordinated status updates, and our real estate teams kept abreast of any damage to our facilities.

In Montreal, the new Maison Radio-Canada officially opened in September, with all News and Radio production, as well as television production, largely operational in the new facilities. Notable milestones in the project include the integration of new IP technology, a new radio router which is now on-air, Studio A and Control Room 1 going on-air, and an alternate TV and radio playout infrastructure that were deployed in case of labour disruption. In other regions, construction of a new tower in Regina began and Vancouver received a new radio router based on IP technology, which is now on-air.



PERFORMANCE UPDATE

Our Performance – *Your Stories, Taken to Heart*

Below are the key performance indicators that measure and track our progress with respect to our strategic plan, *Your Stories, Taken to Heart*, and its five strategic priorities: customized digital services, engaging with young audiences, prioritizing our local connections, reflecting contemporary Canada and taking Canada to the world.¹ These priorities continue to shape our strategic initiatives until 2024. Targets are specific to the markets we operate in and consider a number of factors such as market realities, competition and service penetration rate.

INDICATORS	RESULTS		EXPLANATION
	APR 1 TO SEP 30, 2022	TARGETS 2022-2023	
CUSTOMIZED DIGITAL SERVICES			
Digital reach (Monthly average unique visitors)²			
CBC/Radio-Canada	21.4M	22.1M	In the first half of the year, our overall digital reach is trending below target due to steeper than anticipated declines in media consumption during the first restriction-free post-pandemic summer in spite of heavy news cycles.
CBC	17.6M	18.8M	
Radio-Canada	5.0M	5.5M	
Digital engagement (Monthly average minutes per visitor)³			
CBC/Radio-Canada	40 min/vis	43 min/vis	Digital engagement is trending below target, as overall consumer behaviour has shifted back to pre-pandemic levels and interest in news declined over the summer months. We expect digital engagement to increase throughout the remainder of the year.
CBC	28 min/vis	31 min/vis	
Radio-Canada	49 min/vis	52 min/vis	
ENGAGING WITH YOUNG AUDIENCES			
Digital visits to kids content (Monthly average visits)⁴			
CBC/Radio-Canada	2,617K	3,777K	Digital visits to kids content are currently trending below target, with traffic declining more significantly than anticipated as audiences stepped away from screens over the summer months. We expect results to improve as schools start back up in the fall as Canadian classrooms are the main driver of audience growth.
CBC	2,230K	3,322K	
Radio-Canada	387K	455K	
PRIORITIZING OUR LOCAL CONNECTIONS			
Digital engagement with News/Regions (Monthly average minutes per visitor)³			
CBC	20 min/vis	23 min/vis	Digital engagement with CBC News/Regions remains below target partly due to lower than anticipated interest in news over the summer months and consumer behaviour shifting back to pre-pandemic levels.
Radio-Canada	13 min/vis	13 min/vis	Digital engagement with Radio-Canada Info/Régions is currently trending at target, driven by the coverage of major events such as Pope Francis's visit, Queen Elizabeth II's Funeral and the 2022 Quebec elections.

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Canadians consume media content on multiple devices from an ever-growing array of content providers. As media consumption habits change, measurement suppliers and the Corporation are refining and introducing new methodologies to ensure accuracy and completeness of data. Since some of these are used to measure our strategic and operational performance, adjustments to targets and historical results may be required to enhance comparability.

¹ Our fifth strategic priority – Taking Canada to the World – is measured via an internal KPI.

² **Source:** Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly unique visitors, April to March, Canada. Unduplicated reach of CBC/Radio-Canada | CBC | Radio-Canada digital platforms.

³ **Source:** Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly minutes per visitor to CBC/Radio-Canada | CBC | Radio-Canada digital platforms | CBC News/Regions | Radio-Canada Info/Régions, April to March, Canada.

⁴ **Source:** Adobe Analytics, average of monthly visits to kids content on CBC (CBC Kids sites, CBC Kids News, and CBC Gem) and Radio-Canada (Appli des petits, Zone Jeunesse, ICI TOU.TV), April to March. CBC/Radio-Canada is the sum of CBC and Radio-Canada visits.

REFLECTING CONTEMPORARY CANADA

Employment equity representation (% of new external hires)⁵

CBC/Radio-Canada	39.5%	43.0%	This quarter, employment equity representation of our new employees is currently trending below our annual target. Reflecting contemporary Canada in our workforce is a priority for us. We published an update on our Diversity and Inclusion Plan in June 2022 and we will continue building upon our progress.
CBC	53.1%	55.0%	
Radio-Canada	19.0%	26.0%	



Your Stories, Taken to Heart

Our Performance – Media Lines

We use Media Lines reporting to measure performance against our operational targets, which mostly focus on audience reach and share through our various platforms and revenue across all our services. While the Corporation continues to monitor the performance of its discretionary television services, we have not reported our subscriber data for competitive reasons.

Our second quarterly report contains a partial list of KPIs because many of the principal targets are measured starting in September each year. KPIs are not available for ICI TÉLÉ, ICI PREMIÈRE, ICI MUSIQUE, CBC Television, CBC Radio One and CBC Music until the fall, and are consequently not presented until our third quarterly report.

INDICATORS	RESULTS APR 1 TO SEP 30, 2022	TARGETS 2022-2023	EXPLANATION
TELEVISION (Audience Share)⁶			
CBC News Network	2.1%	1.8%	CBC and Radio-Canada are tracking above target driven by the coverage of major news stories that drew large audiences including Queen Elizabeth II's funeral, Hurricane Fiona, the Federal Conservative Party Leadership results and the 2022 Quebec elections.
ICI RDI, ICI ARTV and ICI EXPLORA	5.7%	5.2%	
REVENUE (Conventional, discretionary, online)⁷			
CBC	\$104M	\$218M	After the first half of the year, revenue is tracking towards the annual target, though there is some early evidence of softening in the advertising market due to the weakening economic environment.
Radio-Canada	\$104M	\$225M	

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Refer to page 7 for more information on our methodologies.

⁵ This metric is made up of three groups: Indigenous Peoples, persons with disabilities and racialized people.

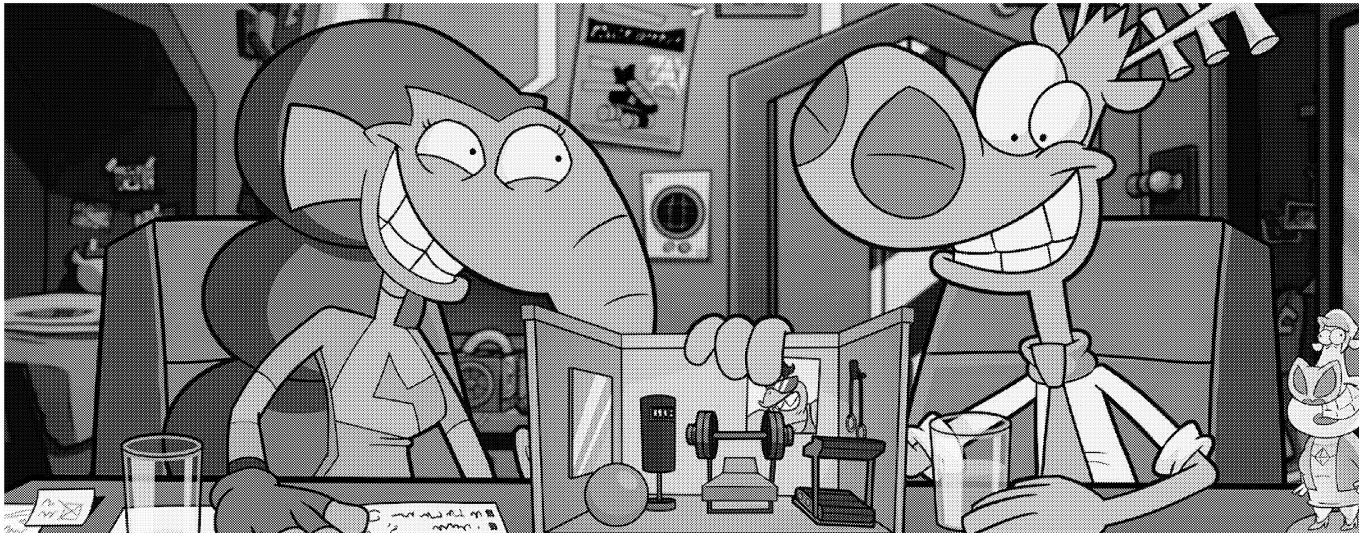
⁶ Source: Numeris TV PPM, persons aged 2+; All Day, April-March: CBC News Network (Total Canada); ICI RDI, ICI ARTV and ICI EXPLORA (francophones in Quebec).

⁷ Includes advertising revenue, subscription revenue and other revenue (e.g., content sales).

Measuring our Canadian Content

Regulatory requirements for Canadian content on television are specified by the Canadian Radio-television and Telecommunications Commission (CRTC), which sets conditions of license for ICI TÉLÉ and CBC Television. As shown in the table below, in the previous two broadcast years, ICI TÉLÉ and CBC Television met the CRTC's Canadian content conditions of license, both over the whole day and in prime time.

	YEARLY CONDITIONS OF LICENSE	RESULTS SEP 1, 2020 TO AUG 31, 2021	RESULTS SEP 1, 2021 TO AUG 31, 2022
ICI TÉLÉ			
Broadcast day	75%	82%	78%
Prime time	80%	95%	94%
CBC Television			
Broadcast day	75%	76%	75%
Prime time	80%	83%	81%



Super Agent Jon le Bon! CBC Kids / L'Agent Jean Radio-Canada



Discussion of Results

Financial Highlights

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
Revenue	112,287	182,043	(38.3)	243,645	300,095	(18.8)
Government funding	307,211	294,582	4.3	595,770	568,338	4.8
Expenses	(433,814)	(480,726)	(9.8)	(848,196)	(878,864)	(3.5)
Results before other gains and losses	(14,316)	(4,101)	N/M	(8,781)	(10,431)	(15.8)
Other gains and losses	(159)	812	N/M	(119)	822	N/M
Net results under IFRS for the period	(14,475)	(3,289)	N/M	(8,900)	(9,609)	(7.4)

N/M = not meaningful

For the second quarter and on a year-to-date basis, **Net results under IFRS for the period** were a loss of \$14.5 million and \$8.9 million respectively, compared to a loss of \$3.3 million and \$9.6 million in the same period last year. These results are further explained below.

 <p>REVENUE</p> <p>Q2 2022-2023: \$112M 2021-2022: \$182M TOTAL DECREASE -\$70M</p>	<p>Revenue decreased by 38.3% this quarter, mainly because last year's results included additional advertising and licensing revenue from broadcasting the Tokyo 2020 Olympic Games.</p> <p>Excluding the impact of the Tokyo 2020 Olympic Games, our revenue from ongoing activities increased by 0.6%, primarily due to higher advertising revenue on both our conventional and digital platforms.</p>
 <p>GOVERNMENT FUNDING</p> <p>Q2 2022-2023: \$307M 2021-2022: \$295M TOTAL INCREASE +\$12M</p>	<p>Government funding recognized this quarter increased by 4.3%, consistent with our expected needs for operating funding in the quarter.</p>
 <p>EXPENSES</p> <p>Q2 2022-2023: \$434M 2021-2022: \$481M TOTAL DECREASE -\$47M</p>	<p>Our expenses were lower this quarter by 9.8% as last year's results included the rights and costs to broadcast the Tokyo 2020 Summer Olympic Games.</p> <p>Excluding the impact of the Tokyo Olympic Games, our expenses from ongoing activities increased by 8.5%. Additional programming costs were incurred for this summer's TV schedule and on our digital platforms. Inflationary pressures and higher costs to travel further exacerbated these increases in the second quarter.</p>

Revenue

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
Advertising						
English Services	30,010	81,110	(63.0)	62,216	110,774	(43.8)
French Services	26,324	38,122	(30.9)	66,232	74,128	(10.7)
	56,334	119,232	(52.8)	128,448	184,902	(30.5)
Subscriber fees						
English Services	15,011	15,291	(1.8)	30,268	30,780	(1.7)
French Services	14,918	14,980	(0.4)	30,186	30,248	(0.2)
	29,929	30,271	(1.1)	60,454	61,028	(0.9)
Financing, investment and other income						
English Services	6,438	14,653	(56.1)	16,643	23,183	(28.2)
French Services	7,733	5,802	33.3	15,362	9,932	54.7
Corporate Services	11,853	12,085	(1.9)	22,738	21,050	8.0
	26,024	32,540	(20.0)	54,743	54,165	1.1
TOTAL	112,287	182,043	(38.3)	243,645	300,095	(18.8)

Our revenue decreased by \$69.8 million (↓38.3%) in the second quarter of 2022-2023 and by \$56.5 million (↓18.8%) on a year-to-date basis, with the main variances by revenue streams noted below.

Advertising (Q2: ↓52.8%; YTD: ↓30.5%)

Our advertising revenue depends on the different events of significant importance we cover throughout the year, the overall health of the economy and advertising market, and the success of our programming schedule.

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
TV advertising	40,748	96,986	(58.0)	95,715	146,922	(34.9)
Digital advertising	15,586	22,246	(29.9)	32,733	37,980	(13.8)
	56,334	119,232	(52.8)	128,448	184,902	(30.5)

Second quarter and Year-to-date - Our total advertising revenue decreased by \$62.9 million (↓52.8%) and by \$56.5 million (↓30.5%) respectively, mostly due to:

Olympics

Second quarter and Year-to-date - Most of the decrease in revenue is due to additional amounts recognized last year from our broadcast of the Tokyo 2020 Olympic Games.

Ongoing activities

Second quarter and Year-to-date - Our ongoing TV advertising revenue slightly increased during the same periods, though there is some early evidence of softening in the advertising market due to the weakening economic environment.

Our ongoing digital advertising revenue has continued to benefit from sustained demand, mainly in increased video advertising.

Subscriber fees (Q2: ↓1.1%; YTD: ↓0.9%)

Our subscriber revenue is driven by the rates for our discretionary services and our subscriber base, which has declined for our TV services when compared to the prior year due to the adverse effects of the cord-shaving trend affecting the cable industry.

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
Discretionary TV platforms	23,796	24,602	(3.3)	47,661	49,647	(4.0)
Digital platforms	6,133	5,669	8.2	12,793	11,381	12.4
	29,929	30,271	(1.1)	60,454	61,028	(0.9)

Second quarter and Year-to-date - Our subscriber revenue was lower by \$0.3 million (↓1.1%) during the second quarter and \$0.6 million (↓0.9%) during the first half of the year as our subscriber base for our discretionary platforms decreased. This decline was somewhat offset by continued subscriber growth on our digital platforms (ICI TOU.TV EXTRA and CBC Gem).

Financing, investment and other income (Q2: ↓20.0%; YTD ↑1.1%)

Financing, investment and other income depends on the different events and transactions throughout the year, as it includes production revenue from host broadcasting services and revenue from the sale of content. It also reflects revenue from our rentals, sponsorships and retransmission rights. More information about our revenue streams is provided in note 12 Revenue of our Consolidated Financial Statements.

Key variances of financing, investment and other income are as follows:

Olympics	Second quarter and Year-to-date - Last year, other income was higher as we generated licensing revenue from covering the Tokyo 2020 Olympic Games
Ongoing activities	Second quarter - Financing, investment and other income arising from our ongoing activities decreased this quarter by 4.8% due to lower sponsorship revenue, as last year's results included additional sponsorships for special sporting events and higher retransmission rights. Year-to-date - Other income arising from our ongoing activities increased by 11.8% from increased demand for our production services and higher content sales.

Operating expenses

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
Television, radio and digital services costs						
English Services	226,854	280,450	(19.1)	428,809	476,433	(10.0)
French Services	184,183	177,399	3.8	374,113	357,231	4.7
	411,037	457,849	(10.2)	802,922	833,664	(3.7)
Other operating expenses						
Transmission, distribution and collection	14,490	14,047	3.2	28,671	27,348	4.8
Corporate management	2,810	2,716	3.5	5,485	5,477	0.1
Finance costs	5,477	6,114	(10.4)	11,118	12,375	(10.2)
	22,777	22,877	(0.4)	45,274	45,200	0.2
TOTAL	433,814	480,726	(9.8)	848,196	878,864	(3.5)

Our total operating expenses decreased by \$46.9 million (↓9.8%) in the second quarter of 2022-2023 and by \$30.7 million (↓3.5%) on a year-to-date basis, with the main variances noted below.

Television, radio and digital services costs (Q2: ↓ 10.2%; YTD: ↓ 3.7%)

Television, radio and digital services costs depend on the different events of importance we cover throughout the year and on our ongoing programming schedule. They represent the costs we incur for the production of our programs, including the cost of our technical labour and facilities.

Second quarter and Year-to-date - Our television, radio and digital services costs decreased by \$46.8 million (↓ 10.2%) and by \$30.7 million (↓ 3.7%), respectively, due to:

Olympics	Second quarter and Year-to-date - Last year's costs were higher as they included additional programming rights and production costs for the broadcast of the Tokyo 2020 Olympic Games.
Ongoing activities	Second quarter - Our costs were lower due to the pension fund contribution holiday and a lower pension expense as expected. This was partly offset by higher operating costs from inflationary pressures, incremental content spend on both our conventional and digital platforms and increased costs to travel.
	Year-to-date - Our television, radio and digital services costs decreased for the same reasons mentioned above. This decrease was somewhat offset by our continued investment in digital activities, and additional costs incurred to cover a heavy news cycle marked, amongst others, by the war in Ukraine, the Ontario and Quebec elections, Guy Lafleur's national funeral, the Royal Specials and Queen Elizabeth II's funeral. The increase in these operating costs was further exacerbated by rising prices and higher costs to travel.

Other operating expenses (Q2: ↓ 0.4%; YTD: ↑ 0.2%)

Other operating expenses include costs related to the broadcasting of the Corporation's programs ("transmission, distribution and collection costs"), corporate management costs, and finance costs.

Second quarter and Year-to-date - This quarter and on a year-to-date basis, other operating expenses remained stable (↓ 0.4%) and (↑ 0.2%), respectively.

Government funding

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
Parliamentary appropriations for operating expenditures	282,810	269,637	4.9	546,967	518,447	5.5
Parliamentary appropriations for working capital	1,000	1,000	-	2,000	2,000	-
Amortization of deferred capital funding	23,401	23,945	(2.3)	46,803	47,891	(2.3)
TOTAL	307,211	294,582	4.3	595,770	568,338	4.8

Parliamentary appropriations for operating expenditures are recognized based on the amounts voted by Parliament.

Capital funding is recorded as **deferred capital funding**. It is amortized and recognized as revenue over the same periods as the related property, equipment and intangible assets are used in CBC/Radio-Canada's operations.

Second quarter and Year-to-date - **Parliamentary appropriations for operating expenditures** increased by \$13.2 million (↑ 4.9%) this quarter and by \$28.5 million (↑ 5.5%) on a year-to-date basis. Our government funding recognized in the first half of the year was higher due to the timing of our expected needs.

Government funding will increase this year by \$21 million in additional appropriations.

Second quarter and Year-to-date - **Amortization of deferred capital funding** slightly decreased (↓ 2.3%) this quarter and on a year-to-date basis, consistent with our expectations.

Other gains and losses

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
(Loss) gain on disposal of property and equipment and intangibles	(159)	812	N/M	(119)	822	N/M
TOTAL	(159)	812	N/M	(119)	822	N/M

N/M = not meaningful

Second quarter and Year-to-date - For both current and previous year's results, other gains and losses were related to the retirement of assets in the regular course of our operations.

Total comprehensive income (loss)

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
Net results for the period	(14,475)	(3,289)	N/M	(8,900)	(9,609)	(7.4)
Other comprehensive income						
Remeasurements of defined benefit plans	(18,805)	163,069	N/M	34,420	352,305	(90.2)
Total comprehensive income (loss) for the period	(33,280)	159,780	N/M	25,520	342,696	(92.6)

N/M = not meaningful

Remeasurements of defined benefit plans are driven by significant non-cash fluctuations in our pension plan's obligations and assets that occur when actual results or interest rates differ from our actuarial assumptions. We recognize these movements immediately in other comprehensive income each year.

Second quarter - Total comprehensive loss recognized this quarter was \$33.3 million, compared to a total comprehensive income of \$159.8 million in the same period last year. In addition to our net results, total comprehensive income includes remeasurements of defined benefit plans as described above.

A loss of \$18.8 million was recognized this quarter on remeasurements of defined benefit plans. This was mostly due to a 9 basis-point decrease in the discount rate, which increased the defined benefit obligation by \$62.2 million, partly offset by a gain on plan assets of \$43.4 million, resulting from a higher return on plan assets than estimated in our actuarial assumptions.

Year-to-date - A gain of \$34.4 million was recognized on a year-to-date basis on remeasurements of defined benefit plans. This was mostly due to a 96 basis-point increase in the discount rate, which decreased the defined benefit obligation by \$844.5 million. This was partly offset by a loss on plan assets of \$810.1 million, resulting from a lower return on plan assets than estimated in our actuarial assumptions.

Capital Resources, Financial Condition and Liquidity

Revenue and Other Sources of Funds

CBC/Radio-Canada has four sources of direct funding: government appropriations for operating and capital expenditures, advertising revenue, subscriber fees, and financing and other income:

Government funding: This quarter, operating funding was \$282.8 million, capital funding recognized in income was \$23.4 million and working capital was \$1.0 million.

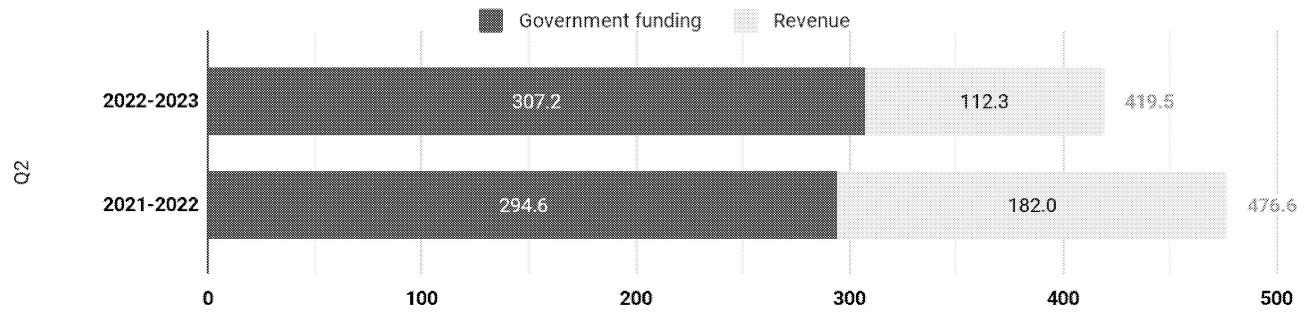
Advertising revenue: This includes ongoing sales of advertising on our conventional television channels, digital platforms and discretionary television services. Advertising revenue driven by events, such as the Olympic Games, can have a material impact on the Corporation's self-generated revenue. Over the long-term, TV advertising revenue is decreasing as a proportion of our total source of funds, mainly as a result of the market's shift away from linear television platforms.

Subscriber fees: These are fees from our discretionary services: CBC News Network, *documentary*, CBC Gem, ICI EXPLORA, ICI ARTV, ICI RDI, ICI TOU.TV EXTRA and Curio.ca. Subscriber fees from our traditional platforms are experiencing downward pressure from continuing cord-cutting and cord-shaving. Subscribers to our digital platforms are increasing.

Financing and other income: This includes ongoing income from activities such as the rental of real estate assets, content sales, leasing of space at transmission sites and host broadcasting sports events.

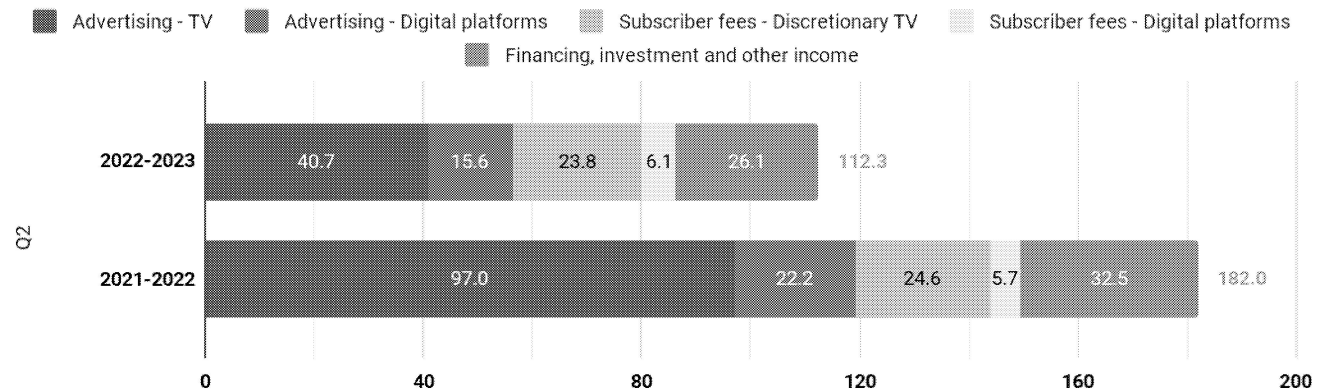
Sources of funding

(in \$M)



Revenue

(in \$M)



Financial Condition, Cash Flows and Liquidity

We rely on parliamentary appropriations and the cash generated from our operations to fund our operating activities and our capital needs in an environment highly dependent on technology. Specifically, our main sources of liquidity are parliamentary appropriations for operating, capital and working capital requirements, and revenue such as the sale of advertising on our various platforms. Our cash flows from operating, investing and financing activities for the period are summarized below.

Cash position

	Second quarter ended September 30			Year-to-date ended September 30		
	2022	2021	% change	2022	2021	% change
Cash – beginning of the period	54,695	96,726	(43.5)	82,960	90,107	(7.9)
Changes in the period						
Cash from (used in) operating activities	45,839	(1,866)	N/M	1,989	(22,520)	N/M
Cash used in financing activities	(6,666)	(6,910)	(3.5)	(39,578)	(36,030)	9.8
Cash from investing activities	18,690	14,385	29.9	67,187	70,778	(5.1)
Net change	57,863	5,609	N/M	29,598	12,228	N/M
Cash – end of the period	112,558	102,335	10.0	112,558	102,335	10.0

N/M = not meaningful

Cash from (used in) from operating activities

Cash from (used in) from operating activities includes cash inflows from our drawdowns of parliamentary appropriations for operating expenditures and working capital. Fluctuations in working capital have a significant impact on cash received or disbursed in the course of our operations.

Second quarter and Year-to-date - Cash from operating activities was \$45.8 million during the second quarter of 2022-2023, compared to \$1.9 million used in operating activities for the same period last year. Changes in cash from operating activities were mostly driven by the decreased need to recognize parliamentary appropriations for operating expenditures.

In addition, in the first half of last year, a \$31.1 million payment of income taxes was made.

Cash used in financing activities

Cash used in financing activities includes cash outflows for interest payments, repayments of the Broadcast Centre Trust bonds, payments of notes payable and payments to meet obligations under our leases.

Second quarter - Cash used in financing activities remained stable this quarter.

Year-to-date - On a year-to-date basis, the increase of \$3.5 million is mainly due to a final lease payment made in the first quarter of 2022-2023.

Cash from investing activities

Cash from investing activities includes cash from our drawdowns of parliamentary appropriations for capital expenditures.

Second quarter - This quarter, cash inflows from investing activities increased by \$4.3 million. The higher cash inflows during the period were mostly attributable to a higher drawdown of our parliamentary appropriations for capital funding and lower additions to property and equipment.

Year-to-date - Cash inflows from investing activities decreased by \$3.6 million compared to the same period last year. This decrease was mostly attributable to a large portion of Canada Mortgage Bonds (CMB) coming to maturity in the same period last year, of which a large portion was not re-invested.

RISK UPDATE

We occupy an important place in the Canadian broadcasting system and face a unique set of risks. Like all broadcasters, we must adapt to accelerated technological changes, shifts in demographics, evolving consumer demands, increasing regulatory scrutiny and structural changes in the media ecosystem. We are seeing media professionals confront intimidation and harm, and continued sources of disinformation and misinformation. Moreover, given our mandate to serve all Canadians, we also face a unique set of public expectations and financial challenges.

It is our policy to develop, implement and practise effective risk management to ensure risks and opportunities that impact our strategies, objectives and operations are identified, assessed and managed appropriately.

A full assessment of risks, potential impacts and our risk mitigation strategies is provided in our 2021-2022 Annual Report. There have been no significant changes to our risk profile since year-end, noting our continued management of the COVID-19 pandemic's impact on the Corporation.

Revenue pressures

We are closely monitoring revenue targets in light of the higher inflationary impact on costs, ongoing supply chain disruption and a potential domestic and global recession. These factors lead to uncertainty of advertiser budgets and have added complexity to the timing of advertising spend.

TV and digital subscription revenue are at risk due to cord-cutting and cord-shaving trends. We are also monitoring our subscriber platforms as consumers manage their spending given financial pressures.

License renewal decision

On September 22, Cabinet referred back to the CRTC (via an Order in Council), for reconsideration and hearing, the decision contained in Broadcasting Decision CRTC 2022-165 of June 22, 2022, to renew the broadcasting licences for the English and French services and to ensure that, as the national public broadcaster, the Canadian Broadcasting Corporation continues to make a significant contribution to the creation, presentation and dissemination of local news, children's programming, original French-language programming, and programming produced by independent producers.

At the time of writing, the CRTC has not launched its process to reconsider the licence renewal. We will actively participate in the CRTC's process. In the meantime, our current licences, which came into effect on September 1, remain in effect.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

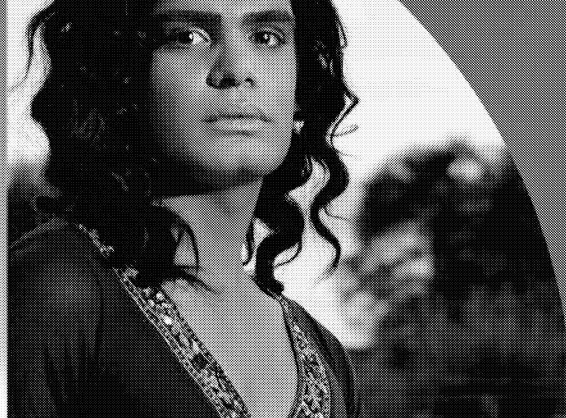
Management is responsible for the preparation and fair presentation of these condensed interim consolidated financial statements ("interim financial statements") in accordance with IAS 34 – *Interim Financial Reporting*, and for such internal controls as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the interim financial statements.

Based on our knowledge, these unaudited interim financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at the date of and for the periods presented in the interim financial statements.

Catherine Tait
President and Chief Executive Officer

Carol Najm
Vice-President and Chief Financial Officer

Ottawa, Canada
November 16, 2022



INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

Q2 

SECOND QUARTER
**FINANCIAL
REPORT**

2022-2023

CBC  Radio-Canada

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

<i>(in thousands of Canadian dollars)</i>	NOTE	As at September 30 2022	As at March 31 2022
ASSETS			
Current			
Cash	15	112,558	82,960
Marketable securities	15	3,833	3,814
Restricted cash		1,954	-
Bonds receivable	15	30,084	59,692
Promissory notes receivable	15	4,159	4,018
Trade and other receivables	4,15	129,575	233,041
Programming	5	384,441	300,433
Prepaid expenses		43,421	41,834
Investment in finance lease	15	4,565	4,419
Derivative financial instruments	15	1,457	-
Assets classified as held for sale		77	46
Income tax receivable		24,428	24,428
		740,552	754,685
Non-current			
Bonds receivable	15	14,290	14,422
Property and equipment	6	751,647	776,467
Intangible assets	7	40,847	40,056
Right-of-use (ROU) assets	8	315,461	324,544
Pension plan asset	10	1,620,907	1,621,166
Promissory notes receivable	15	17,973	20,088
Programming	5	57,104	48,156
Investment in finance lease	15	19,427	21,785
Deferred charges		30,902	29,049
		2,868,558	2,895,733
TOTAL ASSETS		3,609,110	3,650,418
LIABILITIES			
Current			
Accounts payable and accrued liabilities	15	83,572	107,111
Provisions	9	18,097	25,057
Employee-related liabilities		206,183	217,607
Financial obligations	15	37,572	36,938
Lease liabilities	11	17,821	22,285
Deferred revenue and other liabilities		16,426	18,336
Deferred operating vote drawdown	13	21,533	-
Derivative financial instruments	15	-	141
		401,204	427,475
Non-current			
Deferred revenue and other liabilities		20,241	24,482
Pension and post-employment benefits plans	10	204,467	225,382
Financial obligations	15	153,629	170,109
Lease liabilities	11	292,071	298,688
Deferred capital funding	13	520,585	512,889
		1,190,993	1,231,550
TOTAL LIABILITIES		1,592,197	1,659,025
EQUITY			
Retained earnings		2,016,094	1,990,558
Total equity attributable to the Corporation		2,016,094	1,990,558
Non-controlling interests		819	835
TOTAL EQUITY		2,016,913	1,991,393
TOTAL LIABILITIES AND EQUITY		3,609,110	3,650,418

Commitments (NOTE 17)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF INCOME (LOSS) (UNAUDITED)

<i>(in thousands of Canadian dollars)</i>	NOTE	For the three months ended September 30		For the six months ended September 30	
		2022	2021	2022	2021
REVENUE	12				
Advertising		56,334	119,232	128,448	184,902
Subscriber fees		29,929	30,271	60,454	61,028
Other income		24,039	31,084	51,167	51,164
Financing and investment income		1,985	1,456	3,576	3,001
		112,287	182,043	243,645	300,095
GOVERNMENT FUNDING	13				
Parliamentary appropriation for operating expenditures		282,810	269,637	546,967	518,447
Parliamentary appropriation for working capital		1,000	1,000	2,000	2,000
Amortization of deferred capital funding		23,401	23,945	46,803	47,891
		307,211	294,582	595,770	568,338
EXPENSES					
Television, radio and digital services costs		411,037	457,849	802,922	833,664
Transmission, distribution and collection costs		14,490	14,047	28,671	27,348
Corporate management costs		2,810	2,716	5,485	5,477
Finance costs		5,477	6,114	11,118	12,375
		433,814	480,726	848,196	878,864
Results before other gains and (losses)		(14,316)	(4,101)	(8,781)	(10,431)
OTHER GAINS AND (LOSSES)					
Gain (loss) on disposal of property and equipment and intangibles		(159)	812	(119)	822
Net results for the period		(14,475)	(3,289)	(8,900)	(9,609)
Net results attributable to:					
The Corporation		(14,466)	(3,288)	(8,884)	(9,605)
Non-controlling interests		(9)	(1)	(16)	(4)
		(14,475)	(3,289)	(8,900)	(9,609)

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

<i>(in thousands of Canadian dollars)</i>	NOTE	For the three months ended September 30		For the six months ended September 30	
		2022	2021	2022	2021
COMPREHENSIVE INCOME (LOSS)					
Net results for the period		(14,475)	(3,289)	(8,900)	(9,609)
Other comprehensive income (loss) - not subsequently reclassified to net results					
Remeasurements of defined benefit plans	10	(18,805)	163,069	34,420	352,305
Total comprehensive income (loss) for the period		(33,280)	159,780	25,520	342,696
Total comprehensive income (loss) attributable to:					
The Corporation		(33,271)	159,781	25,536	342,700
Non-controlling interests		(9)	(1)	(16)	(4)
		(33,280)	159,780	25,520	342,696

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at June 30, 2022		2,049,365	828	2,050,193
Changes during the period				
Net results for the period		(14,466)	(9)	(14,475)
Remeasurements of defined benefit plans	10	(18,805)	-	(18,805)
Total comprehensive (loss) for the period		(33,271)	(9)	(33,280)
Balance as at September 30, 2022		2,016,094	819	2,016,913

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at June 30, 2021		1,452,204	752	1,452,956
Changes during the period				
Net results for the period		(3,288)	(1)	(3,289)
Remeasurements of defined benefit plans	10	163,069	-	163,069
Total comprehensive income (loss) for the period		159,781	(1)	159,780
Balance as at September 30, 2021		1,611,985	751	1,612,736

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2022		1,990,558	835	1,991,393
Changes during the period				
Net results for the period		(8,884)	(16)	(8,900)
Remeasurements of defined benefit plans	10	34,420	-	34,420
Total comprehensive income (loss) for the period		25,536	(16)	25,520
Balance as at September 30, 2022		2,016,094	819	2,016,913

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	Total
Balance as at March 31, 2021		1,269,285	755	1,270,040
Changes during the period				
Net results for the period		(9,605)	(4)	(9,609)
Remeasurements of defined benefit plans	10	352,305	-	352,305
Total comprehensive income (loss) for the period		342,700	(4)	342,696
Balance as at September 30, 2021		1,611,985	751	1,612,736

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

<i>(in thousands of Canadian dollars)</i>	NOTE	For the three months ended		For the six months ended	
		2022	2021*	2022	2021*
CASH FLOWS FROM (USED IN)					
OPERATING ACTIVITIES					
Net results for the period		(14,475)	(3,289)	(8,900)	(9,609)
Adjustments for:					
(Gain) loss on disposal of property and equipment and intangibles		159	(812)	119	(822)
Financing and investment income	12	(1,985)	(1,456)	(3,576)	(3,001)
Finance costs		5,477	6,114	11,118	12,375
Net (gain) loss from the change in fair value of financial instruments	12	(1,031)	(497)	(1,599)	(558)
Depreciation and amortization	6,7,8	29,191	25,571	58,354	51,460
Change in deferred charges		(2,884)	1,199	(1,853)	2,245
Net change in programming asset [non-current]	5	(12,082)	(13,352)	(8,668)	(8,956)
Amortization of deferred capital funding	13	(23,401)	(23,945)	(46,803)	(47,891)
Change in deferred appropriations for operating expenditures	13	18,690	53,863	21,533	99,053
Change in deferred revenue and other liabilities [non-current]		-	-	(4,522)	(4,245)
Pension and other post-employment plans expenses	10	15,329	29,945	30,160	60,049
Pension and other post-employment plans cash payments	10	(5,046)	(21,329)	(16,396)	(38,695)
Amortization of bond premium		204	286	475	736
Income taxes paid, net of refund		-	-	-	(31,149)
Movements in working capital	14	37,693	(54,164)	(27,453)	(103,512)
		45,839	(1,866)	1,989	(22,520)
FINANCING ACTIVITIES					
Payment of lease liabilities	11	(4,474)	(4,623)	(12,894)	(9,181)
Repayment of financial obligations		-	-	(15,447)	(14,462)
Interest paid		(2,192)	(2,287)	(11,237)	(12,387)
		(6,666)	(6,910)	(39,578)	(36,030)
INVESTING ACTIVITIES					
Parliamentary appropriations for capital funding	13	27,499	25,499	54,499	50,500
Additions to property and equipment and intangible assets	6,7	(12,476)	(14,885)	(23,615)	(28,349)
Acquisition of bonds receivable		-	(407)	(520)	(37,176)
Acquisition of marketable securities		(9)	(6)	(19)	(22)
Net proceeds from disposal of property and equipment	6	5	996	98	1,119
Collection of financial assets		2,042	1,904	33,833	82,060
Interest received		1,629	1,284	2,911	2,646
		18,690	14,385	67,187	70,778
Change in cash		57,863	5,609	29,598	12,228
Cash, beginning of the period		54,695	96,726	82,960	90,107
Cash, end of the period		112,558	102,335	112,558	102,335

The accompanying notes form an integral part of the condensed interim consolidated financial statements.

* Certain comparative figures have been reclassified to conform to the current year presentation.



NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)

BUSINESS AND ENVIRONMENT

This Section sets out the basis of preparation of these condensed interim financial statements when compared to the Corporation's latest complete set of audited annual financial statements for the year ended March 31, 2022. This section also shows new and future changes in policies, if any, and whether they are effective in 2022 or later years. We explain how these changes are expected to impact the financial position and performance of the Corporation.

1. GENERAL INFORMATION

CBC/Radio-Canada ("the Corporation", "We", "Us", "Our") was first established by the 1936 *Broadcasting Act*. The Corporation, a Federal Crown Corporation domiciled in Canada, is an agent of Her Majesty and all assets and liabilities are those of the Government. Our registered office is located at 181 Queen Street, Ottawa ON K1P 1K9. The Corporation is accountable to Parliament through the Minister of Canadian Heritage and in accordance with section 85(1.1) of the *Financial Administration Act*, the Corporation is exempt from certain sections of this *Act*¹.

As the national public broadcaster, we provide radio, television and digital services in both official languages, delivering predominantly and distinctly Canadian programming to reflect Canada and its regions to national and regional audiences.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance

The Corporation has prepared these condensed interim consolidated financial statements as required by Section 131.1 of the *Financial Administration Act* which requires most parent Crown Corporations to prepare and make public quarterly financial reports in compliance with the *Treasury Board Standard on Quarterly Financial Reports for Crown Corporations*. These condensed interim consolidated financial statements also comply with IAS 34 *Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and adopted by the Accounting Standards Board ("AcSB").

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. The Board of Directors has authorized them for issuance on November 16, 2022.

All amounts are in Canadian dollars, which is our functional currency, and rounded to the nearest thousand unless otherwise noted.

B. Basis of Preparation

Basis of Presentation

As permitted under IAS 34 *Interim Financial Reporting*, these interim consolidated financial statements are presented on a condensed basis and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. These condensed interim consolidated financial statements are intended to provide an update on the Corporation's latest complete set of audited annual financial statements for the year ended March 31, 2022 ("2021-2022 audited annual financial statements"). Accordingly, they should be read in conjunction with the 2021-2022 audited annual financial statements.

¹ The Corporation is exempt from *Divisions I to IV of Part X of the Act, except for sections 89.8 to 89.92, subsection 105(2) and sections 113.1, 119, 131 to 148 and 154.01.*

These condensed interim consolidated financial statements have been prepared on a historical cost basis, except as permitted by International Financial Reporting Standards (“IFRS”) and as otherwise indicated within these notes.

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those disclosed in the Corporation’s 2021-2022 audited annual financial statements.

The accounting policies have been applied consistently to all periods presented unless otherwise noted.

Pension and post-employment benefits plans

This quarter, we streamlined the pension and post-employment benefits plans note disclosure to help better summarize key information. See Note 10 *Pension and post-employment benefits plans* for more information.

Seasonality

Excluding government appropriations, approximately 50% of the Corporation’s ongoing revenue comes from advertising revenue that tends to follow seasonal patterns, with the second quarter typically being the lowest as the summer season typically attracts fewer viewers. Advertising revenue also varies according to market and general economic conditions and the programming schedule. By contrast, subscriber-based revenue is less volatile on a quarter-by-quarter basis. Operating expenses also tend to follow a seasonal pattern, as they are influenced by the programming schedule.

Key Sources of Estimation Uncertainty and Critical Judgments

The preparation of these condensed interim consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported amounts of assets and liabilities at the date of such financial statements and the reported amounts of revenue and expenses recorded during the period, and all related disclosures.

Estimates are regularly reviewed by management and changes in those estimates are recognized prospectively by including them in our condensed interim consolidated statement of income (loss) in the period of the change, if the change affects that period only; or the period of the change and future periods, if the change affects both. Actual results could significantly differ from those estimates. Similarly, critical judgments are reassessed at each reporting date.

3. NEW AND FUTURE CHANGES IN ACCOUNTING POLICIES

A. Adoption of New and Revised International Financial Reporting Standards

At the date of this report, there were no new pronouncements issued by the IASB or the IFRS Interpretations Committee that impacted these consolidated financial statements.

B. Future Accounting Changes

At the date of this report, there were no future accounting standards or amendments issued by the IASB that are expected to significantly impact our consolidated financial statements.

ASSETS AND LIABILITIES

This section shows the assets used to fulfill our mandate and the liabilities incurred as a result. Only significant items are discussed below.

4. TRADE AND OTHER RECEIVABLES

	September 30, 2022	March 31, 2022
Trade receivables	118,814	201,373
Parliamentary appropriations receivable	-	21,000
Provision for expected credit losses	(612)	(473)
Other	11,373	11,141
Total	129,575	233,041

Trade receivables disclosed above include amounts that are past due at the end of the reporting period.

Trade and other receivables are subject to credit risk, which is further discussed in Note 15.B.

5. PROGRAMMING

Programming consists of programs that require our involvement during the production and acquired license agreements for programming material.

A. Programming by Category

	September 30, 2022	March 31, 2022
Completed programs	172,809	173,601
Programs in process of production	176,687	90,663
Broadcast rights available for broadcast within the next twelve months	34,945	36,169
Total Current Programming	384,441	300,433
Broadcast rights not available for broadcast within the next twelve months	57,104	48,156
Total Programming	441,545	348,589

B. Movement in Programming

	September 30, 2022	March 31, 2022
Opening balance	348,589	421,219
Additions	639,569	1,334,348
Programs broadcast	(546,613)	(1,406,978)
Balance, end of period	441,545	348,589

6. PROPERTY AND EQUIPMENT

Cost and Accumulated Depreciation

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2022	107,864	466,969	191,133	1,038,201	189,352	41,831	2,035,350
Additions	-	46	-	3,109	2,547	9,851	15,553
Transfers (refer to Note 7)	-	2,039	898	10,726	1,678	(14,847)	494
Assets classified as held for sale	(31)	(190)	-	(24)	-	-	(245)
Disposals and write-offs	4	(833)	(87)	(7,461)	(1,386)	-	(9,763)
Cost as at September 30, 2022	107,837	468,031	191,944	1,044,551	192,191	36,835	2,041,389
Accumulated depreciation as at March 31, 2022	-	(291,434)	(58,482)	(785,050)	(123,917)	-	(1,258,883)
Depreciation for the period	-	(5,546)	(4,543)	(22,204)	(8,326)	-	(40,619)
Reclassification of depreciation on assets classified as held for sale	-	190	-	24	-	-	214
Reclassification of depreciation on disposals and write-offs	-	833	87	7,247	1,379	-	9,546
Accumulated depreciation as at September 30, 2022	-	(295,957)	(62,938)	(799,983)	(130,864)	-	(1,289,742)
Net carrying amount as at September 30, 2022	107,837	172,074	129,006	244,568	61,327	36,835	751,647

The contractual commitments for the acquisition of property and equipment were \$19.4 million as at September 30, 2022 (\$2.8 million - March 31, 2022).

7. INTANGIBLE ASSETS

Cost and Accumulated Depreciation

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2022	127,933	81,420	1,761	211,114
Additions	-	143	7,670	7,813
Transfers (refer to Note 6)	142	2,666	(3,302)	(494)
Cost as at September 30, 2022	128,075	84,229	6,129	218,433
Accumulated amortization as at March 31, 2022	(124,863)	(46,195)	-	(171,058)
Amortization for the period	(503)	(6,025)	-	(6,528)
Accumulated amortization as at September 30, 2022	(125,366)	(52,220)	-	(177,586)
Net carrying amount as at September 30, 2022	2,709	32,009	6,129	40,847

There have been no changes to the contractual commitments for the acquisition of intangible assets since the Corporation's 2021-2022 audited annual financial statements (Nil - March 31, 2022).

8. RIGHT-OF-USE (ROU) ASSETS

ROU assets consist primarily of real estate leases for the rental of office space and technical equipment to carry our transmission activities. The lease of office space typically runs for periods between 2 and 37 years, and lease of technical equipment (including transmission assets) for 3 to 35 years.

As at September 30, 2022	Land	Buildings	Leasehold improvements	Technical equipment	Total
Net carrying amount for the period	2,287	293,141	3,308	16,725	315,461
Depreciation charge for the period	179	8,677	301	2,050	11,207

Additions to the ROU assets during the six months ended September 30, 2022 were \$2.4 million (\$8.1 million - March 31, 2022).

9. PROVISIONS

As at September 30, 2022	Claims and Legal Proceedings	Other	Total
Opening balance	24,832	225	25,057
Additional provisions recognized	2,845	-	2,845
Provisions utilized	(6,203)	-	(6,203)
Reductions resulting from remeasurement or settlement without cost	(3,602)	-	(3,602)
Balance, end of period	17,872	225	18,097

Various claims and legal proceedings have been asserted or instituted against us. Some of these claims or legal proceedings demand large monetary damages or other forms of relief, and could create significant expenditures. They include ongoing legal, compensation, employment matters and copyright tariffs against CBC/Radio-Canada.

Other provisions consist of environmental decommissioning liabilities and probable costs for reorganizations, relocations and redundancies at CBC/Radio-Canada.

All provisions are classified as current because we are working to resolve these matters within 12 months.

10. PENSION AND POST-EMPLOYMENT BENEFITS PLANS

A. Pension Plans Asset/Liabilities

The amount included in our Condensed Interim Consolidated Statement of Financial Position arising from our obligation in respect of our defined benefit plans is as follows:

	Funded pension plan	Unfunded pension plans	Other post- employment plans	Funded pension plan	Unfunded pension plans	Other post- employment plans
	September 30, 2022			March 31, 2022		
Fair value of plan assets	7,657,500	-	-	8,430,477	-	-
Defined benefit obligation	6,036,593	110,497	93,970	6,809,311	122,115	103,267
Net asset (liability) arising from defined benefit obligation	1,620,907	(110,497)	(93,970)	1,621,166	(122,115)	(103,267)

B. Significant Actuarial Assumptions

As disclosed in Note 15 *Pension Plans and Employee-Related Liabilities* of the Corporation's 2021-2022 audited annual financial statements, the Corporation reviews its actuarial assumptions at each reporting period to ensure that the net defined benefit asset (liability) recognized in the financial statements is updated for significant changes arising from non-recurring events. The impact on the net defined benefit asset (liability) arising from any such changes in assumptions is recognized in other comprehensive income as a remeasurement for the period.

The significant actuarial assumptions used for the purposes of determining the defined benefit obligation and pension benefit costs were:

Assumptions – annual rates	September 30, 2022	March 31, 2022
Assumptions for the calculation of pension benefit costs:		
Discount rate	4.00%	3.30%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	4.96%	4.00%
Discount rate - long service gratuity	4.97%	3.81%
Discount rate - LTD benefit	4.97%	3.81%
Discount rate - life insurance	4.96%	3.97%

C. Pension and Other Post-Employment Plans Expenses

Amounts recognized in net results, net remeasurements recognized in other comprehensive income (loss) and contributions were as follows:

	For the three months ended September 30			
	Pension plans		Other post-employment plans	
	2022	2021*	2022	2021*
Current service cost	26,033	31,998	1,062	1,167
Net interest cost (income)	(14,502)	(5,817)	813	674
Other expenses (fees and remeasurements)	2,000	2,000	(77)	(77)
Expense recognized in net results	13,531	28,181	1,798	1,764
Net actuarial (gains)/losses arising from changes in financial assumptions	60,324	(138,982)	(118)	(747)
Net actuarial losses arising from experience adjustments	2,022	8,696	-	-
Return on plan assets, excluding amounts included in net interest expense	(43,423)	(32,036)	-	-
Net remeasurements recognized in other comprehensive income (loss)	18,923	(162,322)	(118)	(747)
Employer contributions	1,558	18,301	3,488	3,028
Employee contributions	13,790	17,926	-	-
Total contributions	15,348	36,227	3,488	3,028

	For the six months ended September 30			
	Pension plans		Other post-employment plans	
	2022	2021*	2022	2021*
Current service cost	52,066	63,996	2,124	2,334
Net interest cost (income)	(29,004)	(11,634)	1,626	1,348
Other expenses (fees and remeasurements)	4,000	4,000	(652)	5
Expense recognized in net results	27,062	56,362	3,098	3,687
Net actuarial (gains)/losses arising from changes in financial assumptions	(841,138)	56,822	(5,419)	138
Net actuarial losses arising from experience adjustments	2,022	8,696	-	-
Return on plan assets, excluding amounts included in net interest expense	810,115	(417,961)	-	-
Net remeasurements recognized in other comprehensive income (loss)	(29,001)	(352,443)	(5,419)	138
Employer contributions	9,420	32,639	6,976	6,056
Employee contributions	31,464	32,573	-	-
Total contributions	40,884	65,212	6,976	6,056

* Certain comparative figures have been reclassified to conform to the current year presentation.

The Canadian Broadcasting Corporation Pension Plan (the "Plan") is funded on the basis of actuarial valuations, which are made on an annual basis. Employees are required to contribute a percentage of their pensionable salary to the Plan. The Corporation provides the balance of the funding, as required, based on actuarial valuations. Starting on April 21, 2022, CBC/Radio-Canada has been required to take a contribution holiday in accordance with the *Income Tax Act*.

Retained earnings include \$2,227.7 million of cumulative actuarial gains as at September 30, 2022 (\$2,193.2 million - March 31, 2022).

11. LEASE LIABILITIES

	September 30, 2022	March 31, 2022
Land	2,214	2,050
Buildings	290,041	295,250
Leasehold improvements	-	4,010
Technical equipment	17,637	19,663
Total	309,892	320,973
Current	17,821	22,285
Non-current	292,071	298,688
Total	309,892	320,973

Maturity Analysis

	September 30, 2022	March 31, 2022
Contractual undiscounted cash flows		
Less than one year	25,550	30,226
One to five years	90,314	92,190
More than five years	301,279	311,049
Total undiscounted lease liabilities	417,143	433,465
Lease liabilities included in the Condensed Interim Consolidated Statement of Financial Position	309,892	320,973

Amounts recognized in our Condensed Interim Consolidated Statement of Cash Flows

	For the three months ended		For the six months ended	
	September 30		September 30	
	2022	2021	2022	2021
Total cash outflow for leases	6,666	6,910	17,322	13,774
Interest expense related to lease liabilities and presented as Finance costs	2,199	2,287	4,428	4,593

Some real estate leases in which we are the lessee contain variable lease payments that are linked to an index or rate. These types of payments are common in the real estate industry.

INCOME, EXPENSES AND CASH FLOWS

This Section focuses on our results and cash flows. On the following pages you will find disclosures describing our revenue and government funding for the period and supplemental cash flow information.

12. REVENUE

	For the three months ended September 30		For the six months ended September 30	
	2022	2021	2022	2021
TV advertising ¹	40,748	96,986	95,715	146,922
Digital advertising	15,586	22,246	32,733	37,980
Subscriber fees	29,929	30,271	60,454	61,028
Production revenue ²	5,042	5,780	13,115	11,382
Program license sales	6,921	11,286	12,555	15,742
Canadian retransmission rights	1,050	1,050	2,100	2,100
Program sponsorship	15	2,192	15	2,283
Other services	2,732	1,032	6,681	1,999
Revenue from contracts with customers	102,023	170,843	223,368	279,436
Leasing income	7,499	7,945	15,427	17,270
Financing and investment income	1,985	1,456	3,576	3,001
Net gain from the change in fair value of financial instruments	1,031	497	1,599	558
Other retransmission rights	-	1,733	-	1,734
Foreign exchange loss	(251)	(431)	(325)	(1,904)
Other sources of income*	10,264	11,200	20,277	20,659
Total revenue	112,287	182,043	243,645	300,095

* Revenue streams outside the scope of IFRS 15 *Revenue from Contracts with Customers*.

¹ For the three and six months ended September 30, 2022, TV advertising included revenue from exchange of services of \$0.4 million (\$0.1 million - 2021) and \$0.8 million (\$0.4 million - 2021) respectively.

² For the three and six months ended September 30, 2022, Production revenue included revenue from exchange of services of \$1.5 million (\$2.1 million - 2021) and \$6.7 million (\$5.9 million - 2021) respectively.

Advertising Revenue

	For the three months ended September 30		For the six months ended September 30	
	2022	2021	2022	2021
English services	30,010	81,110	62,216	110,774
French services	26,324	38,122	66,232	74,128
Total advertising revenue	56,334	119,232	128,448	184,902

Subscriber Revenue

	For the three months ended September 30		For the six months ended September 30	
	2022	2021	2022	2021
English services	15,011	15,291	30,268	30,780
French services	14,918	14,980	30,186	30,248
Total subscriber revenue	29,929	30,271	60,454	61,028

Contract Balances

Contract assets are presented under “Trade and Other Receivables” in our Condensed Interim Consolidated Statement of Financial Position. Trade and Other Receivables include \$15.8 million of contract assets as at September 30, 2022 (\$13.7 million - March 31, 2022). There was no impairment loss on contract assets for the period considered.

Contract liabilities primarily relate to cash payments received in advance of meeting our performance obligations, mostly related to host broadcasting and program sponsorship revenue streams. Contract liabilities are presented as current liabilities under “Deferred Revenue and other liabilities” in our Condensed Interim Consolidated Statement of Financial Position. Deferred Revenue includes \$6.4 million of contract liabilities as at September 30, 2022 (\$9.0 million - March 31, 2022).

13. GOVERNMENT FUNDING

We receive a substantial portion of our funding from the Government of Canada.

A. Government funding received

Parliamentary appropriations approved and the amounts we received are as follows:

	For the three months ended September 30		For the six months ended September 30	
	2022	2021	2022	2021
Operating funding	301,500	323,500	568,500	617,500
Capital funding	27,499	25,499	54,499	50,500
Working capital funding	1,000	1,000	2,000	2,000
Balance, end of period	329,999	349,999	624,999	670,000

B. Deferred operating vote drawdown

Parliamentary appropriation for operating expenditures is recognized in our Condensed interim consolidated statement of income (loss) based on the net difference between quarterly budgeted expenses and revenue.

Quarterly budgets are established from the annual budget approved by the Board of Directors at the beginning of each year and reflect expected appropriation funding for the year and seasonal impacts of expenditures and self-generated revenue.

	September 30, 2022	March 31, 2022
Operating funding received during the period	568,500	1,139,694
Less: Parliamentary appropriation for operating expenditures recognized in the condensed interim consolidated statement of income (loss) for:		
the three months ended June 30	(264,157)	(248,810)
the three months ended September 30	(282,810)	(269,637)
the three months ended December 31	-	(275,290)
the three months ended March 31	-	(345,957)
Balance, end of period	21,533	-

C. Deferred capital funding

Capital funding received is recorded as Deferred Capital Funding in our condensed interim consolidated statement of financial position, with income being recognized in our condensed interim consolidated statement of income (loss) over the same basis and over the same periods as the assets acquired using the appropriations.

	September 30, 2022	March 31, 2022
Opening balance	512,889	502,479
Government funding for capital expenditures	54,499	106,730
Amortization of deferred capital funding for:		
the three months ended June 30	(23,402)	(23,946)
the three months ended September 30	(23,401)	(23,945)
the three months ended December 31	-	(23,946)
the three months ended March 31	-	(24,483)
Balance, end of period	520,585	512,889

14. MOVEMENTS IN WORKING CAPITAL

	For the three months ended September 30		For the six months ended September 30	
	2022	2021*	2022	2021*
Changes in Working Capital are comprised of:				
Restricted Cash	-	-	(1,954)	-
Trade and other receivables	46,919	(63,107)	104,000	(15,471)
Programming asset	(22,820)	(3,337)	(84,008)	(64,591)
Prepaid expenses	1,881	3,301	(1,864)	4,736
Accounts payable and accrued liabilities	1,787	(2,746)	(23,300)	(13,637)
Provisions	(8,951)	251	(6,960)	2,176
Pension plans and employee-related liabilities	16,025	8,436	(11,424)	(22,338)
Deferred revenue and other liabilities	2,852	3,038	(1,943)	5,613
Balance, end of period	37,693	(54,164)	(27,453)	(103,512)

* Certain comparative figures have been reclassified to conform to the current year presentation.

OTHER

This section discloses information related to our financial instruments, related parties and commitments.

15. FINANCIAL INSTRUMENTS

A. Fair Value

There were no changes in our valuation process, valuation techniques, and types of inputs used in the fair value measurements during the period.

The carrying values and fair values of our financial assets and financial liabilities are listed in the following table:

	September 30, 2022		March 31, 2022		Fair Value Level ¹
	Carrying values	Fair values	Carrying values	Fair values	
<i>Financial instruments measured at fair value through profit and loss on a recurring basis:</i>					
Cash	112,558	112,558	82,960	82,960	Level 1
Marketable securities	3,833	3,833	3,814	3,814	Level 1
Derivative financial instruments	1,457	1,457	-	-	Level 2
Financial assets	117,848	117,848	86,774	86,774	
Derivative financial instruments	-	-	141	141	Level 2
Financial liabilities	-	-	141	141	
<i>Financial instruments measured at amortized cost:</i>					
Bonds receivable (current)	30,084	30,110	59,692	59,834	Level 2
Promissory notes receivable (current)	4,159	4,159	4,018	4,018	Level 2
Trade and other receivables	129,575	129,575	233,041	233,041	Level 2
Investment in finance lease (current)	4,565	4,565	4,419	4,419	Level 2
Bonds receivable (non-current)	14,290	13,739	14,422	14,029	Level 2
Promissory notes receivable (non-current)	17,973	18,526	20,088	21,537	Level 2
Investment in finance lease (non-current)	19,427	21,863	21,785	25,216	Level 2
Financial assets	220,073	222,537	357,465	362,094	
Accounts payable and accrued liabilities	83,572	83,572	107,111	107,111	Level 2
Financial obligations (current)	37,572	37,572	36,938	36,938	Level 2
Financial obligations (non-current)	153,629	164,200	170,109	190,914	Level 2
Financial liabilities	274,773	285,344	314,158	334,963	

¹Fair Value Level refers to the hierarchy levels described in Note 2.C.iii of our 2021-2022 audited annual financial statements. Each level is based on the availability of observable inputs used to measure the fair values of assets and liabilities.

There have been no transfers between levels during the three and six months ended September 30, 2022.

B. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. We record a provision for potential credit losses based on an ECL model in accordance with IFRS 9 *Financial Instruments*. Actual losses have not exceeded management's expectations in the past. Our maximum exposure to credit risk at September 30, 2022 and March 31, 2022 is the carrying value of these assets. We disclose full descriptions of credit risks related to our financial instruments and how we manage those risks in Note 24 *Financial Instruments* of our 2021-2022 audited annual financial statements. There has been no change in the nature of the risks and how we manage them in the six-month period ended September 30 2022.

Trade and other receivables

The table below provides an aging of our customer trade and other receivables.

Trade and other receivables over 30 days	September 30, 2022	March 31, 2022
31 - 60 days	10,974	110,863
61 - 90 days	12,891	2,480
Over 90 days	21,214	18,150
Total	45,079	131,493

16. RELATED PARTIES

We enter into transactions with related parties in the normal course of business, on normal trade terms applicable to all individuals and enterprises and at market prices. We record these transactions at fair value.

In addition, cash payments for our contributions to the defined benefit plans are disclosed in Note 10.C *Pension and Other Post-Employment Plans Expenses*.

A. Transactions with Related Parties Excluding Government-Related Entities

Transactions carried out with related parties were at fair value and were not significant.

There were no amounts owing to related parties at September 30, 2022 (not significant - March 31, 2022) and no expense has been recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

B. Transactions with Government-Related Entities

We are a Federal Crown Corporation that operates in an economic environment dominated by entities directly or indirectly controlled by the Federal government through its government authorities, agencies, affiliations and other organizations (collectively referred to as "government-related entities"). We have transactions with other government-related entities including but not limited to sales and purchases of goods and rendering and receiving of services.

Canada Mortgage Bonds

As of September 30, 2022, \$44.4 million was invested in Canada Mortgage Bonds ("CMB") (\$74.1 million - March 31, 2022). CMB are issued by Canada Housing Trust (CHT), a special purpose trust guaranteed by Canada Mortgage and Housing Corporation (CMHC), another Federal Crown Corporation, and backed by the Government of Canada.

17. COMMITMENTS

Commitments are discussed in Note 27 *Commitments* of the Corporation's 2021-2022 audited annual financial statements. Commitments for the purchase of property and equipment and intangible assets this quarter are disclosed within Note 6 *Property and Equipment* and Note 7 *Intangible assets* of this report. There were no other material changes to commitments during the second quarter of 2022-2023.