



# Q1

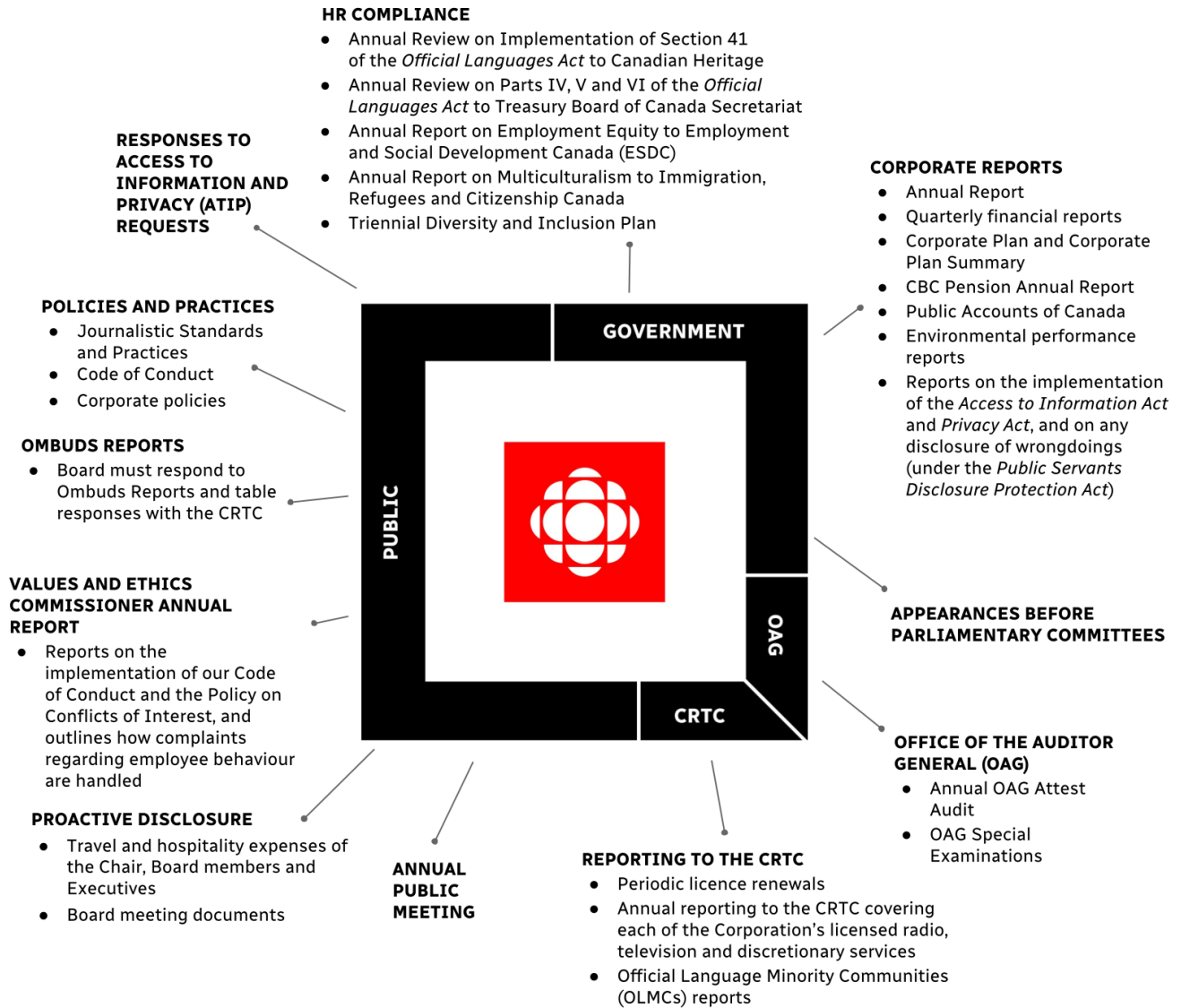
FIRST QUARTER  
**FINANCIAL  
REPORT**

2021-2022

CBC  Radio-Canada

## CBC/RADIO-CANADA'S COMMITMENT TO TRANSPARENCY AND ACCOUNTABILITY

As Canada's national public broadcaster, we take very seriously our obligation to be transparent and accountable to Canadians. Our [corporate website](#) provides information about our activities and the way we manage our public resources. In addition, we launched a five-year corporate [environmental sustainability strategy](#) in June 2021. It builds on the [environmental performance](#) reporting we have been doing since 2008, to further embed sustainability in our roles and responsibilities, processes, and decision making.



## 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. The following Management's Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the first quarter of 2021-2022, and should be read in conjunction with our most recent Annual Report. In keeping with our commitment to transparency and effective oversight of public funds, we are pleased to present this quarterly report for the first quarter ended June 30, 2021. 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, 2021 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:

### **SEASONALITY**

The majority of our revenue comes from advertising, which follows seasonal patterns based on our programming schedule. It also varies according to market and general economic conditions, as well as schedule performance. Subscriber-based revenue is more stable on a quarter-by-quarter basis. Operating expenses tend to follow a seasonal pattern because they are also influenced by the programming schedule. Government appropriations are recognized in income based on the annual budget, which reflects seasonal impacts on expenditures and revenue.

### **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 Management and Governance* 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. Given the impact of the evolving COVID-19 pandemic and the related response from the Corporation, governments (federal, provincial and municipal), regulatory authorities and businesses, there is inherently more uncertainty associated with the Corporation's assumptions relative to periods preceding the pandemic.




### **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.

### **NON-IFRS MEASURE**

This report includes the measure "Budget Results," which does not have any standardized meaning according to International Financial Reporting Standards (IFRS). It is therefore unlikely to be comparable to similar measures presented by other companies. Refer to the *Discussion of Results* section for more details.

## Financial Highlights

 <b>REVENUE</b>	<b>Q1</b> <b>2021-2022: \$118M</b> <b>2020-2021: \$99M</b> <b>TOTAL INCREASE</b> <b>\$19M</b>	<p>Revenue increased by 19.2% this quarter, mostly from recovering advertising demand on both our traditional and digital platforms. Revenue in Q1 2020-2021 was negatively impacted due to the pandemic.</p> <p>TV advertising revenue remains adversely impacted by the market's shift to digital platforms. As such, it is uncertain whether or not TV advertising revenue can or will return to pre-pandemic levels in the current year.</p>
 <b>GOVERNMENT FUNDING</b>	<b>Q1</b> <b>2021-2022: \$274M</b> <b>2020-2021: \$284M</b> <b>TOTAL DECREASE</b> <b>\$10M</b>	<p>Government funding recognized this quarter decreased by 3.6%. This decrease was consistent with our expected needs for operating funding in the quarter.</p>
 <b>EXPENSES</b>	<b>Q1</b> <b>2021-2022: \$398M</b> <b>2020-2021: \$378M</b> <b>TOTAL INCREASE</b> <b>\$20M</b>	<p>Our ongoing expenses were higher this quarter by 5.2% as COVID-19's impact on our programming activities is gradually subsiding with fewer cancellations and scheduling changes than last year. We also continued to invest in our digital activities and content.</p>

For the three months ended June 30	2021	2020	% change
Revenue	118,052	99,005	19.2
Government funding	273,756	284,039	(3.6)
Expenses	(398,138)	(378,391)	5.2
<b>Results before other gains and losses</b>	<b>(6,330)</b>	<b>4,653</b>	<b>N/M</b>
Other gains and losses	10	253	(96.0)
<b>Net results under IFRS for the period</b>	<b>(6,320)</b>	<b>4,906</b>	<b>N/M</b>
<b>Budget Results for the period<sup>1</sup></b>	<b>1,298</b>	<b>22,455</b>	<b>(94.2)</b>

N/M = not meaningful

<sup>1</sup>Budget Results is a non-IFRS measure. This measure considers only revenue or expenses included in, or funded by our operating budget. A reconciliation of net results to Budget Results is provided in the *Discussion of Results* section of this report.

**Net results under IFRS for the period** were a loss of \$6.3 million this quarter, compared to a gain of \$4.9 million in the same period last year. The \$11.2 million decrease in our net results under IFRS was primarily due to lower government funding recognized in income by \$10.3 million (3.6%).

**Budget Results for the period** were a gain of \$1.3 million compared to a gain of \$22.5 million in the same period last year. Our lower Budget Results this quarter are consistent with management's plan to increase spending in key business areas as we execute on delayed expenditures from the prior year. Our Budget Results are normally higher than the net results under IFRS because this non-IFRS measure excludes non-cash expenses not funded by our operating budget, such as depreciation and non-cash pension expenses.

# Business Highlights

## Content and Services

Canada's national public broadcaster focused not only on bringing trusted news to Canadian audiences this quarter, but also on our [journalists' physical safety](#) and on [protecting our employees from online hate](#) - especially women and racialized journalists, and those who work behind the scenes in production. In June, President and CEO Catherine Tait provided an [impact and accountability update](#) on our Diversity & Inclusion commitments. The update provided a report on our progress to date, as well as initiatives for improvement. Throughout June, we also shared the stories of Indigenous people around the country in the lead-up to [National Indigenous People's Day](#) and [Canada Day](#).

As part of our strategic priority to take Canada to the world, CBC/Radio-Canada launched its [revamped Radio Canada International](#) site with an all-new format, and the addition of Punjabi and Tagalog content in the spring of 2021. With the goal of continuing to be a source of multilingual information about what's happening in Canada, the platform also offers access to a weekly podcast in different languages for its international audiences.

During the quarter, we prepared for our coverage of the rescheduled [Olympic Games Tokyo 2020](#) and [Tokyo 2020 Paralympic Games](#) taking place this summer. From the Opening Ceremony on July 23 to the Closing Ceremony on August 8, Canadians tuned into the Games of the XXXII Olympiad Tokyo 2020 in record-breaking numbers. With almost 44 million video views across all of CBC/Radio-Canada's digital platforms, Tokyo 2020 saw a clear spike in streaming live and on-demand coverage.

## English Services

CBC marked the [50th Annual Juno Awards](#), airing the event nationwide on CBC TV, CBC Gem, CBC Radio One, CBC Music and streamed globally on [CBCmusic.ca](#). Full coverage of the event, which included performances by The Tragically Hip and Feist, can be found at [cbc.ca/music/junos](#). In May, CBC also [announced an exclusive three-year partnership with The Black Academy and Insight Productions](#) to broadcast Canada's first-ever award show honouring Black talent in the fall of 2022. It will celebrate established and emerging Black Canadian talent across film, television, music, sports, and culture.



As part of our ongoing efforts to protect our employees and journalists from online hate and physical threats, CBC initiated [a month-long pilot project](#) to close comments on all news links and video posts to Facebook pages belonging to CBC's journalism division including News, Current Affairs and Local. After initial feedback, the project is being extended until the end of October.

On June 30, CBC joined radio stations across the country to broadcast [A DAY TO LISTEN](#), a day of radio programming dedicated to sharing stories from Indigenous leaders, residential school survivors, elders, musicians, and teachers in partnership with the Gord Downie & Chanie Wenjack Fund (DWF). Broadcast from 6 a.m. to 6 p.m. (6:30 NT) local time on CBC Music and CBC Listen, the special day of programming included hosts Jarrett Martineau and Marion Newman and featured all-Indigenous music and artists. CBC Podcasts also announced a new podcast series by Duncan McCue, exploring the history and legacy of residential schools through the voices of survivors and new investigative reporting.

## French Services

Radio-Canada announced the [appointment of Yolande James](#) as Executive Director, Diversity & Inclusion for Radio-Canada. In the role, she is providing support and guidance to departments and teams within Radio-Canada on their diversity and inclusion projects, developing and strengthening Radio-Canada's connections with communities and industry, and helping to achieve our diversity recruitment, promotion and development targets in partnership with People and Culture.



*Le grand solstice* | Radio-Canada

In celebration of [National Indigenous Peoples Day](#) in June, Radio-Canada's platforms offered a variety of content, including *Le grand solstice*, an event featuring Indigenous musical artists from many different communities, highlighting the rich diversity of Indigenous musical styles and culture from across the country.

In Radio-Canada's [Convictions](#) podcast available on OHdio, Simon Coutu and Frédéric Lacelle engage in a frank and non-judgmental discussion to better understand vaccine hesitancy and rejection of other health measures surrounding COVID-19. A [complementary documentary](#) by the Rad team, also available on Facebook and YouTube, similarly delves into the motivations behind those who oppose public health measures.

*Tout inclus* premiered on [ICI TÉLÉ](#) et [ICI TOU.TV](#) - programming with the goal of helping audiences discover Canada's vast geographic territory, the beauty of its landscapes, hidden travel treasures, and the stories of inspiring Canadians. Host Marieme Ndiaye and contributors from all across the country help to shape all of these elements into a fascinating and breathtakingly beautiful series.



## CBC and Radio-Canada - Collaborating on Content

Focusing on stories that reflect contemporary Canada, CBC and Radio-Canada have collaborated on several projects this quarter: CBC's [Telling our Twisted Histories](#) - a podcast series that reclaims Indigenous history by exploring 11 words whose meanings have been twisted by centuries of colonization. The series was adapted from Radio-Canada's [Laissez-nous raconter : L'histoire crochie](#), produced by Terre Innue, a production company based in Maliotenam, Quebec, and features a different perspective of the history of colonization. The original French-language version also brought home the Prix d'excellence en publication numérique 2021 (Fondation des prix pour les médias canadiens) and the Prix Numix 2021 (Balado – Documentaire – Enjeu de société).

CBC and Radio-Canada also worked closely on a project called [Black on the Prairies / Noirs dans les Prairies](#), featuring stories that explore the history of Black Prairie life in Alberta, Saskatchewan and Manitoba through the themes of Migration, Putting in Work, Black and Indigenous Relations, Politics and Resistance, and Black to the Future.



### **Technology and Infrastructure**

CBC/Radio-Canada technology teams have continued preparations for CBC and Radio-Canada's broadcast of the Olympic Games Tokyo 2020 from our Toronto and Montreal production centres. The National Operations Centre in Montreal created a special Games dashboard to monitor connectivity, while maintenance teams worked tirelessly to install, configure and prepare to support our Tokyo 2020 production needs across all platforms.

In Montreal, all regular radio programs have now been moved and are operating permanently from the new Maison de Radio-Canada, with moves continuing in a safe and secure manner as we continue to navigate the COVID-19 pandemic.

Finally, a new Technology Strategy was released in June, to help guide our technology teams and to ensure that CBC and Radio-Canada have the best technology support, to keep delivering the news and entertainment content Canadians rely on, across all our platforms.

### **People**

In addition to the D&I [impact and accountability update](#) released in June, we continue to review policies and guidelines to ensure a healthy and inclusive work environment where all employees feel safe and valued. In addition, following a review and some updates, the Board approved [a new Prevention of Workplace Harassment and Violence policy](#) in June, providing a revised process to employees to deal with complaints.

In May, CBC/Radio-Canada officially published its [teleworking policy](#). It will take effect following the full reintegration of our teams in a post-COVID world, and embraces a hybrid workplace, allowing us to balance delivering on our commitments to Canadians, while more fully supporting the mental health of our employees.

We also continued to make progress this quarter on shaping the future of work for our employees with the ongoing implementation of Workday, our new HR Information Management System. The new tool will provide employees with a modern user experience as well as managers with better tools and data to do their jobs.



## Other Business Matters

At our [Annual Public Meeting](#) in June, we showcased the best of what CBC/Radio-Canada has to offer, reflecting on a year of challenges and opportunities. Following an interview with the President and CEO and the Board Chair, several of CBC and Radio-Canada's foreign correspondents answered Canadians' questions live from their international locations, in a special feature hosted by Céline Galipeau of *Le Téléjournal*.

In June, we launched [Greening Our Story](#), the Corporation's ambitious new environmental strategy. By implementing sustainable thinking in all we do, we will continue to build a greener public service media company that current and future generations can be proud of.



At the Banff World Media Festival (BANFF), CBC announced a [new programming diversity commitment](#) to better reflect Canadian audiences and advance equity, inclusion and representation in the Canadian production industry. CBC now requires that at least 30 percent of all key creative roles on new CBC original scripted and unscripted series commissioned from independent producers be held by those who self-identify as Indigenous, Black and/or People of Colour or persons with disabilities. Each type of series has a tailored, genre-specific approach to what is considered a key creative role.

In addition, Radio-Canada's hit series [C'est comme ça que je t'aime](#) (Happily Married) took home the Rogers Prize for Excellence in Canadian Content at the 2021 Rockie Awards International Program Competition at BANFF.



# Performance Update

## Our Performance – *Your Stories, Taken to Heart*

Below are the Key Performance Indicators (KPIs) that measure and track our progress with respect to our strategy, *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<sup>1</sup>. 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. This year's targets and year-to-date results outlined below are discussed further in the CBC and Radio-Canada sections.

Annual targets for 2021-2022 were established using our best estimates of the continued impacts of the COVID-19 pandemic, along with changing audience habits. We anticipate that performance metrics may remain volatile throughout 2021-2022, as the duration and severity of the pandemic remain unknown.

INDICATORS	MEASUREMENTS	RESULTS APR 1 TO JUN 30, 2020	RESULTS APR 1 TO JUN 30, 2021	TARGETS 2021-2022
<b>Customized digital services</b>				
1. Digital reach of CBC/Radio-Canada <sup>2</sup>	<i>Monthly average unique visitors</i>	<b>23.9M</b>	<b>24.2M</b>	<b>23.7M</b>
2. Digital engagement with CBC/Radio-Canada <sup>3</sup>	<i>Monthly average minutes per visitor</i>	<b>56 min/vis</b>	<b>47 min/vis</b>	<b>49 min/vis</b>
<b>Engaging with young audiences</b>				
3. Digital visits to CBC/Radio-Canada kids content <sup>4</sup>	<i>Monthly average visits</i>	<b>3,184K</b>	<b>3,890K</b>	<b>3,394K</b>
<b>Prioritizing our local connections</b>				
4. Digital engagement with CBC News/Regions <sup>3</sup>	<i>Monthly average minutes per visitor</i>	<b>29 min/vis</b>	<b>24 min/vis</b>	<b>26 min/vis</b>
5. Digital engagement with Radio-Canada Info/Régions <sup>3</sup>	<i>Monthly average minutes per visitor</i>	<b>26 min/vis</b>	<b>15 min/vis</b>	<b>16 min/vis</b>
<b>Reflecting contemporary Canada</b>				
6. Employment equity representation <sup>5</sup>	<i>% of new external hires</i>	<b>18.6%</b>	<b>43.4%</b>	<b>42.0%</b>

*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.*

<sup>1</sup> Our fifth strategic priority – taking Canada to the world – is measured via an internal KPI.

<sup>2</sup> **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 digital platforms.

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

<sup>4</sup> **Source:** Adobe Analytics, average of monthly visits to kids content on Zone Jeunesse, ICI TOU.TV, CBC Kids sites, CBC Kids News and CBC Gem, April to March.

<sup>5</sup> This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.

## Customized digital services

In the first quarter of 2021-2022, our digital reach is trending above target as a result of Canadians turning to our digital services in large numbers to be informed and entertained. Digital engagement however is trending slightly below target, but is expected to increase during the coverage of major events like the Olympic Games Tokyo 2020 and Olympic Winter Games Beijing 2022. Prior year digital engagement results were higher due to the increased news cycle at the onset of the pandemic.

## Engaging with young audiences

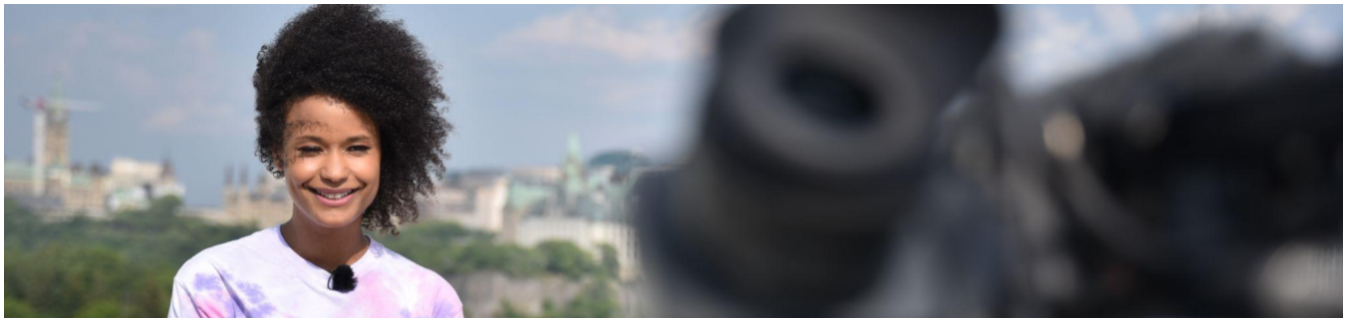
Traffic to our overall digital offering for kids content continues to increase. The result is currently trending above target with close to 4 million visits from Canadian youth and parents on average per month.

## Prioritizing our local connections

Digital engagement for our news, info and regions sections is currently trending slightly below target for both CBC and Radio-Canada, but is expected to increase as the 2021-2022 regional news cycle continues.

## Reflecting contemporary Canada

This quarter, employment equity representation of our new employees recorded the highest result ever and is currently trending above 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 2021 and we will continue building upon our progress.



*Tout inclus* | Radio-Canada

## 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.

Annual targets for 2021-2022 were established using our best estimates of the continued impacts of the COVID-19 pandemic. We anticipate that performance metrics may remain volatile throughout 2021-2022, as the duration and severity of the pandemic remain unknown.

Our first 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.

### CBC 2021-2022 results

INDICATORS	MEASUREMENTS	RESULTS APR 1 TO JUN 30, 2020	RESULTS APR 1 TO JUN 30, 2021	TARGETS 2021-2022
<b>Customized digital services</b>				
Digital reach <sup>6</sup>	Monthly average unique visitors	20.3M	21.0M	20.4M
Digital engagement <sup>7</sup>	Monthly average minutes per visitor	41 min/vis	32 min/vis	36 min/vis
<b>Engaging with young audiences</b>				
Digital visits to kids content <sup>8</sup>	Monthly average visits	2,508K	3,388K	2,969K
<b>Prioritizing our local connections</b>				
Digital engagement with CBC News/Regions <sup>7</sup>	Monthly average minutes per visitor	29 min/vis	24 min/vis	26 min/vis
<b>Reflecting contemporary Canada</b>				
Employment equity representation <sup>9</sup>	% of new external hires	15.4%	56.8%	55.0%
<b>Television</b>				
CBC News Network <sup>10</sup>	All-day audience share	2.7%	1.9%	1.7%
<b>Revenue</b>				
Total revenue <sup>11</sup>	Conventional, discretionary, online	\$44M	\$48M	\$320M

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Refer to page 9 for more information on our methodologies.

### Customized digital services

Digital reach is above target due to a busy news quarter as Canadians continue to choose CBC as the go-to source for information.

Digital engagement is pacing to meet the annual target driven by the expected higher volumes of traffic from the coverage of the Olympic Games Tokyo 2020 and the Olympic Winter Games Beijing 2022.

<sup>6</sup> 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 digital platforms.

<sup>7</sup> Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly minutes per visitor to CBC | CBC News/Regions, April to March, Canada.

<sup>8</sup> Source: Adobe Analytics, average of monthly visits to kids content on CBC Kids sites, CBC Kids News and CBC Gem, April to March.

<sup>9</sup> This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.

<sup>10</sup> Source: Numeris PPM, persons aged 2+, CBC Television: September to April (regular season); CBC News Network: April to March.

<sup>11</sup> Includes advertising revenue, subscription revenue and other revenue (e.g., content sales).

## **Engaging with young audiences**

CBC Kids segment had a strong first quarter where we saw increased reach to children's platforms mainly from remote learning. We expect to see a slowdown in Q2 as schools are let out for the summer and pandemic restrictions loosen across the country.

## **Prioritizing our local connections**

A strong news cycle that continues to cover the evolution of the COVID-19 pandemic drove engagement performance. Digital engagement with CBC News/Regions is expected to meet the annual target.

## **Reflecting contemporary Canada**

Employment equity representation of new external hires is above target and exceeding prior year, which is a direct result of the continued focus on implementing and delivering on our Diversity and Inclusion Plan.

## **Television**

CBC News Network is above target driven by the coverage of news stories that drew large audiences including the ongoing COVID-19 pandemic, the Derek Chauvin trial and Prince Philip's funeral.

## **Revenue**

After the first three months of the year, revenue is tracking towards the annual target mainly driven by strong digital advertising and better than expected TV subscription revenue.

## Radio-Canada 2021-2022 results

INDICATORS	MEASUREMENTS	RESULTS APR 1 TO JUNE 30, 2020	RESULTS APR 1 TO JUNE 30, 2021	TARGETS 2021-2022
<b>Customized digital services</b>				
Digital reach <sup>12</sup>	Monthly average unique visitors	6.5M	6.0M	5.6M
Digital engagement <sup>13</sup>	Monthly average minutes per visitor	66 min/vis	50 min/vis	55 min/vis
<b>Engaging with young audiences</b>				
Digital visits to kids content <sup>14</sup>	Monthly average visits	676K	501K	425K
<b>Prioritizing our local connections</b>				
Digital engagement with Radio-Canada Info/Régions <sup>14</sup>	Monthly average minutes per visitor	26 min/vis	15 min/vis	16 min/vis
<b>Reflecting contemporary Canada</b>				
Employment equity representation <sup>15</sup>	% of new external hires	11.1%	27.8%	22.0%
<b>Television</b>				
ICI RDI, ICI ARTV and ICI EXPLORA <sup>16</sup>	All-day audience share	7.2%	5.9%	5.6%
<b>Revenue</b>				
Total revenue <sup>17</sup>	Conventional, discretionary, online	\$44M	\$54M	\$326M

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Refer to page 9 for more information on our methodologies.

### Customized digital services

Our digital reach is above target, which suggests that our digital content is relevant and has reached a large number of unique visitors since the beginning of the year. On the other hand, digital engagement is currently tracking below its annual target but should make gains during the year due to coverage of major events such as the Olympic Games Tokyo 2020 and the Beijing 2022 Olympic Winter Games.

### Engaging with young audiences

The first quarter was marked by sustained consumption of our kids and youth content, such as the shows *L'effet secondaire* and *Les Sisters* on ICI TOU.TV.

### Prioritizing our local connections

Digital engagement with news and regional content is slightly below target, but results are expected to improve by year-end due to coverage of regional events.

### Reflecting contemporary Canada

In the first quarter, more than a quarter of Radio-Canada's external hires were from under-represented groups. This is the highest total ever recorded by French Services.

<sup>12</sup> Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly unique visitors, April to March, Canada. Unduplicated reach of Radio-Canada digital platforms.

<sup>13</sup> Source: Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly minutes per visitor to Radio-Canada | Radio-Canada Info/Régions, April to March, Canada.

<sup>14</sup> Source: Adobe Analytics, average of monthly visits to kids content on Zone Jeunesse and ICI TOU.TV, April to March.

<sup>15</sup> This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.

<sup>16</sup> Source: Numeris PPM, francophones in Quebec aged 2+, ICI RDI, ICI ARTV and ICI EXPLORA: April to March.

<sup>17</sup> Includes advertising revenue, subscription revenue and other revenue (e.g., content sales).

## Television

Since the start of the year, the combined share of our three specialty channels has been tracking above the annual target primarily driven by ICI RDI's news coverage.

## Revenue

Based on first quarter results, our revenues are tracking toward the annual target as a result of higher advertising 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 licence for ICI TÉLÉ and CBC Television. As shown in the table below, in the previous two broadcast years, ICI TÉLÉ and CBC Television exceeded the CRTC's Canadian content conditions of licence, both over the whole day and in prime time.

	YEARLY CONDITIONS OF LICENCE	RESULTS SEP 1, 2018 TO AUG 31, 2019	RESULTS SEP 1, 2019 TO AUG 31, 2020
<b>ICI TÉLÉ</b>			
Broadcast day	75%	79%	<b>79%</b>
Prime time	80%	91%	<b>93%</b>
<b>CBC Television</b>			
Broadcast day	75%	78%	<b>78%</b>
Prime time	80%	84%	<b>83%</b>

## Discussion of Results

The following analysis provides a more detailed discussion of our financial performance.

### Results under IFRS and Budget Results

For the three months ended June 30	2021	2020	% change
Revenue	118,052	99,005	19.2
Government funding	273,756	284,039	(3.6)
Expenses	(398,138)	(378,391)	5.2
<b>Results before other gains and losses</b>	<b>(6,330)</b>	<b>4,653</b>	<b>N/M</b>
Other gains and losses	10	253	(96.0)
<b>Net results under IFRS for the period</b>	<b>(6,320)</b>	<b>4,906</b>	<b>N/M</b>
<b>Items not included in our operating budget</b>			
Pension and other employee future benefits	12,244	9,913	23.5
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	1,924	3,910	(50.8)
Other provisions for non-cash items	(6,550)	3,726	N/M
<b>Budget Results for the period<sup>1</sup></b>	<b>1,298</b>	<b>22,455</b>	<b>(94.2)</b>

N/M = not meaningful

<sup>1</sup>Budget Results is a non-IFRS measure. An explanation of Budget Results is provided below.

#### Net results under IFRS for the period

Net results under IFRS for the period were a loss of \$6.3 million, compared to a gain of \$4.9 million in the same period last year due to:

- Higher expenses by \$19.7 million (↑ 5.2%) from increased spending on programming content as production activities gradually resume. Last year's programming spending was abnormally low due to production delays and program cancellations at the onset of the pandemic.
- Lower government funding recognized in income this quarter by \$10.3 million (↓ 3.6%) consistent with our expected needs; partly offset by
- Higher revenue by \$19.0 million (↑ 19.2%), as the Canadian television advertising demand starts to recover from the pandemic slowdown of the prior year.

#### Budget Results for the period

We define Budget Results as Net results under IFRS less the adjustments for revenue or expenses not included in our operating budget for the current fiscal period. This measure is used by management to help monitor performance and balance the Corporation's budget with parliamentary appropriations. We believe this measure provides useful complementary information to readers, while recognizing that it does not have a standard meaning under IFRS and will not likely be comparable to measures presented by other companies.

Adjustments include the elimination of non-cash pension and other employee future benefit costs, which represent the excess of the IFRS expense over the actual cash contribution for the period. Adjustments are also made for other non-cash items such as the depreciation, amortization and decommissioning of capital assets; the amortization of deferred capital funding; and non-budgetary annual leave.

Our **Budget Results for the period** were \$1.3 million, lower by \$21.2 million (↓ 94.2%) relative to the first quarter last year. This result is consistent with management's plan to increase spending in key business areas as we execute on delayed expenditures from the prior year following COVID-19.

## Revenue

For the three months ended June 30	2021	2020	% change
<b>Advertising</b>			
English Services	29,664	23,983	23.7
French Services	36,006	25,665	40.3
	65,670	49,648	32.3
<b>Subscriber fees</b>			
English Services	15,489	15,664	(1.1)
French Services	15,268	15,575	(2.0)
	30,757	31,239	(1.5)
<b>Financing, investment and other income</b>			
English Services	8,530	4,834	76.5
French Services	4,130	2,502	65.1
Corporate Services	8,965	10,782	(16.9)
	21,625	18,118	19.4
<b>TOTAL</b>	<b>118,052</b>	<b>99,005</b>	<b>19.2</b>

Our revenue increased by \$19.0 million (↑ 19.2%) compared to the same period last year, with the main variances by revenue streams noted below.

### Advertising (↑ 32.3%)

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

For the three months ended June 30	2021	2020	% change
TV advertising	49,936	38,946	28.2
Digital advertising	15,734	10,702	47.0
	<b>65,670</b>	<b>49,648</b>	<b>32.3</b>

This quarter, our total advertising revenue increased by \$16.0 million (↑ 32.3%), mostly as a result of:

- Higher TV advertising revenue of \$11.0 million (↑ 28.2%) due to the rebound of the demand for Canadian TV advertising particularly in the French market, over pandemic-driven lows in the previous year;
- Continued growth of our digital advertising revenue by \$5.0 million (↑ 47.0%) across video and display in particular as consumption of digital content has steadily increased since the early days of the pandemic.

Despite the growth of our TV advertising revenue this quarter, TV advertising revenue remains adversely impacted by the market's shift to digital platforms. As such, it is uncertain whether or not TV advertising revenue can return to pre-pandemic levels in the current year.



## Subscriber fees (↓ 1.5%)

Our subscriber revenue is driven by the rates for our discretionary services and our subscriber base. Subscribers to our discretionary platforms are declining due to the adverse effects of the cord-shaving trend affecting the cable industry. Subscribers to our digital platforms are steadily increasing.

For the three months ended June 30	2021	2020	% change
Discretionary TV platforms	25,045	26,406	(5.2)
Digital platforms	5,712	4,833	18.2
	<b>30,757</b>	<b>31,239</b>	<b>(1.5)</b>

Our subscriber revenue was lower by \$0.5 million (↓ 1.5%) when compared to the same period last year as our subscriber base for our discretionary services decreased. This decline was somewhat offset by continued subscriber growth on our digital platforms (ICI TOU.TV EXTRA and CBC Gem) since the start of the COVID-19 pandemic.

## Financing, investment and other income (↑ 19.4%)

Financing, investment and other income depend on the different events and transactions throughout the quarter, 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 13 Revenue of our Interim Financial Statements.

The \$3.5 million (↑ 19.4%) increase in financing, investment and other income this quarter resulted mostly from higher production revenue from providing facilities and services to third parties than during the start of the pandemic.

## Operating expenses

For the three months ended June 30	2021	2020 <sup>1</sup>	% change
<b>Television, radio and digital services costs</b>			
English Services	195,983	192,257	1.9
French Services	179,832	163,531	10.0
	375,815	355,788	5.6
<b>Other operating expenses</b>			
Transmission, distribution and collection	13,301	13,171	1.0
Corporate management	2,761	2,507	10.1
Finance costs	6,261	6,925	(9.6)
	22,323	22,603	(1.2)
<b>TOTAL</b>	<b>398,138</b>	<b>378,391</b>	<b>5.2</b>

<sup>1</sup> Television, radio and digital services costs were updated to reflect the current approach for allocating shared costs between English Services and French Services.

Our total operating expenses increased by \$19.7 million (↑ 5.2%) compared to the same period last year, with the main variances noted below.

## Television, radio and digital services costs (↑5.6%)

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

Television, radio and digital services costs increased by \$20.0 million (↑5.6%) as we were able to invest more in our programming content this quarter compared to the same period last year. In the first three months of 2020-2021, our programming activities were heavily disrupted by program cancellations or delays at the onset of the pandemic. In addition, we also incurred higher digital costs this quarter as we continued to invest in our digital content and technical capabilities.

## Other operating expenses (↓1.2%)

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.

Other operating expenses remained stable (↓1.2%) compared to the same period last year.

## Government funding

For the three months ended June 30	2021	2020	% change
Parliamentary appropriations for operating expenditures	248,810	259,304	(4.0)
Parliamentary appropriations for working capital	1,000	1,000	-
Amortization of deferred capital funding	23,946	23,735	0.9
<b>TOTAL</b>	<b>273,756</b>	<b>284,039</b>	<b>(3.6)</b>

**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.

**Parliamentary appropriations for operating expenditures** decreased by \$10.5 million (↓4.0%). Our government funding recognized in the first quarter was lower due to the timing of our expected needs between quarters.

**Amortization of deferred capital funding** remained stable (↑0.9%) compared to the same period last year, consistent with our expectations.

## Other gains and losses

For the three months ended June 30	2021	2020	% change
Gain on disposal of property and equipment and intangibles	10	253	(96.0)
<b>TOTAL</b>	<b>10</b>	<b>253</b>	<b>(96.0)</b>

Other gains and losses this quarter and in the first quarter last year were related to the retirement of assets in the regular course of our operations.

## Total comprehensive income (loss)

For the three months ended June 30	2021	2020	% change
Net results for the period	(6,320)	4,906	N/M
Other comprehensive income			
Remeasurements of defined benefit plans	189,236	(403,525)	N/M
<b>Total comprehensive income for the period</b>	<b>182,916</b>	<b>(398,619)</b>	<b>N/M</b>

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 quarter.*

Total comprehensive income recognized this quarter was \$182.9 million, compared to a loss of \$398.6 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 gain of \$189.2 million was recognized this quarter on remeasurements of defined benefit plans. This was mostly due to a gain on plan assets of \$385.9 million, resulting from a higher return on plan assets than estimated in our actuarial assumptions. This was partly offset by a 17 basis-point decrease in the discount rate, which increased the defined benefit obligation by \$196.7 million.

A loss of \$403.5 million was recognized in the same period last year on remeasurements of defined benefit plans. This was mostly due to a 104 basis-point decrease in the discount rate, which increased the defined benefit obligation by \$1.2 billion. This was partly offset by a gain on plan assets of \$798.5 million from a higher return on plan assets than estimated in our actuarial assumptions. This significant decrease in the discount rate was driven by a decrease in Canadian corporate bond yields, as well as a decrease in credit spreads during the first quarter last year as financial markets continued to be volatile over the course of the pandemic.

## 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 \$248.8 million, capital funding recognized in income was \$23.9 million and working capital was \$1.0 million.

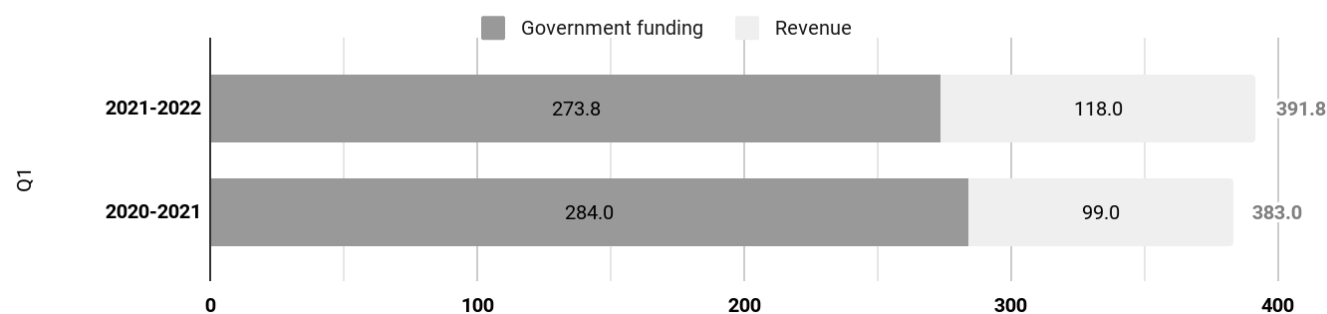
**Advertising revenue:** This includes ongoing sales of advertising on our conventional television channels, digital platforms and discretionary television services. Over the long term TV advertising revenue is decreasing as a proportion of our total source of funds, mainly as a result of the market's shift away from conventional advertising 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, a trend that has accelerated during the pandemic. Subscribers to our digital platforms are steadily 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 our transmission sites, retransmission royalties, host broadcasting sports events and contributions from the Canada Media Fund.

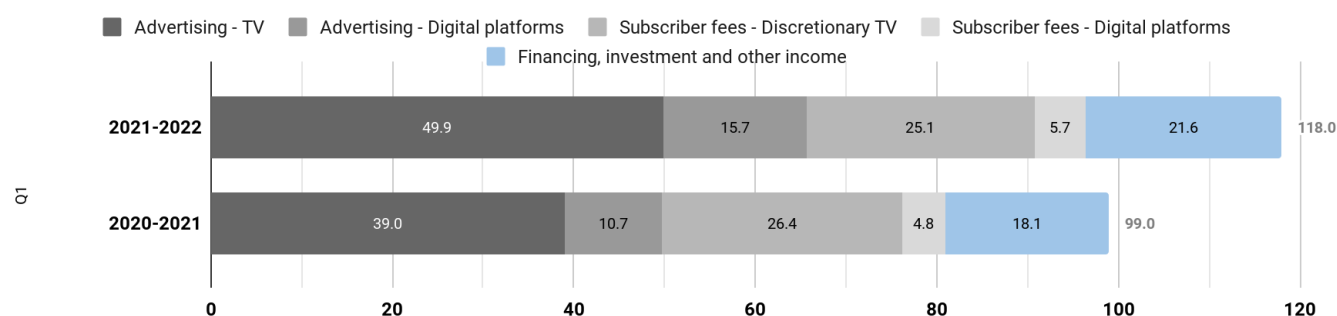
## Sources of funding

(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

For the three months ended June 30	2021	2020	% change
<b>Cash – beginning of the period</b>	<b>90,107</b>	<b>72,386</b>	<b>24.5</b>
<b>Changes in the period</b>			
Cash (used in) from operating activities	(20,654)	43,684	N/M
Cash used in financing activities	(29,120)	(29,087)	0.1
Cash from investing activities	56,393	9,002	N/M
<b>Net change</b>	<b>6,619</b>	<b>23,599</b>	<b>(72.0)</b>
<b>Cash – end of the period</b>	<b>96,726</b>	<b>95,985</b>	<b>0.8</b>

N/M = not meaningful

## **Cash (used in) from operating activities**

*Cash (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.*

Cash used in operating activities was \$20.7 million during the first quarter of 2021-2022, compared to \$43.7 million from operating activities for the same period last year. This quarter, changes in cash used in operating activities were mostly driven by a \$31.1 million payment in income taxes and lower cash receipts due to the timing of parliamentary appropriations for operating expenditures. Fluctuations in working capital also have a significant impact on cash received or disbursed in the course of our operations.

## **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.*

Cash used in financing activities remained stable compared to the same period last year.

## **Cash from investing activities**

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

Cash inflows from investing activities increased by \$47.4 million compared to the same period last year. This increase in cash inflows was mostly due to our purchases and redemptions of Canada Mortgage Bonds. There were no similar transactions in the same period last year.

## **Borrowing plan**

The *Broadcasting Act*, section 46.1, confers on CBC/Radio-Canada the authority to borrow up to \$220.0 million, or such greater amount as may be authorized by Parliament, subject to approval of the Minister of Finance. Section 54.(3.1) of the *Act* requires that our borrowing plan be included in our Corporate Plan. Borrowing to meet working capital purposes is prohibited.

Under the *Broadcasting Act*, section 47.(1), we are an agent of the Crown and therefore have the constitutional immunities, privileges and prerogatives that are enjoyed by the Crown. The Crown is also fully liable and financially exposed for all our actions and decisions while we are operating within our mandate. Therefore, our assets and liabilities are the assets and liabilities of the Government of Canada.

## 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. However, 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 2020-2021 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.

The effects of COVID-19 will persist into fiscal year 2021-2022, including continuing economic pressures and the possibility of programming disruptions. The Corporation's budget for 2021-2022 has been developed to include mitigation measures for the pressures of the ongoing pandemic and includes the Federal Budget 2021 announcement of \$21M in funding support. We will continue to serve Canadians with vital news, information and entertainment programming during this unprecedented crisis while keeping our staff safe amid ongoing health and safety concerns.

## Financial Reporting Disclosure

Our first 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 August 25, 2021. 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, 2021 ("2020-2021 audited annual financial statements"). Our interim financial statements do not include all of the notes required in the 2020-2021 audited annual financial statements.

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

## Future Accounting Standards

Refer to Note 3 of the interim financial statements for information pertaining to accounting pronouncements effective in 2021-2022 and in future periods.

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.

## Key Accounting Estimates and Critical Judgments

The preparation of these interim financial statements requires management to make estimates and judgments about the future. Estimates and judgments are based on historical experience and other factors, and are continually evaluated. Actual results could differ from those estimates.

There have been no material changes to our critical accounting estimates in the first three months of 2021-2022. Our key accounting estimates and critical judgments are disclosed in the relevant notes to our 2020-2021 audited annual financial statements.

## Transactions with defined benefit plans

We made employer contributions to defined benefit plans as discussed in Note 11. We also provided management and administrative services to our defined benefit pension plans.

## 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.



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Catherine Tait  
President and Chief Executive Officer



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Carol Najm  
Vice-President and Chief Financial Officer

Ottawa, Canada  
August 25, 2021



# Q1

FIRST QUARTER  
**FINANCIAL  
REPORT**

2021-2022

CBC  Radio-Canada



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## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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# CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	As at June 30 <b>2021</b>	As at March 31 2021
<b>ASSETS</b>			
<b>Current</b>			
Cash		96,726	90,107
Marketable securities		3,818	3,802
Bonds receivable	4,16	53,833	95,678
Promissory notes receivable		3,814	3,749
Trade and other receivables	5,16	130,536	177,841
Programming	6	445,661	384,407
Prepaid expenses		46,251	47,840
Investment in finance lease		4,209	4,141
Assets classified as held for sale	7	64	94
		<b>784,912</b>	<b>807,659</b>
<b>Non-current</b>			
Bonds receivable	4,16	26,563	26,687
Property and equipment	7	795,162	801,937
Intangible assets	8	31,886	32,437
Right-of-use (ROU) assets	9	337,216	339,464
Pension plan asset	11	1,047,518	868,261
Promissory notes receivable		23,128	24,106
Programming	6	32,615	36,812
Investment in finance lease		25,126	26,204
Deferred charges		28,487	29,533
		<b>2,347,701</b>	<b>2,185,441</b>
<b>TOTAL ASSETS</b>		<b>3,132,613</b>	<b>2,993,100</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		77,440	119,578
Provisions	10	21,806	19,881
Pension plans and employee-related liabilities	11	188,622	219,391
Financial obligations		32,665	35,732
Lease liabilities	12	23,229	18,610
Deferred revenue and other liabilities		20,832	18,286
Deferred operating vote drawdown	14	45,190	-
Derivative financial instruments	16	531	592
		<b>410,315</b>	<b>432,070</b>
<b>Non-current</b>			
Deferred revenue and other liabilities		26,281	30,327
Pension plans and employee-related liabilities	11	246,082	243,323
Financial obligations		186,038	201,472
Lease liabilities	12	307,407	313,389
Deferred capital funding	14	503,534	502,479
		<b>1,269,342</b>	<b>1,290,990</b>
<b>TOTAL LIABILITIES</b>		<b>1,679,657</b>	<b>1,723,060</b>
<b>EQUITY</b>			
Retained earnings		1,452,204	1,269,285
Total equity attributable to the Corporation		<b>1,452,204</b>	<b>1,269,285</b>
Non-controlling interests		<b>752</b>	<b>755</b>
<b>TOTAL EQUITY</b>		<b>1,452,956</b>	<b>1,270,040</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>3,132,613</b>	<b>2,993,100</b>

Commitments (Note 18) and Contingencies (Note 19)

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 June 30	
		2021	2020
<b>REVENUE</b>	13		
Advertising		65,670	49,648
Subscriber fees		30,757	31,239
Other income		20,080	16,268
Financing and investment income		1,545	1,850
		<b>118,052</b>	<b>99,005</b>
<b>GOVERNMENT FUNDING</b>	14		
Parliamentary appropriation for operating expenditures		248,810	259,304
Parliamentary appropriation for working capital		1,000	1,000
Amortization of deferred capital funding		23,946	23,735
		<b>273,756</b>	<b>284,039</b>
<b>EXPENSES</b>			
Television, radio and digital services costs		375,815	355,788
Transmission, distribution and collection costs		13,301	13,171
Corporate management costs		2,761	2,507
Finance costs		6,261	6,925
		<b>398,138</b>	<b>378,391</b>
<b>Results before other gains and losses</b>		<b>(6,330)</b>	<b>4,653</b>
<b>OTHER GAINS AND LOSSES</b>			
Gain on disposal of property and equipment and intangibles		10	253
<b>Net results for the period</b>		<b>(6,320)</b>	<b>4,906</b>
<b>Net results attributable to:</b>			
The Corporation		(6,317)	4,888
Non-controlling interests		(3)	18
		<b>(6,320)</b>	<b>4,906</b>

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 June 30	
		2021	2020
<b>COMPREHENSIVE INCOME (LOSS)</b>			
Net results for the period		(6,320)	4,906
Other comprehensive income - not subsequently reclassified to net results			
Remeasurements of defined benefit plans	11	189,236	(403,525)
<b>Total comprehensive income (loss) for the period</b>		<b>182,916</b>	<b>(398,619)</b>
<b>Total comprehensive income (loss) attributable to:</b>			
The Corporation		182,919	(398,637)
Non-controlling interests		(3)	18
		<b>182,916</b>	<b>(398,619)</b>

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	<b>Total</b>
<b>Balance as at March 31, 2021</b>		1,269,285	755	1,270,040
<b>Changes during the period</b>				
Net results for the period		(6,317)	(3)	(6,320)
Remeasurements of defined benefit plans	<i>11</i>	189,236	-	189,236
<b>Total comprehensive income for the period</b>		<b>182,919</b>	<b>(3)</b>	<b>182,916</b>
<b>Balance as at June 30, 2021</b>		<b>1,452,204</b>	<b>752</b>	<b>1,452,956</b>

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	<b>Total</b>
<b>Balance as at March 31, 2020</b>		921,214	710	921,924
<b>Changes during the period</b>				
Net results for the period		4,888	18	4,906
Remeasurements of defined benefit plans	<i>11</i>	(403,525)	-	(403,525)
<b>Total comprehensive income for the period</b>		<b>(398,637)</b>	<b>18</b>	<b>(398,619)</b>
<b>Balance as at June 30, 2020</b>		<b>522,577</b>	<b>728</b>	<b>523,305</b>

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 June 30	
		2021	2020
<b>CASH FLOWS FROM (USED IN)</b>			
<b>OPERATING ACTIVITIES</b>			
Net results for the period		(6,320)	4,906
Adjustments for:			
Gain on disposal of property and equipment		(10)	(253)
Financing and investment income	13	(1,545)	(1,850)
Finance costs		6,261	6,925
Change in fair value of financial instruments designated as FVTPL*	16	(61)	918
Depreciation and amortization	7,8,9	25,889	27,646
Change in deferred charges		1,046	280
Net change in programming asset	6	4,396	(25,193)
Amortization of deferred capital funding	14	(23,946)	(23,735)
Change in deferred appropriations for operating expenditures	14	45,190	83,696
Change in deferred revenue and other liabilities [non-current]		(4,245)	(4,278)
Change in pension plan asset	11	(179,257)	388,558
Change in pension plans and employee-related liabilities	11	200,853	(369,357)
Amortization of bond premium		289	80
Income taxes paid		(31,149)	-
Movements in working capital	15	(58,045)	(44,659)
		<b>(20,654)</b>	<b>43,684</b>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities	12	(4,558)	(4,358)
Repayment of financial obligations		(14,462)	(13,541)
Interest paid		(10,100)	(11,188)
		<b>(29,120)</b>	<b>(29,087)</b>
<b>INVESTING ACTIVITIES</b>			
Parliamentary appropriations for capital funding	14	25,001	26,000
Additions to property and equipment and intangible assets	7,8	(13,464)	(17,447)
Acquisition of bonds receivable	4	(36,769)	(28,422)
Acquisition of marketable securities		(16)	(3,735)
Net proceeds from disposal of property and equipment	7	123	360
Collection of financial assets	4	80,156	30,620
Interest received		1,362	1,626
		<b>56,393</b>	<b>9,002</b>
Change in cash		<b>6,619</b>	<b>23,599</b>
Cash, beginning of the period		<b>90,107</b>	<b>72,386</b>
<b>Cash, end of the period</b>		<b>96,726</b>	<b>95,985</b>

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

\* FVTPL: fair value through profit and loss

# NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED JUNE 30, 2021 (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, 2021. This section also shows new and future changes in policies, if any, and whether they are effective in 2021 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*<sup>1</sup>.

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 have not been audited or reviewed by the Corporation's external auditor. They have been authorized for issuance by the Board of Directors on August 25, 2021.

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

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<sup>1</sup> Sections 89.8 to 89.92, subsection 105(2) and sections 113.1, 119, 131 to 148 and 154.01, do not apply to CBC/Radio-Canada  
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## *B. Basis of Preparation*

### **Basis of Presentation**

As permitted under IAS 34, 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, 2021 ("2020-2021 audited annual financial statements"). Accordingly, they should be read in conjunction with the 2020-2021 audited annual financial statements.

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 2020-2021 audited annual financial statements.

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

### **Seasonality**

Excluding government appropriations, approximately 50% of the Corporation's 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.

Seasonal trends may continue to be impacted by COVID-19 throughout 2021-2022, as the duration and severity of the pandemic remain unknown.

### **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, as well as 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.

### **COVID-19 pandemic**

The global COVID-19 pandemic negatively impacted the Corporation's ongoing activities in 2020-2021, including certain financial information and related estimates and judgments disclosed in these financial statements. For more details, refer to our 2020-2021 audited annual financial statements.

This quarter, the impact of the COVID-19 pandemic appears to be subsiding. The most critical areas we are currently monitoring include our programming assets, advertising sales and trade receivables, and pension accounting. Notwithstanding, the financial and operational impacts of the COVID-19 pandemic on the Canadian media industry are still unknown and could continue to impact the Corporation's results in the years to come.

### 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 condensed interim 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. BONDS RECEIVABLE

We hold Canada Mortgage Bonds to fund future commitments. The following table presents the contractual maturity profile of bonds receivable based on their carrying value:

	June 30, 2021	March 31, 2021
Less than one year	53,833	95,678
Later than one year but not later than five years	26,563	26,687
<b>Total</b>	<b>80,396</b>	<b>122,365</b>

Bonds receivable are subject to credit risk, which is further discussed in Note 16.B.

### 5. TRADE AND OTHER RECEIVABLES

	June 30, 2021	March 31, 2021
Trade receivables	117,688	166,001
Provision for expected credit losses	(651)	(507)
Other	13,499	12,347
<b>Total</b>	<b>130,536</b>	<b>177,841</b>

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 16.B.



## 6. PROGRAMMING

### A. *Programming by Category*

	<b>June 30, 2021</b>	March 31, 2021
Completed programs	160,553	155,663
Programs in process of production	163,453	116,618
Broadcast rights available for broadcast within the next twelve months	121,655	112,126
	<b>445,661</b>	<b>384,407</b>
Broadcast rights not available for broadcast within the next twelve months	32,615	36,812
	<b>478,276</b>	<b>421,219</b>

### B. *Movement in Programming*

	<b>June 30, 2021</b>	March 31, 2021
Opening balance	421,219	399,441
Additions	340,214	1,106,713
Programs broadcast	(283,157)	(1,084,935)
<b>Balance, end of period</b>	<b>478,276</b>	<b>421,219</b>

Programs broadcast include programming write-offs for the three months ended June 30, 2021 of \$0.8 million (June 30, 2020 – \$ 0.7 million). Programming write-offs are mainly due to terminated projects, programming not suitable for telecast or pilots not progressing into a series.

## 7. PROPERTY AND EQUIPMENT

### A. Cost and Accumulated Depreciation

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2021	107,816	461,017	183,779	976,219	157,700	129,864	2,016,395
Additions	-	-	-	534	440	11,016	11,990
Transfers (refer to Note 8)	30	125	347	2,105	634	(3,083)	158
Disposals and write-offs	-	(244)	-	(2,610)	(593)	-	(3,447)
<b>Cost as at June 30, 2021</b>	<b>107,846</b>	<b>460,898</b>	<b>184,126</b>	<b>976,248</b>	<b>158,181</b>	<b>137,797</b>	<b>2,025,096</b>
Accumulated depreciation as at March 31, 2021	-	(272,920)	(49,816)	(775,605)	(116,117)	-	(1,214,458)
Depreciation for the period	-	(4,916)	(2,005)	(9,124)	(2,765)	-	(18,810)
Reclassification of depreciation on disposals and write-offs	-	157	-	2,587	590	-	3,334
<b>Accumulated depreciation as at June 30, 2021</b>	<b>-</b>	<b>(277,679)</b>	<b>(51,821)</b>	<b>(782,142)</b>	<b>(118,292)</b>	<b>-</b>	<b>(1,229,934)</b>
<b>Net carrying amount as at June 30, 2021</b>	<b>107,846</b>	<b>183,219</b>	<b>132,305</b>	<b>194,106</b>	<b>39,889</b>	<b>137,797</b>	<b>795,162</b>

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2020	107,790	459,590	182,739	977,756	148,652	90,639	1,967,166
Additions	101	10	-	8,373	5,754	68,992	83,230
Transfers (refer to Note 8)	(5)	9,257	1,114	13,487	7,269	(29,630)	1,492
Assets classified as held for sale	(70)	(30)	-	-	-	-	(100)
Disposals and write-offs	-	(7,810)	(74)	(23,397)	(3,975)	(137)	(35,393)
<b>Cost as at March 31, 2021</b>	<b>107,816</b>	<b>461,017</b>	<b>183,779</b>	<b>976,219</b>	<b>157,700</b>	<b>129,864</b>	<b>2,016,395</b>
Accumulated depreciation as at March 31, 2020	-	(260,652)	(41,585)	(758,470)	(108,462)	-	(1,169,169)
Depreciation for the year	-	(19,870)	(8,267)	(39,912)	(11,629)	-	(79,678)
Reclassification of depreciation on assets classified as held for sale	-	43	-	-	-	-	43
Reclassification of depreciation on disposals and write-offs	-	7,559	36	22,777	3,974	-	34,346
<b>Accumulated depreciation as at March 31, 2021</b>	<b>-</b>	<b>(272,920)</b>	<b>(49,816)</b>	<b>(775,605)</b>	<b>(116,117)</b>	<b>-</b>	<b>(1,214,458)</b>
<b>Net carrying amount as at March 31, 2021</b>	<b>107,816</b>	<b>188,097</b>	<b>133,963</b>	<b>200,614</b>	<b>41,583</b>	<b>129,864</b>	<b>801,937</b>

The contractual commitments for the acquisition of property and equipment were \$19.2 million as at June 30, 2021 (March 31, 2021 - \$2.2 million).

### B. Impairment and Other Charges

There were no impairment losses recorded or reversed during the three months ended June 30, 2021 (June 30, 2020 - nil).

### C. Assets Classified as Held for Sale

Some of our transmission sites are classified as held for sale for accounting purposes as at June 30, 2021 with a total carrying value of \$0.1 million (March 31, 2021 - \$0.1 million). These transmission sites are expected to be sold on a site by site basis over the next twelve months.

### D. Disposals

Insignificant net gains and losses during the three months ended June 30, 2021 and for the same period last year resulted from the disposal or retirements of equipment as part of our normal asset refresh cycle.

## 8. INTANGIBLE ASSETS

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2021	136,068	54,661	15,964	206,693
Additions	-	-	1,089	1,089
Transfers (refer to Note 7)	81	252	(461)	(128)
<b>Cost as at June 30, 2021</b>	<b>136,149</b>	<b>54,913</b>	<b>16,592</b>	<b>207,654</b>
Accumulated amortization as at March 31, 2021	(134,039)	(40,217)	-	(174,256)
Amortization for the period	(205)	(1,307)	-	(1,512)
<b>Accumulated amortization as at June 30, 2021</b>	<b>(134,244)</b>	<b>(41,524)</b>	<b>-</b>	<b>(175,768)</b>
<b>Net carrying amount as at June 30, 2021</b>	<b>1,905</b>	<b>13,389</b>	<b>16,592</b>	<b>31,886</b>

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2020	139,504	51,603	5,220	196,327
Additions	-	700	15,554	16,254
Transfers (refer to Note 7)	886	2,432	(4,810)	(1,492)
Disposals and write-offs	(4,322)	(74)	-	(4,396)
<b>Cost as at March 31, 2021</b>	<b>136,068</b>	<b>54,661</b>	<b>15,964</b>	<b>206,693</b>
Accumulated amortization as at March 31, 2020	(137,450)	(34,016)	-	(171,466)
Amortization for the year	(911)	(6,275)	-	(7,186)
Reclassification of amortization on disposals and write-offs	4,322	74	-	4,396
<b>Accumulated amortization as at March 31, 2021</b>	<b>(134,039)</b>	<b>(40,217)</b>	<b>-</b>	<b>(174,256)</b>
<b>Net carrying amount as at March 31, 2021</b>	<b>2,029</b>	<b>14,444</b>	<b>15,964</b>	<b>32,437</b>

The contractual commitments for the acquisition of intangible assets were \$0.7 million as at June 30, 2021 (March 31, 2021 - \$0.7 million).

There were no impairment losses recorded or reversed during the three months ended June 30, 2021 (June 30, 2020 - nil).

## 9. 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 June 30, 2021	Land	Buildings	Leasehold improvements	Technical equipment	Total
Net carrying amount for the period	2,149	310,611	4,061	20,395	<b>337,216</b>
Depreciation charge for the period	80	4,314	150	1,023	<b>5,567</b>

As at March 31, 2021	Land	Buildings	Leasehold improvements	Technical equipment	Total
Net carrying amount for the year	2,230	313,529	4,211	19,494	<b>339,464</b>
Depreciation charge for the year	346	17,015	602	3,802	<b>21,765</b>

Additions to the ROU assets during the three months ended June 30, 2021 were \$3.6 million (March 31, 2021 - \$12.5 million).

## 10. PROVISIONS

As at June 30, 2021	Legal and other	Environmental	Termination benefits	Total
Opening balance	19,362	137	382	19,881
Additional provisions recognized	3,245	-	-	3,245
Provisions utilized	(469)	-	-	(469)
Reductions resulting from remeasurement or settlement without cost	(674)	(18)	(159)	(851)
<b>Balance, end of period</b>	<b>21,464</b>	<b>119</b>	<b>223</b>	<b>21,806</b>

Various legal and other proceedings have been asserted or instituted against us. Some of these claims demand large monetary damages or other forms of relief, and could result in significant expenditures. These claims consist mainly of copyright tariffs, grievances and other legal claims.

Litigation is subject to many uncertainties and the outcome of individual matters is not always predictable. Claims where the outcome cannot be determined with certainty or the cash outflows are not probable are considered to be a contingency, with no provision recorded on our consolidated financial statements.

All matters are classified as current because, where estimable, we are working to resolve these matters within twelve months.

## 11. PENSION PLANS AND EMPLOYEE-RELATED LIABILITIES

### A. Pension Plans Asset/Liabilities and Employee-Related Liabilities

Employee-related asset/liabilities recognized and presented in our condensed interim consolidated statement of financial position are as follows:

	Current		Non-current	
	June 30, 2021	March 31, 2021	June 30, 2021	March 31, 2021
<b>Pension plan asset</b>	-	-	<b>1,047,518</b>	<b>868,261</b>
Pension plans liability	-	-	131,142	128,163
Other post-employment plans	-	-	114,940	115,160
Vacation pay	78,876	76,867	-	-
Termination benefits	7,892	9,957	-	-
Salary-related liabilities	101,854	132,567	-	-
<b>Total pension plans and employee-related liabilities</b>	<b>188,622</b>	<b>219,391</b>	<b>246,082</b>	<b>243,323</b>

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
	June 30, 2021			March 31, 2021		
Fair value of plan assets	8,561,292	-	-	8,163,234	-	-
Defined benefit obligation	7,513,774	131,142	114,940	7,294,973	128,163	115,160
<b>Net asset (liability) arising from defined benefit obligation</b>	<b>1,047,518</b>	<b>(131,142)</b>	<b>(114,940)</b>	<b>868,261</b>	<b>(128,163)</b>	<b>(115,160)</b>

### B. Significant Actuarial Assumptions

As disclosed in Note 15 *Pension Plans and employee-Related Liabilities* of the Corporation's 2020-2021 audited annual financial statements, the Corporation reviews its actuarial assumptions at each reporting period to ensure that the net defined benefit (liability) asset recognized in the financial statements is updated for significant changes arising from non-recurring events. The impact on the net defined benefit (liability) asset 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	June 30, 2021	March 31, 2021
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.30%	3.79%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	3.13%	3.30%
Discount rate - long service gratuity	2.56%	2.68%
Discount rate - LTD benefit	2.56%	2.68%
Discount rate - life insurance	2.98%	3.14%

### C. Total Cash Payments

Our cash payments for pension, other post-employment and other long-term benefits were as follows:

For the three months ended June 30	2021	2020
Benefits paid directly to beneficiaries	3,028	2,944
Employer regular contributions to pension benefit plans	14,338	13,913
<b>Total cash payments for defined benefit plans</b>	<b>17,366</b>	<b>16,857</b>

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.

### D. Defined Benefit Obligation

Movements in the present value of the defined benefit obligation were as follows:

	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
	June 30, 2021		March 31, 2021	
Opening defined benefit obligation	7,423,136	115,160	6,901,326	114,117
Current service cost	31,998	1,167	109,004	5,322
Interest cost	60,638	674	258,514	4,023
Contributions from employees	14,647	-	57,881	-
Remeasurements:				
Actuarial (gains)/losses arising from changes in financial assumptions	195,119	967	452,111	4,984
Actuarial (gains)/losses arising from experience adjustments	685	-	(31,960)	-
Benefits paid	(81,307)	(3,028)	(323,740)	(13,286)
<b>Closing defined benefit obligation</b>	<b>7,644,916</b>	<b>114,940</b>	<b>7,423,136</b>	<b>115,160</b>

### E. Fair Value of Plan Assets

Movements in the fair value of the plan assets were as follows:

	Pension plans	Other post-employment plans	Pension plans	Other post-employment plans
	June 30, 2021		March 31, 2021	
Opening fair value of plan assets	8,163,234	-	7,470,541	-
Administration fees (other than investment management fees)	(2,000)	-	(8,000)	-
Interest income on plan assets	66,455	-	279,089	-
Return on plan assets, excluding interest income	385,925	-	628,593	-
Contributions from employees	14,647	-	57,881	-
Contributions from the Corporation	14,338	3,028	58,870	13,286
Benefits paid	(81,307)	(3,028)	(323,740)	(13,286)
<b>Closing fair value of plan assets</b>	<b>8,561,292</b>	<b>-</b>	<b>8,163,234</b>	<b>-</b>

*F. Defined Benefit Plans Costs*

**Amounts recognized other comprehensive income (loss)**

For the three months ended June 30	<b>2021</b>	2020
Current service cost	33,165	28,306
Administration fees (other than investment management fees)	2,000	2,000
Interest cost on defined benefit obligation	61,312	65,488
Interest income on plan assets	(66,455)	(69,772)
Other	82	705
Expense recognized in net results	30,104	26,727
Less:		
Remeasurements of defined benefit plans recognized in OCI	189,236	(403,525)
<b>Total</b>	<b>(159,132)</b>	<b>430,252</b>

Retained earnings include \$ 1,569.0 million of cumulative actuarial gains as at June 30, 2021 (March 31, 2021 gains – \$ 1,379.8 million).

**Expense recognized in net results**

For the three months ended June 30	<b>2021</b>	2020
Television, radio and digital services costs	28,900	25,658
Transmission, distribution and collection costs	903	802
Corporate management costs	301	267
<b>Total</b>	<b>30,104</b>	<b>26,727</b>

## 12. LEASE LIABILITIES

	June 30, 2021	March 31, 2021
Land	2,139	2,157
Buildings	302,595	304,732
Leasehold improvements	4,456	4,603
Technical equipment	21,446	20,507
<b>Total</b>	<b>330,636</b>	<b>331,999</b>

### Maturity Analysis

	June 30, 2021	March 31, 2021
<b>Contractual undiscounted cash flows</b>		
Less than one year	31,629	26,814
One to five years	95,082	94,979
More than five years	330,300	326,859
<b>Total undiscounted lease liabilities</b>	<b>457,011</b>	<b>448,652</b>
<b>Lease liabilities included in the condensed interim consolidated statement of financial position</b>	<b>330,636</b>	<b>331,999</b>

### Amounts recognized in our condensed interim consolidated statement of cash flows

For the three month period ended June 30, 2021, total cash outflows for leases amounted to \$6.9 million (June 30, 2020 - \$6.8 million). Interest expense related to lease liabilities and presented as Finance costs totaled \$2.3 million for the three months ended June 30, 2021 (June 30, 2020 - \$2.5 million).

Some of the 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 explaining our revenue and government funding for the period and supplemental cash flow information.

### 13. REVENUE

For the three months ended June 30	2021	2020
TV advertising <sup>1</sup>	49,936	38,946
Digital advertising	15,734	10,702
Subscriber fees	30,757	31,239
Production revenue <sup>2</sup>	5,602	1,449
Program license sales	4,456	5,116
Canadian retransmission rights	1,050	1,050
Program sponsorship	91	55
Other services	967	386
<b>Revenue from contracts with customers</b>	<b>108,593</b>	<b>88,943</b>
Leasing income	9,325	7,458
Financing and investment income	1,545	1,850
Net gain (loss) from the change in fair value of financial instruments	61	(918)
Other retransmission rights	1	979
Foreign exchange gain (loss)	(1,473)	693
<b>Other sources of income*</b>	<b>9,459</b>	<b>10,062</b>
	<b>118,052</b>	<b>99,005</b>

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

<sup>1</sup> For the period ended June 30, 2021, TV advertising included revenue from exchange of services of \$0.3 million (June 30, 2020 - \$0.2 million).

<sup>2</sup> For the period ended June 30, 2021, Production revenue included revenue from exchange of services of \$3.8 million (June 30, 2020 - \$0.1 million).

#### Changes in Presentation

We modified the classification of revenue arising from commercial production and social media platforms to better reflect the nature of these revenue streams. For the three months ended June 30, 2020, the former resulted in a reclassification of \$0.4 million from "Production revenue" to "TV Advertising", while the latter resulted in a reclassification of \$1.5 million from "Program license sales" to "Digital advertising".

Also, as of March 31, 2021, we have modified the presentation of our revenue arising from retransmission rights to better reflect the nature of this revenue. This resulted in a reclassification of \$1.0 million from "Canadian retransmission rights", formerly labeled "Retransmission rights" to "Other retransmission rights" for the three months ended June 30, 2020.

#### Advertising Revenue

For the three months ended June 30	2021	2020
English services	29,664	23,983
French services	36,006	25,665
<b>Total advertising revenue</b>	<b>65,670</b>	<b>49,648</b>

## Subscriber Revenue

For the three months ended June 30	2021	2020
English services	15,489	15,664
French services	15,268	15,575
<b>Total subscriber revenue</b>	<b>30,757</b>	<b>31,239</b>

## Other Income

For the three months ended June 30	2021	2020
Production revenue		
English services	3,688	131
French services	1,914	1,318
<b>Total production revenue</b>	<b>5,602</b>	<b>1,449</b>
Program license sales		
English services	2,682	3,812
French services	1,774	1,304
<b>Total program license sales</b>	<b>4,456</b>	<b>5,116</b>
Leasing income*	9,325	7,458
Canadian retransmission rights	1,050	1,050
Program sponsorship	91	55
Net gain (loss) from the change in fair value of financial instruments*	61	(918)
Other retransmission rights*	1	979
Foreign exchange gain (loss)*	(1,473)	693
Other services	967	386
	<b>10,022</b>	<b>9,703</b>
<b>Total other income</b>	<b>20,080</b>	<b>16,268</b>

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

## Contract Balances

**Contract assets** represent our right to consideration in exchange for services that have already been transferred to a customer when that right is conditioned on something other than the passage of time. Contract assets primarily comprise usage-based royalties from Canadian retransmission rights arrangements related to previously satisfied performance obligations. As a copyright owner of radio and TV programming, we are entitled to revenue from retransmission rights as distant signals are retransmitted in Canada. Our right to consideration is dependent upon the tariff set by the Copyright Board of Canada and our share within various retransmission rights collectives.

Contract assets are presented under “Trade and Other Receivables” in our condensed interim consolidated statement of financial position. Trade and Other Receivables include \$ 10.5 million of contract assets as at June 30, 2021 (March 31, 2021 – \$9.5 million). There was no impairment loss in relation to contract assets for the periods 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 \$ 9.9 million of contract liabilities as at June 30, 2021 (March 31, 2021 - \$8.4 million).

## 14. GOVERNMENT FUNDING

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

### A. Government funding received capital funding

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

For the three months ended June 30	2021	2020
Operating funding	294,000	343,000
Capital funding	25,001	26,000
Working capital funding	1,000	1,000
	<b>320,001</b>	<b>370,000</b>

### 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.

	June 30, 2021	March 31, 2021
Operating funding received during the period	294,000	1,291,402
Less: Parliamentary appropriation for operating expenditures recognized in the condensed interim consolidated statement of income (loss) during the period	(248,810)	(1,291,402)
<b>Deferred operating vote drawdown, end of period</b>	<b>45,190</b>	<b>-</b>

### 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.

	June 30, 2021	March 31, 2021
Opening balance	502,479	529,910
Government funding for capital expenditures	25,001	71,513
Amortization of deferred capital funding	(23,946)	(98,944)
<b>Balance, end of period</b>	<b>503,534</b>	<b>502,479</b>

## 15. MOVEMENTS IN WORKING CAPITAL

For the three months ended June 30	2021	2020
<b>Changes in Working Capital are comprised of:</b>		
Trade and other receivables	47,509	7,230
Programming asset	(61,254)	(772)
Prepaid expenses	1,435	(7,131)
Accounts payable and accrued liabilities	(10,605)	(40,821)
Provisions	1,925	(5,870)
Pension plans and employee-related liabilities	(39,630)	(820)
Deferred revenue and other liabilities	2,575	3,525
	<b>(58,045)</b>	<b>(44,659)</b>

## OTHER

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

### 16. FINANCIAL INSTRUMENTS

#### A. Fair Value

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

	June 30, 2021		March 31, 2021		Method <sup>1</sup>	Note
	Carrying values	Fair values	Carrying values	Fair values		
<b>Financial instruments measured at FVTPL* on a recurring basis:</b>						
Cash	96,726	96,726	90,107	90,107	Level 1	(a)
Marketable securities	3,818	3,818	3,802	3,802	Level 1	(a)
<b>Financial assets</b>	<b>100,544</b>	<b>100,544</b>	<b>93,909</b>	<b>93,909</b>		
Derivative financial instruments	531	531	592	592	Level 2	(d)
<b>Financial liabilities</b>	<b>531</b>	<b>531</b>	<b>592</b>	<b>592</b>		
<b>Financial instruments measured at amortized cost:</b>						
Bonds receivable (current)	53,833	53,864	95,678	96,042	Level 2	(b)
Promissory notes receivable (current)	3,814	3,814	3,749	3,749	Level 2	(a)
Trade and other receivables	130,536	130,536	177,841	177,841	Level 2	(a)
Investment in finance lease (current)	4,209	4,209	4,141	4,141	Level 2	(a)
Bonds receivable (non-current)	26,563	26,526	26,687	26,829	Level 2	(b)
Promissory notes receivable (non-current)	23,128	25,393	24,106	26,559	Level 2	(c)
Investment in finance lease (non-current)	25,126	29,401	26,204	30,651	Level 2	(c)
<b>Financial assets</b>	<b>267,209</b>	<b>273,743</b>	<b>358,406</b>	<b>365,812</b>		
Accounts payable and accrued liabilities	77,440	77,440	119,578	119,578	Level 2	(a)
Financial obligations (current)	32,665	32,665	35,732	35,732	Level 2	(a)
Financial obligations (non-current)	186,038	213,965	201,472	234,258	Level 2	(d)
<b>Financial liabilities</b>	<b>296,143</b>	<b>324,070</b>	<b>356,782</b>	<b>389,568</b>		

<sup>1</sup>Method refers to the hierarchy levels described in Note 2.C of our 2020-2021 audited annual financial statements. Each level is based on the availability of observable inputs used to measure the fair values of assets and liabilities.

\* FVTPL: fair value through profit and loss

There have been no transfers between levels during the quarter ended June 30, 2021.

- (a) The fair values approximate their carrying value due to the current nature of these instruments.
- (b) The fair values for bonds that trade in markets that are not considered to be active are based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs.
- (c) The fair values related to the various amounts receivable were determined using the expected future cash flows and discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects the credit worthiness of the various counterparties.

- (d) The fair values related to our various financial liabilities were determined using the expected future cash flows and were discounted using published Government bond rates with similar terms and characteristics, adjusted by a factor that reflects our credit worthiness.

## 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 expected credit losses (ECL) based on a model developed in accordance with IFRS 9. Actual losses have not exceeded management's expectations in the past. Our maximum exposure to credit risk at June 30, 2021 and March 31, 2021 is the carrying value of the assets they relate to.

### Trade and other receivables

The tables below provide an aging of our customer trade and other receivables and additional information related to the provision for ECL.

Trade and other receivables over 30 days	June 30, 2021	March 31, 2021
31 - 60 days	20,986	40,868
61 - 90 days	17,077	1,663
Over 90 days	23,652	19,710
<b>Total</b>	<b>61,715</b>	<b>62,241</b>

Movement in provision for expected credit losses	June 30, 2021	March 31, 2021
Opening balance	(507)	(384)
Amounts written off during the period as uncollectible	-	313
Net increase in provision for new impairments	(144)	(436)
<b>Balance, end of period</b>	<b>(651)</b>	<b>(507)</b>

### Bonds receivable

The Corporation holds Canada Mortgage Bonds that carry a determined fixed rate coupon comprised between 1.15% to 2.55% payable twice a year. The Corporation intends to hold these bonds until maturity. These government bonds have maturity dates ranging between December 2021 and December 2024. None of these assets had been past due or impaired at the end of the reporting period.

## 17. 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 11.C

### A. Transactions with Related Parties Excluding Government-Related Entities

Transactions carried out with related parties were at fair value. For the three months ended June 30, 2021, transactions with other related entities with respect to receipt of services amounted to \$0.5 million (June 30, 2020 - not significant). Other transactions carried out with related parties were not significant (June 30, 2020 - not significant).

There are no significant amounts owing to related parties at June 30, 2021 (March 31, 2021 - nil) 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.

The Corporation has elected to take an exemption under IAS 24 *Related Party Disclosures* which allows government related entities to limit the extent of disclosures about related party transactions with government and other government related entities.

### Canada Mortgage Bonds

As described in Note 4 *Bonds Receivable*, \$80.4 million was invested in Canada Mortgage Bonds (CMB) during the period (March 31, 2021 - \$122.4 million). CMB are issued by Canada Housing Trust (CHT), a special purpose trust guaranteed by Canada Mortgage and Housing Corporation (CMHC), another Crown Corporation, and backed by the Government of Canada.

### Contract with other Government-Related Entity

Mauril is a free and ad-free digital platform leveraging a wide range of content from the Corporation to help users learn English and French. Financed and endorsed by the Government of Canada, this tool is designed and deployed by the Corporation, in collaboration with a committee of pedagogical experts. It’s meant to help improve oral comprehension and integrate language knowledge in everyday life. No amount was received this quarter (March 31, 2021 - \$3.0 million) from the Government of Canada for the provision of services required to create this platform and acquire content. At the end of the period, \$5.3 million was recorded as deferred revenue (March 31, 2021 - \$6.0 million).

## 18. COMMITMENTS

Commitments are discussed in Note 27 *Commitments* of the Corporation’s 2020-2021 audited annual financial statements. Commitments for the purchase of property and equipment and intangible assets this quarter are disclosed within Note 7 *Property and Equipment* and Note 8 *Intangible assets* of this report. There were no other material changes to commitments during the first quarter of 2021-2022.

## 19. CONTINGENCIES

Additional consideration may be payable to the Corporation with respect to some of our retransmission rights for past periods. No gain has been recognized this quarter, as the receipt of this additional consideration is not virtually certain as it depends on the outcome of legal proceedings.