



Q1 

FIRST QUARTER
**FINANCIAL
REPORT**

2023-2024



MANAGEMENT'S DISCUSSION AND ANALYSIS

In addition to filing an annual report, we are required – like most Canadian federal Crown corporations – to file quarterly financial reports for the first three quarters of each fiscal year. In keeping with our commitment to transparency and effective oversight of public funds, the following Management's Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the three-month period ended June 30, 2023 compared with the three-month period ended June 30, 2022. This report should be read in conjunction with our most recent Annual Report. We have organized our MD&A in the following key sections:

BUSINESS HIGHLIGHTS	3
PERFORMANCE UPDATE	6
DISCUSSION OF RESULTS	9
CAPITAL RESOURCES, FINANCIAL CONDITION AND LIQUIDITY	14
RISK UPDATE	16
MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS	17

In this MD&A of financial condition and results of operations, "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, 2023 when reading this MD&A. All amounts in this MD&A are in thousands of Canadian dollars, except where noted.

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

FINANCIAL REPORTING DISCLOSURE

Our 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 29, 2023. 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, 2023 ("2022-2023 audited annual financial statements"). Our interim financial statements do not include all of the notes required in the 2022-2023 audited annual financial statements.

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

FORWARD-LOOKING STATEMENTS

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

PERFORMANCE INDICATORS

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

Business Highlights



In this first quarter of 2023-2024, CBC/Radio-Canada had a lot to celebrate. The Canadian Association of Journalists recognized the quality of our news coverage with [11 awards](#) for outstanding investigative journalism, and the New York Festivals Radio Awards also awarded us [39 wins across a variety of categories](#), including podcasts, dramas, documentaries, news, entertainment and music.

In May we launched our first National Accessibility Plan, [Breaking Barriers](#), formalizing the public broadcaster's efforts to remove barriers in our workplace and in our programming and to enhance our commitment to equity, diversity and inclusion.

We celebrated the second anniversary of our environmental strategy, [Greening Our Story](#), in June, with [the announcement of our participation](#) in Environment and Climate Change Canada's [Net-Zero Challenge](#), continuing our efforts to achieve net-zero emissions by 2050. At the Banff World Media Festival, we united with 21 other Canadian broadcasters to form [Canadian Broadcasters for Sustainability](#), a group which is committed to working together to increase environmentally sustainable change.

The [Federal Court of Appeal issued a decision](#) on our appeal of the Canadian Radio-television and Telecommunication Commission's (CRTC's) decision regarding the use of offensive language in our content, ruling that the CRTC overstepped in its original decision. We also faced challenges this quarter such as Twitter's mislabelling of four public media outlets, including CBC/Radio-Canada, as "government-funded media" in order to demonstrate that the Government had editorial control. [We disputed this](#), as did [the Global Task Force on Public Media](#). Ultimately, Twitter removed all such labels.

English Services



CBC had another strong performance at the Canadian Screen Awards, tallying [a total of 66 wins](#), with 12 going to our groundbreaking series [The Porter](#) and seven going to the big-hearted dramedy [Sort Of](#), which was also honoured with a Peabody Award nomination for the second year running. These awards highlight how Canadian storytelling is making a unique mark on the media landscape and the vital role CBC plays in bringing outstanding content to audiences at home and internationally.

People living in Canada turned to CBC in May for our [in-depth coverage of the Coronation of King Charles III](#), which was available across all our platforms and included an exclusive interview with Princess Anne.

In April CBC hosted [Seeds of Change](#), a first-of-its-kind virtual event created to provide independent producers with information on how to incorporate environmentally sustainable practices and awareness on set and in their storytelling endeavours.



French Services



This spring Radio-Canada lived its commitment to being trustworthy, relevant and creative in both its programming and in the workplace. On the programming side, we developed [Journalisme d'ICI](#), a new video series that aims to reverse the tide of disinformation and polarization in news by letting audiences in on how we do what we do: who is reporting in our regions, how we're addressing the issues important to Canadians and the impact our local journalism has had. With our [coverage of Canada's forest fires](#), we've provided audiences from British Columbia to Newfoundland with up-to-date information, helping to keep them safe and informed wherever they are.

We've also worked to provide truly reflective programming to all people living in Canada, with programming from a diverse range of perspectives, such as [Le grand solstice](#), [L'insolence du quotidien](#), [T'es belle pour une Noire](#), [MAJ](#) and [El Toro](#).

Finally, we helped Canadians welcome the summer season with a whole new slate of programs on platforms like ICI PREMIÈRE, ICI MUSIQUE and OHdio.

People and Culture



Tied to our goal of making CBC/Radio-Canada a great place to work, learn and grow, we've launched several programs and resources for our employees this quarter. To support our media professionals against online harm, we launched an internal Online Harm Toolkit that gives our employees tools and resources to help them protect themselves online and steps to take if they experience online harm.

In April we launched our new well-being portal, which provides one-stop access to a wide range of health, well-being and lifestyle benefits and resources for all employees and their dependents. In September we will launch the second cohort of our INSPIRE program, which pairs seasoned leaders with employees to energize their career development and enhance their prospects for advancement.

Finally, for the fourth consecutive year, we were recognized with a [Platinum certification in gender parity](#) by [Women in Governance](#) for our actions in support of gender equality and inclusion. This is the highest level of recognition awarded by this not-for-profit organization, whose mission is to support women in their leadership development and career advancement goals.

Technology and Infrastructure



The Maison de Radio-Canada continues to earn accolades for its cutting-edge design and technological innovations, [taking home the top honour](#) in the “*Innovation and Disruption - Large Business, Crown Corporation and Paragovernmental*” category at the OCTAS 2023 awards.

The installation of [a new solar panel array at the Pointe La Nim transmission site](#) in New Brunswick offsets 100% of the facility’s greenhouse gas emissions, making it carbon neutral. Improvements like this one bring us closer to meeting the targets set out in [our environmental strategy](#).

Recently our group showcased the depth and breadth of our work at job fairs in Quebec and Ontario, such as L’événement Carrière and the Sudbury Career Fair. In the coming months, we’re planning recruitment and outreach initiatives in university and college job fairs in Toronto, Waterloo and Montreal. These events help raise our organizational profile and attract top talent to our teams.

Looking ahead, our Real Estate Transaction team has renewed a transmission agreement that ensures that CBC/Radio-Canada, along with our third-party clients, can continue to provide radio and television services in the Montreal Metropolitan area for at least the next 20 years.



PERFORMANCE UPDATE

Our Performance – *Your Stories, Taken to Heart*

Below are the key performance indicators that measure and track our progress with respect to our strategic plan, [Your Stories, Taken to Heart](#), and its five strategic priorities: customized digital services, engaging with young audiences, prioritizing our local connections, reflecting contemporary Canada and taking Canada to the world.¹ These priorities will continue to shape our strategic initiatives until 2024.

Targets are specific to the markets we operate in and consider a number of factors, such as market realities, competition and service penetration rate.

INDICATORS	RESULTS APR 1 TO JUN 30, 2023	TARGETS 2023-2024	EXPLANATION
CUSTOMIZED DIGITAL SERVICES			
Digital reach (Monthly average unique visitors) ²			
CBC/Radio-Canada	20.1M	19.7M	CBC/Radio-Canada's Digital reach is trending above target as a result of audiences turning to our digital services in large numbers to be informed and entertained.
CBC	15.9M	16.5M	Digital reach for CBC is tracking below target as it was temporarily impacted by technical changes to the website in April, with May and June being on target.
Radio-Canada	5.2M	4.9M	Digital reach for Radio-Canada is tracking above the annual target, driven by the performance of ICI TOU.TV.
Digital engagement (Monthly average minutes per visitor) ³			
CBC/Radio-Canada	37.1 min/vis	37 min/vis	CBC/Radio-Canada's digital engagement is on track to meet the annual target.
CBC	26.1 min/vis	27 min/vis	Digital engagement is below target for both CBC and Radio-Canada as increased competition for audiences influenced the decline in engagement.
Radio-Canada	41.1 min/vis	45 min/vis	
ENGAGING WITH YOUNG AUDIENCES			
Digital visits to kids content (Monthly average visits) ⁴			
CBC/Radio-Canada	3,056K	2,463K	Digital visits to kids content is above target after the first quarter driven by new content on CBC Kids and on ICI TOU.TV that provided higher than anticipated traffic.
CBC	2,636K	2,145K	
Radio-Canada	420K	318K	
PRIORITIZING OUR LOCAL CONNECTIONS			
Digital engagement with News/Regions (Monthly average minutes per visitor) ³			
CBC	19.1 min/vis	19 min/vis	Digital engagement with CBC News/Regions is on track to meet the annual target.
Radio-Canada	10.9 min/vis	12 min/vis	Digital engagement with Radio-Canada News/Regions is tracking below target as increased competition for audiences influenced the decline in engagement.

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

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

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

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

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

INDICATORS	RESULTS APR 1 TO JUN 30, 2023	TARGETS 2023-2024	EXPLANATION
REFLECTING CONTEMPORARY CANADA			
Employment equity representation (% of new external hires) ⁵			
CBC/Radio-Canada	58.9%	41.0%	Employment equity representation of our new employees is tracking above target after the first quarter. Our recently implemented Human Resource system, Workday, now houses a modernized self-identification questionnaire so that new employees can self-declare during their onboarding process. We have noticed more of them felt encouraged to report disabilities, following the release of our National Accessibility Plan.
CBC	68.1%	50.0%	
Radio-Canada	35.7%	26.0%	

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.

INDICATORS	RESULTS APR 1 TO JUN 30, 2023	TARGETS 2023-2024	EXPLANATION
TELEVISION (Audience Share) ⁶			
CBC News Network	2.0%	1.7%	The combined share of our specialty channels has been tracking above the annual target primarily driven by coverage of major news stories that drew large audiences, such as the ongoing forest fires, the Coronation of King Charles III, the spring floods and the Alberta election.
ICI RDI, ICI ARTV and ICI EXPLORA	6.3%	5.4%	
REVENUE (Conventional, discretionary, online) ⁷			
CBC	\$48M	\$221M	After the first quarter, revenue is tracking toward the annual target.
Radio-Canada	\$52M	\$222M	

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

⁶ Source: Numeris PPM, persons aged 2+, CBC Television: September to April (regular season); CBC News Network (April-March). Francophones in Quebec aged 2+, ICI TÉLÉ: September to April (regular season); ICI RDI, ICI ARTV and ICI EXPLORA (April-March).

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



Measuring our Canadian Content

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

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



Halfway to Home: Immigrant Stories

Discussion of Results

Financial Highlights

	For the three months ended June 30		
	2023	2022	% change
Revenue	119,184	131,358	(9.3)
Government funding	281,535	288,559	(2.4)
Expenses	(408,539)	(414,382)	(1.4)
Results before other gains and losses	(7,820)	5,535	N/M
Other gains and losses	58	40	45.0
Net results under IFRS for the period	(7,762)	5,575	N/M

N/M = not meaningful

Net results under IFRS for the period were a loss of \$7.8 million this quarter, compared to a gain of \$5.6 million in the same period last year. These results are further explained below.

 REVENUE	Q1 2023-2024: \$119M 2022-2023: \$131M TOTAL DECREASE -\$12M (-9%)	This quarter, our revenue decreased by 9.3% primarily due to a softer TV advertising market. Lower other income from content sales and facilities rentals also contributed to this decrease.
 GOVERNMENT FUNDING	Q1 2023-2024: \$282M 2022-2023: \$289M TOTAL DECREASE -\$7M (-2%)	Government funding recognized in income decreased by 2.4%. This decrease was consistent with our expected needs for operating funding in the quarter.
 EXPENSES	Q1 2023-2024: \$408M 2022-2023: \$414M TOTAL DECREASE -\$6M (-1%)	Our expenses decreased this quarter by 1.4% from lower programming costs mostly due to scheduling changes and a lower pension expense.



Revenue

	For the three months ended June 30		
	2023	2022	% change
Advertising			
English Services	28,189	32,206	(12.5)
French Services	33,863	39,908	(15.1)
	62,052	72,114	(14.0)
Subscriber fees			
English Services	15,332	15,257	0.5
French Services	15,199	15,268	(0.5)
	30,531	30,525	0.0
Financing, investment and other income			
English Services	9,727	10,205	(4.7)
French Services	4,700	7,629	(38.4)
Corporate Services	12,174	10,885	11.8
	26,601	28,719	(7.4)
TOTAL	119,184	131,358	(9.3)

Our revenue decreased by \$12.2 million (↓ 9.3%) compared to the same period last year, with the main variances by revenue streams noted below.

Advertising (↓ 14.0%)

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

	For the three months ended June 30		
	2023	2022	% change
TV advertising	44,206	54,967	(19.6)
Digital advertising	17,846	17,147	4.1
	62,052	72,114	(14.0)

Our total advertising revenue decreased by \$10.1 million (↓ 14.0%) this quarter mainly from lower TV advertising revenue as a result of lower demand and a softer conventional TV market. These declines were slightly offset by higher digital advertising revenue as we continue to benefit from sustained digital advertising demand, mainly in video advertising.

Subscriber fees (no change)

Our subscriber revenue is driven by the rates for our discretionary services, digital platforms and our subscriber base. Over the long-term, our discretionary TV services are declining due to the adverse effects of the cord-shaving trend affecting the cable industry and, as a result, the market is seeing a shift to online entertainment subscriptions.

	For the three months ended June 30		
	2023	2022	% change
Discretionary TV platforms	24,231	23,865	1.5
Digital platforms	6,300	6,660	(5.4)
	30,531	30,525	0.0

Overall, our subscriber revenue was stable this quarter. However, the number of subscribers to our digital platforms (ICI TOU.TV EXTRA and CBC Gem) was down slightly as the market becomes increasingly competitive and fragmented.

Financing, investment and other income (↓ 7.4%)

Financing, investment and other income depends on the different events and transactions that take place 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 consolidated financial statements.

The \$2.1 million (↓ 7.4%) decrease in financing, investment and other income this quarter resulted mostly from:

- Lower content sales for the Mauril application relative to last year and decreased news feeds sales; and
- Lower facilities rental revenue due to changes to production schedules.

These decreases were partly offset by higher financing income following the surge in bank prime rates and investment yields.

Operating expenses

	For the three months ended June 30		
	2023	2022	% change
Television, radio and digital services costs			
English Services	200,287	201,955	(0.8)
French Services	185,615	189,930	(2.3)
	385,902	391,885	(1.5)
Other operating expenses			
Transmission, distribution and collection	14,820	14,181	4.5
Corporate management	2,766	2,675	3.4
Finance costs	5,051	5,641	(10.5)
	22,637	22,497	0.6
TOTAL	408,539	414,382	(1.4)

Our total operating expenses decreased by \$5.8 million (↓ 1.4%) compared to the same period last year, with the main variances noted below.



Television, radio and digital services costs (↓ 1.5%)

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.

Our television, radio and digital services costs decreased by \$6.0 million (↓1.5%) compared to the same period last year. At the start of last year, programming costs were higher due to the shift of some season finales to accommodate the broadcast of the Beijing 2022 Olympic Games. In addition, we also had a lower pension expense this quarter, consistent with our expectations, and fewer costs were incurred for the Mauril application due to less content added in the first three months of 2023-2024.

These lower expenses were partly offset by additional costs incurred this quarter to complete the CBC Gem and ICI TOU.TV [technology harmonization project](#) and from inflationary pressures.

Other operating expenses (↑ 0.6%)

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 (↑0.6%) compared to the same period last year.

Government funding

	For the three months ended June 30		
	2023	2022	% change
Parliamentary appropriations for operating expenditures	256,550	264,157	(2.9)
Parliamentary appropriations for working capital	1,000	1,000	-
Amortization of deferred capital funding	23,985	23,402	2.5
TOTAL	281,535	288,559	(2.4)

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 \$7.6 million (↓2.9%). Appropriations recognized in the first quarter were lower due to the timing of our expected needs between quarters.

Amortization of deferred capital funding increased by \$0.6 million (↑ 2.5%), consistent with our expectations.

Other gains and losses

	For the three months ended June 30		
	2023	2022	% change
Gain on disposal of property and equipment and intangibles	58	40	45.0
TOTAL	58	40	45.0

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		
	2023	2022	% change
Net results for the period	(7,762)	5,575	N/M
Other comprehensive income (loss)			
Remeasurements of defined benefit plans	(73,421)	53,225	N/M
Total comprehensive income (loss) for the period	(81,183)	58,800	N/M

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 loss recognized this quarter was \$81.2 million, compared to a gain of \$58.8 million in the same period last year. In addition to our net results, total comprehensive income includes remeasurements of defined benefit plans as described above.

A loss of \$73.4 million was recognized this quarter on remeasurements of defined benefit plans. This was mostly due to a 7 basis-point decrease in the discount rate, which increased the defined benefit obligation by \$56.0 million, and a loss on plan assets of \$22.7 million resulting from a lower return on plan assets than estimated in our actuarial assumptions.



Capital Resources, Financial Condition and Liquidity

Revenue and Other Sources of Funds

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

Government funding: This quarter, operating funding was \$256.5 million, capital funding recognized in income was \$24.0 million and working capital was \$1.0 million.

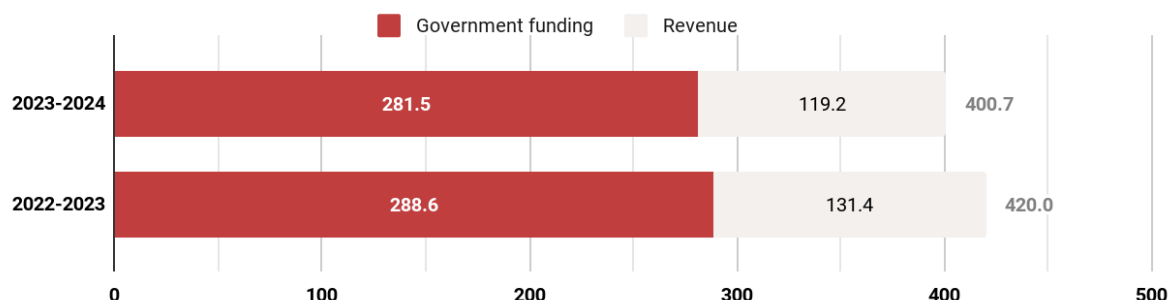
Advertising revenue: This includes ongoing sales of advertising on our conventional television channels, digital platforms and discretionary television services. Advertising revenue driven by events, such as the Olympic Games, can have a material impact on the Corporation's self-generated revenue. Over the long term, TV advertising revenue is decreasing as a proportion of our total source of funds, mainly as a result of the market's shift to digital 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 the continuing cord-cutting and cord-shaving trends. Online entertainment subscriptions to our digital platforms are expected to remain stable in light of increased competition and fragmentation.

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

Sources of funding

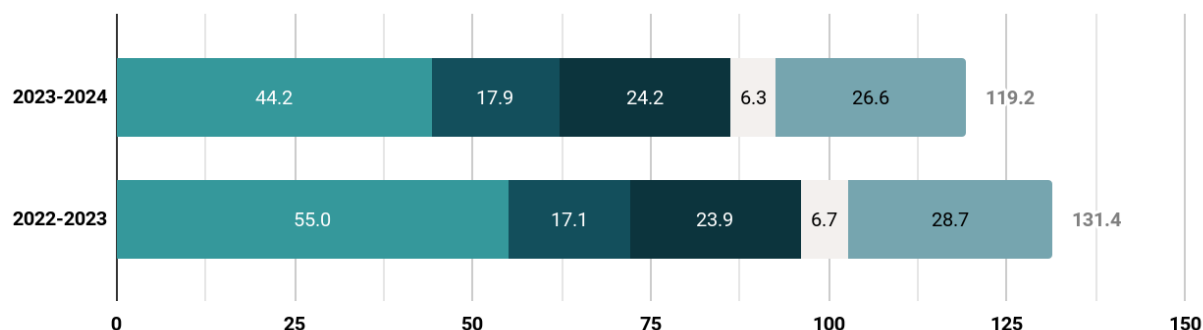
(in \$M)



Revenue

(in \$M)

Advertising - TV Advertising - Digital platforms Subscriber fees - Discretionary TV Subscriber fees - Digital platforms Financing, investment and other income



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 from the sale of advertising on our various platforms. Our cash flows from operating, investing and financing activities for the year are summarized below.

Cash position

	For the three months ended June 30		
	2023	2022	% change
Cash – beginning of the period	108,808	82,960	31.2
Changes in the period			
Cash (used in) from operating activities	(37,715)	(43,850)	(14.0)
Cash (used in) from investing activities	57,351	48,497	18.3
Cash (used in) from financing activities	(28,651)	(32,912)	(12.9)
Net change	(9,015)	(28,265)	(68.1)
Cash – end of the period	99,793	54,695	82.5

Cash (used in) from operating activities

Cash from (used in) 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 \$37.7 million during the first quarter of 2023-2024 compared to \$43.9 million for the same period last year. This quarter, the decrease in cash used in operating activities was mostly driven by a lower need to recognize parliamentary appropriations for operating expenditures.

Cash (used in) from investing activities

Cash from (used in) investing activities includes cash from our drawdowns of parliamentary appropriations for capital expenditures.

Cash from investing activities increased by \$8.9 million compared to the same period last year. This increase in cash inflows was mostly due to the fact that, this quarter, more Canada Mortgage Bonds (CMB) came to maturity and a large portion was not re-invested during the same period.

Cash (used in) from financing activities

Cash (used in) from 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 decreased by \$4.3 million compared to the same period last year mainly due to a final lease payment made in the first quarter of 2022-2023.



Risk Update

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

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

A full assessment of risks, potential impacts and our risk mitigation strategies is provided in our 2022-2023 Annual Report

Other than the item noted below, there have been no significant changes to our risk profile since year end.

Financial pressure

Following the federal Budget 2023 announcement to phase in a 3.3% reduction of eligible spending by departments and Crown corporations by 2026-2027 and in light of both the softening of the TV advertising market and the current economic environment, we are reviewing our resource distribution in the forthcoming years to manage upcoming financial pressures. Assumptions used will be revised regularly to update our financial analysis so we can better respond and adapt to a rapidly changing media landscape.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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



Catherine Tait
President and Chief Executive Officer



Carol Najm
Vice-President and Chief Financial Officer

Ottawa, Canada
August 29, 2023



INTERIM
CONSOLIDATED
FINANCIAL STATEMENTS

Q1 

FIRST QUARTER
**FINANCIAL
REPORT**

2023-2024

TABLE OF CONTENTS - CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF:	
FINANCIAL POSITION (UNAUDITED)	20
STATEMENT OF INCOME (LOSS) (UNAUDITED)	21
COMPREHENSIVE INCOME (LOSS) (UNAUDITED)	21
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)	22
STATEMENT OF CASH FLOWS (UNAUDITED)	23
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED JUNE 30, 2023 (UNAUDITED)	24
BUSINESS AND ENVIRONMENT	24
1. GENERAL INFORMATION	24
2. SIGNIFICANT ACCOUNTING POLICIES	24
3. NEW AND FUTURE CHANGES IN ACCOUNTING POLICIES	25
ASSETS AND LIABILITIES	26
4. TRADE AND OTHER RECEIVABLES	26
5. OTHER ASSETS	26
6. PROGRAMMING	26
7. PROPERTY AND EQUIPMENT	27
8. INTANGIBLE ASSETS	27
9. RIGHT-OF-USE (ROU) ASSETS	28
10. PROVISIONS	28
11. PENSION AND POST-EMPLOYMENT BENEFITS PLANS	29
12. LEASE LIABILITIES	31
INCOME, EXPENSES AND CASH FLOWS	32
13. REVENUE	32
14. GOVERNMENT FUNDING	33
15. MOVEMENTS IN WORKING CAPITAL	34
OTHER	35
16. FINANCIAL INSTRUMENTS	35
17. RELATED PARTIES	36
18. COMMITMENTS	36

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	As at June 30 2023	As at March 31 2023
ASSETS			
Current			
Cash		99,793	108,808
Restricted cash		1,954	1,954
Bonds		34,465	74,476
Trade and other receivables	4	125,455	138,554
Income tax receivable		87	87
Programming	6	344,510	291,947
Prepaid expenses		47,838	45,372
Other assets	5	13,101	12,926
		667,203	674,124
Non-current			
Property and equipment	7	741,910	748,256
Intangible assets	8	36,136	37,315
Right-of-use (ROU) assets	9	303,273	307,968
Programming	6	57,165	51,874
Bonds		10,309	10,280
Pension plan asset	11	1,240,037	1,318,529
Deferred charges		31,941	34,034
Other assets	5	30,503	32,853
		2,451,274	2,541,109
TOTAL ASSETS		3,118,477	3,215,233
LIABILITIES			
Current			
Accounts payable and accrued liabilities		89,466	119,024
Financial obligations		36,330	38,230
Deferred income and other liabilities		12,777	12,628
Lease liabilities	12	18,193	18,047
Employee-related liabilities		205,245	206,010
Provisions	10	22,377	18,076
Deferred operating vote drawdown	14	35,450	-
		419,838	412,015
Non-current			
Financial obligations		118,969	136,592
Deferred income and other liabilities		13,717	17,923
Lease liabilities	12	286,569	290,625
Deferred capital funding	14	531,355	528,340
Pension and post-employment benefits plans	11	202,489	203,015
		1,153,099	1,176,495
TOTAL LIABILITIES		1,572,937	1,588,510
EQUITY			
Retained earnings		1,544,642	1,625,836
Total equity attributable to the Corporation		1,544,642	1,625,836
Non-controlling interests		898	887
TOTAL EQUITY		1,545,540	1,626,723
TOTAL LIABILITIES AND EQUITY		3,118,477	3,215,233

Commitments (Note 18)

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

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

		For the three months ended June 30	
<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	2023	2022*
REVENUE	13		
Advertising		62,052	72,114
Subscriber fees		30,531	30,525
Other income*		26,601	28,719
		119,184	131,358
GOVERNMENT FUNDING	14		
Parliamentary appropriation for operating expenditures		256,550	264,157
Parliamentary appropriation for working capital		1,000	1,000
Amortization of deferred capital funding		23,985	23,402
		281,535	288,559
EXPENSES			
Television, radio and digital services costs		385,902	391,885
Transmission, distribution and collection costs		14,820	14,181
Corporate management costs		2,766	2,675
Finance costs		5,051	5,641
		408,539	414,382
Results before other gains and (losses)		(7,820)	5,535
OTHER GAINS AND (LOSSES)			
Gain on disposal of property and equipment and intangibles		58	40
Net results for the period		(7,762)	5,575
Net results attributable to:			
The Corporation		(7,773)	5,582
Non-controlling interests		11	(7)
		(7,762)	5,575

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

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

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

		For the three months ended June 30	
<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	2023	2022
COMPREHENSIVE INCOME (LOSS)			
Net results for the period		(7,762)	5,575
Other comprehensive income (loss) - not subsequently reclassified to net results			
Remeasurements of defined benefit plans	11	(73,421)	53,225
Total comprehensive income (loss) for the period		(81,183)	58,800
Total comprehensive income (loss) attributable to:			
The Corporation		(81,194)	58,807
Non-controlling interests		11	(7)
		(81,183)	58,800

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 Non-controlling the Corporation	interests	Total
Balance as at March 31, 2023		1,625,836	887	1,626,723
Changes during the period				
Net results for the period		(7,773)	11	(7,762)
Remeasurements of defined benefit plans	11	(73,421)	-	(73,421)
Total comprehensive income (loss) for the period		(81,194)	11	(81,183)
Balance as at June 30, 2023		1,544,642	898	1,545,540

<i>(in thousands of Canadian dollars)</i>	<i>NOTE</i>	Retained earnings and total equity attributable to Non-controlling the Corporation	interests	Total
Balance as at March 31, 2022		1,990,558	835	1,991,393
Changes during the period				
Net results for the period		5,582	(7)	5,575
Remeasurements of defined benefit plans	11	53,225	-	53,225
Total comprehensive income (loss) for the period		58,807	(7)	58,800
Balance as at June 30, 2022		2,049,365	828	2,050,193

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

		For the three months ended June 30	
(in thousands of Canadian dollars)	NOTE	2023	2022*
CASH FLOWS FROM (USED IN)			
OPERATING ACTIVITIES			
Net results for the period		(7,762)	5,575
Adjustments for:			
Depreciation and amortization	7,8,9	27,381	29,163
Financing and investment income	13	(3,403)	(1,591)
Finance costs		5,051	5,641
Pension and other post-employment plans expenses	11	8,937	14,831
Employer's contribution for Pension and other post-employment plans		(4,392)	(11,350)
Net change in programming asset [non-current]	6	(5,169)	3,414
Amortization of deferred capital funding	14	(23,985)	(23,402)
Change in deferred appropriations for operating expenditures		35,450	2,843
Gain on disposal of property and equipment and intangibles		(58)	(40)
Net (gains) losses from the change in fair value of financial instruments	16	24	(568)
Change in deferred charges		2,093	1,031
Change in deferred income and other liabilities [non-current]		(4,328)	(4,522)
Amortization of bond premium		(257)	271
Net change in non-cash working capital	15	(67,297)	(65,146)
Cash used for operating activities		(37,715)	(43,850)
INVESTING ACTIVITIES			
Acquisition of property and equipment and intangible assets	7,8	(15,279)	(11,139)
Parliamentary appropriations for capital funding	14	27,000	27,000
Acquisition of bonds		-	(520)
Acquisition of other assets*		(24)	(10)
Collection of bonds		40,240	29,785
Collection of other assets*		2,153	2,006
Net proceeds from disposal of property and equipment	7	56	93
Interest received		3,205	1,282
Cash from investing activities		57,351	48,497
FINANCING ACTIVITIES			
Payment of lease liabilities	12	(4,200)	(8,420)
Repayment of financial obligations		(16,502)	(15,447)
Interest paid		(7,949)	(9,045)
Cash used for financing activities		(28,651)	(32,912)
Change in cash		(9,015)	(28,265)
Cash, beginning of the period		108,808	82,960
Cash, end of the period		99,793	54,695

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED JUNE 30, 2023 (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, 2023. This section also shows new and future changes in policies, if any, and whether they are effective in 2023 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 His 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 Act¹.

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.

We hold licences, granted by the Canadian Radio-television and Telecommunications Commission (CRTC), for all our conventional television, radio and specialty services. We are required to meet specific regulatory obligations in return for the privilege of holding these broadcasting licences and have elected to record these non-monetary grants at their nominal value of nil.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance

The Corporation has prepared these condensed interim consolidated financial statements as required by Section 131.1(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. The Board of Directors has authorized them for issuance on August 29, 2023.

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

B. Basis of Preparation

Basis of Presentation

As permitted under IAS 34 *Interim Financial Reporting*, these interim consolidated financial statements are presented on a condensed basis and therefore do not include all disclosures that would otherwise be required in a full set of financial statements. These condensed interim consolidated financial statements are intended to provide an update on the Corporation's latest complete set of audited annual financial statements for the year ended March 31, 2023 ("2022-2023 audited annual financial statements"). Accordingly, they should be read in conjunction with the 2022-2023 audited annual financial statements.

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

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

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those disclosed in the Corporation’s 2022-2023 audited annual financial statements.

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

Changes in presentation

We have updated certain comparative information to reflect the presentation changes we made in our most recent audited annual financial statements. These changes impacted both the presentation of the Interim Consolidated Statement of Income (Loss) and the presentation of the Interim Consolidated Statement of Cash Flows. The changes are identified with an asterisk (*) throughout the condensed interim consolidated financial statements. For more details about the nature of those changes, refer to Note 2.A Basis of Presentation of our 2022-2023 audited annual financial statements.

Seasonality

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

Key Sources of Estimation Uncertainty and Critical Judgments

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

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

3. NEW AND FUTURE CHANGES IN ACCOUNTING POLICIES

A. Adoption of New and Revised International Financial Reporting Standards

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

B. Future Accounting Changes

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

ASSETS AND LIABILITIES

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

4. TRADE AND OTHER RECEIVABLES

	June 30, 2023	March 31, 2023
Trade receivables	114,690	127,838
Provision for expected credit losses	(297)	(476)
Other receivables	11,062	11,192
Total	125,455	138,554

Trade and other receivables are subject to credit risk, which is further discussed in Note 16.B.

5. OTHER ASSETS

	June 30, 2023	March 31, 2023
Investment in Finance Lease	20,635	21,785
Promissory Notes Receivable	19,039	20,088
Marketable securities	3,876	3,852
Assets classified as held for sale	54	54
Total	43,604	45,779
Current	13,101	12,926
Non-current	30,503	32,853

6. PROGRAMMING

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

A. Programming by Category

	June 30, 2023	March 31, 2023
Completed programs	170,946	167,468
Programs in process of production	138,303	91,601
Broadcast rights available for broadcast within the next twelve months	35,261	32,878
Total current programming	344,510	291,947
Broadcast rights not available for broadcast within the next twelve months	57,165	51,874
Total programming	401,675	343,821

B. Movement in Programming

	June 30, 2023	March 31, 2023
Opening balance	343,821	348,589
Additions	338,689	1,170,061
Programs broadcast	(280,835)	(1,174,829)
Balance, end of period	401,675	343,821

7. PROPERTY AND EQUIPMENT

Cost and Accumulated Depreciation

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2023	107,830	469,668	195,031	809,086	162,846	48,166	1,792,627
Additions	-	58	-	2,690	1,281	9,249	13,278
Transfers (refer to Note 8)	-	98	572	2,400	813	(3,878)	5
Disposals and write-offs	-	(41)	-	(2,530)	-	-	(2,571)
Cost as at June 30, 2023	107,830	469,783	195,603	811,646	164,940	53,537	1,803,339
Accumulated depreciation as at March 31, 2023	-	(301,043)	(67,418)	(573,874)	(102,036)	-	(1,044,371)
Depreciation expense	-	(2,686)	(2,449)	(10,472)	(3,983)	-	(19,590)
Disposals and write-offs	-	41	-	2,491	-	-	2,532
Accumulated depreciation as at June 30, 2023	-	(303,688)	(69,867)	(581,855)	(106,019)	-	(1,061,429)
Net carrying amount as at June 30, 2023	107,830	166,095	125,736	229,791	58,921	53,537	741,910

The contractual commitments for the acquisition of property and equipment were \$13.4 million as at June 30, 2023 (March 31, 2023 - \$13.7 million).

8. INTANGIBLE ASSETS

Cost and Accumulated Depreciation

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2023	121,960	78,939	6,033	206,932
Additions	-	265	1,094	1,359
Transfers (refer to Note 7)	1,327	(572)	(760)	(5)
Cost as at June 30, 2023	123,287	78,632	6,367	208,286
Accumulated amortization as at March 31, 2023	(119,977)	(49,640)	-	(169,617)
Amortization expense	(1,177)	(1,398)	-	(2,575)
Disposals and write-offs	-	42	-	42
Accumulated amortization as at June 30, 2023	(121,154)	(50,996)	-	(172,150)
Net carrying amount as at June 30, 2023	2,133	27,636	6,367	36,136

The contractual commitments for the acquisition of intangible assets were nil as at June 30, 2023 (March 31, 2023 - 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 out 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, 2023	Land	Buildings	Technical equipment	Total
Net carrying amount for the period	2,070	286,825	14,378	303,273
Depreciation charge for the period	89	4,110	1,017	5,216

Additions to the ROU assets during the three months ended June 30, 2023 were \$0.7 million (March 31, 2023 - \$9.1 million).

10. PROVISIONS

As at June 30, 2023	Claims and Legal Proceedings	Other	Total
Opening balance	17,879	197	18,076
Additional provisions recognized	4,735	-	4,735
Provisions utilized	(15)	-	(15)
Reductions resulting from remeasurement or settlement without cost	(394)	(25)	(419)
Balance, end of period	22,205	172	22,377

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

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

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

11. PENSION AND POST-EMPLOYMENT BENEFITS PLANS

A. Pension Plans Asset/Liabilities

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

	Funded pension plan	Unfunded pension plans	Other post- employment plans	Total	Funded pension plan	Unfunded pension plans	Other post- employment plans	Total
	June 30, 2023				March 31, 2023			
Fair value of plan assets	7,891,130	-	-	-	7,886,865	-	-	-
Defined benefit obligation	6,221,562	113,151	89,338	202,489	6,138,805	111,993	91,022	203,015
Pension plan surplus (liability)	1,669,568	(113,151)	(89,338)	(202,489)	1,748,060	(111,993)	(91,022)	(203,015)
Effect of the asset ceiling	(429,531)	-	-	-	(429,531)	-	-	-
Net asset (liability) arising from defined benefit obligation	1,240,037	(113,151)	(89,338)	(202,489)	1,318,529	(111,993)	(91,022)	(203,015)

B. Significant Actuarial Assumptions

As disclosed in Note 13 *Pension Plans and Employee-Related Liabilities* of the Corporation's 2022-2023 audited annual financial statements, the Corporation reviews its actuarial assumptions at each reporting period to ensure that the net defined benefit asset (liability) recognized in the financial statements is updated for significant changes arising from non-recurring events. The impact on the net defined benefit asset (liability) arising from any such changes in assumptions is recognized in other comprehensive income as a remeasurement for the period.

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

Assumptions – annual rates	June 30, 2023	March 31, 2023
Assumptions for the calculation of pension benefit costs:		
Discount rate	4.90%	4.00%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	4.83%	4.90%
Discount rate - long service gratuity	5.03%	4.77%
Discount rate - LTD benefit	5.03%	4.77%
Discount rate - life insurance	4.85%	4.84%

C. Pension and Other Post-Employment Plans Expenses

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

	For the three months ended June 30			
	Pension plans		Other post-employment plans	
	2023	2022	2023	2022
Current service cost	20,131	26,033	1,021	1,062
Net interest cost (income)	(14,326)	(14,502)	889	813
Other expenses (income)	1,375	2,000	(153)	(575)
Expense recognized in net income	7,180	13,531	1,757	1,300
Net actuarial (gains)/losses arising from changes in financial assumptions	57,288	(901,462)	(671)	(5,301)
Net actuarial (gains)/losses arising from experience adjustments	(659)	-	-	-
Variation of the effect of the asset ceiling	(5,262)	-	-	-
Return on plan assets, excluding amounts included in net interest expense	22,725	853,538	-	-
Net remeasurements recognized in other comprehensive income (loss)	74,092	(47,924)	(671)	(5,301)
Employer contributions	1,622	7,862	2,770	3,488
Employee contributions	14,507	17,674	-	-
Total contributions	16,129	25,536	2,770	3,488

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

Retained earnings include \$1,880.3 million of cumulative actuarial gains as at June 30, 2023 (\$1,953.7 million - March 31, 2023).

12. LEASE LIABILITIES

	June 30, 2023	March 31, 2023
Land	2,103	2,125
Buildings	287,374	290,791
Technical equipment	15,285	15,756
Total	304,762	308,672

Maturity Analysis

	June 30, 2023	March 31, 2023
Contractual undiscounted cash flows		
Less than one year	25,951	25,787
One to five years	90,051	90,834
More than five years	292,999	297,479
Total undiscounted lease liabilities	409,001	414,100
Lease liabilities included in the Condensed Interim Consolidated Statement of Financial Position	304,762	308,672

Amounts recognized in our Condensed Interim Consolidated Statement of Cash Flows

	For the three months ended June 30	
	2023	2022
Total cash outflow for leases	6,395	10,656
Interest expense related to lease liabilities and presented as Finance costs	2,195	2,229

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

INCOME, EXPENSES AND CASH FLOWS

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

13. REVENUE

For the three months ended June 30	2023	2022*
Advertising		
TV advertising ¹	44,206	54,967
Digital advertising	17,846	17,147
Total advertising	62,052	72,114
Subscriber fees	30,531	30,525
Other income		
Production revenue ²	7,786	8,073
Program licence sales	4,895	5,634
Canadian retransmission rights	1,050	1,050
Other services*	1,089	3,949
Total revenue from contracts with customers	107,403	121,345
Other income		
Leasing income	8,156	7,928
Financing and investment income	3,403	1,591
Net gains on foreign exchange and change in fair value of financial instruments*	222	494
Revenue outside the scope of IFRS 15 - Revenue from Contracts with Customers	11,781	10,013
Total Revenue	119,184	131,358

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

¹ For the period ended June 30, 2023, TV advertising included revenue from exchange of services of \$0.3 million (\$0.4 million - 2022).

² For the period ended June 30, 2023, Production revenue included revenue from exchange of services of \$5.3 million (\$5.2 million - 2022).

Advertising Revenue

For the three months ended June 30	2023	2022
Advertising revenue		
English services	28,189	32,206
French services	33,863	39,908
Total	62,052	72,114

Subscriber Revenue

For the three months ended June 30	2023	2022
Subscriber revenue		
English services	15,332	15,257
French services	15,199	15,268
Total	30,531	30,525

Contract Balances with customers

Contract assets with customers are presented under “Trade and Other Receivables” in our Condensed Interim Consolidated Statement of Financial Position. Trade and Other Receivables include \$18.9 million of contract assets as at June 30, 2023 (March 31, 2023 – \$17.9 million). There was no impairment loss on contract assets for the period considered.

Contract liabilities with customers are presented as current liabilities under “Deferred Revenue and other liabilities” in our Condensed Interim Consolidated Statement of Financial Position. Deferred Revenue includes \$3.3 million of contract liabilities as at June 30, 2023 (March 31, 2023 - \$3.2 million).

14. GOVERNMENT FUNDING

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

A. Government funding received

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

For the three months ended June 30	2023	2022
Operating funding	292,000	267,000
Capital funding	27,000	27,000
Working capital funding	1,000	1,000
Balance, end of period	320,000	295,000

B. Deferred operating vote drawdown

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

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

	June 30, 2023	March 31, 2023
Operating funding received during the period	292,000	1,174,971
Less: Parliamentary appropriation for operating expenditures recognized in the condensed interim consolidated statement of income (loss) for:		
the three months ended June 30	(256,550)	(264,157)
the three months ended September 30	-	(282,810)
the three months ended December 31	-	(295,913)
the three months ended March 31	-	(332,091)
Balance, end of period	35,450	-

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, 2023	March 31, 2023
Opening balance	528,340	512,889
Government funding for capital expenditures	27,000	108,326
Amortization of deferred capital funding for:		
the three months ended June 30	(23,985)	(23,402)
the three months ended September 30	-	(23,401)
the three months ended December 31	-	(23,402)
the three months ended March 31	-	(22,670)
Balance, end of period	531,355	528,340

15. MOVEMENTS IN WORKING CAPITAL

For the three months ended June 30	2023	2022
Changes in Working Capital are comprised of:		
Trade and other receivables	13,224	57,081
Programming asset [current]	(52,563)	(61,188)
Prepaid expenses	(2,650)	(3,745)
Accounts payable and accrued liabilities	(28,922)	(25,087)
Provisions	4,301	1,991
Employee-related liabilities	(765)	(27,449)
Deferred income and other liabilities [current]	78	(4,795)
Restricted Cash	-	(1,954)
Total	(67,297)	(65,146)

OTHER

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

16. FINANCIAL INSTRUMENTS

A. Fair Value

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

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

	June 30, 2023		March 31, 2023		
	Carrying values	Fair values	Carrying values	Fair values	Fair Value Level ¹
<i>Financial instruments measured at fair value through profit and loss on a recurring basis:</i>					
Cash	99,793	99,793	108,808	108,808	Level 1
Restricted cash	1,954	1,954	1,954	1,954	Level 1
Marketable securities	3,876	3,876	3,852	3,852	Level 2
Financial assets	105,623	105,623	114,614	114,614	
Derivative financial instruments	24	24	-	-	Level 2
Financial liabilities	24	24	-	-	
<i>Financial instruments measured at amortized cost:</i>					
Current					
Bonds	34,465	34,385	74,476	74,533	Level 2
Promissory notes receivable	4,381	4,381	4,306	4,306	Level 2
Investment in finance lease	4,790	4,790	4,714	4,714	Level 2
Trade and other receivables	125,455	125,455	138,554	138,554	Level 2
Other assets	54	54	54	54	Level 2
Non-current					
Bonds	10,309	10,036	10,280	10,170	Level 2
Promissory notes receivable	14,658	14,936	15,782	16,279	Level 2
Investment in finance lease	15,845	18,012	17,071	19,484	Level 2
Financial assets	209,957	212,049	265,237	268,094	
Current					
Accounts payable and accrued liabilities	89,466	89,466	119,024	119,024	Level 2
Financial obligations	22,377	22,377	18,076	18,076	Level 2
Non-current					
Financial obligations	118,969	124,539	136,592	145,772	Level 2
Financial liabilities	230,812	236,382	273,692	282,872	

¹Method refers to the hierarchy levels described in Note 2 B iii) of our 2022-2023 audited annual financial statements. Each level is based on the availability of observable inputs used to measure the fair values of assets and liabilities.

There have been no transfers between levels during the three months ended June 30, 2023.

B. Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss. We record a provision for potential credit losses based on an ECL model in accordance with IFRS 9 *Financial Instruments*. Actual losses have not exceeded management's expectations in the past. Our maximum exposure to credit risk at June 30, 2023 and March 31, 2023 is the carrying value of these assets. We disclose full descriptions of credit risks related to our financial instruments and how we manage those risks in Note 20 *Financial Instruments* of our 2022-2023 audited annual financial statements. There has been no change in the nature of the risks and how we manage them in the three-month period ended June 30, 2023.

Trade and other receivables

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

Trade and other receivables over 30 days	June 30, 2023	March 31, 2023
31 - 60 days	12,586	23,381
61 - 90 days	18,034	16,863
Over 90 days	17,457	15,967
Total	48,077	56,211

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 *Pension Plans and Employee-Related Liabilities*.

A. Transactions with Related Parties Excluding Government-Related Entities

The transactions carried out with related parties were at fair value and are not significant.

There are no significant amounts owing to related parties at June 30, 2023 (not significant - March 31, 2023) and no expense was recognized in the current or prior periods for bad or doubtful debts in respect of the amounts owed by related parties.

B. Transactions with Government-Related Entities

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

Canada Mortgage Bonds

As of June 30, 2023, \$44.8 million was invested in Canada Mortgage Bonds (CMB) during the year (\$84.8 million - March 31, 2023). CMBs 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.

18. COMMITMENTS

Commitments are discussed in Note 23 *Commitments* of the Corporation's 2022-2023 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.