SECOND QUARTER

FINANCIAL REPORT

2020-2021

Q2

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. To meet our responsibilities, we provide access on our corporate website to information about our activities and the way we manage our public resources. In addition to these activities, we are currently developing an environmental sustainability plan that will be released this fiscal year.

HR COMPLIANCE

- Annual Review on Implementation of Section 41 of the *Official Languages Act* to Canadian Heritage
- Annual Review on Parts IV, V and VI of the *Official Languages Act* to Treasury Board of Canada Secretariat
- Annual Report on Employment Equity to Employment and Social Development Canada (ESDC)
- Annual Report on Multiculturalism to Immigration, Refugees and Citizenship Canada
- Triennial Diversity and Inclusion Plan

RESPONSES TO ACCESS TO INFORMATION AND PRIVACY (ATIP) REQUESTS

CORPORATE REPORTS

- Annual Report
- Quarterly financial reports
- Corporate Plan and Corporate Plan Summary
- CBC Pension Annual Report
- Public Accounts of Canada
- Environmental performance reports
- Reports on the implementation of the *Access to Information Act* and *Privacy Act*, and on any disclosure of wrongdoings (under the *Public Servants Disclosure Protection Act*)

POLICIES AND PRACTICES

- Journalistic Standards and Practices
- Code of Conduct

OMBUDS REPORTS

- Board must respond to Ombuds Reports and table responses with the CRTC

VALUES AND ETHICS COMMISSIONER ANNUAL REPORT

- Reports on the implementation of our Code of Conduct and the Policy on Conflicts of Interest, and outlines how complaints regarding employee behaviour are handled

APPEARANCES BEFORE PARLIAMENTARY COMMITTEES

OFFICE OF THE AUDITOR GENERAL (OAG)

- Annual OAG Attest Audit
- OAG Special Examinations

PROACTIVE DISCLOSURE

- Travel and hospitality expenses of the Chair, Board members and Executives
- Board meeting documents
- Corporate policies

ANNUAL PUBLIC MEETING

REPORTING TO THE CRTC

- Periodic licence renewals
- Annual reporting to the CRTC covering each of the Corporation's licensed radio, television and discretionary services
- Official Language Minority Communities (OLMCs) reports

MANAGEMENT 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 Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the second quarter of 2020-2021, 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 second quarter ended September 30, 2020. We have organized our MD&A in the following key sections:

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, 2020 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. These seasonal patterns are currently being impacted by the COVID-19 pandemic.

FORWARD-LOOKING STATEMENTS
This report contains forward-looking statements about strategy, objectives, 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. 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

REVENUE

Q2
2020-2021: $107M
2019-2020: $117M
TOTAL DECREASE $10M

Revenue decreased by 8.9% this quarter mainly due to the pandemic's adverse impacts on Canadian TV advertising spending, and the continued decrease of subscriber revenue from discretionary TV services. We also recognized additional retroactive royalty revenue for retransmission rights in the same period last year.

These lower advertising and subscription revenues from traditional platforms were partly offset by higher digital revenue, as audiences accelerated their shift to our digital platforms during the pandemic.

GOVERNMENT FUNDING

Q2
2020-2021: $300M
2019-2020: $304M
TOTAL DECREASE $4M

Government funding recognized this quarter decreased by 1.1% due to lower amortization of deferred capital funding as a result of our smaller asset base.

EXPENSES

Q2
2020-2021: $359M
2019-2020: $399M
TOTAL DECREASE $40M

Our expenses decreased by 10.1% this quarter as a result of the pandemic. Programming expenses were lower, as some of our content offerings were either delayed or cancelled. Other operating costs were also lower, as we reduced all non-essential travel and other operating costs. These lower expenses were partially offset by incremental costs incurred to ensure the health and safety of our staff, as well as strategic investments in digital platforms and content.

We expect expenses to increase in the second half of the year, due to higher programming costs for the fall and winter schedules.

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Revenue	106,637	117,116	(8.9)	205,642	231,216	(11.1)
Government funding	300,266	303,525	(1.1)	584,305	577,749	1.1
Expenses	(358,607)	(398,760)	(10.1)	(736,998)	(797,692)	(7.6)
Results before other gains and losses	**48,296**	**21,881**	**N/M**	**52,949**	**11,273**	**N/M**
Other gains and losses	132	(5,718)	N/M	385	(7,520)	N/M
Net results under IFRS for the period	**48,428**	**16,163**	**N/M**	**53,334**	**3,753**	**N/M**
Budget Results for the period[1]	**34,120**	**24,297**	**40.4**	**56,575**	**27,370**	**N/M**

N/M = not meaningful

[1]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.

Second quarter **Net results under IFRS** were a gain of $48.4 million, compared to a gain of $16.2 million in the same period of last year. This quarter, lower expenses more than offset lower revenues. In addition, other gains and losses improved due to the transfer of a building to the province of Saskatchewan in the prior year. Year-to-date **Net results under IFRS** were driven by the same factors.

For the second quarter and on a year-to-date basis, higher **Budget Results** reflected the decrease in expenses, which was greater than the decrease in revenue.

BUSINESS HIGHLIGHTS

The COVID-19 Response

Throughout the pandemic, we have provided essential services to Canadians: offering trusted news and information so they could stay informed; helping Canadian creators and our cultural partners; and supporting kids and parents with at-home educational resources. Innovative teams across the country have explored new ways of working to continue delivering new and exciting content throughout the summer and into the fall, in spite of the challenges.

On September 16, Patricia Bitu Tshikudi and Alexis de Lancer co-hosted our virtual Annual Public Meeting. Our Board of Directors and Senior Executive Team shared how we have served Canadians during the pandemic and beyond.

Annual Public Meeting 2020, CBC/Radio-Canada

To ensure the health and safety of our employees, we have taken a measured approach to the reintegration of employees to our work sites, pausing our reintegration plan and adjusting our approach in communities that were experiencing a recent increase in case numbers. Most employees continue to work remotely, with less than 20% of employees, mainly those involved with essential operations, reintegrated into our offices during the second quarter. We have supported managers in handling employee COVID-19 cases as they occur, through contact tracing and ongoing communication with our national crisis management team, and have adapted our guidelines in keeping with public health advice.

Content and Services

English Services

In a summer like no other, CBC continued to connect Canadians with news and entertainment, across all platforms. We are excited to report that production began or restarted on new and returning original programming. The fall season includes 24 series – representing a total of 1,300 new hours of content – that feature distinct Canadian perspectives and voices that audiences won't find anywhere else.

Being Black in Canada – CBC.ca, CBC

In an effort to support Black audiences in response to the increased racial tensions in North America after the death of George Floyd, we launched a lineup of special programming across multiple platforms to highlight the experiences and history of Black people in Canada. This included *Being Black in Canada*, an hour-long exploration of the stories of Black Canadians, an expanded companion CBC website, Being Black in Canada, and a collection of Black stories available on CBC Gem. In honour of Emancipation Day (August 1), which commemorates the abolition of slavery across the British Empire, we anchored programming that included the miniseries *Book of Negroes*.

History was made in September when *Schitt's Creek* swept the comedy category at this year's Emmy® Awards. The beloved show won nine awards, including Outstanding Comedy Series. This marked the first time a Canadian television show won the series category (in either comedy or drama) and was the most wins in a single season for any comedy in the Awards' 72-year history.

Schitt's Creek, CBC

CBC was well-represented at the Toronto International Film Festival (TIFF) 2020 with seven titles selected for screening, including five world premieres. One of those premieres, *Trickster*, is an Indigenous-led TV series based on Eden Robinson's bestselling novel, now streaming on CBC Gem. Our TIFF programming exemplified our ongoing commitment to telling unique and authentic Canadian stories and our support for the filmmaking industry in Canada.

Trickster, CBC

French Services


Une rivière métissée, Radio-Canada

On ICI RDI and our digital platforms, the Décrypteurs team played an important role in tracking down and debunking false COVID-19 information circulating on social media. With lives at stake, this dedication to identifying “fake news” was more vital than ever before. In addition, leading up to the New Brunswick election in September – the first in Canada during the pandemic – our journalism lab, Rad, put a spotlight on the issues that mattered to voters.

Radio-Canada has also taken to heart its commitment to reflecting contemporary Canada in its programming. To mark the United Nations’ International Day of the World’s Indigenous People on August 9, we premiered the documentary *Une rivière métissée*, which follows Paryse Suddith, a lawyer of Cherokee, African-American and Acadian descent, as she returns to New Brunswick to reconnect with her roots. In conjunction with our broadcast of the radio drama *Héritage (A Raisin in the Sun)*, ICI PREMIÈRE and ICI MUSIQUE aired special programming, hosted by Rebecca Makonnen and Myriam Fehmiu, that highlighted the important contributions of Black communities and reaffirmed the impact of arts and culture on society.

Radio-Canada overcame the significant production challenges caused by COVID-19 to broadcast the 2020 Gémeaux Awards in an innovative way. The series *C'est comme ça que je t'aime*, which premiered on ICI TÉLÉ in September, picked up 10 honours at the gala.

Prix Gémeaux 2020, Radio-Canada

The Quebec government and the Société de développement des entreprises culturelles (SODEC) stepped up to provide production insurance and COVID-related cost relief. In addition, Radio-Canada also worked with its producer partners to adopt new production methods compatible with social distancing. We were able to secure our programming schedules on ICI TÉLÉ, both over the summer and for our regular season launch in September. Fan-favourite *District 31* was also able to resume production this quarter.

Almost a year after its launch, our Radio-Canada OHdio app has engaged audiences of all ages. More than 20 podcasts and audiobooks were launched this fall, including short stories to help young children fall asleep (*Bododo*), gripping fiction like *Écho* and new episodes of popular podcasts such as *Les pires moments de l’histoire*. Our podcast *Laissez-nous raconter : L’histoire crochie*, produced by Terre Innue (an Indigenous production company based in Maliotenam, Quebec), was honoured at the Paris Podcast Festival, taking home the award for top French-language podcast from outside France.

Technology and Infrastructure

New Maison de Radio-Canada

After years of planning and construction, we broadcast three radio programs – *L'Heure du Monde*, *Midi Inf*o and *Désautels le Dimanche* – from the new Maison de Radio-Canada (MRC) in August. The new MRC relies entirely on IP technology for audio and video signal distribution (from production through to broadcasting), making the public broadcaster a leader in this area, not just in Canada but among broadcasters around the world. We have also transferred much of the post-production work to the new MRC and have made important progress with our central systems and infrastructure to support television and news production. As of September, teams have also been focused on stabilizing technical systems in preparation for the production and broadcast of live television programming toward the end of the calendar year. Our scheduled moves are underway, with several teams having already moved into the new facility.

People and Culture

In early summer, the Diversity and Inclusion Working Group expanded its scope to address actions related to anti-racism and anti-discrimination. To support this mandate, the working group membership was expanded to include all Senior Executive Team members, as well as representatives from all components.

In July, we launched "Be Heard," a new online system through which employees can report, safely and anonymously, any instance of racism that they experience or witness. This platform allows employees to share their experiences and suggestions on how to improve our workplace. The new resource is not intended to replace our existing discrimination and harassment reporting processes, but rather to offer employees a complementary option specifically related to racism.

Going forward, unconscious bias training will now be mandatory for people-leading people, including senior management, and it will be available on-demand to all employees. We will also continue to provide training on inclusive newsrooms, the impact of unconscious bias on our content and reporting in Indigenous communities.

We have prioritized the physical and mental wellness of our people, recognizing the pressure that the pandemic is continuing to put on their work and personal lives, with access to Employee Assistance Program (EAP) resources and the newly launched virtual healthcare service "Dialogue". We have also kept in regular contact with unions and organizations that represent our employees to ensure open communication and collaboration.

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.[1] These priorities are shaping our strategic initiatives for the next two years.

Targets are specific to the markets we operate in and consider a number of factors such as market realities, competition and service penetration rate. Annual targets for 2020-2021 were established using our best estimates of the impacts of the COVID-19 pandemic.

As outlined below, the second quarter results vary from those annual targets due to the extended duration of the pandemic. We anticipate that performance metrics may remain volatile throughout 2020-2021, as the duration and severity of the pandemic remains unknown.

INDICATORS	MEASUREMENTS	TARGETS 2020-2021	RESULTS APR 1 TO SEP 30, 2020
Customized digital services			
1. Digital reach of CBC/Radio-Canada[2]	*Monthly average unique visitors*	**21.5M**	**23.9M**
2. Digital engagement with CBC/Radio-Canada[3]	*Monthly average minutes per visitor*	**43 min/vis**	**50 min/vis**
Engaging with young audiences			
3. Digital visits to CBC/Radio-Canada kids content[4]	*Monthly average visits*	**2,066K**	**2,886K**
Prioritizing our local connections			
4. Digital engagement with CBC News/Regions[3]	*Monthly average minutes per visitor*	**25 min/vis**	**26 min/vis**
5. Digital engagement with Radio-Canada Info/Régions[3]	*Monthly average minutes per visitor*	**16 min/vis**	**21 min/vis**
Reflecting contemporary Canada			
6. Employment equity representation[5]	*% of new external hires*	**38.4%**	**21.2%**

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.

Customized digital services

The second quarter continues to be highly impacted by the COVID-19 pandemic. As a result of Canadians turning to our digital services in large numbers to get informed and entertained, our digital reach and digital engagement continue to trend significantly above target.

[1] The KPIs for *Your Stories, Taken to Heart* is the complete measurement framework for the Corporation, and replaces our KPIs and Accountability Plan from the previous strategic plan. 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 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 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 zone Jeunesse, ICI TOU.TV, CBC Kids sites, CBC Kids News and CBC Gem, April to March.
[5] This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.

Engaging with young audiences

Traffic to our overall digital offering for kids content has also been impacted by the pandemic, as many young Canadians and parents turned to our youth programming during the period. The result continues to trend above target with 2.9 million visits per month.

Prioritizing our local connections

Digital engagement for our news, info and regions sections is currently trending above target for both CBC and Radio-Canada, due to the coverage of major news events, such as the COVID-19 pandemic, and other regional news stories.

Reflecting contemporary Canada

Employment equity representation of our new employees is tracking behind target but is expected to grow throughout the year as we continue to implement our [Diversity and Inclusion Plan] across the Corporation.

Annual Public Meeting 2020, CBC/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 2020-2021 were established using our best estimates of the impacts of the COVID-19 pandemic.

The second quarter results vary from our annual targets due to the severe impact of the pandemic that continued throughout the period. We anticipate that performance metrics may remain volatile throughout 2020-2021, as the duration and severity of the pandemic remains unknown.

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

CBC 2020-2021 Results

INDICATORS	MEASUREMENTS	TARGETS 2020-2021	RESULTS APR 1 TO SEP 30, 2020
Customized digital services			
Digital reach[6]	*Monthly average unique visitors*	**18.1M**	**20.1M**
Digital engagement[7]	*Monthly average minutes per visitor*	**35 min/vis**	**37 min/vis**
Engaging with young audiences			
Digital visits to kids content[8]	*Monthly average visits*	**1,687K**	**2,388K**
Prioritizing our local connections			
Digital engagement with CBC News/Regions[7]	*Monthly average minutes per visitor*	**25 min/vis**	**26 min/vis**
Reflecting contemporary Canada			
Employment equity representation[9]	*% of new external hires*	**47.7%**	**34.8%**
Television			
CBC News Network[10]	*All-day audience share*	**1.7%**	**2.3%**
Revenue			
Total revenue[11]	*Conventional, discretionary, online*	**$184M**	**$87M**

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Refer to page 8 for more information on our methodologies.

[6] 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.
[7] 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.
[8] Source: Adobe Analytics, average of monthly visits to kids content on CBC Kids sites, CBC Kids News and CBC Gem, April to March.
[9] This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.
[10] Source: Numeris PPM, persons aged 2+, April to March.
[11] Includes CBC advertising revenue, subscription revenue and other revenue (e.g., content sales).

Customized digital services

Audience growth, driven by the pandemic news cycle, was sustained at significantly higher levels than expected throughout the summer resulting in strong performance in reach and engagement.

Engaging with young audiences

Digital visits to CBC kids content saw strong performance in the first half of the year as children, families, teachers, and school boards across Canada turned to our CBC Kids, CBC Kids News and CBC Parents sites during the pandemic for e-learning resources. The new games section on cbckids.ca continues to be a main driver of reach and engagement for the segment.

CBC Kids News

Prioritizing our local connections

Digital engagement with CBC News/Regions had a strong first half of the year from coverage of the COVID-19 pandemic and other major regional news stories.

Reflecting contemporary Canada

Employment equity representation is tracking behind target after the first half of the year as hiring has been pacing slower due to the pandemic. We anticipate results to grow over the course of the year as we continue to explore new initiatives and implement our Diversity and Inclusion Plan across the Corporation.

Television

CBC News Network is tracking above the annual target primarily driven by coverage of the pandemic and airing of specials, such as the U.S. Democratic and Republican conventions, Conservative Party leadership election, and Speech from the Throne, which drew large audiences. The decision to make CBC News Network free to all Canadians also contributed to an increase in viewership.

Revenue

Increased traffic on digital and social media platforms combined with stronger than expected audience numbers on television have helped sustain demand for advertising. Subscription revenue from CBC News Network and CBC Gem is tracking slightly above target.

Radio-Canada 2020-2021 Results

INDICATORS	MEASUREMENTS	TARGETS 2020-2021	RESULTS APR 1 TO SEP 30, 2020
Customized digital services			
Digital reach[12]	*Monthly average unique visitors*	**5.1M**	**6.0M**
Digital engagement[13]	*Monthly average minutes per visitor*	**47 min/vis**	**59 min/vis**
Engaging with young audiences			
Digital visits to kids content[14]	*Monthly average visits*	**379K**	**499K**
Prioritizing our local connections			
Digital engagement with Radio-Canada Info/Régions[13]	*Monthly average minutes per visitor*	**16 min/vis**	**21 min/vis**
Reflecting contemporary Canada			
Employment equity representation[15]	*% of new external hires*	**21.7%**	**11.9%**
Television			
ICI RDI, ICI ARTV and ICI EXPLORA[16]	*All-day audience share*	**5.3%**	**6.6%**
Revenue			
Total revenue[17]	*Conventional, discretionary, online*	**$184M**	**$88.5M**

Our performance metrics are evolving as the media industry continues to undergo a digital transformation. Refer to page 8 for more information on our methodologies.

Customized digital services

Since the beginning of a year that has been greatly impacted by COVID-19, the Black Lives Matter movement and sustained consumption of digital content, our digital reach and engagement have been very strong.

Engaging with young audiences

Digital visits to kids content were above target, thanks to increased video consumption driven by the COVID-19 pandemic. *L'effet secondaire* and *L'agent Jean*, both on ICI TOU.TV, are particularly popular with our young audiences.

Prioritizing our local connections

Digital user engagement with news and regional content is very high, driven by COVID-19 coverage and a strong regional content lineup.

[12] 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.
[13] 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.
[14] Source: Adobe Analytics, average of monthly visits to kids content on zone Jeunesse and ICI TOU.TV, April to March.
[15] This metric is made up of three groups: Indigenous peoples, persons with disabilities and visible minorities.
[16] Source: Numeris PPM, francophones in Quebec aged 2+, April to March.
[17] Includes Radio-Canada advertising revenue, subscription revenue and other revenue (e.g., content sales).

Reflecting contemporary Canada

Employment equity representation of our new employees is tracking below the annual target, but we expect a better result by year-end as we continue to implement a number of diversity and inclusion initiatives during the year (internships, meetings and training courses).

Il est toujours 5 h quelque part, ICI PREMIÈRE

Television

Since the start of the year, the combined share of our three discretionary channels has been tracking well ahead of our annual target, mostly due to ICI RDI's COVID-19 coverage and the free preview period. ICI ARTV and ICI EXPLORA are also tracking ahead of their respective audience-share targets.

Revenue

Despite declining advertising sales owing to COVID-19, our revenues in the first half of the year are tracking toward target thanks to our advertising and subscription revenues from digital platforms.

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 current broadcast year-to-date and in the previous full broadcast year, ICI TÉLÉ and CBC Television 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, 2018 TO AUG 31, 2019	RESULTS SEP 1, 2019 TO AUG 31, 2020
ICI TÉLÉ			
Broadcast day	75%	79%	**79%**
Prime time	80%	91%	**93%**
CBC Television			
Broadcast day	75%	78%	**78%**
Prime time	80%	84%	**83%**

Burden of Truth, CBC

DISCUSSION OF RESULTS

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

Results under IFRS and Budget Results

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Revenue	106,637	117,116	(8.9)	205,642	231,216	(11.1)
Government funding	300,266	303,525	(1.1)	584,305	577,749	1.1
Expenses	(358,607)	(398,760)	(10.1)	(736,998)	(797,692)	(7.6)
Results before other gains and losses	**48,296**	**21,881**	**N/M**	**52,949**	**11,273**	**N/M**
Other gains and losses	132	(5,718)	N/M	385	(7,520)	N/M
Net results under IFRS for the period	**48,428**	**16,163**	**N/M**	**53,334**	**3,753**	**N/M**
Items not included in our operating budget						
Pension and other employee future benefits	5,776	13,250	(56.4)	15,688	27,583	(43.1)
Depreciation, amortization and decommissioning expenses, net of amortization of deferred capital funding	2,705	2,768	(2.3)	6,615	6,626	(0.2)
Other provisions for non-cash items	(22,789)	(7,884)	N/M	(19,062)	(10,592)	80.0
Budget Results for the period[1]	**34,120**	**24,297**	**40.4**	**56,575**	**27,370**	**N/M**

N/M = not meaningful

[1]Budget Results is a non-IFRS measure. An explanation of Budget Results is provided below.

Net results under IFRS for the period

We have implemented a financial contingency plan in response to the COVID-19 pandemic that includes reducing operating expenses, significantly postponing capital expenditures and managing programming expenses to offset expected revenue losses. This has resulted in favourable gains compared to prior periods. We anticipate TV advertising revenue to remain challenged, and our expenses to increase in the second half of the year.

3 MONTHS – A gain of $48.4 million, a $32.3 million increase relative to the same quarter last year, was due to:

- Lower expenses by $40.2 million (↓10.1%) as a result of our response to the COVID-19 pandemic. Programming expenses decreased due to the reduced cost of programs broadcast relative to last year, as productions and events were delayed or cancelled. Other operating costs were also lower, as we reduced all non-essential travel and other operating costs. These decreases were partly offset by incremental costs related to health and safety and facilities management. We also continued to make investments in digital platforms and content, in accordance with our strategic plan.
- Other gains and losses improved by $5.9 million, as we recognized a non-cash charge from the transfer of a building to the province of Saskatchewan last year.

These improvements in our results were partially offset by:

- A $10.5 million decrease in revenue (↓8.9%), mostly as our TV advertising was adversely impacted by the economic slowdown during the pandemic, which significantly reduced TV advertising spending in the current year, along with additional retroactive royalties for retransmission rights recognized in the same period last year.
- Lower government funding recognized in income this quarter by $3.3 million (↓1.1%).

6 MONTHS – A gain of $53.3 million compared to $3.8 million for the same period last year. This increase is mostly due to the same factors impacting our three-month results. However, there was more government funding recognized on a year-to-date basis in the current year (↑1.1%).

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. 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.

3 MONTHS and 6 MONTHS – Our Budget Results for the three-month and six-month periods improved by $9.8 million and $29.2 million respectively. As discussed above, the implementation of our financial contingency plan has resulted in favourable gains compared to prior periods. The improved results reflect our lower expenses and the timing of government funding recognized into income. We expect pressure on TV advertising revenue to persist and our expenses to increase in the second half of the year.

Revenue

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Advertising[1]						
English Services	21,923	25,048	(12.5)	45,749	49,662	(7.9)
French Services	25,378	26,589	(4.6)	50,784	58,510	(13.2)
	47,301	51,637	(8.4)	96,533	108,172	(10.8)
Subscriber fees						
English Services	15,666	16,074	(2.5)	31,330	32,183	(2.7)
French Services	15,150	14,995	1.0	30,725	29,957	2.6
	30,816	31,069	(0.8)	62,055	62,140	(0.1)
Financing, investment and other income[1]						
English Services	11,983	7,247	65.4	16,974	18,051	(6.0)
French Services	5,907	7,173	(17.6)	8,668	11,471	(24.4)
Corporate Services	10,630	19,990	(46.8)	21,412	31,382	(31.8)
	28,520	34,410	(17.1)	47,054	60,904	(22.7)
TOTAL	**106,637**	**117,116**	**(8.9)**	**205,642**	**231,216**	**(11.1)**

[1]The Corporation modified the classification of its revenue arising from social media platforms. More information is provided in Note 13 *Revenue* of our Interim Financial Statements.

Our revenue decreased by $10.5 million (↓8.9%) in the second quarter of 2020-2021 and by $25.6 million (↓11.1%) on a year-to-date basis. Significant variances by revenue stream are explained below.

Advertising (Q2: ↓8.4%; YTD: ↓10.8%)

Our advertising revenue depends on the different events of significant importance we cover throughout the quarter, the overall health of the advertising market and the success of our programming schedule. Conventional television advertising revenue is experiencing downward pressure as consumer content consumption habits are increasingly shifting towards digital platforms.

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
TV advertising	35,242	42,821	(17.7)	73,772	90,994	(18.9)
Digital advertising[1]	12,059	8,816	36.8	22,761	17,178	32.5
	47,301	**51,637**	**(8.4)**	**96,533**	**108,172**	**(10.8)**

[1]The Corporation modified the classification of its revenue arising from social media platforms. More information is provided in Note 13 *Revenue* of our interim financial statements.

3 MONTHS – Revenue from TV advertising decreased for both CBC and Radio-Canada this quarter by $7.6 million (↓17.7%), driven by lower demand during the economic downturn as a result of the COVID-19 pandemic. This decline was partly offset by higher digital advertising revenue of $3.2 million (↑36.8%) as traffic increased on digital and social media platforms during the pandemic.

6 MONTHS – Revenue from TV advertising decreased by $17.2 million (↓18.9%) and revenue from digital advertising increased by $5.6 million (↑32.5%) for the aforementioned reasons.

Subscriber fees (Q2: ↓0.8%; YTD: ↓0.1%)

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

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Discretionary TV platforms	26,151	27,890	(6.2)	52,557	55,808	(5.8)
Digital platforms	4,665	3,179	46.7	9,498	6,332	50.0
	30,816	**31,069**	**(0.8)**	**62,055**	**62,140**	**(0.1)**

3 MONTHS and 6 MONTHS – Our subscriber revenue remained nearly flat when compared to last year. Fewer subscribers drove a decrease in subscriber revenue from discretionary TV platforms. This was partly offset by subscriber growth on our digital platforms (ICI TOU.TV EXTRA and CBC Gem).

Financing, investment and other income (Q2: ↓17.1%; YTD: ↓22.7%)

Financing, investment and other income depends 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.*

3 MONTHS and 6 MONTHS – Financing, investment and other income decreased by $5.9 million during the second quarter and $13.9 million during the first half of the fiscal year. Production revenues have decreased as a result of the COVID-19 pandemic, due to fewer sports and artistic events being produced and less demand from third parties for our facilities and services. The second quarter of last year also saw additional retroactive royalties recognized for retransmission rights.

Operating expenses

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Television, radio and digital services costs						
English Services	183,597	213,013	(13.8)	380,128	416,772	(8.8)
French Services	153,363	163,002	(5.9)	312,620	334,744	(6.6)
	336,960	376,015	(10.4)	692,748	751,516	(7.8)
Other operating expenses						
Transmission, distribution and collection	12,644	14,338	(11.8)	25,815	29,059	(11.2)
Corporate management	2,417	2,489	(2.9)	4,924	5,400	(8.8)
Finance costs	6,586	5,918	11.3	13,511	11,717	15.3
	21,647	22,745	(4.8)	44,250	46,176	(4.2)
TOTAL	**358,607**	**398,760**	**(10.1)**	**736,998**	**797,692**	**(7.6)**

Our total operating expenses decreased by $40.2 million (↓10.1%) in the second quarter of 2020-2021 and by $60.7 million (↓7.6%) on a year-to-date basis. The main variances are discussed below.

Television, radio and digital services costs (Q2: ↓10.4%; YTD: ↓7.8%)

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.

3 MONTHS – The $39.1 million decrease in television, radio and digital services costs resulted from lower costs of programs broadcast on TV relative to last year as we adjusted our programming offer in response to the pandemic. Many shows, productions and events were either delayed or cancelled due to COVID-19 restrictions. Operating costs were also deliberately reduced. In addition, expenses were also comparatively higher in the second quarter of last year due to heavy election coverage.

These lower expenses were partly offset by increased cleaning costs for our facilities and the purchase of protective equipment due to the pandemic. We also continued to invest in our digital content and expand our technical capabilities in accordance with our strategic plan.

6 MONTHS – The $58.8 million decrease in expenses was driven by the same factors discussed above. In addition, royalty expenses decreased following a tariff decision by the Copyright Board of Canada last quarter.

We expect programming expenses to increase in the second half of the year due to increases in programming costs for the fall and winter schedules as a result of the pandemic.

Other operating expenses (Q2: ↓4.8%; YTD: ↓4.2%)

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.

3 MONTHS and 6 MONTHS – Other operating expenses decreased by $1.1 million and $1.9 million respectively, mainly due to lower **transmission, distribution and collection costs** from reduced project and travel costs due to COVID-19 restrictions. This was partially offset by higher **finance costs** recognized for accounting purposes, mostly from real estate leases.

Government funding

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Parliamentary appropriations for operating expenditures	275,275	275,677	(0.1)	534,579	522,566	2.3
Parliamentary appropriations for working capital	999	1,000	(0.1)	1,999	2,000	(0.1)
Amortization of deferred capital funding	23,992	26,848	(10.6)	47,727	53,183	(10.3)
TOTAL	**300,266**	**303,525**	**(1.1)**	**584,305**	**577,749**	**1.1**

***Parliamentary appropriations for operating expenditures** are recognized based on our expected needs, according to budgeted revenue and expenditures for the period.*

*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.*

3 MONTHS and 6 MONTHS – **Parliamentary appropriations for operating expenditures** remained stable (↓0.1%) this quarter and increased by $12.0 million (↑2.3%) on a year-to-date basis. Our government funding recognized in the first half of the year was higher due to the timing of our expected needs.

3 MONTHS and 6 MONTHS – **Amortization of deferred capital funding** was lower by $2.9 million (↓10.6%) and by $5.5 million (↓10.3%) on a year-to-date basis, consistent with our smaller asset base.

Other gains and losses

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Gain (loss) on disposal of property and equipment and intangibles	132	(5,718)	N/M	385	(7,520)	N/M
TOTAL	**132**	**(5,718)**	**N/M**	**385**	**(7,520)**	**N/M**

N/M = not meaningful

3 MONTHS and 6 MONTHS – The gain of $0.1 million this quarter and of $0.4 million in the first half of the year were related to the retirement of assets in the regular course of our operations.

In the previous year, the loss of $5.7 million in the second quarter and $7.5 million on a year-to-date basis were mostly driven by a non-cash charge from the transfer of a building to the province of Saskatchewan in exchange for a long-term lease arrangement, as well as other net losses from the retirement of assets in the regular course of our operations.

Total comprehensive income (loss)

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Net results for the period	48,428	16,163	N/M	53,334	3,753	N/M
Other comprehensive income (loss)						
Remeasurements of defined benefit plans	24,565	144,772	(83.0)	(378,960)	(24,557)	N/M
Total comprehensive income (loss) for the period	**72,993**	**160,935**	**(54.6)**	**(325,626)**	**(20,804)**	**N/M**

N/M = not meaningful

Remeasurements of defined benefit plans are driven by significant non-cash fluctuations in our pension plans' 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 period.

3 MONTHS – Total comprehensive income recognized this quarter was $73.0 million, compared to $160.9 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 $24.6 million was recognized this quarter on remeasurements of defined benefit plans. This was mostly due to a gain on plan assets of $87.8 million from a higher return on plan assets than estimated in our actuarial assumptions. This was partly offset by a 4 basis-point decrease in the discount rate, which increased the defined benefit obligation by $63.3 million.

A gain of $144.8 million was recognized in the same period last year on remeasurements of defined benefit plans. This was mostly due to a gain on plan assets of $169.5 million resulting from a higher return on plan assets than estimated in our actuarial assumptions. This was partly offset by a 1 basis-point decrease in the discount rate, which increased the defined benefit obligation by $24.7 million.

6 MONTHS – A loss of $379.0 million was recognized on a year-to-date basis on remeasurements of defined benefit plans. This was mostly due to a 108 basis-point decrease in the discount rate, which increased the defined benefit obligation by $1.3 billion. This significant decrease in the discount rate was driven by a decrease in Canadian corporate bond yields. This was offset by a gain on plan assets of $886.3 million from a higher return on plan assets than estimated in our actuarial assumptions.

CAPITAL RESOURCES, FINANCIAL CONDITION AND LIQUIDITY

Revenue and Other Sources of Funds

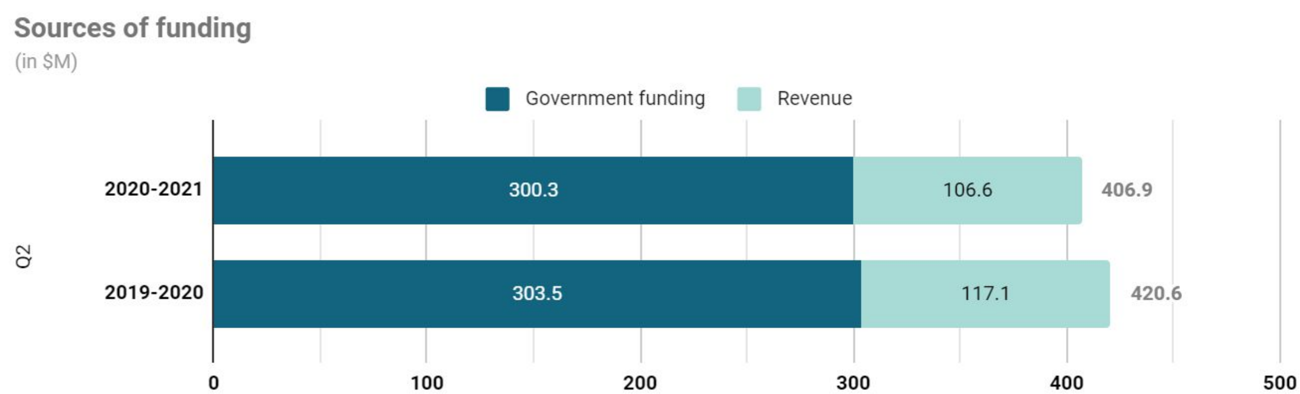
We have four sources of direct funding: government appropriations for operating and capital expenditures, advertising revenue, subscriber fees, and financing and other income.

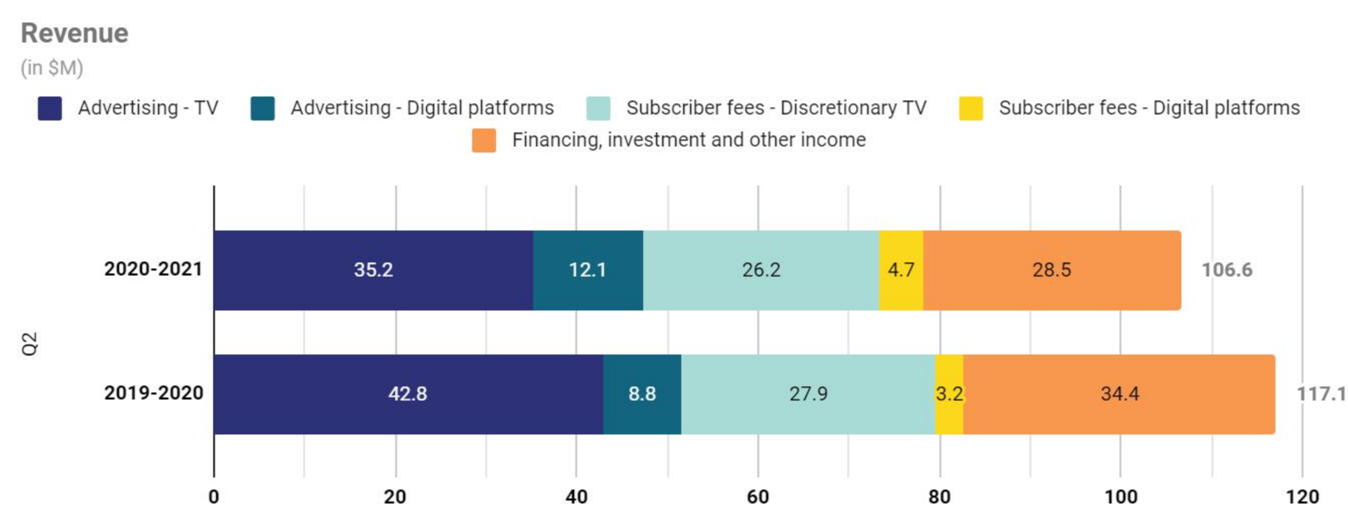
Government funding: This quarter, we recognized operating funding of $275.3 million, capital funding of $24.0 million and working capital funding of $1.0 million.

Advertising revenue: This includes ongoing sales of advertising on our conventional television channels, discretionary television services and digital platforms. As a result of the market's shift away from conventional advertising platforms, TV advertising revenue is decreasing as a proportion of our total source of funds, while digital advertising is increasing.

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.

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.





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.

Cash position

	For the **three** months ended September 30			For the **six** months ended September 30		
	2020	2019	% change	**2020**	2019	% change
Cash - beginning of the period	**95,985**	**99,567**	**(3.6)**	**72,386**	**89,697**	**(19.3)**
Changes in the period						
Cash from operating activities	34,414	59,646	(42.3)	78,098	13,974	N/M
Cash used in financing activities	(6,460)	(4,187)	54.3	(35,547)	(30,706)	15.8
Cash from (used in) investing activities	(11,263)	(6,398)	76.0	(2,261)	75,663	N/M
Net change	**16,691**	**49,061**	**(66.0)**	**40,290**	**58,931**	**N/M**
Cash - end of the period	**112,676**	**148,628**	**(24.2)**	**112,676**	**148,628**	**(24.2)**

N/M = not meaningful

Cash from operating activities

Cash from operating activities includes cash inflows from our drawdowns of parliamentary appropriations for operating expenditures and working capital.

3 MONTHS and 6 MONTHS – This quarter, cash inflows from operating activities were $34.4 million, a decrease of $25.2 million (↓42.3%). On a year-to-date basis, cash inflows from operating activities were $78.1 million compared to $14.0 million last year, an increase of $64.1 million. Fluctuations in working capital, including programming inventory, 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.

3 MONTHS and 6 MONTHS – Cash outflows for financing activities increased by $2.3 million (↑54.3%) this quarter and by $4.8 million (↑15.8%) on a year-to-date basis. The increase is mostly explained by higher payments for lease obligations, because the lease for the new Maison de Radio-Canada started in the fourth quarter of 2019-2020.

Cash from (used in) investing activities

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

3 MONTHS – This quarter, cash outflows used in investing activities increased by $4.9 million (↑76.0%). As a result of the pandemic, some capital projects have been deferred as part of our contingency plans. We have therefore delayed our parliamentary appropriations for capital funding drawdowns accordingly.

6 MONTHS – Cash outflows used in investing activities was $2.3 million, a decrease of $77.9 million relative to last year. During the first quarter of fiscal year 2019-2020, several Canada Mortgage Bonds held by the Corporation matured; this accounted for the large cash inflows. There were no similar transactions this 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

As Canada's national public broadcaster, we occupy an important place in the Canadian broadcasting system and face a unique set of risks to our plans and operations. Like all broadcasters, we must adapt to technological changes, shifts in demographics and evolving consumer demands, as well as structural changes in the industry. Given our statutory mandate to serve all Canadians, we also face unique 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 2019-2020 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 discussed throughout this report.

We have implemented a financial contingency plan that includes reducing operating expenses, significantly postponing capital expenditures and managing programming expenses to offset expected revenue losses. The duration and severity of the pandemic may adversely impact the ability of the Corporation to meet all of its programming obligations.

It is anticipated that the effects of COVID-19 will persist into fiscal year 2021-2022, including continuing economic pressures and programming disruptions. We will need to 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.

One other update to the risks identified in the 2019-2020 Annual Report is provided below:

Government's cultural policies modernization and CRTC licence renewal

On November 2, the Government tabled amendments to the *Broadcasting Act*, Bill C-10, which aim to introduce regulatory balance between broadcasters and online content providers. We will monitor and assess developments and potential impacts on our operations as Bill C-10 moves through the legislative process.

COVID-19 has resulted in the delay of the CRTC's public hearing, originally scheduled for May 2020. The CRTC has administratively renewed our licences for one year to August 31, 2021 and has rescheduled the public hearing for our licence renewals to begin on January 11, 2021.

FINANCIAL REPORTING DISCLOSURE

Our second quarter condensed interim consolidated financial statements (“interim financial statements”) were prepared in accordance with IFRS, as issued by the International Accounting Standards Board (IASB), under IAS 34 – *Interim Financial Reporting* and adopted by the Accounting Standards Board (AcSB). They were approved by the Corporation’s Board of Directors on November 26, 2020. 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, 2020 (“2019-2020 audited annual financial statements”). Our interim financial statements do not include all of the notes required in the 2019-2020 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 2020-2021 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 six months of 2020-2021. Our key accounting estimates and critical judgments are disclosed in the relevant notes to our 2019-2020 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.

Catherine Tait
President and Chief Executive Officer

Michael Mooney
Acting Executive Vice-President and Chief Financial Officer

Ottawa, Canada
November 26, 2020

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

SECOND QUARTER

FINANCIAL REPORT

2020-2021

Q2

CBC Radio-Canada

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

(in thousands of Canadian dollars)	NOTE	As at September 30 2020	As at March 31 2020
ASSETS			
Current			
Cash		112,676	72,386
Marketable securities		3,781	-
Bonds receivable	4,16	57,389	85,680
Promissory notes receivable		2,666	3,498
Trade and other receivables	5,16	123,492	138,398
Programming	6	426,643	319,475
Prepaid expenses		40,142	37,215
Investment in finance lease		2,940	3,878
Derivative financial instruments		302	1,410
Assets classified as held for sale	7	109	46
		770,140	**661,986**
Non-current			
Bonds receivable	4,16	28,296	-
Property and equipment	7	791,403	797,997
Intangible assets	8	22,991	24,861
Right-of-use (ROU) assets	9	340,513	358,501
Pension plan asset	11	320,960	689,590
Promissory notes receivable		26,968	27,855
Programming	6	70,335	79,966
Investment in finance lease		29,377	30,346
Deferred charges		28,652	29,142
		1,659,495	**2,038,258**
TOTAL ASSETS		**2,429,635**	**2,700,244**
LIABILITIES			
Current			
Accounts payable and accrued liabilities		84,545	115,968
Provisions	10	24,359	29,745
Pension plans and employee-related liabilities	11	181,774	200,609
Financial obligations		35,170	34,607
Lease liabilities	12	17,929	18,296
Deferred revenue and other liabilities		18,407	17,092
Deferred operating vote drawdown	14	132,422	-
		494,606	**416,317**
Non-current			
Deferred revenue and other liabilities		32,869	36,715
Pension plans and employee-related liabilities	11	260,289	234,492
Financial obligations		216,376	230,823
Lease liabilities	12	313,514	330,063
Deferred capital funding	14	515,683	529,910
		1,338,731	**1,362,003**
TOTAL LIABILITIES		**1,833,337**	**1,778,320**
EQUITY			
Retained earnings		595,588	921,214
Total equity attributable to the Corporation		595,588	**921,214**
Non-controlling interests		710	**710**
TOTAL EQUITY		**596,298**	**921,924**
TOTAL LIABILITIES AND EQUITY		**2,429,635**	**2,700,244**

Contingent liabilities (Note 10) and 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)

(in thousands of Canadian dollars)	*NOTE*	For the **three** months ended September 30 **2020**	2019	For the **six** months ended September 30 **2020**	2019
REVENUE	*13*				
Advertising		47,301	51,637	96,533	108,172
Subscriber fees		30,816	31,069	62,055	62,140
Other income		26,755	31,629	43,439	55,314
Financing and investment income		1,765	2,781	3,615	5,590
		106,637	**117,116**	**205,642**	**231,216**
GOVERNMENT FUNDING	*14*				
Parliamentary appropriation for operating expenditures		275,275	275,677	534,579	522,566
Parliamentary appropriation for working capital		999	1,000	1,999	2,000
Amortization of deferred capital funding		23,992	26,848	47,727	53,183
		300,266	**303,525**	**584,305**	**577,749**
EXPENSES					
Television, radio and digital services costs		336,960	376,015	692,748	751,516
Transmission, distribution and collection costs		12,644	14,338	25,815	29,059
Corporate management costs		2,417	2,489	4,924	5,400
Finance costs		6,586	5,918	13,511	11,717
		358,607	**398,760**	**736,998**	**797,692**
Results before other gains and losses		**48,296**	**21,881**	**52,949**	**11,273**
OTHER GAINS AND LOSSES					
Gain (loss) on disposal of property and equipment and intangibles		132	(5,718)	385	(7,520)
Net results for the period		**48,428**	**16,163**	**53,334**	**3,753**
Net results attributable to:					
The Corporation		48,446	16,194	53,334	3,795
Non-controlling interests		(18)	(31)	-	(42)
		48,428	**16,163**	**53,334**	**3,753**

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

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

(in thousands of Canadian dollars)	*NOTE*	For the **three** months ended September 30 **2020**	2019	For the **six** months ended September 30 **2020**	2019
COMPREHENSIVE INCOME (LOSS)					
Net results for the period		48,428	16,163	53,334	3,753
Other comprehensive income (loss) - not subsequently reclassified to net results					
Remeasurements of defined benefit plans	*11*	24,565	144,772	(378,960)	(24,557)
Total comprehensive income (loss) for the period		**72,993**	**160,935**	**(325,626)**	**(20,804)**
Total comprehensive income (loss) attributable to:					
The Corporation		73,011	160,966	(325,626)	(20,762)
Non-controlling interests		(18)	(31)	-	(42)
		72,993	**160,935**	**(325,626)**	**(20,804)**

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

(in thousands of Canadian dollars)	*NOTE*	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at June 30, 2020		522,577	728	523,305
Changes during the period				
Net results for the period		48,446	(18)	48,428
Remeasurements of defined benefit plans	*11*	24,565	-	24,565
Total comprehensive income for the period		**73,011**	**(18)**	**72,993**
Balance as at September 30, 2020		**595,588**	**710**	**596,298**

(in thousands of Canadian dollars)	*NOTE*	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at June 30, 2019		537,828	625	538,453
Changes during the period				
Net results for the period		16,194	(31)	16,163
Remeasurements of defined benefit plans	*11*	144,772	-	144,772
Total comprehensive income for the period		**160,966**	**(31)**	**160,935**
Balance as at September 30, 2019		**698,794**	**594**	**699,388**

(in thousands of Canadian dollars)	*NOTE*	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at March 31, 2020		921,214	710	921,924
Changes during the period				
Net results for the period		53,334	-	53,334
Remeasurements of defined benefit plans	*11*	(378,960)	-	(378,960)
Total comprehensive income for the period		**(325,626)**	**-**	**(325,626)**
Balance as at September 30, 2020		**595,588**	**710**	**596,298**

(in thousands of Canadian dollars)	*NOTE*	Retained earnings and total equity attributable to the Corporation	Non-controlling interests	**Total**
Balance as at March 31, 2019		719,556	636	720,192
Changes during the period				
Net results for the period		3,795	(42)	3,753
Remeasurements of defined benefit plans	*11*	(24,557)	-	(24,557)
Total comprehensive income for the period		**(20,762)**	**(42)**	**(20,804)**
Balance as at September 30, 2019		**698,794**	**594**	**699,388**

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(in thousands of Canadian dollars)	*NOTE*	For the **three** months ended September 30 **2020**	For the **three** months ended September 30 2019	For the **six** months ended September 30 **2020**	For the **six** months ended September 30 2019
CASH FLOWS FROM (USED IN)					
OPERATING ACTIVITIES					
Net results for the period		48,428	16,163	53,334	3,753
Adjustments for:					
(Gain) loss on disposal of property and equipment and intangibles		(132)	5,718	(385)	7,520
Financing and investment income	13	(1,765)	(2,781)	(3,615)	(5,590)
Finance costs		6,586	5,918	13,511	11,717
Change in fair value of financial instruments designated as fair value through profit and loss	16	190	(273)	1,108	143
Depreciation and amortization	7,8,9	26,713	29,694	54,359	60,080
Change in deferred charges		210	(2,593)	490	(2,917)
Net change in programming asset	6	35,255	(14,458)	10,062	(15,300)
Amortization of deferred capital funding	14	(23,992)	(26,848)	(47,727)	(53,183)
Change in deferred appropriations for operating expenditures		48,726	62,323	132,422	88,434
Change in deferred revenue and other liabilities [non-current]		1	37,844	(4,277)	37,844
Change in pension plan asset	11	(19,928)	(130,304)	368,630	47,019
Change in pension plans and employee-related liabilities	11	18,739	146,718	(350,618)	(5,792)
Amortization of bond premium		82	39	162	88
Movements in working capital	15	(104,699)	(67,514)	(149,358)	(159,842)
		34,414	**59,646**	**78,098**	**13,974**
FINANCING ACTIVITIES					
Payment of lease liabilities	12	(4,216)	(3,093)	(8,574)	(6,225)
Repayment of financial obligations		-	-	(13,541)	(12,682)
Interest paid		(2,244)	(1,094)	(13,432)	(11,799)
		(6,460)	**(4,187)**	**(35,547)**	**(30,706)**
INVESTING ACTIVITIES					
Parliamentary appropriations for capital funding	14	7,500	30,999	33,500	57,999
Additions to property and equipment and intangible assets	7,8	(21,448)	(40,417)	(38,895)	(72,602)
Acquisition of bonds receivable	4	(792)	(1,028)	(29,214)	(41,682)
Acquisition of marketable securities		(46)	-	(3,781)	-
Net proceeds from disposal of property and equipment	7	190	128	550	179
Collection of financial assets	4	1,774	1,654	32,394	126,741
Interest received		1,559	2,266	3,185	5,028
		(11,263)	**(6,398)**	**(2,261)**	**75,663**
Change in cash		**16,691**	**49,061**	**40,290**	**58,931**
Cash, beginning of the period		**95,985**	**99,567**	**72,386**	**89,697**
Cash, end of the period		**112,676**	**148,628**	**112,676**	**148,628**

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (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, 2020. This section also shows new and future changes in policies and whether they are effective in 2020 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 from Divisions I to IV of Part X of this *Act*.

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

2. SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance

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

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. They have been authorized for issuance by the Board of Directors on November 26, 2020.

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

B. Significant Items in the Current Period

COVID-19 Pandemic

This quarter, the COVID-19 pandemic continued to impact certain financial information and related estimates and judgments disclosed in these condensed interim consolidated financial statements. We reviewed the September 30, 2020 statement of financial position, and results of operations for the second quarter then ended, for all known effects of the pandemic. The most critical areas of review and any resulting impacts include:

Programming assets
The COVID-19 pandemic resulted in certain programming activities being delayed or cancelled. There was no change made to the measurement of the licence we hold with Rogers to broadcast NHL hockey as the 2020-21 season is planned to occur. There was also no change made to the measurement of the other programming assets.

Advertising sales and trade receivables
Our main source of advertising revenue is derived from agreements with large agencies. The global advertising industry continues to be affected by the economic slowdown resulting from the COVID-19 pandemic since this industry is closely linked to macroeconomic activity. Management is monitoring the credit ratings of large advertising agencies. In addition, we continue to carefully monitor the aging and collection performance of our accounts receivable, especially as small to medium sizes agencies and direct advertisers are particularly challenged by the current economic environment. This did not result in a significant increase in our estimated expected credit losses (ECL) during the quarter.

Pension accounting
Long term government and Canadian corporate bond yields have decreased since March 2020, as the continued impact of the COVID-19 pandemic dampens the prospect of an economic recovery in the short term. In the second quarter, bond yields remained relatively unchanged. Corporate bonds outpaced government bonds, as they benefited from stronger risk appetite and credit spreads tightened.

As a result, our pension discount rate has decreased by more than 100 basis-points (bp) when compared to our March 31 year-end. In the meantime, global equity markets have rallied since March but they continue to experience significant volatility. A sustained economic slowdown could impact actuarial assumptions and pension plan valuations.

C. 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, 2020 ("2019-2020 audited annual financial statements"). Accordingly, they should be read in conjunction with the 2019-2020 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 2019-2020 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.

This year, seasonal trends are being impacted by COVID-19 and may not be reflective of past results.

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. Refer to Note 2.B for a discussion of the effect of the pandemic on estimates and judgments.

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 in order to fund future commitments. The following table presents the carrying value of bonds receivable based on their contractual maturity profile:

	September 30, 2020	March 31, 2020
Less than one year	57,389	85,680
Later than one year but not later than five years	28,296	-
Total	**85,685**	**85,680**

For the three and six months ended September 30, 2020, interest income related to bonds receivable included in the current year's revenue and presented as finance income was respectively $0.1 million (2019 – $0.3 million) and $0.3 million (2019 – $1.0 million).

5. TRADE AND OTHER RECEIVABLES

	September 30, 2020	March 31, 2020
Trade receivables	111,061	125,639
Allowance for doubtful accounts	(796)	(384)
Other	13,227	13,143
	123,492	**138,398**

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

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

6. PROGRAMMING

A. Programming by Category

	September 30, 2020	March 31, 2020
Completed programs	194,688	178,875
Programs in process of production	154,188	100,712
Broadcast rights available for broadcast within the next twelve months	77,767	39,888
	426,643	**319,475**
Broadcast rights not available for broadcast within the next twelve months	70,335	79,966
Balance, end of period	**496,978**	**399,441**

B. Movement in Programming

	September 30, 2020	March 31, 2020
Opening balance	399,441	316,356
Additions	583,052	1,198,534
Programs broadcast	(485,515)	(1,115,449)
Balance, end of period	**496,978**	**399,441**

Programs broadcast include programming write-offs for the three and six months ended September 30, 2020 of $0.2 million (2019 – $0.8 million) and $1.0 million (2019 – $1.5 million) respectively. 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, 2020	107,790	459,590	182,739	977,756	148,652	90,639	1,967,166
Additions	1	-	-	3,283	2,860	26,915	33,059
Transfers (refer to Note 8)	-	1,827	(410)	4,388	1,421	(6,409)	817
Assets classified as held for sale	(62)	-	-	-	-	-	(62)
Disposals and write-offs	100	(880)	(74)	(10,627)	(1,164)	-	(12,645)
Cost as at September 30, 2020	**107,829**	**460,537**	**182,255**	**974,800**	**151,769**	**111,145**	**1,988,335**
Accumulated depreciation as at March 31, 2020	-	(260,652)	(41,585)	(758,470)	(108,462)	-	(1,169,169)
Depreciation for the period	-	(9,965)	(3,965)	(20,670)	(5,643)	-	(40,243)
Reclassification of depreciation on disposals and write-offs	-	794	36	10,486	1,164	-	12,480
Accumulated depreciation as at September 30, 2020	**-**	**(269,823)**	**(45,514)**	**(768,654)**	**(112,941)**	**-**	**(1,196,932)**
Net carrying amount as at September 30, 2020	**107,829**	**190,714**	**136,741**	**206,146**	**38,828**	**111,145**	**791,403**

	Land	Buildings	Leasehold improvements	Technical equipment	Computer, office equipment and other	Uncompleted capital projects	Total
Cost as at March 31, 2019	107,746	476,560	69,895	1,013,947	158,140	122,400	1,948,688
Additions	-	21	-	12,631	5,375	106,398	124,425
Transfers (refer to Note 8)	-	10,032	116,403	8,711	7,697	(138,159)	4,684
Assets classified as held for sale	44	(12)	-	16	-	-	48
Disposals and write-offs	-	(27,011)	(3,559)	(57,549)	(22,560)	-	(110,679)
Cost as at March 31, 2020	**107,790**	**459,590**	**182,739**	**977,756**	**148,652**	**90,639**	**1,967,166**
Accumulated depreciation as at March 31, 2019	-	(254,443)	(40,290)	(761,823)	(118,843)	-	(1,175,399)
Depreciation for the year	-	(26,568)	(4,344)	(51,916)	(12,053)	-	(94,881)
Reclassification of depreciation on assets classified as held for sale	-	12	-	(5)	-	-	7
Reclassification of depreciation on disposals and write-offs	-	20,347	3,049	55,274	22,434	-	101,104
Accumulated depreciation as at March 31, 2020	**-**	**(260,652)**	**(41,585)**	**(758,470)**	**(108,462)**	**-**	**(1,169,169)**
Net carrying amount as at March 31, 2020	**107,790**	**198,938**	**141,154**	**219,286**	**40,190**	**90,639**	**797,997**

The contractual commitments for the acquisition of property and equipment were $27.7 million as at September 30, 2020 (March 31, 2020 – $10.6 million).

B. Impairment and Other Charges

There were no impairment losses recorded or reversed during the first and second quarter of 2020-2021 (2019-2020 – nil).

C. Assets Classified as Held for Sale

Consistent with our financial plan to reduce our real estate footprint, properties were classified as held for sale for accounting purposes as at September 30, 2020 with a total carrying value of $0.1 million (March 31, 2020 – $0.1 million). These properties are expected to be sold on a site by site basis over the next twelve months.

D. Disposals

There were no significant disposals during the second quarter of 2020-2021.

The small net gain during the three and six months ended September 30, 2020 resulted from the disposal or retirements of equipment as part of the Corporation's normal asset refresh cycle.

8. INTANGIBLE ASSETS

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2020	139,504	51,603	5,220	196,327
Additions	-	-	2,400	2,400
Transfers (refer to Note 7)	304	974	(2,095)	(817)
Disposals and write-offs	(4,200)	(67)	-	(4,267)
Cost as at September 30, 2020	**135,608**	**52,510**	**5,525**	**193,643**
Accumulated amortization as at March 31, 2020	(137,450)	(34,016)	-	(171,466)
Amortization for the period	(434)	(3,019)	-	(3,453)
Reclassification of amortization on disposals and write-offs	4,200	67	-	4,267
Accumulated amortization as at September 30, 2020	**(133,684)**	**(36,968)**	**-**	**(170,652)**
Net carrying amount as at September 30, 2020	**1,924**	**15,542**	**5,525**	**22,991**

	Internally developed software	Acquired software	Uncompleted capital projects	Total
Cost as at March 31, 2019	142,311	46,823	5,668	194,802
Additions	-	1,014	13,279	14,293
Transfers (refer to Note 7)	1,087	7,956	(13,727)	(4,684)
Disposals and write-offs	(3,894)	(4,190)	-	(8,084)
Cost as at March 31, 2020	**139,504**	**51,603**	**5,220**	**196,327**
Accumulated amortization as at March 31, 2019	(140,335)	(32,532)	-	(172,867)
Amortization for the year	(1,009)	(5,667)	-	(6,676)
Reclassification of amortization on disposals and write-offs	3,894	4,183	-	8,077
Accumulated amortization as at March 31, 2020	**(137,450)**	**(34,016)**	**-**	**(171,466)**
Net carrying amount as at March 31, 2020	**2,054**	**17,587**	**5,220**	**24,861**

The contractual commitments for the acquisition of intangible assets were $0.7 million as at September 30, 2020 (March 31, 2020 - $2.6 million).

There were no impairment losses recorded or reversed during the three and six months ended September 30, 2020 (2019 – nil).

9. RIGHT-OF-USE (ROU) ASSETS

ROU assets consist primarily of real estate leases for the rental of office and production space and technical equipment for transmission activities. The lease of office and production space typically runs for periods between 2 and 37 years, and lease of technical equipment (including transmission assets) for periods between 5 to 35 years.

As at September 30, 2020	Land	Buildings	Leasehold improvements	Technical equipment	**Total**
Net carrying amount for the period	2,363	316,716	4,512	16,922	**340,513**
Depreciation charge for the period	175	8,357	301	1,830	**10,663**

As at March 31, 2020	Land	Buildings	Leasehold improvements	Technical equipment	**Total**
Net carrying amount for the year	2,270	333,527	4,813	17,891	**358,501**
Depreciation charge for the year	344	11,551	602	3,859	**16,356**

Additions to the ROU assets during the three and six months ended September 30, 2020 were $7.4 million (2019 – $7.2 million) and $10.9 million (2019 – $7.6 million) respectively.

10. PROVISIONS AND CONTINGENT LIABILITIES

As at September 30, 2020	Legal and other	Environmental	**Total**
Opening balance	29,472	273	29,745
Additional provisions recognized	3,002	-	3,002
Provisions utilized	(1,965)	(16)	(1,981)
Reductions resulting from remeasurement or settlement without cost	(6,407)	-	(6,407)
Balance, end of period	**24,102**	**257**	**24,359**

Various claims and legal 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 condensed interim consolidated financial statements.

All matters are classified as current because, where estimable, we are working to resolve these matters within 12 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	
	September 30, 2020	March 31, 2020	**September 30, 2020**	March 31, 2020
Pension plan asset	-	-	320,960	**689,590**
Pension plans liability	-	-	138,481	120,375
Other post-employment plans	-	-	121,808	114,117
Vacation pay	64,697	68,136	-	-
Termination benefits	6,272	6,231	-	-
Salary-related liabilities	110,805	126,242	-	-
Total pension plans and employee-related liabilities	**181,774**	**200,609**	**260,289**	**234,492**

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

	Funded pension plan	Unfunded pension plans	Other post-employment plans	Funded pension plan	Unfunded pension plans	Other post-employment plans
			September 30, 2020			March 31, 2020
Fair value of plan assets	8,397,537	-	-	7,470,541	-	-
Defined benefit obligation	8,076,577	138,481	121,808	6,780,951	120,375	114,117
Net asset (liability) arising from defined benefit obligation	**320,960**	**(138,481)**	**(121,808)**	**689,590**	**(120,375)**	**(114,117)**

B. Significant Actuarial Assumptions

As disclosed in Note 15 *Pension Plans and employee-Related Liabilities* of the Corporation's 2019-2020 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.

Refer to Note 2 B. for discussion of the impact of COVID-19 on pension accounting.

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

Assumptions – annual rates	**September 30, 2020**	March 31, 2020
Assumptions for the calculation of pension benefit costs:		
Discount rate	3.79%	3.32%
Assumptions for the calculation of the benefit obligation:		
Discount rate - pension	2.71%	3.79%
Discount rate - long service gratuity	2.08%	3.48%
Discount rate - LTD benefit	2.08%	3.48%
Discount rate - life insurance	2.60%	3.75%

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 September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
Benefits paid directly to beneficiaries	2,944	3,356	5,888	6,712
Employer regular contributions to pension benefit plans	17,612	15,488	31,525	29,431
Total cash payments for defined benefit plans	**20,556**	**18,844**	**37,413**	**36,143**

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
	September 30, 2020		March 31, 2020	
Opening defined benefit obligation	6,901,326	114,117	7,192,327	122,580
Current service cost	54,502	2,110	124,783	5,398
Interest cost	129,258	1,718	236,484	3,685
Contributions from employees	29,469	-	61,423	-
Remeasurements:				
Actuarial losses arising from changes in demographic assumptions	-	-	106,831	1,943
Actuarial (gains)/losses arising from changes in financial assumptions	1,256,603	9,751	(531,049)	(4,531)
Actuarial (gains)/losses arising from experience adjustments	(272)	-	30,856	-
Benefits paid	(155,828)	(5,888)	(320,329)	(14,958)
Closing defined benefit obligation	**8,215,058**	**121,808**	**6,901,326**	**114,117**

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
	September 30, 2020		March 31, 2020	
Opening fair value of plan assets	7,470,541	-	7,566,902	-
Administration fees (other than investment management fees)	(4,000)	-	(7,000)	-
Interest income on plan assets	139,544	-	247,736	-
Return on plan assets, excluding interest income	886,286	-	(134,645)	-
Contributions from employees	29,469	-	61,423	-
Contributions from the Corporation	31,525	5,888	56,454	14,958
Benefits paid	(155,828)	(5,888)	(320,329)	(14,958)
Closing fair value of plan assets	**8,397,537**	**-**	**7,470,541**	**-**

F. Defined Benefit Plans Costs

Amounts recognized in Other Comprehensive Income (Loss)

	For the **three** months ended September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
Current service cost	28,306	32,261	56,612	64,522
Administration fees (other than investment management fees)	2,000	1,750	4,000	3,500
Interest cost on defined benefit obligation	65,488	59,906	130,976	119,812
Interest income on plan assets	(69,772)	(61,934)	(139,544)	(123,868)
Other	131	(9)	836	142
Expense recognized in net results	26,153	31,974	52,880	64,108
Less:				
Remeasurements recognized in other comprehensive income (loss)	24,565	144,772	(378,960)	(24,557)
Total	**1,588**	**(112,798)**	**431,840**	**88,665**

Retained earnings include $794.8 million of cumulative actuarial gains as at September 30, 2020 (March 31, 2020 gains – $1,173.8 million).

Expense recognized in net results

	For the **three** months ended September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
Television, radio and digital services costs	25,107	30,695	50,765	61,544
Transmission, distribution and collection costs	784	959	1,586	1,923
Corporate management costs	262	320	529	641
Total	**26,153**	**31,974**	**52,880**	**64,108**

12. LEASE LIABILITIES

	September 30, 2020	March 31, 2020
Land	2,237	2,198
Buildings	306,512	321,270
Leasehold improvements	4,896	5,195
Technical equipment	17,798	19,696
Total	**331,443**	**348,359**

Maturity Analysis

	September 30, 2020	March 31, 2020
Contractual undiscounted cash flows		
Less than one year	26,239	27,498
One to five years	93,469	99,854
More than five years	345,584	354,513
Total undiscounted lease liabilities	**465,292**	**481,865**
Lease liabilities included in the Condensed Interim Consolidated Statement of Financial Position	**331,443**	**348,359**

Amounts recognized in our Condensed Interim Consolidated Statement of Cash Flows

For the three and six months period ended September 30, 2020, total cash outflows for leases amounted to $6.3 million (2019 - $4.0 million) and $13.0 million (2019 - $8.1 million). Interest expenses related to lease liabilities included in the three and six months period ended September 30, 2020 amounted to $2.2 million (2019 - $1.1 million) and $4.7 million (2019 - $2.2 million) respectively.

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 the Corporation's revenue and government funding for the period and supplemental cash flow information.

13. REVENUE

	For the **three** months ended September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
TV advertising[1]	35,242	42,821	73,772	90,994
Digital advertising	12,059	8,816	22,761	17,178
Subscriber fees	30,816	31,069	62,055	62,140
Production revenue[2]	8,560	8,442	10,425	17,129
Program license sales	6,571	5,209	11,687	9,684
Retransmission rights	1,050	9,810	3,079	10,862
Program sponsorship	99	654	154	1,050
Other services	1,348	481	1,734	872
Revenue from contracts with customers	**95,745**	**107,302**	**185,667**	**209,909**
Foreign exchange gain	64	127	757	252
Net gain (loss) from the change in fair value of financial instruments	(190)	273	(1,108)	(143)
Leasing income	9,253	6,634	16,711	14,290
Financing and investment income	1,765	2,781	3,615	5,590
Other gains and losses	-	(1)	-	1,318
Other sources of income*	**10,892**	**9,814**	**19,975**	**21,307**
	106,637	**117,116**	**205,642**	**231,216**

* Out of scope of IFRS 15 *Revenue from Contracts with Customers*.

[1] For the three and six months ended September 30, 2020, TV advertising included revenue from exchange of services of $0.3 million (2019 - $0.3 million) and $0.5 million (2019 - $0.8 million), respectively.

[2] For the three and six months ended September 30, 2020, Production revenue included revenue from exchange of services of $4.8 million (2019 - $1.5 million) and $4.9 million (2019 - $6.9 million) respectively.

Changes in Presentation

The Corporation modified the classification of its revenue arising from social media platforms to better reflect the nature of this revenue stream. As a result, a total of $0.7 million and $1.2 million was reclassified from "Program license sales" to "Digital advertising" for the three-month period ended September 30, 2019 and the six-month period ended September 30, 2019 respectively.

Advertising Revenue

	For the **three** months ended September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
English services	21,923	25,048	45,749	49,662
French services	25,378	26,589	50,784	58,510
Total advertising revenue	**47,301**	**51,637**	**96,533**	**108,172**

Subscriber Revenue

	For the **three** months ended September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
English services	15,666	16,074	31,330	32,183
French services	15,150	14,995	30,725	29,957
Total subscriber revenue	**30,816**	**31,069**	**62,055**	**62,140**

Other Income

	For the **three** months ended September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
Production revenue				
English services	4,870	3,284	5,158	9,169
French services	3,690	5,158	5,267	7,960
Total production revenue	**8,560**	**8,442**	**10,425**	**17,129**
Program license sales				
English services	5,015	3,277	8,827	6,273
French services	1,556	1,932	2,860	3,411
Total program license sales	**6,571**	**5,209**	**11,687**	**9,684**
Leasing income*	9,253	6,634	16,711	14,290
Retransmission rights	1,050	9,810	3,079	10,862
Program sponsorship	99	654	154	1,050
Other services	1,348	481	1,734	872
Other gains and losses*	-	(1)	-	1,318
Foreign exchange gain*	64	127	757	252
Net gain (loss) from the change in fair value of financial instruments*	(190)	273	(1,108)	(143)
	11,624	**17,978**	**21,327**	**28,501**
Total other income	**26,755**	**31,629**	**43,439**	**55,314**

* Out of 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 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 or overseas. 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 $11.2 million of contract assets as at September 30, 2020 (March 31, 2020 – $9.1 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 our performance, mostly related to host broadcasting and program sponsorship revenue streams. Contract liabilities are presented as current liabilities under "Deferred Revenue" in our Condensed Interim Consolidated Statement of Financial Position. Deferred Revenue include $8.5 million of contract liabilities as at September 30, 2020 (March 31, 2020 - $7.7 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 September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
Operating funding	324,001	338,000	667,001	611,000
Capital funding	7,500	30,999	33,500	57,999
Working capital funding	999	1,000	1,999	2,000
	332,500	**369,999**	**702,500**	**670,999**

B. Deferred operating vote drawdown

Parliamentary appropriation for operating expenditures is recognized in our Condensed Interim Consolidated Statement of Income (Loss) based on the net difference between quarterly budgeted expenses and revenue.

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

	September 30, 2020	March 31, 2020
Operating funding received during the period	667,001	1,098,114
Less: Parliamentary appropriation for operating expenditures recognized in the Condensed Interim Consolidated Statement of Income (Loss) during the period	(534,579)	(1,098,114)
Balance, end of period	**132,422**	-

C. Deferred capital funding

Capital Funding received is recorded as Deferred Capital Funding in our Condensed Interim Consolidated Statement of Financial Position, with income being recognized in our Condensed Interim Consolidated Statement of Income (Loss) over the same basis and over the same periods as the assets acquired using the appropriations.

	September 30, 2020	March 31, 2020
Opening balance	529,910	528,170
Government funding for capital expenditures	33,500	108,684
Amortization of deferred capital funding	(47,727)	(106,944)
Balance, end of period	**515,683**	**529,910**

15. MOVEMENTS IN WORKING CAPITAL

	For the **three** months ended September 30		For the **six** months ended September 30	
	2020	2019	**2020**	2019
Changes in Working Capital are comprised of:				
Trade and other receivables	7,963	20,594	15,193	27,056
Programming asset	(106,396)	(65,843)	(107,168)	(111,514)
Prepaid expenses	3,954	(366)	(3,177)	(7,107)
Accounts payable and accrued liabilities	12,835	2,382	(27,986)	(31,287)
Provisions	484	(1,905)	(5,386)	(286)
Pension plans and employee-related liabilities	(20,573)	(31,326)	(21,393)	(37,766)
Programming liability	-	-	-	(5,659)
Deferred revenue and other liabilities	(2,966)	8,950	559	6,721
	(104,699)	**(67,514)**	**(149,358)**	**(159,842)**

OTHER

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

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:

	September 30, 2020		March 31, 2020			
	Carrying values	Fair values	Carrying values	Fair values	Method[1]	Note
Financial instruments measured at fair value through profit and loss on a recurring basis:						
Cash	112,676	112,676	72,386	72,386	Level 1	(a)
Marketable securities	3,781	3,781	-	-	Level 1	(a)
Derivative financial instruments	302	302	1,410	1,410	Level 2	(c)
Financial assets	**116,759**	**116,759**	**73,796**	**73,796**		
Financial instruments measured at amortized cost:						
Bonds receivable (current)	57,389	57,631	85,680	86,090	Level 2	(b)
Promissory notes receivable (current)	2,666	2,666	3,498	3,498	Level 2	(a)
Trade and other receivables	123,492	123,492	138,398	138,398	Level 2	(a)
Investment in finance lease (current)	2,940	2,940	3,878	3,878	Level 2	(a)
Bonds receivable (non-current)	28,296	28,522	-	-	Level 2	(b)
Promissory notes receivable (non-current)	26,968	29,495	27,855	31,682	Level 2	(c)
Investment in finance lease (non-current)	29,377	33,887	30,346	36,216	Level 2	(c)
Financial assets	**271,128**	**278,633**	**289,655**	**299,762**		
Accounts payable and accrued liabilities	84,545	84,545	115,968	115,968	Level 2	(a)
Financial obligations (current)	35,170	35,170	34,607	34,607	Level 2	(a)
Financial obligations (non-current)	216,376	260,508	230,823	279,374	Level 2	(d)
Financial liabilities	**336,091**	**380,223**	**381,398**	**429,949**		

[1]Method refers to the hierarchy levels described in Note 2.C of our 2019-2020 audited annual financial statements. Each level is based on the availability of observable inputs used to measure the fair values of assets and liabilities.

There have been no transfers between levels during the three and six months ended September 30, 2020.

(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 allowances for potential credit losses based on an ECL model in accordance with IFRS 9. Actual losses have not exceeded management's expectations in the past. Our maximum exposure to credit risk at September 30, 2020 and March 31, 2020 is the carrying value of the assets they relate to.

i) Trade and other receivables

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

Trade and other receivables over 30 days	**September 30, 2020**	March 31, 2020
31 - 60 days	13,163	24,321
61 - 90 days	9,139	13,700
Over 90 days	19,097	16,906
Total	**41,399**	**54,927**

Movement in allowance for doubtful accounts	**September 30, 2020**	March 31, 2020
Opening balance	(384)	(506)
Amounts written off during the period as uncollectible	161	281
Net increase in allowance for new impairments	(573)	(159)
Balance, end of period	**(796)**	**(384)**

ii) 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 2020 and December 2023. 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. The following transactions were carried out with related parties:

	Rendering of services		Receipt of services	
For the **six** months ended September 30	**2020**	2019	**2020**	2019
Other related entities[1]	67	65	114	138
	67	**65**	**114**	**138**

[1] Transactions with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

	Rendering of services		Receipt of services	
For the **three** months ended September 30	**2020**	2019	**2020**	2019
Other related entities[1]	34	32	114	(6)
	34	**32**	**114**	**(6)**

[1] Transactions with other related entities primarily relate to administration services provided to the Corporate Pension Plan.

In addition, cash payments for the Corporation's contributions to the defined benefit plans are disclosed in Note 11.C.

A. Transactions with Related Parties Excluding Government-Related Entities

There are no amounts owing to related parties and no amounts owing by related parties at September 30, 2020 (March 31, 2020 – 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, $85.7 million was invested in Canada Mortgage Bonds (CMB) during the period (March 31, 2020 - $85.7 million). CMB are issued by Canada Housing Trust (CHT), a special purpose trust guaranteed by CMHC, another Crown Corporation, and backed by the Government of Canada.

Contract with other Government-Related Entity
Mauril is a new, 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 new 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. We have received $6.3 million from the Government of Canada for the provision of services required to create this new platform and acquire content, which we recorded as deferred revenue.

18. COMMITMENTS

Commitments are discussed in Note 27 *Commitments* of the Corporation’s 2019-2020 audited annual financial statements. Commitments for the purchase of property and equipment and intangible assets this quarter are disclosed within Note 7.A *Property and Equipment* and Note 8 *Intangible assets* of this report.

During the second quarter of 2020-2021, the Corporation signed a 10-year extension for a real estate lease, resulting in an increase of approximately $30 million in our commitments.