



Q3 

THIRD QUARTER

**FINANCIAL
REPORT**

2022-2023

CBC  Radio-Canada

MANAGEMENT'S DISCUSSION AND ANALYSIS

In addition to filing an annual report, we are required – like most Canadian federal Crown corporations – to file quarterly financial reports for the first three quarters of each fiscal year. In keeping with our commitment to transparency and effective oversight of public funds, the following Management's Discussion and Analysis (MD&A) aims to provide readers with an overview of our activities and performance for the quarter and the nine-month period ended December 31, 2022 compared with the quarter and the nine-month period ended December 31, 2021. This report should be read in conjunction with our most recent Annual Report. We have organized our MD&A in the following key sections:

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In this 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, 2022 when reading this MD&A. All amounts in this MD&A are in thousands of Canadian dollars, except where noted.

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

FINANCIAL REPORTING DISCLOSURE

Our second quarter condensed interim consolidated financial statements ("interim financial statements") were prepared in accordance with IFRS, as issued by the IASB, under IAS 34 – *Interim Financial Reporting* and adopted by the Accounting Standards Board (AcSB). They were approved by the Corporation's Board of Directors on February 23, 2023. These interim financial statements were prepared using the same basis of presentation and accounting policies as outlined under Note 2 of our audited annual financial statements for the year ended March 31, 2022 ("2021-2022 audited annual financial statements"). Our interim financial statements do not include all of the notes required in the 2021-2022 audited annual financial statements.

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

FORWARD-LOOKING STATEMENTS

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

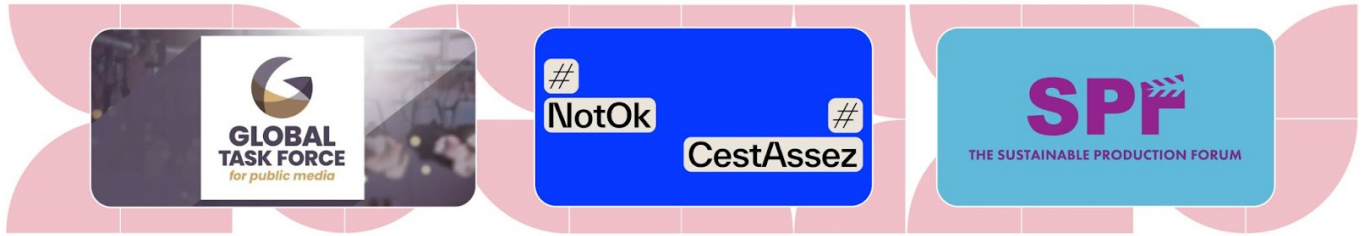
PERFORMANCE INDICATORS

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

Changes in Presentation

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

Business Highlights



This quarter, we highlighted the importance of public service media in combatting disinformation and strengthening democracy, both at home and abroad. Our President & CEO, Catherine Tait, spoke at conferences for the [International Institute of Communications](#) and [Public Broadcasters International](#), urging public broadcasters around the world to collaborate to meet the challenges of the globalized digital environment. As Chair of the [Global Task Force for public service media](#), she also signed a statement urging support for public broadcasting's independence and freedom of the press.

Continuing our advocacy for journalists targeted by online abuse, the [#NotOk](#) initiative partnered with both the [Canadian Journalism Foundation](#) to host a conversation with women journalists about their insights on this disturbing trend, and with [Carleton University](#) in Ottawa for a panel discussion featuring journalists and the Minister for Public Safety, exploring actions to combat an upsurge in online harm and discussing its potential impact on press freedom.

On December 16, the [Government of Canada announced the reappointment of Michael Goldbloom](#), for a second five-year term as Chairperson of CBC/Radio-Canada's Board of Directors, effective March 29, 2023. An [Independent Advisory Committee for Appointments](#) to the CBC/Radio-Canada Board of Directors was established last December, which will be guided by published, merit-based criteria in order to identify Canadians who could make a significant contribution to the work of our Board of Directors.

We also continued moving forward with more of our strategic priorities: we renewed our Memorandum of Understanding with [Australia's ABC](#); scheduled [20 engagement discussions](#) with Canadians to create a space for a meaningful discussion on accessibility for people with disabilities; and were once again a signature partner for the [Sustainable Production Forum's 2022 conference](#), where we spoke about advancing sustainability in film and television production.

In December, we shared our latest [Environmental Sustainability Report](#), the first since the launch of the [Greening Our Story](#) strategy in June 2021. Featuring activities and metrics from April 2021 to March 2022, the report highlights key initiatives that support our commitment to the environment and reflects the heightened priority we've placed on reducing our footprint and embedding sustainable thinking in all we do. Results from our ongoing work indicate clear progress toward achieving our targets.

CBC and Radio-Canada Programming



CBC/Radio-Canada is the lead partner in a new exhibition at the [Canadian Museum of History](#) called *From Pepinot to PAW Patrol® – Television of Our Childhoods*, showcasing 70 years of children's television through images, archives and artifacts. Including elements of beloved shows from both English and French Services over the last seven decades, the exhibit shows the commitment we have made to children's and youth content, and the vital role we have played in the lives of young Canadians throughout this time.

English Services



This quarter was a big one for our English Services teams. We saw the launch of [CBC NEWS EXPLORE](#), a free streaming channel featuring a new way to discover news content, and with it a slate of new programs, including [About That](#) with Andrew Chang, [Planet Wonder](#) with Johanna Wagstaffe and more. We also celebrated several programming milestones: the [30th anniversary season of This Hour Has 22 Minutes](#), the [40th anniversary of CBC Cree Television](#) and 50th of its radio counterpart, and the [50th anniversary of Marketplace](#). In other programming news, Anthony Morgan and Sarika Cullis-Suzuki were announced as the [new hosts](#) of [The Nature of Things](#), and Simu Liu will return to host the [2023 Juno Awards](#) in Edmonton.

As part of our commitment to local news, CBC News also announced [14 new journalism positions](#) across Canada, aimed at broadening and deepening our journalism, as well as our relationships in regional communities such as Lethbridge, Nanaimo, Cranbrooke, Grande Prairie and others. These new positions will include two CBC Indigenous and two CBC North hires, in support of our ongoing commitment to coverage of First Nations, Métis and Inuit communities.

French Services



On the French Services side, [we celebrated](#) the return of many series on [ICI TOU.TV](#), including the second season of [Sans rendez-vous](#) and the third and final season of [Les mecs](#). On [ICI RDI](#), we launched a new documentary series called [Police avant-gardiste](#), which follows a pioneering initiative to transform policing in the Montreal suburb of Longueuil. As always, New Year's Eve was an opportunity to present a compelling lineup of shows on [ICI TÉLÉ to close out the year with a bang](#). They included [Infoman](#), [En direct du fin de l'An](#), [À l'année prochaine](#), [Les coulisses du Bye bye](#) and the main event, [Bye bye 2022](#), whose 4.7 million viewers made it the second most-watched French-language show in Canadian history.¹ [Radio-Canada OHdio](#) is expanding the conversation about violence against women in our society with the launch of [two new podcasts](#) on this serious and widespread issue: [Maman, arrête de mourir : survivre aux féminicides](#) (hosted by Monic Néron) and [Projet Polytechnique : Faire face](#) (hosted by Marie-Joanne Boucher and Jean-Marc Dalphond).

¹ Source: Numeris TV PPM, francophones in Quebec aged 2+, December 31, 2022, average minute audience.

People and Culture



We are proud to say that our [Accessibility Plan](#) was submitted to the Canadian Human Rights Commission and published this quarter. This plan, aiming to achieve a barrier-free public broadcaster by 2040, is the result of a continuous effort to be actively engaged with Canadians facing accessibility challenges, and is reflective of our objectives and obligations as both a federal Crown corporation and a public service media company.

Internally, we have also made significant strides in creating a more effective, efficient and agile working environment. We began the process of transitioning to a new HR system, Workday, which will streamline most aspects of the employee experience. This system will launch on February 27, 2023. This quarter also saw the rollout of a new Leadership Competency Framework, which aims to have a clear, simple and common language to clarify leadership standards and expectations, enabling leaders to achieve a high level of performance, competence and growth.

Technology and Infrastructure



As our Montreal operations enter the last stages of the transition to the new Maison de Radio-Canada (NMRC), all presentation operations — meaning the entirety of the French Services' radio and television content — are now broadcast out of the NMRC. Our Distribution Applications team also launched an innovative new tool, WebTelly, allowing us to schedule content in FAST (free ad-supported streaming TV) channels, increasing our footprint in the digital landscape and introducing a new source of revenue.

In October, we proudly partnered with [Génie au Féminin](#) and the University of Sherbrooke for a conversation on creating space for women in engineering. One of our colleagues in our [Technology and Infrastructure team](#) was also spotlighted in our corporate blog, where she shares her experience working in this sector.

On the Real Estate side, our [Beijing office closed](#) at the end of 2022 after more than 40 years in operation. This closure, following the shuttering of our Russian office earlier in the year, is the result of the continuation of a trend of reduced media freedom in these countries.

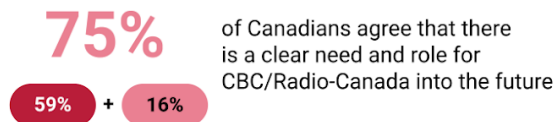
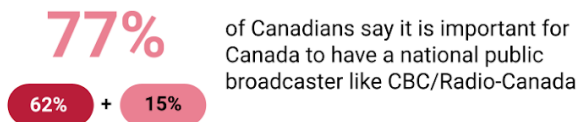
PERFORMANCE UPDATE

Our Performance – Mandate and Vision

As Canada's national public broadcaster, establishing metrics to track and assess the perception of our performance is essential to demonstrating our accountability to Canadians. The Mandate and Vision Perception Survey allows us to monitor Canadians' perceptions of their public broadcaster and how well they believe our services fulfill the Corporation's mandate. The data are collected via a survey conducted among representative samples of Canadians.

Highlights based on the fall 2022 survey results follow.

67% of Canadians use at least one of our services in a typical month

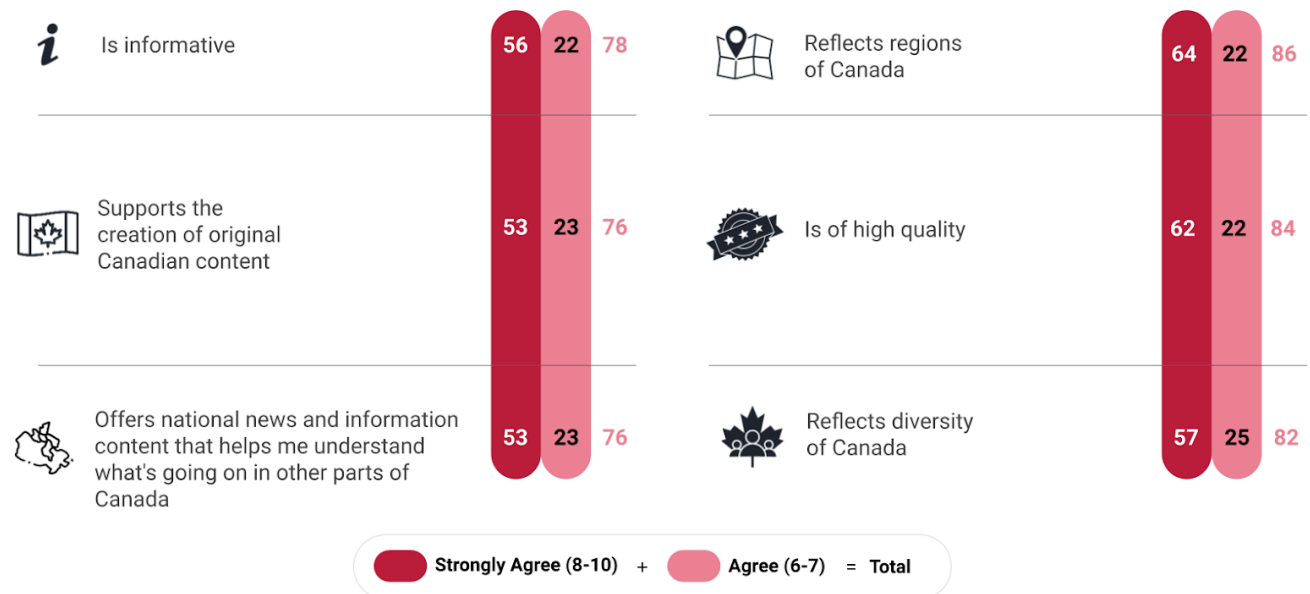


Our Overall Strengths

The vast majority of Canadians agree that CBC/Radio-Canada...

Our Content Strengths

The vast majority of our users agree that CBC/Radio-Canada's content*...



Source: The Mandate and Vision Perception Survey, fall 2022 – Leger. Each perception result represents the percentage of Canadians who agree (i.e., 6 or 7 on a 10-point scale) and who strongly agree (i.e., 8, 9 or 10 on a 10-point scale) with each statement.

* Users of CBC/Radio-Canada's main services (i.e., CBC Television, CBC Radio One, CBC.ca, ICI TÉLÉ, ICI PREMIÈRE or ICI Radio-Canada.ca).

Our Performance – *Your Stories, Taken to Heart*

Below are the key performance indicators that measure and track our progress with respect to our strategic plan, [Your Stories, Taken to Heart](#), and its five strategic priorities: customized digital services, engaging with young audiences, prioritizing our local connections, reflecting contemporary Canada and taking Canada to the world.² These priorities continue to shape our strategic initiatives until 2024. Targets are specific to the markets we operate in and consider a number of factors such as market realities, competition and service penetration rate.

| INDICATORS | RESULTS APR 1 TO DEC 31, 2022 | TARGETS 2022-2023 | EXPLANATION |
|---|-------------------------------------|----------------------|--|
| CUSTOMIZED DIGITAL SERVICES | | | |
| Digital reach (Monthly average unique visitors)³ | | | |
| CBC/Radio-Canada | 21.5M | 22.1M | In the nine months ended December 31, 2022, our overall digital reach is trending below target due to steeper than anticipated declines in media consumption in spite of heavy news cycles during this year. |
| CBC | 17.5M | 18.8M | |
| Radio-Canada | 5.1M | 5.5M | |
| Digital engagement (Monthly average minutes per visitor)⁴ | | | |
| CBC/Radio-Canada | 40 min/vis | 43 min/vis | Digital engagement is trending below target as audiences return to pre-pandemic media consumption patterns. |
| CBC | 28 min/vis | 31 min/vis | |
| Radio-Canada | 49 min/vis | 52 min/vis | |
| ENGAGING WITH YOUNG AUDIENCES | | | |
| Digital visits to kids content (Monthly average visits)⁵ | | | |
| CBC/Radio-Canada | 2,694K | 3,777K | Digital visits to kids content are currently trending below target, with traffic declining more significantly than anticipated. Overall reach remained flat during the fall, where we typically experience gains as kids return to classrooms. |
| CBC | 2,292K | 3,322K | |
| Radio-Canada | 401K | 455K | |
| PRIORITIZING OUR LOCAL CONNECTIONS | | | |
| Digital engagement with News/Regions (Monthly average minutes per visitor)⁴ | | | |
| CBC | 21 min/vis | 23 min/vis | Digital engagement with CBC News/Regions is trending below target due to sustained lower than anticipated interest in news throughout the year. |
| Radio-Canada | 13 min/vis | 13 min/vis | Digital engagement with Radio-Canada Info/Régions is currently trending at target, driven by the coverage of major events such as Pope Francis's visit, Queen Elizabeth II's Funeral, the 2022 Quebec elections and the war in Ukraine. |

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.

² Our fifth strategic priority – Taking Canada to the World – is measured via an internal KPI.

³ **Source:** Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly unique visitors, April to March, Canada. Unduplicated reach of CBC/Radio-Canada | CBC | Radio-Canada digital platforms.

⁴ **Source:** Comscore Media Metrix® Multi-Platform, total audience (desktop 2+, mobile 18+), average of monthly minutes per visitor to CBC/Radio-Canada | CBC | Radio-Canada digital platforms | CBC News/Regions | Radio-Canada Info/Régions, April to March, Canada.

⁵ **Source:** Adobe Analytics, average of monthly visits to kids content on CBC (CBC Kids sites, CBC Kids News and CBC Gem) and Radio-Canada (Appli des petits, Zone Jeunesse and ICI TOU.TV), April to March. CBC/Radio-Canada is the sum of CBC and Radio-Canada visits.

| INDICATORS | RESULTS APR 1 TO DEC 31, 2022 | TARGETS 2022-2023 | EXPLANATION |
|---|-------------------------------------|----------------------|---|
| REFLECTING CONTEMPORARY CANADA | | | |
| Employment equity representation (% of new external hires)⁶ | | | |
| CBC/Radio-Canada | 41.9% | 43.0% | In the third quarter of 2022-2023, employment equity representation kept growing and is now closer to target. We expect results to improve during the last quarter of the year as we continue to implement our Equity, Diversity and Inclusion Plan across the Corporation. |
| CBC | 53.8% | 55.0% | |
| Radio-Canada | 22.8% | 26.0% | |

Our Performance – Media Lines

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

| INDICATORS | RESULTS APR 1 TO DEC 31, 2022 | TARGETS 2022-2023 | EXPLANATION |
|--|-------------------------------------|----------------------|---|
| TELEVISION (Audience Share)⁷ | | | |
| CBC Television | 4.4% | 4.9% | CBC Television is currently below target as both CBC audiences and total available audiences across the segment have declined, which is negatively impacting our share. |
| CBC News Network | 2.0% | 1.8% | CBC News Network continues to track above target, driven by major news stories drawing large audiences, including Remembrance Day, the King's Christmas Message, and the National Day for Truth and Reconciliation. |
| ICI TÉLÉ | 22.6% ⁸ | 22.5% | Since the start of the regular season, ICI TÉLÉ's prime time audience has been tracking at target, driven primarily by new shows such as STAT . |
| ICI RDI, ICI ARTV and ICI EXPLORA | 5.7% | 5.2% | The combined share of our discretionary channels has been tracking ahead of our annual target, mostly due to ICI RDI's coverage of major news stories, including the war in Ukraine, that drew large audiences. |

| RADIO | | | |
|--|--------------------|-------|--|
| CBC Radio One and CBC Music ⁹ | 14.1% | 15.8% | CBC Radio and CBC Music are trending below target in both share and reach as Canadians spend less time listening to terrestrial radio and CBC Music. |
| CBC Radio One and CBC Music ¹⁰ | 10.7M | 10.9M | |
| ICI PREMIÈRE and ICI MUSIQUE ¹¹ | 23.0% ⁸ | 20.7% | The combined audience share for ICI PREMIÈRE and ICI MUSIQUE is trending above target. <i>Tout un matin, Le 15-18</i> and the new show <i>Dessine-moi un matin</i> achieved high audience levels in the greater Montreal market. |

| REVENUE (Conventional, discretionary, online)¹² | | | |
|---|--------|--------|--|
| CBC | \$164M | \$218M | After the first nine months of the year, revenue is tracking toward the annual target, although there is some early evidence of softening in the advertising market due to the weakening economic environment. |
| Radio-Canada | \$169M | \$225M | |

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

⁶ This metric is made up of three groups: Indigenous Peoples, persons with disabilities and racialized people.

⁷ Source: Numeris PPM, persons aged 2+, CBC Television: September to April (regular season); CBC News Network (April-March). Francophones in Quebec aged 2+, ICI TÉLÉ: September to April (regular season); ICI RDI, ICI ARTV and ICI EXPLORA (April-March).

⁸ September 5, 2022 to January 1, 2023.

⁹ Source: Numeris Radio PPM, persons aged 2+ in the Toronto, Vancouver, Calgary, Edmonton and Montreal-anglophone markets.

¹⁰ Source: Numeris Radio PPM, persons aged 2+, total Canada.

¹¹ Source: Numeris Radio PPM, Montreal central francophones aged 2+, September to March (regular season).

¹² Includes advertising revenue, subscription revenue and other revenue (e.g., content sales).

Measuring our Canadian Content

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

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




Discussion of Results

Financial Highlights

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|---|---------------------------------|-----------------|---------------|--------------------------------|-----------------|---------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| Revenue | 141,989 | 147,147 | (3.5) | 385,634 | 447,242 | (13.8) |
| Government funding | 320,316 | 300,237 | 6.7 | 916,086 | 868,575 | 5.5 |
| Expenses | (496,873) | (492,853) | 0.8 | (1,345,069) | (1,371,717) | (1.9) |
| Results before other gains and losses and income taxes | (34,568) | (45,469) | (24.0) | (43,349) | (55,900) | (22.5) |
| Other gains and losses | (1,011) | (801) | 26.2 | (1,130) | 21 | N/M |
| Results before income taxes | (35,579) | (46,270) | (23.1) | (44,479) | (55,879) | (20.4) |
| Income taxes recovery | 2,412 | - | N/M | 2,412 | - | N/M |
| Net results under IFRS for the period | (33,167) | (46,270) | (28.3) | (42,067) | (55,879) | (24.7) |

N/M = not meaningful

For the third quarter and on a year-to-date basis, **Net results under IFRS for the period** were a loss of \$33.2 million and \$42.1 million, respectively, compared to a loss of \$46.3 million and \$55.9 million in the same periods last year. These results are further explained below.

| | |
|--|--|
|  <p>REVENUE</p> <p>Q3 2022-2023: \$142M 2021-2022: \$147M TOTAL DECREASE -\$5M</p> | <p>Our revenue decreased by 3.5% from reduced TV advertising spend, primarily on conventional TV. This decline was partially offset by higher digital advertising revenue.</p> |
|  <p>GOVERNMENT FUNDING</p> <p>Q3 2022-2023: \$320M 2021-2022: \$300M TOTAL INCREASE +\$20M</p> | <p>Government funding recognized this quarter increased by 6.7%, consistent with our expected needs for operating funding in the quarter.</p> |
|  <p>EXPENSES</p> <p>Q3 2022-2023: \$497M 2021-2022: \$493M TOTAL INCREASE +\$4M</p> | <p>Our expenses increased slightly over the same quarter last year (+0.8%). Our increased operating costs from inflationary pressures and higher programming spend were partially offset by the effect of our pension fund contribution holiday and lower pension expense.</p> |

Revenue

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|---|---------------------------------|----------------|--------------|--------------------------------|----------------|---------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| Advertising | | | | | | |
| English Services | 39,575 | 42,638 | (7.2) | 101,791 | 153,412 | (33.6) |
| French Services | 46,092 | 50,455 | (8.6) | 112,324 | 124,583 | (9.8) |
| | 85,667 | 93,093 | (8.0) | 214,115 | 277,995 | (23.0) |
| Subscriber fees | | | | | | |
| English Services | 15,712 | 15,791 | (0.5) | 45,980 | 46,571 | (1.3) |
| French Services | 15,635 | 15,071 | 3.7 | 45,821 | 45,319 | 1.1 |
| | 31,347 | 30,862 | 1.6 | 91,801 | 91,890 | (0.1) |
| Financing, investment and other income | | | | | | |
| English Services | 6,541 | 6,455 | 1.3 | 23,184 | 29,638 | (21.8) |
| French Services | 6,094 | 6,957 | (12.4) | 21,456 | 16,889 | 27.0 |
| Corporate Services | 12,340 | 9,780 | 26.2 | 35,078 | 30,830 | 13.8 |
| | 24,975 | 23,192 | 7.7 | 79,718 | 77,357 | 3.1 |
| TOTAL | 141,989 | 147,147 | (3.5) | 385,634 | 447,242 | (13.8) |

Our revenue decreased by \$5.2 million (↓3.5%) in the third quarter of 2022-2023 and by \$61.6 million (↓13.8%) on a year-to-date basis, with the main variances by revenue streams noted below.

Advertising (Q3: ↓8.0%; YTD: ↓23.0%)

Our advertising revenue is impacted by news and event coverage throughout the year, advertising market demand, the success of our programming schedule and the overall health of the economy.

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|---------------------|---------------------------------|---------------|--------------|--------------------------------|----------------|---------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| TV advertising | 64,245 | 73,968 | (13.1) | 159,960 | 220,890 | (27.6) |
| Digital advertising | 21,422 | 19,125 | 12.0 | 54,155 | 57,105 | (5.2) |
| | 85,667 | 93,093 | (8.0) | 214,115 | 277,995 | (23.0) |

Third quarter and Year-to-date - Our total advertising revenue decreased by \$7.4 million (↓8.0%) and by \$63.9 million (↓23.0%), respectively, mostly due to:

Ongoing activities

Third quarter - Our ongoing TV advertising revenue decreased from lower advertising demand in the conventional TV market due to the weakening economic environment.

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

Olympics

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

Subscriber fees (Q3: ↑1.6%; YTD: ↓0.1%)

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

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|----------------------------|---------------------------------|---------------|------------|--------------------------------|---------------|--------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| Discretionary TV platforms | 24,986 | 24,828 | 0.6 | 72,647 | 74,475 | (2.5) |
| Digital platforms | 6,361 | 6,034 | 5.4 | 19,154 | 17,415 | 10.0 |
| | 31,347 | 30,862 | 1.6 | 91,801 | 91,890 | (0.1) |

Third quarter- Our subscriber revenue increased by \$0.5 million (↑1.6%) this quarter mostly as our subscriber base for our digital platforms increased (ICI TOU.TV EXTRA and CBC Gem).

Year-to-date - Our subscriber revenue was stable (↓0.1%) during the first nine months of the year as our continued subscriber growth on our digital platforms offset subscriber volume declines on our discretionary channels.

Financing, investment and other income (Q3: ↑7.7%; YTD ↑3.1%)

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

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

| | |
|---------------------------|---|
| Ongoing activities | <p>Third quarter - Financing, investment and other income arising from our ongoing activities increased by 7.7% due to higher retransmission rights recognized this quarter and higher financing income following the surge in bank prime rates.</p> <p>Year-to-date - Other income arising from our ongoing activities increased by 10.5% from increased demand for our production services, higher content sales and higher financing income.</p> |
| Olympics | <p>Year-to-date - Last year, we generated additional licensing revenue from covering the Tokyo 2020 Olympic Games.</p> |

Operating expenses

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|---|---------------------------------|----------------|------------|--------------------------------|------------------|--------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| Television, radio and digital services costs | | | | | | |
| English Services | 261,811 | 262,371 | (0.2) | 690,620 | 738,804 | (6.5) |
| French Services | 210,944 | 206,799 | 2.0 | 585,057 | 564,030 | 3.7 |
| | 472,755 | 469,170 | 0.8 | 1,275,677 | 1,302,834 | (2.1) |
| Other operating expenses | | | | | | |
| Transmission, distribution and collection | 15,901 | 14,950 | 6.4 | 44,572 | 42,298 | 5.4 |
| Corporate management | 2,912 | 2,783 | 4.6 | 8,397 | 8,260 | 1.7 |
| Finance costs | 5,305 | 5,950 | (10.8) | 16,423 | 18,325 | (10.4) |
| | 24,118 | 23,683 | 1.8 | 69,392 | 68,883 | 0.7 |
| TOTAL | 496,873 | 492,853 | 0.8 | 1,345,069 | 1,371,717 | (1.9) |

Our total operating expenses increased by \$4.0 million (↑0.8%) in the third quarter of 2022-2023 and decreased by \$26.6 million (↓1.9%) on a year-to-date basis, with the main variances noted below.

Television, radio and digital services costs (Q3: ↑ 0.8%; YTD: ↓ 2.1%)

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

Third quarter and Year-to-date - Our television, radio and digital services costs increased by \$3.6 million (↑ 0.8%) and decreased by \$27.2 million (↓ 2.1%), respectively, due to:

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

Other operating expenses (Q3: ↑ 1.8%; YTD: ↑ 0.7%)

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.

Third quarter and Year-to-date - This quarter and on a year-to-date basis, other operating expenses remained stable (↑ 1.8%) and (↑ 0.7%), respectively.

Government funding

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|---|---------------------------------|----------------|------------|--------------------------------|----------------|------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| Parliamentary appropriations for operating expenditures | 295,913 | 275,290 | 7.5 | 842,880 | 793,737 | 6.2 |
| Parliamentary appropriations for working capital | 1,001 | 1,001 | - | 3,001 | 3,001 | - |
| Amortization of deferred capital funding | 23,402 | 23,946 | (2.3) | 70,205 | 71,837 | (2.3) |
| TOTAL | 320,316 | 300,237 | 6.7 | 916,086 | 868,575 | 5.5 |

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

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

Third quarter and Year-to-date - **Parliamentary appropriations for operating expenditures** increased by \$20.6 million (↑ 7.5%) this quarter and by \$49.1 million (↑ 6.2%) on a year-to-date basis. Our government funding recognized in the first nine months of the year was higher due to the timing of our expected needs.

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

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

Other gains and losses

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|--|---------------------------------|--------------|-------------|--------------------------------|-----------|------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| (Losses) gains on disposal of property and equipment and intangibles | (1,011) | (801) | 26.2 | (1,130) | 21 | N/M |
| TOTAL | (1,011) | (801) | 26.2 | (1,130) | 21 | N/M |

N/M = not meaningful

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

Income taxes

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|-----------------------|---------------------------------|----------|------------|--------------------------------|----------|------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| Income taxes recovery | 2,412 | - | N/M | 2,412 | - | N/M |
| TOTAL | 2,412 | - | N/M | 2,412 | - | N/M |

N/M = not meaningful

Third quarter and Year-to-date - We recovered \$26.8 million in income taxes, of which \$24.4 million was recognized as a receivable at year-end 2021-2022.

Due to our positive taxable net results in 2020-2021, we recognized a \$31.1 million income tax expense in 2020-2021. We anticipate recovering the remaining amount paid in 2020-2021 in future years.

Total comprehensive income (loss)

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|--|---------------------------------|----------------|---------------|--------------------------------|----------------|---------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| Net results for the period | (33,167) | (46,270) | (28.3) | (42,067) | (55,879) | (24.7) |
| Other comprehensive income | | | | | | |
| Remeasurements of defined benefit plans | 148,977 | 242,319 | (38.5) | 183,397 | 594,624 | (69.2) |
| Total comprehensive income for the period | 115,810 | 196,049 | (40.9) | 141,330 | 538,745 | (73.8) |

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

Third quarter - Total comprehensive income recognized this quarter was \$115.8 million, compared to \$196.0 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 \$149.0 million was recognized this quarter on remeasurements of defined benefit plans. This was mostly due to a 10 basis-point increase in the discount rate, which decreased the defined benefit obligation by \$82.4 million, and a gain on plan assets of \$66.6 million, resulting from a higher return on plan assets than estimated in our actuarial assumptions.

Year-to-date - A gain of \$183.4 million was recognized on a year-to-date basis on remeasurements of defined benefit plans. This was mostly due to a 106 basis-point increase in the discount rate, which decreased the defined benefit obligation by \$926.9 million. This was partly offset by a loss on plan assets of \$743.5 million, resulting from a lower return on plan assets than estimated in our actuarial assumptions.

Capital Resources, Financial Condition and Liquidity

Revenue and Other Sources of Funds

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

Government funding: This quarter, operating funding was \$295.9 million, capital funding recognized in income was \$23.4 million and working capital was \$1.0 million.

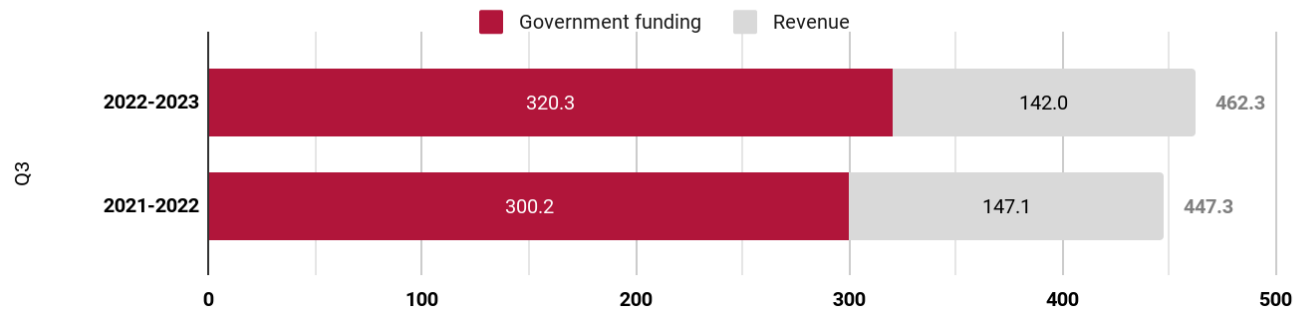
Advertising revenue: This includes ongoing sales of advertising on our conventional television channels, digital platforms and discretionary television services. Advertising revenue driven by events, such as the Olympic Games, can have a material impact on the Corporation's self-generated revenue. Over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

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

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

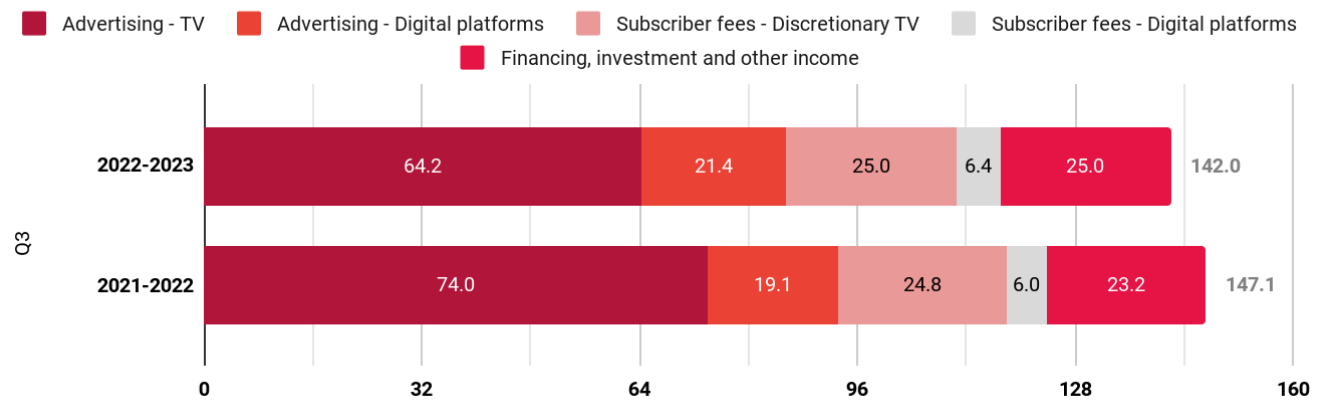
Sources of funding

(in \$M)



Revenue

(in \$M)



Financial Condition, Cash Flows and Liquidity

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

Cash position

| | Third quarter ended December 31 | | | Year-to-date ended December 31 | | |
|--|---------------------------------|----------------|-------------|--------------------------------|---------------|-------------|
| | 2022 | 2021 | % change | 2022 | 2021 | % change |
| Cash – beginning of the period | 112,558 | 102,335 | 10.0 | 82,960 | 90,107 | (7.9) |
| Changes in the period | | | | | | |
| Cash from (used in) operating activities | 16,791 | (2,179) | N/M | 18,780 | (24,699) | N/M |
| Cash used in financing activities | (28,944) | (29,170) | (0.8) | (68,522) | (65,200) | 5.1 |
| Cash from investing activities | 12,761 | 25,152 | (49.3) | 79,948 | 95,930 | (16.7) |
| Net change | 608 | (6,197) | N/M | 30,206 | 6,031 | N/M |
| Cash – end of the period | 113,166 | 96,138 | 17.7 | 113,166 | 96,138 | 17.7 |

N/M = not meaningful

Cash from (used in) operating activities

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

Third quarter and Year-to-date - Cash from operating activities was \$16.8 million during the third quarter of 2022-2023, compared to \$2.2 million used in operating activities for the same period last year. Changes in cash from operating activities were mostly driven by the decreased need to recognize parliamentary appropriations for operating expenditures.

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

Cash used in financing activities

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

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

Year-to-date - On a year-to-date basis, the increase of \$3.3 million is mainly due to a final lease payment made in the first quarter of 2022-2023.

Cash from investing activities

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

Third quarter and Year-to-date - Cash inflows from investing activities decreased by \$12.4 million this quarter and by \$16.0 million on a year-to-date basis. These decreases were mostly attributable to a large portion of Canada Mortgage Bonds (CMB) coming to maturity in the same periods last year, of which a large portion was not re-invested.

RISK UPDATE

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

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

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

Revenue pressures

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

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

Licence renewal decision

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

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

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Catherine Tait
President and Chief Executive Officer

Carol Najm
Vice-President and Chief Financial Officer

Ottawa, Canada
February 23, 2023



INTERIM CONSOLIDATED
FINANCIAL STATEMENTS

Q3 



THIRD QUARTER

**FINANCIAL
REPORT**

2022-2023



CBC  Radio-Canada

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

| <i>(in thousands of Canadian dollars)</i> | NOTE | As at December 31 2022 | As at March 31 2022 |
|---|------|---------------------------|------------------------|
| ASSETS | | | |
| Current | | | |
| Cash | 15 | 113,166 | 82,960 |
| Marketable securities | 15 | 3,842 | 3,814 |
| Restricted cash | | 1,954 | - |
| Bonds receivable | 15 | 34,364 | 59,692 |
| Promissory notes receivable | 15 | 4,232 | 4,018 |
| Trade and other receivables | 4,15 | 146,379 | 233,041 |
| Programming | 5 | 354,312 | 300,433 |
| Prepaid expenses | | 41,593 | 41,834 |
| Investment in finance lease | 15 | 4,639 | 4,419 |
| Derivative financial instruments | 15 | 567 | - |
| Assets classified as held for sale | | 77 | 46 |
| Income taxes receivable | | - | 24,428 |
| | | 705,125 | 754,685 |
| Non-current | | | |
| Bonds receivable | 15 | 10,252 | 14,422 |
| Property and equipment | 6 | 751,064 | 776,467 |
| Intangible assets | 7 | 39,152 | 40,056 |
| Right-of-use (ROU) assets | 8 | 308,961 | 324,544 |
| Pension plan asset | 10 | 1,756,820 | 1,621,166 |
| Promissory notes receivable | 15 | 16,887 | 20,088 |
| Programming | 5 | 53,685 | 48,156 |
| Investment in finance lease | 15 | 18,278 | 21,785 |
| Deferred charges | | 29,840 | 29,049 |
| | | 2,984,939 | 2,895,733 |
| TOTAL ASSETS | | 3,690,064 | 3,650,418 |
| LIABILITIES | | | |
| Current | | | |
| Accounts payable and accrued liabilities | 15 | 83,685 | 107,111 |
| Provisions | 9 | 17,094 | 25,057 |
| Employee-related liabilities | | 190,288 | 217,607 |
| Financial obligations | 15 | 35,354 | 36,938 |
| Lease liabilities | 11 | 18,008 | 22,285 |
| Deferred revenue and other liabilities | | 13,609 | 18,336 |
| Deferred operating vote drawdown | 13 | 25,119 | - |
| Derivative financial instruments | 15 | - | 141 |
| | | 383,157 | 427,475 |
| Non-current | | | |
| Deferred revenue and other liabilities | | 19,175 | 24,482 |
| Pension and post-employment benefits plans | 10 | 201,703 | 225,382 |
| Financial obligations | 15 | 136,582 | 170,109 |
| Lease liabilities | 11 | 290,041 | 298,688 |
| Deferred capital funding | 13 | 526,683 | 512,889 |
| | | 1,174,184 | 1,231,550 |
| TOTAL LIABILITIES | | 1,557,341 | 1,659,025 |
| EQUITY | | | |
| Retained earnings | | 2,131,867 | 1,990,558 |
| Total equity attributable to the Corporation | | 2,131,867 | 1,990,558 |
| Non-controlling interests | | 856 | 835 |
| TOTAL EQUITY | | 2,132,723 | 1,991,393 |
| TOTAL LIABILITIES AND EQUITY | | 3,690,064 | 3,650,418 |

Commitments (NOTE 17)

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

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

| <i>(in thousands of Canadian dollars)</i> | NOTE | For the three months ended | | For the nine months ended | |
|--|------|-----------------------------------|-----------------|----------------------------------|------------------|
| | | December 31 | | December 31 | |
| | | 2022 | 2021 | 2022 | 2021 |
| REVENUE | 12 | | | | |
| Advertising | | 85,667 | 93,093 | 214,115 | 277,995 |
| Subscriber fees | | 31,347 | 30,862 | 91,801 | 91,890 |
| Other income | | 22,304 | 21,790 | 73,471 | 72,954 |
| Financing and investment income | | 2,671 | 1,402 | 6,247 | 4,403 |
| | | 141,989 | 147,147 | 385,634 | 447,242 |
| GOVERNMENT FUNDING | 13 | | | | |
| Parliamentary appropriation for operating expenditures | | 295,913 | 275,290 | 842,880 | 793,737 |
| Parliamentary appropriation for working capital | | 1,001 | 1,001 | 3,001 | 3,001 |
| Amortization of deferred capital funding | | 23,402 | 23,946 | 70,205 | 71,837 |
| | | 320,316 | 300,237 | 916,086 | 868,575 |
| EXPENSES | | | | | |
| Television, radio and digital services costs | | 472,755 | 469,170 | 1,275,677 | 1,302,834 |
| Transmission, distribution and collection costs | | 15,901 | 14,950 | 44,572 | 42,298 |
| Corporate management costs | | 2,912 | 2,783 | 8,397 | 8,260 |
| Finance costs | | 5,305 | 5,950 | 16,423 | 18,325 |
| | | 496,873 | 492,853 | 1,345,069 | 1,371,717 |
| Results before other gains and (losses) and income taxes | | (34,568) | (45,469) | (43,349) | (55,900) |
| OTHER GAINS AND (LOSSES) | | | | | |
| (Losses) gains on disposal of property and equipment and intangibles | | (1,011) | (801) | (1,130) | 21 |
| Results before income taxes | | (35,579) | (46,270) | (44,479) | (55,879) |
| Income taxes recovery | | 2,412 | - | 2,412 | - |
| Net results for the period | | (33,167) | (46,270) | (42,067) | (55,879) |
| Net results attributable to: | | | | | |
| The Corporation | | (33,204) | (46,312) | (42,088) | (55,917) |
| Non-controlling interests | | 37 | 42 | 21 | 38 |
| | | (33,167) | (46,270) | (42,067) | (55,879) |

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

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

| <i>(in thousands of Canadian dollars)</i> | NOTE | For the three months ended | | For the nine months ended | |
|---|------|-----------------------------------|----------------|----------------------------------|----------------|
| | | December 31 | | December 31 | |
| | | 2022 | 2021 | 2022 | 2021 |
| COMPREHENSIVE INCOME (LOSS) | | | | | |
| Net results for the period | | (33,167) | (46,270) | (42,067) | (55,879) |
| Other comprehensive income - not subsequently reclassified to net results | | | | | |
| Remeasurements of defined benefit plans | 10 | 148,977 | 242,319 | 183,397 | 594,624 |
| Total comprehensive income for the period | | 115,810 | 196,049 | 141,330 | 538,745 |
| Total comprehensive income attributable to: | | | | | |
| The Corporation | | 115,773 | 196,007 | 141,309 | 538,707 |
| Non-controlling interests | | 37 | 42 | 21 | 38 |
| | | 115,810 | 196,049 | 141,330 | 538,745 |

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

| <i>(in thousands of Canadian dollars)</i> | NOTE | Retained earnings and total equity attributable to the Corporation | Non-controlling interests | Total |
|--|------|---|------------------------------|------------------|
| Balance as at September 30, 2022 | | 2,016,094 | 819 | 2,016,913 |
| Changes during the period | | | | |
| Net results for the period | | (33,204) | 37 | (33,167) |
| Remeasurements of defined benefit plans | 10 | 148,977 | - | 148,977 |
| Total comprehensive income for the period | | 115,773 | 37 | 115,810 |
| Balance as at December 31, 2022 | | 2,131,867 | 856 | 2,132,723 |

| <i>(in thousands of Canadian dollars)</i> | NOTE | Retained earnings and total equity attributable to the Corporation | Non-controlling interests | Total |
|--|------|---|------------------------------|------------------|
| Balance as at September 30, 2021 | | 1,611,985 | 751 | 1,612,736 |
| Changes during the period | | | | |
| Net results for the period | | (46,312) | 42 | (46,270) |
| Remeasurements of defined benefit plans | 10 | 242,319 | - | 242,319 |
| Total comprehensive income for the period | | 196,007 | 42 | 196,049 |
| Balance as at December 31, 2021 | | 1,807,992 | 793 | 1,808,785 |

| <i>(in thousands of Canadian dollars)</i> | NOTE | Retained earnings and total equity attributable to the Corporation | Non-controlling interests | Total |
|--|------|---|------------------------------|------------------|
| Balance as at March 31, 2022 | | 1,990,558 | 835 | 1,991,393 |
| Changes during the period | | | | |
| Net results for the period | | (42,088) | 21 | (42,067) |
| Remeasurements of defined benefit plans | 10 | 183,397 | - | 183,397 |
| Total comprehensive income for the period | | 141,309 | 21 | 141,330 |
| Balance as at December 31, 2022 | | 2,131,867 | 856 | 2,132,723 |

| <i>(in thousands of Canadian dollars)</i> | NOTE | Retained earnings and total equity attributable to the Corporation | Non-controlling interests | Total |
|--|------|---|------------------------------|------------------|
| Balance as at March 31, 2021 | | 1,269,285 | 755 | 1,270,040 |
| Changes during the period | | | | |
| Net results for the period | | (55,917) | 38 | (55,879) |
| Remeasurements of defined benefit plans | 10 | 594,624 | - | 594,624 |
| Total comprehensive income for the period | | 538,707 | 38 | 538,745 |
| Balance as at December 31, 2021 | | 1,807,992 | 793 | 1,808,785 |

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

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

| <i>(in thousands of Canadian dollars)</i> | NOTE | For the three months ended December 31 | | For the nine months ended December 31 | |
|---|-------|---|-----------------|--|-----------------|
| | | 2022 | 2021* | 2022 | 2021* |
| CASH FLOWS FROM (USED IN) | | | | | |
| OPERATING ACTIVITIES | | | | | |
| Net results for the period | | (33,167) | (46,270) | (42,067) | (55,879) |
| Adjustments for: | | | | | |
| Losses (gains) on disposal of property and equipment and intangibles | | 1,011 | 801 | 1,130 | (21) |
| Financing and investment income | 12 | (2,671) | (1,402) | (6,247) | (4,403) |
| Finance costs | | 5,305 | 5,950 | 16,423 | 18,325 |
| Net (gains) losses from the change in fair value of financial instruments | 12 | 891 | (54) | (708) | (612) |
| Depreciation and amortization | 6,7,8 | 29,039 | 26,700 | 87,393 | 78,160 |
| Change in deferred charges | | 1,062 | 253 | (791) | 2,498 |
| Net change in programming asset [non-current] | 5 | 3,541 | (247) | (5,127) | (9,203) |
| Amortization of deferred capital funding | 13 | (23,402) | (23,946) | (70,205) | (71,837) |
| Change in deferred appropriations for operating expenditures | 13 | 3,586 | (39,791) | 25,119 | 59,262 |
| Change in deferred revenue and other liabilities [non-current] | | (1,187) | (1,132) | (5,709) | (5,377) |
| Pension and other post-employment plans expenses | 10 | 15,346 | 30,067 | 45,506 | 90,116 |
| Pension and other post-employment plans cash payments | 10 | (5,046) | (17,099) | (21,442) | (55,794) |
| Amortization of bond premium | | 149 | 293 | 624 | 1,029 |
| Income taxes paid, net of refund | | - | - | - | (31,149) |
| Movements in working capital | 14 | 22,334 | 63,698 | (5,119) | (39,814) |
| | | 16,791 | (2,179) | 18,780 | (24,699) |
| FINANCING ACTIVITIES | | | | | |
| Payment of lease liabilities | 11 | (4,496) | (4,639) | (17,390) | (13,820) |
| Repayment of financial obligations | | (15,965) | (14,946) | (31,412) | (29,408) |
| Interest paid | | (8,483) | (9,585) | (19,720) | (21,972) |
| | | (28,944) | (29,170) | (68,522) | (65,200) |
| INVESTING ACTIVITIES | | | | | |
| Parliamentary appropriations for capital funding | 13 | 29,500 | 28,500 | 83,999 | 79,000 |
| Additions to property and equipment and intangible assets | 6,7 | (20,758) | (22,614) | (44,373) | (50,963) |
| Acquisition of bonds receivable | | (30,365) | (38,025) | (30,885) | (75,201) |
| Acquisition of marketable securities | | (9) | - | (28) | (22) |
| Net proceeds from disposal of property and equipment | 6 | 108 | 139 | 206 | 1,258 |
| Collection of financial assets | | 32,051 | 55,884 | 65,884 | 137,944 |
| Interest received | | 2,234 | 1,268 | 5,145 | 3,914 |
| | | 12,761 | 25,152 | 79,948 | 95,930 |
| Change in cash | | 608 | (6,197) | 30,206 | 6,031 |
| Cash, beginning of the period | | 112,558 | 102,335 | 82,960 | 90,107 |
| Cash, end of the period | | 113,166 | 96,138 | 113,166 | 96,138 |

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

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

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED DECEMBER 31, 2022 (UNAUDITED)

BUSINESS AND ENVIRONMENT

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

1. GENERAL INFORMATION

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

A. Statement of Compliance

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

These condensed interim consolidated financial statements have not been audited or reviewed by the Corporation's external auditor. The Board of Directors has authorized them for issuance on February 23, 2023.

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

B. Basis of Preparation

Basis of Presentation

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

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

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

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

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

Pension and post-employment benefits plans

Starting in the second quarter of 2022-2023, we streamlined the pension and post-employment benefits plans note disclosure to help better summarize key information. See Note 10 *Pension and post-employment benefits plans* for more information.

Seasonality

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

Key Sources of Estimation Uncertainty and Critical Judgments

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

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

3. NEW AND FUTURE CHANGES IN ACCOUNTING POLICIES

A. Adoption of New and Revised International Financial Reporting Standards

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

B. Future Accounting Changes

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

ASSETS AND LIABILITIES

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

4. TRADE AND OTHER RECEIVABLES

| | December 31, 2022 | March 31, 2022 |
|---|-------------------|----------------|
| Trade receivables | 133,842 | 201,373 |
| Parliamentary appropriations receivable | - | 21,000 |
| Provision for expected credit losses | (524) | (473) |
| Other | 13,061 | 11,141 |
| Total | 146,379 | 233,041 |

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

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

5. PROGRAMMING

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

A. Programming by Category

| | December 31, 2022 | March 31, 2022 |
|--|-------------------|----------------|
| Completed programs | 191,049 | 173,601 |
| Programs in process of production | 129,287 | 90,663 |
| Broadcast rights available for broadcast within the next twelve months | 33,976 | 36,169 |
| Total Current Programming | 354,312 | 300,433 |
| Broadcast rights not available for broadcast within the next twelve months | 53,685 | 48,156 |
| Total Programming | 407,997 | 348,589 |

B. Movement in Programming

| | December 31, 2022 | March 31, 2022 |
|-------------------------------|-------------------|----------------|
| Opening balance | 348,589 | 421,219 |
| Additions | 898,724 | 1,334,348 |
| Programs broadcast | (839,316) | (1,406,978) |
| Balance, end of period | 407,997 | 348,589 |

6. PROPERTY AND EQUIPMENT

Cost and Accumulated Depreciation

| | Land | Buildings | Leasehold improvements | Technical equipment | Computer, office equipment and other | Uncompleted capital projects | Total |
|--|----------------|------------------|------------------------|---------------------|--------------------------------------|------------------------------|--------------------|
| Cost as at March 31, 2022 | 107,864 | 466,969 | 191,133 | 1,038,201 | 189,352 | 41,831 | 2,035,350 |
| Additions | 5 | 102 | - | 5,567 | 5,450 | 22,189 | 33,313 |
| Transfers (refer to Note 7) | - | 4,347 | 8,795 | 14,958 | 4,271 | (24,024) | 8,347 |
| Assets classified as held for sale | (31) | (190) | - | (24) | - | - | (245) |
| Disposals and write-offs | (3) | (2,423) | (409) | (20,831) | (1,943) | - | (25,609) |
| Cost as at December 31, 2022 | 107,835 | 468,805 | 199,519 | 1,037,871 | 197,130 | 39,996 | 2,051,156 |
| Accumulated depreciation as at March 31, 2022 | - | (291,434) | (58,482) | (785,050) | (123,917) | - | (1,258,883) |
| Depreciation for the period | - | (8,364) | (11,483) | (33,414) | (12,430) | - | (65,691) |
| Reclassification of depreciation on assets classified as held for sale | - | 190 | - | 24 | - | - | 214 |
| Reclassification of depreciation on disposals and write-offs | - | 1,677 | 409 | 20,250 | 1,932 | - | 24,268 |
| Accumulated depreciation as at December 31, 2022 | - | (297,931) | (69,556) | (798,190) | (134,415) | - | (1,300,092) |
| Net carrying amount as at December 31, 2022 | 107,835 | 170,874 | 129,963 | 239,681 | 62,715 | 39,996 | 751,064 |

The contractual commitments for the acquisition of property and equipment were \$24.1 million as at December 31, 2022 (\$2.8 million - March 31, 2022). This quarter, transfers also include the cost of our leasehold improvements asset transferred from Right-of-Use assets (see Note 8).

7. INTANGIBLE ASSETS

Cost and Accumulated Depreciation

| | Internally developed software | Acquired software | Uncompleted capital projects | Total |
|---|-------------------------------|-------------------|------------------------------|------------------|
| Cost as at March 31, 2022 | 127,933 | 81,420 | 1,761 | 211,114 |
| Additions | - | 982 | 8,131 | 9,113 |
| Transfers (refer to Note 6) | 148 | 3,526 | (4,200) | (526) |
| Cost as at December 31, 2022 | 128,081 | 85,928 | 5,692 | 219,701 |
| Accumulated amortization as at March 31, 2022 | (124,863) | (46,195) | - | (171,058) |
| Amortization for the period | (746) | (8,745) | - | (9,491) |
| Accumulated amortization as at December 31, 2022 | (125,609) | (54,940) | - | (180,549) |
| Net carrying amount as at December 31, 2022 | 2,472 | 30,988 | 5,692 | 39,152 |

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

8. RIGHT-OF-USE (ROU) ASSETS

ROU assets consist primarily of real estate leases for the rental of office space and technical equipment to carry our transmission activities. There have been no changes to the leasing periods since the Corporation's 2021-2022 audited annual financial statements.

| As at December 31, 2022 | Land | Buildings | Leasehold improvements | Technical equipment | Total |
|------------------------------------|-------|-----------|------------------------|---------------------|---------|
| Net carrying amount for the period | 2,248 | 290,936 | - | 15,777 | 308,961 |
| Depreciation charge for the period | 273 | 13,064 | - | 3,085 | 16,422 |

Additions to the ROU assets during the nine months ended December 31, 2022 were \$4.7 million (\$8.1 million - March 31, 2022). Following the final payment of our leasehold improvements lease, the related asset has been transferred to the leasehold improvements category under Property and Equipment (Note 6).

9. PROVISIONS

| As at December 31, 2022 | Claims and Legal Proceedings | Other | Total |
|--|------------------------------|------------|---------------|
| Opening balance | 24,832 | 225 | 25,057 |
| Additional provisions recognized | 3,276 | - | 3,276 |
| Provisions utilized | (7,089) | - | (7,089) |
| Reductions resulting from remeasurement or settlement without cost | (4,150) | - | (4,150) |
| Balance, end of period | 16,869 | 225 | 17,094 |

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

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

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

10. PENSION AND POST-EMPLOYMENT BENEFITS PLANS

A. Pension Plans Asset/Liabilities

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

| | Funded pension plan | Unfunded pension plans | Other post- employment plans | Funded pension plan | Unfunded pension plans | Other post- employment plans |
|--|---------------------------|------------------------------|------------------------------------|---------------------------|------------------------------|------------------------------------|
| | December 31, 2022 | | | March 31, 2022 | | |
| Fair value of plan assets | 7,737,943 | - | - | 8,430,477 | - | - |
| Defined benefit obligation | 5,981,123 | 109,694 | 92,009 | 6,809,311 | 122,115 | 103,267 |
| Net asset (liability) arising from defined benefit obligation | 1,756,820 | (109,694) | (92,009) | 1,621,166 | (122,115) | (103,267) |

B. Significant Actuarial Assumptions

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

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

| Assumptions – annual rates | December 31, 2022 | March 31, 2022 |
|--|-------------------|----------------|
| Assumptions for the calculation of pension benefit costs: | | |
| Discount rate | 4.00% | 3.30% |
| Assumptions for the calculation of the benefit obligation: | | |
| Discount rate - pension | 5.06% | 4.00% |
| Discount rate - long service gratuity | 5.05% | 3.81% |
| Discount rate - LTD benefit | 5.05% | 3.81% |
| Discount rate - life insurance | 5.06% | 3.97% |

C. Pension and Other Post-Employment Plans Expenses

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

| | For the three months ended December 31 | | | |
|--|---|------------------|-----------------------------|--------------|
| | Pension plans | | Other post-employment plans | |
| | 2022 | 2021* | 2022 | 2021* |
| Current service cost | 26,033 | 31,998 | 1,062 | 1,167 |
| Net interest cost (income) | (14,502) | (5,817) | 813 | 674 |
| Other expenses (fees and remeasurements) | 2,000 | 2,000 | (60) | 45 |
| Expense recognized in net results | 13,531 | 28,181 | 1,815 | 1,886 |
| Net actuarial (gains)/losses arising from changes in financial assumptions | (79,912) | 325,056 | (288) | 646 |
| Net actuarial (gains) arising from experience adjustments | (2,166) | (2,801) | - | - |
| Return on plan assets, excluding amounts included in net interest expense | (66,611) | (565,220) | - | - |
| Net remeasurements recognized in other comprehensive income (loss) | (148,689) | (242,965) | (288) | 646 |
| Employer contributions | 1,558 | 14,561 | 3,488 | 3,028 |
| Employee contributions | 13,891 | 15,114 | - | - |
| Total contributions | 15,449 | 29,675 | 3,488 | 3,028 |

| | For the nine months ended December 31 | | | |
|--|--|------------------|-----------------------------|--------------|
| | Pension plans | | Other post-employment plans | |
| | 2022 | 2021* | 2022 | 2021* |
| Current service cost | 78,099 | 95,994 | 3,186 | 3,501 |
| Net interest cost (income) | (43,506) | (17,451) | 2,439 | 2,022 |
| Other expenses (fees and remeasurements) | 6,000 | 6,000 | (712) | 50 |
| Expense recognized in net results | 40,593 | 84,543 | 4,913 | 5,573 |
| Net actuarial (gains)/losses arising from changes in financial assumptions | (921,050) | 381,878 | (5,707) | 784 |
| Net actuarial (gains)/losses arising from experience adjustments | (144) | 5,895 | - | - |
| Return on plan assets, excluding amounts included in net interest expense | 743,504 | (983,181) | - | - |
| Net remeasurements recognized in other comprehensive income (loss) | (177,690) | (595,408) | (5,707) | 784 |
| Employer contributions | 10,978 | 47,200 | 10,464 | 9,084 |
| Employee contributions | 45,355 | 47,687 | - | - |
| Total contributions | 56,333 | 94,887 | 10,464 | 9,084 |

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

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

Retained earnings include \$2,376.6 million of cumulative actuarial gains as at December 31, 2022 (\$2,193.2 million - March 31, 2022).

11. LEASE LIABILITIES

| | December 31, 2022 | March 31, 2022 |
|------------------------|-------------------|----------------|
| Land | 2,211 | 2,050 |
| Buildings | 289,112 | 295,250 |
| Leasehold improvements | - | 4,010 |
| Technical equipment | 16,726 | 19,663 |
| Total | 308,049 | 320,973 |

Maturity Analysis

| | December 31, 2022 | March 31, 2022 |
|---|-------------------|----------------|
| Contractual undiscounted cash flows | | |
| Less than one year | 25,710 | 30,226 |
| One to five years | 91,004 | 92,190 |
| More than five years | 297,265 | 311,049 |
| Total undiscounted lease liabilities | 413,979 | 433,465 |
| Lease liabilities included in the Condensed Interim Consolidated Statement of Financial Position | 308,049 | 320,973 |

Amounts recognized in our Condensed Interim Consolidated Statement of Cash Flows

| | For the three months ended December 31 | | For the nine months ended December 31 | |
|--|--|-------|---|--------|
| | 2022 | 2021 | 2022 | 2021 |
| Total cash outflow for leases | 6,688 | 6,914 | 24,010 | 20,688 |
| Interest expense related to lease liabilities and presented as Finance costs | 2,192 | 2,275 | 6,620 | 6,868 |

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

INCOME, EXPENSES AND CASH FLOWS

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

12. REVENUE

| | For the three months ended | | For the nine months ended | |
|--|-----------------------------------|----------------|----------------------------------|----------------|
| | December 31 | | December 31 | |
| | 2022 | 2021 | 2022 | 2021 |
| TV advertising ¹ | 64,245 | 73,968 | 159,960 | 220,890 |
| Digital advertising | 21,422 | 19,125 | 54,155 | 57,105 |
| Subscriber fees | 31,347 | 30,862 | 91,801 | 91,890 |
| Production revenue ² | 4,593 | 4,579 | 17,708 | 15,961 |
| Program licence sales | 5,750 | 6,305 | 18,305 | 22,047 |
| Canadian retransmission rights | 1,050 | 1,050 | 3,150 | 3,150 |
| Program sponsorship | 166 | 6 | 181 | 2,289 |
| Other services | 1,931 | 2,152 | 8,612 | 4,151 |
| Revenue from contracts with customers | 130,504 | 138,047 | 353,872 | 417,483 |
| Leasing income | 7,751 | 7,816 | 23,178 | 25,086 |
| Financing and investment income | 2,671 | 1,402 | 6,247 | 4,403 |
| Net gain (loss) from the change in fair value of financial instruments | (891) | 54 | 708 | 612 |
| Other retransmission rights | 1,623 | - | 1,623 | 1,688 |
| Foreign exchange gain (loss) | 331 | (172) | 6 | (2,030) |
| Other sources of income* | 11,485 | 9,100 | 31,762 | 29,759 |
| Total revenue | 141,989 | 147,147 | 385,634 | 447,242 |

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

¹ For the three and nine months ended December 31, 2022, TV advertising included revenue from exchange of services of \$0.3 million (\$0.5 million - 2021) and \$1.1 million (\$0.9 million - 2021) respectively.

² For the three and nine months ended December 31, 2022, Production revenue included revenue from exchange of services of \$2.0 million (\$1.7 million - 2021) and \$8.7 million (\$7.6 million - 2021) respectively.

Advertising Revenue

| | For the three months ended | | For the nine months ended | |
|----------------------------------|-----------------------------------|---------------|----------------------------------|----------------|
| | December 31 | | December 31 | |
| | 2022 | 2021 | 2022 | 2021 |
| English services | 39,575 | 42,638 | 101,791 | 153,412 |
| French services | 46,092 | 50,455 | 112,324 | 124,583 |
| Total advertising revenue | 85,667 | 93,093 | 214,115 | 277,995 |

Subscriber Revenue

| | For the three months ended | | For the nine months ended | |
|---------------------------------|-----------------------------------|---------------|----------------------------------|---------------|
| | December 31 | | December 31 | |
| | 2022 | 2021 | 2022 | 2021 |
| English services | 15,712 | 15,791 | 45,980 | 46,571 |
| French services | 15,635 | 15,071 | 45,821 | 45,319 |
| Total subscriber revenue | 31,347 | 30,862 | 91,801 | 91,890 |

Contract Balances

Contract assets are presented under “Trade and Other Receivables” in our Condensed Interim Consolidated Statement of Financial Position. Trade receivables include \$16.8 million of contract assets as at December 31, 2022 (\$13.7 million - March 31, 2022). There was no impairment loss on contract assets for the period considered.

Contract liabilities primarily relate to cash payments received in advance of meeting our performance obligations, mostly related to host broadcasting and program sponsorship revenue streams. Contract liabilities are presented as current liabilities under “Deferred Revenue and other liabilities” in our Condensed Interim Consolidated Statement of Financial Position. Deferred Revenue includes \$4.2 million of contract liabilities as at December 31, 2022 (\$9.0 million - March 31, 2022).

13. GOVERNMENT FUNDING

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

A. Government funding received

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

| | For the three months ended | | For the nine months ended | |
|-------------------------------|-----------------------------------|----------------|----------------------------------|----------------|
| | December 31 | | December 31 | |
| | 2022 | 2021 | 2022 | 2021 |
| Operating funding | 299,499 | 235,499 | 867,999 | 852,999 |
| Capital funding | 29,500 | 28,500 | 83,999 | 79,000 |
| Working capital funding | 1,001 | 1,001 | 3,001 | 3,001 |
| Balance, end of period | 330,000 | 265,000 | 954,999 | 935,000 |

B. Deferred operating vote drawdown

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

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

| | December 31, 2022 | March 31, 2022 |
|---|-------------------|----------------|
| Operating funding received during the period | 867,999 | 1,139,694 |
| Less: Parliamentary appropriation for operating expenditures recognized in the condensed interim consolidated statement of income (loss) for: | | |
| the three months ended June 30 | (264,157) | (248,810) |
| the three months ended September 30 | (282,810) | (269,637) |
| the three months ended December 31 | (295,913) | (275,290) |
| the three months ended March 31 | - | (345,957) |
| Balance, end of period | 25,119 | - |

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.

| | December 31, 2022 | March 31, 2022 |
|---|-------------------|----------------|
| Opening balance | 512,889 | 502,479 |
| Government funding for capital expenditures | 83,999 | 106,730 |
| Amortization of deferred capital funding for: | | |
| the three months ended June 30 | (23,402) | (23,946) |
| the three months ended September 30 | (23,401) | (23,945) |
| the three months ended December 31 | (23,402) | (23,946) |
| the three months ended March 31 | - | (24,483) |
| Balance, end of period | 526,683 | 512,889 |

14. MOVEMENTS IN WORKING CAPITAL

| | For the three months ended | | For the nine months ended | |
|---|-----------------------------------|---------------|----------------------------------|-----------------|
| | December 31 | | December 31 | |
| | 2022 | 2021* | 2022 | 2021* |
| Changes in Working Capital are comprised of: | | | | |
| Restricted Cash | - | - | (1,954) | - |
| Trade and other receivables | 7,955 | 21,539 | 111,955 | 6,068 |
| Programming asset | 30,129 | 30,762 | (53,879) | (33,829) |
| Prepaid expenses | 1,983 | 3,290 | 119 | 8,026 |
| Accounts payable and accrued liabilities | 1,810 | 11,026 | (21,490) | (2,611) |
| Provisions | (1,003) | 1,767 | (7,963) | 3,943 |
| Pension plans and employee-related liabilities | (15,895) | (1,584) | (27,319) | (23,922) |
| Deferred revenue and other liabilities | (2,645) | (3,102) | (4,588) | 2,511 |
| Balance, end of period | 22,334 | 63,698 | (5,119) | (39,814) |

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

OTHER

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

15. FINANCIAL INSTRUMENTS

A. Fair Value

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

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

| | December 31, 2022 | | March 31, 2022 | | Fair Value Level ¹ |
|---|-------------------|----------------|-----------------|----------------|-------------------------------|
| | Carrying values | Fair values | Carrying values | Fair values | |
| <i>Financial instruments measured at fair value through profit and loss on a recurring basis:</i> | | | | | |
| Cash | 113,166 | 113,166 | 82,960 | 82,960 | Level 1 |
| Marketable securities | 3,842 | 3,842 | 3,814 | 3,814 | Level 1 |
| Derivative financial instruments | 567 | 567 | - | - | Level 2 |
| Financial assets | 117,575 | 117,575 | 86,774 | 86,774 | |
| Derivative financial instruments | - | - | 141 | 141 | Level 2 |
| Financial liabilities | - | - | 141 | 141 | |
| <i>Financial instruments measured at amortized cost:</i> | | | | | |
| Bonds receivable (current) | 34,364 | 34,048 | 59,692 | 59,834 | Level 2 |
| Promissory notes receivable (current) | 4,232 | 4,232 | 4,018 | 4,018 | Level 2 |
| Trade and other receivables | 146,379 | 146,379 | 233,041 | 233,041 | Level 2 |
| Investment in finance lease (current) | 4,639 | 4,639 | 4,419 | 4,419 | Level 2 |
| Bonds receivable (non-current) | 10,252 | 10,037 | 14,422 | 14,029 | Level 2 |
| Promissory notes receivable (non-current) | 16,887 | 17,361 | 20,088 | 21,537 | Level 2 |
| Investment in finance lease (non-current) | 18,278 | 20,618 | 21,785 | 25,216 | Level 2 |
| Financial assets | 235,031 | 237,314 | 357,465 | 362,094 | |
| Accounts payable and accrued liabilities | 83,685 | 83,685 | 107,111 | 107,111 | Level 2 |
| Financial obligations (current) | 35,354 | 35,354 | 36,938 | 36,938 | Level 2 |
| Financial obligations (non-current) | 136,582 | 144,874 | 170,109 | 190,914 | Level 2 |
| Financial liabilities | 255,621 | 263,913 | 314,158 | 334,963 | |

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

There have been no transfers between levels during the three and nine months ended December 31, 2022.

B. Credit Risk

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

Trade and other receivables

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

| Trade and other receivables over 30 days | December 31, 2022 | March 31, 2022 |
|--|-------------------|----------------|
| 31 - 60 days | 26,042 | 110,863 |
| 61 - 90 days | 22,414 | 2,480 |
| Over 90 days | 18,335 | 18,150 |
| Total | 66,791 | 131,493 |

16. RELATED PARTIES

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

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

A. Transactions with Related Parties Excluding Government-Related Entities

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

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

B. Transactions with Government-Related Entities

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

Canada Mortgage Bonds

As of December 31, 2022, \$44.6 million was invested in Canada Mortgage Bonds ("CMB") (\$74.1 million - March 31, 2022). CMB are issued by Canada Housing Trust (CHT), a special purpose trust guaranteed by Canada Mortgage and Housing Corporation (CMHC), another Federal Crown Corporation, and backed by the Government of Canada.

17. COMMITMENTS

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