TELEFILM
CANADA

Quarterly Financial Report

Period ended
September 30, 2025

Second quarter of
fiscal 2025-2026

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1. TELEFILM

Telefilm Canada is a federal Crown corporation that invests in the development, production, promotion and distribution of the Canadian and Indigenous audiovisual industry.

As the largest investor in Canadian cinema, Telefilm supports the economic power and cultural impact of the audiovisual sector in collaboration with stakeholders. We aim to showcase our national identity for all Canadians and the world through screen content that reflects the diverse voices and communities of the country.

Our mission

Telefilm Canada's mission is to invest in the Canadian and Indigenous audiovisual industry to make it shine brightly on every screen.

Our vision

An audiovisual industry that drives prosperity and creates lasting impact, thanks to Canadian and Indigenous cinema that emodies its aspirations and reflects the cultural, linguistic and regional diversity, for audiences at home and abroad.

Our work

The audiovisual industry is a complex and interconnected ecosystem in which Telefilm is deeply embedded. We listen and collaborate with industry partners at every stage to bring sustainable solutions for their specific and evolving needs. Our goal is holistic: one that ensures our investment reaches every point of contact of a production's life cycle (and it's what we call "the continuum"). From pre-development to development, from production to post-production, from distribution to international export, Telefilm is a Partner of Choice - trusted and proven to provided effective support. In this way we're developing Canadian screen content and strenghtening audience demande for it around the world.

Furthermore, we are responsible for making recommendations to the Department of Canadian Culture and Identity on which projects can be recognized as audiovisual treaty coproductions. Finally, we administer the Canada Media Fund's (CMF) funding programs. Headquartered in Montréal, we serve our partners across the country through four locations: Vancouver, Toronto, Montréal and Halifax.

2. QUARTERLY FINANCIAL REPORT

This quarterly financial report complies with all requirements of the Standard on *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Report*[1] established by the Treasury Board Secretariat and with the *Canadian Public Sector Accounting Standards (CPSAS)*. There is no requirement for an audit or review of the financial statements included in this quarterly financial report and as such the report has not been reviewed or audited by external auditors.

1 : https://www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=32665

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3. IMPORTANT CHANGES

Activities

Pursuing its commitments, the Corporation signed two agreements with official language minority communities and published the report titled Exploring the Futures of Distribution - Strategic Visions for the Canadian Audiovisual Industry. This led to forging a strategic partnership with the Canada Media Fund (CMF) and the National Film Board of Canada (NFB) aimed at better understanding and reaching audiences.

In August, the Corporation announced that the film *The Things You Kill*, by Alireza Khatami, will represent Canada in the 2026 Oscars nomination process.

The creation of a consortium on the future of distribution by the Canada Media Fund (CMF), the Indigenous Screen Office (ISO), the National Film Board of Canada (NFB) and the Corporation was announced in late August with the goal of strengthening the audiovisual sector’s audience insight and reach.

The Corporation also celebrated the Toronto International Film Festival (TIFF)’s 50th anniversary by highlighting Canadian talent through activities including a roundtable with Minister Steven Guilbeault and industry members as well as a preliminary glimpse of the market slated for launch in 2026. In all, 24 Canadian films funded by the Corporation were screened in Toronto, providing strong visibility for homegrown productions. At the same time, the Nous | Made campaign, led by George Stroumboulopoulos and Rosalie Vaillancourt and supported by the Corporation and the Canada Media Fund (CMF), kicked off in celebration of cultural diversity and the impact of creative Canadian voices.

4. GOVERNANCE AND MEMBERS OF THE BOARD

Governance of the Corporation is carried out through activities of the Board and its two subcommittees:
- Audit and Finance Committee;
- Nominating, Evaluation and Governance Committee;

Governance is also ensured by the Executive Leadership Team, chaired by the Executive Director and CEO, and its subcommittees.

During the quarter, the Board of Directors met once and there were no meetings of the Board's subcommittees. The executive leadership team met four times.

5. RISK MANAGEMENT

The Corporation manages risk through the Board of Directors and the Risk Management Committee. An assessment of risks as well as the impacts and mitigation measures is conducted on a regular basis by the Risk Management Committee.

6. UNADJUSTED DIFFERENCES

Management strives to produce relevant financial information in compliance with CPSAS and within the deadline established by the Receiver General for Canada, by closing the accounts five business days after the end of the quarter. Accordingly, certain cut-off procedures applicable to the accounts payable and receivable cycles as well as certain adjustments concerning employee future benefits liability, were not carried out at September 30, 2025. Management deems the importance of these adjustments to be immaterial.

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7. ANALYSIS OF CUMULATIVE RESULTS

Please note that amounts in the analysis tables are presented in thousands of dollars. The analysis tables present the initial budget approved by the Board of Directors.

Assistance Expenses

For the six-month period ended September 30, 2025

	Budget		Actual		Variance				
	Annual	Period	**2025-2026**	2024-2025	Budget $	Budget %	Actual $	Actual %	
Production Program	84,368	15,700	11,194	23,687	4,506	29	(12,493)	(53)	1
Development program	11,015	1,300	1,893	1,220	(593)	(46)	673	55	2
Theatrical Documentary Program	4,775	600	636	1,195	(36)	(6)	(559)	(47)	3
Administration of recommendations for audiovisual coproduction	433	217	218	249	(1)	-	(31)	(12)	
Talent to Watch Program (including Mentorship Program)	4,000	-	(106)	(260)	106	-	154	(59)	4
International Funds Contributions	2,100	-	-	(1)	-	-	1	(100)	
Community engagement contributions	400	-	-	-	-	-	-	-	
	107,091	17,817	13,835	26,090	3,982	22	(12,255)	(47)	
Marketing Program and Audience Engagement Initiative	8,625	3,505	3,437	3,803	68	2	(366)	(10)	5
National promotion programs - Festivals and industry events support	6,550	2,575	2,723	2,382	(148)	(6)	341	14	6
National and International promotional activities	7,553	3,141	2,488	2,472	653	21	16	1	7
International Promotion Program	1,400	450	533	654	(83)	(18)	(121)	(19)	8
Theatrical Exhibition Program	1,000	-	-	-	-	-	-	-	
	25,128	9,671	9,181	9,311	490	5	(130)	(1)	
Content Market in Canada	9,450	8,950	-	-	8,950	100	-	-	9
	141,669	36,438	23,016	35,401	13,422	37	(12,385)	(35)	

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7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Assistance Expenses (Cont.)

1	**Production Program**	Current period ↘ than budget	$4,506	Cost reductions arising from projects funded in previous fiscal years cause this year's assistance expenses to vary.
		Current period ↘ than previous	$12,493	Cost reductions arising from projects funded in previous fiscal years cause this year's assistance expenses to vary; also, delay in signing contracts because second round of decisions was held in the fall.
2	**Development program**	Current period ↗ than budget	$593	Increase attributable to the new animation initiative.
		Current period ↗ than previous	$673	
3	**Theatrical Documentary Program**	Current period ↘ than previous	$559	Per-project funding amounts were higher in the previous fiscal year in accordance with their production budgets.
4	**Talent to Watch Program (including Mentorship Program)**	Current period ↘ than budget	$106	Cost reductions arising from projects funded in previous fiscal years, which reduced assistance expenses.
		Current period ↗ than previous	$154	
5	**Marketing Program and Audience Engagement Initiative**	Current period ↘ than previous	$366	Cost reductions arising from projects funded in previous fiscal years, which reduced assistance expenses.
.6	**National promotion programs - Festivals and industry events support**	Current period ↗ than previous	$341	The pace of contract signing varies from one fiscal year to the next. In addition, unrealized initiatives funded in previous fiscal years reduce last year's assistance expenses.
7	**National and International promotional activities**	Current period ↘ than budget	$653	Time lag between some promotional campaigns and contract signing.
8	**International Promotion Program**	Current period ↘ than previous	$121	The promotional campaign for the film that will represent Canada in the nomination process for Best International Feature Film at the Oscars began earlier in the previous fiscal year.
9	**Content Market in Canada**	Current period ↘ than budget	$8,950	Almost all payment were made in October.

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7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Operating and Administrative Expenses

For the six-month period ended September 30, 2025

	Budget		Actual		Variance				
	Annual	Period	**2025-2026**	2024-2025	Budget $	%	Actual $	%	
Salaries and employee benefits	27,171	13,133	12,650	12,351	483	4	299	2	
Information technology	1,883	1,510	1,356	1,329	154	10	27	2	1
Rent, taxes, heating and electricity	2,132	1,149	1,114	1,060	35	3	54	5	
Professional services	3,575	1,755	1,033	981	722	41	52	5	2
Office expenses	671	350	645	340	(295)	(84)	305	90	3
Amortization of tangible capital assets	1,419	538	587	640	(49)	(9)	(53)	(8)	
Publications	177	109	92	95	17	16	(3)	(3)	
Travel	550	285	151	130	134	47	21	16	4
	37,578	18,829	17,628	16,926	1,201	6	702	4	

1	**Information technology**	Current period ↘ than budget	$154	Temporary variance related to payment and contract signing for licences and outsourced services.
2	**Professional services**	Current period ↘ than budget	$722	Time lag for professional fees and commissions carried over to subsequent quarters. Budget savings are expected at fiscal year-end.
3	**Office expenses**	Current period ↗ than budget	$295	Temporary variance related to purchase of office equipment for relocation of head office in Montréal, which will be capitalized at fiscal year-end. Also related to expenditures for a corporate project budgeted in another cost element.
		Current period ↗ than previous	$305	
4	**Travel**	Current period ↘ than budget	$134	Budget savings are expected at fiscal year-end.

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7. ANALYSIS OF CUMULATIVE RESULTS (CONT.)

Government Funding and Revenues

For the six-month period ended September 30, 2025

	Budget		Actual		Variance				
	Annual	Period	**2025-2026**	2024-2025	Budget $	%	Actual $	%	
Parliamentary appropriation	162,956	47,688	38,890	46,337	(8,798)	(18)	(7,447)	(16)	1
Management fees from the Canada Media Fund	10,035	5,018	5,065	5,311	47	1	(246)	(5)	
Investment revenues and recoveries	7,500	3,750	3,765	5,149	15	-	(1,384)	(27)	2
Contributions to promotional support activities	500	351	435	437	84	24	(2)	-	3
Interest and other revenues	40	20	307	21	287	1,435	286	1,362	4
Talent Fund	300	100	8	30	(92)	(92)	(22)	(73)	5
	181,331	56,927	48,470	57,285	(8,457)	(15)	(8,815)	(15)	

1	**Parliamentary appropriation**	Current period ↘ than budget	$8,798	Lower use due mainly to cost reductions arising from projects funded in previous fiscal years and lower-than-expected operating and administrative expenses.
		Current period ↘ than previous	$7,447	Lower use due to lower payments on obligations, mainly for the Production Program.
2	**Investment revenues and recoveries**	Current period ↘ than previous	$1,384	The *Infinity Pool* production project, the *Blackberry* distribution project and higher development advance recoveries explain the previous year's revenue level. There are no comparable projects this year, and the average distribution revenue and advance recoveries have decreased.
3	**Contributions to promotional support activities**	Current period ↗ than budget	$84	Variance due mainly to partnership revenue for a new event in which the Corporation is participating.
4	**Interest and other revenues**	Current period ↗ than budget	$287	Compensation mainly related to the signing of the new lease for the next headquarters in Montréal.
		Current period ↗ than previous	$286	
5	**Talent Fund**	Current period ↘ than budget	$92	Donations not received at expected pace.

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8. ANALYSIS OF RESULTS FOR THE SECOND QUARTER

	Actual		Variance		
	2025-2026	2024-2025	$	%	
Assistance expenses	19,684	24,286	(4,602)	(19)	1
Operating and administrative expenses	8,021	7,769	252	3	
Revenues	6,142	7,363	(1,221)	(17)	2
Parliamentary appropriation	26,490	29,253	(2,763)	(9)	
Surplus	4,927	4,561	366	8	

1	**Assistance expenses**	Current period ↘ than previous	$4,602	Fewer major projects signed and a greater value in cost reductions for projects funded in previous fiscal years.
2	**Revenues**	Current period ↘ than previous	$1,221	Two projects explain the previous year's significant investment revenues and recoveries. There are no comparable projects this year, and the average distribution revenue has decreased.

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9. ANALYSIS OF FINANCIAL POSITION

	Actual		Variance		
	Sept. 30, 2025	Sept. 30, 2024	$	%	
Financial assets					
Due from Consolidated Revenue Fund	90,536	86,395	4,141	5	
Accounts receivable	3,227	2,479	748	30	1
Receivable from the Canada Media Fund	952	28	924	3,300	2
Cash - Talent Fund	126	231	(105)	(45)	
Cash - Harold Greenberg Fund	86	174	(88)	(51)	
	94,927	89,307	5,620	6	
Liabilities					
Financial assistance program obligations	41,578	40,945	633	2	
Accounts payable and accrued liabilities	3,207	2,622	585	22	3
Deferred lease inducements	1,462	-	1,462	-	4
Liabilities for employee future benefits	937	833	104	12	
Net financial assets	47,743	44,907	2,836	6	
Non-financial assets					
Tangible capital assets	4,694	3,865	829	21	5
Prepaid expenses	965	989	(24)	(2)	
Accumulated surplus	53,402	49,761	3,641	7	

1	**Accounts receivable**	↗ $748	Amounts receivable related to our upcoming headquarters, high levels of accounts receivable arising from investment and recovery revenues, mitigated by a decrease in taxes receivable compared to the previous fiscal year.
2	**Receivable from the Canada Media Fund**	↗ $924	Delay in collecting monthly invoice.
3	**Accounts payable and accrued liabilities**	↗ $585	The number and amounts of program payment requests vary from year to year. Also, increase in payable payroll expenses related to the number of days accrued and a higher balance at the beginning of the year not yet paid.
4	**Deferred lease inducements**	↗ $1,462	Related to billing for the leasehold improvement allowance for the offices of upcoming headquarters.
5	**Tangible capital assets**	↗ $829	Due mainly to recognition of leasehold improvements made in upcoming headquarters as work in progress, offset by amortization of Dialogue platform developments capitalized in previous years.

10. RECONCILIATION OF COST OF OPERATIONS AND PARLIAMENTARY APPROPRIATION

The Corporation receives most of its funding through an annual Parliamentary appropriation. Items recognized in the Statement of Operations and the Statement of Financial Position may have been funded through a Parliamentary appropriation approved in either a previous or the current fiscal year. Some of the items in the reconciliation calculation cannot be linked directly to the financial statements, since the Parliamentary appropriation is calculated using a modified cash basis accounting method.

In thousands of Canadian dollars	**Sept. 30, 2025**	**Sept. 30, 2024**
Cost of operations	40,644	52,327
Adjustments affecting the use of parliamentary appropriation:		
Assistance expenses adjustment where parliamentary appropriation eligibility criterias have been met	6,769	2,793
Assistance expenses funded by the Talent Fund	-	(1)
Contributions to promotional support activities	(435)	(437)
Prepaid expenses	(2,386)	(2,441)
Operating and administrative expenses funded by the CMF	(5,065)	(5,311)
Salary recovery for payment in arrears transition	(20)	(18)
Amortization	(587)	(640)
Employee future benefits	(30)	65
Use of Parliamentary appropriation at September 30	38,890	46,337
Parliamentary appropriation planned for subsequent quarters	124,066	111,965
Parliamentary appropriation authorized	162,956	158,302

The parliamentary appropriation is from the 2025-2026 Main Estimates.

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11. QUARTERLY FINANCIAL STATEMENTS FOR THE PERIOD ENDED SEPTEMBER 30, 2025

Statement of Management Responsibility

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the *Treasury Board of Canada*'s Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports, and for such internal controls as management determines is necessary to enable the preparation of quarterly 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 quarterly financial statements.

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

Julie Roy
Executive Director & CEO

Patrick Bédard, CPA, MBA
Vice President, Finance and Information Technologies

Montreal, Canada
November 28, 2025

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Quarterly Statement of Operations

For the three-month period ended September 30, 2025

In thousands of Canadian dollars	Schedule	Quarter ended September 30 2025	2024
Assistance expenses			
Development of the Canadian audiovisual industry			
Production Program		13,141	16,285
Development Program		1,938	1,328
Theatrical Documentary Program		636	1,195
Administration of recommendations for audiovisual treaty coproduction		113	114
Talent to Watch Program (including Mentorship Program)		(109)	2
		15,719	18,924
Promotional support in Canada and abroad			
Marketing Program and Audience Engagement Initiative		1,549	2,814
National and International promotional activities		1,120	899
National promotion programs - Festivals and industry events support		982	1,331
International Promotion Program		314	318
		3,965	5,362
		19,684	24,286
Operating and administrative expenses	A	8,021	7,769
Cost of operations		27,705	32,055
Revenues			
Investment revenues and recoveries		3,191	4,470
Management fees from the Canada Media Fund		2,417	2,583
Interest and other revenues		278	14
Contributions to promotional support activities		251	296
Talent fund		5	-
		6,142	7,363
Net cost of operations before government funding		21,563	24,692
Government funding			
Parliamentary appropriation		26,490	29,253
Surplus		4,927	4,561
Accumulated surplus, beginning of period		48,475	45,200
Accumulated surplus, end of period		53,402	49,761

The accompanying notes and the schedules are an integral part of these financial statements.

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Statement of Operations

For the six-month period ended September 30, 2025

In thousands of Canadian dollars	Schedule	Period ended September 30 Cumulative Budget	Cumulative 2025	Cumulative 2024
Assistance expenses				
Development of the Canadian audiovisual industry				
Production Program		15,700	11,194	23,687
Development Program		1,300	1,893	1,220
Theatrical Documentary Program		600	636	1,195
Administration of recommendations for audiovisual treaty coproduction		217	218	249
Talent to Watch Program (including Mentorship Program)		-	(106)	(260)
International Funds Contributions		-	-	(1)
		17,817	13,835	26,090
Promotional support in Canada and abroad				
Marketing Program and Audience Engagement Initiative		3,505	3,437	3,803
National promotion programs - Festivals and industry events support		2,575	2,723	2,382
National and International promotional activities		3,141	2,488	2,472
International Promotion Program		450	533	654
		9,671	9,181	9,311
Content Market in Canada		8,950	-	-
		36,438	23,016	35,401
Operating and administrative expenses	B	18,829	17,628	16,926
Cost of operations		55,267	40,644	52,327
Revenues				
Management fees from the Canada Media Fund		5,018	5,065	5,311
Investment revenues and recoveries		3,750	3,765	5,149
Contributions to promotional support activities		351	435	437
Interest and other revenues		20	307	21
Talent Fund		100	8	30
		9,239	9,580	10,948
Net cost of operations before government funding		46,028	31,064	41,379
Government funding				
Parliamentary appropriation		47,688	38,890	46,337
Surplus		1,660	7,826	4,958
Accumulated surplus, beginning of period		45,576	45,576	44,803
Accumulated surplus, end of period		47,236	53,402	49,761

The accompanying notes and the schedules are an integral part of these financial statements.

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Statement of Financial Position

In thousands of Canadian dollars	Sept. 30 2025	March 31, 2025
Financial assets		
Due from Consolidated Revenue Fund	90,536	86,361
Accounts receivable	3,227	3,607
Receivable from the Canada Media Fund	952	947
Cash - Talent Fund	126	123
Cash - Harold Greenberg Fund	86	86
	94,927	91,124
Liabilities		
Financial assistance program obligations	41,578	48,479
Accounts payable and accrued liabilities	3,207	3,461
Deferred lease inducements	1,462	-
Liabilities for employee future benefits	937	907
	47,184	52,847
Net financial assets	47,743	38,277
Non-financial assets		
Tangible capital assets	4,694	3,948
Prepaid expenses	965	3,351
	5,659	7,299
Accumulated surplus	53,402	45,576

The accompanying notes and the schedules are an integral part of these financial statements.

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Statement of Changes in Net Financial Assets

In thousands of Canadian dollars	**Budget Sept. 30**	**Sept. 30 2025**	**March 31, 2025**
Surplus	1,660	7,826	773
Tangible capital asset transactions			
Amortization	538	587	1,264
Acquisitions	(1,930)	(1,333)	(707)
Other transactions			
Acquisitions of prepaid expenses	(142)	(181)	(3,351)
Use of prepaid expenses	3,130	2,567	3,430
Increase in net financial assets	3,256	9,466	1,409
Net financial assets, beginning of year	38,277	38,277	36,868
Net financial assets, end of period	41,533	47,743	38,277

The accompanying notes and the schedules are an integral part of these financial statements.

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Statement of Cash Flows

For the period ended September 30, 2025

In thousands of Canadian dollars	Period ended September 30 Sept. 30 2025	Sept. 30 2024
Operating activities		
Surplus	7,826	4,958
Items not affecting cash:		
Decrease (increase) in liabilities for employee future benefits	30	(65)
Amortization of tangible capital assets	587	640
Deferred lease inducements	1,462	-
	9,905	5,533
Changes in non-cash financial items:		
Decrease in accounts receivable	380	1,442
Decrease (increase) in receivable from the Canada Media Fund	(5)	1,021
Decrease in accounts payable and accrued liabilities	(254)	(775)
Decrease of financial assistance program obligations	(6,901)	(2,924)
Decrease in prepaid expenses	2,386	2,441
	5,511	6,738
Capital activities		
Cash outflows to acquire tangible capital assets	(1,333)	-
Increase in due from Consolidated Revenue Fund and cash of Talent Fund and Harold Greenberg Fund	4,178	6,738
Due from Consolidated Revenue Fund and cash of Talent Fund and Harold Greenberg Fund, beginning of period	86,570	80,062
Due from Consolidated Revenue Fund and cash of Talent Fund and Harold Greenberg Fund, end of period	90,748	86,800

The accompanying notes and the schedules are an integral part of these financial statements.

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Note to the Quarterly Financial Statements

1. Basis of financial statements presentation

These unaudited quarterly financial statements have been prepared by the Corporation's Management in accordance with the *Directive on Accounting Standards : GC 5200 Crown Corporations Quarterly Financial Report* established by the Treasury Board Secretariat and with the *Canadian Public Sector Accounting Standards (CPSAS)*. They must be read in conjunction with the most recent annual audited financial statements as at March 31, 2025. The significant accounting policies used in these quarterly financial statements are similar to those used in the annual financial statements of March 31, 2025.

Schedule A and B - Other Information

A - Operating and administrative expenses

	Quarter ended Sept. 30	
	2025	**2024**
Salaries and employee benefits	6,055	6,037
Professional services	684	501
Rent, taxes, heating and electricity	547	514
Amortization of tangible capital assets	293	320
Information technology	203	178
Office expenses	131	104
Travel	85	52
Publications	23	63
	8,021	7,769

B - Cumulative operating and administrative expenses

	Period ended Sept. 30		
	Cumulative Budget	**2025**	**2024**
Salaries and employee benefits	13,133	12,650	12,351
Information technology	1,510	1,356	1,329
Rent, taxes, heating and electricity	1,149	1,114	1,060
Professional services	1,755	1,033	981
Office expenses	350	645	340
Amortization of tangible capital assets	538	587	640
Travel	285	151	130
Publications	109	92	95
	18,829	17,628	16,926