

Quarterly Financial Statements of

NATIONAL ARTS CENTRE CORPORATION

For the three-month period ended November 30, 2025

Management Responsibilities

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada Standard on Quarterly Financial Reports for Crown Corporations 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 the other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, the unaudited quarterly financial report presents 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 quarterly financial report.

Annabelle Cloutier

President and Chief Executive Officer



Ikram Zouari, CPA

Chief Financial Officer



January 30, 2026

National Arts Centre Corporation

Statement of Financial Position

As at November 30, 2025

(Unaudited)

<i>(in thousands of dollars)</i>	November 30 2025	August 31 2025
Assets		
Current		
Cash and cash equivalents (Note 4)	\$ 45,808	\$ 46,381
Restricted cash held for specified capital projects (Note 5)	3,046	2,774
Investments	517	661
Accounts receivable	4,022	4,699
Inventories	206	205
Prepaid expenses	2,080	2,760
	55,679	57,480
Investments	1,301	1,184
Capital assets	172,213	175,692
	\$ 229,193	\$ 234,356
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 6)	\$ 16,293	\$ 17,428
Deferred parliamentary appropriations (Note 7)	612	482
Unearned revenue	6,464	6,748
Deferred parliamentary appropriations, specified capital projects (Note 5)	2,979	2,707
	26,348	27,365
Deferred capital funding (Note 8)	167,013	170,691
Asset retirement obligations	1,637	1,637
Long-term portion of provision for employee future benefits	1,630	1,630
	196,628	201,323
Accumulated Surplus		
Unrestricted	32,565	33,033
	\$ 229,193	\$ 234,356

The accompanying notes form an integral part of these financial statements.

National Arts Centre Corporation

Statement of Operations

For the three months ended November 30, 2025
(unaudited)

<i>(in thousands of dollars)</i>	Three months period ended	
	November 30 2025	November 30 2024
Revenues		
Commercial operations	\$ 6,353	\$ 7,058
Programming	3,562	2,265
Grant from the National Arts Centre Foundation	1,785	1,541
Other income	199	665
Investment income	23	14
	11,922	11,543
Parliamentary appropriations (Note 9)	17,765	19,241
	29,687	30,784
Expenses (Note 10)		
Commercial operations	3,325	3,793
Programming	17,353	14,773
Building operations	5,819	5,513
Administration and technology	3,658	3,193
	30,155	27,272
Net results of operations	\$ (468)	\$ 3,512

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Accumulated Surplus

For the three months ended November 30, 2025

<i>(in thousands of dollars)</i>	November 30 2025	November 30 2024
Unrestricted, beginning of the period	\$ 33,033	\$ 37,147
Net results of operations	(468)	3,512
Unrestricted, end of the period	\$ 32,565	\$ 40,659

The accompanying notes form an integral part of these financial statements.

National Arts Centre Corporation

Statement of Cash Flows

For the three months ended November 30, 2025

(unaudited)

<i>(in thousands of dollars)</i>	Three months period ended	
	November 30 2025	November 30 2024
Operating Activities		
Net results of operations	\$ (468)	\$ 3,512
Items not affecting cash		
Amortization of capital assets	3,820	3,574
Amortization of deferred capital funding	(3,678)	(3,440)
Change in non-cash operating assets and liabilities	322	(5,909)
Change in long-term portion of provision for employee future benefits	-	(24)
Cash flow used for operating activities	(4)	(2,287)
Capital Activities		
Additions to capital assets	(341)	(399)
Cash flow used for capital activities	(341)	(399)
Investing Activities		
Purchase of investments	(155)	(65)
Sale of investments	199	-
Cash flow from investment activities	44	(65)
Financing Activities		
Restricted cash used for specified capital projects	(272)	(517)
Parliamentary appropriations used for the acquisition of capital assets	-	377
Cash flow from financing activities	(272)	(140)
(Decrease) in cash position	(573)	(2,891)
Cash and cash equivalents at beginning of period	46,381	57,324
Cash and cash equivalents at end of period	\$ 45,808	\$ 54,433

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

(Unaudited)

As of November 30, 2025

1. Authority, objectives and operations

The National Arts Centre Corporation (the “Corporation”) was established in 1966 pursuant to the National Arts Centre Act and began operating the National Arts Centre (the “Centre”) in 1969. In accordance with Section 85 (1.1) of Part X of the Financial Administration Act, Divisions I to IV of this Act do not apply to the Corporation, except for sections 89.8 to 89.92, subsections 105(2) and sections 113.1, 119, 131 to 148 and section 154.01, which do apply to the Corporation. The Corporation is not an agent of His Majesty and is deemed, under Section 15 of the National Arts Centre Act, to be a registered charity within the meaning of that expression in the Income Tax Act. As a result, the Corporation is not subject to the provisions of the Income Tax Act. Except for the purposes of the Public Service Superannuation Act and the Government Employees Compensation Act, employees of the Corporation are not part of the federal public administration.

The objectives of the Corporation are to operate and maintain the Centre, to develop the performing arts in the National Capital Region, and to assist the Canada Council for the Arts in the development of the performing arts elsewhere in Canada.

2. Notice to reader

These quarterly financial statements have not been audited and must be read in conjunction with the most recent annual financial statements for the year ended August 31, 2025, and the accompanying Narrative Discussion. Totals may not add due to rounding.

3. Basis of presentation

These unaudited financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS) including series 4200 accounting standards for government not-for-profit organizations (GNFPO).

The standard on quarterly financial reports for crown corporations requires that the statement of financial position includes the ending balances of the most current quarter and the balances at the end of the immediately preceding fiscal year as the comparative. The statement of operations must include the current quarterly results as well as the year-to-date results, along with comparable quarterly and year-to-date results from the previous fiscal year.

4. Cash and cash equivalents

At November 30, the cash and cash equivalents were as follows:

<i>(in thousands of dollars)</i>	November 30 2025	August 31 2025
Operating	\$ 32,860	\$ 33,053
Advanced ticket sales (Note 6)	7,285	7,842
Unearned revenue	5,189	5,012
Employee benefits	474	474
Balance at end of period	\$ 45,808	\$ 46,381

5. Restricted cash held for specified capital projects and deferred parliamentary appropriations, specified capital projects

Restricted cash held for specified capital projects represents the unused portion of Parliamentary appropriations received and designated for specified capital projects within the Centre.

Changes in the fund balance are as follows:

<i>(in thousands of dollars)</i>	November 30 2025	August 31 2025
Restricted cash at beginning of period	\$ 2,774	\$ 2,294
Appropriations received to fund specified capital projects (Digital Infrastructure)	300	633
Appropriations invested in specified capital projects	(28)	(153)
Restricted cash held for specified capital project balance at end of period	\$ 3,046	\$ 2,774
Project related accounts payable	(67)	(67)
Deferred parliamentary appropriations, specified capital projects balance at end of period	\$ 2,979	\$ 2,707

6. Accounts payable and accrued liabilities

The balance consists of:

<i>(in thousands of dollars)</i>	November 30 2025	August 31 2025
Advanced ticket sales	\$ 7,285	\$ 7,842
Trade payables and accrued liabilities	8,534	9,112
Employee benefits (short-term)	474	474
Balance at end of period	\$ 16,293	\$ 17,428

Advanced ticket sales are monies received for future non-NAC programming.

7. Deferred parliamentary appropriations

Deferred parliamentary appropriations represent amounts approved or received in advance of the period they were intended to cover, or for building refurbishment or specific programs, as follows:

<i>(in thousands of dollars)</i>	Building Refurbishment	Specific Programs	November 30 2025	August 31 2025
Balance at beginning of period	-	482	482	2,030
Appropriations received	2,333		2,333	7,057
Appropriations used	(1,721)	(482)	(2,203)	(8,605)
Balance at end of period	612	-	612	482

8. Deferred capital funding

Deferred capital funding represents the unamortized portion of parliamentary appropriations and funding used to purchase depreciable capital assets.

Changes in the deferred capital funding balance are as follows:

<i>(in thousands of dollars)</i>	November 30 2025	August 31 2025
Balance at beginning of period	\$ 170,691	\$ 184,280
Appropriations and funding used for depreciable capital assets	-	785
Recognition of deferred capital funding	(3,678)	(14,374)
Balance at end of period	\$ 167,013	\$ 170,691

9. Parliamentary appropriations

The Corporation receives parliamentary appropriations from the Government of Canada in support of its operating and capital activities. The table below illustrates the parliamentary appropriations approved for the fiscal year, and the accounting adjustments required to arrive at the calculation of revenue that conforms to PSAS.

<i>(in thousands of dollars)</i>	November 30 2025	November 30 2024
Appropriations received and receivable:		
Main estimates amount provided for operating	\$ 14,189	\$ 15,733
Modernization of NAC's digital infrastructure	300	632
Appropriations approved	14,489	16,365
Parliamentary appropriations deferred for building refurbishment or specific projects to be completed in the next fiscal year (Note 5 and 7)	(3,658)	(4,603)
Previous year's appropriations used in current period to complete specific projects (Note 5 and 7)	3,256	4,324
Appropriation used to purchase depreciable capital assets (Note 8)	-	(285)
Deferred capital funding – amortization and write down (Note 8)	3,678	3,440
Parliamentary appropriations	\$ 17,765	\$ 19,241

10. Summary of expenses by object

Schedule of expenses

For the three months ended November 30, 2025

(unaudited)

<i>(in thousands of dollars)</i>	November 30 2025	November 30 2024
Salaries and benefits	\$ 12,105	\$ 12,032
Artistic fees	5,596	4,032
Amortization of capital assets	3,820	3,574
National Arts Centre Orchestra fees	2,274	2,143
Advertising	759	499
Utilities	754	735
Professional fees	745	425
Cost of sales	718	680
Payments to municipalities	596	578
Maintenance and repairs	495	577
Production	358	236
Software & Licenses	341	222
Service charges	287	304
Staff travel	246	146
Uncoded credit cards	165	198
Insurance	146	135
Education and training	145	104
Supplies	112	103
Telecommunications	100	104
Promotion	95	162
Rental of facilities	93	62
Equipment rental	71	90
Board	68	60
Office	49	45
Miscellaneous	17	26
	\$ 30,155	\$ 27,272

Narrative Discussion

Objects of Corporation

The NAC is governed by the National Arts Centre Act, which defines its mandate as follows: to operate and maintain the Centre; to develop the performing arts in the National Capital Region; and to assist the Canada Council for the Arts in the development of the performing arts elsewhere in Canada. As a Crown Corporation, the NAC reports to Parliament through the Minister of Canadian Heritage.

In furtherance of its objects as defined in the NAC Act, but without limiting the generality of subsection (1), of its objects the Corporation may:

- (a) arrange for and sponsor performing arts activities at the Centre.
- (b) encourage and assist in the development of performing arts companies' resident at the Centre.
- (c) arrange for or sponsor radio and television broadcasts from the Centre and the showing of films in the Centre.
- (d) provide accommodation at the Centre, on such terms and conditions as the Corporation may fix, for national and local organizations the objects of which include the development and encouragement of the performing arts in Canada; and
- (e) at the request of the Government of Canada or the Canada Council for the Arts, arrange for performances elsewhere in Canada by performing arts companies, whether resident or non-resident in Canada, and arrange for performances outside Canada by performing arts companies' resident in Canada.

Strategic Goals

The Journey Ahead: Our 2023–2026 Strategic Plan

Beginning on September 1, 2023, and over the next three years, the NAC will work with artists and arts organizations from across Canada to revitalize the performing arts sector. The journey ahead will pursue five strategic goals:

1. Develop the Canadian performing arts through the work on the stage.
2. Elevate Indigenous voices and stories at the NAC and across the land.
3. Engage meaningfully with audiences and communities.
4. Support engagement in the arts for children, youth, and families.
5. Foster best practices in management.

Through collaboration and investment in creation, production, co-production and dissemination, along with a heightened focus on community engagement, learning and innovation, the NAC is shaping a more diverse, equitable, accessible and inclusive future for the performing arts in Canada. While the performing arts sector responds to profound challenges flowing from changes by the tumultuous events of the past five years, it has also witnessed an extraordinary burst of creativity from artists and arts organizations, and realized new opportunities presented by the changed landscape.

The following six values will guide the NAC priorities and actions:

1. Creativity.
2. Grounded in Communities.
3. Sense of Belonging.
4. Generous Collaboration.
5. Walking Gently on the Land.
6. Children of Today, Future of Tomorrow.

Analysis

The Corporation is a bilingual multi-disciplinary Centre for the performing arts. It presents, creates, produces and co-produces performing arts programming in various streams — the NAC Orchestra, Dance, English Theatre, French Theatre, Indigenous Theatre, and Popular Music and Variety. The type of program, the availability of performances on specific dates, the number of performers, the scale of the program, and the complexity of the technical elements are different for each performance. In addition, each season is different from the previous one. For instance, one season's first quarter may include a full-scale ballet with orchestra, while the same quarter the next season may include a small modern dance duet with recorded music and minimal sets. The Corporation's Food and Beverage Services and Parking Services are also influenced by the level of programming because of the number of patrons that the performances bring to the National Arts Centre.

The Corporation manages this normal business variability through detailed budgeting and scheduling and by careful analysis of expenditures. For that reason, variances between quarters are to be expected. The Corporation relies on comparisons to expected revenues and expenditure to manage its financial performance.

Financial Highlights

The NAC is entrepreneurial reallocating resources internally while developing new programming streams, diversifying artistic programming, engaging new audiences, and investing in the arts across Canada through co-productions. In addition, developing new revenue streams through philanthropy and sponsorships through the fundraising activities of the NAC Foundation.

The NAC continues to offer online streaming in addition to in-person performances. According to national surveys, the performing arts and live entertainment sector is one of the hardest hit and amongst the last ones to recover. The return to normal operations, post pandemic, has significantly impacted the NAC's expenses by increasing many areas of expenses, including scheduling of part-time and contractual workers, and increasing programming, building maintenance, office overhead and artistic travel.

Revenue

Revenue for the three-month period ended November 30, 2025, amounted to \$29.7 million, a decrease of \$1.1 million compared to \$30.8 million for the three-month period of the previous year. The decrease in revenue is primarily attributable to lower commercial activities, mainly from hall rentals, as well as timing differences in the recognition of the parliamentary appropriation. This was partially offset by higher programming revenues and grants from the NAC Foundation.

On an accrual basis, parliamentary appropriations for the three-month period ended November 30, 2025, amounted to \$17.8 million compared to \$19.2 million for the three-month period of the previous year. The difference is due to the timing of appropriations drawdown schedule.

Expenses

Expenses for the three-month period ended November 30, 2025, amounted to \$30.2 million, an increase of \$2.9 million compared to \$27.3 million for the three-month period of the previous year. The increase is mainly due to higher programming expenses to the three-month period of the previous year.

Net Results of Operations

The net results of operations for the three-month period ended November 30, 2025, were a deficit of \$0.5 million. The variance compared to budget is primarily attributable to timing differences in the parliamentary appropriation recognition, higher programming revenues and grants from the NAC Foundation, partially offset by higher expense.

Statement of Financial Position

Assets

The level of cash and cash equivalents of \$45.8 million as at November 30, 2025, represents a decrease of \$0.6 million from the August 31, 2025, level of \$46.4 million. This decrease is mainly due to the timing of payment of accounts payable and accrued liabilities.

Capital assets decreased to \$172.2 million as of November 30, 2025, from \$175.7 million as at August 31, 2025, mainly due to the amortization of capital assets of \$3.8 million offset by capital assets acquisitions of \$0.3 million.

Liabilities

Deferred capital funding as of November 30, 2025, is \$167 million, decreased by \$3.7 million from August 31, 2025, level of \$170.7 million. The decrease is due to the amortization of capital assets of \$3.7 million.

Accounts payable and accrued liabilities decreased by \$1.1 million to \$16.3 million as at November 30, 2025, compared to \$17.4 million as at August 31, 2025. The decrease is primarily caused by lower trade payables and accrued liabilities balances.

Accumulated Surplus

Accumulated surplus as of November 30, 2025, is \$32.6 million. A decrease due to the net result of the operating deficit of \$0.5 million.

Risks

The Corporation's Corporate Risk Profile identifies five top risks and their related mitigation strategies. The mitigation step involves the identification of strategies designed to manage, eliminate or reduce risk to an acceptable level.

1. Addressing Infrastructure Renewal and Facility Compliance – There is a risk that delays in addressing critical repairs and upgrades to NAC building facilities and infrastructure may impact the organization's ability to meet health and safety, accessibility, and compliance requirements, potentially disrupting programming and service delivery.
2. Managing Strategic Priorities in a Shifting Political and Economic Environment – There is a risk that ongoing political, economic and societal uncertainty may undermine the NAC's ability to remain focused on its strategic priorities and deliver on its core mandate.
3. Managing Digital, Cybersecurity, and Emerging Technology Risks – There is a risk that the NAC's capacity to manage and protect its digital systems, applications, and data may not keep pace with evolving cybersecurity, privacy, and technology risks—particularly as new tools, including AI, introduce additional regulatory, ethical, and operational considerations.
4. Ensuring Accessible and Responsive Service Delivery – There is a risk that the NAC may not be able to meet the full range of accessibility and visitors' service delivery requirements, which could affect the NAC's ability to serve audiences, artists and employees effectively and uphold its mandate.