Canadian Tourism Commission

Quarterly Financial Report for the quarter ending June 30, 2026

Introduction

The Canadian Tourism Commission (the “CTC”), doing business as Destination Canada, is a Crown corporation wholly owned by the Government of Canada. With a mandate to sustain a vibrant and profitable tourism industry, the organization enhances Canada’s competitiveness as a premier, international destination for leisure travel and business events. Working in partnership with public and private sectors, Destination Canada attracts visitors and drives tourism spending through marketing and development activities, and by sharing timely intelligence and encouraging collaboration that stimulates economic growth, supports entrepreneurial prosperity, and generates wealth and wellbeing for Canadians and their communities.

Narrative Discussion

The Narrative Discussion contained herein applies to the quarter.

Quarterly Result

(in thousands)

	Three months ended June 30, 2026	Three months ended June 30, 2025	Variance
Partner revenues	**$ 2,867**	**$ 2,223**	**$ 644**

Partner revenues grew by $644K (22%), driven by higher international market activity alongside increased co-investment in Global Marketing and Business Event campaigns. Also, the number of subscribers to the Canadian Tourism Data Collective platform have increased.

Interest revenue	**100**	**192**	**(92)**

Interest revenue decreased by $92K, primarily due to lower interest rates on bank balances (2.6% in 2026 compared to 3.1% in 2025).

Other revenue	**166**	**163**	**3**

Other revenue includes routine operational recoveries for office space and recoveries of commodity taxes.

Marketing and sales	**16,498**	**23,153**	**(6,655)**

Marketing and Sales expenses decreased by $6.7M (29%), primarily driver by a reduction in ICAP ($4.6M) due to the transition period between ICAP 1.0 (ending March 2026) and ICAP 2.0 (launched mid-May 2026). Additional reductions included lower US market investments ($4.9M) shifted from Q2 to Q1 to support Spring and Summer visitation, alongside lower Global Content spend($0.5M). These savings were partially offset by increased investments in China ($1.4M), Global Marketing ($1.1M), and Business Events ($1.0M).

Analytics	**3,062**	**3,133**	**(71)**

Analytics expenses decreased by $71K (2%), reflecting the completion of a one-time study on tariff impacts to the tourism sector in 2025. The decrease was partially offset by increased spend on the BERA brand measurement platform.

Corporate services	**2,313**	**1,894**	**419**

Corporate services expenses increased by $419K (18%), primarily due to higher operational expenditures to support organizational capacity and a lower amount of project costs being capitalized compared to the prior year.

Sector advancement	**1,386**	**1,359**	**27**

Sector advancement expenses increased by $27K (2%), primarily due to higher operating expenditures to support international market engagement and Board governance activities. These increases were partially offset by lower program expenditures as select initiatives concluded or were funded through alternative sources.

Destination development	**522**	**584**	**(62)**

Destination development expenses decreased by $62K (12%), reflecting the planned timing shift of the Tourism Corridor strategy program. Program activities conducted in Q2 2026 have been rescheduled to Q3 and Q4 2026.

Parliamentary appropriations	**28,000**	**21,276**	**6,724**

Parliamentary appropriations increased by $6.7M in the quarter, primarily due to the timing of base funding drawdowns required to maintain sufficient cash flow for Q3 and differences in the timing of ICAP funding drawdowns.

Year to Date Results
(in thousands)

	Six months ended June 30, 2026	Six months ended June 30, 2025	Variance
Partner revenues	$ 4,017	$ 3,136	$ 881

Partner revenues grew by $881K (22%), driven by increased international market activity, expanded co-investment in Global Marketing and Business Events initiatives; Canadian Tourism Data Collective subscirptions revenue also contributed to the increase.

Interest revenue	207	331	(124)

Interest revenue decreased primarily due to lower interest rates on bank balances (2.6% in 2026 compared to 3.1% in 2025).

Other revenue	327	314	13

Other revenue includes routine operational recoveries for office space and recoveries of commodity taxes.

Marketing and sales expenses	46,119	40,769	5,350

Marketing and sales expenses increased by $5.4M (12%), reflecting higher spending under ICAP ($2.9M), expanded marketing activities in China ($1.5M), FIFA-aligned campaigns in Global Marketing ($1.1M), and higher Business Events expenditures funded through core operations. These increases were partially offset by planned reductions in content production ($0.7M) as key projects concluded in the prior year.

Analytics	5,792	5,845	(53)

Analytics expenses decreased by $53K (1%), primarily due to the completion of a one-time tourism tariff impact study undertaken in 2025, this reduction from the prior year was partially offset by the timing of market research activities in 2026.

Corporate services	4,633	3,924	709

Corporate services expenses increased by $709K (18%), primarily due to higher operational expenditures to support organizational capacity and lower project costs being capitalized compared to the prior year.

Destination development	1,173	857	316

Destination development expenses increased by $316K (27%), reflecting the planned timing shift of investment attraction initiatives originally scheduled for Q4 2025 but deferred to Q1 2026, along with continued development of the Investment Portal.

Sector advancement	2,220	2,217	3

Sector advancement expenses remained stable with a nominal increase of $3K (0%), as higher operating expenditures were largely offset by lower program costs.

Parliamentary appropriations	69,518	56,210	13,308

Base Parliamentary Appropriations were $12.2M higher than the prior year due to the timing of base funding drawdowns needed to maintain sufficient cashflows for Q3.

Overall ICAP funding was $1.1M higher than the prior year, driven by the full drawdown of the ICAP 2024–2026 funding ($8.2M vs $13.1M) offset by receiving $6.0M from the Fall Economic Statement funding before its March 2026 expiry.

Risks and uncertainties

As a federal Crown corporation operating in a dynamic global tourism sector, Destination Canada maintains an enterprise risk management ("ERM") framework to monitor emerging risks, assess potential impacts and support informed decision-making in pursuit of sustainable tourism growth.

Our risk framework goes beyond standard business and financial risks and begins with first understanding the macro risks facing the economy, followed by industry risks uniquely impacting the tourism sector. Together, this knowledge provides a foundation for identifying the strategic risks facing our organization, categorized under the following four lenses: economic, environmental, social, and governance.

● High residual risk ● Medium-high residual risk ● Medium residual risk ● Low-medium residual risk ● Low residual risk

ECONOMIC	2025: ● 2026 Q2 ●

Destination Canada's Tourism 2030: A World of Opportunity strategy advances long-term sustainable growth for Canada's tourism sector within a highly competitive and evolving global marketplace.

Overall Summary: There is a risk that Destination Canada's ability to achieve long-term tourism growth and sector resilience could be impacted by a combination of external market pressures and internal capacity constraints. Continued economic uncertainty, fiscal pressures, trade disruptions, geopolitical shifts, and changing traveller behaviours may reduce visitation and tourism spending, while increased competition from well-resourced global destinations could weaken Canada's tourism competitiveness. At the same time, constrained public and private sector investment, labour and workforce shortages, infrastructure and capacity limitations, and the pace of technological disruption may challenge the sector's ability to capitalize on growth opportunities, improve productivity, and adapt to evolving market conditions. Together, these factors could reduce visitor numbers, lead to economic losses for the sector, and impact how Destination Canada operates and delivers on its strategic objectives.

Mitigation Summary: We are strengthening Canada's global tourism competitiveness in collaboration with provincial, territorial, municipal, and industry partners, focusing on key levers to align activities, attract investment, build sector capacity, allocate resources efficiently, and maximize return on investment. Through innovative marketing and go-to-market strategies, enhanced destination development efforts, and advanced research and analytics, we are positioning Canada to capture demand in existing and emerging markets while responding to evolving economic, geopolitical, and traveller trends. We are also supporting sector growth through stakeholder engagement, investment attraction initiatives, workforce productivity and digital transformation efforts, and the adoption of emerging technologies such as AI. These measures help strengthen industry resilience, improve decision-making, and support Canada's long-term tourism competitiveness.

Emerging and heightened Risks:

- **Resource Constraints**
  There is a risk that Destination Canada will not have the financial resources required to achieve rapid growth, deliver high returns, and strengthen long-term industry resilience. This risk is heightened by ongoing fiscal pressures, including inflation and broader government fiscal constraints, which may limit available funding and reduce flexibility to invest in strategic priorities. We will mitigate this by advancing our strategy to grow annual tourism revenue $160 billion by 2030; demonstrating tourism's value as a driver of growth, exports, diversification, and community prosperity, backed by stronger ROI measurement; leveraging government and industry partnerships; optimizing cooperative investments; and improving productivity, governance, and resource allocation.

- **Technology Disruption and Productivity**
  There is a risk that Destination Canada and the tourism sector may be unprepared for technological disruption, particularly in areas such as AI, affecting marketing, operations, and service delivery. Without proactive investment in digital modernization and workforce upskilling, innovation and productivity may decline, weakening Canada's global tourism competitiveness. We will mitigate this by positioning Canada for AI-driven discovery, ensuring trusted, relevant Canadian content and experiences are represented in the answers and recommendations travellers

receive; strengthening AI, data and digital capabilities across Destination Canada and the tourism sector; collaborating with leading technology and industry partners; advancing responsible AI governance and workforce capabilities; and using AI to improve productivity, decision-making, and marketing performance.

- **Declining Global Tourism Competitiveness**
  There is a risk that Canada's global tourism competitiveness may decline due to external pressures geopolitical volatility, global shocks, and rising competition, as well as structural challenges including high costs, access limitations, infrastructure constraints, and seasonality. These factors may lead to reduced market share, diminished brand relevance, and missed opportunities for growth, despite Destination Canada's efforts to mobilize stakeholders. We will mitigate this by monitoring tourism demand, market performance, and global competitiveness indicators, collaborating with governments, industry associations, and tourism partners to advance competitiveness initiatives, promoting the value of tourism through coordinated advocacy and stakeholder engagement, strengthening destination development efforts, and supporting the NorthStar 2030 vision for long-term tourism competitiveness and growth.

ENVIRONMENTAL **2025 ● 2026 Q2 ●**

One of the key initiatives in our strategy is to support sector adoption of regenerative principles. This means balancing economic prosperity with environmental stewardship and social inclusivity. By promoting regenerative and resilient practices, Destination Canada supports visitor trust, helps communities and destinations prepare for weather-related disruption and preserves the natural and cultural assets that define tourism in Canada.

Overall Summary: There is a risk that severe disruptive weather events including wildfires, extreme heat, warm and dry winters and floods, environmental degradation or perceptions of insufficient sustainability practices within Destination Canada's operations or across the tourism ecosystem. These impacts could negatively influence traveller sentiment, damage Canada's reputation and reduce visitation. Weather-related disruptions may also affect perceptions of safety and destination readiness, with broader implications for sector performance.

Mitigation Summary: Destination Canada advances regenerative tourism principles that support economic growth while promoting environmental stewardship and social inclusivity. We integrate weather-related risk considerations into destination development planning to enhance long-term resilience, and inter-agency coordination has been strengthened to monitor and respond to weather-related events and their impacts on traveller perceptions and sector outcomes. Through our partnerships, we provide industry guidance and best practices for weather-related events, support emergency management planning, and advance sustainability initiatives and measurement frameworks that reinforce Canada's leadership in responsible tourism development. Our commitment is further reflected in efforts to reduce the environmental footprint of our activities and promote sustainable business events.

SOCIAL **2025: ● 2026 Q2: ●**

Public confidence and social license are essential to ensuring tourism contributes positively to communities and supports broad-based economic and social benefits.

Overall Summary: There is a risk that tourism promotion and organizational practices may not fully reflect equitable and inclusive approaches or adequately consider the interests of local communities and stakeholders, which could affect public support and trust. Sustained workload pressures may also impact employee wellbeing and organizational resilience.

Mitigation Summary: Our evidence-based reporting on tourism's contribution to employment, regional development and community wellbeing continues to reinforce public and policy confidence. We integrate diversity, equity and inclusion considerations into our marketing, recruitment and procurement practices, and we continue to advance Indigenous reconciliation through sector initiatives and employee training. We also maintained measures to support staff mental health in order to enhance employee wellbeing and organizational resilience. As well, we continue to monitor resident sentiment, communicate the value of tourism through initiatives such as Value of Tourism, and convene sector leaders to align priorities and strengthen support for tourism growth. These efforts help build public confidence, inform policy decisions, and reinforce tourism's role as a driver of economic prosperity and community wellbeing.

GOVERNANCE — 2025: 🟠 2026 Q2: 🟡

As a federal Crown corporation, Destination Canada is committed to upholding high standards of governance and accountability in accordance with applicable legislative and regulatory requirements.

Overall Summary: There is a risk that Destination Canada's governance effectiveness may be challenged by increasing regulatory, financial, legal, and oversight requirements, coupled with the need to adapt internal policies and governance frameworks to evolving legislation and government priorities. Challenges attracting, retaining, and developing qualified Board members and executive leaders, as well as ensuring continuity in key governance roles, may weaken oversight effectiveness and create reputational risks. If not effectively managed, these factors could reduce organizational agility, compliance, accountability, and overall effectiveness.

Mitigation Summary: Destination Canada actively monitors emerging risks and undertakes regular scenario planning to ensure governance and oversight mechanisms remain responsive in a rapidly evolving global environment. Industry intelligence is shared with advisory committees and sector partners to inform strategic decision-making. We have modernized our policy suite to strengthen internal governance frameworks, enhanced cybersecurity measures, and conducted business continuity plan testing to reinforce operational resilience and sound stewardship of public resources. In response to the accelerating adoption of AI globally and within the sector, we also launched targeted internal learning initiatives to strengthen staff capabilities and support the responsible use of AI. These measures are complemented by effective Board oversight.

Emerging and heightened Risks:

- **Cybersecurity**
  There is a risk that increasing cyber threats could compromise our systems, leading to potential data breaches, operational disruptions, and loss of stakeholder trust. We mitigate this risk by having established cybersecurity and IT consulting rosters to quickly address incidents and adapt to legislative changes. We will enhance cybersecurity by implementing robust protocols, conducting regular audits, and training staff to respond to threats. We'll also collaborate with government and industry partners to stay ahead of emerging threats and ensure system security.

- **Third Party**
  There is a risk that Destination Canada's reliance on third-party service providers and partners could result in financial, operational, strategic, or reputational impacts if these relationships are not effectively governed, monitored, or managed. Given the organization's dependence on a diverse network of vendors, partners, and external organizations to deliver programs and achieve strategic objectives, failures in third-party performance, oversight, or alignment could lead to service disruptions, unmet objectives, compliance issues, financial losses, and stakeholder dissatisfaction. As this is a newly identified risk, mitigation activities are currently being assessed to strengthen third-party governance, oversight, and risk management practices.

Statement of Management Responsibility by Senior Officials

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 and cash flows of the corporation, as at the date of and for the periods presented in the quarterly financial statements.

Meaghan Ferrigno

Interim President and CEO
Vancouver, Canada
August 26, 2026

Keith Granbois

Interim Chief Financial Officer
Vancouver, Canada
August 26, 2026

Canadian Tourism Commission

Statement of Financial Position

As at June 30, 2026

(in thousands of Canadian dollars)

	June 30, 2026	December 31, 2025
Financial assets		
Cash and cash equivalents	20,554	14,087
Accounts receivable		
Government of Canada	771	1,331
Partner	861	407
Other	19	23
Accrued benefit asset	3,317	3,317
Portfolio investments	1,000	983
	26,522	20,148
Liabilities		
Accounts payable and accrued liabilities		
Trade	5,474	11,832
Employee compensation	2,093	2,778
Government of Canada	339	840
Accrued benefit liability	1,625	1,657
Unearned revenue	4,383	708
Deferred lease inducements	144	21
	14,058	17,836
Net financial assets	12,464	2,312
Non-financial assets		
Prepaid expenses	5,984	2,323
Tangible capital assets	2,504	2,392
	8,488	4,715
Accumulated surplus	20,952	7,027

Canadian Tourism Commission

Statement of Operations

For the six months ended June 30
(in thousands of Canadian dollars)

	Six months ended June 30	
	2026	**2025**
Revenues		
Partner revenues	4,017	3,136
Interest Income	207	331
Other	327	314
	4,551	3,781
Expenses		
Marketing and sales	46,119	40,769
Analytics	5,792	5,845
Corporate services	4,633	3,924
Sector advancement	2,220	2,217
Destination development	1,173	857
Amortization of tangible capital assets	303	326
	60,240	53,938
Net cost of operations before funding from the Government of Canada	(55,689)	(50,157)
Parliamentary appropriations	69,518	56,210
Surplus for the year	13,829	6,053
Accumulated operating surplus, beginning of period	7,027	9,033
Accumulated operating surplus, end of period	20,856	15,086

Canadian Tourism Commission

Statement of Remeasurement Gains and Losses

For the six months ended June 30
(in thousands of Canadian dollars)

	2026	2025
Accumulated remeasurement gain, beginning of period	1	119
Unrealized gain attributable to foreign exchange	96	2
Amounts reclassified to the statement of operations	(1)	(119)
Net remeasurement gain (loss) for the period	95	(117)
Accumulated remeasurement gain, end of period	96	2

Canadian Tourism Commission

Statement of Change in Net Financial Assets

For the six months ended June 30
(in thousands of Canadian dollars)

	2026	2025
Surplus for the year	13,829	6,053
Acquisition of tangible capital assets	(424)	(383)
Amortization of tangible capital assets	303	326
Net disposition of tangible capital assets	9	-
	(112)	(57)
Effect of change in other non-financial assets		
Decrease in prepaid expenses	(3,660)	(8,095)
	(3,660)	(8,095)
Net remeasurement gain (loss)	95	(117)
Increase (decrease) in net financial assets	10,152	(2,216)
Net financial assets, beginning of period	2,312	4,702
Net financial assets, end of period	12,464	2,486

Canadian Tourism Commission

Statement of Cash Flows

For the six months ended June 30
(in thousands of Canadian dollars)

	2026	2025
Operating transactions:		
Cash received from:		
Parliamentary appropriations used to fund operating and capital transactions	69,518	61,525
Partners	7,242	4,917
Other	1,010	265
Interest	207	332
Cash paid for:		
Cash payments to suppliers	(58,653)	(56,177)
Cash payments to and on behalf of employees	(12,520)	(10,699)
Cash provided by operating transactions	6,804	163
Capital transactions:		
Acquisition of tangible capital assets	(424)	(383)
Disposition of tangible capital assets	9	-
Cash used in capital transactions	(415)	(383)
Investing transactions:		
Acquisition of portfolio investments	(17)	(19)
Cash used in investing transactions	(17)	(19)
Net remeasurement gain (loss) for the period	95	(117)
Net increase (decrease) in cash during the period	6,467	(356)
Cash and cash equivalents, beginning of period	14,087	14,892
Cash and cash equivalents, end of period	20,554	14,536

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

1. AUTHORITY, OBJECTIVES AND DIRECTIVES

The Canadian Tourism Commission (the “Commission”), operating as Destination Canada, was established on January 2, 2001 under the *Canadian Tourism Commission Act* (the “Act”) and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Commission is for all purposes an agent of his Majesty in right of Canada. As a result, all obligations of the Commission are obligations of Canada. The Commission is not subject to income taxes.

As stated in section 5 of the Act, the Commission’s mandate is to:

- sustain a vibrant and profitable Canadian tourism industry;
- market Canada as a desirable tourist destination;
- support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism; and
- provide information about Canadian tourism to the private sector and the governments of Canada, the provinces and the territories.

In December 2014, the Commission was issued directive PC 2014-1378 pursuant to section 89 of the *Financial Administration Act* directing the Commission to implement pension plan reforms. These reforms are to ensure that pension plans of Crown corporations provide a 50:50 current service cost-sharing ratio between employee and employer for pension contributions by December 31, 2017. The 50:50 cost-sharing ratio was fully implemented as of December 31, 2017.

In July 2015, the Commission was issued directive PC 2015-1109 pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditures policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Commission’s next corporate plan. The Commission implemented its new Travel, Hospitality, Conference and Event Expenditures Policy (“THCEE”) on August 21, 2015 which complied with the requirements of the directive. The Treasury Board issued revised directives and guidelines in 2017. On November 29, 2018, the Commission approved an updated THCEE policy to align with the new requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian public sector accounting standards (“PSAS”). Significant accounting policies are as follows:

a) Parliamentary appropriations

The Commission is mainly financed by the Government of Canada through parliamentary appropriations. Parliamentary appropriations used to fund core operations and capital expenditures are considered unrestricted and are recognized as revenues when the appropriations are authorized and any eligibility criteria are met. Parliamentary appropriations used to fund one-time activities are considered restricted when they have eligibility criteria and stipulations that give rise to an obligation that meets the definition of a liability. Restricted appropriations are recognized as deferred appropriations when the stipulation gives rise to a liability. Restricted appropriation revenue is recognized as the stipulation liabilities are settled.

As a result of the Commission's year-end date (December 31) being different than the Government of Canada's year-end date (March 31), the Commission is funded by portions of appropriations from two government fiscal years. Refer to Note 4.

The Commission will have a deferred parliamentary appropriations balance at period-end when the restricted funding received for the period exceeds the restricted appropriations recognized for the related fiscal period. When restricted appropriations recognized exceed the restricted funding received, the amount will be included in the parliamentary appropriations receivable balance.

The Commission does not have the authority to exceed approved appropriations.

b) Partner revenues

The Commission provides various goods and services to a diverse group of payors, including both Canadian and foreign organizations. Revenues from transactions with performance obligations occur when there is an enforceable promise to transfer goods or services directly to a payor in return for promised consideration. For each performance obligation, the Commission evaluates whether the performance obligations are satisfied over a period of time or at a point in time. Where a performance obligation is satisfied over time, the Commission measures its progress of satisfying the performance obligation considering the characteristics of the services being provided and the pattern of benefit to the payor. Where a performance obligation is satisfied at a point in time, the Commission recognizes revenue when the payor obtains control of the benefits associated with the promised service. Where consideration is received prior to the provision of services or delivery of goods, it is recorded as unearned revenue, provided the definition of a liability is met, and recognized as revenue as each performance obligation is completed.

The Commission does not have any revenue sources generated from non-recurring activities.

Revenue from exchange transactions

Leisure Consumer Marketing

The Commission performs leisure marketing services to promote demand for travel to Canada, targeting high-value guests in global markets through campaigns, content creation, and collaboration with provinces, destinations, and commercial partners to extend reach and convert interest into travel.

Revenue is typically recognized over a period of time as the services are provided over the term of the agreement. In certain scenarios where the payor must approve the content created before it is delivered, revenue is recognized at a point in time, specifically when the payor grants approval, thereby fulfilling the performance obligation associated with that content.

Business Events

Business event services consist of organizing and promoting events and activities that position Canada as a destination for conferences, meetings and incentive travel by engaging global decision-makers. This encompasses coordinating and promoting Canada at tourism-related conferences and events that involve various prominent media outlets. These efforts aim to highlight the diverse attractions and experiences available at Canadian destinations and to facilitate collaboration and networking opportunities.

Revenue is recognized over a period of time as the contracted services are rendered.

Leisure Travel Trade

Leisure travel trade includes services provided to travel trade partners and intermediaries, including cooperative marketing partnerships, participation in events and travel agent engagement to support the promotion and sale of travel to Canada.

Revenue is recognized over a period of time as the services are provided over the term of the agreement.

Analytics

The Commission provides subscription-based access to data and analytics services through the Canadian Tourism Data Collective, an AI-powered platform. This platform provides access to comprehensive tourism data, research, and insights in one location, reducing the need to consult multiple data sources and supporting collaboration and innovation.

Revenue is recognized proportionately over the term of the subscription.

c) Other revenues

Other revenues consist of cost recoveries from co-location partners, capital asset sales and other miscellaneous revenues. These items are recognized as revenue in the period in which the transaction or event occurred that gives rise to the revenue.

d) Foreign currency translation

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Canadian dollars at the applicable year-end exchange rate. Non-monetary assets and non-monetary liabilities denominated in foreign currencies are translated into Canadian dollars at historical exchange rates. Revenue and expense items are translated during the year at the exchange rate in effect on the date of the transaction. Amortization expenses of tangible capital assets are translated at historical rates to which the assets relate. Realized gains and losses are considered operating expenses and are included in the Statement of Operations as Corporate services. Unrealized gains and losses are reported in the Statement of Remeasurement Gains and Losses and in the Statement of Change in Net Financial Assets (Debt). The Commission does not hedge against the risk of foreign currency fluctuations.

e) Cash and cash equivalents

Cash and cash equivalents include cash in bank and money market funds redeemable on demand. These items are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

f) Portfolio investments

Portfolio investments are measured at amortized cost. Interest income related to these investments is calculated based on the effective interest method.

g) Prepaid expenses

Payments made prior to the related services being rendered are recorded as a prepaid expense. Prepaid expenses are recognized as an expense as the related services are rendered. Prepaid expenses consist of program and operating expenses such as subscriptions, marketing activities with provincial and territorial marketing organizations and tradeshow expenditures.

h) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and the amount of any write-downs or disposals. Tangible capital assets are written down when conditions indicate they no longer contribute to the ability to provide services and are accounted for as expenses in the Statement of Operations.

Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	remaining term of lease
Office furniture	5 years
Computer hardware	3 years
Computer software	5 years

Tangible capital assets under development are not subject to amortization. Upon being placed in service and becoming available for use, the associated costs are reclassified to the appropriate tangible capital asset category and amortized accordingly.

i) Unearned revenue

Unearned revenue consists of consideration from payors that do not yet qualify for revenue recognition. When revenues are received from payors in advance of the Commission fully satisfying a performance obligation in an exchange transaction, they are recognized as unearned revenue until the performance obligation has been satisfied by the Commission.

j) Deferred lease inducements

Deferred lease inducements consist of various office lease inducements including reimbursement of leasehold improvement costs and free rent periods. These inducements are deferred and recognized as a straight-line reduction to office lease expenses over the term of the lease.

k) Employee future benefits

The Commission offers a number of funded and unfunded defined benefit pension plans, other unfunded defined benefit plans (which include post-employment benefits, post-retirement benefits and non-vested sick leave), as well as defined contribution pension plans. The pension plans include a statutory plan, a supplemental plan and a plan to cover certain employees working outside of Canada. Other benefit plans include post-employment severance benefits and post-retirement health, dental and life insurance benefits and non-vested sick leave. The defined benefit pension plans provide benefits based on years of service and average pensionable earnings at retirement.

The defined benefit component of the statutory plan and the supplemental plan has been closed effective December 30, 2017 and benefits and service of plan participants were frozen as of that date.

The Commission funds certain pension plans annually based on actuarially determined amounts needed to satisfy employee future benefit entitlements under current benefit regulations. Cost of living adjustments are automatically provided for retirees in accordance with Consumer Price Index increases.

The costs and obligations of the defined benefit plans are actuarially determined using the projected benefit method prorated on service that incorporates management's best estimates of the rate of employee turnover, the average retirement age, the average cost of claims per person, future salary and benefit levels, expected return on plan assets, future medical costs, and other actuarial factors. For the purpose of calculating the expected return on plan assets, those plan assets are based on the market value of plan assets.

Past service costs arising from plan amendments are recognized in the years in which the plan amendment occurred.

The unamortized actuarial gains and losses incurred prior to the plan settlement that relate to the obligation settled are recognized in the period of settlement. This amount is included as part of the gain or loss arising on settlement. Gains and losses determined upon a plan settlement are accounted for in the Statement of Operations in the period of settlement.

Actuarial gains and losses are amortized over expected average remaining service lifetime ("EARSL") of active employees. If no active employees are remaining, actuarial gains and losses are amortized fully in the next fiscal year. For 2025, EARSL has been determined to be 0 years (0 years – 2024) for the Supplementary Retirement Plan for certain employees of the Commission ("SRP"), 10 years (10 years – 2024) for the Pension Plan for Employees of the Commission in Japan and China ("WWP"), 0 years (0 years – 2024) for non-pension post-retirement benefits, 14 years (14 years – 2024) for severance benefits and 14 years (14 years – 2024) for sick leave benefits.

Employees working in the United Kingdom (UK) participate in the Global Affairs Canada defined benefit pension plans administered by the Government of Canada. The assets of these plans cannot be allocated among participating employers, and as such, these plans are deemed "multi-employer" plans and accounted for as defined contribution plans. The Commission's contributions to these plans reflect the full benefit cost of the employer. These amounts vary depending upon the plan and are based on a percentage of the employee's gross earnings. Contributions may change over time depending on the experience of the plans since the Commission is required under present legislation to make adjustments for the rate of contributions to cover any actuarial deficiencies of these plans. Contributions represent the total pension obligations of the Commission for these employees and are recognized in the Statement of Operations during the year in which the services are rendered.

Gains and losses determined upon a plan curtailment are accounted for in the period of curtailment.

l) Financial instruments

Financial assets consist of Cash and cash equivalents, Accounts receivable and Portfolio investments, while financial liabilities consist of Accounts payable and accrued liabilities. Financial assets and financial liabilities are measured at amortized cost, which approximates their fair value.

m) Measurement uncertainty

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting periods. Actual results could differ significantly from those estimates. The most significant estimates involve the determination of the employee future benefits liability and related accrued benefit asset, contingencies, accrued liabilities and partner revenues. There is uncertainty regarding partner revenue recognized as management may not be able to estimate if all performance obligations have been satisfied at the date of the financial statements.

The duration and economic severity of tariffs on the economy and trade between the US and Canada on the Commission’s operations is currently unknown. As a result, an estimate of the financial impact of these developments on the Commission’s future results of operations and financial position cannot be made at this time.

n) Related party transactions

Through common ownership, the Commission is related to all Government of Canada created departments, agencies and Crown corporations. The Commission’s transactions with these entities are in the normal course of operations and are measured at the exchange amount.

Related parties also include key management personnel (KMP) having authority for planning, controlling, and directing the activities of the Commission, as well as their close family members. The Commission has defined its KMP to be members of the Board of Directors and management employees at the Senior Vice-President level and above.

o) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. The Commission records inter-entity transactions at the exchange amount except the following:

- Audit services received without charge between commonly controlled entities.
- In-kind contributions received from commonly controlled entities.

The value of the audit services is considered insignificant in the context of the financial statements as a whole and inter-entity in-kind contributions are not recognized in the financial statements.

3. FINANCIAL STATEMENT PRESENTATION

These unaudited interim financial statements should be read in conjunction with the annual financial statements of the Canadian Tourism Commission (the “Commission”) as at and for the year ended December 31, 2025, and the narrative discussion included in the quarterly financial report. Amounts in these interim financial statements as at June 30, 2026, are unaudited and are presented in Canadian dollars.

4. PARLIAMENTARY APPROPRIATIONS

Parliamentary appropriations approved for the Government fiscal period April 1, 2026, to March 31, 2027, are $98.3 million which includes $93.3 million base funding and $5 million relating to the 2026 Spring Economic Update to attract major international conventions, conferences, and event to Canada. The Commission does not have the authority to exceed approved appropriations.

5. ACCUMULATED SURPLUS (000S)

The accumulated surplus is comprised of:

(in thousands)	June 30, 2026	December 31, 2025
Accumulated operating surplus	$ 20,856	$ 7,026
Accumulated remeasurement gain	96	1
Accumulated surplus	$ 20,952	$ 7,027

6. TANGIBLE CAPITAL ASSETS (000S)

(in thousands)	Computer Hardware	Computer Software	Leasehold Improvements	Office Fumiture	Assets Under Development*	June 30, 2026
Cost of tangible capital assets, opening	955	1,856	61	699	533	4,104
Acquisitions	19	186	17	-	202	424
Disposals	-	-	-	(21)	-	(21)
Transfers	-	515	-	-	(515)	-
Cost of tangible capital assets, closing	974	2,557	78	678	220	4,507
Accumulated amortization, opening	787	405	25	495	-	1,712
Amortization expense	63	200	5	35	-	303
Disposals	-	-	-	(12)	- -	12
Accumulated amortization, closing	850	605	30	518	-	2,003
Net book value	124	1,952	48	160	220	2,504

(in thousands)	Computer Hardware	Computer Software	Leasehold Improvements	Office Fumiture	Assets Under Development*	December 31, 2025
Cost of tangible capital assets, opening	1,076	1,096	1,858	691	-	4,721
Acquisitions	116	760	11	41	533	1,461
Disposals	(237)	-	(1,808)	(33)	-	(2,078)
Transfers	-	-	-	-	-	-
Cost of tangible capital assets, closing	955	1,856	61	699	533	4,104
Accumulated amortization, opening	868	110	1,653	435	-	3,066
Amortization expense	143	295	180	75	-	693
Disposals	(224)	-	(1,808)	(15)	-	(2,047)
Accumulated amortization, closing	787	405	25	495	-	1,712
Net book value	168	1,451	36	204	533	2,392

** Assets under development as at June 30, 2026 include $0.2 million of computer software, which were not yet being amortized.*

7. International Convention Attraction Program

The International Convention Attraction Program (ICAP) has been extended to 2028 through funding announced from the Spring Economic Update 2026. The funding grants $15,000,000 over 2026 – 2028/29, which is to be used for the purpose of securing major international business events by supporting Destination Marketing Organizations (DMOs) through the bid process, with subvention funding acting as a catalyst at the final decision-making stage.

The provision of subvention funding under the program is subject to specific eligibility and authorization criteria, which govern the timing of expense recognition.

1. A DMO must meet the eligibility criteria established by the Commission to receive the fund; and
2. The transfer to the DMO must be authorized by the Commission by the financial statement date.

As of June 2026, the Commission recognized $14,323,000 in combined program expenditures under Business Events, which are presented in Marketing and sales in the Statement of Operations.