PacifiCan

Quarterly Financial Report 2026-2027

For the quarter ended June 30, 2026

Pacific Economic Development Canada

Développement économique Canada pour le Pacifique

Canada

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Pacific Economic Development Canada's Quarterly Financial Report for the quarter ended June 30, 2026

Statement Outlining Results, Risks and Significant Changes in Operations, Personnel and Programs

Introduction

This quarterly financial report should be read in conjunction with Main Estimates. It has been prepared by management as required by section 65.1 of the *Financial Administration Act* (FAA) and in the form and manner prescribed by the Treasury Board. This quarterly report has not been subject to an external audit or review.

Authority, Mandate and Program Activities

PacifiCan is mandated to "support the growth and diversification of British Columbia's economy and advance the interests of the region in national economic policy, programs and projects." PacifiCan operates under the provision of the *Western Economic Diversification Act*.

The Departmental Plan and Main Estimates provide further information on PacifiCan's authority, mandate and program activities.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the department's spending authorities granted by Parliament and those used by the department, consistent with the Main Estimates and supplementary estimates for the 2026-2027 fiscal year. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before money can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts, or through legislation in the form of statutory spending authority for specific purposes.

The Agency uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Financial Structure

PacifiCan manages its expenditures under two votes:

- Vote 1 – Net operating expenditures include salary, and other operating costs (e.g., transportation and communications; professional and special services).
- Vote 5 – Grants and contributions include all transfer payments.

Budgetary statutory authorities represent payments made under legislation approved by Parliament and include items such as the Government of Canada's share of Employee Benefit Plans (EBP).

Highlights of Fiscal Quarter and Fiscal Year-to-Date (YTD) Results

The following section highlights significant changes to fiscal quarter results as of June 30, 2026.

Statement of Authorities: Vote 1 – Net Operating Expenditures

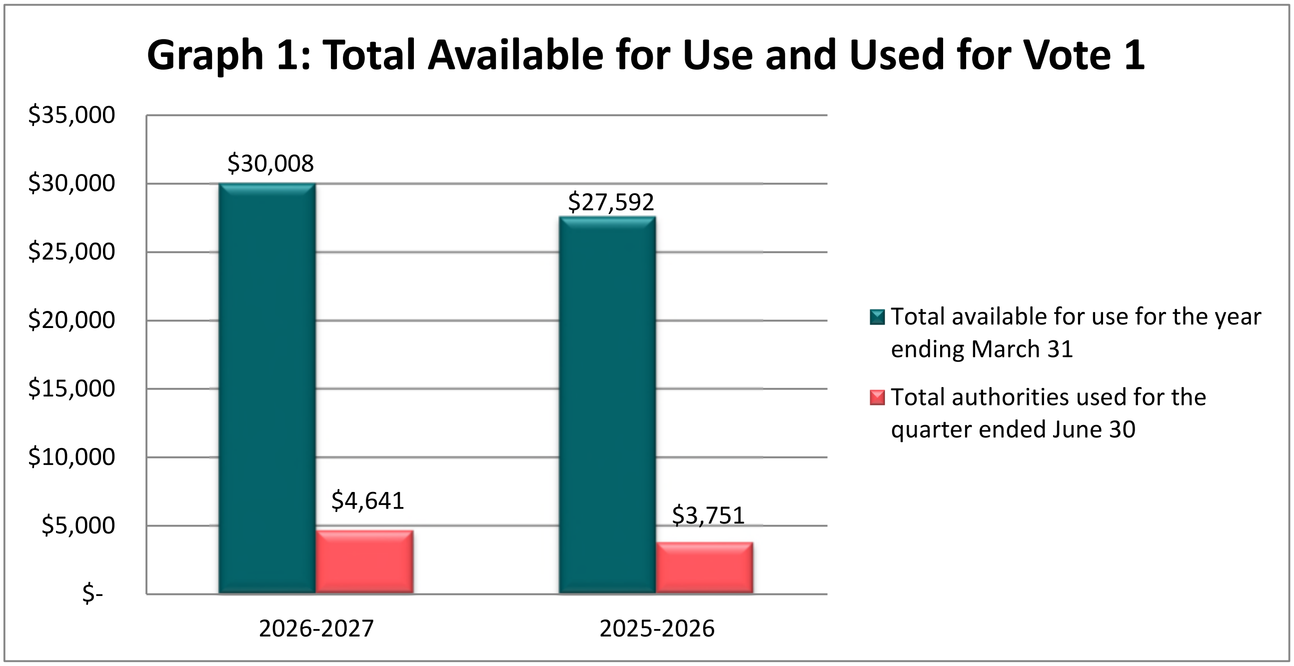
Total authorities available for use for fiscal year 2026-2027 are $30.0 million, a net increase of $2.4 million compared to $27.6 million for 2025-2026. The net increase is explained by:

- $1.6 million increase in operating funding for the Regional Tariff Response Initiative;
- $0.8 million net funding increase for time-limited programs and other operating funding.

Total authorities used year-to-date are $4.6 million for the quarter ended June 30, 2026 compared to $3.8 million at June 30, 2025. The increase of $0.8 million is attributable to an increase in salary and other personnel expenditures required to support time-limited programs.

Graph 1 illustrates total authorities available for use for the fiscal year, and authorities used at quarter-end.

(in thousands of dollars)



Statement of Authorities: Vote 5 – Grants and Contributions

Total authorities available for use for fiscal year 2026-2027 are $147.0 million, a net increase of $37.4 million compared to $109.6 million for 2025-2026. The net increase is mainly due to:

- $38.4 million increase in funding for the Regional Tariff Response Initiative;
- $14.9 million increase in funding for the Regional Defence Investment Initiative;
- $2.4 million increase in funding for the Regional Artificial Intelligence Initiative;
- $7.3 million decrease in funding for the Regional Economic Growth Through Innovation Top Up;
- $5.6 million decrease in funding for the Tourism Growth Program;
- $3.6 million decrease in funding for Regional Homebuilding Innovation Initiative; and
- $1.8 million net decrease in funding for other time-limited programs and adjustments.

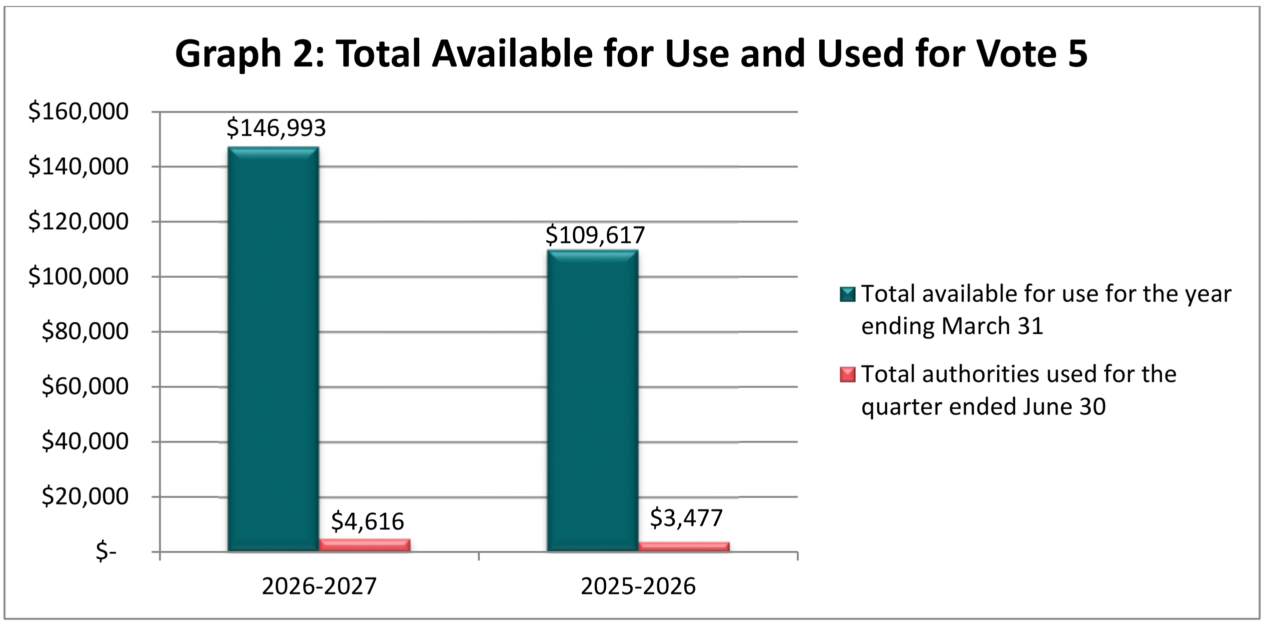
Total authorities used year-to-date for the quarter ended June 30, 2026 are $4.6 million compared to $3.5 million at June 30, 2025. The $1.1 million increase is mainly explained by:

- $0.5 million net increase in payments made under the Regional Economic Growth Through Innovation initiative;

- $0.4 million net increase in payments made under the Regional Artificial Intelligence Initiative;
- $0.2 million net increase in payments made under the Regional Tariff Response Initiative;
- $0.1 million net increase in payment timing differences made to support network partners; and
- $0.1 million net decrease in payments made under the Pacific Economic Development Program (PEDP) and other programs.

Graph 2 illustrates total authorities available for use for the fiscal year, and authorities used at quarter-end.

(in thousands of dollars)



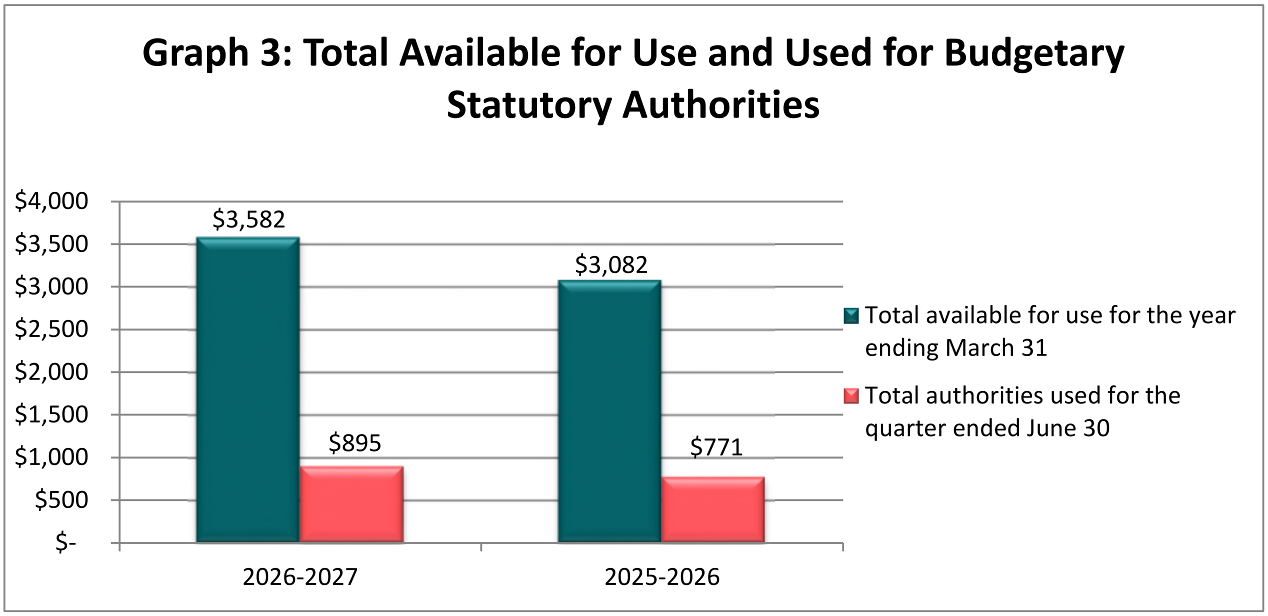
Statement of Authorities: Budgetary Statutory Authorities

Budgetary statutory authorities for use in fiscal year 2026-2027 are $3.6 million, an increase of $0.5 million when compared to $3.1 million in 2025-2026. The variance is due to minor adjustments in funding.

There are no significant variances in budgetary statutory authorities in this reporting period when compared to fiscal year 2025-2026.

Graph 3 illustrates total authorities available for use for the fiscal year, and authorities used at quarter-end.

(in thousands of dollars)



Statement of the Departmental Budgetary Expenditures by Standard Object

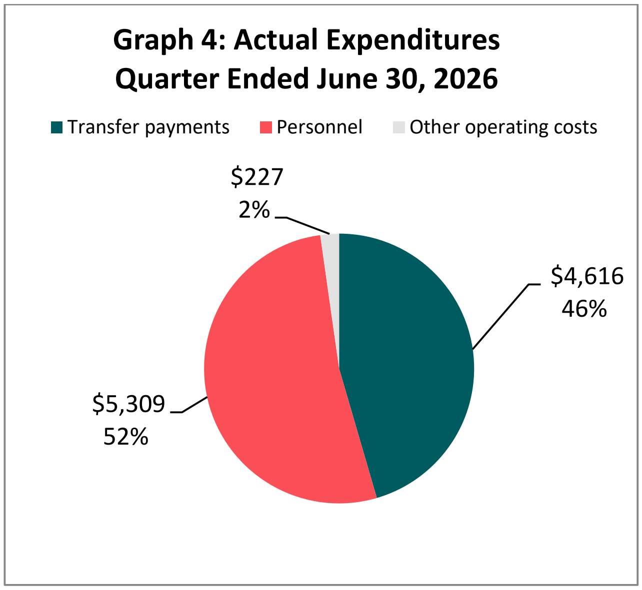
Expenditures by standard object for the quarter ended June 30, 2026 are $10.1 million, compared to $8.0 million at June 30, 2025. The $2.1 million increase is explained by:

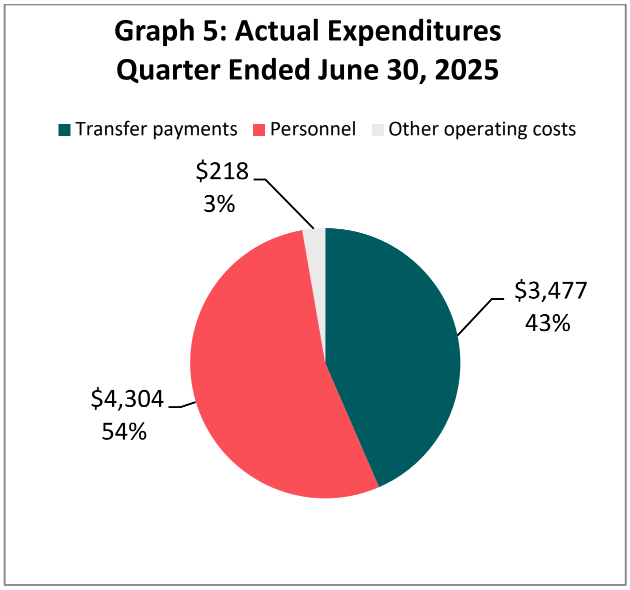
- $1.1 million net increase in transfer payments made to the Regional Economic Growth through Innovation (REGI) program, Pacific Economic Development Program (PEDP) and other programs; and
- $1.0 million net increase in personnel and various operations and maintenance costs.

Additional information can be found in the Statement of Authorities, Vote 1 and Vote 5 sections above.

Graph 4 and 5 illustrate the actual baseline expenditures for the quarter-end.

(in thousands of dollars)





Risks and Uncertainties

The agency is managing the allocation of resources within a well-defined framework of accountabilities, policies and procedures including a system of budgets, reporting and other internal controls to manage within available resources and authorities from Treasury Board.

PacifiCan's internal operations, staff recruitment and retention are affected by the high cost of living in the Lower Mainland, the bilingual position requirements in a unilingual region, and the demands of delivering a wide range of temporary programs. The agency recognizes the potential risk of reduced spending capacity, which could impact the organizational responsiveness, internal support and service delivery. The agency will monitor risks and allocate resources to priority functions to mitigate risks on the delivery of our mandate.

British Columbians continue to face economic challenges such as rising business, labour shortages, affordability pressures, trade and tariff uncertainty, and increasingly severe weather events. These risks continue to affect businesses, innovators, and communities across the province and may result in delayed, scaled-back, or cancelled recipient projects, impacting PacifiCan's ability to achieve planned results. To mitigate these risks, PacifiCan proactively collaborates with applicants and recipients to address challenges and structure projects accordingly, while maintaining agility through effective program delivery, strategic resource reallocation, and timely implementation of budget initiatives.

Significant Changes in Relation to Operations, Personnel and Programs

There are no significant changes in relation to operations for this reporting period.

Approval by Senior Officials

Approved by:

Original signed by

Michelle Brownlee
Acting President

Original signed by

Mona Luke
Chief Financial Officer

Ottawa, Canada
Date: August 24, 2026

Statement of Authorities (unaudited)

Fiscal year 2026-2027 (in thousands of dollars)

Authorities	Total available for use for the year ending March 31, 2027*	Used during the quarter ended June 30, 2026	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	$30,008	$4,641	$4,641
Vote 5 - Grants and contributions	146,993	4,616	4,616
Budgetary statutory authorities - Employee Benefit Plans & Collection Agency Fees	3,582	895	895
Total authorities	**$180,583**	**$10,152**	**$10,152**

** Includes only Authorities available for use and granted by Parliament at quarter-end.*

Fiscal year 2025-2026 (in thousands of dollars)

Authorities	Total available for use for the year ending March 31, 2026*	Used during the quarter ended June 30, 2025	Year-to-date used at quarter-end
Vote 1 - Net operating expenditures	$27,592	$3,751	$3,751
Vote 5 - Grants and contributions	109,617	3,477	3,477
Budgetary statutory authorities - Employee Benefit Plans & Collection Agency Fees	3,082	771	771
Total authorities	**$140,291**	**$7,999**	**$7,999**

** Includes only Authorities available for use and granted by Parliament at quarter-end.*

Departmental budgetary expenditures by Standard Object (unaudited)

Fiscal Year 2026-2027 (in thousands of dollars)

Expenditures	Total available for use for the year ending March 31, 2027*	Expended during the quarter ended June 30, 2026	Year-to-date used at quarter-end
Personnel	$25,424	$5,309	$5,309
Transportation and communications	980	78	78
Information	245	3	3
Professional and special services	5,716	137	137
Rentals	980	5	5
Repair and maintenance	0	0	0
Utilities, materials and supplies	82	3	3
Acquisition of machinery and equipment	163	2	2
Transfer payments	146,993	4,616	4,616
Other subsidies and payments	0	(1)	(1)
Total net budgetary expenditures	**$180,583**	**$10,152**	**$10,152**

** Includes only Authorities available for use and granted by Parliament at quarter-end.*

Fiscal Year 2025-2026 (in thousands of dollars)

Expenditures	Total available for use for the year ending March 31, 2026*	Expended during the quarter ended June 30, 2025	Year-to-date used at quarter-end
Personnel	$23,227	4,304	4,304
Transportation and communications	678	71	71
Information	525	1	1
Professional and special services	5,254	62	62
Rentals	239	10	10
Repair and maintenance	0	0	0
Utilities, materials and supplies	75	2	2
Acquisition of machinery and equipment	676	11	11
Transfer payments	109,617	3,477	3,477
Other subsidies and payments	0	61	61
Total net budgetary expenditures	**$140,291**	**$7,999**	**$7,999**

** Includes only Authorities available for use and granted by Parliament at quarter-end.*