Innovation and Business Investment Corporation

Annual Report 2024-25

Message from the Chairperson

As Chairperson of the Board of Directors of the Innovation and Business Investment Corporation, I am pleased to present the annual report for the fiscal year ending March 31, 2025, in accordance with the requirements of a category three entity under the **Transparency and Accountability Act**. The report was prepared under the direction of the Board, which is accountable for the results reported herein.

Sincerely,

Mark Dobbin
Chairperson

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Entity Overview

The Innovation and Business Investment Corporation (the Corporation/IBIC) operates as a Crown Corporation reporting to the Minister of Industry, Energy and Technology (IET). It was established on May 31, 2018, under the **Innovation and Business Investment Corporation Act.**

Board of Directors

The work of the Corporation is managed by an independent Board of Directors (the Board) appointed by the Lieutenant-Governor in Council. The Board exercises all of the powers and duties of the Corporation and administers and manages its business. It meets, as necessary, in order to fulfil its mandate. A sub-committee of the Board meets bi-weekly or at the call of the Chair.

The Board has delegated authority to Regional Managers of IET for funding decisions on accounts in which total funding outstanding does not exceed $50,000. Select Directors of IET, as approved by the Board, have approval authority up to $150,000. Similarly, the Innovation and Business Investment Management Committee has the authority for funding decisions on accounts that exceed the Directors' limit, up to $750,000. Full Board approval is required on accounts in excess of $750,000.

The Board is comprised of three public service officials appointed by virtue of their position, and a minimum of two to a maximum of nine persons appointed by the Lieutenant-Governor in Council in accordance with the merit-based process pursuant to the **Independent Appointments Commission Act**. A Board member is appointed for a term of up to three years and can be reappointed but shall not serve for longer than six consecutive years. As of March 31, 2025, the Board members were:

- John Cowan, Deputy Minister, IET
- Julian Ludmer, Assistant Deputy Minister, Business and Innovation, IET
- Heather Tizzard, Associate Deputy Minister, Industry and Economic Development, IET

- Mark Dobbin (Chairperson), appointed May 11, 2021
- Mandy Woodland (Vice-Chairperson), appointed May 11, 2021
- Peggy Bartlett, appointed May 11, 2021
- Lynn Morrissey, appointed May 11, 2021
- Joshua Quinton, appointed May 11, 2021

Staff and Budget

IET provides administrative support and delivers programs for the Corporation. Departmental staff receive, evaluate, and, depending on the level of delegated authority outlined above, make funding decisions under all programs administered by the Corporation. Departmental staff also manage and monitor revenue forecasts and collections as well as maintain accounting records for the province-wide portfolio of loans, equity and grants.

In addition to the established revolving loan fund, funding for the Corporation's programs is provided annually through IET's budget.

Vision

The Corporation has adopted, and contributes to IET's vision, as follows: A prosperous Newfoundland and Labrador with a clean, innovative, and diversified economy capitalizing on the Province's resources and strategic advantages and supported by private sector investment and business growth across all regions of the province.

Mandate

The Corporation's mandate is to direct the management of the investment portfolio of the Department and to administer new investments made by virtue of its funding programs.

Lines of Business

The Corporation administered the following programs in 2024-25:

Research and Development (R&D): There are two streams that support R&D:

Development and Commercialization: part of the Business Growth Program that provides support through non-repayable contributions to commercial R&D projects that reduce the technical and financial risk of research and development projects where R&D is required to realize the commercial potential of innovative products, processes or services.

Research and Innovation Fund (RIF): provides non-repayable contributions to non-commercial entities for the development and implementation of R&D and innovation projects supporting economic development in Newfoundland and Labrador. The goal is to support highly qualified individuals, research, innovative programming and infrastructure in priority areas that have the potential to strengthen R&D and innovation ecosystem capacity in the province. https://www.gov.nl.ca/iet/funding/research-and-innovation-program/

Business Investment Program (BIP): provides interest-bearing loans with particular emphasis on support to businesses that have export potential and need assistance to enter or expand into external markets. https://www.gov.nl.ca/iet/funding/business-investment-program/

Business Growth Program (BGP): formerly the Business Development Support Program, the BGP now also includes funding for Development and Commercialization. The BGP provides non-repayable contributions for projects or initiatives to assist businesses in starting, innovating, scaling and improving sales locally, nationally or internationally. Investments under the BGP will be aligned with the following priorities:

- Development and Commercialization
- Productivity Improvement and Innovation
- Knowledge and Technical Assistance

- Growth and Internationalization

https://www.gov.nl.ca/iet/funding/business-growth-program/

Harvester Enterprise Loan Program (HELP): an enhancement of the former Fisheries Loan Guarantee Program, HELP was launched on July 18, 2024. Positioning the sector for future success, the program expands support for independent fish harvesters and has been improved to increase maximum loan guarantee thresholds. New components have been added to allow for down payment loans and interest payment rebates to harvesters to support eligible activities. https://www.gov.nl.ca/iet/funding/harvester-enterprise-loan-program/

Rental Housing Development Loan Program (RHDLP): On January 31, 2024, a new program administered by IBIC was launched. This program makes low-interest loan financing available to property developers to encourage the construction of rental housing. The Program is designed to assist developers, contractors, and commercial property owners undertaking new purpose-built residential rental development projects in Newfoundland and Labrador, increasing the availability of housing by incentivizing the construction of new units in the province.

Carbon Capture, Utilization and Storage (CCUS) Innovation Challenge: IBIC participates in supporting the Government of Newfoundland and Labrador's CCUS Innovation Challenge, in an effort to maximize and accelerate the decarbonization of Newfoundland and Labrador's offshore. The corporation administers $3 million of the overall $6 million allocated to the challenge.

Highlights and Partnerships

Examples of initiatives and projects funded by IBIC in 2024-25 include:

Research and Innovation Fund:

- $725,725 in funding to the College of the North Atlantic for Lidar and Photogrammetry infrastructure to support mining research into the production and

application of digital twinning, leveraging $1.3 million for a total of $2.1 million in project funding. These technologies represent a significant advancement in the way mining operations can be planned, monitored, and executed, reflecting the ongoing digital transformation across industries.

- $447,860 in funding for new CT Imaging Equipment for Memorial University, leveraging $490,000 for total project investments of $937,860. This equipment will be used to research treatments for diseases such as hypertension, stroke, and arthritis.
- $265,000 in funding to support C-Core's Offshore Wind Foundation Testing Capability Project, leveraging over $1 million for total project funding of $1.4 million.

Business Growth Program:

Development and Commercialization Projects

- $379,663 in funding for Sparrow BioAcoustics Inc., leveraging an additional $849,000 for total project commitment of $1.3 million. This funding will support the completion of the final proof of concept for its digital stethoscope phone app, which turns any smartphone into a medical-grade cardiac scanner.
- $605,576 in funding for Telem61 Software Inc. (operating as trophi.ai) to build on its existing Artificial Intelligence-based coaching software for eSports players. The investment leverages an additional $1.3 million for a total project investment of $1.9 million.
- $229,998 in funding for Veristart Technologies Inc., leveraging an additional $260,657 for total project commitment of $490,655. This funding will validate the readiness of its technology solution to help construction equipment owners and fleet managers control access to their construction equipment, ensuring unauthorized individuals are prevented from operating the equipment and ease of use for authorized personnel.

Productivity, Knowledge and Growth Projects

- $33,218 to Newbornlander Baby Store Inc. to support the development of new marketing materials to promote a new product line. The financing will cover almost 50 per cent of the project for a total project cost of $66,444.
- $25,238 to Spirit Horse Therapeutic Arts to enhance and expand their services to attract a wider audience and contribute to the growth of wellness tourism in Newfoundland and Labrador. The funds leveraged an additional $25,238, for a total project cost of $50,475.
- $92,125 to SucSeed Social Enterprises Inc. to achieve increased brand awareness of its products (hydroponic garden kits and education books) in Canada and the United States, expanding its reach across multiple school boards across Canada, signing contracts with new educational partners, and increasing overall sales and revenues. The funding leveraged $97,725 for a total project cost of $189,850.

Business Investment Program:

- $300,000 loan to Biolantic Services Inc. to assist this medical equipment company with completing a market expansion project. The financing leveraged an additional $1.2 million for a total project cost of $1.5 million.
- $225,000 loan to TicklePower Holdings Inc. which acquired Northland Discovery Tours, aiming to elevate their iceberg and whale watching experiences throughout the western region of the province. The financing leveraged an additional $325,000 for a total project cost of $605,000.
- $200,000 loan to A&M Holdings Inc. to develop and maintain a sustainable recreational vehicle tourism ecosystem at Gosling Lake just outside of Happy Valley-Goose Bay in Labrador. The financing leveraged an additional $300,700 for a total project cost of $500,700.

Report on Performance

Issue: Made new investments and managed existing investments

The Corporation reports on the objective and indicators below, through its annual reports, for each fiscal year of its 2023-26 activity plan.

2024-25 Objective

By March 31, 2025, the Corporation will have continued to support innovation, research and development and business investment activity in Newfoundland and Labrador.

Indicators:

- **Made investments through its programs and initiatives, in commercial and non-commercial innovation, business development, and research and development projects.**

During 2024-25, the Corporation approved 364 commercial and non-commercial projects across the suite of IBIC programs with a total commitment of $70,544,934 in funding. These investments were made in various sectors to advance partnerships and to collaborate on innovation activities throughout the province. Approved investments leveraged $205,545,010 from partners to support R&D, innovation and other activities. Of the total:

- 37 non-commercial projects were approved through the RIF totaling $7,420,525 (contracted funding of $6,621,308). These investments leveraged $20,482,545 from other funding partners.
- 26 commercial R&D projects were supported through the BGP totaling $10,432,911 (contracted funding of $9,437,733). These investments leveraged $30,887,903 from other funding partners.
- 18 projects were approved through the BIP totaling $4,130,532 (contracted funding of $3,985,532). These investments leveraged $9,208,495 from other funding partners.

- 265 projects were approved through the BGP, totaling $3,327,723 (contracted funding of $3,153,436). These investments leveraged $4,031,013 from other funding partners.
- Six applications were approved under HELP, with $742,964 in downpayment loans and interest rebates, and $3,114,500 in approved loan guarantees from financial institutions. Total project costs equaled $3,857,464.
- 11 projects were approved under the RHDLP totaling $41,490,279. These investments leveraged $137,421,889 from other funding partners, bringing total project costs to $178,912,168.
- $3 million was approved for Memorial University under the CCUS Innovation Challenge to study CO2 subsurface storage evaluation capacity and capabilities. These investments leveraged $3,513,165 from other funding partners, bringing total project costs to $6,513,165.

- **Successfully managed revenue collection on the loan portfolio under the Corporation.**

In 2024-25, the Corporation managed a total loan portfolio of $31,506,991. Loan repayments are collected annually for the loan portfolio. In 2024-25, the projected collections for the IBIC portfolio was $2,483,174 and the actual amount collected was $3,524,327.

Opportunities and Challenges

IBIC supports economic diversification in the province, including key sector development and entrepreneurship. IBIC can support the growth of emerging innovation-focused industries such as technology, clean energy, and aerospace and defence, diversifying the province's economic base beyond traditional sectors and markets.

IBIC provides support for small and medium-sized enterprises supporting growth and competition on a larger scale. As well, collaborations with private sector companies

can enhance infrastructure development and technological advancements. Partnering with academic institutions can result in innovation through R&D initiatives.

IBIC is available province-wide which allows for regional economic development in rural areas. Investments in community-oriented projects can improve local quality of life and economic stability.

The presence of companies in industries that IBIC supports is limited in rural areas of the province, which can impact IBIC's ability to engage with these areas. Similarly, encouraging traditional industries to adopt contemporary technologies that can promote productivity and innovation can be challenging. Business and financial literacy, and the resources to develop or engage these competencies, can also be a limiting factor in the development of smaller and newer companies.

By recognizing and addressing these opportunities and challenges, IBIC can strategically position itself to drive economic growth and innovation within the province.

In response to challenges faced by fish harvesters in the province, the HELP program was announced in July 2024. The program commits up to $10 million towards down payment loans and up to $5 million for interest rebates. The program offers loan guarantees of up to $2 million for licence acquisition, $3 million for vessel-only related items, and $4 million for combining enterprises. These improvements on the former Fisheries Loan Guarantee Program expand support and position the sector for future success.

The RHDLP, administered by IBIC as part of the provincial government's five-point housing plan. The Program is designed to assist developers, contractors, and commercial property owners increase the availability of housing by incentivizing the construction of new units in the province. This should provide economic benefits by increasing the supply of housing that can support a growing provincial workforce.

The CCUS Innovation Challenge provides financial support to businesses, organizations, and post-secondary institutions to complete research and development projects into the feasibility of CCUS in Newfoundland and Labrador's offshore. The program is aimed at de-risking investment into the R&D activities required to evaluate CCUS and advance the understanding of the potential opportunity for the province.

Financial Information

INNOVATION AND BUSINESS INVESTMENT CORPORATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2025

Management's Report

Management's Responsibility for the Innovation and Business Investment Corporation Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded, and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information on a quarterly basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Innovation and Business Investment Corporation, in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Innovation and Business Investment Corporation.

On behalf of the Innovation and Business Investment Corporation.

Mr. Julian Ludmer
Assistant Deputy Minister – Business and Innovation
Department of Industry, Energy and Technology

OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Innovation and Business Investment Corporation
St. John's, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Innovation and Business Investment Corporation (the Corporation), which comprise the statement of financial position as at March 31, 2025, and the statement of operations and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2025, and the results of its operations and its cash flows for the year ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

SANDRA RUSSELL, CPA
Deputy Auditor General

October 28, 2025
St. John's, Newfoundland and Labrador

INNOVATION AND BUSINESS INVESTMENT CORPORATION
STATEMENT OF FINANCIAL POSITION
As at March 31

	2025	2024
FINANCIAL ASSETS		
Cash (Note 3)	**$ 137,862,535**	$ 92,273,609
Bank interest receivable	**192,184**	134,314
Loans receivable and equity investments (Note 4)	**16,394,452**	13,847,804
	154,449,171	106,255,727
LIABILITIES		
Accounts payable	**1,465,332**	1,123,545
	1,465,332	1,123,545
Net financial assets	**152,983,839**	105,132,182
Accumulated surplus	**$ 152,983,839**	$ 105,132,182

Contingent liabilities (Note 6)
Contractual obligations (Note 7)

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

Signed on behalf of the Board: Heather Lizzard
Board Member

Board Member

INNOVATION AND BUSINESS INVESTMENT CORPORATION
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2025 Budget Unaudited (Note 10)	2025 Actual	2024 Actual
REVENUES			
Contributions from Province			
Residential Housing Development Loan Program (Note 9)	$ -	$ 41,500,000	$ -
Research and Development Program (Note 9)	13,750,000	13,750,000	13,750,000
Business Growth Program (Excluding R&D) (Note 9)	3,086,000	3,086,000	3,086,000
Other investment income	590,000	4,851,613	4,625,856
Interest on loans	500,000	562,932	524,894
Recovery in value of loans receivable and equity investments (Note 4)	-	518,061	-
Recovery of Research and Development Program Expenses	-	-	232,424
	17,926,000	64,268,606	22,219,174
EXPENSES (Note 5)			
Research and Development Program	13,750,000	12,748,903	12,199,079
Business Growth Program (Excluding R&D)	3,086,000	3,664,091	3,209,020
Administration	5,500	3,955	4,718
Decline in value of loans receivable and equity investments (Note 4)	550,000	-	930,509
	17,391,500	16,416,949	16,343,326
Annual surplus	534,500	47,851,657	5,875,848
Accumulated surplus, beginning of year	105,132,182	105,132,182	99,256,334
Accumulated surplus, end of year	$ 105,666,682	$ 152,983,839	$ 105,132,182

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

INNOVATION AND BUSINESS INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended March 31

	2025	2024
Operating transactions		
Annual surplus	**$ 47,851,657**	$ 5,875,848
Adjustment for non-cash items		
(Recovery) decline in value of loans receivable and equity investments (Note 4)	**(518,061)**	930,509
	47,333,596	6,806,357
Change in non-cash working capital		
Due from Province of Newfoundland and Labrador	**-**	1,450,000
Bank interest receivable	**(57,870)**	(17,830)
Due to Province of Newfoundland and Labrador	**-**	(299,879)
Accounts payable	**341,787**	(165,891)
Cash provided from operating transactions	**47,617,513**	7,772,757
Investing transactions		
Increase in loans and equity investments	**(5,552,914)**	(3,238,660)
Collection of loans and equity investments	**3,524,327**	2,782,967
Cash applied to investing transactions	**(2,028,587)**	(455,693)
Increase in cash	**45,588,926**	7,317,064
Cash, beginning of year	**92,273,609**	84,956,545
Cash, end of year	**$ 137,862,535**	$ 92,273,609

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

1. Nature of operations

The Innovation and Business Investment Corporation (the Corporation) was established under the authority of the Innovation and Business Investment Corporation Act (the Act). The Corporation is funded by the Province of Newfoundland and Labrador (the Province). The Corporation administers four funding programs: Business Investment Program, Business Growth Program (Excluding R&D) (formerly Business Development Support Program), Research and Development Program, and Residential Housing Development Loan Program.

The Act came into force effective May 31, 2018. Under the Act, the Corporation was incorporated and became the successor to the Business Investment Corporation and the Research and Development Corporation of Newfoundland and Labrador. The Corporation is responsible to make strategic funding investments in innovation and business growth in the Province to advance economic development in accordance with the priorities of the Government.

The affairs of the Corporation are managed by a Board of Directors (the Board) appointed by the Lieutenant-Governor in Council. The Corporation is a Crown entity of the Province and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Corporation is classified as an Other Government Organization as defined by Canadian public sector accounting standards (CPSAS). These financial statements are prepared by management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board. The Corporation does not prepare a statement of change in net financial assets as this information is readily apparent from the other statements. In addition, the Corporation does not prepare a statement of re-measurement gains and losses as the Corporation does not enter into relevant transactions or circumstances that are being addressed by the statement. Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Corporation’s financial instruments recognized in the statement of financial position consist of cash, bank interest receivable, loans receivable and equity investments, and accounts payable. The Corporation generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The Corporation subsequently measures all of its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at cost include cash, bank interest receivable. Loans receivable and equity investments are measured at amortized cost as disclosed in notes 2(d), 2(e) and 4. Financial liability measured at cost is accounts payable.

The carrying values of cash, bank interest receivable, and accounts payable approximate current fair value due to their nature and the short-term maturity associated with these instruments. The carrying value of loans receivable and equity investments are considered to approximate market value.

Interest attributable to financial instruments is reported in the statement of operations.

(c) Cash

Cash includes cash in bank.

(d) Loans receivable

The Corporation records loans receivable at amortized cost. Loans receivable are tested annually for impairment. A loan is classified as impaired when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of a portion of principal or interest, or when payment is contractually past due 90 days. When loans are identified as impaired, the Corporation records an allowance to reduce their carrying values to their estimated realizable amounts. Estimated realizable amounts are measured at discounted cash flows when the cash flows can be estimated with reasonable reliability. Changes in the allowance are recognized in the statement of operations.

(e) Equity investments

The Corporation records equity investments at amortized cost. The Corporation’s equity investments for all companies are accounted for on the amortized cost basis with an allowance being made for any decline in their value considered to be other than temporary. Equity investments are tested annually for impairment and changes in the allowance for impaired investments are recognized in the statement of operations.

2. Summary of significant accounting policies (cont.)

(f) Revenues

Revenues are recognized in the year in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impractical.

Interest income is accounted for on the accrual basis for bank interest and all loans other than the impaired portion of loans. Recognition of interest in accordance with the terms of the original loan agreement ceases when a loan becomes impaired. The impaired portion of loans may revert to accrual status only when principal and interest payments have become fully current again, at which time any interest will be recognized in that fiscal year.

Government transfers (contributions from the Province) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

(g) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

The Corporation is administered as a division of the Department of Industry, Energy and Technology. Expenses related to salaries, accommodations and administration are paid directly by the Department and are treated as unallocated costs. Therefore, these expenses are not reflected in these financial statements.

Transfers (grants under the Business Growth Program and Research and Development Program) are recorded as expenses when the grant is authorized, eligibility criteria have been met by the recipient and a reasonable estimate of the amount can be made.

(h) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include collectability for the loans and equity investments.

2. Summary of significant accounting policies (cont.)

(h) Measurement uncertainty (cont.)

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

3. Cash

	2025	2024
Business Growth Program (Excluding R&D)	**$ 11,699,267**	$ 10,981,484
Business Investment Program	**21,054,113**	19,886,811
Research and Development Program	**65,328,476**	61,405,314
Residential Housing Development Loan Program	**39,780,679**	-
	$ 137,862,535	$ 92,273,609

4. Loans receivable and equity investments

	2025	2024
Loans Receivable		
Principal due and unpaid	**$ 4,917,625**	$ 5,470,862
Principal not yet due	**19,125,997**	17,804,794
Interest due and unpaid	**564,047**	701,566
	24,607,669	23,977,222
Less: allowance for decline in value	**(8,236,939)**	(10,161,833)
	16,370,730	13,815,389
Equity investments		
Equity investments, at cost	**5,320,238**	6,051,633
Less: allowance for decline in value	**(5,296,516)**	(6,019,218)
	23,722	32,415
Loans receivable and equity investments	**$ 16,394,452**	$ 13,847,804

4. Loans receivable and equity investments (cont.)

Generally, for loans, the loan terms are five years for working capital loans, 10 years for loans for equipment purchases and leasehold improvements and 15 years for loans for the purchase or renovation of land and buildings. The interest rate on loans is fixed and ranges from 0% to 10%. The Corporation obtains security against its loans which generally consists of demand promissory notes, general security agreements, collateral mortgages and personal guarantees.

For equity investments made prior to January 29, 2019, redemption will be the earlier of 20% of annual after tax cash flows or seven years. All subsequent equity investments will be in the form of Class B non-voting common shares. These shares are retractable by the Company when, and on what terms, it provides confirmation there is no set schedule of redemption/retraction. There is no interest or dividend rate charged on equity investments but in some cases a return on investment is expected from declared dividends or growth of shares. The Corporation obtains security against its equity investments which generally consists of share certificates and shareholder subordination agreements.

The determination of whether a loan is impaired and the appropriate carrying value of equity investments involves significant judgment. The estimation of an appropriate allowance for decline in value of loans receivable and equity investments necessarily involves the use of estimates. These financial statements represent management's best estimates based on available information.

The allowance for decline in value represents the management's best estimate of future probable losses with respect to the loans receivable and equity investments. The Corporation recognizes that future economic and industry conditions are not predictable and, therefore, their impact on the future cash flows anticipated is uncertain. Consequently, adjustments to the allowance are possible depending on the impact of these future events and management's best estimate of them.

The allowance for decline in value of loans receivable and equity investments consists of the following:

	2025	2024
Balance, beginning of year	**$ 16,181,051**	$ 15,764,995
Principal written off, net of recoveries	**(2,020,820)**	(475,033)
Interest written off, net of recoveries	**(108,715)**	(39,420)
(Recovery) decline in value of loans receivable and equity investments	**(518,061)**	930,509
Balance, end of year	**$ 13,533,455**	$ 16,181,051

5. Expenses

The statement of operations presents the expenses of the Corporation by function. The following table presents them by nature.

	2025 Budget Unaudited (Note 10)	2025 Actual	2024 Actual
Business Growth Program - Grants	$ 3,086,000	$ 3,664,091	$ 3,209,020
Decline in value of loans receivable and equity investments (Note 4)	550,000	-	930,509
Purchased services	5,500	3,955	4,718
Research and Development Program - Commercial grants	7,012,500	6,329,732	5,339,339
Research and Development Program - Non-Commercial grants	6,737,500	6,419,171	6,859,740
	$ 17,391,500	$ 16,416,949	$ 16,343,326

6. Contingent liabilities

A client of the former Business Investment Corporation has taken legal action as a result of certain alleged technical problems that the client claims to have experienced with a vessel that was financed through the former Fisheries Loan Board. The amount of this potential claim is in the range of $900,000 to $1,100,000. No provision has been made for this claim as the likelihood of loss is not determinable at this time.

7. Contractual obligations

The Corporation has contractual obligations under its various programs in respect of approved but not yet disbursed funds in the amount of $77,788,210 (2024 - $30,689,587). Approximate payment of these obligations in future years is as follows:

7. Contractual obligations (cont.)

Research and Development Program	
2026	$ 15,364,352
2027	11,478,019
2028	3,436,006
2029	-
	30,278,377
Residential Housing Development Loan Program	
2026	23,013,265
2027	13,662,784
2028	3,104,630
	39,780,679
Business Investment Program	1,371,808
Business Growth Program (excluding R&D)	3,357,346
Carbon Capture, Utilization, and Storage Innovation Challenge	
2026	100,000
2027	2,900,000
	3,000,000
	$ **77,788,210**

8. Financial risk management

The Corporation recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The Corporation is exposed to credit risk, liquidity risk and market risk through its financial instruments. There was no significant change in the Corporation's exposure to these risks or its processes for managing these risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's main credit risk relates to cash, bank interest receivable, loans receivable and equity investments. The Corporation's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Corporation is not exposed to significant credit risk with its cash because this financial instrument is held with a Chartered Bank. The Corporation is not exposed to significant credit risk with bank interest receivable because of their nature.

The Corporation is exposed to credit risk related to its loans receivable and equity investments. The Corporation has policies and procedures for the monitoring and collection of its loans receivable and equity investments, including security being held, so as to mitigate potential credit losses. The Corporation classifies its loan receivables and equity investments as impaired in accordance with notes 2(d), 2(e) and 4. Any estimated impairment of loans receivable and equity investments has been provided for through an allowance for decline in value as disclosed in note 4. Loans receivable and equity investments which are not impaired or past due are considered collectible by the Corporation.

8. Financial risk management (cont.)

As disclosed in note 4, the Corporation reported loans receivable totaling $24,607,669 (2024 - $23,977,222). Principal due and unpaid of $4,917,625 (2024 - $5,470,862) was overdue by portfolio as follows:

Loan Portfolio	Days Overdue				
	1-30	31-60	61-90	>90	Total
Aquaculture Working Capital Fund	$ -	$ -	$ -	$ 196,946	$ 196,946
Business Investment Corporation	32,961	24,863	23,517	3,195,591	3,276,932
Former Enterprise Newfoundland and Labrador	-	-	-	1,443,747	1,443,747
Total Principal due and unpaid	**$ 32,961**	**$ 24,863**	**$ 23,517**	**$ 4,836,284**	**$ 4,917,625**

Liquidity risk

Liquidity risk is the risk that the Corporation will be unable to meet its contractual obligations and financial liabilities. The Corporation's exposure to liquidity risk relates to its ability to meet its contractual obligations for approved but not yet disbursed loans and grants as outlined in note 7 and its accounts payable. The Corporation manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its financial liabilities and contractual obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Corporation is not exposed to significant foreign exchange or other price risk. The Corporation is not exposed to significant interest rate risk as its loans and equity investments are provided at fixed interest rates.

9. Related party transactions

These financial statements include transactions with related parties. The Corporation is related, as a result of common ownership, to all Crown corporations and agencies of the Province.

9. Related party transactions (cont.)

During the fiscal year, the Corporation had the following related party transactions:

- Program grants expense to related parties of $6,030,873 (2024 - $4,940,963) in the normal course of business as follows:

• Memorial University of Newfoundland	$ 4,900,874
• Genesis Group Incorporated	353,531
• College of the North Atlantic	344,967
• C-Core	325,173
• Newfoundland & Labrador Health Services	106,328
	$ 6,030,873

- The Corporation received contributions from the Province of $58,336,000 (2024 - $16,836,000) as follows:

• Residential Housing Development Loan Program	$ 41,500,000
• Research and Development Program	13,750,000
• Business Growth Program (Excluding R&D)	3,086,000
	$ 58,336,000

The Corporation is administered by the Department of Industry, Energy and Technology. Estimated administration expenses of $3,074,929 (2024 - $2,473,302) are paid directly by the Province. Included in this total is $389,401 (2024 - $313,213) related to the employer's share of employee benefits, paid by the Department of Finance on behalf of the Corporation. These costs are considered to be unallocated costs and are not recognized in these financial statements.

The above transactions are in the normal course of business measured at the exchange amount.

10. Budget

The Corporation's budget is prepared on a cash basis and approved by the Board of Directors. Budgeted figures included in the financial statements are not audited.

11. Impact of the COVID-19 pandemic on results and operations

An independent audit by the Office of the Auditor General, that concluded in June 2023, found possible discrepancies in less than 1 per cent of the total funding payouts under the Tourism and Hospitality Support and Small Business Assistance Programs. The Department of Industry, Energy and Technology, in consultation with the Corporation, has prepared a plan to pursue collections of payments to ineligible applicants and applicant overpayment, and collection efforts are underway.

12. Subsequent events

On August 27, 2025, the Government of Newfoundland and Labrador announced the Evacuation Business Stipend to provide a one-time contribution of financial support to eligible small and medium-sized businesses in the Conception Bay North area that were impacted by the August 2025 Evacuation Order. Financial support under the program is structured based on the business' number of employees.

The application period for this emergency assistance is scheduled to close on December 5, 2025. The Department of Industry, Energy and Technology will deliver the Evacuation Business Stipend Program, under the authority of IBIC. IBIC allocated up to $500,000 for the Evacuation Business Stipend Program. Any unused balance will be returned to IBIC.

On September 3, 2025, the Government of Newfoundland and Labrador announced up to $10 million in guarantees for the Restaurant Loan Guarantee Program (RLGP). The program helps restaurants access emergency funding, restructure debt, and improve long-term viability. The program is administered under the Innovation and Business Investment Corporation Act, and Crown Guarantee and Loan Act, with provincial backing.

Newfoundland & Labrador