

Innovation and Business Investment Corporation

Annual Report 2025-2026

Chairperson's Message

As Chairperson of the Innovation and Business Investment Corporation's Board of Directors, I am pleased to present the Corporation's annual report for the period April 1, 2025 to March 31, 2026. This plan was developed in accordance with the **Transparency and Accountability Act**, under which the Corporation is classified as a Category 3 entity. Additionally, this report was prepared under the direction of the Board, which is accountable for the results reported herein.

Sincerely,



Mark Dobbin
Chairperson

Table of Contents

Chairperson's Message	2
Table of Contents	3
Overview	4
Board of Directors	4
Staff and Budget	5
Mandate.....	5
Vision	5
Lines of Business.....	5
Primary Clients	6
Highlights and Partnerships	7
Report on Performance	9
Opportunities and Challenges	11
Financial Information	12
Annex A: List of IBIC Programs	13
Annex B: Audited Financial Statements	15

Overview

The Innovation and Business Investment Corporation (IBIC) operates as a Crown Agency. As of October 29, 2025, the Corporation reports to the Minister of the Department of Jobs, Growth and Rural Development (JGRD). Established under the authority of the **Innovation and Business Investment Corporation Act** (IBIC Act) on May 31, 2018, IBIC's purpose is to support economic growth and diversification in Newfoundland and Labrador through strategic funding investments in innovation and business growth throughout the province to advance economic development in accordance with Provincial Government priorities.

Board of Directors

Pursuant to section 7 of the **IBIC Act**, the Corporation is governed by a Board of Directors consisting of the Deputy Minister and two Assistant Deputy Ministers (ADM) from JGRD; and, not less than two and not more than nine other persons appointed by the Lieutenant-Governor in Council through the Independent Appointments Commission process.

The Board exercises all of the powers and duties of the Corporation and administers and manages its business. It meets as necessary to fulfil this mandate. A sub-committee of the Board, the Innovation and Business Investment Management Committee (IBIMC), meets bi-weekly or as required. At the time of the preparation of this annual report, the Board members are:

Member	Position
Mark Dobbin	Chair
Mandy Woodland	Vice-Chair
Peggy Bartlett	Member
Ann Blackmore	Member
Andrea King	Member
Michelle Simms	Member
Jeremy Whittle	Member
Deputy Minister, JGRD	Member
ADM, Business and Innovation, JGRD	Member
ADM, Industry and Economic Development, JGRD	Member

Staff and Budget

JGRD provides administrative support to IBIC, as the Corporation does not employ its own staff. Departmental staff receive, evaluate, and, depending on the delegated authority, make decisions under all programs administered by IBIC. 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.

IBIC receives an annual operating grant from the Government of Newfoundland and Labrador to offer programming. IBIC also has a revolving fund to offer its loan program.

Mandate

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

Vision

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.

Lines of Business

IBIC administers new investments through the following programs: the Business Investment Program; the Business Growth Program, including Research and Development Commercial; the Research and Innovation Fund; and the Harvester Enterprise Loan Program, in partnership with the Department of Finance. The Corporation is also responsible for strategic investments in the Rental Housing Development Loan Program and Carbon Capture, Utilization and Storage Innovation Challenge.

For more information on these programs, see Annex A: List of IBIC Programs.

Primary Clients

The primary clients of the Corporation are local businesses, including growth-oriented firms and entrepreneurs, as well as economic development organizations and research and development institutions/academia. The Corporation's primary responsibility is to its clients. It provides grants, loans, or other means of financial support to commercial or social enterprises, academic institutions, not-for-profit organizations, or individuals undertaking research and innovation activities consistent with the objects of the Corporation. IBIC also has a responsibility to clients through the ongoing management of client accounts, which continues for the total span of the investment.

Highlights and Partnerships

IBIC investments are helping attract external funding, grow businesses, and strengthen key sectors across Newfoundland and Labrador. Examples of initiatives and projects funded by IBIC in 2025-26 include:

Research and Innovation Fund

- **Memorial University – Center for Analytics, Informatics, and Research (CAIR) Capacity Expansion and Sustainability:** \$2,000,000 to expand data storage and computing capacity and enhance industry-facing services, leveraging \$3,922,490 from the Government of Canada and other partners.
- **Marine Institute – Centre for Aquaculture and Seafood Development:** Invested \$185,981 to develop a circular economy strategy for the seafood industry, leveraging \$674,348 from partners.

Business Growth Program

Development and Commercialization Projects

- **Solace Power Inc.:** Invested \$673,576 to support development of next-generation wireless solutions for automotive applications, leveraging \$1,923,851.
- **SiftMed Inc.:** Invested \$652,295 to advance AI-enabled software for medical investigations, leveraging \$1,243,061.

Productivity, Knowledge and Growth Projects

- **TxtSquad Enterprise Inc.:** Invested \$124,000 to support a consultant-led market expansion strategy, matched by the company.
- **Eastern Composite Services Inc.:** Invested \$41,500 to establish an international partnership and advance commercialization of coating technology, with \$44,000 contributed by the company.
- **Big Land Fishing Lodge and Tours Inc.:** Invested \$56,490 to enhance marketing a tourism presence; part of an \$88,993 project with matching company support.

Business Investment Program

- **EcoAxis Inc.:** \$250,000 loan to introduce composite matting technology for accessing remote and environmentally sensitive sites in Atlantic Canada.
- **94456 Newfoundland & Labrador Inc. (operating as Vida Nova Recovery):** \$750,000 loan to establish an addictions treatment facility, supporting 300-400 people annually.
- **Fishing Point Inc. (operating as Fishing Point Adventures):** \$48,000 loan to expand tourism infrastructure and enhance visitor experiences in St. Anthony.

Report on Performance

Issue: Made new investments and managed existing investments

The Corporation reports on the objective and indicator below through its annual reports, for each fiscal year of its 2023-2026 Activity Plan.

2025-26 Objective

By March 31, 2026, the Corporation will have continued to support innovation, research and development, and business investment activity in Newfoundland and Labrador.

Indicator 1: Made investments through its programs and initiatives, in commercial and non-commercial innovation, business development, and research and development projects.

In 2025-26, the Corporation approved 426 projects, with total funding commitments of \$24,903,661.

These investments supported projects across multiple sectors and leveraged \$51,603,044 from partners to advance innovation, research and development, and business growth across the province.

IBIC investments leveraged nearly \$2 for every \$1 invested, significantly amplifying the impact of public funding.

Investment summary by program:

- **Research & Innovation Fund:** 38 non-commercial projects approved, with \$7,890,551 committed (\$2,847,197 contracted), leveraging \$19,139,563 from partners.
 - **Business Growth Program:** 313 projects approved, with \$4,318,251 committed (\$4,006,910 contracted), leveraging \$5,551,696.
 - **Business Growth Program – Commercial R&D:** 19 projects approved, with \$6,392,559 committed (\$5,517,305 contracted), leveraging \$13,978,153.
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- **Business Investment Program (BIP):** 9 projects approved, with \$3,412,000 committed and contracted, leveraging \$8,139,828.
- **Harvester Enterprise Loan Program:** 5 applications approved, including \$751,303 in down payment loans and interest rebates, and \$3,591,933 in loan guarantees. Total project costs were \$5,517,416.
- **Rental Housing Development Loan Program:** No new projects approved in 2025-26. Previously approved projects are underway, with disbursements continuing as milestones are achieved.
- **Carbon Capture, Utilization and Storage Innovation Challenge:** 1 project approved for \$2,076,497, leveraging \$1,201,871, for total project costs of \$3,278,368.
- **Evacuation Business Stipend (one-time program):** 41 stipends provided, totalling \$62,500, to support businesses in Conception Bay North affected by wildfire.

Indicator 2: Successfully managed revenue collection on the loan portfolio under the Corporation.

In 2025-26, the Corporation managed a total loan portfolio of \$39,891,958. Loan repayments are collected annually.

- **Projected collections:** \$2,480,587
- **Actual collections:** \$2,564,730

Collections exceeded projections, reflecting stable portfolio performance.

Opportunities and Challenges

IBIC plays a key role in supporting economic diversification across Newfoundland and Labrador by advancing sector development, entrepreneurship, and the growth of small and medium-sized enterprises. Through investments in areas such as technology, clean energy, and biotechnology, IBIC is helping to expand the province's economic base beyond traditional industries, while strengthening innovation and research and development capacity in partnership with private industry and academic institutions.

Opportunities

Evolving economic conditions present new opportunities for IBIC to further support growth and diversification. Increased defence spending by the Government of Canada, for example, creates potential for Newfoundland and Labrador businesses to expand into the defence sector, strengthen supply chains, and participate in national and global procurement. IBIC also continues to support regional economic development, including in rural communities, through investments that contribute to local growth and quality of life.

Challenges

While IBIC supports a broad range of industries, some challenges remain. Engagement in rural areas can be influenced by the smaller scale and concentration of businesses, creating an opportunity to strengthen awareness of IBIC programs and deepen regional connections. In addition, traditional industries may require support to adopt new technologies and improve productivity and competitiveness. Smaller and newer businesses may also face barriers related to business skills, financial capacity, and access to resources.

By responding to these opportunities and challenges, IBIC continues to strengthen its role in supporting economic growth, innovation, and long-term economic resilience across Newfoundland and Labrador.

Financial Information

Audited financial statements are provided in Annex B.

Annex A: List of IBIC Programs

IBIC administers investments through the following programs:

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

- **Development and Commercialization:** is 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. <https://www.gov.nl.ca/jgrd/funding/business-growth-program/>
- **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/jgrd/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/jgrd/funding/business-investment-program/>

Business Growth Program (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 are aligned with the following priorities: development and commercialization; productivity improvement and innovation; knowledge and technical assistance; and growth and internationalization. <https://www.gov.nl.ca/jgrd/funding/business-growth-program/>

Harvester Enterprise Loan Program (HELP): Supports the development of the province's fish harvesting industry by making loans offered by financial institutions more accessible and affordable. Supports provided by the program include loan guarantees, patient low-interest loans for down payments, and cash rebates to lower interest rates for the first five years of the loan. <https://www.gov.nl.ca/jgrd/funding/harvester-enterprise-loan-program>

Rental Housing Development Loan Program (RHDLP): 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. Please note, applications for this program are now closed.

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.

Annex B: Audited Financial Statements

Innovation and Business Investment Corporation

Financial statements
March 31, 2026



**Shape the future
with confidence**

Independent auditor's report

To the Board of Directors of
Innovation and Business Investment Corporation

Opinion

We have audited the financial statements of Innovation and Business Investment Corporation [the "Corporation"], which comprise the statement of financial position as at March 31, 2026, 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our 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.

We 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 we identify during our audit.

Ernst & Young LLP

Chartered Professional Accountants

St. John's, Canada
September 17, 2026



Innovation and Business Investment Corporation

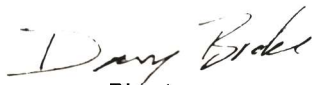
Statement of financial position

As at March 31

	2026	2025
	\$	\$
Assets		
Current		
Cash <i>[note 3]</i>	130,922,051	137,862,535
Bank interest receivable	139,335	192,184
Loans receivable and equity investments <i>[note 4]</i>	25,653,662	16,394,452
	<u>156,715,048</u>	<u>154,449,171</u>
Liabilities		
Accounts payable and accrued liabilities	1,335,235	1,465,332
Total liabilities	<u>1,335,235</u>	<u>1,465,332</u>
Contingent liabilities <i>[note 6]</i>		
Contractual obligations <i>[note 7]</i>		
Accumulated surplus	<u>155,379,813</u>	<u>152,983,839</u>
	<u>156,715,048</u>	<u>154,449,171</u>

See accompanying notes

On behalf of the Board:


Director
Dan Brake, ADM - JGRD


Director
Jason Higgins, ADM - JGRD

Innovation and Business Investment Corporation

Statement of operations

Year ended March 31

	2026 Budget \$ [note 10]	2026 Actual \$	2025 Actual \$
Revenues			
Contributions from Province			
Research and Development Programming [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
Residential Housing Development Loan Program [note 9]	—	—	41,500,000
Recovery in value of loans receivable and equity investments [note 4]	50,000	—	518,061
Interest on loans	450,000	820,775	562,932
Other investment income	2,500,000	3,813,543	4,851,613
	19,836,000	21,470,318	64,268,606
Expenses [note 5]			
Research and Development Program	15,214,000	14,486,794	12,748,903
Carbon Capture, Utilization and Storage			
Innovation Challenge	—	518,759	—
Business Growth Program [Excluding R&D]	3,686,000	3,758,355	3,664,091
Evacuation Business Stipend Program	—	62,500	—
Harvester Enterprise Loan Program	500,000	7,494	—
Decline in value of loans receivable and equity investments [note 4]	490,000	234,375	—
Administration	5,500	6,067	3,955
	19,895,500	19,074,344	16,416,949
Annual surplus	(59,500)	2,395,974	47,851,657
Accumulated surplus, beginning of year	105,666,682	152,983,839	105,132,182
Accumulated surplus, end of year	105,607,182	155,379,813	152,983,839

See accompanying notes

Innovation and Business Investment Corporation

Statement of cash flows

Year ended March 31

	2026	2025
	\$	\$
Operating activities		
Annual surplus	2,395,974	47,851,657
Adjustment for non-cash items		
Decline (recovery) in value of loans receivable and equity investments <i>[note 4]</i>	234,375	(518,061)
	2,630,349	47,333,596
Changes in non-cash working capital balances related to operations		
Decrease (increase) in bank interest receivable	52,849	(57,870)
(Decrease) increase in accounts payable and accrued liabilities	(130,097)	341,787
Cash provided by operating activities	2,553,101	47,617,513
Investing activities		
Acquisition of loans and equity investments	(12,060,345)	(5,552,914)
Proceeds from loans and equity investments	2,566,760	3,524,327
Cash used in investing activities	(9,493,585)	(2,028,587)
Net (decrease) increase in cash during the year	(6,940,484)	45,588,926
Cash, beginning of year	137,862,535	92,273,609
Cash, end of year	130,922,051	137,862,535

See accompanying notes

Innovation and Business Investment Corporation

Notes to financial statements

March 31, 2026

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 effect on 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 for making strategic funding investments in innovation and business growth in the Province to advance economic development in accordance with the priorities of the Province.

The affairs of the Corporation are managed by a Board of Directors [the "Board"] appointed by the Lieutenant-Governor of the Province. The Corporation is a wholly owned subsidiary 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 and accrued liabilities. 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.

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

The carrying values of cash, bank interest receivable, and accounts payable and accrued liabilities approximate current fair value due to their nature and the short-term maturity associated with these

Innovation and Business Investment Corporation

Notes to financial statements

March 31, 2026

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] Use of estimates

The Corporation records equity investments at amortized cost. The Corporations 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.

[f] Use of estimates

Revenues are recognized in the period in which the transactions or events that gave rise to the revenues occurred. 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 impracticable.

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.

Innovation and Business Investment Corporation

Notes to financial statements

March 31, 2026

[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.

Effective October 29, 2025, pursuant to Order in Council OC2025-285, the Corporation was transferred from the authority of the Department of Industry, Energy and Technology to the Department of Jobs, Growth and Rural Development.

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 [note 4].

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

	2026 \$	2025 \$
Business Growth Program [excluding research and development]	12,440,081	11,699,267
Business Investment Program	20,747,840	21,054,113
Research and Development Program	65,782,130	65,328,476
Residential Housing Development Loan Program	31,952,000	39,780,679
	130,922,051	137,862,535

Innovation and Business Investment Corporation

Notes to financial statements

March 31, 2026

4. Loans receivable and equity investments

Loans receivable

	2026 \$	2025 \$
Principal due and unpaid	5,018,286	4,917,625
Principal not yet due	27,982,120	19,125,997
Interest due and unpaid	581,104	564,047
	33,581,510	24,607,669
Allowance for decline in value	(7,953,388)	(8,236,939)
	25,628,122	16,370,730

Equity investments

Equity investments, at cost	4,632,041	5,320,238
Allowance for decline in value	(4,606,501)	(5,296,516)
	25,540	23,722

Loans receivable and equity investments

25,653,662	16,394,452
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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 7 years. All subsequent equity investments will be in the form of Class B non-voting common shares. These shares are retractable by the Corporation when, and on what terms, it provides confirmation. There is no set schedule of redemption/retraction. There is no interest or dividend rate charges 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 judgement. The estimation of an appropriate allowance for decline in values 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 Corporation'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 anticipated future cash flows is uncertain.

Innovation and Business Investment Corporation

Notes to financial statements

March 31, 2026

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:

	2026 \$	2025 \$
Balance, beginning of year	13,533,455	16,181,051
Principal written off, net of recoveries	(1,181,627)	(2,020,820)
Interest written off, net of recoveries	(26,313)	(108,715)
Decline (recovery) in value of loans receivable and equity investments	234,375	(518,061)
Balance, end of year	12,559,890	13,533,455

5. Expenses

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

	2026 Budget [Note 10]	2026 \$	2025 \$
Business Growth Program [Excluding R&D] – Grants	3,686,000	3,758,355	3,664,091
Decline in value of loans receivable and equity investments [note 4]	490,000	234,375	
Purchased services	5,500	6,067	3,955
Evacuation Business Stipend Program	—	62,500	
Harvester Enterprise Loan Program	500,000	7,494	—
Carbon Capture, Utilization and Storage Innovation Challenge	—	518,759	—
Research and Development Program – Non-Commercial grants	7,607,000	9,014,191	6,419,171
Research and Development Program – Commercial grants	7,607,000	5,472,603	6,329,732
	19,895,500	19,074,344	16,416,949

6. Contingent liabilities

A client of the 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 \$900,000 to \$1,100,000 range. No provision has been made for this claim as the likelihood of loss is not determinable at this time.

Innovation and Business Investment Corporation

Notes to financial statements

March 31, 2026

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 \$65,979,653 [2025 – \$77,788,210]. Approximate payment of these obligations in future years is as follows:

	2027 \$	2028 \$	2029 \$	Total \$
Research and Development Program	14,394,827	9,812,569	723,093	24,930,489
Residential Housing Development Loan Program	12,174,855	15,325,567	4,441,857	31,942,279
Business investment program	1,479,457	—	—	1,479,457
Business Growth Program	3,069,690	—	—	3,069,690
Carbon Capture, Utilization and Storage Innovation Challenge	1,500,000	2,278,869	778,869	4,557,738
	32,618,829	27,417,005	5,943,819	65,979,653

8. Financial risk management

The Corporation recognizes the importance of managing risk 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 Corporations main credit risk relates to cash, bank interest receivable, loans receivable and equity investments. The Corporations 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 its 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. 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 that are not impaired or past due are considered collectible by the Corporation and the credit risk is assessed as minimal.

Innovation and Business Investment Corporation

Notes to financial statements

March 31, 2026

As discussed in note 4, the Corporation reports loans receivable totaling \$33,581,510 [2025 – \$24,607,669] as at March 31, 2026. Principal due and unpaid of \$5,018,286 [2025 - \$4,917,625] was overdue by portfolio as follows:

Loan portfolio	Days overdue				Total
	1–30	31–60	61–90	>90	
Aquaculture Working Capital Fund	—	—	—	187,346	187,346
Business Investment Corporation	101,989	26,835	23,063	3,483,332	3,635,219
Former Enterprise Newfoundland and Labrador	—	—	—	1,195,721	1,195,721
	101,989	26,835	23,063	4,866,399	5,018,286

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 and accrued liabilities. 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 of expected 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 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 a common ownership, to all Crown corporations and agencies of the Province.

Innovation and Business Investment Corporation

Notes to financial statements

March 31, 2026

Program grant expense to related parties were as follows:

	2026 \$	2025 \$
Memorial University of Newfoundland	5,117,435	4,900,874
C-Core	511,592	325,173
Genesis Group Incorporated	436,696	353,531
Newfoundland and Labrador Health Services	246,454	106,328
College of the North Atlantic	211,466	344,967
	6,523,643	6,030,873

The Corporation received contributions from the Province as follows:

	2026 \$	2025 \$
Research and Development Programming	13,750,000	13,750,000
Business Growth Program [excluding R&D]	3,086,000	3,086,000
Residential Housing Development Loan Program	—	41,500,000
Balance, end of year	16,836,000	58,336,000

The Corporation is administered as a division of the Department of Jobs, Growth and Rural Development. Estimated administration expenses of \$3,092,594 [2025 – \$3,074,929] are paid directly by the Province. Included in this total is \$391,639 [2025 – \$389,401] 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.