



ALBERTA INNOVATES



2024-25 ANNUAL REPORT

CONTENTS

| | |
|---|----|
| MESSAGE FROM THE BOARD CHAIR | 3 |
| MESSAGE FROM THE CEO | 5 |
| LAND ACKNOWLEDGEMENT | 6 |
| ACCOUNTABILITY STATEMENT | 7 |
| EXECUTIVE SUMMARY | 8 |
| CONTEXT AND OUTLOOK | 10 |
| RESULTS AND ACHIEVEMENTS | 12 |
| MANAGEMENT DISCUSSION AND ANALYSIS | 34 |
| CAPITAL PLANNING AND LEASE ARRANGEMENTS | 36 |
| REPORT ON RISK MANAGEMENT | 37 |
| MANAGEMENT'S RESPONSIBILITY FOR REPORTING | 38 |
| STATUTORY REPORT | 39 |
| AUDITED FINANCIAL STATEMENTS | 40 |

MESSAGE FROM THE BOARD CHAIR

THE 2024–25 FISCAL YEAR WAS A PIVOTAL PERIOD FOR ALBERTA INNOVATES. WITH THE SUCCESSFUL COMPLETION OF OUR 2018–23 STRATEGIC PLAN, THE ORGANIZATION COMMITTED TO A RENEWED DIRECTION—ONE SHAPED BY LEADERSHIP RENEWAL, STRATEGIC BOARD APPOINTMENTS, RE-ALIGNMENT WITH THE ALBERTA TECHNOLOGY AND INNOVATION STRATEGY (ATIS) PRIORITIES, AND EXTENSIVE CONSULTATION ACROSS THE INNOVATION ECOSYSTEM. OUR WORK OVER THE PAST YEAR AND HAS POSITIONED ALBERTA INNOVATES TO PLAY AN EVEN MORE ESSENTIAL ROLE IN ALBERTA’S ECONOMIC FUTURE.



Tony Williams

*Chair, Board of Directors
Alberta Innovates*

In 2024 Alberta entered a new era of investment growth and opportunity. The province attracted over \$698 million in venture capital investment—nearly doubling the total invested in 2020 and outpacing the national average growth rate over the past three years. Calgary ranked as Canada’s fourth-largest tech ecosystem, while Edmonton was among the country’s fastest-growing innovation hubs. These figures represent more than economic momentum—they signal a fundamental shift in Alberta’s innovation landscape.

This growth has been driven by a technology sector expanding at pace. Between 2018 and 2023, Calgary’s tech workforce grew by 78 per cent, adding over 26,000 new jobs and bringing the total to nearly 60,000.¹ Alberta Innovates is proud to play a central role in creating the conditions for this growth.

As ATB Financial notes, Alberta’s growing share of national venture capital reflects a virtuous cycle of investment and innovation.² By funding early-stage ventures, supporting the commercialization of Alberta-made technologies, and connecting industry, academia, and government, Alberta Innovates fosters the talent and partnerships that drive a thriving innovation ecosystem. In 2024–25, we delivered solid results for the ecosystem. Across digital and data, clean resources, health innovation, and emerging technologies, we supported breakthrough research, accelerated commercialization, helped Alberta companies grow and scale, and strengthened the province’s global competitiveness.

Recognizing the need to continually adapt and sharpen our impact, midway through the year we undertook a comprehensive program review and refreshed our strategic plan. Informed by broad engagement across the ecosystem, this process realigned our priorities with provincial objectives and reaffirmed Alberta Innovates’ essential role in advancing research, technology development, and innovation. It sets a clear path forward to deepen our impact in the years ahead.

¹ *Canadian Venture Capital and Private Equity Association (CVCA). (2024, April). Alberta is leading a new era of investment, growth and opportunity.*

² *ATB Financial. (2025, May). Venture capital investment in Alberta: First quarter 2025.*

MESSAGE FROM THE BOARD CHAIR *(CONTINUED)*

Dr. Michael Mahon, who joined Alberta Innovates as Interim CEO in June 2024, provided steady and thoughtful leadership during this important period. His ability to unify stakeholders, navigate complexity, and deliver on Alberta’s innovation priorities earned the full confidence of the Board. We were pleased to subsequently appoint him as permanent CEO early in 2025–26.

The Board of Directors also welcomed several new members whose insight and experience strengthened our governance and strategic oversight. On behalf of the Board, I welcome:

- Carissa Browning
- David Edmonds
- James Keirstead
- Janet Riopel
- Kim Moody
- Rhea Solis

As we reflect on this past year, we do so with deep appreciation for the Alberta Innovates team and our many partners. Alberta’s innovation momentum is real—but sustaining it will require continued investment in ideas, talent, and infrastructure. Alberta Innovates remains committed to that work and to ensuring our province remains a global destination for innovation, growth, and opportunity.

MESSAGE FROM THE CEO

IN 2024–25, ALBERTA INNOVATES ADVANCED ITS ROLE AS A CATALYST FOR INNOVATION—ANCHORED BY THE COMPLETION OF A COMPREHENSIVE PROGRAM REVIEW, THE APPROVAL OF A NEW STRATEGIC DIRECTION, AND THE CONTINUATION OF STRONG PARTNERSHIPS AND COLLECTIVE IMPACT.



Dr. Michael Mahon

CEO, Alberta Innovates

Our sharpened focus on innovation, productivity, and technology has been more than aspirational—it has driven real, tangible outcomes for Alberta’s innovation ecosystem. The work we’ve done together with our partners in 2024–25 reflects not only the province’s growing capacity but also its potential on the global stage.

Aligned with the refreshed strategic plan and following a comprehensive program review, Alberta Innovates and its subsidiaries have continued to support innovators at every stage. Last year, we directly supported more than 2,450 clients through programs and services tailored to meet innovators where they are—whether they are launching a new idea, scaling a breakthrough technology, or expanding into new markets. Across all sectors, we’ve seen how our support helps build resilient companies and drive measurable results.

Through our grant funding programs, we currently manage a portfolio of 1,395 active projects, with an estimated total value of \$1.16 billion. These projects span Alberta’s priority areas and reflect the breadth and depth of ingenuity across the province.

Over the past five years, for every \$1 Alberta Innovates invested, supported companies have attracted more than \$60 in additional funding—over 91 per cent of which has come from private sources. Even more significantly, small and medium-sized enterprises (SMEs) supported by Alberta Innovates generated over \$10 in revenue for every \$1 of support received, with more than \$1 billion in total revenue reported in 2024. These companies also had a 27.5 per cent higher survival rate after six years compared to other Canadian SMEs—a testament to the strength of our programs and the talent of Alberta’s entrepreneurs.

While these numbers reflect important milestones, they also tell a deeper story—one of ambition, resilience, and shared belief in Alberta’s innovation potential. None of this progress would be possible without the commitment of our partners across post-secondary institutions, research organizations, industry, government, and the entrepreneurs who drive ideas forward every day.

Looking back on this year, I’m proud of the progress we’ve made and energized by what lies ahead. Alberta Innovates is here to accelerate change, support excellence, and build a stronger, more competitive province. I’m grateful for the trust placed in me to lead the organization through this exciting chapter, and I look forward to continuing this work with our dedicated team, our board, and our many valued partners.

LAND ACKNOWLEDGEMENT

WE ACKNOWLEDGE THE MANY FIRST NATIONS, MÉTIS AND INUIT WHO HAVE LIVED IN AND CARED FOR THESE LANDS FOR GENERATIONS. WE ARE GRATEFUL FOR THE TRADITIONAL KNOWLEDGE KEEPERS AND ELDERS WHO ARE STILL WITH US TODAY AND THOSE WHO HAVE GONE BEFORE US.

ALBERTA INNOVATES RESPECTFULLY ACKNOWLEDGES THAT WE ARE SITUATED ON TRADITIONAL TERRITORY OF THE TREATY 6, TREATY 7, AND TREATY 8 FIRST NATIONS; HOME TO MÉTIS SETTLEMENTS, THE MÉTIS NATION OF ALBERTA, COMPRISING DISTRICTS 5/6 COVERING CALGARY, 8 DEVON, 9/10 IN EDMONTON AND DISTRICT 12 IN VEGREVILLE WITHIN THE HISTORICAL NORTHWEST MÉTIS HOMELAND.

WE RESPECT THE HISTORIES, LANGUAGES, AND CULTURES OF FIRST NATIONS, MÉTIS, AND INUIT WHOSE PRESENCE CONTINUES TO ENRICH OUR VIBRANT COMMUNITY.

ACCOUNTABILITY STATEMENT

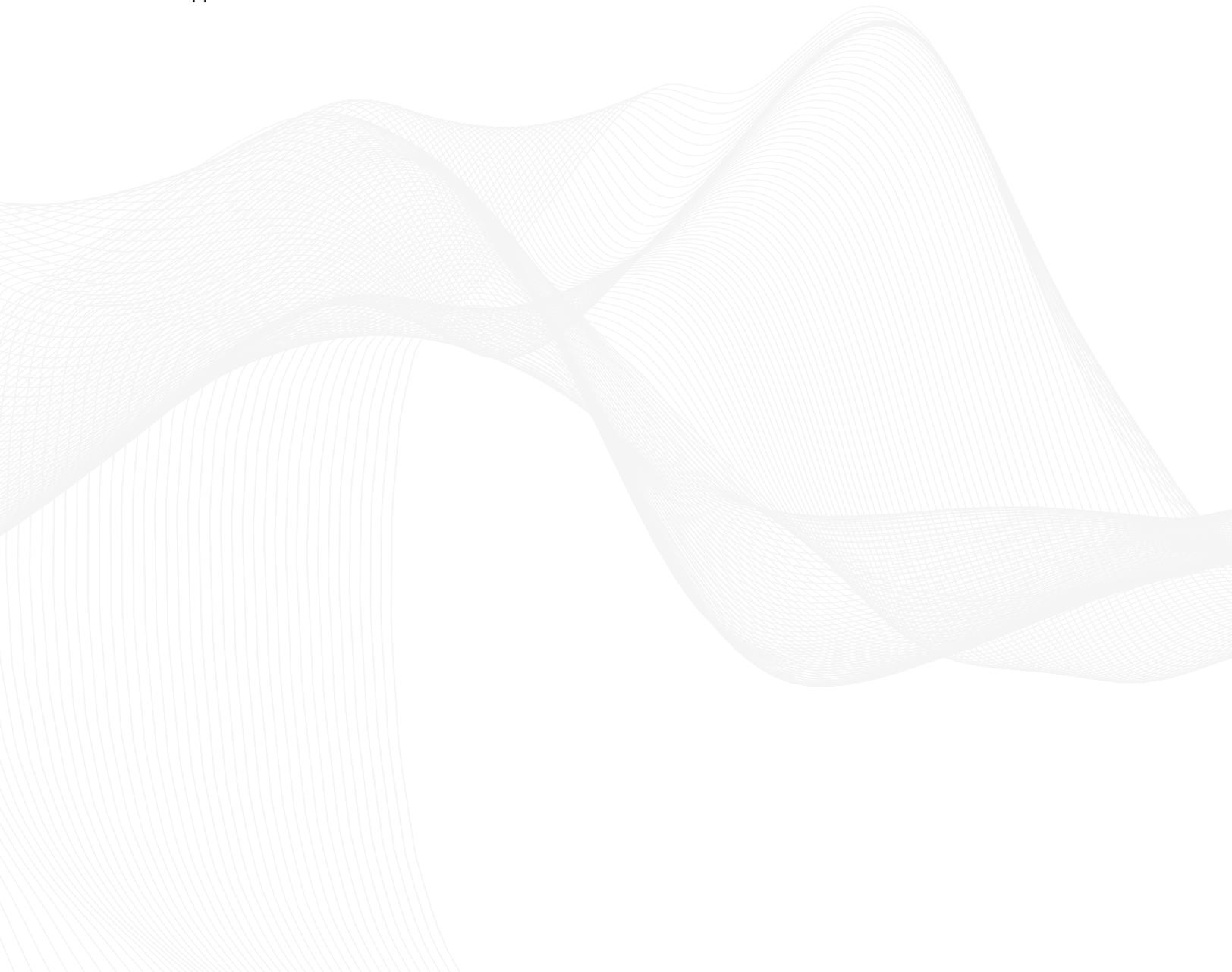
The Alberta Innovates Annual Report for the year ended March 31, 2025, was prepared under the Board's discretion in accordance with the Alberta Research and Innovation Regulation, and the ministerial guidelines established pursuant to the *Alberta Public Agencies Governance Act (APAGA)* and the *Sustainable Fiscal Planning and Reporting Act*. All material economic, environmental or fiscal implications, of which we are aware, have been considered in preparation of this report.

Original signed by Tony Williams

Board Chair

May 29, 2025

Date of Approval of Financial Statements



EXECUTIVE SUMMARY

Alberta's Economy and Innovation Driving Resilience and Growth

Alberta's economy showed strong resilience in 2024–25, with real GDP growth of 2.7 per cent—outpacing the previous year and contributing nearly as much to Canada's growth as Ontario.^{3,4} Population surged by over 168,000, the fastest rate in the country, intensifying pressure on infrastructure, health care, and housing, and highlighting the need for innovative solutions.⁷ While the unemployment rate rose to 7.0 per cent due to a growing labour force and slower job growth in goods-producing sectors, the momentum in Alberta's technology sector continues to signal opportunity and diversification.⁶

Alberta's tech ecosystem is becoming a cornerstone of the province's future economy. Between 2018 and 2023, Calgary's tech workforce grew by 78 per cent, adding 26,000 new roles and reaching nearly 60,000 jobs. Alberta also led the country in R&D investment in 2023, with \$664 million contributing \$13 billion to GDP. Despite global venture capital slowdowns in 2024, Alberta bucked the trend—venture funding reached \$698 million, more than tripling since 2019.⁹

This growth directly supports the goals of the Alberta Technology and Innovation Strategy (ATIS), which aims to position Alberta as a top Canadian jurisdiction for tech innovation, commercialization, and talent. Alberta's strengths in artificial intelligence, clean tech, agri-tech, and energy transition are attracting investors seeking scalable, sustainable solutions—placing the province at the forefront of Canada's next economic era.

Advancing Innovation Across Alberta

In 2024–25 Alberta Innovates supported 1,510 clients across the province, including 519 new Alberta-based SMEs, through our network of 11 Technology Development Advisors and partners. These advisory services helped companies accelerate product development, increase investment readiness, and grow revenue. With our support, clients also gained faster access to post-secondary institutions for validation and applied research.

Through Alberta's Regional Innovation Networks (RINs) and their 300+ partner organizations, we helped deliver 4,844 advisory and support services to more than 2,100 clients. This work resulted in the formation of 186 new companies and deeper engagement with Indigenous, equity-deserving, and community organizations. The RINs also leveraged over \$20 million in additional funding from a variety of municipal, provincial, and federal organizations, strengthening the reach and sustainability of regional innovation support.

We continued to scale high-potential Alberta companies through the Alberta Scaleup and Growth Accelerator Program. Over the three-year pilot, more than 845 companies graduated from the program, generating \$80 million in revenue, raising \$370 million in investment, and creating 510 new jobs. In 2024–25 alone, 243 Alberta companies entered pre-accelerators and 63 participated in accelerators, raising \$13.2 million to date.

Our investments helped advance Alberta's global leadership in artificial intelligence. A \$5 million investment in the Alberta Machine Intelligence Institute (Amii) supported 236 industry partnerships, more than 100 researcher-user engagement events, and attracted over 300 international participants to Artificial Intelligence workshops.

Accelerating Strategic Sectors

To position Alberta as a global hub for carbon capture and hydrogen innovation, InnoTech and C-FER expanded infrastructure and reduced barriers to technology scale-up: Licensed new carbon utilization technologies, launched a materials characterization lab, expanded the Alberta Carbon Conversion Technology Centre to meet global testing demand, and initiated the Amine Intensification Project with \$5 million from oil sands operators, Natural Resources Canada, and Alberta Innovates to reduce industrial emissions.

Through the Hydrogen Centre of Excellence (HCOE), Alberta Innovates supported the transition to a low-carbon energy system by approving 18 new projects and investing \$10 million in 2024–25. Since its launch, HCOE has supported approximately 60 projects with its directed funding.

C-FER Technologies used HCOE support to develop world-class hydrogen testing infrastructure—generating \$3.9 million in revenue and securing \$5.2 million in new multi-year contracts. These assets position Alberta as a global leader in hydrogen safety and infrastructure testing. In the year, C-FER conducted full-scale testing of hydrogen storage wells for a client in Japan, launched two international testing programs to assess pipeline compatibility with hydrogen for both European and North American partners, and partnered with a Canadian pipeline operator to test leak detection systems for hydrogen-natural gas blends—critical to ensuring safety in future low-carbon fuel networks.

InnoTech Alberta continued to advance its expertise in advance manufacturing and materials development. It launched the Alberta Advanced Manufacturing International Hub (AbAM-IH) with the University of Alberta, connecting Alberta innovators with global networks in Germany, Italy, Australia, and the UK; The Building with Biofibre initiative helped modernize construction by offering sustainable materials that address affordability, reduce emissions, and help tackle labour challenges; and it continued to lead the MARIOS research consortium, connecting 49 supplier and manufacturing companies with oil sands operators to improve equipment reliability and operational efficiency.

Enabling Innovation in Health, Environment, and Agriculture

In health innovation, Alberta Innovates supported 28 new projects and completed 29 through the Accelerating Innovations into Care (AICE) program. These efforts resulted in 12 proof-of-concept prototypes, 11 validated technologies, 8 market-ready products, and more than \$33 million in private investment. One Alberta-based health company was acquired, further underscoring Alberta’s growing position in health tech.

Through the LevMax-Health program, we funded 29 academic-led projects and paid \$6.9 million, accelerating digital health research and adoption across the healthcare system.

We also strengthened Alberta’s innovation capacity in agriculture and food. We concluded the Water Innovation Program in 2024 after eight years of impact. The program supported 88 projects, informed 15 public policies, delivered 26 field pilots, created 18 new products and services, and leveraged \$83 million in funding—advancing Alberta’s leadership in water security and environmental stewardship.

As one of 18 members of the Agriculture Funding Consortium (AFC)—a one-window platform for research investment in Western Canada—Alberta Innovates reviewed 20 full proposals in 2024–25. We approved 6 projects, providing \$1.5 million in 2024–25, with the total value of these projects nearing \$4.5 million.

Leveraging our Agriculture & Food Innovation program, we launched a directed call, TECH2FARMS, a cross-cutting effort to support late-stage ag-tech companies in expanding to new markets. Of 7 applications, 3 were funded and 1 is under review. These commercialization-focused projects brought together agriculture innovators, technical experts, and investment partners to scale technologies across Alberta, Canada, and internationally.

Strengthening the Innovation Ecosystem

Alberta Innovates deepened partnerships and attracted capital to grow Alberta’s innovation economy. In partnership with PrairiesCan and others, funding support was leveraged that enabled InterGen to deliver custom programming for Alberta scaleups, hosting 17 events that brought together nearly 1,000 attendees. Similarly, Startup TNT received support to recruited 110 companies into five investment summits. Of those, 24 companies raised more than \$3 million collectively. Nearly 150 new investors were recruited through the initiative, expanding Alberta’s early-stage capital network. The Alberta Scaleup and Growth Accelerator (Scaleup GAP) program partnership with PrairiesCan was extended with an additional \$1.2 million in funding committed for 2025–26, ensuring continued support for high-potential Alberta ventures.

Through our Ecosystem Development Partnerships (EDP) program, we supported 41 collaborative initiatives, directly aiding more than 60 health innovation companies with product development, market-fit services, and prototyping.

Finally, Inventures 2024 brought together over 3,500 attendees from 33 countries, generating an estimated \$150 million in business activity, \$2.4 million in tourism spending, and a \$3.7 million local economic impact. This global innovation experience continues to position Alberta as a destination for talent, capital, and transformative ideas.

CONTEXT AND OUTLOOK

THE 2024–25 FISCAL YEAR IN ALBERTA WAS SHAPED BY A CHALLENGING GLOBAL ECONOMIC ENVIRONMENT, MOMENTUM IN POPULATION GROWTH WITH RENEWED PRESSURE ON PUBLIC SERVICES, AND ONGOING EFFORTS TO DIVERSIFY AND MODERNIZE THE PROVINCIAL ECONOMY.

Alberta's economy demonstrated resilience in 2024–25 despite headwinds from inflationary pressures and global geopolitical tensions. Real gross domestic product (GDP) growth for the fiscal year was estimated at 2.7 per cent, an increase from the prior year's growth of 2.3 per cent and one that saw Alberta contributing almost as much as Ontario to Canada's economic growth.^{3,4} A significant driver for Alberta's economic growth was a ramping up of oil production and increased exports spurred by the completion of the Trans Mountain Pipeline.^{3,4,5,6} Population growth also contributed to the province's economic gains despite overall GDP growth being tempered by decreased output in the manufacturing sector.^{3,4,6}

Nonetheless, a 1.5 per cent decrease in GDP per capita signals that economic growth is not keeping pace with Alberta's population increase. Alberta's record-breaking population surge in 2024 maintained it as the fastest-growing province in the country. More than 168,000 new residents arrived in Alberta that year, a 3.4 per cent increase fueled by the largest net gain in new residents from elsewhere in Canada relative to any other province and a record-high number of immigrants.⁷ This growth – which presents both economic opportunity and strain on infrastructure, housing, health care, and environmental systems – underscores the vital role of innovation in solving systemic challenges, improving productivity, and advancing economic diversification.

The province's unemployment rate rose from 5.9 per cent in 2023 to 7.0 per cent in 2024 despite the creation

of 76,300 more jobs and more than 2.5 million people being employed. This higher unemployment rate reflects increased employment demand in a growing population as well as a slowing in the pace of job growth especially in the oil and gas industry and the goods-producing sector.⁶

Resilience through Innovation

Innovation – a major source for economic growth and diversification – is a key to Alberta's resiliency. Through its skilled workforce, entrepreneurial spirit and strategic investments, Alberta is establishing itself as a flourishing tech hub in areas beyond EnergyTech, including AerospaceTech, AgriTech, FinTech and HealthTech.⁸ Leading provincial R&D spending at \$664 million and contributing \$13 billion to Alberta's GDP in 2023, the tech sector continues to experience rapid employment growth and has emerged as a major North American tech talent destination. These factors contribute to a stronger investment climate in the province that also demonstrates long-term resiliency. Amid rising cross-border tariffs and growing uncertainty around U.S. trade policy, Alberta's tech firms are proactively identifying markets in Europe, Asia and South America to broaden customer base and supply-chain partnerships. For example, venture capital spending has more than tripled since 2019, reaching \$698 million in 2024 despite global market downturns⁹, with U.S. investors contributing to a third of all deals – a downturn from the previous year and a trajectory that could intensify amid trade tensions.¹⁰

³ Government of Alberta (May, 2025). *Alberta Economic Dashboard: GDP at Basic Prices.*

⁴ Statistics Canada (2024). *Gross Domestic Product by Industry: Provinces and Territories.*

⁵ TD Economics (March, 2024). *2024 Canadian Oil Production a Short-Lived Boom.*

⁶ Business Council of Alberta (Winter, 2024). *Alberta Snapshot: A Quarterly Economic Update for Alberta.*

⁷ Statistics Canada (2024). *Canada's Population Estimates, Fourth Quarter 2024.*

⁸ ATB Financial (April, 2025). *Alberta's Tech Revolution: New Report Reveals Significant Growth and Future Potential.*

⁹ CVCA Central (March, 2025). *Invest Canada: Alberta is Leading a New Era of Investment Growth and Opportunity.*

¹⁰ BDC (May, 2025). *Canada's Venture Capital Landscape.*

CONTEXT AND OUTLOOK *(CONTINUED)*

Innovation in health service delivery that provides new ways to reduce system strain, sustain access and quality of care, and improve patient outcomes will be essential to help stabilize long-term finances in the healthcare sector. This need is accentuated by population growth and inflation outpacing health spending despite a \$1.1 billion increase in Alberta's 2024 budget for health spending that included major allocations for primary care, capital projects and organizational restructuring.^{11,12}

In addition to being crucial sources for both the domestic and global food supply, Alberta's agriculture and food sectors are major drivers of economic activity in the province, contributing significantly to GDP, trade and employment. Vulnerabilities arising from climate change impacts, volatile global supply chains, and competitive global markets underscore the importance of technological innovation in Alberta's agriculture and food sectors.

Alberta remains a national leader in clean energy transition. In 2023, the province accounted for 92 per cent of Canada's growth in renewable electricity generation.¹³ Despite uncertainty from new regulatory pauses on renewable project approvals¹⁴, private and public investment in solar, wind, and carbon capture technologies remained strong.

Looking Ahead

Alberta's rapid growth and evolving economy demand bold solutions grounded in innovation. In the year ahead, continued pressure on the health system, climate change impacts such as wildfire and drought, and the need for a low-emissions industrial transformation will test the province's agility and resilience. More so, geopolitical challenges related to United States tariffs are slowing demand for Canadian exports and ongoing trade uncertainties are prompting many businesses to be more cautious with investment plans.¹⁵

While Alberta is not immune to geopolitical volatilities, it may face a smaller overall impact than the rest of Canada.¹⁵ Building on the momentum of 2024 and with the province's energy sector facing tariffs of 10 per cent compared to other sectors at 25 per cent or more, Alberta's economy is projected to grow by 1.8 per cent in 2025 despite the challenges Canada is facing.¹⁶

Alberta Innovates has a role in anticipating the challenges that Alberta must contend with and enable and accelerate scalable solutions across sectors. Our renewed Alberta Innovates Strategic Plan is anchored in four cross-sectoral innovation priorities that reflect key aspects of the ATIS where we are driving implementation and delivering impact in: Applied Digital & Emerging Technologies; Advanced Materials and Aerospace; Natural Resource Recovery and Health, Agriculture, and Life Sciences. These are opportunities to shape the next chapter of Alberta's economy, and they reflect both Alberta's long-standing strengths and emerging opportunities.

Whether advancing artificial intelligence in healthcare, water-smart farming practices, breakthrough carbon capture technologies, or high-potential tech startups, we remain committed to building an innovation-first Alberta. The work we support today will create tomorrow's opportunities for all Albertans.

¹¹Government of Alberta (2024). *Budget 2024 Highlights: Refocusing Alberta's Health Care System*.

¹²Government of Alberta (2024). *Budget 2024: Fiscal Plan 2024-27*.

¹³Government of Canada (2025). *Alberta: Clean Electricity Snapshot*.

¹⁴Government of Alberta (February, 2024). *Backgrounder: Alberta's Renewables Inquiry and the Related Pause*.

¹⁵ATB Financial (March, 2025). *The Twenty Four Seven: Quarterly Economic Outlook*

¹⁶TD Economics (March, 2025). *Provincial Economic Forecast: Tariffs Taxing the Provincial Outlook*.

RESULTS AND ACHIEVEMENTS

THIS ANNUAL REPORT HIGHLIGHTS THE RESULTS AND ACHIEVEMENTS RELATED TO THE KEY INITIATIVES AND ACTIVITIES PRESENTED IN OUR 2024–27 BUSINESS PLAN. THE RESULTS SHOW MANY OF THE WAYS OUR STRATEGIC ACTIONS HAVE CONTRIBUTED TO OUR CORPORATE GOALS AND OUR ORGANIZATIONAL MANDATE AS SET BY THE GOVERNMENT OF ALBERTA.

Cascaded and interconnected relationships exist between the research & innovation (R&I) priorities of the Government of Alberta and our corporate priorities, goals and business and operating plans. This ensures the positive impact we create for Albertans aligns with government priorities and strategies, including those in the Investment and Growth Strategy and the Alberta Technology and Innovation Strategy (ATIS).

Performance Measurement

Cascaded and interconnected relationships exist between the R&I priorities of the Government of Alberta and our corporate priorities, goals and business and operating plans. This ensures the positive impact we create for Albertans aligns with government priorities and strategies, including those in the Investment and Growth Strategy and the Alberta Technology and Innovation Strategy (ATIS). Alberta Innovates leverages a variety of enterprise-level systems to gather information including finance and administrative data and complements this through other tools that collect additional evidence about the progress, outcomes and impacts. We use two important tools to gather information annually from our clients, about the achievements they made through our investments. These tools are the Post Investment Metrics Report and the Annual Outcomes Report.

The Post-Investment Metrics Report collects information from small- and medium-sized enterprises (SMEs) that completed funding between 2020 and 2024 and follows each SME annually for a five-year period. Results from this survey include key performance indicators (KPIs) such as the number of new hires (jobs) in Alberta from our R&I investments in SMEs and the amount of revenue generated. The 537 responses received for this report resulted in a response rate of 71 per cent.

Information from researchers, and other non-SME clients who held research grants with Alberta Innovates during the 2024–25 period is collected through the Annual Outcomes Report. KPIs include measures such as the number of people supported through our investments. The response rate was 94 per cent, with 493 reports completed by clients.

Client satisfaction is gathered on application forms and through the Post-Investment Metrics Report.

The methods, sources and tools used for the KPIs reported in the annual report are described in detail in the Alberta Innovates 2024–27 Business Plan Indicator Data Codebook. The codebook is available upon request by emailing pme@albertainnovates.ca.

Individual programs are designed with specific objectives based on the need that the program was developed to address. Program objectives may therefore focus on a specific aspect of the R&I continuum or within a specific sector, rather than extending across the continuum from discovery to use or being sector-agnostic. As such, each corporate goal and its associated objectives and KPIs may not be relevant or equally relevant to individual programs or services provided by Alberta Innovates.

Results

In alignment to the 2024–27 Business Plan, the following pages summarize Alberta Innovates' achievements in 2024–25 for each corporate goal and its objectives. Our performance for each KPI is compared to the target presented in our 2024–27 Business Plan. Actuals within 10 per cent of the target are considered as being 'on target'. The far-right column provides a visual representation of performance relative to target. A bullseye symbol indicates performance was "on target" and arrows

pointing up or down represent a variance more than 10 per cent above or below target, respectively. For targets that represent a minimal desirable threshold/value as represented by “greater than or equal to” (i.e., \geq), any actual that meets or exceeds that minimal value is also considered to be on target. Insights for results that were not on target are provided immediately below each table.

Key highlights achieved throughout the year are provided below the results table for each corporate goal. These highlights reflect progress in the five areas of significant economic opportunity outlined in the 2024–27 Business Plan – artificial intelligence, clean resource technologies, digital health, entrepreneurial ecosystem and smart agriculture – and demonstrate additional achievements beyond those reflected in these areas and the KPIs.

- **Artificial Intelligence** – We are building on our past successes in creating world-recognized capacity in Alberta by supporting further development and application across sectors.
- **Clean Resource Technologies** – We invest in R&I that transforms bitumen into non-combustion, value-added materials, and clean technologies that improve environmental sustainability and economic diversification.
- **Digital Health** – We are advancing digital health technologies to accelerate improvements in the quality and long-term sustainability of our health system and the health of Albertans.
- **Entrepreneurial Ecosystem** – We continue to support a growing entrepreneurial ecosystem in Alberta through the programs, networks and connections we provide to entrepreneurs and startups to commercialize their innovations and scale their businesses.
- **Smart Agriculture** – We lead smart agriculture R&I and address food security challenges through adoption of technology for significant impact in Alberta and beyond.

We also encourage you to explore the many other notable successes achieved by our clients and our organization over the past year as shared through news and stories on our website and YouTube channel, and checking us out on social media.

GOAL 1

RESEARCH & INNOVATION IS STIMULATED IN AREAS OF STRATEGIC IMPORTANCE BY INVESTMENTS IN PROGRAMS, SUPPORTS AND SERVICES.

| Objective | KPI | Baseline (Actuals 2020–21) | Actuals 2022–23 | Actuals 2023–24 | Target 2024–25 | Actual 2024–25 | Performance to Target ^a |
|--|--|----------------------------|------------------------|------------------------|------------------------|------------------------|------------------------------------|
| 1.1 Strategically invest in research & innovation that aim to benefit Alberta. | 1.1.1 \$ invested in areas of research, innovation and commercialization | \$153.3M | \$156M | \$156.9M ^b | \$154.9M | \$153.3M | 🎯 |
| | 1.1.2 # of clients supported through grant investments (excluding trainees) | n/a ^c | 976 | 998 | ≥970 | 1005 | 🎯 |
| | 1.1.3 Projected annual GHG emission reduction (Mt CO ₂ e) by 2030 by all completed and active projects | 17Mt CO ₂ e | 18Mt CO ₂ e | 21Mt CO ₂ e | 25Mt CO ₂ e | 25Mt CO ₂ e | 🎯 |
| 1.2 Support SMEs to develop and commercialize innovations. | 1.2.1 # of new hires (jobs) in Alberta in SMEs funded by Alberta Innovates | 2,460 | 5,709 | 4,522 | 3,250 | 4,496 | ↑ |
| | 1.2.2 % difference in year-over-year job growth for SMEs funded by Alberta Innovates, compared with all Alberta companies | 11.7% | 12.6% | -3% | ≥10% | 0.89% | ↓ |
| | 1.2.3 % difference in survival rate for SMEs funded by Alberta Innovates, compared with Canadian SMEs after 6 years | 28.8% | 27.4% | 24.7% | ≥25% | 27.5% | 🎯 |
| | 1.2.4 % difference in revenue-generating SMEs funded by Alberta Innovates that export, compared with all Alberta companies that export | 44.5% | 54.5% | 46.2% | ≥40% | 40.7% | 🎯 |

GOAL 1 (CONTINUED)

| Objective | KPI | Baseline (Actuals 2020–21) | Actuals 2022–23 | Actuals 2023–24 | Target 2024–25 | Actual 2024–25 | Performance to Target ^a |
|--|---|----------------------------|-----------------|-----------------|----------------|--------------------|------------------------------------|
| 1.3 Enhance Alberta's research and innovation system by providing expertise and supporting capacity development. | 1.3.1 # of clients supported through in-kind supports and services | n/a ^d | 4,374 | 7,649 | ≥4,200 | 10,665 | 🎯 |
| | 1.3.2 # of trainees supported to enhance the knowledge workforce in strategic areas | n/a ^c | 1,887 | 3,271 | ≥1,650 | 2,969 ^e | 🎯 |
| | 1.3.3 # new research studies submitted to Health Research Ethics Boards of Alberta (HREBA) to safeguard the rights and welfare of individuals volunteering to participate in research | 559 | 461 | 521 | 650 | 569 | ↓ |

^a A bullseye symbol indicates performance was "on target" and arrows pointing up or down represent a variance more than 10 % above or below target, respectively. When a target represents a minimal desirable threshold/value as represented by "greater than or equal to" (i.e., ≥), actuals that meet or exceed that minimal value is considered on target.

^b Adjustments made to reflect restated 2023-24 Financial Statements (see Note 3 in 2024-25 statements)

^c 2021–22 was baseline year for data capture given the change in methodology for people supported KPIs

^d 2021–22 was baseline year for data capture.

^e The number of trainees directly supported through Alberta Innovates funding are validated through our systems as unique counts; those supported indirectly through Alberta Innovates investments in other R&I activity, e.g., participation in research labs and or projects of funded researchers, are more difficult to validate and may reflect double-counting in some instances.

Variance to Target

1.2.1 and 1.2.2 – Variance in KPI results is partly due to changes in the Alberta Innovates Post-Investment Metrics Report cohort and response rates. The cohort composition shifts annually, as SMEs beyond five years post-funding are removed and new ones added. In 2024–25, the cohort included 42 fewer SMEs than the previous year (a ~7 per cent decrease), and the response rate declined slightly (71 per cent vs. 75 per cent).

SMEs in the 2024–25 cohort reported 26 fewer jobs than the prior year cohort, reflecting the smaller cohort size. For KPI 1.2.1 reported as a count, individual SME contributions can significantly influence results. For example, 16 SMEs (~3 per cent of the cohort) accounted for 47 per cent of total reported jobs (n=2,094), highlighting the impact of high performers on aggregate outcomes; in contrast, 50 SMEs in the cohort were no longer active and contributed to a reduction of 71 jobs in 2024. On average, the remaining SMEs (n=507) contributed 4.8 jobs in 2024.

Among SMEs present in both the 2023–24 and 2024–25 cohorts (n=417), number of jobs reported declined by 100 jobs year-over-year, contributing to a -2.2 per cent variance in the 1.2.2 KPI result for 2024–25.

1.3.3 – The number of new research studies submitted to HREBA in 2024–25 was below target due in part to delays in the opening of the Arthur J.E. Child Comprehensive Cancer Centre. The Centre was not fully operational until the end of October 2024. Additionally, challenges resulting in the delay of reporting on actuals from key HREBA contributors is also a factor that may impact the number of new research studies reported. With the delay in available data on confirmed actuals, the status of a research proposal may have changed at the time the actual counts are compiled for the Alberta Innovates Annual Report.

Highlights

Alberta Innovates helped grow Alberta's talent pool in current and emerging technology areas, ensuring that emerging talent was equipped with the necessary skills, experiences, and connections to drive Alberta's innovation ecosystem forward.

- Direct support was provided to nearly 750 students and trainees in 2024/25 at various stages of skill and career development. The High School Youth Researcher Summer (HYRS) program and Summer Research Studentship (SRS) program supported nearly 300 students with paid experiential learning opportunities at the intersection of health and emerging technology. Nearly 400 graduate

students focused on emerging technologies were awarded scholarships and 32 Postdoctoral Fellowships were provided to advance research and technology development with high potential for commercial use and/or adoption in the health system.

- Partnerships with the Natural Sciences and Engineering Research Council of Canada (NSERC), the Canadian Institutes of Health Research (CIHR), Pfizer, University of Calgary and NAIT supported training and skill development. The NSERC Alliance – Alberta Innovates Advance and Campus Alberta Small Business Engagement programs supported nearly 300 trainees in at least 15 emerging technologies, with 45 trainees participating in 14 Alberta-based academic-industry partnership projects. In health, 30 trainees developed important skills through the Clinical Trials Training Platform, 300 become eligible for certification in Good Clinical Practices through the Investigator Training program, and more than 30 NAIT health and life sciences trainees attended the Careers in Clinical Research workshop hosted by Alberta Innovates.
- With support from the Ecosystem Development Partnerships program, 110 trainees completed internships at nearly 80 technology-based SMEs in the province through Technology Alberta's TechBOOST initiative. This bolstered the skilled talent in the province's growing tech sector as 35 per cent of these placements led to full-time positions afterward.

Our suite of coaching, community and capital programs drove entrepreneurship and company growth in technology and knowledge-based SMEs.

- Working with 1,510 active clients in 2024–25 (including 519 new clients), 11 Technology Development Advisors (TDAs) provided senior level coaching and advisory services to Alberta-based SMEs throughout the province. TDAs also directly supported Regional Innovation Network (RIN) partners and other organizations in advancing regional innovation. As a result of TDA services, companies report faster progress of product development and commercialization, improved access to non-dilutive funding, improved readiness for private investment, and increased revenue. Impact was also seen in the post-secondary institutions with TDAs enabling quicker access for companies into institutions for testing and validation of innovations and use of applied research capabilities to accelerate commercial applications.
- With funding from Alberta Innovates, Regional Innovation Networks (RINs) provided 4,844 services

such as one-on-one advisory meetings, workshops and programs to over 2,100 clients around the province. RINs also reported that 186 new companies were formed/incorporated in the RIN regions in 2024–25.

- More than 70 high potential, high-growth SMEs with an identified product-market fit were supported through the Industry Associates program to build their in-house commercialization and research and development (R&D) capability.
- New resources were launched during the year to equip startups and entrepreneurs with essential tools for successfully accessing capital to grow and scale their business. The Capital Access Webinar Series, launched in November 2024, delivers live and recorded sessions to help participants learn more about topics such as determining investor fit, company value, and raising capital in Alberta. The Fundraising Journey Map – which has been downloaded nearly 250 times since launching in June 2024 – provides a step-by-step guide for early-stage startups looking to raise capital, specifically focusing on the pre-seed and seed stages.

Led by Alberta Innovates and with a consortium of partners, the *Alberta Scaleup and Growth Accelerator Program (Scaleup GAP)* funded five accelerators to provide growth-oriented companies with end-to-end business support services that help start-ups bring their products to market. Completing its three-year pilot in September 2024, the program supported 243 Alberta companies to attend a pre-accelerator and 63 Alberta companies to attend an accelerator in 2024–25 alone, with graduates raising \$13.2M in investments to date.

Several initiatives focused on increasing the adoption and use of emerging technologies in SMEs and industry, especially in areas aligned to the Alberta Technology and Innovation Strategy (ATIS) and the areas of significant economic opportunity highlighted in our 2024–27 Business Plan.

- The *Strategic Networking and Development (SND)* program upskilled Alberta’s workforce in emerging technology through 16 ecosystem collaboration/training projects that connected industry and academia and trainees to employers. The projects focused on emerging technology areas such as artificial intelligence and machine learning, quantum, robotics, and biotechnology.
- Through the funding of partnership-based projects between academia and industry, 15 Alberta SMEs received help in adopting or using emerging technologies, including in the areas of artificial intelligence & machine learning (AI/ML), advanced manufacturing and additive manufacturing,

advanced materials, automation (including robotics), communication and network services, and quantum technology.

- The \$5M investment in Amii in 2024–25 through Alberta Innovates enhanced Alberta’s global standing and presence in the AI/ML industry. The investment was used to support a total of 236 industry partnerships (163 being with industry partners within Alberta), enabled nearly 100 events between researchers and end users, and attracted over 300 international participants in workshops.

Amii Industry Partnerships

Canada – 53

Alberta – 163

United States – 14

International – 6

Scaleup GAP’s nearly 630 Pre-Accelerator and more than 215 Accelerator graduates generated over 280,000 new customers, created 510 new jobs, raised \$370 million in investment and had \$80 million in revenue growth. Additionally, nine companies have located to Alberta to set up their businesses.

Programs and supports focused on clean energy technologies made contributions to Alberta's lower-emission future.

- The Cleaner Hydrocarbon Production program continued to support technologies to reduce emissions and improve the competitiveness of hydrocarbon extraction.
 - > Ayrton Energy, a Calgary-based company, is developing a breakthrough Liquid Organic Hydrogen Carrier (LOHC) technology that enables safe, room-temperature hydrogen storage without high-pressure or cryogenic systems. With support from Alberta Innovates, they've progressed from benchtop testing to pilot-scale reactors and are preparing for field deployment—advancing scalable, clean hydrogen logistics with global potential.
 - > Diesel Tech Industries (DTI) is advancing hydrogen-diesel blending technology that can reduce emissions by up to 50 per cent and fuel use by 25 per cent, retrofitting existing vehicles for immediate impact. With support from Alberta Innovates, the project has achieved key milestones—including hydrogen tank installations, injector calibration across engine models, and 72 per cent fuel displacement at idle in waste vehicles.
- Alberta Innovates continued to invest in technology projects capable of creating additional value from the province's raw hydrocarbons.
 - > The four projects in Phase III of the Carbon Fibre Grand Challenge Conversion technologies made progress in advancing technologies that develop carbon fibre from bitumen feedstock. One team increased production to over 100 kg/day of carbon fibre feedstock at pilot scale, while another was negotiating a deal to supply nearly 10 tonnes annually to a major customer.
 - > Expertise at InnoTech was leveraged for a targeted project to improve the quality of carbon fibre feedstock. InnoTech successfully demonstrated the conditions required to create higher quality feed material for carbon fibre and moved on to the next steps: optimizing the feed material and the follow-on conversion to produce high performance carbon fibre.
 - > In partnership with Queen's University, a road pavement field trial was launched to compare Alberta bitumen asphalt binder with local supply in three US states. If successful, the results of the project will drive demand for Alberta bitumen advanced materials to international markets.
- The Hydrogen Centre of Excellence (HCOE) continued to support the decarbonizing of Alberta's energy system through its existing projects and the approval of 18 new projects including 11 technology development and 7 service capacity projects. To date, approximately 60 active or completed projects have been supported through its directed HCOE funding. The \$10 million in capital facilities funded by HCOE at InnoTech and C-FER were largely complete in 2024–25 and have attracted significant domestic and international interest. For example, C-FER generated \$3.9 million in revenue in 2024–25 with its HCOE facilities and secured an additional \$5.2 million in multi-year contracts with ecosystem clients and asset operators. C-FER also embarked on several first-of-kind industry testing protocols; the foresight and capital to build world class testing assets ensures that Alberta is at the centre of energy transformation when it comes to alternate energy carriers and sources.

On-going support was provided for agriculture and food innovation focused on greenhouse gas emissions (GHG) reduction, sustainable agriculture, and increased value-add food production, all with the intended outcomes of addressing food security through abundance, resiliency and profitability.

 - The 2024–25 fiscal year marked the closure of the Agri-Food & Bioindustrial Program (ABIP) to new applications. The program received 40 Expression of Interest applications, with seven moving to full proposal and three subsequently being approved for funding. Additionally, four proposals are under review.
 - Launched a cross-cutting effort to support technology-related agriculture companies with later-stage technologies access new markets. Seven applications for the TECH2FARMS call were received and in 2024–25, three projects were funded with a fourth currently under review. Projects were developed with partnerships between the agriculture company, a commercialization/investment partner, and a third-party technical expert.
 - Alberta Innovates is one of 18 organizations that comprise the Agriculture Funding Consortium (AFC), a one-window platform for funding agricultural research in Western Canada. In 2024–25, AFC received 140 Letters of Intent and invited 77 of these to submit full proposals. Alberta Innovates reviewed 20 of the full proposals and identified six projects for funding with a total of \$1.5 million paid to these projects in 2024–25. The total value of the projects is nearly \$4.5 million.

Programs were delivered to support the development of innovative solutions and essential knowledge in the environmental innovation.

- The Water Innovation Program supported 16 projects in 2024–25 in areas such as addressing municipal and industrial water treatment challenges and improving our understanding of Alberta’s water resources. The program concluded in July 2024 after supporting 88 projects from 2016–2024 aimed at ensuring safe drinking water, healthy aquatic ecosystems and reliable water supplies. With \$25 million invested and \$83 million leveraged, the program enabled 26 field pilots, developed 18 new products and services, and informed 15 policies and practices. It also supported 590 highly qualified personnel (HQPs), created 209 jobs and benefited over 35 research organizations with direct or indirect funding support.
- In May 2024, Alberta Innovates hosted the Water Innovation Forum to bring together a diverse group of water stakeholders from across the province. Considered as a catalyzing event for new collaborations, 93 per cent of surveyed participants said they will be reaching out to someone they connected with at the Forum.
- Twenty-four new environmental innovation projects were approved last year, advancing sustainable technologies and practices across Alberta. These support water treatment, environmental monitoring, ecosystem conservation, climate-resilient forestry and ecosystem recovery practices, and the development of future environmental leaders.

In 2024–25, Alberta Innovates funded nine new sustainable material projects to accelerate bioindustrial innovation and advance resource circularity in the province. These forward-looking initiatives are designed to create value from waste, foster cross-sector collaboration, and drive environmental, economic, and industrial resilience. The funded projects span a diverse range of technologies and applications, including: converting biomass into high-performance materials such as biocomposites, biopolymers, and bio-based membranes); advancing recycling and upcycling technologies, including pyrolysis for plastic recycling and repurposing asphalt shingles; demonstrating green construction solutions through real-world pilot projects; developing a machine-learning-enabled device to support sustainable bioenergy co-processing in refinery operations. Together, these projects are positioning Alberta as a leader in sustainable materials innovation, contributing to a low-carbon circular economy.

To stimulate digital health innovation in the province, Alberta Innovates focused on accelerating the client journey for health innovators through the continued delivery and expansion of targeted programs. These efforts supported the development, validation and adoption of transformative health technologies across the province.

- Launched in May 2024, the ADHERE/IDEATE program offers tailored guidance on commercialization, regulation, and user readiness to help SMEs bring digital health innovations to market. In its first year, the program supported 24 SMEs to de-risk and improve their offerings through real-world insights gathered from 280 product testers and four underserved communities, enabling 18 of the SMEs to launch production validation studies that will help shape more inclusive and adoption-ready solutions.
- Helping innovators move from concept to adoption, the Accelerating Innovations into CarE (AICE) suite of programs supported 28 new projects in 2024–25 and completed 29 others. The completed projects generated 12+ proof of concept prototypes, 11 validated health technologies and eight market-ready products – generating more than \$33 million in private follow-on investment and one Canadian acquisition.
- LevMax-Health provided \$6.9 million in 2024–25 to support 13 new academic-led digital health initiatives and continued to advance 16 prior projects focused on research and health system transformation.
- Alberta Innovates Digital4Health (D4H) program is designed to respond to provincial health and wellness priorities. D4H provides an opportunity to address priority health system challenges through the implementation and real-world testing of promising digital health solutions that deliver health and economic value in Alberta. The D4H program’s ‘Disrupting Benefits Challenge’ saw two funded projects deploy Canadian digital health technology solutions through participating Alberta Blue Cross Plan sponsors to support the prevention and management of chronic disease.

The Digital Health Sandbox provides Alberta-based SMEs with a simulated environment to co-develop and test digital health solutions alongside health system providers. This platform enhances interoperability, supports secure regulation-compliant data sharing aligned with real-world workflows, and improves data access while mitigating privacy and security risks. This will help Alberta build a more connected, efficient and patient-centered health system.

The AI-Better Health program drives data-enabled innovation by advancing the responsible use of artificial intelligence (AI) to improve health outcomes and system performance. In 2024–25, 12 projects were approved for funding, bringing together data custodians, healthcare providers, the Office of the Privacy Commissioner, and other key stakeholders to identify and address barriers to the adoption of AI technologies within Alberta’s healthcare system. By fostering partnerships and evidence-based innovation, AI-Better Health will help unlock the potential for AI to deliver smarter, more efficient and patient-centered care in Alberta.

Hosted by Alberta Innovates, the Health Research Ethics Board of Alberta (HREBA) continued to safeguard the rights and welfare of volunteers in medical studies by reviewing nearly 5,000 active submissions for adherence to ethical conduct of research. This included the approval of nearly 600 new research projects which represents an important opportunity for Albertans to access novel treatments before widespread availability, potentially improving health outcomes and quality of life.

GOAL 2

APPLIED RESEARCH, DEVELOPMENT AND ENGINEERING SERVICES ARE PROVIDED THAT VALIDATE, TEST AND TRANSLATE INNOVATION INTO REAL-WORLD USE.

| Objective | KPI | Baseline (Actuals 2020–21) | Actuals 2022–23 | Actuals 2023–24 | Target 2024–25 | Actual 2024–25 | Performance to Target ^a |
|---|--|----------------------------|-----------------|-----------------|----------------|--------------------|------------------------------------|
| 2.1 Increase proportion of revenue generated by InnoTech and C-FER from sources other than Government of Alberta | 2.1.1 % increase in revenue generated by InnoTech and C-FER from sources other than Government of Alberta | n/a | 8.9% | 1.5% | 3.7% | -1.0% ^b | ↓ |
| 2.2 Optimize use of InnoTech and C-FER resources. | 2.2.1 % of capacity utilized to enhance and provide the delivery of services to clients (effective utilization) – InnoTech ^c | 76% | 82.3% | 82.2% | 75-80% | 73.1% | 🎯 |
| | 2.2.2 % of capacity utilized to provide the delivery of services to clients (effective utilization) – C-FER ^c | ^c | 29.3% | 27% | 30.7% | 29.3% | 🎯 |
| 2.3 Leverage partner relationships and funding to advance technology development in Alberta. | 2.3.1 \$ (client revenue leveraged for each \$1 of internal investment by InnoTech ^d) | \$6.81 | \$4.29 | \$4.01 | \$4.10 | \$4.06 | 🎯 |
| | 2.3.2 \$ (external non-GOA) client revenue leveraged for InnoTech's growth focus areas ^e for each \$1 of internal investment in these new areas ^d | \$0.90 | \$0.74 | \$0.77 | ≥\$0.50 | \$0.65 | 🎯 |
| | 2.3.3 \$ (external non-GOA) client revenue leveraged for InnoTech's core areas ^e for each \$1 of internal investment to maintain or advance those areas ^d | \$4.90 | \$5.04 | \$4.63 | ≥\$2.50 | \$4.59 | 🎯 |

GOAL 2 (CONTINUED)

| Objective | KPI | Baseline (Actuals 2020–21) | Actuals 2022–23 | Actuals 2023–24 | Target 2024–25 | Actual 2024–25 | Performance to Target ^a |
|--|---|----------------------------|-----------------|-----------------|----------------|----------------|------------------------------------|
| 2.4 Transition technologies and products to market through our applied R&D expertise and services. | 2.4.1 Advancement of InnoTech-supported technologies along Technology Readiness Levels | 1.5 levels | 1.9 levels | 1.5 levels | 1.5 levels | 1.9 levels | ↑ |
| | 2.4.2 GDP impacts resulting from InnoTech-supported advancement of technologies, products, processes, job creation or maintenance | \$818M | \$805M | \$828M | \$750–850M | \$758M | 🎯 |

^a A bullseye symbol indicates performance was “on target” and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively. When a target represents a minimal desirable threshold/value as represented by “greater than or equal to” (i.e., ≥), any actual that meets or exceeds that minimal value is considered to be on target.

^b The methodology for this KPI was revised since the 2024-27 Business Plan to reflect year-over-year (incremental) revenue growth within our subsidiaries from non-Government of Alberta sources. This better conveys our priority of attracting higher non-GOA revenue year-over-year as compared to the previous methodology of using a static baseline (\$38.1 M in 2020-21) when calculating annual revenue growth.

^c Methodology varies between C-FER and InnoTech when calculating utilization rates. C-FER measures utilization as ‘Percentage of time staff are spending on billable projects’ while InnoTech measures utilization as ‘Percentage of time staff are spending on billable projects, business development, or operations and maintenance activities. Notes: 2022-23 is baseline year for data capture for C-FER; in practice, an effective utilization rate of 100 per cent is typically not feasible due to factors such as training, breaks and unexpected issues (e.g., maintenance).

^d The actuals for 2022-23 as reported in the 2024-27 Business Plan were subsequently updated to account for a revision in the methodology used for the KPIs. The revision, which is reflected in the actuals for 2022-23 in both the 2023-24 and 2024-25 Annual Reports, was implemented to align the inclusion and exclusion criteria of the KPIs with other related KPIs.

^e InnoTech’s Growth Focus Areas: Investment in capabilities and capacity required to develop new services to support Alberta’s innovation ecosystem where market demand is still nascent. InnoTech’s Core Service Areas: InnoTech’s existing mature services offerings generating the high external revenue from private and public sector clients.

Variance to Target

2.1.1 – Revenue from sources outside the Government of Alberta experienced a slight decline this fiscal year and remained below the 2024–25 target, largely due to the timing of contracted projects and external market conditions.

2.4.1 – The positive variance in TRL Advancement is attributable to InnoTech’s pivotal role in bridging the gap between laboratory validation and pilot-scale demonstration, underscoring its capacity to drive innovation from concept to real-world application. InnoTech’s strategic investments across key innovation areas—including Energy & Mineral, Agricultural & Biotechnologies, Clean Technologies, and Emerging Technologies – accelerated progress toward technological maturity and readiness for field deployment.

Highlights

To support the transition to a low-carbon energy future, C-FER established full-scale testing capabilities for hydrogen environments with support from the Hydrogen Centre of Excellence (HCOE) and matching investment from partners. These advanced testing assets and C-FER internal expertise are enabling real-world evaluation of hydrogen infrastructure safety and performance for clients and collaborators around the world.

- C-FER completed two full-scale tests of threaded connections for underground hydrogen storage wells for a client in Japan and conducted a full-scale test of a pipe with corrosion defects in a hydrogen sulfide environment for an American-based client.
- Two major testing programs began in 2024–25 to assess pipeline compatibility with hydrogen. One is evaluating pipe materials for European underground

hydrogen storage using small-scale coupon tests in hydrogen and hydrogen sulfide. The other, led by the United States based Emerging Fuels Institute with global pipeline operators, is focused on the large-scale testing of pipeline defects to determine the feasibility of converting natural gas pipelines to hydrogen service.

- In partnership with a Canadian pipeline operator, C-FER is conducting large-scale testing of leak detection systems for hydrogen-natural gas blends. This is critical for ensuring safety and operational reliability in future low-carbon fuel networks.

In 2024–25, InnoTech advanced its role as a hub for advanced manufacturing and materials development in Alberta by expanding its client base by convening new and existing industry partners to address challenges related to innovative component design, novel materials and advanced manufacturing processes.

- The *Building with Biofibre initiative* is delivering impactful results in Alberta's green construction sector. Funded projects are advancing the industrialization of construction by integrating artificial intelligence, robotics, and automation to enhance prefabrication and streamline the production of building components. These technologies improve design efficiency, accelerate productivity, reduce waste, address labor shortages, and improve safety while addressing key challenges such as housing affordability, carbon reduction and energy-efficient retrofits.
- In partnership with the University of Alberta, the initial launch of the *Alberta Advanced Manufacturing International Hub (AbAM-IH)* in November 2024 is empowering local industry and establishing global manufacturing collaboration. ABAM-IH brings together research providers, industry, and end-users to advance manufacturing research, technology development and workforce training in Alberta, leveraging partnerships with similar hubs in Australia, Germany, Italy and the United Kingdom.
- InnoTech continued to lead the *Materials and Reliability in Oil Sands (MARIOS)* research consortium that connects 49 manufacturing and supplier companies with Alberta's oil sand operators to help the companies de-risk and deploy technologies. This improves mining equipment reliability and, in turn, overall mine efficiency and productivity.
- Strengthened advanced manufacturing in the province through the renewal of a 5-year collaboration agreement with the University of Alberta that aligns efforts in manufacturing

innovation by sharing equipment, training opportunities and jointly delivering projects.

- Lowered adoption barriers for additive manufactured component in pressure and non-pressure applications by developing material requirements and aligning new technologies with industry standards and safety frameworks. This included developing Alberta's first guideline for using additive manufactured parts in pressure applications through collaboration with Advanced Manufacturing and Fabrication Initiative (AMFI), Next Generation Manufacturing Canada, and the Industrial Research Assistance Program for the Alberta Boilers Safety Association

Approval in principle was received from Defense Research and Development Canada to begin full-scale CO₂ testing in Summer 2026 at Canadian Forces Base (CFB) Suffield in southeast Alberta. With that approval, C-FER initiated work on the development of a joint industry project with international pipe manufacturers and pipeline operators (in progress) and submitted grant applications to various provincial and national funders to support the same. Because CO₂ pipelines are complex and industry experience is limited, field-scale testing is needed to confirm engineering models and support safe pipeline design. Results from the testing at CFB Suffield will inform updates to the CSA Z662 pipeline standard to address CO₂-specific requirements.

C-FER successfully utilized all HCOE and PrairiesCan grant funding as planned to advance industry-led hydrogen transportation and underground storage projects. Additionally, projects with groups such as Emerging Fuels Institute, ATCO, Total Containment, Enbridge, and TC Energy leveraged C-FER's upgraded hydrogen testing capabilities and expert staff, demonstrating expanded use of new assets to support industry innovation.

InnoTech advanced low-emission technologies and strengthened Alberta's position as a global hub for carbon capture and hydrogen innovation by reducing barriers to technology scale-up.

- The Amine Intensification Project was launched with \$5 million in funding from two oil sands operators, Natural Resources Canada (NRCAN) and Alberta Innovates.
- Expanded capacity at the Alberta Carbon Conversion Technology Centre to accommodate increasing demand for de-risking and demonstration facilities for carbon capture and utilization technologies.

- Licensed a Dry Methane Reforming Catalyst developed by InnoTech to two Canadian SMEs to support their proprietary carbon utilization technologies for producing industrial commodities and fuels.
- Creation of the Catalyst, Sorbent, and Carbon Materials Characterization lab to enable the characterization of proprietary materials to understand their potential uses which will support advanced materials development for carbon capture, utilization, and storage as well as methane decarbonization.

InnoTech expanded the potential applications of other Bitumen Advanced Materials (BAM) by progressing Alberta's ability to convert the low-value component of bitumen (asphaltenes) into higher value materials like carbon fibre – something others have not pursued. Instead, existing carbon fibre production processes use more expensive polymer rather than such low-value materials.

- Facility renovations were initiated to create Alberta's first Carbon Fibre Pilot Spinning Line, targeting production rates of one to two kilograms per day (compared to grams per day in a lab scale) from feedstock derived from bitumen. With capital support from Prairies Economic Development Canada, the facility is on track with commissioning scheduled for Fall 2025.
- A key technical milestone that validates the feasibility of scaling asphaltene derived from bitumen into carbon fibre was achieved by successfully stabilizing and carbonizing spun green filaments, achieving tensile strengths up to 1500 MPa, modulus of 300 GPa.
- Conducted industry engagement to define pilot-scale requirements needed to adequately de-risk asphalt binder technologies (used to bind sand, gravel, and crushed stone) in a future facility.

C-FER supported small innovators in the geothermal sector by leveraging its technical expertise to improve both technical and market readiness of emerging technologies. This included contributing to the feasibility study and operational planning of the proposed Alberta Drilling Accelerator to help reduce geothermal drilling costs and ensure long-term efficiency. C-FER organized a geothermal integrity workshop and delivered training in Taiwan, highlighting Alberta's supply chain capabilities. Additionally, C-FER had a key role in knowledge exchange and collaboration as a member of the SPE Geothermal Forum organizing committee.

One way to turn CO₂ emissions into value-added products is by combining them with hydrogen to produce syngas, a key input for many chemical processes. To support this, InnoTech adapted its fuel-cell technology to develop a Dry Methane Reforming Catalyst that extracts hydrogen from Alberta's natural gas, enabling efficient syngas production and creating an economic opportunity for Alberta.

To support Alberta's growing hydrogen industry, new, state-of-the-art facilities are now operational at InnoTech that enhance Alberta's ability to develop, validate and scale hydrogen technologies. Enabled through the HCOE, these facilities address key technical gaps in hydrogen production, transport, storage and enduses and include a Hydrogen Quality Centre, a Proton Exchange Membrane Electrolyser, a Thermal Desorption Mass Spectrometer and a Physisorption/Chemisorption Instrument.

Expanded C-FER's engagement with industry clients to identify and deliver high-impact technology solutions, leveraging relationships that include the Technical Advisory Committee.

- Completed a 3-year AI-driven pilot project at an Alberta pulp mill that optimized real-time control of operation conditions to enhance product quality, reduce energy use, and improve resource efficiency. This innovation supports cost reduction and enhances global competitiveness in the Alberta forestry and pulp mill industry.
- Developed the Solution Cathode Glow Discharge technology for continuous, online elemental monitoring of industrial process waste from in-situ facilities, enabling real-time process optimization, cost savings and emissions reduction. The deployment and operation of this technology at an Alberta facility stands as the world's first use of a multi-element analyzer for industrial process control.

Accelerated the development and deployment of innovative oil sands technologies by aligning research and development (R&D) efforts with industry priorities and advancing field-ready solutions.

- C-FER completed development of a warm Dimethyl Ether (DME) recovery process for in-situ bitumen extraction, demonstrating technical feasibility and generating key intellectual property to enable field testing and future deployment. When commercialized, it is anticipated that

this technology will match SAGD's economic performance while reducing direct GHG emissions and total water use by 86 per cent and 79 per cent, respectively.

- Several industry-prioritized innovations were advanced by C-FER, including testing downhole devices to improve non-condensable gas management and pump performance in SAGD wells, technologies to detect thermal well cement cracks, and next-generation flow control devices to improve steam utilization and production efficiency.

InnoTech completed a 3-year pilot project leveraging its expertise and capability in data science to improve process efficiency of pulp production at an Alberta pulp mill. This project used artificial intelligence to enable real-time control of operating conditions to produce high quality products while minimizing energy consumption.

"Innovation in manufacturing is highly competitive, particularly in emerging technologies. Through AMFI and our relationship with InnoTech Alberta, we have had the opportunity to openly collaborate with technical experts in the field in a safe, confidential space."

Victoria Campagna – Fusions Industrial Laser Services

GOAL 3

ALBERTA'S R&I SYSTEM IS STRENGTHENED THROUGH OUR STRATEGIC PARTNERSHIPS AND COLLABORATIONS.

| Objective | KPI | Baseline (Actuals 2020–21) | Actuals 2022–23 | Actuals 2023–24 | Target 2024–25 | Actual 2024–25 | Performance to Target ^a |
|---|---|----------------------------|-----------------|-----------------|----------------|----------------|------------------------------------|
| 3.1 Leverage partner relationships and funding to support the R&I system in Alberta | 3.1.1 \$ attracted to Alberta Innovates from external sources | \$43.5M ^b | \$51.6M | \$54.3M | \$48.1M | \$51.6M | 🎯 |

^a A bullseye symbol indicates performance was “on target” and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively. When a target represents a minimal desirable threshold/value as represented by “greater than or equal to” (i.e., \geq), any actual that meets or exceeds that minimal value is considered to be on target.

^b Targets and actuals are aligned to the combined amounts for (i) federal government transfers, (ii) external revenue and industry funding, and (iii) investment income on the most recent Consolidated Statement of Operations.

Highlights

Strengthened Alberta’s research and innovation (R&I) ecosystem through strategic partnerships that advanced investment, commercialization and cross-sector collaboration across priority sectors.

- Ongoing engagement with Emission Reduction Alberta included co-hosting the inaugural Bio-Energy Carbon Capture and Storage Summit in Fall 2024 and presenting methane emissions case studies to the Alberta Energy Regulator to inform technology effectiveness and future programming opportunities.
- In 2024–25, a partnership with the physician-based angel investment group HaloHealth supported the recruitment and training of eight Alberta physicians as health technology investors, bringing the total to 20 new investors.
- Developed a one-government window for hydrogen and received input into the Hydrogen Road Map Working through collaboration with the Government of Alberta.
- Focused on accelerating the development and commercialization of technologies for healthy aging, co-development of the AICE-Tech for Health Aging priority call was achieved through a partnership with the Canadian network AGE-WELL. It also resulted in matched funding for one Alberta-based project.
- Real-world health system innovations were explored and tested through continued engagement with community partners and stakeholders, including the Alberta Blue Cross and Glenrose Hospital Foundation.

- The collaboration with Results Driven Agriculture Research (RDAR) was extended for an additional year.

Expanded and maintained strategic partnerships with provincial and national funders to unlock investment, support innovation, and strengthen Alberta’s R&I ecosystem in areas of strategic opportunity.

- Accelerated access to capital through co-funded initiatives with Prairies Economic Development Canada (PrairiesCan) and others:
 - > InterGen provided custom programming for Alberta scaleups, hosting 17 events for scaleups and investors that attracted nearly 1,000 attendees. An angel investment workshop for women and an investment readiness workshop to empower companies with fundraising skills were also offered.
 - > Startup TNT recruited 110 companies into five investment summits, with 24 participating companies raising more than \$3 million. Nearly 150 new investors were also recruited.
 - > The partnership with PrairiesCan for the Scaleup GAP program was extended, with an additional \$1.2 million in support for 2025–26.
- Strengthened R&I networks:
 - > Maintained strategic collaboration with Natural Sciences and Engineering Council (NSERC) to support the Campus Alberta Small Business Engagement and Advance programs, generating high-quality research in Alberta in emerging technology areas such as quantum and AI/ML.

- > Continued as a member of the 18-partner Agriculture Funding Consortium, a one-window platform for funding agricultural research in Western Canada amongst producer groups, industry organization and funders across the food system.
- Supported cross-sector innovation with government and federal partners:
 - > Co-invested with PrairiesCan to fund two watershed modeling projects.
 - > Actively collaborated with NRC-IRAP, MITACS, PrairiesCan and other federal, provincial, and municipal organizations to deliver to support to companies through Alberta's eight RINs, with many of the partner organizations sitting as ex officio members in the RINs.

Strengthened Alberta's clinical health research capacity by enhancing ethics processes, modernizing data systems and building national and global partnerships to attract clinical trials and investment.

- Research ethics processes were enhanced through collaboration with Research Ethics Boards (REBs) and stakeholders and adoption of the ARECCI ethics tool by key organizations, including the Health Quality Council of Alberta, the British Columbia Interior Health Region and the O-Day-min Primary Care Network in Edmonton.
- Clinical Trails Alberta (formerly the Alberta Clinical Research Consortium) hosted its first *BioPartners* meeting, where new partnerships with global pharmaceutical and biotech companies were fostered, positioning Alberta as an attractive destination for clinical trials and research investment.
- The Alberta Strategy for Patient Oriented Research Support Unit (AbSPORU) continued to support the modernization of data infrastructure through its cloud transition (Snowflake), standardized clinical data definitions and improved access to Connect Care data. AbSPORU also continued to reduce data provisioning times, with an average reduction of nearly one and half weeks since 2023–24.
- To expand Alberta's capacity to support responsible technology development, Alberta Innovates partnered with Networks of Networks (N2), AbSPORU, and the University of Alberta to deliver training on ethics, patient-reported outcome measures, and digital health innovation. Additionally, over 150 individuals participated in public-facing training and outreach sessions on ethical innovation.

Enhanced Clean Resources programming through strategic industry collaborations, expanded ecosystem

partnerships, and targeted initiatives in emissions reduction, energy systems, and water innovation.

- Strengthened ecosystem alignment on methane emissions reduction.
 - > Initiated the *Methane Emissions Technology Solutions (METS)* collaboration with ecosystem leaders from Clean Resource Innovation Network (CRIN), Emissions Reduction Alberta (ERA), Petroleum Technology Alliance of Canada (PTAC), academia and industry representatives to coordinate funding, R&I and knowledge gaps.
 - > Contributed expertise to Alberta's Methane Engagement Sessions to inform policy and regulatory considerations, leveraging knowledge from Alberta Innovates' Canadian Emissions Reduction Innovation Network (CERIN).
- Re-ignited interest in the Alberta Smart Grid Consortium (ASGC) to collaboratively advance technology development in the provincial electricity distribution systems, including mapping the aspirations of the ASGC and initiating a rural electrification study with distribution facility owners.
- Helped advance clean tech companies through participation in the Creative Destruction Lab's (CDL-Rockies) Energy Stream, providing expertise to evaluate and guide emerging SME technology developers.
- Strengthened oil sands innovation by adding three new major producers as oil sands sample suppliers for the Carbon Fibre program.
- In partnership with EPCOR, long-term support was secured for the newly created Water Research Centre at the University of Alberta. Supporting interdisciplinary R&I spanning all areas of the water sector, the Centre provides students, water professionals and specialists with opportunities for training, network development and access to research funding.

Alberta Innovates fostered a thriving digital health ecosystem in the province through continued co-funding with PrairiesCan for the *Alberta Digital Health Evaluation Resource Ecosystem (ADHERE)* and its *Innovative Digital Engagement and Tech Evaluation (IDEATE)* platform. The platform connects health technology developers with testers and investors to co-create and validate digital health solutions. Interest from Ontario and Prince Edward Island has prompted early discussions toward potential interprovincial collaborations, extending Alberta's leadership in digital health innovation.

Pursued joint industry projects addressing issues of high interest to industry clients, leveraging the expertise of C-FER and InnoTech and generating economic value.

- Launched a joint industry with eight companies and the HCOE to explore markets for elemental carbon produced during methane pyrolysis to create hydrogen, improving hydrogen production economics and creating demand for Alberta methane.
- Completed a \$2.8 million, 11-member joint industry project evaluating alternative barrier/sealant materials to reduce well intervention costs and improve remediation of leaking wells.
- Launched a two-and-a-half-year project with Canadian Nuclear Laboratories to develop guidelines for the use of advanced and additive manufacturing techniques within Canada’s nuclear regulatory framework.
- Launched Phase 3 of the Stress Corrosion Cracking of Carbon Steel joint industry project with five oil sands companies to identify root causes of external cracking in above-ground pipelines and pressure vessels insulated with mineral wool.
- Continued support for oil sands optimization through a project involving five major oil sands producers and three major electric submersible pump vendors to manage non-condensable gas injection operational efficiencies and reduce emissions.

C-FER became a founding board member of the Canadian Hydrogen Safety Centre with Canada Nuclear Laboratories, supporting safe hydrogen adoption across industries and expanding its use beyond the established hydrogen industry.

C-FER advanced its collaborations with Canadian and international research organizations to drive innovation, leverage funding, and increase industry exposure. Key activities included launching a joint project with Sandia National Laboratories to assess legacy pipeline performance under hydrogen conditions, submitting a proposal with GTI Energy and ENSCO on hydrogen jet fire testing, and supporting Canadian Nuclear Laboratories in establishing the Canadian Hydrogen Safety Centre—demonstrating C-FER’s growing role in national and global research networks.

GOAL 4

ROBUST STAKEHOLDER CONNECTIVITY EXISTS ACROSS ALBERTA'S INNOVATION SYSTEM.

| Objective | KPI | Baseline (Actuals 2020–21) | Actuals 2022–23 | Actuals 2023–24 | Target 2024–25 | Actual 2024–25 | Performance to Target ^a |
|---|--|----------------------------|-----------------|-----------------|----------------|----------------|------------------------------------|
| 4.1 Provide opportunities to strengthen the innovation journey by bringing together entrepreneurs, investors, researchers and global thought leaders. | 4.1.1 # of local, national and international participants attending Inventures | ^b | 3,056 | 3,096 | 4,000 | 3,521 | ↓ |
| | 4.1.2 Total dollar value of business carried out at Inventures\$ | ^c | n/a | \$164-256M | \$270M | \$150M | ↓ |
| | 4.1.3 Followers across Alberta Innovates' social mediachannels (incl. InnoTechAlberta and C-FER) | ^c | 56,349 | 75,571 | 70,000 | 84,719 | ↑ |
| | 4.1.4 # of new users of Alberta Innovates websites(including InnoTech Alberta) | ^c | 222,542 | 281,130 | 225,000 | 323,394 | ↑ |
| 4.2 Build increased recognition and support for Alberta Innovates' value in the provincial R&I system | 4.2.1 % of Albertans aware of Alberta Innovates | 59% | 54% | 59% | ≥54% | 63% | 🎯 |

^a A bullseye symbol indicates performance was "on target" and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively. When a target represents a minimal desirable threshold/value as represented by "greater than or equal to" (i.e., ≥), any actual that meets or exceeds that minimal value is considered to be on target.

^b Inventures was not held in 2020 or 2021, so 2022-23 is baseline year for data capture.

^c 2023–24 is baseline for data capture.

Variance to Target

4.1.1 – We did not meet our stretch goal of 4,000 attendees for Inventures 2024, due to a highly competitive events landscape in May, both within Alberta and across Canada.

4.1.2 – According to PwC, volatility in deal flow year-to-year can be expected, and two factors likely contributed to the decrease in reported business transactions for 2024: less favourable macroeconomic conditions with a drop off in venture capital and

private equity markets including in Alberta in Q1 2024 compared with 2023; and higher interest rates in 2024 relative to 2023 raised the cost of capital and may have delayed dealmaking beyond the survey period.

4.1.3 & 4.1.4 – During this fiscal year Alberta Innovates focused on increasing traffic to its website and increasing engagement specifically on its LinkedIn social media account. This was done through re-examining content and repositioning it to increase engagement and to respond to audience feedback. Website improvements were made to streamline and

improve content. Combined with campaigns built around specific events, public interest in Inventures and interest in leadership changes in the organization, the metrics exceeded the target goals.

Highlights

Alberta Innovates continued to strengthen Alberta's innovation ecosystem through targeted programs and strategic partnerships. Initiatives such as the Ecosystem Development Partnership (EDP) Program and Regional Innovation Networks (RINs) enabled innovators and entrepreneurs to advance technologies from concept to commercialization.

- 41 projects supported through EDP included collaborative initiatives with ecosystem organizations that provided direct assistance to over 60 health technology clients, offering services ranging from medical device prototyping to market-fit validation. Highlights include:
 - > The Digital Health Innovation Academy, led by Brightsquid Communications Corp. in partnership with CGI Inc., delivered five instructor-led modules to 13 Alberta-based companies. Participating firms conducted privacy assessments and improved audit-readiness in compliance with Alberta's Health Information Act.
 - > NeurAlbertaTech expanded its national footprint – spanning Edmonton, Calgary, Lethbridge, and Montreal – and hosted its annual hackathon with 11 Problem Providers, linking innovators to real-world challenges in health technology.
 - > Quantum City has advanced two use case development projects, which engage Alberta quantum talent and industry, to explore quantum solutions – one in energy, focusing on Smart Grid EV charging, and one in drug discovery. Planning is underway for the next Quantum City Challenge with confirmed industry partnerships.
 - > The Energy Futures Lab progressed its Alberta Energy Futures initiative, helping to shape a secure, reliable, and low-carbon electricity grid.
 - > A partnership with New Harvest Canada was launched to bolster Alberta's biomanufacturing and cellular agriculture ecosystem, supported jointly with PrairiesCan.
- RINs continued to grow their provincial reach, with over 172 organizations actively involved in governance and projects, and 300+ agencies identifying as members, including not-for-profit, profit, municipal, provincial, and federal agencies. RINs collectively leveraged over \$20 million in additional funding from municipal, provincial

and federal partners to complement the Alberta Innovates funding.

- > RIN Partners include organizations such as Calgary Technologies Inc., Edmonton Unlimited, Prairies Can, NSERC, NRC-IRAP, Business Link, Startup Lloydminster, Wood Buffalo Economic Development Corporation, Community Futures, City of Grande Prairie, Economic Development Lethbridge in addition to many Post-Secondary institutions and Economic Development agencies around the Province.

Inventures 2024 brought together venture capitalists, angel investors, startups, entrepreneurs and thought leaders in Calgary for three days. The event provided opportunities for attendees to share the latest in research and innovation and provided a platform for capital access and deal making. Over the three days, it welcomed over 3,500 attendees from 33 countries, generating over \$150 million in business activity and an estimated \$2.4 million in tourism spend and \$3.7 million in local economic impact.

- The event featured 400+ speakers across 200 sessions with two global innovation challenges concluding at the event:
 - > The Climate Challenge, led with SVG Thrive, highlighted ag-energy solutions. Rimrock Renewables and SolarSteam Inc. – both Alberta-based – took home top honours.
 - > The Energy Innovation Challenge, run with Plug and Play, spotlighted AI-driven energy solutions. Verano AI was awarded \$10,000 and access to international investment and mentorship.

Alberta Innovates expanded its global presence, stakeholder connectivity, and leadership position in digital health by sponsoring and attending major international events:

- MaRS Health Impact: Alberta led a delegation of six companies and three partners; 55 per cent of participants reported likely collaboration outcomes.
- MedTech Conference: Hosted a pavilion with 35 ecosystem partners and attracted over 200 visitors.
- Alberta BioPartners, hosted by Alberta Innovates, brought together 195 attendees, including 18 multinational pharma companies, to promote Alberta's clinical trial ecosystem.
- Shared Alberta's clinical research capabilities with Innovative Medicines Canada, whose members collectively invest \$1.4 billion annually in R&D.

InnoTech Alberta and C-FER strengthened Alberta's global reputation and built international awareness of the expertise offered by Alberta Innovates in 2024:

- C-FER presented 11 technical papers and contributed to seven international conferences,

including organizing Taiwan's first geothermal workshop.

- Strategic collaborations continued with Edmonton Global, Global Affairs Canada, and others to attract international clients and promote Alberta's R&D capabilities.
- Alberta Innovates launched the Methane Emissions Technology Solutions (METS) consortium to align innovation efforts across sectors. The organization also supported three panels with PTAC at the Methane Leadership Summit and participation in the TERE collaboration to fast-track emissions-reducing technologies.

Leveraging the expertise of Alberta Innovates, C-FER and InnoTech, and initiatives such as the Hydrogen Centre of Excellence (HCOE), the organization explored opportunities to leverage hydrogen technologies and other non-technology related hydrogen initiatives. This included:

- Serving 11 companies on topics related to methane pyrolysis, hydrogen storage using a liquid organic hydrogen carrier, and using hydrogen in home appliances. In addition, projects improved hydrogen fuel quality testing, developed hydrogen isotope fingerprinting techniques for production method verification, and standardized characterization tests.
- Drafting of a new Canadian hydrogen production safety standard, led by InnoTech.
- Supporting initiatives such as the 5000 Vehicle Challenge, Energy Transition Centre, and Energy Connections Canada, focusing on accelerating hydrogen deployment and cleantech investment.
- Holding key advisory roles on Hydrogen Hub steering committees across Edmonton, Calgary, and Grande Prairie.

GOAL 5

VALUE FOR OUR ORGANIZATION AND CLIENTS IS CREATED WITH FUTURE-FOCUSED BUSINESS PRACTICES AND CONTINUOUS IMPROVEMENTS IN OPERATIONAL EXCELLENCE.

| Objective | KPI | Baseline (Actuals 2020–21) | Actuals 2022–23 | Actuals 2023–24 | Target 2024–25 | Actual 2024–25 | Performance to Target ^a |
|---|--|----------------------------|-----------------|-----------------|---------------------|--------------------|------------------------------------|
| 5.1 Build a future- focused organization grounded in continuous improvement | 5.1.1 Cumulative % reduction in client requirements for accessing Alberta Innovates programs and services (Red Tape Reduction) | 30.6% | 72.6% | 73.7% | ≥60% | 72.9% | 🎯 |
| | 5.1.2 % of clients with a positive client experience | 94% | 86% | 89% | ≥90% | 92.8% ^d | 🎯 |
| 5.2 Promote a culture that attracts, engages and retains top talent. | 5.2.2 Overall employee engagement rating on biennial survey | 69% | ^b | 66% | 72% | ^b | – |
| 5.3 Develop equity, diversity and inclusion (EDI) framework for the organization to drive lasting change. | 5.3.1 % of applicants who identify as a member of a visible minority | 36% | 44% | 42% | ≥27.8% ^c | 42% | 🎯 |

^a A bullseye symbol indicates performance was “on target” and arrows pointing up or down represent a variance more than 10 per cent above or below target, respectively. When a target represents a minimal desirable threshold/value as represented by “greater than or equal to” (i.e., ≥), any actual that meets or exceeds that minimal value is considered to be on target.

^b Data collected in Q3 of every other fiscal year. Last survey November 2023.

^c Target set based on Census of Canada data for visible minorities in Alberta (2021).

^d The client experience KPI result was generated from information gathered through two sources: i) the 2025 Post Investments Metrics Report (n=537 respondents) and ii) grant application submissions, where the client feedback ratings were available (n=691). A weighted average calculation was used to account for the difference in sample sizes between the sources.

Highlights

To meet the evolving demands and needs of stakeholders and clients, a renewed Strategic Plan for Alberta Innovates was developed in the latter part of 2024–25. This Plan was built on critical insights and recommendations acquired through a comprehensive program review in Fall 2024 and a series of stakeholder engagements. An organizational redesign

was initiated in March 2025 to align structure, roles and capabilities with strategic priorities.

- A new organizational structure and operating model are under development to enhance cross-functional collaboration, clarify accountabilities, and improve service delivery.
- Efforts are underway to begin to reshape our culture, with a focus on defining core values,

identifying performance measures, and supporting staff through change. These foundational shifts position us to better meet stakeholder needs and deliver on our mandate.

- Alberta Innovates updated organizational values and culture will be reflected in staff training activities such as the Leadership Development Program and in recruitment strategies.

Modernized internal systems and advanced Alberta Innovates and its subsidiaries as data-driven, digitally enabled organizations through the implementation of the approved Information Technology (IT) Strategy.

- Introduced new functionality and automated workflows across key systems and applications, including customer relationship management (CRM) and contract management. Further integrations are planned for human resources, finance and granting to improve efficiency and interoperability.
- Established a centralized data platform to serve as a single source of truth for analytics, which will be supported by strong governance and data quality practices and enable the use of artificial intelligence to optimize operations.
- IT operational capacity was expanded by strengthening cybersecurity, enhancing cloud services, improving business analysis capabilities, and implementing business relationship management practices to proactively align IT with evolving organizational needs.

Enhanced and refined internal processes to better measure, monitor and demonstrate the value of Alberta Innovates' programs and activities.

- Streamlined funding and reporting processes to reduce complexity in applications, reviews and reporting while maintaining fiscal responsibility and due diligence.
- Improved system efficiency, enabling staff to redirect effort toward strategic priorities and more responsive client service.
- Updated InnoTech's Strategic Investment Grant process to better align with emerging industry needs and improve the ability to demonstrate return on investment for critical research and innovation initiatives.

Alberta Innovates continued to improve client access to its programs and services by streamlining internal processes and reducing administrative burden in alignment with the Government of Alberta's Red Tape Reduction initiative. This included standardizing grant application forms, reporting templates, and other client-facing tools across partnered initiatives.

Since 2019–2020, these efforts have reduced client requirements by nearly 73 per cent, more than double the province's original reduction target.

Alberta Innovates worked to ensure its programs and services are responsive to a broad range of community needs and perspectives.

- Through the ADHERE/IDEATE platform, underrepresented groups were engaged in community-led innovation challenges. These initiatives helped ensure that real-world experiences informed the development of digital health solutions.
- RINs delivered 70 activities tailored to underserved groups, reaching nearly 700 individuals and reinforcing our commitment to accessibility and meaningful participation across Alberta.
- InnoTech strengthened its commitment to inclusive innovation by supporting Indigenous-led environmental monitoring with the Fort McKay Métis Nation, hosting outreach activities like the WISEST tour, and partnering with the Alberta Biodiversity Monitoring Institute to offer an Indigenous Internship focused on western science monitoring, cultural exchange, and the celebration of Indigenous knowledge and perspectives.

C-FER implemented a Quality Management System to align operations with ISO-like standards, enabling project and operational efficiency opportunities to be identified while ensuring compliance with industry-recognized standards.

Supported by Alberta Innovates and InnoTech, the Kainai Iinni (Buffalo) Rematriation Project video in the Sacred Science video series reached tens of thousands of visitors when it was screened by visitors of the Cave and Basin National Historic Site and the Tunnel Mountain Campground. This video highlights Káínawa's use of western science approaches alongside Indigenous knowledge in returning buffalo to their historical habitats.

MANAGEMENT DISCUSSION AND ANALYSIS

THE RESULTS IN ALBERTA INNOVATES CONSOLIDATED FINANCIAL STATEMENTS ARE FOR R&I ACTIVITIES SUPPORTING ORGANIZATIONAL OBJECTIVES FOR THE ECONOMIC AND SOCIAL WELL-BEING OF ALBERTANS, IN ALIGNMENT WITH GOVERNMENT OF ALBERTA PRIORITIES. THIS INCLUDES, WITHOUT LIMITATION, ACTIVITIES DIRECTED AT THE DISCOVERY, COMMERCIALIZATION AND APPLICATION OF KNOWLEDGE IN THE SECTORS OF AGRICULTURE, ENERGY, ENVIRONMENT, FORESTRY, HEALTH AND OTHER SECTORS DETERMINED BY THE REGULATIONS.

Two wholly owned subsidiary corporations, InnoTech Alberta Inc. and C-FER Technologies (1999) Inc. along with the Alberta Foundation for Health Research, are also reporting entities of Alberta Innovates.

The Office of the Auditor General of Alberta issued an unqualified audit report on the consolidated financial statements for the year ending March 31, 2025.

Revenue

In 2024–25, Alberta Innovates' total revenue was \$256.7 million, exceeding the budget by \$4.2 million. This variance was primarily driven by increased federal and external funding across multiple programs, along with additional investment income resulting from higher-than-budgeted interest rates.

Total revenues were \$7.1 million lower than 2023–24, mainly due to a reduction in restricted grant funding received in prior years being recognized as revenue in 2024–25 in accordance with the terms of the Agreements. Specifically, with approval from the Ministry of Technology and Innovation, Alberta Innovates spent \$3.1 million in 2024–25 from previously received restricted health endowment funding, compared to \$8.7 million in 2023–24.

Expenses

The expenses have been expressed in terms of Alberta Innovates business lines:

Research, Innovation & Commercialization: Includes investments in Agriculture and Environment, Clean Energy, Entrepreneurial Investments, Health, Post-Secondary Investments & Emerging Technologies, and Scale Up & Growth Accelerators.

In 2024–25, Research, Innovation, and Commercialization expenses of \$153.3 million were comparable to both the budget (\$154.9 million) and prior year actuals (\$156.9 million), with variances primarily resulting from the timing of grant investment agreements, amendments, and milestone payments.

Applied Research: Includes expenses for InnoTech Alberta Inc. and C-FER Technologies (1999) Inc.

Applied Research expenses of \$52.5 million in 2024–25 were comparable to both the budget (\$54.9 million) and prior year actuals (\$53.5 million). Variances reflected the implementation of several cost reduction initiatives and lower fee-for-service expenses.

Administration: Includes all corporate services such as Corporate Planning and Reporting, Facilities Services, Finance, General Counsel, Human Resources, Information Technology, and Stakeholder Relations and Communications. These are essential backbone functions in the Corporation that provide support to the Research, Innovation & Commercialization and Applied Research business lines, thereby enabling productive and efficient operations that advance Alberta Innovates towards its strategic priorities and goals.

Administration expenses were higher than budget and prior year actuals by \$1.0 million and \$3.1 million respectively. This was primarily due to the impact of inflation on supplies and services as well as increased labour and restructuring costs.

Amortization: Includes amortization for all business lines.

Amortization expense was lower than budget by \$1.3 million, due to the timing of capital asset purchases and subsequent timing of amortization. Amortization expense was higher than prior year actuals by \$1.2 million, due to new capital projects being completed and put into use in 2024–25.

Alberta Innovates receives a budgeted revenue and expense target from the Government of Alberta.

The gross operating expense target includes amortization and inter-governmental transfers. Inter-governmental transfers are grants or contracts to other government entities that are then eliminated upon consolidation by the Government of Alberta. Alberta Innovates' net expense target of \$186.9 million is spending that the organization can direct to strategic priorities and operations. Alberta Innovates net operating expenses were comparable to budget.

(dollars in thousands)

| | 2024–25 Budget | 2024–25 Actual | 2023–24 Actual |
|---------------------------------|-------------------|-------------------|-------------------|
| Gross Operating Expenses | \$ 254,731 | \$ 250,405 | \$ 250,834 |
| Amortization | \$ (9,639) | (8,314) | \$ (7,092) |
| Inter-governmental transfers | \$ (58,160) | (57,979) | \$ (60,064) |
| Net Operating Expenses | \$ 186,932 | \$ 184,112 | \$ 183,678 |

Committed Funding

In support of its mandate, Alberta Innovates enters into contractual obligations through formal agreements, including grant and service expenditure contracts. These agreements outline well-defined terms and conditions, with related expenditures recognized in the financial statements only once the specified terms are met and necessary approvals are obtained in accordance with internal policies and standards. Certain obligations may arise from third-party funding arrangements, including partnerships, which may require Alberta Innovates to contribute matching funds. In all instances, expenditures are recorded only when they meet the definition of a contractual obligation, representing a binding and enforceable commitment.

At March 31, 2025, Alberta Innovates has \$118.1 million of contractual obligations (compared to \$133.3 million at March 31, 2024), primarily consisting of executed grant expenditure agreements across multiple programs, along with various other service obligations. The majority of these obligations are expected to become liabilities over the next five years.

CAPITAL PLANNING AND LEASE ARRANGEMENTS

Alberta Innovates and its subsidiaries occupy a significant inventory of research and office facilities, most of which are owned and operated by Alberta Infrastructure. In addition to the Government of Alberta facilities, we also occupy space with commercial lease arrangements. Alberta Innovates currently operates across 10 locations: Edmonton (4), Calgary (3), Devon, Vegreville and Victoria, B.C, with over 1.2 million square feet of space and 600 acres of research farmland. In addition to our facilities, we also have a substantial inventory of research equipment with an estimated replacement asset value in excess of \$246 million.

Capital Planning

Adequate infrastructure is a critical and necessary requirement to support our vision, sustain program effectiveness and manage program growth aligned to corporate and provincial priorities.

Alberta Innovates works closely with the Ministry of Technology and Innovation and the Ministry of Infrastructure for capital project planning, budgeting and project accommodation and implementation. The table below summarizes all capital categories and their corresponding funding information.

Alberta Innovates Capital Program (dollars in thousands)

| | 2024–25 Budget | 2024–25 Actual | 2023–24 Actual |
|--|-------------------|-------------------|-------------------|
| Capital Target | | | |
| Capital Investment - T&I Base Grant Funding | | | |
| Capital Maintenance and Renewal (CMR) | \$ 7,347 | \$ 6,801 | \$ 5,222 |
| Hydrogen Centre of Excellence (note 1) | - | 3,811 | 3,485 |
| Pressure Reaction Tower System (note 2) | = | - | 925 |
| | \$ 7,347 | \$ 10,612 | \$ 9,632 |
| Capital Investment – Other | | | |
| Alberta Innovates Self – Financed Investment | \$ 8,500 | \$ 1,606 | \$ 1,564 |
| BBC Carbon Fibre (federal funding) (note 2) | 3,089 | 6,165 | 2,112 |
| Hydrogen Centre of Excellence (federal funding) (note 1) | - | 54 | 2,229 |
| Other funded projects | - | 1,078 | 876 |
| | 11,589 | 8,903 | 6,781 |
| Total Capital Target | \$ 18,936 | \$ 19,515 | \$ 16,413 |

Note 1 – The Ministry of Technology & Innovation and the federal government have invested \$13.3 million over multiple years for the Hydrogen Centre of Excellence to establish unique facilities for the testing of hydrogen infrastructure, equipment, and technologies. \$10.6 million has been spent as of March 31, 2025 (\$3.9 million in 2024–25) on various approved capital projects at different stages of the project life cycle – design, planning and construction.

Note 2 – The federal government has invested \$10 million into a Bitumen Beyond Combustion Carbon Fibre Facility which includes equipment to pre-treat feedstock before spinning it into green filaments and a continuous carbon fibre processing system to convert filaments to carbon fibre at the pilot scale. \$8.3 million has been spent as of March 31, 2025 (\$6.2 million in 2024–25) on planning, engineering, equipment procurement and construction.

Commercial Lease Arrangements

Our Facilities Services team works diligently to ensure effective space utilization for program accommodation. The Victoria Group and C-FER East Pylypow leases have been renewed. We have also consolidated our Bell Tower operations by moving staff from the 11th floor to the 14th floor.

REPORT ON RISK MANAGEMENT

Alberta Innovates embeds risk management practices into its strategic, business and operational planning to drive effective and accountable action and decision-making, management practice and Board governance oversight. Our enterprise risk management framework is consistent with generally accepted global risk management standard frameworks, aligns with the Government of Alberta’s risk management framework and reflects adoption of best practices.

Our Executive reviewed and updated our corporate-level risks each quarter in 2024–25. Each risk was assigned an overall rating based on the likelihood of the risk occurring and the potential impact of the risk on our goals and operations. Informed approaches on how best to respond to the individual risks were also developed and implemented as necessary. The corporate risk register – which includes all the information above – was reviewed by our Board of Directors each quarter.

The key risks faced by Alberta Innovates evolved from those reflected in the 2024–27 Business Plan at the beginning of the fiscal year to those being identified by the organization at the end of the 2024–25 period. Key risks at the end of the fiscal year were:

Organizational Strategy

To ensure the success of our organization, it is essential that our mandate and activities remain aligned with the needs of the province and its people. Our capacity to drive and support innovation across Alberta relies on a clearly defined strategy, supported by both our Board and the Ministry of Technology and Innovation.

Over the last year, as part of the work undertaken for the Program Review and renewed Strategic Plan, we undertook extensive engagement with stakeholders across the research and innovation ecosystem through our Board, Sr Leadership and consultants. This engagement had a significant impact on the development of our renewed Strategic Plan, which will be implemented through the activities and initiatives outlined in our 2025–28 Business Plan.

Organizational Transition

The successful execution of the renewed Strategic Plan and subsequent Business Plan relies not only on the initiatives they outline but also on a meaningful internal transformation. This transformation is expected to create a high-performing, outcomes-focused structure that strengthens collaboration, minimizes inefficiencies, and delivers maximum value to our shareholders.

The Senior Leadership team has been working to restructure our investment approach, partnership strategy, and operational model as outlined in our 2025–28 Business Plan. These changes will enable a more agile, scalable, and aligned approach to the organizations, and its program and partnership delivery.

Financial Sustainability

Our ability to continue supporting and driving innovation across the province is closely tied to our financial stability.

To move toward long-term financial sustainability, the Board and Senior Leadership team have identified several key strategies. These strategies include prioritizing funding for critical programs and initiatives, building adequate cash reserves to maintain flexibility for unique opportunities, diversifying revenue streams, expanding partnerships, and reviewing the pricing, costing, and contracting models of our subsidiaries.

Measuring and Demonstrating Impact

Effectively measuring and communicating our impact in a meaningful and aligned way is essential to our success. Demonstrating the outcomes of our programs and supports helps build and maintain trust with our ecosystem partners—including government, industry, and the public.

Under the renewed Strategic Plan, Alberta Innovates will implement a comprehensive performance framework, including Key Performance Indicators (KPIs), to assess the effectiveness of our initiatives and ensure our activities align with the province’s research and innovation and broader economic objectives. We will work with our stakeholders and partners in the ecosystem to ensure alignment with others.

MANAGEMENT'S RESPONSIBILITY FOR REPORTING

Alberta Innovates management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the annual report including the consolidated financial statements, performance results and supporting management information. Systems of internal control are designed and maintained to produce reliable information that meet reporting requirements, and to ensure that transactions are executed in accordance with all relevant legislation, regulations and policies, reliable financial records are maintained, and assets are properly accounted for and safeguarded. The annual report has been approved by the Board of Directors and is prepared in accordance with ministerial guidelines.

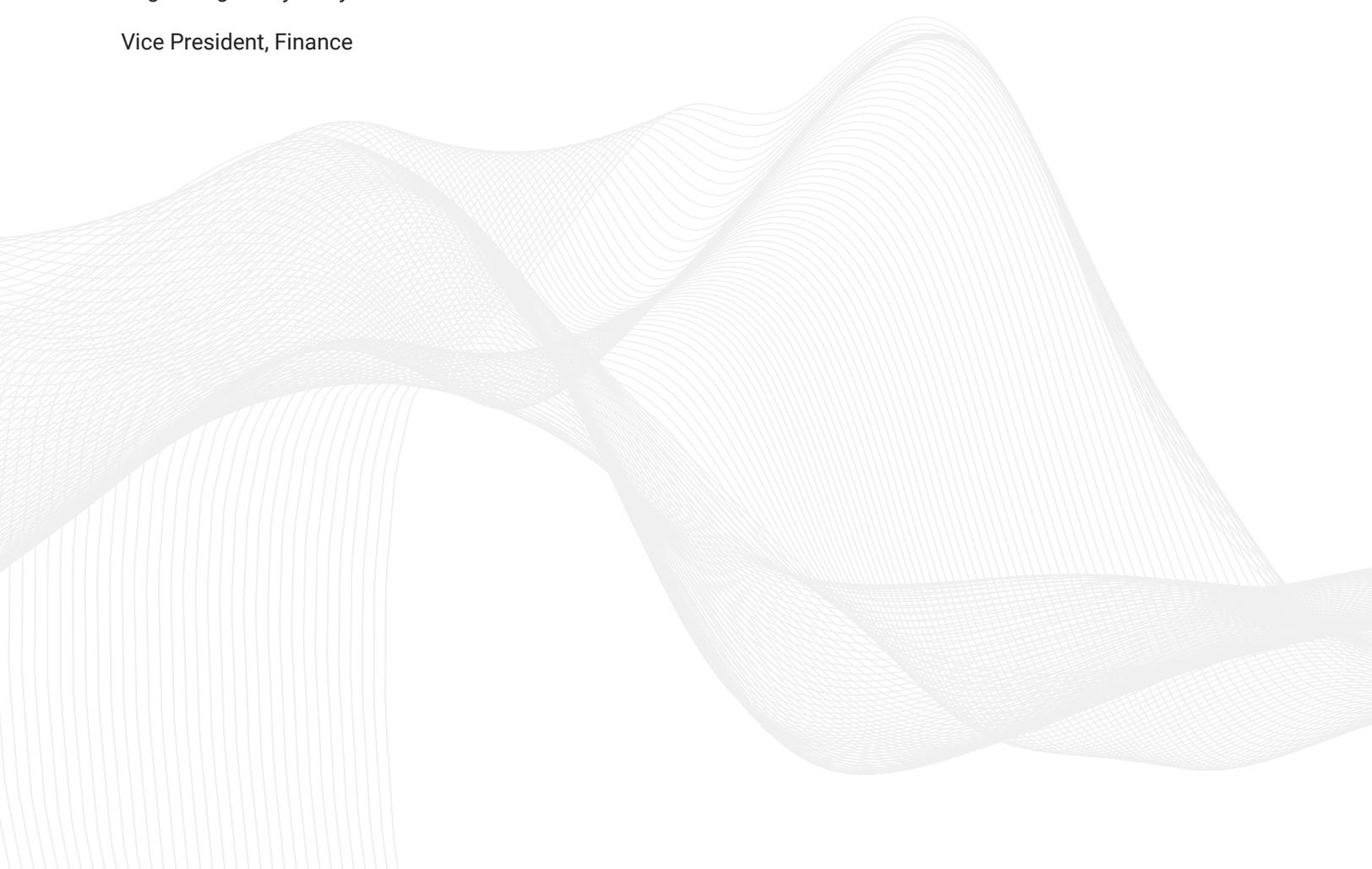
The Auditor General of the Province of Alberta, the corporation's external auditor appointed under the *Auditor General Act*, performs an annual independent audit of Alberta Innovates' consolidated financial statements in accordance with Canadian generally accepted auditing standards.

Original signed by Michael J. Mahon

Chief Executive Officer

Original signed by Barry McNabb

Vice President, Finance



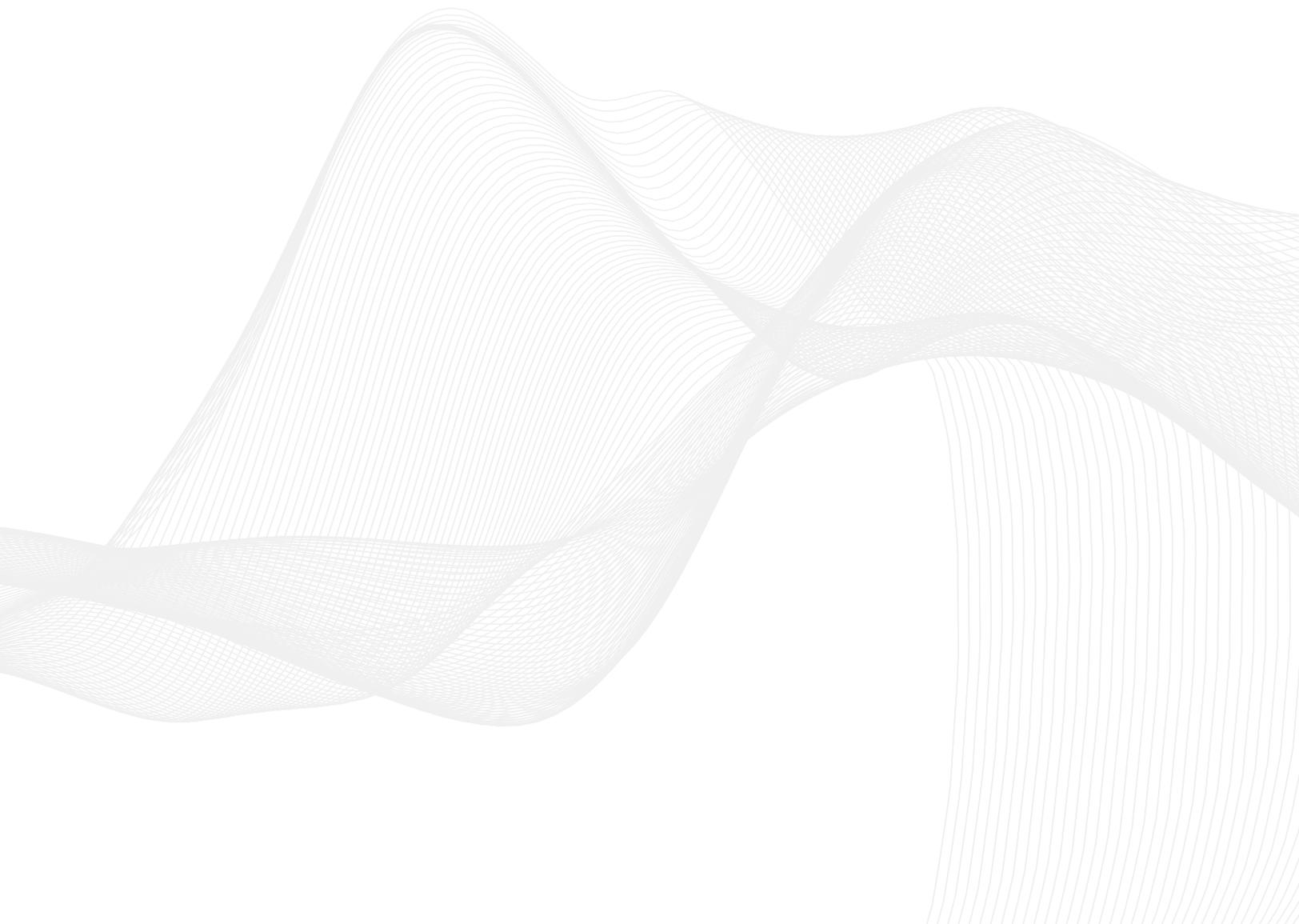
STATUTORY REPORT

PUBLIC INTEREST DISCLOSURE ACT

Section 32 of the *Public Interest Disclosure Act* requires the corporation to report annually on the following parts of the Act:

- (a) the number of disclosures received by the designated officer of the Public Interest Disclosure Office, the number of disclosures acted on and the number of disclosures not acted on by the designated officer;
- (b) the number of investigations commenced by the designated officer as a result of the disclosures; and
- (c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2024–25, Alberta Innovates had no disclosures of wrongdoing filed with the Public Interest Disclosure Office.



AUDITED FINANCIAL STATEMENTS

CONTENTS

| | |
|--|----|
| INDEPENDENT AUDITOR'S REPORT | 41 |
| CONSOLIDATED STATEMENT OF OPERATIONS | 44 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 45 |
| CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS | 46 |
| CONSOLIDATED STATEMENT OF CASH FLOWS | 47 |
| NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS | 48 |
| SCHEDULE 1 EXPENSES – DETAILED BY OBJECT | 59 |
| SCHEDULE 2 SALARY AND BENEFITS DISCLOSURE | 60 |
| SCHEDULE 3 RELATED PARTY TRANSACTIONS | 61 |

Independent Auditor's Report

To the Board of Directors of Alberta Innovates

Report on the Consolidated Financial Statements

Opinion

I have audited the consolidated financial statements of Alberta Innovates (the Group), which comprise the consolidated statement of financial position as at March 31, 2025, and the consolidated statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2025, and the results of its operations, its changes in net financial assets, and its cash flows for the year then 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 Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the ethical requirements that are relevant to my audit of the consolidated 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 consolidated 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 consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

My objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. I am responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. I remain solely responsible for my audit opinion.

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.

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 29, 2025
Edmonton, Alberta

ALBERTA INNOVATES
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2025

| | 2025 | | 2024 |
|---|---------------------------|------------------|---|
| | Budget (Note 5) | Actual | Actual (Restated - Note 3) |
| | <i>(in thousands)</i> | | |
| Revenues (Note 2 (b)) | | | |
| Government transfers | | | |
| Funding from Technology and Innovation | | | |
| Base operating grant | \$ 167,892 | \$ 167,892 | \$ 163,146 |
| Strategic relationship grants | 14,900 | 12,298 | 15,984 |
| Deferred grants from prior years | 11,617 | 14,195 | 20,133 |
| Deferred capital contributions | 3,000 | 4,502 | 2,413 |
| Funding from other Government of Alberta entities - other grants | 5,500 | 4,252 | 6,018 |
| Federal government transfers | 4,600 | 5,416 | 8,163 |
| External revenue and industry funding | 42,000 | 44,042 | 42,861 |
| Investment income | 1,500 | 2,138 | 3,233 |
| Other Government of Alberta revenue | 1,426 | 1,930 | 1,786 |
| | <u>252,435</u> | <u>256,665</u> | <u>263,737</u> |
| Expenses (Note 2 (b) and Schedule 1) | | | |
| Research, innovation and commercialization | 154,900 | 153,286 | 156,936 |
| Applied research | 54,889 | 52,483 | 53,536 |
| Administration | 35,303 | 36,322 | 33,270 |
| Amortization | 9,639 | 8,314 | 7,092 |
| | <u>254,731</u> | <u>250,405</u> | <u>250,834</u> |
| Annual surplus | <u>(2,296)</u> | <u>6,260</u> | <u>12,903</u> |
| Accumulated surplus at beginning of year | 43,460 | 43,460 | 30,557 |
| Accumulated surplus at end of year | <u>\$ 41,164</u> | <u>\$ 49,720</u> | <u>\$ 43,460</u> |

The accompanying notes and schedules are part of these consolidated financial statements.

ALBERTA INNOVATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2025

| | 2025 | 2024 |
|---|-----------------------|------------------------|
| | | (Restated - Note 3) |
| | <i>(in thousands)</i> | |
| Financial assets | | |
| Cash and cash equivalents (Note 6) | \$ 67,832 | \$ 80,820 |
| Accounts receivable (Note 7) | 20,084 | 22,148 |
| | <u>87,916</u> | <u>102,968</u> |
| Liabilities | | |
| Accounts payable and other accrued liabilities (Note 9) | 21,134 | 27,646 |
| Unspent deferred capital contributions (Note 10) | 2,505 | 6,702 |
| Deferred operating contributions (Note 10) | 19,542 | 31,341 |
| Deferred contract revenue | 10,037 | 11,408 |
| Asset retirement obligations (Note 11) | 3,446 | 3,025 |
| | <u>56,664</u> | <u>80,122</u> |
| Net financial assets | <u>31,252</u> | <u>22,846</u> |
| Non-financial assets | | |
| Tangible capital assets (Note 13) | 61,180 | 50,024 |
| Prepaid expenses | 3,815 | 4,996 |
| | <u>64,995</u> | <u>55,020</u> |
| Net assets before spent deferred capital contributions | <u>96,247</u> | <u>77,866</u> |
| Spent deferred capital contributions (Note 10) | 46,527 | 34,406 |
| Net assets | | |
| Accumulated surplus (Note 14) | <u>\$ 49,720</u> | <u>\$ 43,460</u> |

Contractual rights (Note 8)

Contingent liabilities (Note 15)

Contractual obligations (Note 16)

The accompanying notes and schedules are part of these consolidated financial statements.

Approved by the Board of Directors

Original signed by Tony Williams

Tony Williams
Board Chair
May 29, 2025

Original signed by Brad Severin

Brad Severin
Audit Chair
May 29, 2025

ALBERTA INNOVATES
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2025

| | 2025 | | 2024 |
|---|---------------------------|-------------------------|---|
| | Budget (Note 5) | Actual | Actual (Restated - Note 3) |
| <i>(in thousands)</i> | | | |
| Annual surplus | \$ (2,296) | \$ 6,260 | \$ 12,903 |
| Acquisition of tangible capital assets (Note 13) | (18,936) | (19,515) | (16,413) |
| Amortization of tangible capital assets (Note 13) | 9,639 | 8,314 | 7,092 |
| Net loss on disposal of tangible capital assets | | 8 | 81 |
| Proceeds on sale of tangible capital assets | | 37 | - |
| Decrease/(Increase) in prepaid expenses | | 1,181 | (2,846) |
| Net increase in spent deferred capital contributions (Note 10) | | 12,121 | 13,790 |
| Increase in net financial assets | | <u>8,406</u> | <u>14,607</u> |
| Net financial assets at beginning of year | | <u>22,846</u> | <u>8,239</u> |
| Net financial assets at end of year | | <u><u>\$ 31,252</u></u> | <u><u>\$ 22,846</u></u> |

The accompanying notes and schedules are part of these consolidated financial statements.

ALBERTA INNOVATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2025

| | 2025 | 2024 |
|---|-----------------------|------------------------|
| | | (Restated - Note 3) |
| | <i>(in thousands)</i> | |
| Operating transactions | | |
| Annual surplus | \$ 6,260 | \$ 12,903 |
| Non-cash items included in annual surplus: | | |
| Amortization of tangible capital assets (Note 13) | 8,314 | 7,092 |
| Deferred contributions recognized as revenue (Note 10) | (130,338) | (134,785) |
| Net loss on disposal of tangible capital assets | 8 | 81 |
| | <u>(115,756)</u> | <u>(114,709)</u> |
| Contributions restricted for operating (Note 10) | 112,729 | 107,925 |
| Decrease/(Increase) in accounts receivable | 2,064 | (6,343) |
| Decrease/(Increase) in prepaid expenses | 1,181 | (2,846) |
| (Decrease)/Increase in accounts payable and other accrued liabilities | (6,512) | 3,582 |
| (Decrease)/Increase in deferred contract revenue | (1,371) | 1,614 |
| Increase in asset retirement obligations (Note 11) | 421 | 212 |
| Cash applied to operating transactions | <u>(7,244)</u> | <u>(10,565)</u> |
| Capital transactions | | |
| Acquisition of tangible capital assets (Note 13) | (19,515) | (16,413) |
| Proceeds on sale of tangible capital assets | 37 | - |
| Cash applied to capital transactions | <u>(19,478)</u> | <u>(16,413)</u> |
| Financing transactions | | |
| Contributions restricted for capital (Note 10) | 13,734 | 17,367 |
| Cash provided by financing transactions | <u>13,734</u> | <u>17,367</u> |
| Decrease in cash and cash equivalents | (12,988) | (9,611) |
| Cash and cash equivalents at beginning of year | 80,820 | 90,431 |
| Cash and cash equivalents at end of year | <u>\$ 67,832</u> | <u>\$ 80,820</u> |

The accompanying notes and schedules are part of these consolidated financial statements.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2025

Note 1 AUTHORITY AND PURPOSE

Alberta Innovates is a Provincial corporation, as defined in the *Financial Administration Act*. It was established effective November 1, 2016 under the *Alberta Research and Innovation Act*. The *Alberta Research and Innovation Act* was amended to dissolve the four corporations: Alberta Innovates - Bio Solutions, Alberta Innovates - Energy and Environment Solutions, Alberta Innovates - Health Solutions, and Alberta Innovates - Technology Futures and create one new research and innovation corporation, "Alberta Innovates." Two wholly owned subsidiary corporations C-FER Technologies (1999) Inc. and InnoTech Alberta Inc. along with the Alberta Foundation for Health Research are also reporting entities of Alberta Innovates ("The Corporation").

The objectives of the Corporation are to support, for the economic and social well-being of Albertans, research and innovation activities aligned to meet Government of Alberta priorities, including, without limitation, activities directed at the discovery, commercialization and application of knowledge in the areas of agriculture, energy, environment, forestry, health and other areas determined by the regulations.

The Corporation is exempt from income taxes under the *Income Tax Act*.

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(a) Reporting Entity and Method of Consolidation

These consolidated financial statements reflect the assets, liabilities, revenue and expenses of the Corporation and its wholly owned subsidiaries InnoTech Alberta Inc., C-FER Technologies (1999) Inc. and the Alberta Foundation for Health Research (AFHR). The AFHR operates under the *Alberta Companies Act* and is a registered charitable organization for income tax purposes.

The accounts of government sector entities are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to the Corporation's accounting policies and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included in the Corporation's results. Revenue and expense, capital, investing and financing transactions and related asset and liability balances between the consolidated entities have been eliminated.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual basis of accounting.

Revenues from transactions with performance obligations are recognized when the Corporation provides the promised goods and/or services to a payor. The Corporation uses the percentage of completion method to recognize revenue tied to performance obligations.

Cash received for goods and/or services not yet provided before year end is recognized as unearned revenue and recorded in deferred contract revenue under liabilities.

Revenues from transactions with no performance obligations are recognized at their realizable value the Corporation has the authority to claim or retain an inflow of economic resources and identifies a past transaction or event that gives rise to an asset.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Government Transfers

Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred operating contributions or deferred capital contributions when the eligibility criteria for use of the transfer, or when the stipulations together with the Corporation's actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of these transfers.

All other government transfers, without stipulations for use of the transfer, are recognized as revenue when the transfer is authorized and the Corporation meets the eligibility criteria (if any).

External Revenue and Industry Funding

External revenue is contract revenue that is recognized using the percentage of completion method. The Corporation makes full provision for all known or estimated losses on uncompleted contracts as soon as they can reasonably be estimated.

Investment Income

Investment income includes interest income. Investment income earned from restricted sources is deferred and recognized when the terms imposed have been met.

Other Government of Alberta Revenue

Other revenue is contract and fee for service work billed to Alberta Government ministries and agencies, post secondary institutions and school divisions.

Donations and Non-Government Contributions

Donations and non-government contributions are received from individuals, corporations, and private sector not-for-profit organizations. Donations and non-government contributions may be unrestricted or externally restricted for operating or capital purposes.

Unrestricted donations and non-government contributions are recognized as revenue in the year received or in the year the funds are committed to the Corporation if the amount can be reasonably estimated and collection is reasonably assured.

Externally restricted donations, non-government contributions and realized and unrealized gains and losses for the associated, externally restricted, investment income are recognized as deferred revenue if the terms for their use, or the terms along with the Corporation's actions and communications as to the use, create a liability. These resources are recognized as revenue as the terms are met and, when applicable, the Corporation complies with its communicated use.

In-kind donations of services and materials are recognized at fair value when such value can reasonably be determined.

Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year are expensed.

Transfers include entitlements, grants and transfers under shared cost agreements. Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Valuation of Financial Assets and Liabilities

The Corporation's financial assets and liabilities are generally measured as follows:

| <u>Financial Statement Component</u> | <u>Measurement</u> |
|--|--|
| Cash and Cash Equivalents | Cost |
| Accounts Receivable | Lower of Cost or Net Recoverable Value |
| Accounts Payable and Other Accrued Liabilities | Cost |
| Asset Retirement Obligations and Environmental Liabilities | Cost or Present Value |

The Corporation has no assets or liabilities in the fair value category, has no significant foreign currency transactions and has no significant remeasurement gains or losses. Consequently, no statement of remeasurement gains and losses has been presented.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Corporation's financial claims on external organizations and individuals, as well as cash.

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes, with terms to maturity of primarily less than three months from the date of acquisition.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities represent present obligations of the Corporation to external organizations and individuals arising from past transactions or events occurring before year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Asset Retirement Obligations

Asset retirement obligations are legal obligations associated with the retirement of a tangible capital assets (TCA). Asset retirement activities include all activities relating to an asset retirement obligation. These may include, but are not limited to;

- decommissioning or dismantling a tangible capital asset that was acquired, constructed or developed;
- remediation of contamination of a tangible capital asset created by its normal use;
- post-retirement activities such as monitoring; and
- constructing other tangible capital assets to perform post-retirement activities.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

A liability for an asset retirement obligation is recognized when, as at the financial reporting date:

- (a) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (b) the past transactions or event giving rise to the liability has occurred;
- (c) it is expected that future economic benefits will be given up; and
- (d) a reasonable estimate of the amount can be made.

When a liability for asset retirement obligation is recognized, asset retirement costs related to recognized tangible capital assets in productive use are capitalized by increasing the carrying amount of the related asset and are generally amortized on a straight-line basis over the estimated useful life of the underlying tangible capital asset. Asset retirement costs related to unrecognized tangible capital assets and those not in productive use are expensed.

Environmental Liabilities

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. A liability for remediation of a contaminated site may arise from an operation that is either in productive use or no longer in productive use and may also arise from an unexpected event resulting in contamination. The resulting liability is recognized when all of the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation is directly responsible or accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

Other environmental liabilities are recognized when all of the following criteria are met:

- i. the Corporation has a duty or responsibility to others, leaving little or no discretion to avoid the obligation;
- ii. the duty or responsibility to others entails settlement by future transfer or use of assets, or a provision of services at a specified or determinable date, or on demand;
- iii. the transaction or events obligating the Corporation have already occurred; and
- iv. a reasonable estimate of the amount can be made.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- (a) are normally employed to deliver government services.
- (b) may be consumed in the normal course of operations; and
- (c) are not for sale in the normal course of operations

Non-financial assets include tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets are recognized at cost less accumulated amortization, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as asset retirement cost. The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000. All land is capitalized.

Work in progress, which included facilities and improvements projects and development of information systems, is not amortized until after a project is complete (or substantially complete) and the asset is put into service.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Continued)

(b) Basis of Financial Reporting (Continued)

Tangible capital assets, excluding land, are amortized on a straight-line basis over their estimated useful lives as follows:

| | |
|--------------------------------|-------------|
| Buildings and improvements | 10-30 Years |
| Equipment | 3-25 Years |
| Computer hardware and software | 3-10 Years |

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Consolidated Statement of Operations.

Contributed tangible capital assets from non-related entities are recognized at their fair value at the time of contribution.

Prepaid Expenses

Prepaid expenses are recognized at cost and amortized based on the terms of the agreement.

Financial Risk Management

The Corporation's financial instruments include cash, accounts receivable and accounts payable and other accrued liabilities. The Corporation is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

The Corporation's financial instruments are exposed to credit risk, market risk, and liquidity risk.

a) Credit Risk

Counterparty credit risk is the risk of loss arising from the failure of a counterparty to fully honour its financial obligations with the Corporation. The Corporation's accounts receivable are exposed to credit risk. Management manages this risk by continually monitoring the creditworthiness of counterparties and by dealing with counterparties that it believes are creditworthy.

b) Market Risk

Market risk is the risk of loss from unfavourable change in fair value or future cash flows of a financial instrument causing financial loss. Market risk is comprised of currency risk, interest rate risk and price risk. The Corporation's cash is exposed to interest rate risk. Management manages this risk by continually monitoring the Corporation's deposits in the Consolidated Liquidity Solution (CLS) and their corresponding rate of return.

c) Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. The Corporation's accounts payable and other accrued liabilities are exposed to liquidity risk. Management manages this risk by continually monitoring cash flows.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. None of the balances in these financial statements are subject to significant measurement uncertainty.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 3 CORRECTION OF PRIOR YEAR CLASSIFICATION ERROR
(in thousands)

Impact on the prior year's financial statement as a result of a classification error:

| | 2024 | | |
|---|------------------------|-----------------------|-------------|
| | As previously reported | Adjustment recognized | As restated |
| Consolidated Statement of Financial Position | | | |
| Financial asset | \$ 102,968 | \$ - | \$ 102,968 |
| Liabilities | | | |
| Unspent deferred capital contributions | 570 | 6,132 | 6,702 |
| Deferred operating contributions | 41,527 | (10,186) | 31,341 |
| Other liabilities | 42,079 | - | 42,079 |
| Net financial assets | 18,792 | 4,054 | 22,846 |
| Non-financial asset | 55,020 | - | 55,020 |
| Net assets before spent deferred capital contributions | 73,812 | 4,054 | 77,866 |
| Spent deferred capital contributions | 30,352 | 4,054 | 34,406 |
| Consolidated Statement of Change in Net Financial Assets | | | |
| Annual surplus | \$ 12,903 | \$ - | \$ 12,903 |
| Net increase in spent deferred capital contributions | 10,367 | 3,423 | 13,790 |
| Other changes to net assets | (12,086) | - | (12,086) |
| Net financial assets at beginning of year | 7,608 | 631 | 8,239 |
| Net financial assets at end of year | 18,792 | 4,054 | 22,846 |

Revenue in the Consolidated Statement of Operations was also impacted, and resulted in the reclassification of \$62 from Deferred grants from prior years to Deferred capital contributions.

Note 4 FUTURE CHANGES IN ACCOUNTING STANDARDS

On April 1, 2026, the Corporation will adopt the following new conceptual framework and account standard approved by the Public Sector Accounting Board:

• **The Conceptual Framework for Financial Reporting in the Public Sector**

The Conceptual Framework is the foundation for public sector financial reporting standard setting. It replaces the conceptual aspects of Section PS 1000 Financial Statement Concepts and Section PS 1100 Financial Statement Objectives. The conceptual framework highlights considerations fundamental for the consistent application of accounting issues in the absence of specific standards.

• **PS 1202 Financial Statement Presentation**

Section PS 1202 sets out general and specific requirements for the presentation of information in general purpose financial statements. The financial statement presentation principles are based on the concepts within the Conceptual Framework.

Management is currently assessing the impact of the conceptual framework and the standard on the consolidated financial statements.

Note 5 BUDGET

(in thousands)

A preliminary business plan with a budgeted deficit of \$2,296 was approved by the Board on March 27, 2024 and the full financial plan was submitted to the Minister of Technology and Innovation. The budget reported in the Consolidated Statement of Operations reflects the original \$2,296 deficit and additional reclassifications required for more consistent presentation with current and prior year results.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 6 CASH AND CASH EQUIVALENTS
(in thousands)

Cash and cash equivalents consist of:

| | 2025 | 2024 |
|------------------|------------------|------------------|
| Cash | \$ 15,633 | \$ 22,763 |
| Cash equivalents | 52,199 | 58,057 |
| | <u>\$ 67,832</u> | <u>\$ 80,820</u> |

Note 7 ACCOUNTS RECEIVABLE
(in thousands)

Accounts receivable are unsecured, non-interest bearing and reported at their estimated net recoverable value.

| | 2025 | | 2024 | |
|---------------------------|---------------------|--|------------------------------|------------------------------|
| | Gross amount | Allowance for doubtful accounts | Net recoverable value | Net recoverable value |
| Accounts receivable | \$ 13,547 | \$ 2,074 | \$ 11,473 | \$ 11,083 |
| Accrued income receivable | 8,611 | - | 8,611 | 11,065 |
| | <u>\$ 22,158</u> | <u>\$ 2,074</u> | <u>\$ 20,084</u> | <u>\$ 22,148</u> |

Note 8 CONTRACTUAL RIGHTS
(in thousands)

Contractual rights are rights of the Corporation to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met.

| | 2025 | 2024 |
|---|------------------|------------------|
| Contractual rights from operating contracts | <u>\$ 47,015</u> | <u>\$ 63,065</u> |

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

| | Operating contracts |
|------------|----------------------------|
| 2025-26 | \$ 38,910 |
| 2026-27 | 4,447 |
| 2027-28 | 1,180 |
| 2028-29 | 794 |
| 2029-30 | 64 |
| Thereafter | 1,620 |
| | <u>\$ 47,015</u> |

Note 9 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES
(in thousands)

| | 2025 | 2024 |
|---------------------------|------------------|------------------|
| Accounts payable | \$ 6,558 | \$ 4,965 |
| Other accrued liabilities | 14,576 | 22,681 |
| | <u>\$ 21,134</u> | <u>\$ 27,646</u> |

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 10 DEFERRED CONTRIBUTIONS
(in thousands)

| | <u>2025</u> | <u>2024</u> |
|---|------------------|------------------|
| Unspent deferred contributions | | |
| Deferred operating contributions (i) | \$ 19,542 | \$ 31,341 |
| Unspent deferred capital contributions (ii) | 2,505 | 6,702 |
| | <u>\$ 22,047</u> | <u>\$ 38,043</u> |
| Spent deferred capital contributions (iii) | 46,527 | 34,406 |
| | <u>\$ 68,574</u> | <u>\$ 72,449</u> |

(i) Deferred operating contributions

| | <u>2025</u> | | | <u>2024</u> | |
|--|----------------------------------|-----------------|------------------|------------------|--------------------------------|
| | <u>Government of Alberta</u> | <u>Other</u> | <u>Total</u> | <u>Total</u> | <u>(Restated - Note 3)</u> |
| Balance at beginning of year | \$ 29,168 | \$ 2,173 | \$ 31,341 | \$ 54,734 | |
| Cash contributions received/receivable during year | 107,370 | 4,914 | 112,284 | 107,125 | |
| Interest income | 445 | - | 445 | 800 | |
| Less: amounts recognized as revenue | | | | | |
| Grants | (120,252) | (3,831) | (124,083) | (130,518) | |
| Interest income | (445) | - | (445) | (800) | |
| Balance at end of year | <u>\$ 16,286</u> | <u>\$ 3,256</u> | <u>\$ 19,542</u> | <u>\$ 31,341</u> | |

(ii) Unspent deferred capital contributions

| | <u>2025</u> | | | <u>2024</u> | |
|---|----------------------------------|---------------|-----------------|-----------------|--------------------------------|
| | <u>Government of Alberta</u> | <u>Other</u> | <u>Total</u> | <u>Total</u> | <u>(Restated - Note 3)</u> |
| Balance at beginning of year | \$ 6,702 | \$ - | \$ 6,702 | \$ 6,592 | |
| Cash contributions received/receivable during year | 7,387 | 6,347 | 13,734 | 17,367 | |
| Transferred to spent deferred capital contributions | (11,768) | (6,163) | (17,931) | (17,257) | |
| Balance at end of year | <u>\$ 2,321</u> | <u>\$ 184</u> | <u>\$ 2,505</u> | <u>\$ 6,702</u> | |

(iii) Spent deferred capital contributions

| | <u>2025</u> | | | <u>2024</u> | |
|---|----------------------------------|------------------|------------------|------------------|--------------------------------|
| | <u>Government of Alberta</u> | <u>Other</u> | <u>Total</u> | <u>Total</u> | <u>(Restated - Note 3)</u> |
| Balance at beginning of year | \$ 21,115 | \$ 13,291 | \$ 34,406 | \$ 20,616 | |
| Transferred from unspent deferred capital contributions | 11,768 | 6,163 | 17,931 | 17,257 | |
| Less: amounts recognized as revenue | (4,525) | (1,285) | (5,810) | (3,467) | |
| Balance at end of year | <u>\$ 28,358</u> | <u>\$ 18,169</u> | <u>\$ 46,527</u> | <u>\$ 34,406</u> | |

Note 11 ASSET RETIREMENT OBLIGATIONS
(in thousands)

| | <u>2025</u> | <u>2024</u> |
|---|-----------------|-----------------|
| Asset Retirement Obligations, beginning of year | \$ 3,025 | \$ 2,813 |
| Accretion expense | 102 | 72 |
| Revision in estimates | 319 | 140 |
| Asset Retirement Obligations, end of year | <u>\$ 3,446</u> | <u>\$ 3,025</u> |

Tangible capital assets with associated retirement obligations include the ACCTC facility and the Bell Tower lease. The Corporation has asset retirement obligations to decommission the ACCTC facility and restore the Bell Tower lease to its original condition at the conclusion of their respective terms.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 11 ASSET RETIREMENT OBLIGATIONS (Continued)

(in thousands)

Asset retirement obligations are initially measured as of the date the legal obligation was incurred, based on management's best estimate of the amount required to retire tangible capital assets and may be subsequently re-measured at each financial reporting date taking into account any new information and the appropriateness of assumptions used. The estimate of the liability is based on existing agreement, third party quotes, legislation and professional judgement.

Where a present value technique is used to measure a liability, the liability is adjusted for the passage of time and is recognized as accretion expense in the Consolidated Statement of Operations. When a present value technique is not used, the asset retirement obligation is measured at the current estimated cost to settle or otherwise extinguish the liability.

Included in ARO estimates is \$2,826 for the ACCTC facility, measured using a present value technique. At March 31, 2025, the undiscounted amount of estimated future cash flows required to settle this obligation is \$3,126 (2024 - \$2,831) and is discounted using a discount rate of 3.73% (2024 - 4.23%). This obligation is expected to be settled in 2 to 4 years.

Additionally, ARO estimates include \$620 measured at its current estimated cost to settle or otherwise extinguish the liability. The Corporation has measured an ARO related to the Bell Tower lease agreement at its current value due to the uncertainty about when the lease will end.

For the year ended March 31, 2025, a cumulative recovery of \$1,805 (2024 - \$1,504) was recognized.

Note 12 BENEFIT PLANS

(in thousands)

(a) The Corporation participates in the multi-employer pension plans: Management Employees Pension Plan (MEPP), the Public Service Pension Plan (PSPP), as well as, a Supplementary Retirement Plan for Public Service Managers (MSRP). The Corporation does not have sufficient plan information on MEPP, PSPP or the MSRP to follow the standards for defined benefit accounting and therefore follows the standard for defined contribution accounting. Accordingly, pension expense recognized for the MEPP/PSPP/MSRP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits. The expense for these pension plans is equivalent to the annual contributions of \$5,179 for the year ended March 31, 2025 (2024 - \$4,817).

At December 31, 2024, the Management Employees Pension Plan reported a surplus of \$1,865,997 (2023 – surplus of \$1,316,313), the Public Service Pension Plan reported a surplus of \$6,473,956 (2023 – surplus of \$4,542,500) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$25,325 (2023 – deficiency of \$21,343). The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

(b) The Benefit Plans consists of the unfunded liability for the Corporation's supplemental retirement plan, the benefits under which are paid for entirely by the Corporation when they come due. There are no plan assets. There are no active members remaining in the plan and one retired member beneficiary eligible for benefits.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 13 TANGIBLE CAPITAL ASSETS
(in thousands)

| | Land | Building and Improvements ⁽²⁾ | Equipment ⁽³⁾ | Computer Hardware & Software | 2025 Total | 2024 Total |
|--|---------------|---|--------------------------|------------------------------------|------------------|------------------|
| Estimated Useful Life | Indefinite | 10-30 years | 3-25 years | 3-10 years | | |
| Historical Cost ⁽¹⁾ | | | | | | |
| Beginning of year | \$ 566 | \$ 33,341 | \$ 100,214 | \$ 13,359 | \$ 147,480 | \$ 131,212 |
| Additions | - | 3,735 | 13,203 | 2,577 | 19,515 | 16,413 |
| Disposals, including write-downs | - | (138) | (2,415) | (160) | (2,713) | (145) |
| Adjustments ⁽⁴⁾ | - | 75 | (75) | - | - | - |
| | <u>566</u> | <u>37,013</u> | <u>110,927</u> | <u>15,776</u> | <u>164,282</u> | <u>147,480</u> |
| Accumulated Amortization | | | | | | |
| Beginning of year | - | 19,001 | 67,666 | 10,789 | 97,456 | 90,428 |
| Amortization expense | - | 2,621 | 4,800 | 893 | 8,314 | 7,092 |
| Effect of disposals, including write-downs | - | (127) | (2,381) | (160) | (2,668) | (64) |
| | <u>-</u> | <u>21,495</u> | <u>70,085</u> | <u>11,522</u> | <u>103,102</u> | <u>97,456</u> |
| Net Book Value at March 31, 2025 | <u>\$ 566</u> | <u>\$ 15,518</u> | <u>\$ 40,842</u> | <u>\$ 4,254</u> | <u>\$ 61,180</u> | |
| Net Book Value at March 31, 2024 | <u>\$ 566</u> | <u>\$ 14,340</u> | <u>\$ 32,548</u> | <u>\$ 2,570</u> | | <u>\$ 50,024</u> |

⁽¹⁾ Historical costs includes work-in-progress at March 31, 2025 totaling \$13,959 (2024 - \$7,860) comprised of building and improvements \$3,127 (2024 - \$1,262), equipment \$10,700 (2024 - \$6,598), and computer software & hardware \$132 (2024 - \$nil).

⁽²⁾ Buildings and improvements include leasehold improvements (amortized over the life of the lease).

⁽³⁾ Equipment includes laboratory equipment, heavy equipment, vehicles, office equipment, and other equipment.

⁽⁴⁾ Adjustments relate to reclassifications between capital asset categories.

Note 14 ACCUMULATED SURPLUS
(in thousands)

| | 2025 | | | 2024 | |
|---|--|------------------|-------------------------|------------------|-------|
| | Investments in Tangible Capital Assets ⁽¹⁾ | | Unrestricted Surplus | Total | Total |
| Balance, beginning of year (Note 3) | \$ 15,618 | \$ 27,842 | \$ 43,460 | \$ 30,557 | |
| Annual surplus (deficit) | (8,359) | 14,619 | 6,260 | 12,903 | |
| Net investments in capital assets | 19,515 | (19,515) | - | - | |
| Transfers to spent deferred capital contributions | (17,931) | 17,931 | - | - | |
| Spent deferred recognized in revenue | 5,810 | (5,810) | - | - | |
| Balance, end of year | <u>\$ 14,653</u> | <u>\$ 35,067</u> | <u>\$ 49,720</u> | <u>\$ 43,460</u> | |

⁽¹⁾ The Corporation's closing accumulated surplus invested in tangible capital assets have been reduced by the Corporation's asset retirement obligation of \$3,446.

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
MARCH 31, 2025

Note 15 CONTINGENT LIABILITIES

(in thousands)

The Corporation is involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2025 accruals totaling \$190 (2024 - \$368) have been recognized as a liability.

Note 16 CONTRACTUAL OBLIGATIONS

(in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

| | 2025 | 2024 |
|--|-------------|-------------|
| Obligations under operating leases and contracts | \$ 118,134 | \$ 133,307 |

Estimated payment requirements for each of the next five years and thereafter are as follows:

| | Operating leases and contracts |
|------------|---|
| 2025-26 | \$ 85,364 |
| 2026-27 | 22,374 |
| 2027-28 | 8,256 |
| 2028-29 | 1,749 |
| 2029-30 | 161 |
| Thereafter | 230 |
| | \$ 118,134 |

Note 17 COMPARATIVE FIGURES

Certain 2024 figures have been reclassified, where necessary, to conform to the 2025 presentation.

ALBERTA INNOVATES
CONSOLIDATED EXPENSES - DETAILED BY OBJECT
YEAR ENDED MARCH 31, 2025

SCHEDULE 1

| | <u>2025</u> | <u>2025</u> | <u>2024</u> |
|---|-------------------|-----------------------|-------------------|
| | Budget | Actual | Actual |
| | (Note 5) | <i>(in thousands)</i> | |
| Grants | \$ 133,905 | \$ 122,311 | \$ 129,083 |
| Salaries, wages and employee benefits | 70,743 | 74,145 | 68,285 |
| Supplies and services | 40,444 | 45,635 | 46,374 |
| Amortization of tangible capital assets (Note 13) | 9,639 | 8,314 | 7,092 |
| | <u>\$ 254,731</u> | <u>\$ 250,405</u> | <u>\$ 250,834</u> |

**ALBERTA INNOVATES
SALARY AND BENEFITS DISCLOSURE
YEAR ENDED MARCH 31, 2025
(in thousands)**

SCHEDULE 2

| | 2025 | | | 2024 | |
|--|-----------------------|-------------------------------|--------------------------------------|-----------------|-----------------|
| | Base Salary (1) | Other Cash Benefits (2) | Other Non-Cash Benefits (3) | Total | Total |
| Chair of the Board | \$ - | \$ 60 | \$ 3 | \$ 63 | \$ 21 |
| Board Members | - | 88 | 4 | 92 | 52 |
| Chief Executive Officer (4) | 104 | 454 | 2 | 560 | 585 |
| Interim Chief Executive Officer (5) | 307 | 51 | 17 | 375 | - |
| Executive/Vice Presidents: | | | | | |
| General Counsel (6) | 267 | 30 | 61 | 358 | 334 |
| Managing Director, C-FER Technologies | 300 | 2 | 32 | 334 | 318 |
| Vice President, Agriculture & Environment (7) | 152 | - | 40 | 192 | - |
| Vice President, Clean Energy (8) | 151 | - | 41 | 192 | - |
| Vice President, Finance | 296 | 31 | 19 | 346 | 283 |
| Vice President, Health (9) | 294 | 462 | 30 | 786 | 333 |
| Vice Presidents, InnoTech Alberta (10) | 26 | - | 7 | 33 | - |
| Vice President, Investments (11) | 230 | 95 | 63 | 388 | 242 |
| Vice President, People & Culture (12) | 11 | - | 3 | 14 | - |
| Vice President, Stakeholder Relations & Communications (13) | 156 | 16 | 6 | 178 | 286 |
| Chief Cleantech Officer & Vice President, Clean Resources (14) | 152 | 76 | 36 | 264 | 369 |
| Chief Operating Officer, InnoTech Alberta (15) | 305 | 391 | 89 | 785 | 404 |
| Executive Vice President, Impacts (16) | 64 | 271 | 16 | 351 | 338 |
| | \$ 2,815 | \$ 2,027 | \$ 469 | \$ 5,311 | \$ 3,565 |

(1) Base salary includes regular salary.

(2) Other cash benefits include honoraria for the Chair and Board Members. Other cash benefits for the Chief Executive Officer and Executive/Vice Presidents include vacation payouts, car and living allowance, payments in lieu of pension, employee health care expense accounts and lump sum amounts. Also included in other cash benefits for the year ended March 31, 2025, is \$1.34M in severance benefits paid as a result of termination agreements. There were no bonuses paid in 2025.

(3) Other non-cash benefits include employee benefits and contributions or payments made on behalf of employees including pension and supplementary retirement plan, parking, dental coverage, major medical, group life insurance, short term disability plan, CPP, EI, Workers Compensation Board premiums and professional memberships.

(4) Chief Executive Officer (CEO) position was vacated on June 24, 2024. Included in other cash benefits is \$296 in severance benefits paid as a result of a termination agreement.

(5) Interim Chief Executive Officer position was created on July 1, 2024.

(6) General Counsel & Corporate Secretary position was occupied by two individuals at different times during the year. The position became vacant on May 30, 2024, reclassified to General Counsel, and subsequently filled on June 10, 2024.

(7) Vice President, Agriculture & Environment position was created on September 1, 2024.

(8) Vice President, Clean Energy position was created on September 1, 2024.

(9) Vice President, Health position was occupied by two individuals at different times during the year. This position became vacant on March 11, 2025, and an interim Vice President, Health assumed the role on March 12, 2025. Included in other cash benefits is \$365 in severance benefits paid as a result of a termination agreement.

(10) Vice Presidents, InnoTech (interim) position was created on March 12, 2025. This role is shared by two employees.

(11) Vice President, Investment position was occupied by two individuals at different times during the year. Associate Vice President, Investment was vacated on May 8, 2024, reclassified to Vice President, Investment effective from May 24, 2024 to March 11, 2025. Included in other cash benefits is \$82 in severance benefits paid as a result of a termination agreement.

(12) Vice President, People and Culture position was created on March 17, 2025.

(13) Vice President, Marketing & Communications position was occupied by two individuals at different times during the year. It was vacated on October 28, 2024, reclassified to Vice President, Stakeholder Relations & Communications and subsequently filled on March 17, 2025.

(14) Chief Cleantech Officer & Vice President, Clean Resources position was vacated on October 4, 2024.

(15) Chief Operating Officer, InnoTech position was vacated March 11, 2025. Included in other cash benefits is \$357 in severance benefits paid as a result of a termination agreement.

(16) Executive Vice President, Impacts position was vacated June 24, 2024. Included in other cash benefits is \$238 in severance benefits paid as a result of a termination agreement.

ALBERTA INNOVATES
RELATED PARTY TRANSACTIONS
YEAR ENDED MARCH 31, 2025

SCHEDULE 3

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta's Consolidated Financial Statements. Related parties also include key management personnel and close family members of those individuals in the Corporation. The Corporation and its employees paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

The Corporation had the following transactions with related parties recognized in the Consolidated Statement of Operations and the Consolidated Statement of Financial Position at the amount of consideration agreed upon between the related parties.

| | <u>Entities in the Ministry</u> | | <u>Other Entities Outside of the Ministry</u> | |
|---|---------------------------------|--------------------------------|---|------------------|
| | 2025 | 2024 (Restated - Note 3) | 2025 | 2024 |
| | <i>(in thousands)</i> | | | |
| Revenues | | | | |
| Grants | \$ 198,887 | \$ 201,676 | \$ 4,252 | \$ 6,018 |
| Interest | - | - | 2,081 | 3,157 |
| Other | - | - | 1,930 | 1,786 |
| | <u>\$ 198,887</u> | <u>\$ 201,676</u> | <u>\$ 8,263</u> | <u>\$ 10,961</u> |
| Expenses - Directly Incurred | | | | |
| Grants | \$ - | \$ - | \$ 52,545 | \$ 54,434 |
| Other services | - | - | 5,434 | 5,630 |
| | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 57,979</u> | <u>\$ 60,064</u> |
| Receivables from | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,192</u> | <u>\$ 1,045</u> |
| Payable to | <u>\$ 180</u> | <u>\$ -</u> | <u>\$ 3,402</u> | <u>\$ 7,075</u> |
| Prepaid expenses | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 35</u> | <u>\$ 25</u> |
| Unspent deferred capital contributions | <u>\$ 2,321</u> | <u>\$ 6,702</u> | <u>\$ -</u> | <u>\$ -</u> |
| Spent deferred capital contributions | <u>\$ 28,272</u> | <u>\$ 21,045</u> | <u>\$ 86</u> | <u>\$ 70</u> |
| Deferred operating contributions | <u>\$ 13,618</u> | <u>\$ 25,392</u> | <u>\$ 2,668</u> | <u>\$ 3,776</u> |
| Deferred contract revenue | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 114</u> | <u>\$ 326</u> |
| Contractual obligations | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 39,730</u> | <u>\$ 53,324</u> |
| Contractual rights | <u>\$ 24,400</u> | <u>\$ 39,300</u> | <u>\$ 2,759</u> | <u>\$ 3,574</u> |

Schedule 3 - Related Party Transactions (Continued)

The above transactions do not include support service arrangement transactions disclosed below. The Corporation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not reported in the consolidated financial statements.

| | Other Entities Outside of the Ministry | |
|--|---|------------------|
| | 2025 | 2024 |
| | <i>(in thousands)</i> | |
| Expenses - Incurred by others ⁽¹⁾ | | |
| Accommodation ⁽²⁾ | \$ 22,661 | \$ 22,311 |
| | <u>\$ 22,661</u> | <u>\$ 22,311</u> |

⁽¹⁾ During the year, the Corporation received financial processing and reporting services from Service Alberta and the Department of Technology and Innovation at no cost. The dollar value of these services cannot be accurately determined.

⁽²⁾ The Corporation's share of accommodation costs is based on the proportion of space occupied compared to the total space occupied by all Ministries.



Learn How
AlbertaInnovates.ca

1500 – 10104 103 Avenue
Edmonton, AB Canada T5J 0H8

T 780.423.5727 (Downtown Edmonton)

T 780.450.5111 (Edmonton Research Park)

TF 1.877.423.5727

info@albertainnovates.ca

albertainnovates.ca