ANNUAL REPORT

2025|26

ALBERTA INNOVATES

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Message from the Board Chair



The 2025–26 fiscal year was an important year of deliberate focus and transition for Alberta Innovates. Throughout the year, the Board worked closely with management to help ensure the organization remained aligned with its mandate and positioned to deliver maximum value for Albertans.

In partnership with the Government of Alberta, through the Ministry of Technology and Innovation, the Board oversaw a significant refinement of Alberta Innovates' strategic direction. This included the completion of a comprehensive program review and a clear shift from breadth to depth — shifting focus to four key cross-sector innovation priorities where Alberta has the strongest opportunity to compete, commercialize, and lead. These decisions were necessary to help strengthen outcomes and impact, improve clarity for stakeholders, and ensure responsible stewardship of public funds.

Leadership was also a key focus during the year. The Board was pleased to confirm the permanent appointment of Dr. Mike Mahon as President and Chief Executive Officer. His leadership during a period of organizational change has brought clarity, stability, and momentum, while reinforcing strong relationships across government, industry, post-secondary institutions, and the broader innovation ecosystem. We also saw Tom Whalen step into a new role overseeing both InnoTech Alberta and C-FER Technologies, Alberta Innovates' applied research and testing capabilities. Together, the organizations are better positioned to deepen collaboration, optimize resources, and further enhance the role these entities play in de-risking, testing, and advancing practical innovations for industry.

On behalf of the Board of Directors, I would like to thank the Government of Alberta – and in particular Nate Glubish, Minister of Technology and Innovation – for its continued collaboration and support. 2025 was a significant year for Technology and Innovation in Alberta as we supported the final year of the Alberta Technology and Innovation Strategy (ATIS) 1.0 and helped work towards the launch of ATIS 2.0 in 2026. We are excited to see more on this partnership playing out as other new focus areas such as intellectual property (IP) and co-investment kickstart in 2026 too.

As Alberta Innovates looks ahead, the Board remains confident in the organization's direction. With a sharper focus, strong leadership, and clear alignment with provincial priorities, Alberta Innovates is well positioned to continue advancing innovation that delivers lasting economic and societal benefits for Albertans.

Tony Williams

Message from the Chief Executive Officer



When I reflect on 2025-2026, I see a year that took a very important step forward for Alberta Innovates. Together, we moved decisively from strategy to execution — sharpening our focus, simplifying how we work, and strengthening our role as a system-level partner in Alberta's innovation economy to provide meaningful results.

Alberta's innovation ecosystem is maturing. Expectations of Alberta Innovates have evolved from funding activity toward enabling the conditions that allow innovation to move from idea to real-world use — faster, at greater scale, and with clearer outcomes. That means providing support and expertise both as a funding agency and through our applied research and testing teams.

Over the year, we finalized a comprehensive program review, consolidated our portfolios, and realigned around four cross-sector innovation priorities: applied digital and emerging technologies; advanced materials, defence, and aerospace; natural resource recovery; and health, agriculture, and life sciences. This focus is already strengthening alignment across government, industry, and post-secondary partners — and improving clarity for the innovators and clients we serve.

We also made meaningful progress in strengthening our impact across Alberta's innovation ecosystem. InnoTech Alberta opened Canada's first commercially accessible carbon fibre processing facility. Together, InnoTech Alberta and C-FER Technologies are providing unique services, equipment, and facilities to support industry needs around applied engineering, research, and testing.

At the same time, we continue to support entrepreneurs, scaleups, and researchers across the province — ensuring that promising ideas have pathways to market and adoption here in Alberta. For example, the Alberta Lighthouse Initiative brought Alberta Innovates, Novo Nordisk, and the Ministry of Primary and Preventive Health Services together to align a major global pharmaceutical company with provincial health system priorities. Zero Point Cryogenics, an Innovates-supported company, shipped four dilution refrigerators globally in 2025 and is on a growth trajectory that positions Alberta within a narrow group of international leaders. These are not incremental gains. They are the kind of outcomes that build an economy.

Internally, 2025–2026 was a year of transformation. We realigned our operating model, strengthened leadership capacity, started to modernize systems, and are reinforcing a culture focused on outcomes, accountability, and collaboration. None of this was easy, and I am grateful to the Alberta Innovates team for their professionalism and commitment through a demanding period of change. The recognition of Alberta Innovates and InnoTech Alberta as Top Employers in Alberta for the fifth consecutive year, even during this transition, speaks to the quality of this team.

Our continued partnership with the Government of Alberta will be essential as we build the conditions needed for Alberta companies to compete nationally and globally. By staying focused, working collaboratively, and investing where it matters most, we can turn today's innovation strengths into long-term economic advantage. Alberta Innovates and our teams across the three organizations are proud to play their part in that work — now and into the future.

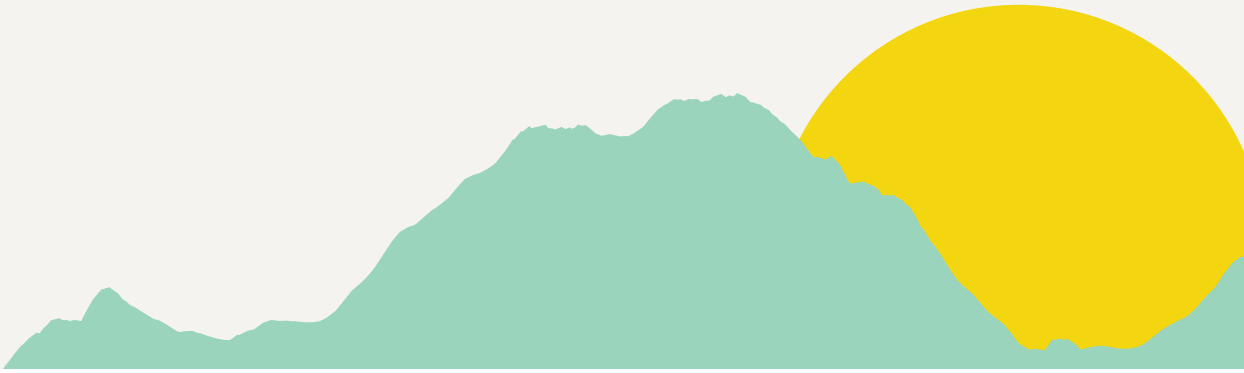
Mike Mahon

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, 2026, 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 28, 2026
Date of Approval of Financial Statements

EXECUTIVE SUMMARY

Alberta Innovates exists to accelerate the development and adoption of technology and innovation that strengthens Alberta's economy and improves quality of life for Albertans. It does this not simply as a grant funder, but as a system builder: convening partners, de-risking technology, providing world-class applied research and testing infrastructure, and helping companies navigate the gap between discovery and market. Central to this work is a deliberate focus on commercialization—investing at the stages where private capital will not, connecting innovators with the partners and infrastructure needed to prove their solutions work, and helping ensure that technologies developed in Alberta are adopted and scaled here.

Against a backdrop of global uncertainty, shifting trade dynamics, and a more constrained fiscal environment, Alberta Innovates made deliberate choices in 2025-26 about where to focus, how to organize, and what role it is best positioned to play. The result is an organization that is leaner, more strategically aligned, and better positioned to deliver the system-level impact required for Alberta's innovation economy.

A YEAR OF DELIBERATE FOCUS

Globally, geopolitical instability, supply chain realignments, and intensifying competition for talent, capital, and market share continued to raise the stakes for innovation-driven economies. Governments worldwide moved to secure strategic technologies, protect intellectual property, and build domestic capacity in advanced materials, artificial intelligence, clean energy, and aerospace and defence.

In Alberta, economic conditions remained comparatively resilient, supported by population growth and energy sector performance. At the same time, constrained venture capital markets, trade uncertainty, and persistent cost pressures created a dual reality: strong long-term opportunity alongside near-term headwinds that compress risk appetite and slow commercialization timelines.

A comprehensive program review led to a reorientation of resources around four cross-sector innovation priorities: applied digital and emerging technologies; advanced materials, defence, and aerospace; natural resource

recovery; and health, agriculture, and life sciences. This work continues to drive our evolving programs and has led to the consolidation and discontinuation of lower-impact programs. This shift from breadth toward depth is already producing more coherent alignment with government, industry, and post-secondary partners.

WHAT WE FOCUSED ON

Alberta Innovates organized its work around three strategic goals as outlined in the 2025–28 Business Plan: improving access to innovation supports; accelerating commercialization and scaling Alberta's innovation economy; and building an intentional culture and operating model that delivers exceptional value for Albertans. This work is grounded in part by two endowments supported through the Alberta Heritage Savings Trust Fund — the Alberta Heritage Foundation for Medical Research and the Alberta Heritage Science and Engineering Research endowments — which provide sustained funding for research and innovation activities.

Improving Access to Innovation Supports

Alberta Innovates streamlined its program portfolio, reducing complexity for innovators and concentrating resources where they generate the greatest return. The organization managed 1,433 active grant-funded projects valued at $1.3 billion in 2025-26, directly supporting 1,083 clients. Grant submission volume reached a five-year high of over 1,400 which reflects strong and growing demand for innovation supports. New partnerships expanded the organization's reach: a joint initiative with the Alberta Food Processors Association, co-funded with PrairiesCan, connected more than 300 food and beverage industry members to supports for operational efficiency and market access. Health ecosystem partnerships were formalized with the Institute of Health Economics and several post-secondary institutions to strengthen pathways from research to market.

Innovators supported through Alberta Innovates funding and services continued advancing commercialization in strategic priority sectors, including health innovation, artificial intelligence, digital agriculture, aerospace, and defence.

Regional Innovation Networks (RINs) extended services to entrepreneurs across the province, and Technology Development Advisors (TDAs) provided direct expert guidance to companies at critical stages of development. Together, these services help activate innovation throughout Alberta by connecting people, capabilities and opportunities across the innovation ecosystem.

Accelerating Commercialization and Scaling Alberta's Innovation Economy

InnoTech Alberta opened Canada's first commercially accessible Carbon Fibre Processing Facility at its Edmonton Research Park campus. This state-of-the-art facility was made possible by $10 million in multiyear funding from PrairiesCan and more than $1 million in facility upgrades from Infrastructure Alberta — giving Alberta companies access to advanced composite manufacturing capabilities previously unavailable in Canada. InnoTech Alberta also completed

development of hydrogen testing infrastructure that enables companies to validate technologies under real operating conditions, a prerequisite for commercialization in that sector.

Alberta Innovates and the Government of Alberta signed a Memorandum of Understanding with Denmark's Ministry of Climate, Energy and Utilities establishing a four-year carbon capture, utilization and storage (CCUS) cooperation framework — a signal of Alberta's growing standing as a global hub for clean energy technology. In health, the Alberta Lighthouse Initiative brought Alberta Innovates, Novo Nordisk, and the Ministry of Primary and Preventive Health Services together in a tri-party collaboration aligning a major global pharmaceutical company with provincial health system priorities – full details are expected to be announced early in 2026-27. A partnership with the Glenrose Rehabilitation Hospital Foundation extended specialized rehabilitation care to Albertans outside Edmonton through digital technology. The One Health Antimicrobial Resistance initiative, co-funded with Genome Alberta, drew recognition from the Public Health Agency of Canada for Alberta's leadership in integrating human, animal, and environmental health data.

C-FER Technologies continued to provide applied engineering and testing services to energy and industrial clients. Its compliance with International Traffic in Arms Regulations and Canada's Department of National Defence Controlled Goods standards has positioned it as a credible partner in emerging aerospace and defence programming.

Building an Intentional Culture and Operating Model

Alberta Innovates implemented a new organizational structure, while unifying corporate services for greater efficiency. Leadership across InnoTech Alberta and C-FER Technologies was aligned to strengthening accountability and enabling shared processes while preserving each unit's technical identity. The organization received additional base operating funding (in the amount of $2.9 million for 2025-26, $4.5 million in 2026-27 and $5.6 million in 2027-28) to begin implementing a new Information Technology Strategy, modernizing systems including enhanced cybersecurity capabilities and building the foundation for more rigorous performance reporting.

Alberta Innovates, InnoTech Alberta and C-FER Technologies generated approximately $44 million in external revenue. New commercial clients accessing the unique facilities and services, such as the Carbon Fibre Processing Facility and hydrogen testing infrastructure, are early evidence of the sustained cost-recovery potential of these assets. Alberta Innovates and InnoTech Alberta were recognized as Top Employers in Alberta for the fifth consecutive year.

LOOKING AHEAD: POSITIONED FOR WHAT COMES NEXT

Alberta Innovates enters 2026–27 with a clearer mandate, a more focused portfolio, and a stronger operational foundation. Throughout 2025–26, the organization contributed perspective to the Government of Alberta's work on updating the province's innovation strategy, including the addition of co-investment and intellectual property (IP). The Government's announcements at the start of the 2026-27 fiscal year — Alberta Technology and Innovation Strategy (ATIS) 2.0, the Alberta IP Office, and the *Financial Statutes Amendment Act, 2026* (formerly Bill 27) which grants co-investment authorities to provincial agencies such as Alberta Innovates — reflect that collaborative process and create new tools for ensuring that the value created by Alberta-based innovation is retained here in the province.

The near-term environment will remain demanding: trade uncertainty, competition for talent and capital, and the accelerating pace of technological change. Alberta Innovates' response is to stay focused: deploying applied research infrastructure; strengthening commercialization pathways; and investing time, expertise and funding where Alberta has genuine competitive advantage. The opportunity to convert strengths in advanced materials and aerospace, applied digital and emerging technology, natural resources recovery, agriculture, and health and life sciences, into lasting economic advantages is real. Alberta Innovates is committed to playing its part.

Alberta Innovates At A Glance



$201 million

in expenditures in Research, Innovation, Commercialization & Applied Research activities in 2025–26



1,083 clients supported

through grant investments



3,404 trainees supported

to enhance the knowledge workforce in strategic areas



$1.3 billion

total value of 1433 active projects in 2025–26 funded by Alberta Innovates grants



47 partnerships

to advance innovation adoption by industry and/or government



8,632 clients supported

through in-kind support and services



5th consecutive year

Alberta Innovates & InnoTech Alberta named a Top 85 Employer in Alberta

CONTEXT & OUTLOOK

The 2025-26 fiscal year was shaped by accelerating global change marked by persistent geopolitical uncertainty, shifting trade dynamics, and intensifying competition for talent, capital and market share.[1-4] Alongside these forces, there was a more constrained fiscal context for many public agencies. Alberta Innovates responded with sharper focus, deliberate portfolio consolidation, and a shift from breadth toward depth.

GLOBAL, NATIONAL AND PROVINCIAL CONDITIONS

During 2025–26, global economic and geopolitical uncertainty persisted, with trade policy shifts, supply chain realignments, and defence and security-related considerations increasingly shaping innovation, investment, and commercialization.[2,4] Governments moved more aggressively to secure strategic technologies, protect intellectual property, diversify export markets, and strengthen domestic innovation capacity.[2,4]

Nationally, Canada's innovation environment continued to be influenced by defence modernization, resilient supply chains, domestic intellectual property generation, and leadership in advanced technologies.[4] Federal investments across aerospace, defence, artificial intelligence, critical minerals, and advanced manufacturing emphasize the importance of applied research, commercialization readiness, and the development of dual-use technologies.[4] These conditions align with Alberta Innovates' role in reducing commercialization risk and supporting participation in national and global pathways.[2,4]

In Alberta, economic conditions through 2025–26 remained comparatively strong, supported by population growth, energy production, and momentum in technology-enabled and industrial sectors.[1,8] At the same time, growth expectations were moderated by trade uncertainty, constrained venture capital markets, and persistent cost pressures on businesses and households.[5,6]

Alberta's innovators were navigating a dual reality: strong long-term opportunity coinciding with real near-term headwinds that compressed risk appetite, slowed commercialization timelines and hindered access to follow-on capital.[6,7] Despite deep research and applied innovation assets, translating these strengths into globally competitive companies remains a challenge.[7]

ORGANIZATIONAL FOCUS AND ROLE CLARITY

The external environment coincided with a more constrained fiscal context for public agencies.[3, 8] Government of Alberta budget planning for 2025–28 emphasized fiscal discipline, contingency planning, and alignment of spending with priority outcomes.[3, 8]

Alberta's innovation ecosystem has matured significantly, with increasingly sophisticated and interconnected institutions, companies, and intermediaries.[7] Expectations of Alberta Innovates have evolved from funding activity toward enabling systems that accelerate commercialization, de-risk adoption, and align partners around shared outcomes.[7]

Throughout 2025–26, internal and partner discussions reinforced this shift, emphasizing readiness, validation, real-world testing, and alignment with industry and system needs, particularly in energy, industrial innovation, health, advanced materials, aerospace, and defence-related sectors.[4,7]

OUTLOOK: 2026–27 AND BEYOND

This approach reflects Alberta Innovates' role as a key partner supporting the implementation of ATIS 2.0 announced in April 2026, translating provincial innovation priorities into system-level outcomes and impacts.

Looking ahead to 2026–27 and the 2026–29 Business Plan period, Alberta Innovates expects to operate amid continued uncertainty, competition, and opportunity.[1,2,5]

Economic forecasts point to moderate growth, ongoing labour-market pressures, and sustained competition for investment and skilled talent.[1,5,6] Global technology trends are expected to accelerate further, increasing both potential returns and risks, while trade, geopolitical, and fiscal conditions remain sources of uncertainty.[2,4,6]

In this context, Alberta Innovates will focus on leveraging applied research and testing assets, supporting commercialization and scale-up readiness, strengthening national and international partnerships, and exercising disciplined stewardship of public resources. These priorities bridge the experience of 2025–26 with the direction of the 2026–29 Business Plan, positioning Alberta Innovates to help companies retain value, compete globally, and deliver lasting benefits for Albertans.

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Demonstrating the VALUE & IMPACT of Alberta Innovates

Alberta Innovates plays a unique role in Alberta's innovation ecosystem. Operating at the intersection of research, industry, and public systems, we focus on strengthening the conditions that allow innovation to move from idea to use more quickly, more reliably, and at greater scale — in ways that responsibly and efficiently deliver real value for Albertans. This is work that individual programs, institutions, or markets are not well positioned to deliver on their own, and it underpins our role in executing ATIS 2.0 by strengthening system capability, accelerating commercialization, and aligning partners around provincial priorities.

We step in where early-stage risk is too high for private capital, where cross-sector coordination is needed but no single entity can provide it, and where the conditions for adoption and scale must be established before the commercial opportunity can be realized. The highlights below illustrate each of these roles in practice.

STRENGTHENING ALBERTA'S INNOVATION SYSTEM

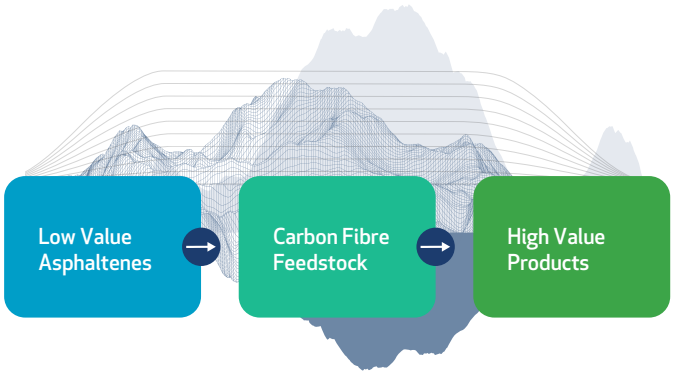
A strong innovation system depends on many capabilities that no single company, researcher, or organization has or can build on its own. This includes applied research facilities, testing environments, and specialized expertise that helps new ideas prove they work, meet standards, and scale safely and reliably. Without such foundational capabilities, promising innovations can struggle to move forward or reach adoption in Alberta.

Alberta Innovates strengthens the province's innovation system by investing in foundational capabilities and by acting as a system integrator within and across sectors. The Carbon Fibre Facility and the Hydrogen Centre of Excellence – are two examples that demonstrate this capacity.

InnoTech Alberta's Carbon Fibre Facility is the only facility of its kind in Canada for bitumen-based carbon fibre. It came to realization after a decade of visionary collaborative planning and development, supported by a multiyear commitment of nearly $10 million in federal investment for a total of nearly $12 million in funding and in-kind support. What makes Alberta bitumen challenging to refine is, as it turns out, precisely what makes it valuable for advanced materials: the asphaltenes found at the bottom of every barrel, long

"This facility allows us to validate our current manufacturing processes on a larger scale and identify the adjustments needed for real-life production. This facility serves as the vital link between research and manufacturing, to enable faster commercialization of carbon fibre technologies."

-Yasmine Abdin, President, COO, Fibernx



treated as a low-value stream, are proving to be exceptional feedstock for carbon fibre applications in pipelines, cold-climate infrastructure, and aerospace and defence. This means Alberta can generate significantly more value from the same barrel of oil, diversifying revenue for the energy sector without displacing its core business. A Japanese industrial delegation recently visited Alberta to explore commercial partnership with an Alberta Innovates supported company. In addition, a successful Grand Challenge participant, Fibernx, is relocating operations from British Columbia to Alberta because of the ecosystem our work has helped create. No single company, institution, or market actor was positioned to coordinate and sustain this investment over a decade in the making, and that is precisely the role Alberta Innovates is designed to play.

Through the Hydrogen Centre of Excellence, we established Canada's first integrated hydrogen testing infrastructure across four Alberta locations in Calgary, Devon, Edmonton and Vegreville. Built to de-risk hydrogen technologies from production through to end use, the facilities serve Alberta, and the country, as a national hub for hydrogen technology development. The hydrogen quality testing centre supports fuel cell and transportation applications regardless of where the energy economy heads. Across all four locations, equipment originally built for carbon capture, battery technologies, H_2S service, and oil sands solvent research is being adapted for hydrogen applications — alongside purpose-built equipment and processes. This adaptability matters: re-purposing equipment to enable market diversification maximizes the return on investment to Albertans and enables flexibility to adapt to market changes. This is infrastructure that the private sector had no incentive to build and that no single institution had the mandate to develop - but is valuable to all and that value keeps growing.

C-FER Technologies' work in 2025–26 illustrates how Alberta's applied research infrastructure fills ecosystem gaps to support industry. Working through the Hydrogen Centre of Excellence and its own specialized facilities, C-FER developed hydrogen material compatibility testing capabilities that now exceed those of other research centres globally, reaching extremely high gas purity standards to ensure consistent testing conditions. These tests help companies determine whether existing wells and pipelines can be converted for hydrogen use — a pathway that could save the industry billions of dollars compared to building brand new networks.

C-FER also re-established Alberta's shock tube testing capability through a partnership with TC Energy's Didsbury facility, making Alberta the only place in the world able to conduct the CO_2 pipeline decompression tests with the specific mixture of impurities required by a Japanese client planning a CO_2 pipeline.

Infrastructure investments made by the Hydrogen Centre of Excellence position Alberta as a destination for advanced hydrogen testing and technology development, attracting project work from across Canada and internationally.

Alberta Innovates' applied research infrastructure is drawing the world's attention to the province. This international reputation translates directly into revenue, with roughly half of C-FER's annual income coming from outside of Canada. In 2025–26, C-FER hosted delegations from the Japan External Trade Organization, the International Energy Agency's Hydrogen Technology Collaboration Program, the Canada-Korea Clean Energy Forum, Mexico's Under Secretary of Hydrocarbons, and western U.S. policy makers.

Alberta Innovates also supported the Alberta CREATE Centre at the University of Alberta, a collaborative initiative involving partners such as PrairiesCan and the Canada Foundation for Innovation. By providing access to specialized infrastructure and expertise, the Centre is helping strengthen Alberta's innovation ecosystem in artificial intelligence, advanced electronics, aerospace, and defence technologies.

Alberta Innovates is the primary funder of eight Regional Innovation Networks (RINs) across the province that provide local, integrated supports that help turn early ideas into investment-ready, scale-capable companies. Federal partners such as Prairies Economic Development Canada (PrairiesCan) work closely with Alberta Innovates by co-funding programs and investments that rely on the RINs as a proven pipeline of high-quality companies, even though the RINs themselves are provincially funded. Alberta Innovates investment in RINs creates a larger pool of fundable businesses that are then able to seek support from other ecosystem partners like PrairiesCan. This foundation also underpins the province's ability to compete in emerging fields. For example, RIN-supported companies like Zero Point Cryogenics are helping anchor talent, commercialization activity, and early market traction in quantum technologies within the province.

REDUCING RISK AND ENABLING REALWORLD ADOPTION

Promising innovations frequently stall between proof of concept and real-world adoption. They are held back by technical, regulatory, or market barriers that no single actor can remove. Alberta Innovates funds the proof-of-concept work private capital will not absorb, convenes the sector-wide effort no single organization can lead, and builds the physical infrastructure that makes technology validation possible.

That early-stage commitment is precisely what Northernmost Medical Devices, Inc. – an organ preservation technology company with a clear promise, and a need to better define their path to market – needed. Our investment provided the runway to de-risk the technology, and our team's guidance helped them identify the milestones needed to attract the next round of funding. It worked: from its base in Alberta, Northernmost has since partnered with the Mayo Clinic, raised $2.7 million in early seed-stage funding, and is working

"Every dollar from Alberta Innovates moves our product closer to market. The support enabled us to attract seed investors and stretch that capital across the most vulnerable early stages. The funding and support we have received helped Northernmost stay true to our name, homegrown and deeply rooted in Alberta."

– Ron Mills, Found&CEO, Northernmost Medical Devices, Inc.

toward a larger $8 million round of investment. Together, their ingenuity and our support, means Northernmost's organ preservation technology will lead to more transplantable organs available to more patients, including Albertans waiting for a call that could save their life.

The same approach applies at a system scale. Over nearly a decade, Alberta Innovates convened two industry collaborations to de-risk methane detection and reduction technologies. The first, the Canadian Emissions Reduction Innovation Network (CERIN), funded the mechanisms for industry collaboration that made this possible before the commercial case was obvious and before any single company had reason to lead that work. The result was transformative: Alberta exceeded its 45% methane reduction target, and Emissions Reduction Alberta is now running commercial demonstrations built directly on the innovation pipeline we created. As Alberta works toward a 75% reduction in methane emissions relative to 2014 levels by 2035 – as established under the Canada-Alberta Methane Equivalency Agreement - it is the patient, early investment we made years ago that makes that ambition achievable. The creation and leadership of the second collaboration, the Methane Emissions Technology Solutions (METS) group, builds on this foundation, bringing together industry leaders to collaborate on the technology solutions needed to reach the 2035 target.

Alberta Innovates also plays a direct role in making decarbonization technologies economically viable. One of the persistent challenges in emissions reduction is that promising early-stage technologies are often too costly to be commercially viable without public support to improve economic and technical performance. Through InnoTech's Alberta Carbon Conversion Technology Centre (ACCTC), we are helping change that. The facility has enabled multiple carbon capture and utilization technologies to advance along the technology readiness spectrum, attracted companies from around the world to demonstrate at pre-commercial scale in Canada, and generated patents and licensed know-how to accelerate adoption of carbon capture and utilization technologies. InnoTech Alberta is leading a joint industry project with major Alberta energy producers supported by Natural Resources Canada (NRCAN) to advance a novel amine carbon capture technology towards pilot-scale and future industrial deployment. InnoTech has also been accredited to provide verification and validation certification services for greenhouse gas emissions claims. For Albertans, this facility and the projects it supports are moving emissions reduction from an ambition to a practical and economic reality.

Through a multi-year joint industry project with Canadian pipeline operators, C-FER generated testing data rigorous enough to change national standards. The work demonstrated that composite wrap repair systems used to address pipeline corrosion do not degrade over time, leading the Canadian Standards Association to reclassify them from temporary to permanent repairs.

Companies no longer need to excavate and replace these repairs on a fixed schedule, reducing cost and ground disturbance across communities and farmland. It is the kind of applied research that produces lasting regulatory change, and it is possible because Alberta has the infrastructure and expertise to do it credibly.

We also enable adoption by building the physical infrastructure that validation requires, that other institutions, private or public, do not have the mandate or incentive to fund. Most Albertans live in or near one of the province's four major cities, but hundreds of smaller communities face a quiet and growing challenge as population increase, tighter regulations and changing climate push many municipalities past the limit of their current wastewater treatment capacity. A promising cold-climate wastewater treatment technology existed, but no Canadian facility could validate it under Alberta conditions. Alberta Innovates solved that barrier by funding a pipeline that tied the Advancing Canadian Water Assets facility into the raw wastewater intake at the City of Calgary's Pine Creek wastewater treatment plant. That infrastructure remains in place for future innovators to use. The technology is now moving toward broader deployment, with potential application to many communities outside the province's four largest cities. This is a quiet but significant example of how foundational public investment creates lasting value.

Support also extends to improving environmental regulatory standards and supporting First Nations communities. Working with delivery partners, InnoTech Alberta helped demonstrate that remote sensing technologies can enable more cost-effective assessment of a well-site's reclamation status. Building on this, work is expanding the available evidence base for incorporating remote sensing into future reclamation certification policies. InnoTech Alberta is also using its isotope capabilities to determine whether lakes and streams are being contaminated by oil sands process water rather than natural bitumen seeps. This is leading to better community-based monitoring of key lakes and rivers which First Nations communities rely on. The value of such work is not captured in economic outcomes alone – but also in its societal and environmental benefits.

STRENGTHENING ECOSYSTEM COORDINATION

Innovation depends on connection. Turning ideas into solutions that improve lives, strengthen the economy, or protect the environment requires researchers, businesses, public systems, and governments to work together effectively. When those connections are missing or fragmented, progress slows, effort is duplicated, and promising ideas can fall short of their potential regardless of the merit they hold.

Alberta Innovates works to close gaps between researchers, innovators, businesses, public systems, and governments to help them work together effectively. As a connector and convenor across the innovation ecosystem, we identify where coordination is missing, bring the right partners to the table, and sustain collaboration long enough to produce results. This is work that requires a trusted, system-level actor with the relationships and long-term mandate to hold the collaboration together — and it is work that pays real dividends for Albertans.

As early as 2021, Alberta Innovates identified that nuclear readiness required progress on three fronts: technology, public engagement, and talent. With technology advancing and government leading public engagement, Alberta Innovates focused on the talent gap. We recognized that without early investment in talent, Albertans risk missing the jobs when construction begins. In March 2026, Alberta Innovates supported the

launch of the Western Canada Nuclear Talent Hub, connecting University of Alberta and University of Calgary researchers with Saskatchewan universities and federal partners including Atomic Energy Canada Limited and Canadian Nuclear Laboratories. Through this work, Alberta Universities have clearer lines of sight to the value of memberships in the University Network of Excellence in Nuclear Engineering, which is already unlocking research funding from nuclear developers nationally.

Food and beverage manufacturing is the last step before food reaches Albertans' tables, and the sector's performance has a direct bearing on affordability, supply chain resilience, and economic opportunity across the province. Alberta Innovates is helping strengthen that system. Along with co-funding from PrairiesCan, we supported an initiative with the Alberta Food Processors Association linking approximately 300 member organizations, helping processors adopt new technology, improve productivity, and compete in expanding inter-provincial markets. This work is building a more connected and resilient food system for Albertans.

Antimicrobial resistance (AMR) is one of the most serious threats facing both human health and Alberta's agricultural economy. Alberta sits at the intersection of the animal, environmental, and human health pathways through which resistance spreads, and with one of Canada's largest livestock sectors, the province has both a particular vulnerability and a particular responsibility to act. Yet the human, animal, and environmental health data streams relevant to AMR had never been coordinated provincially. To change this, our partnership with Genome Alberta is leveraging previous investments at the provincial and federal level and bringing together expertise across human medicine, livestock systems, and environmental monitoring. This initiative strengthens Alberta's capacity for coordinated, system-level AMR surveillance and response across human, animal, and environmental health domains. At a national conference in March

"Energy Connections Canada has greatly appreciated the partnership we've created with Alberta Innovates to advance the Carbon Transportation Hub (CTH). To our knowledge this is the first time pipeline owners, engineering consultants, academic institutions, government and CO_2 and H_2 associations have come together to exchange insights and ideas on safety and reliably shipping CO_2 and H_2.

Alberta Innovates provided the support to make this dialogue happen and alongside C-FER, continues to provide advice and its deep knowledge of energy innovation to help advance our efforts. We are very optimistic that we can bring world-leading research to Alberta in the coming months thanks to Alberta Innovates."

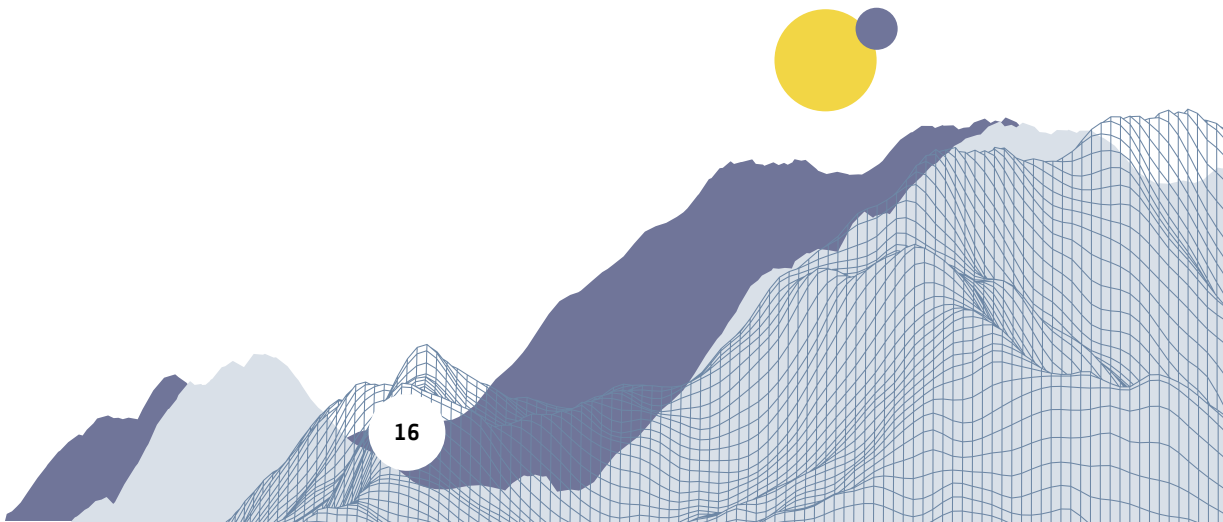
– Evan Bahry, Executive Director, Energy Connections Canada

2026, the Public Health Agency of Canada credited Alberta for leading the development of a national AMR framework. A provincial AMR hub with the University of Calgary is now in development, with a two-year research project launching in July 2026, positioning Alberta as the national model for integrated AMR response.

When major operators withdrew from the Canadian Energy Pipeline Association, its technical arm collapsed, leaving a significant gap in collective pipeline safety work just as the industry was beginning to grapple with CO_2 and hydrogen infrastructure. Alberta Innovates provided the foundational funding that allowed the organization to reconstitute as Energy Connections Canada, with a renewed mandate spanning conventional oil and gas alongside emerging pipeline types. C-FER has been a key technical partner in building the network's credibility in these areas. The result is a national industry body, rebuilt with Alberta's support, now helping Canadian pipeline companies as they manage both established and emerging pipeline technologies.

Alberta Innovates is also helping build the connective tissue between post-secondary research and industrial application. Our partnership with the University of Alberta on the Alberta Advanced Manufacturing International Hub (AbAMI-Hub) focuses on connecting manufacturing-related industry, research organizations, and academic institutions in Alberta and globally to accelerate the adoption of advanced manufacturing technologies. The goal for this structured collaboration is to enhance the return on publicly funded research in Alberta, by enabling better solutions to industry problems at lower cost and shorter timelines.

Just as Alberta's early investments in artificial intelligence now underpin globally recognized institutions and the sector in the province, today's investments in nuclear talent, food system connectivity, and AMR are building the foundations of the province's next generation of strength. This represents a long-term commitment, grounded in Alberta Innovates' responsibility to steward public investments for lasting benefit.



RESULTS & ACHIEVEMENTS

Alberta Innovates' work is grounded in sustained public investment. Two endowments supported through the Government of Alberta's Alberta Heritage Savings Trust Fund — the Alberta Heritage Foundation for Medical Research and the Alberta Heritage Science and Engineering Research endowment — provide long-term funding for health research, scientific discovery, and innovation activities that deliver lasting benefits for Albertans. Within Alberta Innovates, these endowments support core health and research initiatives that are not otherwise funded through provincial grants or external revenue, enabling programming, partnerships, and commercialization supports that would not be possible without this durable foundation.



PERFORMANCE MANAGEMENT

Alberta Innovates' corporate priorities, goals, and business plans are directly cascaded from the Government of Alberta's research and innovation priorities, ensuring our impact aligns with strategies such as the Investment and Growth Strategy and ATIS.

Our performance data is gathered primarily through enterprise systems such as those operated by finance, grants administration and human resources as well as two key client reporting tools. The Post-Investment Metrics Report tracks small and medium-sized enterprises (SMEs) that completed funding between 2021 and 2025, collecting key performance indicators (KPIs) such as jobs created and revenue generated over a five-year follow-up period. The Annual Outcomes Report captures outcomes from researchers and other non-SME clients holding grants during 2025–26. For the 2025-26 reporting period, response rates were 89 per cent for the Post-Investment Metrics Report and 96 per cent for the Annual Outcomes Report based on 618 and 508 reports received, respectively. In addition, client satisfaction is collected through application forms and the Post-Investment Metrics Report.

Detailed methodology for the KPIs is available in the Alberta Innovates 2025–28 Business Plan Indicator Data Codebook, available upon request at pme@albertainnovates.ca. KPI tables provide a visual representation of performance relative to targets outlined in our 2025-28 Business Plan. 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. For targets with a minimal desirable value as represented by "greater than or equal to" (i.e., ≥), any actual value that meets or exceeds the minimal value is 'on target'. Similarly, for targets with a maximum desirable value as represented by "less than or equal to" (i.e., ≤), any actual value that meets or is below the maximum value is 'on target'. Explanation for results that were not 'target' are provided below each KPI table.

It is worth noting that individual programs are designed around specific objectives and may focus on a particular stage of the research & innovation continuum or sector. As a result, not all corporate KPIs apply to every program or service.



IMPROVING ACCESS TO INNOVATION SUPPORTS

Improving access to innovation supports is fundamental to advancing Alberta's technology, research, and innovation ecosystem and accelerating economic diversification. In 2025–26, Alberta Innovates worked to enhance pathways for startups, scaleups, and emerging sectors to access funding, infrastructure, and commercialization expertise across our four cross-sectoral innovation priorities:

- **Applied digital and emerging technologies:** Supporting companies leveraging data, AI, and cybersecurity to build smarter, more connected industries.
- **Health, agriculture, and life science innovation:** Expanding access to funding and expertise for life sciences, bio-industrial, health, and sustainable agriculture innovations.
- **Advanced materials, defence and aerospace:** Enabling innovators to commercialize high-value materials and aerospace technologies to increase Alberta's global competitiveness.
- **Natural resource recovery:** Supporting innovations that improve the sustainability, efficiency, and value-added potential of Alberta's energy and resource sectors.

The initiatives below describe how Alberta Innovates aligned its funding programs and commercialization supports to these priority areas, in addition to preparing for a potential co-investment mandate.

Key Initiatives

1.1 Prioritizing Funding for High-impact Programs and Diversifying Revenue Streams

Through its grant funding programs, Alberta Innovates directly supported nearly 1,100 clients last year, managing a portfolio of 1,433 active projects valued at an estimated $1.3 billion. Demand for grant funding continues to grow as Alberta Innovates received over 1,400 submissions in 2025-26, up 50 per cent from the year prior and the highest volume in the last five years.

Acting on the recommendations of the 2024 Program Review, Alberta Innovates made meaningful progress this year on reshaping its program portfolio. Programs identified as less strategically aligned or less effective are being phased out or consolidated, reducing complexity for innovators navigating our funding landscape and ensuring that public dollars are directed where they create the greatest return. The result: a leaner, more navigable system that is easier for researchers, entrepreneurs and SMEs to access, and concentrates investment in areas of higher strategic impact.

New and deepened partnerships were established across priority areas this year, expanding Alberta's reach and amplifying the impact of provincial investment. Notable examples include:

- Alberta Food Processors Association (AFPA): A joint initiative co-funded with Prairies Economic Development Canada (PrairiesCan) brought together more than 300 food and beverage industry

members to improve operational efficiency, workforce capacity, and market access. This initiative strengthens Alberta's food system resilience and competitive position (see Value and Impact section for full context).

- Health ecosystem partnerships: New relationships were formalized with the Institute of Health Economics (IHE) to develop standardized health technology assessment packages, and with the University of Alberta, University of Calgary, University of Lethbridge, and Elixir around simulation technologies — building the infrastructure that helps health innovations find their footing in market.
- Alberta–Denmark Carbon Capture, Utilization and Storage (CCUS) Memorandum of Understanding: Alberta Innovates and the Government of Alberta signed a Memorandum of Understanding with Denmark's Ministry of Climate, Energy and Utilities, establishing a four-year framework for cooperation on CCUS. This international partnership opens new pathways for knowledge exchange and co-investment, and signals Alberta's growing role as a global hub for clean energy technology.

Work advanced on identifying new programming in areas where Alberta has emerging competitive strength specifically aerospace and defence. C-FER's compliance with International Traffic in Arms Regulations and Canada's Department of National Defence Controlled Goods standards positions it as a credible and rare partner for aerospace and defence work. In 2025–26, C-FER hosted delegations from Hanwha Power Systems (South Korea's leading submarine manufacturer), the International Energy Agency's Hydrogen Technology Collaboration Program, and Western U.S. policy makers, establishing Alberta's applied research capabilities on the international stage. These relationships are laying the groundwork for defence and dual-use technology programming that leverages Alberta's existing engineering and testing infrastructure.

Alberta Innovates took initial steps toward a structured approach to horizon scanning and trend analysis. Engagement with the Alberta Smart Grid Consortium, the Western Canada Nuclear Talent Hub, and provincial and national partners in hydrogen and CCUS is informing a foresight practice that will help the organization anticipate shifts in global industry and proactively align its investments.

1.2 Building More Flexible and Efficient Funding Processes

Work continued simplifying and streamlining grant processes to reduce the time and burden on applicants while maintaining due diligence and fiscal stewardship. Process redesign is underway to accelerate the time between grant application submission and notice of decision. These changes respond directly to Program Review feedback that identified administrative complexity as a barrier to access.

1.3 Expanding Co-investment Models and Partnerships

In 2025–26, Alberta Innovates worked with the Ministry of Technology and Innovation and the Alberta Enterprise Corporation (AEC) to prepare for the potential of a co-investment mandate. These efforts were advanced with the passage of Bill 27 (the Financial Statutes Amendment Act) in May 2026. Once the regulations are in place, it provides Alberta Innovates with the ability to take minority equity stakes in Alberta-based technology companies alongside qualified private-

sector lead investors. This marks a new chapter for the organization: moving beyond grants-only support toward equity-based co-investment that keeps promising Alberta companies and their intellectual property (IP) in the province, while strengthening Alberta Innovates' long-term financial sustainability.

1.4 Proactively Pursuing National and Global Funding Opportunities

Alberta Innovates actively pursued new funding streams beyond provincial sources this year. Key results:

- **Carbon Fibre Processing Facility:** Through PrairiesCan's Regional Innovation Ecosystems program Alberta Innovates secured $10 million over multiple years, alongside more than $1 million in upgrades from Infrastructure Alberta, to establish Canada's first industry-accessible, commercial-scale carbon fibre production research facility.
- **Federal agency engagement:** Continued engagement with NRCan, IDEaS, and PrairiesCan opened market pathways in aerospace, defence, and quantum computing for Alberta innovators.
- **Western Canada Nuclear Talent Hub:** Engagement with Atomic Energy Canada Limited and Canadian Nuclear Laboratories positioned Alberta and Western Canada in the national nuclear talent strategy, with a formal workshop launched March 5, 2026, and task teams established to advance priority areas.

1.5 Accelerating the Transition from Research to Market-ready Solutions

Alberta Innovates continued to guide innovators through critical commercialization stages, working with ecosystem partners like Platform Calgary, Edmonton Unlimited, and Innovate Calgary. InnoTech Alberta and C-FER Technologies provided world-class testing, applied research, and engineering capabilities to move technologies from lab to market. Examples of companies that reached important milestones this year as a direct result of Alberta Innovates support include:

- **Northernmost:** An Alberta-based medical device company whose NoMO™ Kidney Pump is designed to replace the use of cardboard iceboxes that dominate organ transport for more than 70% of donor kidneys despite strong evidence that machine perfusion improves graft survival and reduces complications. With Alberta Innovates support, Northernmost closed a $2.7 million seed round and established a partnership to test and advance the technology with the Mayo Clinic, the largest integrated transplant provider in the United States. Albertans and others stand to benefit from more viable donor kidneys as Northernmost advances toward national scale up with an $8 million Series A investment.
- **NanoTess:** A wound-care technology company that received critical support to achieve Health Canada market approval for their NanoSALV Catalytic technology and advance toward national scale-up. In an Alberta Health Services provincial evaluation, this technology improved wound healing by 58%, reduced care costs by nearly 46%, and improved quality of life for patients and their families when used within standard of care practices
- **Zero Point Cryogenics (ZPC):** ZPC is one of only six companies globally that commercially manufacture dilution refrigerators for quantum computing. ZPC grew its team and shipped four units globally in 2025, with plans to ship approximately twelve in 2026.

- **Verge Agriculture:** An Alberta ag-tech company, advanced commercialization of its artificial intelligence-enabled platform designed to improve agricultural productivity and operational efficiency. Supported through Alberta Innovates programming, the company successfully validated its technology in international markets and continued building commercial opportunities. The project highlights Alberta's leadership in applying digital technologies to address challenges in agriculture and food production.
- **Landing Zones Canada:** An Alberta-based developer of advanced uncrewed aerial systems, Landing Zones continued advancing commercialization activities in 2025-26 with support from Alberta Innovates. The company expanded participation in international research initiatives and strengthened strategic partnerships to support technology development and market growth. Its progress highlights Alberta's growing capabilities in aerospace, autonomous systems, and dual-use technologies with applications in both civilian and defence markets.
- **Provision Analytics:** The company continued advancing commercialization of its Alberta-developed digital traceability platform designed to help food processors meet evolving food safety and regulatory requirements. Supported through Alberta Innovates programming, the company progressed technology development and validation activities while working with industry partners to prepare for broader adoption. The project demonstrates how made-in-Alberta digital technologies can strengthen agri-food competitiveness, support access to domestic and international markets, and create new opportunities for growth within the province's innovation economy.

Key Performance Indicators	Historic Actuals		2025-26		
	2023-24	2024-25	Target	Actual	Performance to Target
$ attracted to Alberta Innovates from external sources[a]	$54.3M	$51.6M	$48.1M	$49.5M	
# clients supported through grant investments (excluding trainees)	998	1,005	≥970	1083	
# clients supported through in-kind supports and services	7,649	10,665	≥9,300	8,632	
# trainees supported to enhance the knowledge workforce in strategic areas[b]	3,271	2,969	≥2,500	3,404	
% reduction in Alberta Innovates program offering relative to baseline[c]	---	Baseline year	15-20%	13%	
Average advancement in Technology Readiness Level[d] (TRL) achieved by funded companies	---	---	1 (benchmarking year)	1.18	
# business days between grant application submission and notice of decision	41	47	≤35	47	

a Targets are aligned to the combined budget amounts for (i) Federal Government Transfers, (ii) External Revenue and Industry Funding, and (iii) investment Income on the most recent Consolidated Statement of Operations.

b 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 research & innovation activity, e.g., participation in research labs and or projects of funded researchers, are more difficult to validate and may include double counting in some instances.

c Baseline is the number of programs identified in the 2024 Program Review. Targets reflect a reduction in programs from baseline through program sunsets and amalgamations (i.e., cumulative reduction of 20-30% by 2026-27 fiscal year end), based on operational requirements and as informed through program reviews.

d Technology Readiness Levels assess the maturity of a technology, innovation or product through its journey from concept to market/end users.

Variance to Target

 # clients supported through in-kind supports and services: The year-over-year decrease primarily reflects program changes, including the wind-down of certain initiatives and unavailable data from a previously high-volume service area. This was partially offset by stable or increased uptake across Entrepreneurial, Digital and Talent programs.

% reduction in Alberta Innovates program offering relative to baseline: The program count has decreased relative to the original baseline, reflecting the continued sunsetting and amalgamation of some programs. This reduction is partially offset by the inclusion of programs that were not captured in the baseline due to their early stage of development but have since matured. The addition of new initiatives has further moderated the cumulative reduction as Alberta Innovates continues to evolve its portfolio.

 # business days between grant application submission and notice of decision: The result reflects in part higher application volumes and a record number of active projects managed concurrently during 2025–26. Results also vary by program design, as continuous intake, block funding, and time-bound competitions require different review periods, ranging from 0-92 business days; given the degree of variability, the measure has been refined for subsequent reporting to better account for program-specific contexts.



ACCELERATING COMMERCIALIZATION AND SCALING ALBERTA'S INNOVATION ECONOMY

Commercialization is the critical bridge between research, innovation, and real-world impact. Alberta Innovates worked to accelerate the development and scaling of homegrown technologies into globally competitive products and services in our cross-sectoral innovation priority areas:

- Advancing commercialization of artificial intelligence, data science, and cybersecurity solutions that increase productivity and drive digital transformation across sectors.
- Scaling Alberta-based innovations in life sciences, sustainable agriculture, and health to improve well-being, food security, and bioeconomic competitiveness.
- Catalyzing market entry and expansion for next-generation materials and aerospace technologies.
- Commercializing innovations that add value to Alberta's energy and resource industries through cleaner, more efficient, and future-focused technologies.

By leveraging partnerships across industry, academia, government, and global markets, the initiatives below describe how Alberta Innovates improved access to infrastructure and testing, enhanced business acceleration, strengthened technology transfer, and facilitated innovation uptake.

Key Initiatives

2.1 Positioning Alberta as a Hub for High-impact Innovation Partnerships

Canada's first industry-accessible, commercial-scale Carbon Processing Facility opened at InnoTech Alberta in 2025-26, the culmination of a decade of investment through the $20 million Carbon Fibre Grand Challenge. The facility is the only one in the world using oil sands bitumen as feedstock (see Value and Impact section for more information). One immediate result: Fibernx is relocating from British Columbia to Alberta to access the facility as they recognize the ability to validate processes at pilot scale being "the difference between an idea and a product."

Like Alberta's decades-long investment in artificial intelligence research, this is a long-game play that positions the province ahead of the curve.

Commissioning was completed by InnoTech Alberta for all Hydrogen Centre of Excellence facilities across Edmonton, Devon, Vegreville, and Calgary in 2025-26, giving Alberta a full-value-chain hydrogen testing capability (see Value and Impact section). This spans from production and storage through to transportation and end use, and from bench level to pilot scale. The Hydrogen Quality Centre that was established through this work is the first of its kind in Canada, enabling testing of hydrogen quality for fuel cell applications. Critically, this infrastructure has multi-purpose value: InnoTech Alberta's high-temperature plasma processing lab is already being applied to H_2S evaluation, CCUS de-risking, and downhole solvent testing. The investment is flexible infrastructure that will serve Alberta's innovation ecosystem across multiple technology transitions.

Alberta Innovates continued to support the Alberta CREATE Centre at the University of Alberta, a collaborative initiative involving partners such as PrairiesCan, Edmonton Global and the Canada Foundation for Innovation. The Centre provides innovators with access to specialized infrastructure and expertise supporting work in artificial intelligence, advanced electronics, aerospace, and defence technologies. By bringing together capabilities from multiple partners, the Centre is strengthening Alberta's innovation ecosystem and helping advance technologies toward commercialization.

Through the national CCUS Research and Technology Network — including partners Natural Resources Canada (NRCan), Petroleum Technology Research Centre (PTRC) Carbon Management Canada (CMC), and National Research Council (NRC) — Alberta Innovates is aligning decarbonization testing efforts across the country, reducing duplication and accelerating commercialization timelines.

Alberta Innovates chairs the Alberta Smart Grid Consortium, bringing together all distribution facility owners in the province for collective work on distributed energy resources. In 2025–26, the Consortium reset its roadmap and launched new projects focused on integrating technologies like rooftop solar without requiring costly infrastructure upgrades — a direct lever for keeping electricity affordable for Albertans.

2.2 Right-sizing Business Accelerator Programs

The Scale-up and Growth Accelerator Program (Scale-up GAP) continued to provide targeted support to innovative Alberta enterprises, connecting companies with scale-up advisors, unbundled services, IP guidance, and pathways to markets and capital. Platform Calgary and Edmonton Unlimited — both primary-funded partners of Alberta Innovates — remained essential nodes in this ecosystem, providing services from the earliest stage of idea formation through to commercial development.

Alberta Innovates' support of early-stage innovation builds the pipeline of fundable opportunities that federal and private partners depend on. For groups like PrairiesCan, Alberta Innovates' early investments underpin its funding pipeline, creating the conditions for investment further along the commercialization journey.

"This program is very helpful for us in identifying key areas where growth is required and to fast-track critical tasks. It has really accelerated our path to market."

– Dr. Valerie H. Taylor, Taylored Biothreapeutics, a UCeed program participant

Alberta Innovates continued to strengthen research commercialization pathways with funding support to initiatives such as the UCeed Founder Matching Program. The program connects researchers and technical innovators with experienced entrepreneurs and business leaders, helping transform promising discoveries into market-ready ventures. By building stronger connections between research, leadership, and investment readiness, the program is helping create new opportunities for Alberta innovations to reach customers, attract partners, and generate economic impact.

Investments extended beyond Edmonton and Calgary to build connectivity, accelerated IP identification, and reduce

fragmentation that has historically limited innovation activity outside major urban centers. This included targeted efforts to seed and stimulate programming in smaller centres such as Fort McMurray, Lloydminster, and Medicine Hat.

2.3 Expanding Innovation, Intellectual Property, and Knowledge Partnerships

The Campus Alberta Small Business Engagement (CASBE) program connected research talent with technology SMEs to advance commercialization. Where companies lacked human capital to drive commercialization forward, Alberta Innovates helped bridge the gap — recognizing that missed connections at this stage often result in delayed or lost market opportunities. A cross-sector example: Alberta Innovates worked with Athabasca University to match its MBA capstone program with approximately 10 technology SMEs, providing free talent resources to early-stage companies that otherwise would not have had access to this capacity.

Alberta Innovates also engaged with colleges and polytechnics across the province — beyond just major research universities — to understand talent offerings and build access pathways for SMEs.

The April 2026 announcement of an Alberta Intellectual Property (IP) Office marks a significant step in fulfilling our Business Plan commitment to build a provincial IP support system aligned with national strategies. Alberta Innovates' engagement with the Ministry and ecosystem partners throughout 2025-26 contributed to shaping this initiative, which will be housed within Alberta Innovates and supported by $8 million in Government of Alberta funding received in 2025-26 to establish the office and fund operations over the next three years. The office will embed IP strategy earlier and more consistently across funding, programs, and commercialization pathways, moving IP support from a late-stage consideration to an integrated part of the innovation continuum. Services will roll out in phases to improve coordination, share best practices, and fill gaps not currently addressed at the system level.

Through C-FER, Alberta Innovates advanced knowledge mobilization in pipeline safety and energy transition technologies. C-FER's testing data directly informed Canadian Standards Association (CSA) standards updates, including the reclassification of composite pipeline repairs as permanent — a regulatory change with tangible safety and cost implications for the industry. C-FER also contributed to the exchange of knowledge internationally by hosting the International Energy Agency's Hydrogen Technology Collaboration Program, the Canada-Korea Clean Energy Forum, the Japan External Trade Organization, and other global delegations at its Edmonton facilities. These visits translate into international contracts and position Alberta's applied research infrastructure as a global reference point for energy technology testing.

2.4 Enable Healthcare Refocusing Through Health Innovation

Alberta Innovates continued to support the transformation of Alberta's health system through programs aligned with provincial and global healthcare priorities. Programs including AICE-Market Access, the Partnership for Research and Innovation in the Health System (PRIHS), and the Digital Health Sandbox supported innovations in remote care, predictive analytics, and clinical decision support — addressing system challenges including long wait times, care fragmentation, and physician burnout.

Alberta Innovates' health portfolio is oriented around the quintuple aim — improving patient experience, lowering cost, advancing population health, supporting clinician well-being, and advancing health equity — aligning investments with the guiding framework for health system improvement recognized by both the Government of Alberta and global health authorities.

Key partnerships and programs this year included:

- **Glenrose Rehabilitation Hospital Foundation partnership:** Using digital technology to extend access to specialized rehabilitation care for Albertans outside Edmonton, directly responding to both the Rural Health Action Plan and the provincial health workforce strategy. Virtual care and remote monitoring supported through Alberta Innovates enable post-acute care closer to home, reducing costly readmissions.
- **Alberta Lighthouse Initiative (tri-party):** A partnership between Alberta Innovates, Novo Nordisk, and the Ministry of Primary and Preventive Health Services will aim to align digital health tools with health system needs — exemplifying the multi-stakeholder model the Business Plan identified as essential to systemic health innovation. Full launch will occur early in 2026-27.
- **The Alberta Diagnostic Ecosystem Platform for Translation (ADEPT):** A partnership between the University of Alberta, University of Calgary, and APL Diagnostic Labs advancing diagnostic technologies, with a portfolio emphasis on preventative care and disease diagnosis.
- **One Health – Antimicrobial Resistance:** Co-funded with Genome Alberta and aligned to the Government of Alberta's antimicrobial resistance framework, this initiative began integrating human, animal, and environmental health data to address a shared challenge — and drew recognition from the Public Health Agency of Canada for Alberta's leadership in this space.

Recent examples illustrate how Alberta companies are advancing innovative health technologies from validation toward adoption and commercialization

- **OraQ AI:** OraQ AI advanced commercialization of its Alberta-developed artificial intelligence-enabled dental diagnostic platform in 2025-26. Supported through Alberta Innovates commercialization, validation and market access programming, the company achieved Health Canada and U.S. FDA clearance and expanded into new markets. OraQ AI's success highlights Alberta's growing strength in health innovation, artificial intelligence, and technology commercialization.

- **Qualisure Diagnostics:** Qualisure advanced development of its Alberta-developed thyroid cancer diagnostic technology in 2025-26. With support from Alberta Innovates commercialization programming, the company generated clinical evidence supporting the test's ability to help guide treatment decisions before surgery and continued advancing adoption efforts with healthcare organizations. Qualisure's progress demonstrates how Alberta research and innovation can be translated into technologies that support improved patient care while creating opportunities for commercialization and growth.

Key Performance Indicators	Historic Actuals		2025-26		
	2023-24	2024-25	Target	Actual	Performance to Target
% difference in survival rate for SMEs funded by Alberta Innovates compared with all Canadian SMEs after 6 years[a]	24.7%	27.5%	≥25%[b]	26.5%	
% difference in year-over-year job growth for SMEs funded by Alberta Innovates compared with all Alberta companies	-3%	0.89%	≥10%[b]	5.4%	
# of active partnerships formalized to advance innovation adoption by industry and/or Government of Alberta	---	---	15 (benchmarking year)	47	

a The result reflects a change in the average age of companies within Alberta Innovates' past-funded SME cohort, from six to seven years, resulting in a more mature comparison group for benchmarking against national data.

b We aim to assist SMEs to consistently achieve a minimum threshold of performance above the identified comparison group

Variance to Target

% difference in year-over-year job growth for SMEs funded by Alberta Innovates compared with all Alberta companies: The benchmark was set at an ambitious level relative to historical trends. While the result was below target, Alberta Innovates' past-funded SMEs continued to demonstrate stronger job growth than the broader Alberta economy.

# of active partnerships formalized to advance innovation adoption by industry and/or Government of Alberta: The higher-than-target result reflects the first year of measurement, with partnership counts exceeding initial expectations as baseline data and definitions were established. The results will inform future refinements to the KPI and methodology, as needed.



BUILDING AN INTENTIONAL CULTURE AND OPERATING MODEL THAT DELIVERS EXCEPTIONAL VALUE FOR ALBERTANS

For Alberta Innovates to deliver exceptional value for Albertans, the organization must continuously evolve and keep up with the pace of change in the ecosystem. In 2025–26, Alberta Innovates made foundational progress on implementing a high-performance, outcomes-driven organizational structure designed to enhance collaboration, reduce inefficiencies and evolve internal processes, and show greater fiscal sustainability. The initiatives below outline the key actions taken across people, processes, technology, and financial stewardship to drive and maximize greater value and impact.

PROGRESS ON KEY INITIATIVES

3.1 Restructuring Internally to Improve Efficiency

Alberta Innovates advanced significant organizational redesign, implementing a new model to promote cross-functional collaboration, clearer accountabilities, and improved service delivery across Alberta Innovates, InnoTech Alberta and C-FER Technologies. Work was done with an intention and focus on change management and growing a larger culture of change for the three organizations. There was an intentional focus on growing human resources to a focus on people and culture as our people are the engine to what can be achieved. This also set up the next steps on building and evolving a more intentional culture and growing capacity and capability around change and change management.

Shortly after the restructuring was complete, an all-employee survey was conducted to understand how this greater focus on intentional change landed. The results – with an overall favourability score of 70% - signaled strong organizational acceptance and support for change. Employees reported robust support from direct leaders (82%), easy access to information and resources (84%), and high confidence in their ability to contribute within the new structure (83%). Themes of supportive colleagues, improved team spirit, adaptability, and appreciation for accessible leadership emerged across the organization.

Acting on these results, the Senior Leadership Team received department-level findings and developed targeted action plans focused on enhancing communication, workload management, and increasing recognition. Findings and planned actions were shared with employees, and a comprehensive annual trust and engagement survey is planned for later in 2026 to track progress and continue building on this foundation for culture and change.

Check-ins do more than quantify our progress—they reflect our commitment to listening, which is the cornerstone of our culture. We conduct regular, ongoing pulse checks that shape our people-centered priorities. This proactive approach enables us to connect authentically at crucial moments in the employee lifecycle, such as after onboarding, during periods of change, or following major announcements. We believe trust is built by genuinely listening to employees, understanding their perspectives, and responding swiftly to their needs.

3.2 Modernizing Alberta Innovates' Information Technology

Alberta Innovates received additional base operating grant funding of $2.9 million in 2025–26 (in addition to $4.5 million in 2026-27 and $5.6 million in 2027-28) to advance its Information Technology and Data Strategy. First-year investments focused on three areas:

- Modernizing core enterprise platforms: Started the consolidation of the Human Resources Information System to improve recruitment, learning, analytical capability, and employee information management. Beyond creating efficiencies, the HRIS acts as a catalyst for our intentional culture by providing industry-leading talent software that supports better decision-making and a stronger employee experience.
- Implementing a new contract management system with stronger automation, compliance, auditability, and lifecycle management was also established. Together, these upgrades are reducing administrative burden and free capacity for higher-value, client-facing work.
- Building artificial intelligence and data capability: Expanded the internal data team, advanced enterprise data architecture and reporting, established a prequalified pool of artificial intelligence delivery partners, and identified priority use cases. This foundational work positions us to apply data and artificial intelligence where they create the most value: improving funding decisions, identifying internal and ecosystem trends, enhancing client experience, and directing investment to where it will have the greatest impact for Alberta.
- Strengthening cybersecurity and digital service: Expanded cybersecurity capacity, implemented enhanced monitoring and managed security services, and selected a partner to modernize collaboration and digital service delivery platforms. This work protects sensitive client and organizational data and improves how we work with stakeholders across the province.

Together, these investments strengthened the systems, security, and data capabilities that help Alberta Innovates respond more efficiently to innovators, clients, and ecosystem partners.

3.3 Redefining and Embedding a Collaborative, High-Performance Culture

Alberta Innovates and InnoTech Alberta were named among Alberta's Top Employers for the fifth consecutive year. Part of the Canada's Top 100 Employers program, this recognition highlights organizations that lead in employee-focused practices. Alberta Innovates was also featured in Business in Edmonton magazine as one of the top Edmonton-based employers, recognized for our commitment to enhancing the employee experience through change. Sustaining and building on this recognition during a year of significant organizational change demonstrates our genuine and ongoing dedication to fostering a workplace where people can do their best work.

Work was initiated this year to refresh the organization's values to ensure they reflect Alberta Innovates' refreshed leadership and strategic direction. The objective was to establish clear, practical values that guide decision-making, leadership behaviour, and day-to-day operations across the organization.

A cross-functional Values Council which consists of leaders and employees from all levels and roles, is championing this initiative. Informed by lived experience and a deep sense of accountability, the Council is shaping values that resonate with those who will embrace them and are closely aligned with Alberta Innovates' innovation mandate.

Our new values will shape the evolution of our culture and serve as a true north, anchoring our behaviours and decisions in principles that embody who we are and reinforce our dedication to innovation. Far more than words on a page, these new values will represent a genuine commitment to our employees and the future we are building together,

3.4 Streamlining Internal Policies and Reducing Administrative Burden

Progress was made this year on simplifying funding application, review, and reporting processes — reducing complexity while maintaining appropriate fiscal stewardship. These changes allow staff to focus more on strategic, high-value work, and make Alberta Innovates a more accessible and responsive partner for innovators.

Steps were taken to improve efficiency, coordination and risk management across core corporate functions. This included the consolidation of contracts management with Alberta Innovates and our subsidiaries, including the implementation of a simpler, digital-first human resources ecosystem.

3.5 Implementing New Financial Sustainability

In anticipation of reduced provincial base funding in 2026-2027, Alberta Innovates pursued a deliberate strategy to diversify and strengthen its financial foundation. Key actions and results included:

- External revenue stability: A total of $44 million in external revenue was generated with $42 million of that being generated by InnoTech Alberta and C-FER Technologies through fee-for-service activities, providing a predictable foundation for financial planning.
- New commercial access: Commercial clients are now able to access InnoTech Alberta's Carbon Fibre Facility and hydrogen testing infrastructure, advancing cost-recovery goals and demonstrating the revenue potential of the organization's applied research assets.
- Cash reserves and new models: Work continued to build cash reserves and identify new partnership-based revenue models to increase financial resilience.

Key Performance Indicators	Historic Actuals		2025-26		
	2023-24	2024-25	Target	Actual	Performance to Target
% change in year-over-year net Red Tape Reduction count	a	-0.8% (baseline year)	≤0%	5.1%	
Overall employee engagement rating[b]	66%	---	≥66%	70%	
Stakeholder satisfaction, as measured by Net Promoter Score[c]	---	---	≥30 (benchmarking year)	75.43	

a Baseline year for RTR target of net zero increase was 2024-25.

b Data was previously collected in Q3 of every other fiscal year by an independent third-party. In 2025-26, an all-employee check-in survey was conducted internally.

c A market research metric used to measure the quality of experience that stakeholders have with an organization.

Variance to Target

% change in year-over-year net Red Tape Reduction count: The slight year-over-year increase reflects program changes, including the closure of some high-volume programs and the addition of new forms to support updated processes. Overall, the result indicates nominal growth in the count while maintaining progress relative to the original baseline.

Management Discussion & Analysis

The results in Alberta Innovates consolidated financial statements are for research and innovation 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, 2026.

REVENUE

Alberta Innovates' total revenue for 2025–26 was $254.6 million, consistent with the budget of $254.2 million.

Revenue performance reflects a notable mid-year change, as oversight of the Artificial Intelligence/ Machine Learning (AI/ML) initiative was transferred to the Ministry of Technology and Innovation (T&I), reducing revenue by $8.3 million relative to plan. This decrease was more than offset by higher funding recognized from other T&I initiatives, increased capital contributions as assets entered service and began amortization, and favorable timing in the recognition of Government of Alberta and external funding.

Compared to the prior year, revenue decreased by $2 million, primarily reflecting the AI/ML transfer and differences in the timing and recognition of restricted program funding.

EXPENSES

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

Research, Innovation & Commercialization: Includes investments and partnerships in Alberta's key sectors in alignment with the strategic priorities identified by Alberta Innovates.

Research, Innovation and Commercialization expenses in 2025–26 were $146.8 million, coming in $13.7 million below budget. The largest driver of the variance was the transfer of the AI/ML initiative to the Ministry of T&I, which reduced planned spending by $8.3 million, consistent with the corresponding reduction in funding noted above.

The remaining variance primarily relates to the timing of grant program activity, including the scheduling of funding calls, execution of agreements, and milestone-based payments for multi-year initiatives. It also reflects salary savings arising from a mid-year organizational restructuring undertaken to align resources with anticipated budget reductions.

Compared to the prior year, expenses were $7.8 million lower. The variance largely reflects the AI/ML transfer and reduced salary costs from the restructuring, partially offset by increased investment in priority areas including strategic partnerships and other high-demand programs.

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

Applied Research expenses in 2025–26 were $53.8 million, coming in $1.1 million below budget.

Several factors contributed to spending coming in under plan. A significant InnoTech initiative did not proceed as anticipated, and salary savings were realized following the mid-year organizational restructuring. At C-FER, expenses were lower due to the deferral of contracted work, as delays in Hydrogen assets pushed some activity beyond the fiscal year. These reductions were partially offset by a $1.7 million write-down of a specialized pilot facility, reflecting management's determination that the asset no longer supports service delivery due to a sustained decline in industry demand.

Compared to the prior year, expenses were $1.3 million higher, primarily driven by the write-down noted above.

Administration: Includes corporate services such as finance, strategic relations, communications, information technology, facilities, legal, human resources, and corporate planning and reporting, which support the operational business lines (Research, Innovation & Commercialization and Applied Research) and enable Alberta Innovates to pursue its strategic priorities.

Administration expenses in 2025–26 were $35.9 million, $4 million above budget. The variance primarily reflects severance costs associated with the mid-year organizational restructuring, which were concentrated in Administration while the related salary savings were distributed across all business lines. These costs were partially offset by lower discretionary spending as resources were realigned following the restructuring.

Compared to the prior year, expenses were $0.9 million higher, primarily due to increased severance costs. Additional increases relate to initial investments in the first year of the Information Technology Strategy to modernize systems and enhance data capabilities. These increases were partially offset by lower other administration expenses following resource realignment.

Amortization: Includes amortization for all business lines.

Amortization expense in 2025–26 was $9.9 million, generally consistent with the budget of $9.6 million. The minor variance reflects the timing of asset additions and assets placed into service during the year.

Compared to the prior year, amortization was $1.6 million higher, primarily reflecting the commencement of amortization on major capital assets, including investments related to the Hydrogen Centre of Excellence and other assets funded through the Capital Maintenance and Renewal grant.

Alberta Innovates receives annual revenue and expense targets from the Government of Alberta.

The gross operating expense target includes amortization and inter-governmental transfers, the latter representing funding to other government entities that is eliminated by the Government of Alberta upon consolidation. After adjusting for these items, Alberta Innovates' 2025–26 net expense target was $188.9 million, representing spending directed toward non-government entities and organizational operations in support of strategic priorities.

Net operating expenses of $179.5 million were $9.4 million below budget, primarily reflecting the transfer of oversight for the AI/ML initiative to T&I during 2025-26.

dollars in thousands	2025-26 Budget	2025-26 Actual	2024-25 Actual
Gross Operating Expenses	$ 256,883	$ 246,423	$ 250,405
Amortization	(9,565)	(9,891)	(8,314)
Inter-Governmental Transfers	(58,410)	(57,021)	(57,979)
Net Operating Expenses	$ 188,908	$ 179,511	$ 184,112

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, 2026, Alberta Innovates had $92.3 million of contractual obligations (compared to $118.1 million at March 31, 2025), 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 as grant milestones are achieved and contracted services are delivered.

Alberta Innovates, InnoTech and C-FER 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 & Lease Arrangements

CAPITAL PLANNING

Adequate infrastructure is a critical requirement to support Alberta Innovates' vision, sustain program effectiveness, and enable growth aligned with corporate and provincial priorities. Alberta Innovates works closely with the Ministry of Technology and Innovation (T&I) and the Ministry of Infrastructure on capital planning, budgeting, and project delivery.

Capital spending in 2025–26 reflects continued investment in capital assets across both T&I and externally funded initiatives, as well as self-financed investments.

Capital Investment – T&I includes investments funded by T&I supporting Capital Maintenance and Renewal (CMR) and major capital initiatives.

CMR refers to work completed on assets that replaces or upgrades components or systems, extending the useful life of the major asset. It also includes functional upgrades driven by specific program needs that enhance usability, capacity, and efficiency of assets.

T&I funding also supported the continued advancement of the Hydrogen Centre of Excellence, including the development of specialized facilities for testing hydrogen infrastructure, equipment, and technologies. Projects progressed through design, planning, and construction phases during the year.

Capital Investment – Other includes a combination of internally funded, partner-funded, and co-funded initiatives. Alberta Innovates continued to advance self-financed capital investments alongside projects jointly funded with federal and industry partners. This included further progress on the Carbon Capture Project, including development of an advanced CO_2 capture unit focused on validating and scaling capture technologies under real-world operating conditions to improve efficiency and reduce emissions. Progress also continued on the Carbon Fibre Facility Project, which is focused on pilot-scale production capabilities, including feedstock pretreatment and continuous processing systems. Work during the year included planning, engineering, equipment procurement, and construction activities.

The table below summarizes Alberta Innovates' 2025–26 capital expenditures.

dollars in thousands	2025-26 Budget	2025-26 Actual	2024-25 Actual
Capital Target			
Capital Investment - T&I			
Capital Maintenance and Renewal (CMR)	$ 6,944	$ 2,726	$ 6,801
Hydrogen Centre of Excellence	-	2,044	3,811
	6,944	4,770	10,612
Capital Investment - Other			
Alberta Innovates Self - Financed Investment	8,500	4,743	1,606
Carbon Capture Project (federal & industry funding)	2,047	2,419	967
Carbon Fibre Facility Project (federal funding)	-	901	6,165
Other funded projects	-	-	165
	10,547	8,063	8,903
Total Capital Target	**$ 17,491**	**$ 12,833**	**$ 19,515**

COMMERCIAL LEASE ARRANGEMENTS

Our Facilities Services team works diligently to ensure effective space utilization for program accommodation. The Victoria Group is currently available for sublease and opportunities to reduce the Bell Tower footprint are being explored.

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 2025-26. 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 was reviewed by our Board of Directors each quarter.

The key risks faced by Alberta Innovates evolved from those in the 2025-28 Business Plan at the beginning of the fiscal year to those being identified by the organization at the end of the 2025-26 period. Key risks at the end of the fiscal year were:

FINANCIAL STEWARDSHIP AND STRATEGIC FOCUS

Throughout the fiscal year, Alberta Innovates continued to operate in a constrained fiscal environment, with planning assumptions reflecting ongoing expenditure controls and funding uncertainty. The Board and Senior Leadership Team maintained a deliberate focus on strong financial stewardship, ensuring that resource allocation remained tightly aligned with organizational priorities and government expectations.

Over the last year, the organization continued to prioritize funding toward critical programs and initiatives, strengthened multi-year financial planning approaches, and reviewed the financial and contracting models of our subsidiaries. Alberta Innovates also continued its engagement with the Ministry of Technology and Innovation to manage budget and expenditure issues, ensuring alignment between organizational plans, available resources and government priorities. These efforts supported the organization's ongoing commitment to demonstrating clear value-for-money and responsible stewardship of public investment, while preserving the flexibility needed to respond to opportunities as they arise.

CAPACITY-ALIGNED DELIVERY

Ensuring that Alberta Innovates' priorities, initiatives, and internal capacity are well sequenced and aligned continued to be a central risk consideration in 2025–26. The organization undertook a deliberate internal restructuring and welcomed new senior leadership, including the appointment Mike Mahon as permanent CEO, as well as the recruitment of a Chief Operating Officer, to strengthen execution against the 2025–28 Business Plan.

These changes, among others, were designed to sharpen accountability, streamline decision-making, and ensure the organization is structured to deliver measurable outcomes for Alberta's innovation system.

The refreshed operating model is intended to improve program and service delivery while optimizing internal operations and capacity, ensuring the organization evolves to meet the objectives of our strategic plan and enabling faster translation of government priorities into action.

In 2025-26, Alberta Innovates strengthened its operations allowing program leaders to focus on supporting innovators, scale-ups, and ecosystem partners. These changes position Alberta Innovates to operate with greater agility and consistency as demand for innovation support continues to grow.

ENABLING FUTURE-FOCUSED INNOVATION

As Alberta Innovates continues to support emerging areas of advanced and high-trust innovation, including defence technologies, ensuring the organization has the enabling infrastructure to do so responsibly became an increasingly important risk consideration in 2025–26.

During the year, attention was given to strengthening the systems, cybersecurity, and digital capabilities required to support Alberta companies seeking to enter or grow within defence supply chains. This included building awareness of the compliance and regulatory requirements, an understanding of intellectual property protection under national security frameworks, and cybersecurity readiness.

TRUSTED RELATIONSHIPS WITH COMMUNITIES AND STAKEHOLDERS

Maintaining the confidence of government, regional partners, and communities remained a key risk consideration for Alberta Innovates in 2025–26, particularly as the organization navigated changes to its operating model and service delivery approach.

The Senior Leadership Team, supported by the Board, prioritized proactive engagement and clear, consistent communication with stakeholders throughout the year. This included ongoing dialogue with the Ministry of Technology and Innovation, regional partners, and ecosystem collaborators to ensure alignment on priorities and to maintain trust during the development and roll out of the new strategic plan and through a period of organizational transition.

SAFE, COMPLIANT, AND WELL-GOVERNED OPERATIONS

Strengthening foundational governance, health and safety, and compliance practices continued to be a priority for Alberta Innovates in 2025–26. The organization made ongoing improvements to oversight systems, leadership accountability structures, and operational controls to ensure it operates safely, responsibly, and in alignment with public sector expectations.

The appointment of a Chief Operating Officer, as well as the Senior Vice President Applied Research, Engineering and Specialized Technical Services, further reinforced the organization's commitment to well-governed operations, providing dedicated executive-level oversight of enterprise risk management, compliance, and operational performance.

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 Ministry 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 Cindy Fox
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 points 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

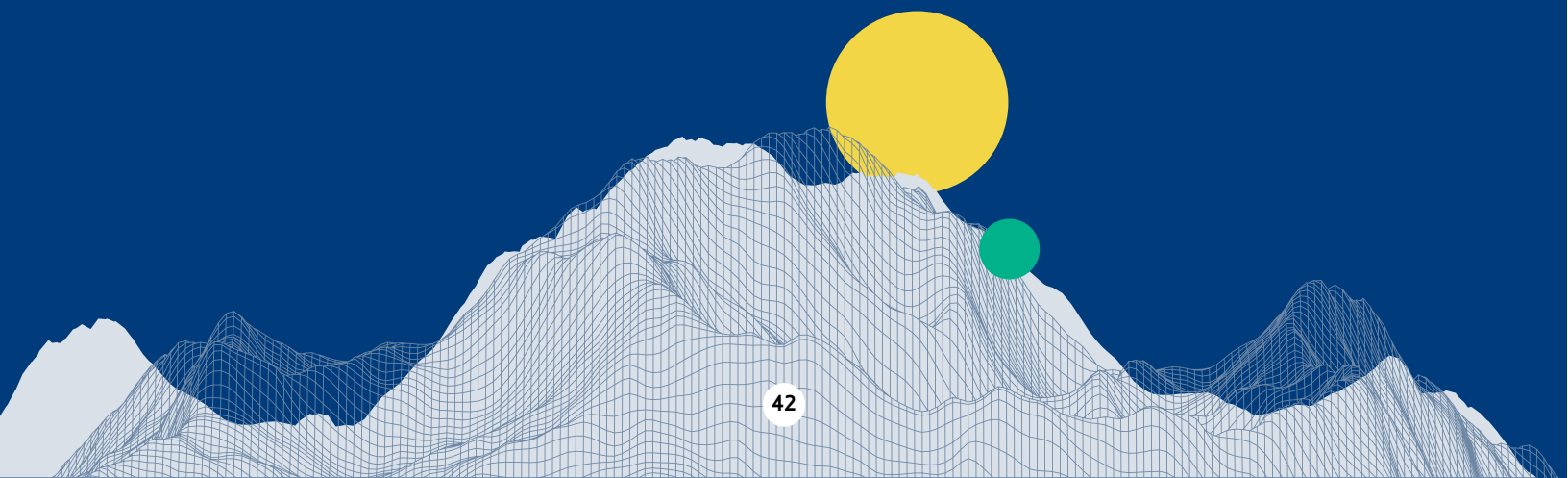
c) in the case of an investigation that results in a finding of wrongdoing, a description of the wrongdoing and any recommendations made or corrective measures taken in relation to the wrongdoing or the reasons why no corrective measure was taken.

In 2025-26, Alberta Innovates had no disclosures of wrongdoing filed with the Public Interest Disclosure Office.

Consolidated Financial Statements

Year end March 31, 2026

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Independent Auditor's Report

Auditor General OF ALBERTA

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, 2026, 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, 2026, 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

- 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 Phillip D. Peters FCPA, FCA, KC]
Auditor General of Alberta

May 28, 2026
Edmonton, Alberta

ALBERTA INNOVATES
CONSOLIDATED STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget (Note 4)	**Actual**	**Actual**
		(in thousands)	
Revenues (Note 2 (b))			
Government transfers			
Funding from Technology and Innovation			
Base operating grant	$ 170,792	$ 171,792	$ 167,892
Strategic relationship grants	23,800	13,402	12,298
Deferred grants from prior years	4,100	8,969	14,195
Deferred capital contributions	3,000	5,131	4,502
Funding from other Government of Alberta entities - other grants	3,000	4,049	4,252
Federal government transfers	4,600	4,102	5,416
External revenue and industry funding	42,000	44,223	44,042
Investment income	1,500	1,183	2,138
Other Government of Alberta revenue	1,426	1,793	1,930
	254,218	254,644	256,665
Expenses (Note 2 (b) and Schedule 1)			
Research, innovation and commercialization	160,466	146,788	154,580
Applied research	54,889	53,824	52,483
Administration	31,963	35,920	35,028
Amortization	9,565	9,891	8,314
	256,883	246,423	250,405
Annual surplus	(2,665)	8,221	6,260
Accumulated surplus at beginning of year	41,164	49,720	43,460
Accumulated surplus at end of year	$ 38,499	$ 57,941	$ 49,720

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

ALBERTA INNOVATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026

	2026	2025
	(in thousands)	
Financial assets		
Cash and cash equivalents (Note 5)	$ 77,607	$ 67,832
Accounts receivable (Note 6)	24,217	20,084
	101,824	87,916
Liabilities		
Accounts payable and other accrued liabilities (Note 8)	21,286	21,134
Unspent deferred capital contributions (Note 9)	4,211	2,505
Deferred operating contributions (Note 9)	24,223	19,542
Deferred contract revenue	9,809	10,037
Asset retirement obligations (Note 10)	3,465	3,446
	62,994	56,664
Net financial assets	38,830	31,252
Non-financial assets		
Tangible capital assets (Note 12)	61,976	61,180
Prepaid expenses	4,648	3,815
	66,624	64,995
Net assets before spent deferred capital contributions	105,454	96,247
Spent deferred capital contributions (Note 9)	47,513	46,527
Net assets		
Accumulated surplus (Note 13)	$ 57,941	$ 49,720

Contractual rights (Note 7)

Contingent liabilities (Note 14)

Contractual obligations (Note 15)

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 28, 2026

Original signed by Brad Severin

Brad Severin
Audit Chair
May 28, 2026

ALBERTA INNOVATES
CONSOLIDATED STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED MARCH 31, 2026

	2026		2025
	Budget (Note 4)	**Actual**	**Actual**
		(in thousands)	
Annual surplus	$ (2,665)	$ 8,221	$ 6,260
Acquisition of tangible capital assets (Note 12)	(17,491)	(12,833)	(19,515)
Amortization of tangible capital assets (Note 12)	9,565	9,891	8,314
Net loss on disposal of tangible capital assets		194	8
Proceeds on sale of tangible capital assets		8	37
Write-down of tangible capital assets		1,944	-
(Increase)/Decrease in prepaid expenses		(833)	1,181
Net increase in spent deferred capital contributions (Note 9)		986	12,121
Increase in net financial assets		7,578	8,406
Net financial assets at beginning of year		31,252	22,846
Net financial assets at end of year		$ 38,830	$ 31,252

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

ALBERTA INNOVATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2026

	2026	2025
	(in thousands)	
Operating transactions		
Annual surplus	$ 8,221	$ 6,260
Non-cash items included in annual surplus:		
Amortization of tangible capital assets (Note 12)	9,891	8,314
Deferred contributions recognized as revenue (Note 9)	(127,675)	(130,338)
Net loss on disposal of tangible capital assets	194	8
Write-down of tangible capital assets	1,944	-
	(107,425)	(115,756)
Contributions restricted for operating (Note 9)	125,868	112,729
(Increase)/Decrease in accounts receivable	(7,876)	2,064
(Increase)/Decrease in prepaid expenses	(833)	1,181
Increase/(Decrease) in accounts payable and other accrued liabilities	152	(6,512)
Decrease in deferred contract revenue	(228)	(1,371)
Increase in asset retirement obligations (Note 10)	19	421
Cash provided by/(applied to) operating transactions	9,677	(7,244)
Capital transactions		
Acquisition of tangible capital assets (Note 12)	(12,833)	(19,515)
Proceeds on sale of tangible capital assets	8	37
Cash applied to capital transactions	(12,825)	(19,478)
Financing transactions		
Contributions restricted for capital	12,923	13,734
Cash provided by financing transactions	12,923	13,734
Increase/(Decrease) in cash and cash equivalents	9,775	(12,988)
Cash and cash equivalents at beginning of year	67,832	80,820
Cash and cash equivalents at end of year	$ 77,607	$ 67,832

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

ALBERTA INNOVATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2026

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 when 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, 2026

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, 2026

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:

Financial Statement Component	Measurement
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, 2026

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 developement, 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, 2026

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, 2026

Note 3 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.

On April 1, 2029, the Corporation will adopt PS 3251 - Employee Benefits.

- **PS 3251 - Employee Benefits**

This standard will replace and consolidate two old standards, PS 3250 – Retirement benefits and PS 3255 – Post-employment benefits, Compensated Absences and Termination Benefits. The application of the standard will improve the understandability of the financial reporting of employee benefits and provide better information for accountability purposes.

On April 1, 2030, the Corporation will adopt the amendments to PS 3150 – Tangible Capital Assets.

- **PS 3150 – Tangible Capital Assets**

The amendments standardize capital asset accounting by incorporating Government Not for Profit standards, clarifying recognition and disclosure requirements related to collections, works of art and historical treasures.

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

Note 4 BUDGET

(in thousands)

A business plan with a budgeted deficit of $2,665 was approved by the Board of Alberta Innovates on March 20, 2025 and the full financial plan was submitted to the Minister of Technology and Innovation.

Note 5 CASH AND CASH EQUIVALENTS

(in thousands)

Cash and cash equivalents consist of:

	2026	2025
Cash	$ 30,902	$ 15,633
Cash equivalents	46,705	52,199
	$ 77,607	$ 67,832

Note 6 ACCOUNTS RECEIVABLE

(in thousands)

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

	2026			2025
	Gross amount	Allowance for doubtful accounts	Net recoverable value	Net recoverable value
Accounts receivable	$ 10,968	$ 404	$ 10,564	$ 11,473
Base operating grant receivable	8,000		8,000	-
Accrued income receivable	5,653	-	5,653	8,611
	$ 24,621	$ 404	$ 24,217	$ 20,084

Note 7 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.

	2026	2025
Contractual rights from operating contracts	$ 26,214	$ 47,015

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

	Operating contracts
2026-27	$ 21,852
2027-28	2,090
2028-29	1,190
2029-30	198
2030-31	106
Thereafter	778
	$ 26,214

Note 8 ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

(in thousands)

	2026	2025
Accounts payable	$ 5,692	$ 6,558
Other accrued liabilities	15,594	14,576
	$ 21,286	$ 21,134

Note 9 DEFERRED CONTRIBUTIONS

(in thousands)

	2026	2025
Unspent deferred contributions		
Deferred operating contributions (i)	$ 24,223	$ 19,542
Unspent deferred capital contributions (ii)	4,211	2,505
	$ 28,434	$ 22,047
Spent deferred capital contributions (iii)	47,513	46,527
	$ 75,947	$ 68,574

(i) Deferred operating contributions

	2026			2025
	Government of Alberta	Other	Total	Total
Balance at beginning of year	$ 16,286	$ 3,256	$ 19,542	$ 31,341
Cash contributions received/receivable during year	122,422	3,224	125,646	112,284
Interest income	222	-	222	445
Less: amounts recognized as revenue				
Grants	(118,810)	(2,215)	(121,025)	(124,083)
Interest income	(162)	-	(162)	(445)
Balance at end of year	$ 19,958	$ 4,265	$ 24,223	$ 19,542

(ii) Unspent deferred capital contributions

	2026			2025
	Government of Alberta	Other	Total	Total
Balance at beginning of year	$ 2,321	$ 184	$ 2,505	$ 6,702
Cash contributions received/receivable during year	6,944	2,236	9,180	13,734
Transferred to spent deferred capital contributions	(5,054)	(2,420)	(7,474)	(17,931)
Balance at end of year	$ 4,211	$ -	$ 4,211	$ 2,505

Note 9 DEFERRED CONTRIBUTIONS (Continued)

(in thousands)

(iii) Spent deferred capital contributions

	2026			2025
	Government of Alberta	Other	Total	Total
Balance at beginning of year	$ 28,358	$ 18,169	$ 46,527	$ 34,406
Transferred from unspent deferred capital contributions	5,054	2,420	7,474	17,931
Less: amounts recognized as revenue	(5,171)	(1,317)	(6,488)	(5,810)
Balance at end of year	$ 28,241	$ 19,272	$ 47,513	$ 46,527

Note 10 ASSET RETIREMENT OBLIGATIONS

(in thousands)

	2026	2025
Asset Retirement Obligations, beginning of year	$ 3,446	$ 3,025
Accretion expense	106	102
Revision in estimates	(87)	319
Asset Retirement Obligations, end of year	$ 3,465	$ 3,446

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.

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, 2026, the undiscounted amount of estimated future cash flows required to settle this obligation is $3,020 (2025 - $3,126) and is discounted using a discount rate of 3.86% (2025 - 3.73%). This obligation is expected to be settled in 1 to 3 years.

Additionally, ARO estimates include $639 related to the Bell Tower lease agreement, measured at its current estimated cost to settle or otherwise extinguish the liability. This amount is measured at current value due to the uncertainty about when the Bell Tower lease will end.

For the year ended March 31, 2026, a cumulative recovery of $2,092 (2025 - $1,805) was recognized.

Note 11 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 $5,074 for the year ended March 31, 2026 (2025 - $5,179).

At December 31, 2025, the Management Employees Pension Plan reported a surplus of $2,101,798 (2024 – surplus of $1,865,997), the Public Service Pension Plan reported a surplus of $7,706,238 (2024 – surplus of $6,473,956) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of $61,574 (2024 – deficiency of $25,325). 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.

Note 12 TANGIBLE CAPITAL ASSETS

(in thousands)

	Land	Building and Improvements [2]	Equipment[3]	Computer Hardware & Software	2026 Total	2025 Total
Estimated Useful Life	Indefinite	10-30 years	3-25 years	3-10 years		
Historical Cost[1]						
Beginning of year	$ 566	$ 37,013	$ 110,927	$ 15,776	$ 164,282	$ 147,480
Additions	-	3,413	9,124	296	12,833	19,515
Disposals, including write-downs	-	(498)	(8,764)	(4,404)	(13,666)	(2,713)
	566	39,928	111,287	11,668	163,449	164,282
Accumulated Amortization						
Beginning of year	-	21,495	70,085	11,522	103,102	97,456
Amortization expense	-	2,700	5,505	1,686	9,891	8,314
Effect of disposals, including write-downs	-	(203)	(6,913)	(4,404)	(11,520)	(2,668)
	-	23,992	68,677	8,804	101,473	103,102
Net Book Value at March 31, 2026	$ 566	$ 15,936	$ 42,610	$ 2,864	$ 61,976	
Net Book Value at March 31, 2025	$ 566	$ 15,518	$ 40,842	$ 4,254		$ 61,180

[1] Historical costs includes work-in-progress at March 31, 2026 totaling $18,012 (2025 - $13,959) comprised of building and improvements $2,220 (2025 - $3,127), equipment $15,774 (2025 - $10,700), and computer software & hardware $18 (2025 - $132).

[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.

Note 13 ACCUMULATED SURPLUS

(in thousands)

	2026			2025
	Investments in Tangible Capital Assets [1]	Unrestricted Surplus	Total	Total
Balance, beginning of year	$ 14,653	$ 35,067	$ 49,720	$ 43,460
Annual surplus (deficit)	(12,037)	20,258	8,221	6,260
Net investments in capital assets	12,833	(12,833)	-	-
Transfers to spent deferred capital contributions	(7,474)	7,474	-	-
Spent deferred recognized in revenue	6,488	(6,488)	-	-
Balance, end of year	$ 14,463	$ 43,478	$ 57,941	$ 49,720

[1] The Corporation's closing accumulated surplus invested in tangible capital assets have been reduced by the Corporation's asset retirement obligation of $3,465.

Note 14 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, 2026 accruals totaling $343 (2025 - $190) have been recognized as a liability.

Note 15 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.

	2026	2025
Obligations under operating leases and contracts	$ 92,302	$ 118,134

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

	Operating leases and contracts
2026-27	$ 50,428
2027-28	25,391
2028-29	14,783
2029-30	1,410
2030-31	170
Thereafter	120
	$ 92,302

Note 16 COMPARATIVE FIGURES

Certain 2025 figures have been reclassified, where necessary, to conform to the 2026 presentation.

ALBERTA INNOVATES **SCHEDULE 1**

CONSOLIDATED EXPENSES - DETAILED BY OBJECT

YEAR ENDED MARCH 31, 2026

	2026 Budget (Note 4)	2026 Actual	2025 Actual
		(in thousands)	
Grants	$ 133,155	$ 124,517	$ 122,311
Salaries, wages and employee benefits	70,743	74,743	74,145
Supplies and services	43,420	37,272	45,635
Amortization of tangible capital assets (Note 12)	9,565	9,891	8,314
	$ 256,883	$ 246,423	$ 250,405

ALBERTA INNOVATES
SALARY AND BENEFITS DISCLOSURE
YEAR ENDED MARCH 31, 2026
(in thousands)

SCHEDULE 2

	2026				2025
	Base Salary (1)	Other Cash Benefits (2)	Other Non-Cash Benefits (3)	Total	Total
Chair of the Board (4)	$ -	$ 22	$ 2	$ 24	$ 63
Board Members	-	80	4	84	92
Chief Executive Officer (5)	430	257	14	701	935
Executive/Vice Presidents (6):					
Senior Vice President, Operations and Chief Operating Officer (7)	162	1	49	211	-
Senior Vice President, Applied Research, Engineering, and Specialized Testing Services (8)	323	24	29	376	334
General Counsel, Corporate Secretary and Chief Privacy Officer (9)	284	1	69	354	358
Vice President, Energy, Aerospace, Defence & Advanced Materials (10)	252	337	73	662	192
Vice President, Entrepreneurship, Digital and Talent (11)	276	1	70	347	388
Vice President, Finance (12)	290	187	48	525	346
Vice President, One Health (13)	229	1	54	284	786
Vice President, People & Culture (14)	255	1	59	315	14
Vice President, Stakeholder Relations & Planning (15)	257	1	59	317	178
Vice Presidents, InnoTech Alberta (16)	220	2	46	268	33
Vice President, Agriculture & Environment (17)	-	-	-	-	192
	$ 2,978	$ 915	$ 575	$ 4,468	$ 3,911

(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, 2026, is $418 in severance benefits paid as a result of termination agreements. There were no bonuses paid in 2026.

(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) Effective October 20, 2025, the Chair of the Board waived entitlement to honoraria. Amounts disclosed reflect honoraria received prior to that date only.

(5) Chief Executive Officer position became vacant on June 24, 2024, and an Interim Chief Executive Officer assumed the role effective July 1, 2024. The incumbent was appointed to the Chief Executive Officer position on a permanent basis effective June 1, 2025. Included in other cash benefits is a one-time adjustment related to the correction of a payroll taxation error for the Former Chief Executive Officer, including taxable benefits and associated employer-paid income tax, in accordance with CRA requirements. Also included in prior year other cash benefits is $296 in severance benefits paid as a result of a termination agreement.

(6) Effective October 30, 2025, Alberta Innovates undertook an organizational restructuring that resulted in title changes of several Executive and Vice President positions. Refer to the applicable footnotes for details on individual position changes.

(7) Senior Vice President, Operations and Chief Operating Officer was created on October 15, 2025.

(8) Effective September 10, 2025, the Managing Director, C-FER Technologies and Vice President, InnoTech Alberta positions were combined into the newly created Vice President, Applied Research, Engineering and Specialized Testing Services position. The position was subsequently reclassified as Senior Vice President, Applied Research, Engineering and Specialized Testing Services effective January 5, 2026. Prior year amounts reflect compensation paid under the Managing Director, C-FER Technologies position.

(9) General Counsel position was occupied by two individuals at different times during the prior year. The position became vacant on May 30, 2024, was retitled as General Counsel, and subsequently filled on June 10, 2024. As part of the organizational restructuring referred to in footnote (6), the position was further retitled to General Counsel, Corporate Secretary and Chief Privacy Officer.

(10) Vice President, Clean Energy position was created on September 1, 2024, and was revised to Vice President, Energy, Aerospace, Defence & Advanced Materials as part of the organizational restructuring referred to in footnote (6). The position became vacant on March 11, 2026. Included in other cash benefits is $279 in severance benefits paid as a result of a termination agreement.

ALBERTA INNOVATES
SALARY AND BENEFITS DISCLOSURE (Continued)
YEAR ENDED MARCH 31, 2026
(in thousands)

(11) Vice President, Investments position was occupied by three individuals at different times during the prior year. The position became vacant on May 8, 2024, and was subsequently filled on May 24, 2024. The position became vacant again on March 11, 2025, and the Vice President, Agriculture & Environment assumed the role on an acting basis effective March 12, 2025, with acting pay reflected accordingly. As part of the organizational restructuring referred to in footnote (6), the position was subsequently filled on a permanent basis and reclassified as Vice President, Entrepreneurship, Digital and Talent. Included in prior year other cash benefits is $82 in severance benefits paid as a result of a termination agreement.

(12) Vice President, Finance position became vacant on July 31, 2025, with an Interim Vice President, Finance assuming the role on June 30, 2025 in anticipation of the vacancy. The position was subsequently filled on a permanent basis on December 8, 2025. Included in other cash benefits is $139 in severance benefits paid as a result of a termination agreement.

(13) Vice President, Health position was occupied by two individuals at different times during the prior year. The position became vacant on March 11, 2025, and an Interim Vice President, Health assumed the role on March 12, 2025. As part of the organizational restructuring referred to in footnote (6), the position was revised to Vice President, One Health and was filled on an Interim basis. Included in prior year other cash benefits is $365 in severance benefits paid as a result of a termination agreement.

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

(15) Vice President, Stakeholder Relations & Communications position was occupied by two individuals at different times during the prior year. The position became vacant on October 28, 2024, and was filled on March 17, 2025. As part of the organizational restructuring referred to in footnote (6), the position was revised to Vice President, Stakeholder Relations & Planning.

(16) Vice President, InnoTech Alberta (Interim) position was created on March 12, 2025 and was shared by two employees. Effective September 10, 2025, the position was combined with the Managing Director, C-FER Technologies position into the newly created Vice President, Applied Research, Engineering and Specialized Testing Services position, with interim arrangements and associated acting pay continuing through September 12, 2025.

(17) Vice President, Agriculture & Environment position was created on September 1, 2024 and was abolished as part of the organizational restructuring referred to in footnote (6), with responsibilities distributed among other Vice Presidents. Effective March 12, 2025, the incumbent also assumed the Vice President, Investments role on an acting basis, with acting pay reflected under the Vice President, Entrepreneurship, Digital and Talent position.

ALBERTA INNOVATES
RELATED PARTY TRANSACTIONS
YEAR ENDED MARCH 31, 2026

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.

	Entities in the Ministry		Other Entities Outside of the Ministry	
	2026	2025	2026	2025
	(in thousands)			
Revenues				
Grants	$ 199,294	$ 198,887	$ 4,049	$ 4,252
Interest	-	-	1,146	2,081
Other	-	-	1,793	1,930
	$ 199,294	$ 198,887	$ 6,988	$ 8,263
Expenses - Directly Incurred				
Grants	$ -	$ -	$ 54,708	$ 52,545
Other services	-	-	2,313	5,434
	$ -	$ -	$ 57,021	$ 57,979
Receivables from	$ 8,000	$ -	$ 2,896	$ 1,192
Payable to	$ -	$ 180	$ 2,129	$ 3,402
Prepaid expenses	$ -	$ -	$ 3,309	$ 35
Unspent deferred capital contributions	$ 4,211	$ 2,321	$ -	$ -
Spent deferred capital contributions	$ 28,195	$ 28,272	$ 46	$ 86
Deferred operating contributions	$ 13,790	$ 13,618	$ 6,168	$ 2,668
Deferred contract revenue	$ -	$ -	$ 212	$ 114
Contractual obligations	$ -	$ -	$ 27,701	$ 39,730
Contractual rights	$ 1,600	$ 24,400	$ 2,838	$ 2,759

Schedule 3 - Related Party Transactions (Continued)

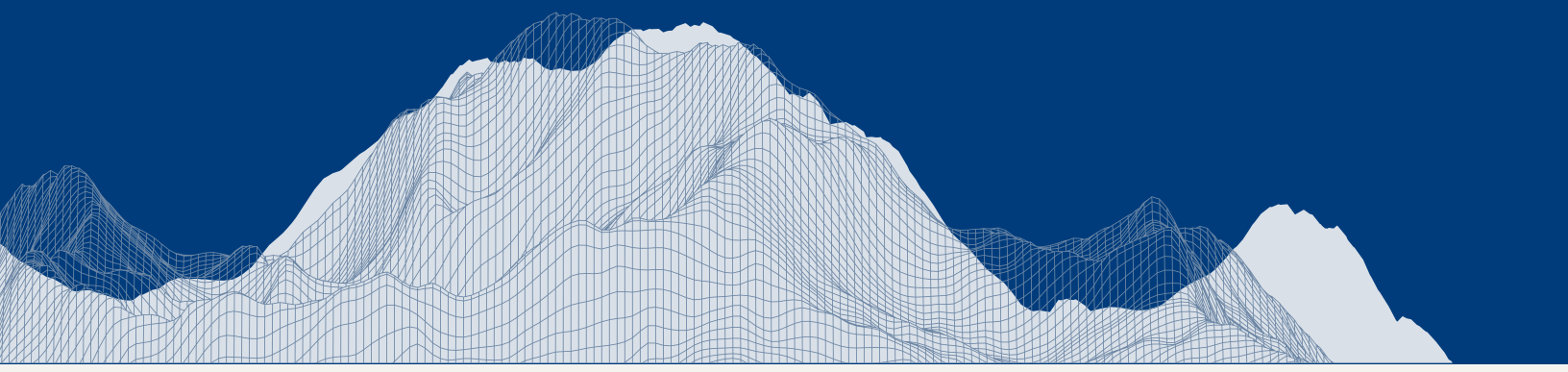
The above transactions do not include support service arrangement transactions disclosed below. The Corporation also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred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

	Other Entities Outside of the Ministry	
	2026	2025
	(in thousands)	
Expenses - Incurred by others [1]		
Accommodation [2]	$ 23,665	$ 22,661
	$ 23,665	$ 22,661

[1] During the year, the Corporation received financial processing and reporting services from Department of Service Alberta and Red Tape Reduction 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 from the Department of Infrastructure is based on the proportion of space occupied compared to the total space occupied by all Ministries.





ALBERTA INNOVATES

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