

## With Intent





Acting with intent allows us to achieve the most ambitious goals. Intent is purposeful, never passive. Focused and never fleeting.

Intent demands the relentless investment of time, energy and vision. It is fueled by an unshakable drive and determination in the shared pursuit of a common cause.

Since 2008, Alberta Enterprise Corporation (AEC) has been extremely intentional in our efforts to build a thriving technology sector in our province. We've worked tirelessly to create a homegrown technology sector that is the envy of the country, attracting and investing in Venture Capital (VC) funds that help Alberta tech companies compete on the world stage. Today, our province continues to outpace the country in investment growth.

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#### **Accountability Statement**

Alberta Enterprise Corporation (AEC) was established in December 2008 upon proclamation of the *Alberta Enterprise Corporation Act*. The Alberta Enterprise Corporation Board of Directors is accountable to the Minister of Technology and Innovation (TI).

## **Key Highlights**

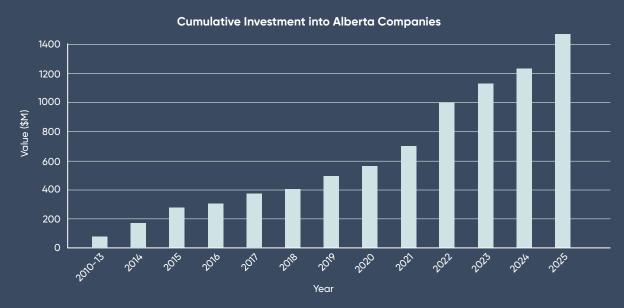
Since our first investment, 15-years ago, we have invested with intent to achieve several key goals related to economic development, financial return, and the growth of an Alberta-based VC industry.

#### 1. Establishing access to smart capital.

To address the increasing need for capital among Alberta technology companies, AEC has expanded its portfolio by adding **five new funds** this year. These include Pender Ventures, which specializes in health technology, and Accelerate Fund IV, enhancing our suite of angel co-investment funds. Over the past 15 years, AEC has committed \$430.1 million to 40 funds. These funds play a crucial role in bolstering our economy and, most importantly, provide the vital capital that Alberta technology companies need to successfully bring their products and ideas to market. By investing strategically, we have leveraged our **\$430.1 million capital commitments** and created **access to more than \$6 billion** of investment capital (14.1:1 leverage).

#### 2. Promoting investments into Alberta companies.

**Every \$1 invested by AEC has resulted in \$5.15 investments back into Alberta companies**. To date, our VCs and their partners have invested \$1.472 billion in 98 Alberta technology companies.



Alberta has seen a 223% increase in the number of technology companies since 2009<sup>1</sup>, a growth that is expected to continue. During the same period there has been a 1,000% increase in Venture Capital investments into Alberta technology companies<sup>2</sup>. This indicates companies in Alberta are attracting capital at a faster rate than the growth of the number of companies.

Alberta continues to lead the way for the growth in the VC industry compared to Canada as a whole, with a compounded average growth rate (CAGR) over five years for VC dollars invested of 25%. In contrast, Canada's CAGR for VC dollars invested stands at 4.7%<sup>3</sup>. Calgary claimed the #1 position in Canada for Venture Capital Growth Rate in the 2025 Global Tech Ecosystem Index<sup>4</sup>.

<sup>&</sup>lt;sup>1</sup> 2023 Deal Flow Study, Alberta Enterprise Corporation.

<sup>&</sup>lt;sup>2</sup> CVCA quarterly reports from 2009 and 2024.

<sup>&</sup>lt;sup>3</sup> Calculated using CVCA Market Reports, <u>www.cvca.ca/research-insight/market-reports.</u>

https://dealroom.co/tech-ecosystem-index-2025

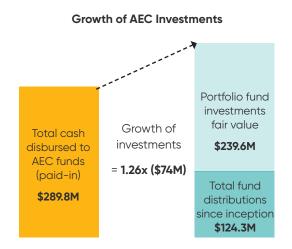
#### 3. Creation of jobs.

The companies that have received Venture Capital from our funds have created more than 3,600 direct jobs and an estimated 17,400 indirect jobs<sup>5</sup> in Alberta.

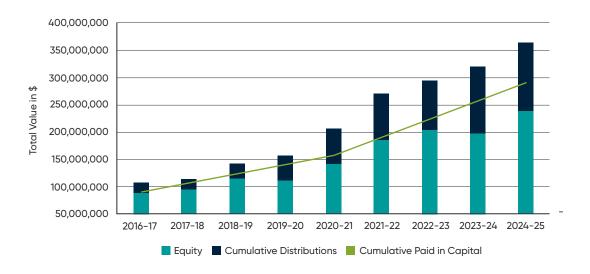
#### 4. Delivering financial return on investment for Alberta taxpayers.

While AEC's mandate and primary focus is to grow the Venture Capital ecosystem and provide funding to Alberta's entrepreneurs, AEC has done this in a way that has also resulted in a financial return to the Province. Our financial value has grown steadily over time, creating an additional \$74 million in financial value on the Province's investment. Every \$1 invested by AEC is currently worth \$1.26, meaning the value of the investments plus distributions received to date exceeds the cost of our investments, including expenses and fees.

On a dollar-by-dollar comparison, our 15-year performance is almost 10% points higher than the TSX Venture exchange<sup>6</sup>.



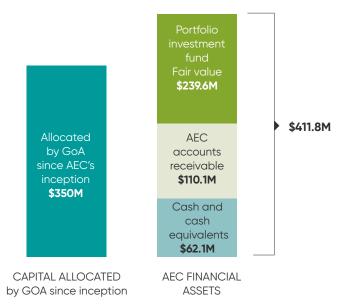
To date, our funds have returned more than \$124 million cash to us, meaning we have already received almost half of our investment capital back. Capital that we are able to recycle into new fund investments.



<sup>&</sup>lt;sup>5</sup> For every job in the technology subsector an estimated 4.8 additional jobs are created or supported. Source: CompTIA Cyberstates 2021 Report and E Moretti, The New Geography of Jobs.

<sup>&</sup>lt;sup>6</sup> Source: AEC benchmarking.

#### **AEC Financial Performance**



The original \$350 million allocation from the Government of Alberta has resulted in \$412 million in financial assets.

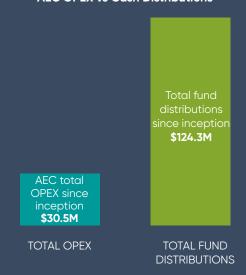
#### 5. Cost effective delivery of the mandate.

By adhering to stringent budgeting and operational practices that are respectful of our role as a taxpayer-funded entity, we are delivering on our mandate in a cost-effective way. Our cash distributions to date are more than 4 times greater than AEC's operating expenses to date: i.e. our returns are paying for our operating costs and more.

The results of this intentional approach are evident. Over the past 15 years, AEC has been instrumental in flowing dollars to Alberta startups and providing advice, guidance and strategic support to the ecosystem. These efforts are seen as critical to the VC industry's success.

The value of our investments is expected to grow significantly in the coming years, while also generating more investments in Alberta companies. In turn, this growth will serve to create more high-value jobs and tax revenue in the province.

#### **AEC OPEX vs Cash Distributions**



AEC'S cash distributions to date are 4.08x times greater than AEC's operating expenses

\$430.1 million committed for investment in 40 funds

>\$1.472B of VC investment

into Alberta companies

Estimated 21,000Direct and IndirectJobs Created

Every \$1 invested by AEC has resulted in

\$5.15 of investments back into Alberta companies

\$124 million in cash distributions back to AEC and a financial value increase of

26% on our investments

Compounded 5 year Average Growth Rate

Alberta: 25% Canada: 4.7%

Calgary ranks first in Canada for Venture Capital Growth Rate.

### **Our Mission**

AEC was created to establish a Venture Capital industry in the province – a fundamental requirement for a world-class tech sector.

AEC's mission is to foster a thriving Venture Capital industry in Alberta: one that provides access to Venture Capital and other resources needed to create successful Alberta technology companies.

Our mandate from the Government of Alberta is focused on economic development. However, our investment model is unique as it not only creates a local VC industry that supports a stronger, more diversified economy, it also creates long-term financial returns for the Province on its investment.

## **Our Objectives**

- To attract Venture Capital (VC) and VC firms to Alberta.
- To invest in VC funds that invest in Alberta technology companies.
- 3. To build and promote a viable and profitable VC industry in Alberta.
- 4. To assist Alberta tech startups through this VC activity.
- 5. To help create high-value technology jobs in the province.



## A Methodical, Intentional Approach

**AEC** does not invest directly in Alberta companies, but in **VC** funds that have a track record of success, strong global networks and a demonstrated commitment to the province of Alberta. Core to our strategy is matching the capital we bring to the province with the demand in terms of sectors and investment stage.

This model supports entrepreneurs with funding in the crucial early development stages and sets them up to thrive.

Unlike a direct investment model, the fund model leverages our capital, creating access to a bigger pool of investment dollars for companies, which multiplies and maximizes our investments. The funds add further value by providing access to markets, mentors and management expertise for Alberta companies.

**Our investments are focused on advancing key growth areas** that diversify our economy, while fostering continuing success in fields where Alberta has a history of excellence:



#### **Industrial Technology**

Energy, Clean Tech, Industrial Internet of Things, Materials, Mining



#### **Information Technology**

Software, Cloud Computing, Artificial Intelligence, Machine Learning, Blockchain



#### **Life Sciences**

Biotechnology, Nutraceuticals, Advanced Food Manufacturing, Ag Tech, Health/Wellness, Medical Devices

# Message from the Board of Directors Chair and the Chief Executive Officer



"This year we celebrate 15 years since we made our first investment. Over this span, we have seen some spectacular results."

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We were recently asked to describe the characteristics of our strategy for growing the Alberta Venture Capital Industry, a pivotal sector in Alberta's knowledge-based economy. Several words leapt to mind: purposeful, determined, result-driven. We sought a way to sum it up.

#### With Intent.

Our investment model has been very intentional. By investing in VC funds, we are able to amplify the government investment with private capital that is also invested in those VC funds, which then is accessed by Alberta-based technology startups. Through our investment in funds that support Alberta tech ventures, combined with our industry development activities, we provide Alberta technology companies with more than just money. Our investment strategies support home-grown VCs and bring experienced funds to the province, providing Alberta entrepreneurs with access to money, markets, and mentors.

This year we celebrate 15 years since we made our first investment. Over this span, we have seen some spectacular results. Through the efforts of our talented team of professionals we have invested in 40 funds, who in turn have actively driven investments of more than \$1.4 billion into Alberta technology companies. This is a rate of more than 5 times our original investment!

We have supported numerous connections between entrepreneurs and investors, which is evident in the health of Alberta's tech ecosystem. According to the StartAlberta deal flow platform (initiated by AEC), Alberta now hosts more than 2,360 technology companies and 630 technology investors. Since 2009, we have seen a 1,000% increase in Venture Capital coming into Alberta, vastly outpacing the number of new technology companies in our province. This speaks to the quality of these companies and our ability to attract capital as a province.

Over the past year, the Global and Canadian VC industry has faced headwinds. Distributions back to investors are down across the industry as many VC funds delayed exits and wrote down investments. AEC saw a sharp decline in cash distribution compared to last fiscal year, and our funds strategically cleared out underperforming assets. As a result, we are showing a realized loss on our statement of operations this year. These losses would normally be offset by realized gains in the form of distributions, however, the

depressed exit market means a temporary slowdown in cash back to investors.

Despite this challenge, the underlying assets we still hold increased significantly in value due to unrealized gains, and our Net Asset Value (NAV) increased by \$42M. As the VC industry recovers and exit markets open up, we expect the unrealized gains to turn into distributions and realized gains.

The value of our portfolio is \$74M above the original paid in capital, showing a *Total Value to Paid In capital (TVPI)* of 1.26 and a net IRR of 5.39%. To put this into context, our portfolio is currently worth 26% more than what we put in through our investments. On a dollar-by-dollar comparison, our 15-year performance is almost 10% points higher than the TSX Venture exchange<sup>7</sup>. As stewards of public funds, we are committed to delivering on our mandate in a cost-effective way. Distributions from our investments have far outpaced our operating costs since inception by a ratio of more than four to one<sup>8</sup>.

Our province has made great strides in creating conditions that foster world-class technology companies right here at home. This is allowing Alberta entrepreneurs to compete globally, while maintaining strong ties to their home province. In fact, Alberta continues to outpace Canada in terms of growth in attracting Venture Capital with a 5-year growth rate of 25%.

Our performance signals the strength of Alberta's technology industry and the important role it has in building the future economy of Alberta. The Alberta technology sector has proven itself to be powerful and resilient, while demonstrating what is possible when a strategic and highly focused VC model is in place.

As the theme for this year's report illustrates, our considered approach is achieving desired results. Working in concert with visionary entrepreneurs, strong companies, a supportive government and dynamic fund partners, we continue to provide the strategy, the resources and the capital to grow our tech sector. *In unison. With intent*.

[Original Signed by Ted Redmond]

**Ted Redmond**Board of Directors Chair

[Original Signed by Kristina Williams]

**Kristina Williams**President and CEO

Source: AEC benchmarking.

<sup>&</sup>lt;sup>8</sup> AEC's distributions to date divided by AEC operating costs to date. Source: internal AEC.

### **Alberta Investors**

## Investing with Intent



A Purposeful Approach to Attracting VC Funds

Another way AEC has been highly intentional is in our strategic approach to attracting Venture Capital firms that are committed to supporting Alberta start-ups and deal flow.

In 2024/2025, two new VC funds opened offices in Alberta: Luge Capital and Pender Ventures. One specializes in fintech (financial sector technology) and the other is focused on health tech startups.

By participating in these funds and their large pools of investors, AEC is able to magnify the impacts of our involvement. We're pleased to introduce our two newest VC partners and share the opportunities and expertise they bring to the province.

## **Luge Capital**

Founded in 2018, **Luge Capital** is an early-stage, fintech-focused Venture Capital firm with approximately \$180M AUM across two funds. Luge leverages deep domain expertise and extensive industry insights to invest in the most promising fintech companies in Canada and the U.S. The firm's strategic base of LPs includes large financial institutions, leading insurance carriers, and big pension funds.

In January 2025, Luge opened an office in Alberta, staffed by Chelsea Gillett. Her role is to source, evaluate and support early-stage fintech companies. This local presence allows Luge to forge closer ties and cultivate stronger relationships with founders, talent and investors within Alberta's ecosystem.

Luge views Alberta as a fast emerging fintech hub, that boasts a significant concentration of technical talent, particularly from the University of Calgary and the University of Alberta. Over the past three years, Alberta-based founders have attracted significant Venture Capital, and that momentum is continuing, which has spawned a new generation of innovative companies.

According to Gillett, Alberta Enterprise Corporation's (AEC) value goes beyond the capital invested, working closely with Luge to support the efforts to establish a presence in Alberta.

"By establishing deeper connections between investors, companies, and talent, the team at AEC has laid the foundation to support globally-minded entrepreneurs, who are building their company from Alberta."

Luge offers hands-on support to portfolio companies, leveraging the team's fintech operating backgrounds, along with their unique network to help with talent and customer sourcing, and connections to influential industry players.

As investors, Luge sees opportunities to modernize financial services by automating manual processes, simplifying payments, and addressing regulatory complexity with technology. They're particularly excited about advancements that deliver personalized financial experiences and reimagine how digital cash can transform traditional banking infrastructure.

From agentic AI platforms to autonomous transaction networks and the growing role of stablecoins, Luge has a front-row seat to how the future of finance is being rebuilt today.

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#### **Pender Ventures**

**Pender Ventures** is a hands-on, thesis-driven Venture Capital investor focused on B2B software and health tech startups at the inflection point between commercialization and scale.

With two-thirds of Alberta's tech firms involved in these areas, a rich talent pool highly educated in STEM fields, and meaningful government support, setting up an office in Alberta was a logical step for Pender. In January 2025, Pender hired Calgary-based Associate Jacob Grainger to establish a foothold in one of North America's fastest-growing tech hubs.

This local presence gives Pender daily proximity to Alberta's startup ecosystem, expands its deal flow, and signals a commitment to Alberta entrepreneurs and the startup community.

Pender's partnership with **PenderFund Capital Management** (an asset manager with strategies across public equities, fixed income and liquid alternatives) gives Pender Ventures an advantage that is rare in the Canadian Venture landscape. This broader platform expands Pender's network, deepens its market insight, and equips it to support portfolio companies as they scale.

In 2025, AEC committed to invest \$5 million in **Pender Technology Inflection Fund II**, allowing the fund to achieve its \$100 million final close. According to Grainger AEC is far more than just a limited partner; it is a "catalytic force" in Alberta's ecosystem.

Pender considers Alberta to be well-positioned for continued growth. They are keeping a close eye on three compelling verticals over the next decade:

#### **Health technologies**

Province-wide clinical datasets, a single-payer system, and programs like the Digital Health Sandbox make Alberta an ideal test bed for the next generation of Al-driven health technologies.

#### Industrial software for energy and energy transition

A world-class engineering workforce is deploying its domain expertise toward novel technologies for the energy sector as the industry evolves.

#### Financial technologies

Calgary's financial technology cluster (anchored by companies like Neo and Helcim) has attracted industry talent and ability. As early employees take liquidity, their recycled talent and capital are expected to seed a new wave of interesting fintech businesses.

"Pender views AEC as far more than just a limited partner; it is seen as a "catalytic force" in Alberta's ecosystem."



## Management's Discussion and Analysis

#### AEC's operations focus on two key areas:

- I. Investment as a Limited Partner in Venture Capital funds that finance early stage, knowledge-based companies.
- Targeted initiatives to develop the Venture Capital ecosystem and improve the networks connecting entrepreneurs, experienced management, and investors.

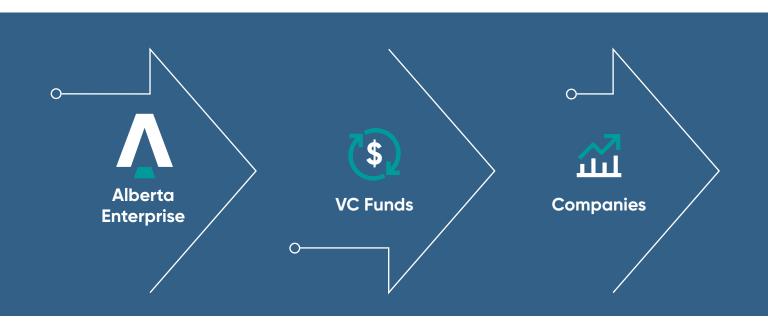
As outlined in the following sections, we utilize a number of strategies to achieve our intermediate and ultimate outcomes. AEC has developed Key Performance Indicators to measure our progress in achieving our mandate.



## Operational Overview: Investments

AEC was established to build a local Venture Capital industry capable of providing the capital needed to support the growth and success of knowledge-based companies in Alberta. To achieve this, AEC invests as a Limited Partner in technology Venture Capital funds that have, or will establish, a presence in the province, staffed with a senior level investment professional.

By investing together with other Limited Partners in VC funds that finance early stage technology startups in Alberta, we create access to a much larger pool of capital while also creating access to external markets and the expert resources of these funds.



A key strategy behind AEC's fund approach is to pull VCs from outside Alberta so that we can leverage their industry knowledge and network of experts.

Creating a portfolio that matches capital to Alberta deal flow across various sectors and stages is a core element of our fund investment strategy. With this in mind, we have targeted three types of funds for investment:

#### 1. Funds that bring outside expertise:

A key strategy behind AEC's fund approach is to pull VCs from outside Alberta so that we can leverage their industry knowledge and network of experts. It is important to attract established fund managers with startup experience, investment experience, industry connections and networks – because beyond money, this is what Alberta startups lack.

## 2. Alberta-based funds that increase in-province capacity:

Equally important is the need to grow and develop Alberta-based funds. AEC has supported local funds, and we are developing home-grown VC talent through the local representatives of the funds headquartered outside Alberta. We know that it takes time to build a strong Alberta VC fund presence. With this in mind, we continue to develop the concept of **micro funds**. These funds are smaller than typical VC funds (generally under \$50M). They tend to invest in startups in the earlier stages and must be headquartered in Alberta.

## 3. Fit-to-purpose funds that address critical gaps:

It is imperative that AEC invests in funds that complement the available deal flow in the province. Our deal flow studies show that a large portion of the technology companies in Alberta are early stage. It is therefore vital to continue focusing on this earliest stage of investments. As a result, we have created the angel co-investment Accelerate Funds and have focused on seed stage funds.

## Venturing Alongside Us: Our VC Partners

#### To date AEC has invested in 40 funds.

**32** Degrees Diversified Energy Fund II (Services & Technology AIV) LP – Alberta-based fund manager focused on energy technology, with initial investments targeting Series A stage companies.

**Accelerate Funds I, II, III, and IV** $^{9}$  – angel co-investment funds solely focused on Alberta technology companies, with initial investments focused on seed and early stage companies.

**Alpaca VC Fund III LP** – focused on seed stage software and software-enabled companies.

**Amplitude Ventures Fund I and II** – focused on the life science sector in the Series A stage.

**Avrio Ventures II** – Alberta-based fund manager focused on innovative food and agriculture companies, with initial investments targeting Series A and beyond stage companies. This fund has reached the end of its term and is no longer active.

**Azure Capital Partners III** – focused on the information technology sector, with initial investments targeting post-seed stage companies as well as Series A and beyond.

**Azure Capital Partners Opportunities Feeder Fund** – focused on ICT companies operating in the seed and early stages leading up to Series A.

**Builders VC Fund I, Builders II Fund and III Fund**<sup>9</sup> – focused on Series A and later stage investments in industrial innovation.

**Chrysalix Energy III** – focused on the clean and energy technology sectors, with initial investments targeting Series A stage companies. This fund has now been exited by AEC.

**Enertech Capital Partners IV** – focused on the energy and clean technology sectors, with initial investments targeting Series A stage companies.

**Evok Fund II** – focused on series A/B companies enabling industrial decarbonization and energy transition.

**Flying Fish Fund II and III QP LP**<sup>9</sup> – focused on technology companies innovating within the Artificial Intelligence vertical, with initial investments targeting pre-seed and seed stage companies.

**Graphite IAF IV LP** – focused on seed investments in all verticals with a focus on scalable B2B and enterprise SaaS.

**Inovia Fund III, Fund2018, and Fund V** – focused on the information technology sector, with initial investments targeting seed and Series A stage companies.

**Inovia Growth II** – focused on growth stage software platforms that transform industries and push technology frontiers.

**Luge Fund II** – focused on early-stage investments in Fintech.

**McRock iNFund, Fund II and Fund III**° – focused on the digital industrial, with initial investments targeting Series A stage companies.

**New Acres Capital Ag & Food Limited Partnership** – focused on innovative food and agriculture companies, with initial investments targeting Series A and beyond stage companies.

Panache Ventures Investment Fund and Panache Ventures II – focused on seed stage investments in ICT and other sectors.

**Pender Ventures Technology Inflection Fund II LP**<sup>9</sup> – focused on B2B enterprise software companies at the Series A and beyond across a variety of sectors, with a key focus on health.

**PillarFour Capital Fund II** – focused on oilfield services innovation in the Series A+ stages.

**Relay Ventures Fund III** – focused on mobile technology, with initial investments targeting Series A stage companies.

**Relay Ventures Fund V** – focused on mobility, property technology, sport technology, and fintech in the Seed and Series A stages.

Sprout II – focused on B2B and SaaS investments in the seed stage.

**The51 Food & Agtech Fund I LP** - focused on seed/early stage food and agtech businesses.

**Yaletown Ventures II** – focused on the information and communications technology and clean technology sectors, with initial investments targeting Series A stage companies.

**Yaletown Innovation Growth Fund and Fund II** – focused on Series A and later stage investments in companies enhancing sustainability and productivity for industrial and enterprise customers.

9 New fund as of 2024/25.

## **Investment Strategies and Outcomes**

AEC employs a number of investment strategies to achieve our mandate.

#### Create a portfolio that provides multi-sector and multi-stage matching capital to Alberta deal flow.

To maximize the value of AEC's investments, it is critical that our capital be invested in funds that complement the available deal flow in the province. Accordingly, AEC aims to create a portfolio of fund investments that meets the need for capital. Our aim is to have VCs actively engaged in Alberta across the core knowledge sectors, including information technology, industrial technology and life sciences, and investment stages represented by Alberta startups.

#### Invest in VCs that establish (or maintain) an Alberta focus and presence, and bring key investment skills to Alberta.

It is critical that the funds we invest in view Alberta as a strong opportunity for investment that warrants the fund's focus, attention and resources. AEC therefore seeks out funds that see strong alignment between their own investment thesis and the deal flow in Alberta. To achieve this, AEC requires that each of our funds maintain a significant local presence in the province.

#### 3. Attract new VCs to Alberta.

A key strategy behind AEC's fund approach is to attract VCs from outside Alberta so that we can leverage their industry experience and network of experts. It is important to attract established fund managers with startup experience, industry

connections and networks because beyond money, this is what Alberta startups need. With only a few tech VC funds headquartered in Alberta, it is crucial to attract outside funds to fill the immediate need for capital, while we grow Alberta's local VC fund talent.

#### 4. Reinvest in existing high-performing fund managers.

Once a VC fund is operating in Alberta, the expectation is that significant value will be provided to Alberta companies and to the Alberta ecosystem through each fund's investment activity, mentoring of companies, and engagement in the ecosystem. Funds that can demonstrate their value-add to Alberta startups and the Alberta ecosystem, as well as a solid financial performance, are given priority for reinvestment when they begin raising subsequent funds.

#### Find and champion fund solutions that address critical gaps.

In some cases, there may be gaps in meeting the demand for capital in certain sectors or stages. In this situation, AEC will seek out or design new and innovative programs to meet those needs. To date, AEC has designed and launched four innovative funds that expand the available capital for seed stage and angel-backed start-ups in Alberta (Accelerate funds I-IV) and plans to continue efforts to create additional access to capital for pre-revenue/early revenue companies.

#### 6. Help build local Alberta-based funds and managers.

AEC aims to help create more home-grown technology VC talent, with the end goal of establishing more locally headquartered funds in the future. AEC has supported locally-based funds, and we are developing home-grown VC talent through the requirement to have local Alberta representatives for our funds headquartered outside Alberta. We continually meet with and mentor new locally-based teams, knowing that it takes time to build a strong Alberta VC fund presence.

With this aim of supporting the creation of more Alberta-based funds, we have developed an *Alberta micro fund strategy* with a fractional allocation of capital that provides added flexibility in certain investment criteria. It allows us to support new Alberta-based funds under \$50 million in size and serve as a lead investor in first-time micro funds based in Alberta.

#### 7. Steward capital and be an engaged LP.

AEC recognizes our role as a steward of public capital, and we ensure that the funds under our management are selected and governed responsibly. In accordance with the goals of our mission, we invest in VC funds that present a sound risk/reward case for creating benefits to Albertans as well as preserving the investment capital.

#### Our strategies are crafted to achieve the following outcomes:

#### Intermediate outcomes (for fiscal 2024/25):

- 1. Increased access to smart Venture Capital for Alberta companies.
- 2. A blend of capital from fund managers who are internal and external to Alberta.
- Stimulated investment in Alberta knowledgebased industries.

#### Ultimate outcomes (beyond fiscal 2025/26):

- 4. A thriving and self-sustaining VC industry in Alberta.
- 5. Generate a positive return on the original investment capital for the Province.

The Ministry of Technology and Innovation has identified the following outcomes, performance measures and targets specifically for AEC:

**Outcome:** Investment and trade are driving Alberta's economic recovery and growth. **Performance metric:** Cumulative value of AEC attracted Venture Capital funds (and their syndicate partners) invested in Alberta businesses (\$ millions).

**Target:** 2024/25 \$1,277 million

## Intermediate Outcomes (fiscal 2024/25)

Outcomes	KPI linked to outcome	Strategy linked to outcome
Increased access to smart     Venture Capital for Alberta     companies	Total AEC fund commitments to date (number of funds approved and legally closed over the fiscal year) <sup>10</sup> Total Alberta-based Venture Capital professionals linked to AEC funds <sup>11</sup>	Create a portfolio that provides multisector and multi-stage matching capital to Alberta deal flow.
		<ol><li>Invest in VCs that establish (or maintain) an Alberta focus and presence and bring key investment skills to Alberta.</li></ol>
		3. Attract new VCs to Alberta.
		4. Re-invest in high performing existing fund managers.
		5. Find and champion fund solutions that address critical gaps.
		6. Help build local Alberta-based funds and managers.
A blend of capital from managers internal and external to Alberta	Number of active funds with headquarters in Alberta in AEC's portfolio <sup>12</sup>	Invest in VCs that establish (or maintain) an Alberta focus and presence and bring key investment skills to Alberta.
		3. Attract new VCs to Alberta.
		4. Re-invest in high-performing existing fund managers.
		6. Help build local Alberta-based funds and managers.
Stimulated investment in     Alberta knowledge-based     companies	Total Alberta portfolio companies in AEC portfolio that have received capital <sup>13</sup>	Create a portfolio that provides multisector and multi-stage matching capital to Alberta deal flow.
companies	Total \$ invested by AEC funds and syndicate investors into Alberta companies <sup>14</sup> Ratio of total invested by AEC funds and partners into Alberta companies <sup>15</sup>	<ol><li>Invest in VCs that establish (or maintain) an Alberta focus and presence and bring key investment skills to Alberta.</li></ol>
		3. Attract new VCs to Alberta.
		4. Re-invest in high-performing existing fund managers.
		5. Find and champion fund solutions that address critical gaps.
		6. Help build local Alberta-based funds and managers.

- <sup>10</sup> The total number of VC funds in AEC's portfolio to date, and the number of funds approved by the Board and legally closed in the current fiscal year. Includes all current active and inactive funds, including funds that have been liquidated or terminated early. Source: Internal to AEC.
- The total # of Venture Capital professionals (i.e. persons) operating within AB that work directly for the funds in AEC's portfolio. This includes Alberta-based investment professionals involved in deal making and other Alberta-based team members such as accountants or operations managers with a professional skillset that supports the function of a Venture Capital fund. Source: Fund activity reports.
- <sup>12</sup> A fund is considered to be headquartered in Alberta if the Management Company is incorporated in Alberta or if more than 50% of the GP staff are based in Alberta. Only the active funds in AEC's portfolio are counted in this metric. Source: Fund activity reports.
- The total number of Alberta-headquartered companies that have received investment capital from funds in AEC's portfolio. A company is considered to be Alberta-headquartered if it is incorporated in Alberta or more than 50% of its employees work in Alberta. Source: Fund activity reports and fund quarterly financials.
- <sup>14</sup> Total dollars invested in Alberta companies by AEC's funds and their syndicate partners. USD investments are converted to CAD using the exchange rate on the actual date of the investment. Source: Fund activity reports and fund quarterly financials.
- rate on the actual date of the investment. Source: Fund activity reports and fund quarterly financials.

  Total dollars invested in Alberta companies by AEC's funds and their syndicate partners divided by total paid into funds by AEC (including fees and expenses). USD investments are converted to CAD using the exchange rate on the actual date of the investment. Source: Fund activity reports, fund

quarterly financials and AEC financial statements.

Ultimate Outcomes (fiscal 2024/25)		
Outcomes	KPI linked to outcome	Strategy linked to outcome
4. A thriving and self-sustaining VC industry in Alberta	Total Alberta-based Venture Capital professionals linked to AEC funds	Invest in VCs that establish (or maintain) an Alberta focus and presence.
		3. Attract new VCs to Alberta.
	Direct Alberta jobs created in AEC portfolio companies <sup>16</sup>	6. Help build local Alberta-based funds and managers.
	Number of startup and investor profiles created on StartAlberta.com <sup>17</sup>	
5. Return to the Province its investment capital	Total Value to Paid In capital to AEC (TVPI) <sup>18</sup>	7. Steward capital and be an engaged LP.

- Total number of Alberta employees (persons) in companies in AEC's portfolio. Includes Alberta-based staff of companies headquartered in Alberta, and Alberta-based staff of companies headquartered outside Alberta. The metric reflects the growth of Alberta staff while an AEC fund is an investor in that company. Once the AEC fund exits the company, the # of employees is held flat after that point in time, unless a revised number can be sourced from a trustworthy source. Source: Fund activity reports and fund quarterly financials.
- Total number of verified startup and investor profiles that have been created on StartAlberta.com. A startup or investor is verified manually by the dealroom.co data team. The data source is from both live snapshots taken from StartAlberta.com as well as monthly reports sent from dealroom. co to AEC's Industry Development team. Source: Dealroom.co and StartAlberta.com
- <sup>18</sup> Total Value to Paid (TVPI) is a standard private equity fund financial metric that represents the sum of unrealized equity values and realized distributed values, divided by the total paid-in amounts to a fund to date. Source: AEC financial statements.

#### **Results: Investments**



#### **Outcomes**

 Increased access to smart Venture Capital for Alberta companies

#### **Results and Discussion**

Key Performance Indicator: Total AEC fund commitments to date measured by new AEC fund commitments during the fiscal year (funds approved and legally closed)

Target: 5 fund investments approved and 4 fund investments legally closed over 2024/25

Key Performance Indicator: Total Alberta-based Venture Capital professionals linked to AEC funds

Target: Increase to 34 investment professionals by end of 2024/25

To measure this outcome AEC reviews a number of factors, including how many fund commitments have been made during the year and the total number of Alberta-based Venture Capital professionals linked to AEC funds. Total access to capital, and actual investment into Alberta companies, which is discussed in the next section, are also strong indicators.

As of March 31, 2025, AEC has committed \$430.1 million for investment into 40 VC funds, including four Alberta-based angel co-investment funds (Accelerate Fund I – IV). This can be compared to March 31, 2024, when we had committed \$367 million into 35 funds. During the 2024/25 fiscal year, four new fund investments were approved by our Board and five new funds were legally closed and added to the portfolio: McRock III, Flying Fish III, Pender II, Accelerate Fund IV, and Builders III. Through the approval and legal closings of these funds, AEC has executed on its planned strategies to originate, screen, assess and legally close new funds over the year, exceeding the number of funds closed but falling short of the approved investment target by one fund. The key is the number of funds that are actually legally closed during the fiscal year as they become active in the Alberta ecosystem and are able to deploy AEC's capital into Alberta companies. It should be noted that the change in the US political situation did have a delaying effect on AEC's pacing relating to US based funds, which impacted our number of funds approved. However, at of the end of the fiscal year, in addition to the 5 closed funds and 4 approved funds, AEC had one fund lined up for imminent Board review and two others in line to begin due diligence.

As of March 31, 2025, AEC's fund investments have activated and now support 37 investment professionals operating in Alberta, exceeding our KPI target for the year. This can be compared to March 31, 2024, when our portfolio supported 35 investment professionals. These "boots on the ground" are actively at work seeking and supporting investable companies in Alberta and are a critical component of our model to develop Alberta's Venture Capital ecosystem. The variance is related to the addition of the new funds, moderated by the regular ebb and flow of staff numbers of other existing funds.

Through the development of our curated fund portfolio, Alberta knowledge-based companies have had access to over \$6 billion in Venture Capital, leveraging up our own capital invested by a factor of 14.1:1<sup>19</sup>. This can be compared to 2023/24 when our portfolio had created access to just over \$5 billion with a leverage ratio of 13.8:1. The variance is related to the addition of new funds during this fiscal year.

Total access to capital is calculated using the total fund size of all AEC's funds (in CAD). AEC's leverage is calculated by dividing the aggregate fund size of AEC's portfolio, by AEC's fund commitments as of March 31, 2025.

 A blend of capital from managers internal and external to Alberta

## Stimulated investment in Alberta knowledge-based

industries

#### **Results and Discussion**

**Key Performance Indicator:** Number of active funds with headquarters in Alberta in AEC's portfolio

Target: 4 funds headquartered in Alberta at end of 2024/25

Alberta Startups and Alberta's technology ecosystem benefit from a mix of VC funds that are headquartered and operate across different regions. To measure this outcome AEC reviews a number of factors, including the number of Venture Capital funds with their headquarters in Alberta. As of March 31, 2025, AEC's portfolio has 5 VC funds with their headquarters in Alberta, exceeding the 2024/25 target of 4, consistent with last year. Alberta resident funds bring value by understanding and focusing on local investment sectors and maintaining a sustained presence with a local workforce. On the other hand, funds located in other jurisdictions provide benefits such as access to new markets, syndicate investors, limited partners, and other resources such as technology talent.

In addition, it is beneficial to add a mix of new managers who bring new perspectives and fill gaps in the portfolio while also continuing to support existing high-performing managers, who bring stability to the portfolio through their prior experience and networks in Alberta. Over 2024/25, of the five funds legally closed, one new manager was added and four existing managers were supported. In contrast, over 2023/24, three new managers were added, and one existing manager was supported.

**Key Performance Indicator:** Total Alberta portfolio companies in AEC's portfolio that have received capital

Target: Increase to 96 companies (9 new over the year) by end of 2024/25

**Key Performance Indicator:** Total dollars invested by AEC funds and syndicate partners into Alberta companies

**Target:** Increase to 1.277 billion by end of 2024/25

**Key Performance Indicator:** Ratio of total invested by AEC's funds and syndicate partners into Alberta companies

Target: Maintain at 1:4 by end of 2024/25

To measure this outcome AEC reviews a number of factors, including the total number of Alberta companies that have received investments from our funds, dollars invested into Alberta companies, and the ratio of investments into Alberta companies compared to capital invested by AEC into funds.

As of March 31, 2025, our funds and their syndicate partners have invested \$1.472 billion into 98 Alberta technology companies. This can be compared to \$1.229 billion into 87 companies as of March 31, 2024. That represents an increase of 11 companies and \$243 million over the year. Further, we satisfied the 2024/25 target of \$1.277 billion set by the Ministry of Technology and Innovation<sup>20</sup>, also exceeding the target of 9 additional companies that have received capital by an AEC fund. Contributing factors to the increases include a larger number of actively investing funds in our portfolio, an increasing pool of startup Alberta investment opportunities, and the maturation of our portfolio companies with commensurate larger follow-on financing rounds.

As of March 31, 2025, every \$1 invested by AEC in funds (including fees) has generated \$5.15 of investments into Alberta companies. This significantly exceeds the 2024/25 target of \$4 for every \$1 invested and also exceeds the 2023/24 ratio of investment into Alberta companies which was \$4.99. This increase reflects how AEC's funds are continuing to gain traction in the province by placing capital locally and helping Alberta companies access other funds. The leverage ratio is well above target and continues to reflect the strong flow of investment capital into Alberta startups by AEC funds and their syndicate partners.

#### Ultimate Outcomes

#### **Outcomes**

 A thriving and self-sustaining VC industry in Alberta

#### **Results and Discussion**

**Key Performance Indicator:** Direct Alberta jobs created in AEC's portfolio companies **Target:** Increase number of direct Alberta jobs by 200 employees (to 3,405) at end of 2024/25

**Key Performance Indicator:** Total Alberta-based Venture Capital professionals linked to AEC funds

Target: Increase to 34 investment professionals by end of 2024/25

**Key Performance Indicator:** Number of startup and investor profiles created on StartAlberta. com

Target: Increase to 2,000 startups and 525 investors by end of 2024/25

In addition to measures discussed previously AEC reviews a number of factors to assess this outcome. These factors include total direct Alberta jobs created in AEC's portfolio companies, the total number of Alberta-based Venture Capital professionals, and the number of company and investor profiles created on StartAlberta.com.

As of March 31, 2025, AEC's portfolio companies have 3,633 direct employees, compared to 3,205 employees as of March 31, 2024. This is an increase of 428 employees over the past year and meets our employee growth target. The increase is both a function of new companies in our portfolio and an increase in the number of employees in existing companies.

As noted earlier, the number of Venture Capital professionals in Alberta continues to increase (now 37), reflecting growth of the community of Venture Capital professionals based in Alberta and indicating progress towards the goal of a self-sustaining VC industry in Alberta. Further, the number of new startups and investors, reflected by data captured by StartAlberta.com, continues to show steady momentum as the users of that platform are verified (explained in the industry development section below).

To build a sustainable VC industry in Alberta will require patience and ongoing investments from AEC. AEC has been investing in VC funds since 2010. The average VC fund has a life of more than 14 years. As such, it is still too early to predict the full impact of AEC's activities, but as detailed above, over the course of our investment history we have achieved excellent results. That said, building a self-sustainable VC industry can take decades.

 Generate a positive return on the original investment capital of the Province

#### **Results and Discussion**

**Key Performance Indicator:** Total Value to Paid In capital (TVPI) of AEC's investment portfolio **Target:** Equal to or greater than 1.07x at end of 2024/25

Even though our mandate is economic development oriented, our goal is to generate a positive return on the Province's investment capital in a timeframe consistent with the lifecycle of a private equity fund of funds program with a large number of fund investments – recognizing that each individual fund investment in the portfolio has a return timeline in the range of 12 to 15 years before its liquidation is complete.

To measure this outcome, AEC reviews a number of financial measures, which are best represented by the metric referred to as Total Value to Paid-In capital (TVPI). TVPI is an important measure for assessing our ability to deliver financial results compared to the cost of the investments. A TVPI of >1 means the value of the investments plus distributions exceeds the combined cost of the investments and associated fees.

As of March 31, 2025, every \$1 invested by AEC is worth \$1.26 (a TVPI of 1.26x), which is consistent with the TVPI performance as of March 31, 2024 (1.25x). This reveals that AEC's performance is holding steady despite the overall downturn in market conditions over the past couple of years, and despite the addition of 9 new funds over the past two fiscal years. Furthermore, the overall TVPI is still significantly above our target of greater than or equal to 1.07x. Although offset by the factors noted above, our investments are maturing, showing increases in unrealized gains returns of capital, although distributions to AEC are lower this year than last year due to the difficult exit environment for company liquidity.

It should be noted that the TVPI for the portfolio is significantly affected by the addition of new funds. Due to the nature of venture investing and accounting practices, VC funds are very likely to show a loss during the first half of their life. These losses normally reverse as a fund matures and as the unrealized and realized gains of the underlying portfolio companies increase over time. Therefore, as AEC continues to add new funds to our portfolio (we closed five this fiscal year and four last year, for a total of 9), we are likely to see the delaying effects of new funds expressed in the portfolio's total TVPI in the following few years. The financial return to the Province on our initial investment will not be fully known until all of our funds mature and our individual fund positions are fully liquidated.

As of March 31, 2025, our portfolio has distributed \$124.3 million back to AEC, meaning our funds have returned over 43% of our invested capital, versus \$121.6 million as of March 31, 2024 (an increase of \$2.7 million over the past year).

Finally, during the year we closely monitored, supported, and reported on our existing investments in our portfolio, encouraging best practices in governance and transparency to maximize the probability of delivering benefits and financial returns to the Province and all Albertans.

## **Operational Overview: Industry Development**

At AEC, we are spearheading the development of a self-sustaining, Alberta-based Venture Capital industry by nurturing the ecosystem that surrounds technology startups, investors, and related networks.

We unite and support investors, startups, and management talent, fostering a collaborative environment that drives innovation and growth. Over the past year, Alberta's technology ecosystem has experienced remarkable revitalization and significant growth, with AEC leading the charge in this transformative journey.

Our efforts are focused on bridging gaps within the ecosystem and forging meaningful connections between existing organizations. We have successfully supported the creation of industry-driven, grassroots organizations that play a pivotal role in the technology and Venture Capital landscapes. These groups are instrumental in connecting Alberta's entrepreneurs, startups, investors, and mentors, both within the province and beyond. Below, we outline our strategies to further support tech companies and strengthen the industry ecosystem.

## Industry Development Strategies and Outcomes

AEC employes a number of strategies to achieve our mandate for industry development.

 Lead and support initiatives that increase the connectivity between entrepreneurs and investors, and investors to investors.

A thriving venture ecosystem hinges on strong, dynamic connections between its entrepreneurs and investors. This strategy prioritizes fostering a highly connected ecosystem, recognizing that robust networks are the backbone of innovation and growth. Increased connectivity fuels deal flow, facilitates knowledge sharing, and unlocks collaborative opportunities that drive success. By strengthening the links between entrepreneurs and investors, we enable promising startups to access the capital and mentorship they need to scale. Deepening connections among the investor community fosters co-investment opportunities, expands syndication networks, and enhances the collective expertise within the Alberta VC community.

Lead and support initiatives that make startups more investable.

This strategy focuses on enhancing the investability of Alberta's knowledge-based companies. Investable companies are typically led by founders with compelling visions and the ability to execute. We leverage insights from our ecosystem analysis (Strategy 4) to identify key gaps and collaborate with partners to develop or support initiatives that address these needs. This includes supporting programs focused on entrepreneur mentorship, peer groups, talent development, DEI resources for startups, and organizations like Platform Calgary, Edmonton Unlimited, ABF4, VCAA and A100. By increasing founders' and companies' understanding of scaling a venture-backed business, we aim to increase their likelihood of securing VC investment.

 Lead and support initiatives that connect Alberta's entrepreneurs and ecosystem to other ecosystems and raise Alberta's tech ecosystem profile.

A strong Alberta tech ecosystem profile, both locally and internationally, is essential for a thriving ecosystem. Given that Venture Capital is invested in globally impactful businesses, and Alberta startups often need to access external markets for customers and capital, raising the province's profile is critical. A higher profile builds trust among global customers and investors, making it easier for Alberta companies to secure customers and funding.

 With an investor perspective, identify and address gaps in the technology ecosystem through conversations with ecosystem stakeholders, data collection, and data sharing efforts.

This strategy leverages our unique position within the ecosystem to identify gaps through qualitative and quantitative data collection where the insights are to be used internally and shared with external stakeholders to inform strategy and address critical gaps. Through ongoing conversations with stakeholders, coupled with robust data collection and analysis, we gain a comprehensive understanding of the challenges and opportunities facing Alberta's knowledge-based companies. Our investor perspective allows us to understand the specific needs of founders related to growth and fundraising. We use both qualitative insights from stakeholder engagement and quantitative data to pinpoint areas where the ecosystem can be strengthened. This data-driven approach informs our investment decisions and guides the development of initiatives and policies - targeted at both AEC stakeholders and external stakeholders. Key data sources include the Alberta Tech Deal Flow Study, VC ecosystem interviews, the StartAlberta Deal Flow Platform, Pitchbook, and data collected from organizations like A100, CDL, and local funds for CVCA reporting.

 Support initiatives for investor education, with the goal to educate and attract new investors to the asset class, and encourage development of more Albertabased VC.

Many high-net-worth individuals and family offices in Alberta have expressed interest in tech investing but lack the necessary knowledge and experience. Recognizing this untapped potential for early-stage capital and the need to expand the LP base for Alberta venture funds, we will support initiatives that provide education and mentorship to new investors. These initiatives will address key areas such as valuations, portfolio construction, due diligence, and term sheet development. Additionally, as AEC increases its investments in new funds, the demand for experienced investment professionals in Alberta grows. To ensure the long-term health of the province's VC industry, we will support the development of emerging fund managers and cultivate a deeper pool of VC talent. This involves supporting educational and mentorship opportunities focused on the specific skills and knowledge required to succeed in the VC industry. This strategy recognizes that a robust and locally-based VC talent pool is essential for the continued growth and sustainability of the Alberta venture ecosystem.

#### Our strategies drive toward achieving the following outcomes:

Intermediate outcomes (for fiscal 2024/25):

- 1. A highly connected ecosystem (connecting investors to entrepreneurs, and investors to investors).
- 2. Greater access to relevant resources for tech companies.
- 3. A knowledgeable and engaged Alberta VC industry.
- 4. A stronger Alberta VC and technology ecosystem profile in the province and beyond.

Ultimate outcome (beyond fiscal 2024/25):

5. A thriving and self-sustaining VC industry in Alberta.

#### **Intermediate Outcomes** (fiscal 2024/25) **KPI linked to outcome** Strategy linked to outcome Outcomes 1. A highly connected Alberta Number of verified startup and 1. Lead and support initiatives that increase the ecosystem (connecting investor profiles on Start Alberta<sup>21</sup> connectivity between entrepreneurs and investors, investors to entrepreneurs, and investors to investors. and investors to investors) 4. With an investor perspective, identify and address gaps in the technology ecosystem through conversations with ecosystem stakeholders, data collection, and data sharing efforts. 2. Access to relevant resources Total AEC fund commitments to 2. Lead and support initiatives that make knowledgeresulting in investable Alberta date (# funds legally closed) based startups more investable. companies 4. With an investor perspective, identify and address Total AB-based Venture Capital gaps in the technology ecosystem through professionals linked to AEC funds conversations with ecosystem stakeholders, data collection, and data sharing efforts. 5. Support initiatives for investor education, with the goal to educate and attract new investors to the asset class, and encourage development of more Alberta-based VC funds. 3. A growing, knowledgeable, Total AB-based Venture Capital 1. Lead and support initiatives that increase the and engaged Alberta VC professionals linked to AEC funds connectivity between entrepreneurs and investors, industry and investors to investors. Number of verified startup and investor profiles on Start Alberta 4. With an investor perspective, identify and address gaps in the technology ecosystem through conversations with ecosystem stakeholders, data collection, and data sharing efforts. 5. Support initiatives for investor education, with the goal to educate and attract new investors to the asset class, and encourage development of more

Alberta-based VC funds.

<sup>&</sup>lt;sup>21</sup> The total number of verified startups and investors with profiles on StartAlberta.com. A startup or investor is verified manually by dealroom.co's data team. The data source is from both live snapshots taken from StartAlberta.com as well as quarterly reports sent from dealroom.co to AEC's Industry Development team.

Outcomes	KPI linked to outcome	Strategy linked to outcome
A stronger Alberta VC and technology ecosystem profile in the province and beyond	Total \$ invested by AEC funds and syndicate investors into AB companies	Lead and support initiatives that connect Alberta's entrepreneurs and ecosystem to other ecosystems and raise Alberta's tech ecosystem profile.
		4. With an investor perspective, identify and address gaps in the technology ecosystem through conversations with ecosystem stakeholders, data collection, and data sharing efforts.

#### **Ultimate Outcomes** (fiscal 2024/25) **Outcomes KPI** linked to outcome Strategy linked to outcome 5. A thriving and self-sustaining Total AB-based Venture Capital 1. Lead and support initiatives that increase the VC industry in Alberta professionals linked to AEC funds connectivity between entrepreneurs and investors, and investors to investors. Number of verified startup and 2. Lead and support initiatives that make knowledgeinvestor profiles on Start Alberta based startups more investable. Direct Alberta jobs created in 3. Lead and support initiatives that connect Alberta's AEC portfolio companies entrepreneurs and ecosystem to other ecosystems and raise Alberta's tech ecosystem profile. 4. With an investor perspective, identify and address gaps in the technology ecosystem through conversations with ecosystem stakeholders, data collection, and data sharing efforts. 5. Support initiatives for investor education, with the goal to educate and attract new investors to the asset class, and encourage development of more Alberta-based VC funds.

#### **Results: Industry Development**



#### **Outcomes**

 A highly connected Alberta ecosystem (connecting investors to entrepreneurs and investors to investors)

#### **Results and Discussion**

**Key Performance Indicator:** Number of verified startup and investor profiles created on StartAlberta.com

**Target:** 2,000 startups and 525 investors

To measure this outcome AEC reviews several factors, including the number of startup and investor profiles created on StartAlberta.com.

As of March 31, 2025, there were 2,361 startups and 631 investors with profiles on StartAlberta. com This can be compared to 1,981 startups and 530 investors as of March 31, 2024, which represents an increase of 380 startups and an increase of 101 investors over the year. The number of investors far surpassed the target of 525 and the number of startups exceeded the target of 2,000. A concerted effort to promote Start Alberta to the investor and tech community has had a positive impact on the number of new profiles.

During 2024/25, AEC supported several initiatives that focused on connecting Alberta entrepreneurs with investors, and investors to investors:

- Startup TNT Investment Summits: Startup TNT brings together seed stage companies
  looking to raise capital through a structured due diligence process, preparing them for
  the summit where selected companies receive capital from the TNT syndicate and side
  deals directly from angels. This year they hosted their 9th and 10th investment summits.
  AEC continues to sponsor and actively support Startup TNT summits by raising awareness,
  supporting with attendance, and moderating Meet the Investors panels.
- Banff Venture Forum (BVF): AEC's CEO, VP of Investment, Director of Investment and
  Manager of Industry Development attended the Banff Venture forum on October 23rd and
  24th, alongside many of our funds. The 2-day event brought together 250+ investors and
  leaders from across the country to connect, learn, and have valuable conversations. AEC
  was involved in BVF's programming. Our CEO co-hosted a Future of Tech and Innovation
  roundtable with Minister Glubish. Our Director of Investment presented an Industry
  Outlook, and our VP of Investment moderated a Meet the Investors panel discussion.
- The Venture Capital Association of Alberta (VCAA): Throughout 2024/25, AEC spent considerable time supporting the VCAA, including member expansion, initiatives and events. The VCAA Conference and Ski Day is the organization's keystone event, bringing investors from across North America together to network and learn from world class panelists. This year the event was sold out with 150 attendees from across North America. Beyond the conference and ski day, AEC supported VCAA in launching more networking events for founders and funders, as well as a deal flow initiative where members share vetted deals with other members to increase collaboration and syndication.
- InterGen Activate: AEC sponsored InterGen Activate's 2024 program to connect investors
  through socials, educational programming, and opportunities to share deal flow.
  Throughout the year, InterGen hosted five high impact events targeted at accredited
  investors on various topics pertaining to angel investor education. Topics ranged from
  understanding deal mechanics and board governance to hearing founder stories and
  learning about the role of limited partners in Venture Capital.
- ABF4: AEC sponsored the Alberta Female Founders Funders and Fortifiers for their yearly events program. ABF4 is an Alberta-based organization founded by McRock Capital, Azure Capital Partners, Accelerate Fund III, The A100 and BDC with the purpose of supporting females in tech through networking and curated content events. ABF4 hosted a Gender and AI event in partnership with Amii during their Upper Bound conference. It brought together women and leaders in AI aiming to improve diversity among their teams. The panel moderated by ABF4 brough thoughtful questions to the forefront, highlighting some of the challenges with diversity in a niche field and what can be done to support more women who are in, or thinking about entering the field.

 Access to relevant resources resulting in investable Alberta companies

#### **Results and Discussion**

**Key Performance Indicator:** Total AEC fund commitments to date, measured by new AEC fund commitments during the fiscal year (funds approved and legally closed)

**Target:** 5 fund investments approved, and 4 fund investments legally closed over 2024/25 **Key Performance Indicator:** Total Alberta-based Venture Capital professionals linked to AEC funds

Target: Increase to 34 investment professionals by end of 2024/25

To measure this outcome AEC reviews several factors, including how many fund commitments we have made during the year. This measure has been discussed in previous sections.

During 2024/25 we led and supported initiatives that created access to relevant resources for tech companies:

- 150 Startups Innovation Rodeo: AEC sponsored Innovation Rodeo, a four-day series of
  events that took place during Stampede Week. The series of workshops, panels and
  pitch competitions are designed to upskill Albertan entrepreneurs, advisors, mentors,
  and investors while helping them build new connections and learn how to get new
  customers faster.
- Venture Mentoring Service Alberta (VMSA): AEC sponsored VMSA's "Calm Your Chaos" workshop, which was the highest attended event VMSA has hosted. Content covered in the workshop included: how to set boundaries around email, meetings, and availability; how to build a good agenda and facilitate effective meetings; how to make progress on the "right things" through prioritization, decision-making and focus; and how to prevent burnout.
- VCAA General Public Education Pillar Group: AEC's Director of Industry Development chairs the VCAA's education committee, which consists of three groups each with their own focus area or pillar. The General Public Pillar Group focuses on providing founders, students, and employees of tech companies information on important elements of starting, scaling and obtaining funding for a business. Sessions hosted during the year included: what B2B SaaS metrics for AI should you focus on; opening the black box of early-stage investment decisions, and cross-border banking for early-stage startups looking to expand into the US; and a blueprint for B2B revenue growth.
- Long Calgary Event Series: AEC sponsored Long Calgary, an ecosystem for founders and builders, to run a series of curated events to help founders on their growth journeys. The events are hosted at House 831, a curated hub for entrepreneurs and creatives to collide, share ideas, and build. Over the year, Long Calgary hosted eight lunches that brought together groups of ten founders at similar stages together to discuss and solve problems around topics like fundraising, product-market fit, recruiting and commercialization. The lunches are led and moderated by Tate Hackert, Co-Founder and President of ZayZoon. AEC's Manager of Industry Development has attended several lunches and provided introductory remarks on AEC's mandate. AEC also supported the launch of quarterly pitch nights and investor office hours at House 831.
- Class Rebel Venture Finance Education: AEC sponsored Class Rebel to run a
   Fundraising for Startups course, targeted at founders to help them improve their
   knowledge around the mechanics and language of VC. Each course has seats for 25
   founders, with a participation target of 300 founders by the end of 2027. As part of the
   sponsorship, Albertan Founders can participate for free.

 A growing, knowledgeable, and engaged Alberta VC industry.

#### **Results and Discussion**

**Key Performance Indicator:** Number of verified startup and investor profiles created on StartAlberta.com

Target: 2,000 startups and 525 investors

To measure this outcome, AEC reviews several factors, including the number of verified startups and investor profiles created on StartAlberta.com. This measure has been discussed in previous sections.

During 2024/25 we led and supported events that contributed to a growing, knowledgeable and engaged Alberta VC industry:

- The Venture Capital Association of Alberta (VCAA): The VCAA is instrumental in connecting VC investors, providing education, and advocating on behalf of the VC industry. AEC's Director of Industry Development serves as the Board Chair of the VCAA and participates in several committees, including Events Steering, Advocacy, Search and Compensation, BoD Selection, Leadership & Industry Advocacy, and leads Education. AEC's Manager of Industry Development is also involved in the Events Steering, Advocacy, and Education Committees. The VCAA hosted several members-only socials with the aim to connect investors.
- Investor Education: AEC has dedicated considerable effort into understanding the current state of resources available to high net-worth individuals or family offices who are interested in learning more about the opportunities to invest in the tech asset class. AEC is pursuing this strategy in several ways:
  - VCAA Education Committee: As mentioned above, AEC's Director of Industry Development chairs VCAA's Education Committee. Two of the focus areas for the education committee relate to this strategy. The first, Education for Existing Investors, is targeted at VCs and angels that are already familiar with the asset class but want to further their skills and knowledge. Second, Education and Engagement of high-networth individuals and family offices aims to connect and engage new investors into the asset class. These working groups both create content and engagement opportunities within the VCAA, and support partner organizations that have aligned objectives.
  - Sponsoring and supporting events and initiatives directly. Examples include Startup TNT, Halo Health, and U of A's VC/PE club, among others.
- VCAA Conference and Ski Day: AEC's Director of Industry Development and Manager
  of Industry Development were instrumental in the planning of this event. The conference
  attracted over 150 attendees with over 30% of the attendees coming from outside Alberta,
  raising significant awareness to Alberta's burgeoning innovation and VC ecosystem. AEC's
  investment and industry development team attended the conference, and AEC's CEO
  moderated a panel on navigating the new economic reality. The event received excellent
  reviews from attendees and provided ample opportunity for learning and networking.
- A stronger Alberta
   VC and technology
   ecosystem profile
   in the province and
   beyond

**Key Performance Indicator:** Total dollars invested by AEC funds and syndicate partners into Alberta companies

Target: Increase to \$1.277 billion by end of 2024/25

To measure this outcome AEC reviews several factors, including the total private syndicate capital attracted to Alberta companies by AEC funds. This measure has been discussed in previous sections.

During 2024/25 we led and supported initiatives that build a stronger Alberta VC and technology ecosystem profile within the province and beyond.

 2024 CVCA Invest Canada Conference: AEC's sponsorship of Canada's premier event for Venture Capital and private equity investors/ stakeholders provides a rare opportunity to attract global exposure to Alberta's VC landscape. Held May 28th-30th in Montreal, AEC

#### **Results and Discussion**

had a high-profile presence with many team members in attendance. AEC's CEO took to the main stage with business journalist Geoff Colvin to discuss AI, regulatory shifts, and workforce evolution.

- Startup Awards, Launch Parties and Innovation Weeks: AEC sponsored and attended
  the YEG Startup Community Awards, The StartAlberta Tech Awards, Calgary and
  Edmonton Launch Parties, and Calgary and Edmonton Innovation weeks. These events
  bring together all stakeholders in the innovation ecosystem to share knowledge,
  celebrate the industry and amplify the message of Alberta's burgeoning tech
  ecosystem.
- Alberta at Collision: AEC sponsored the 2024 Alberta at Collision event held in Toronto late June. The event brought together Alberta entrepreneurs with investors from across the country and provided ample opportunity to highlight Alberta's burgeoning tech ecosystem and quality deal flow. AEC's Director of Industry Development invited venture funds from across the country to attend, helping to increase Alberta's profile and facilitate investor to entrepreneur connections.
- C100: AEC sponsored the C100 for 2024/2025, to connect tech entrepreneurs with the expertise, networks, & resources of the Bay Area, Toronto, & Global Membership. The program brings together 26 Canadian founders with an international network of investors, builders, and operators. Of the 26 companies chosen from hundreds of nominees, three were from Alberta: CruxOCM from Calgary, NiaHealth from Edmonton, and Youthfully from Calgary. AEC's Director of Investment and Manager of Industry Development attended and represented AEC at the 48 HRs event in September, and AEC's CEO attended the Growth Summit in February.
- MIT REAP: AEC's Director of Investment is representing AEC in the MIT Regional
  Entrepreneurship Acceleration Program (REAP), a two-year, cohort-based initiative
  designed to strengthen innovation ecosystems. Edmonton is participating with
  key local stakeholders from government, universities, investors, corporations, and
  entrepreneurs, to accelerate the city's tech and innovation ecosystem. Grounded in
  MIT's proven frameworks and curriculum, the program emphasizes collaboration and
  research-driven strategy. Team Edmonton is currently conducting a needs assessment
  to identify the region's core strengths and most urgent challenges. As part of this effort,
  a recent town hall brought together 275 participants, whose input gathered through
  focus groups and discussion will help shape a forward-looking strategy for ecosystem
  growth.
- Supporting ecosystem partners with VC Fund engagement: As Alberta's tech ecosystem becomes more widely recognized, many funds have expressed interest in learning more about opportunities in the province. AEC has taken an active role in supporting Calgary Economic Development (CED), Edmonton Global, Platform Calgary, and Edmonton Unlimited in their discussions with VC funds. We've shared information about relevant deal flow, facilitated connections to other ecosystem partners, and provided valuable data on the growth of the space. This has resulted in many of the funds frequently traveling to Alberta to meet founders, with several seeking to establish a full-time presence in the province.

During 2024/25 we facilitated discussions between ecosystem stakeholders to identify and address gaps and collect and share information on the tech ecosystem to enable data backed decision making:

• CVCA Reporting and Data Committee: AEC's Director of Industry Development and Manager of Industry Development collect and share VC deal data to the CVCA on behalf of the Alberta ecosystem and are members of the CVCA's Data Committee. This effort ensures deals which would otherwise go unreported get included in the quarterly VC Market Reports, which are referenced by media, GoA, and other key stakeholders.

#### **Results and Discussion**

- 2024 VC Ecosystem Interviews: AEC's Manager of Industry Development conducted a
  series of 16 interviews with AEC's Investee Funds to discover potential gaps and learn more
  about their experience with Alberta's technology ecosystem, and the quantity and quality
  of deal flow. The interviews covered topics related to deal flow, the Alberta ecosystem,
  unlocking private capital, and feedback for AEC
- Venture Capital Industry Insight: AEC provided subject matter expertise to municipal, provincial and federal organizations including CED, Opportunities Calgary Investment Fund (OCIF), Edmonton Unlimited, Prairies Economic Development Canada, Invest Alberta and others. Discussion items included the makeup of Alberta's technology companies, and the equity funding gaps that exist in the province.

## Ultimate Outcomes

#### **Outcomes**

 A thriving and self-sustaining VC industry in Alberta

#### **Results and Discussion**

**Key Performance Indicator:** Number of verified startup and investor profiles created on StartAlberta.com

Target: 2,000 startups and 525 investors

**Key Performance Indicator:** Total Alberta-based Venture Capital professionals linked to AEC funds

Target: Increase to 34 investment professionals by end of 2024/25

**Key Performance Indicator:** Total direct Alberta jobs created in AEC's portfolio companies **Target:** Increase number of direct Alberta jobs by 200 employees (to 3,405) at end of 2024/25

To measure this outcome, AEC reviews several factors, including the number of startup and investor profiles created on Start Alberta and direct Alberta jobs created in AEC portfolio companies. These measures and the other strategies tied to this outcome have been discussed in previous sections.

AEC works to fill the gaps in the ecosystem and to create links between existing organizations. With a relatively small amount of capital, AEC can effectively and efficiently enhance the Alberta innovation ecosystem. Our approach is highly collaborative. Rather than building a large team within AEC, we take a lean partnership approach, working with many public and private organizations to fulfill our mandate. This collaborative approach allows our organization to have a very broad reach, delivering outcomes far beyond the capacity of our small team, while keeping operating costs very low. The key to our success is the engagement of VCs, strategic investors, entrepreneurs and mentors by leveraging our investment capital.

While Alberta's tech sector is still considered in its early stages of development, the data shows it is maturing significantly. Alberta's efforts to promote innovation are yielding results. In 2024, Alberta saw \$698 million invested across 84 deals<sup>22</sup>. As of the end of 2024, Alberta's 5-year compounded average growth rate (CAGR) for VC dollars invested was 25% and 16.3% for the number of deals. By comparison, Canada's CAGR for dollars invested is **4.7% and 0.3%** for the number of deals. Alberta's consistent growth at a faster rate than Canada's over the past few years shows that this is not a blip or one off, but rather promising progress to a more diversified economy as the technology sector becomes a true competitive advantage for Alberta. As more companies stay and grow in Alberta, it is imperative that we are proactive in ensuring the necessary resources are available to support the founders of these maturing companies.

# Operational Overview: Operations and Finance

The activities of AEC are managed by our team of 12 employees who oversee investment, industry development, finance and accounting, operations, human resources and IT.

The following strategies, outcomes and KPIs for Operations and Finance are new for fiscal year 2024/25.

Intermediate Outcomes (fiscal 2024/25)		
Outcomes	KPI linked to outcome	Strategy linked to outcome
HR: An effective and engaged workforce resulting in a high performing team	% of employees participating in training and development	Review existing total compensation and implement a competitive compensation package in accordance with the new Compensation Policy developed by the Government of Alberta.
		Develop a human capital development and retention plan.
Finance: Accurate financial reporting that informs Albertans about AEC's	Clean audit report  Expenses within approved	Financial reporting: Review and improve accounting system and processes to ensure they can accommodate AEC's growth.
financial performance and prudent use of taxpayers' dollars allocated to AEC	budget	<ol> <li>Financial reporting: Maintain accurate records of all financial transactions and ensure adherence to established internal controls.</li> </ol>
		5. Financial management: Actively manage cash flow to ensure expenses are within approved budget.
IT/Cyber: Effective/robust and secure IT infrastructure while ensuring the team can work effectively and with appropriate risk management	Employee completion rate of security and awareness training	6. To have the tools to perform work effectively and efficiently.
Marketing/Communications: A stronger Alberta VC and technology ecosystem profile in the province and beyond	Total \$ invested by AEC funds and syndicate investors into AB companies	7. Awareness of AEC that clearly articulates our mission and the value to stakeholders. Enhance AEC's brand, image and perception within VC industry.

### **Results: Operations and Finance**

# Intermediate Outcomes

#### **Outcomes**

**HR:** An effective and engaged workforce resulting in a high performing team

#### **Results and Discussion**

**Key Performance Indicator:** % of employees participating in training and development **Target: 100%** 

AEC achieved 100% completion of employee training 2024/25. Training and development of our team are fundamental for fostering a consistent, skilled, engaged, and collaborative workforce. This foundation is essential for driving high performance and achieving organizational goals.

During the year AEC participated in the compensation survey and several consultations on the anticipated Government of Alberta compensation framework. As the new framework hasn't been finalized by the Government of Alberta, AEC's total compensation will be evaluated and modified once the framework is in place.

AEC implemented a new comprehensive benefit package designed to attract and retain highly qualified employees.

Finance: Accurate financial reporting that informs Albertans about AEC's financial performance and prudent use of taxpayers' dollars allocated to AEC Key Performance Indicator: Clean audit report

**Target:** Audit free of material misstatements

Key Performance Indicator: Expenses within approved budget

Target: AEC operating expenses are within budget.

To measure this outcome, AEC evaluates several factors, including accurate financial reporting which is reflected on a clean audit report, operating expenses within budget and adherence to established internal controls and different legislations affecting AEC.

For fiscal year 2024/25, AEC's financial statements are free of material misstatements. The operating expenses for the year amount to \$3.8 million, which is \$460,000 under budget, representing an 11% reduction. This favorable variance is attributed to prudent expense management.

#### **Outcomes**

IT/Cyber: Effective/ robust and secure IT infrastructure while ensuring the team can work effectively and with appropriate risk management

#### **Results and Discussion**

**Key Performance Indicator:** Employee completion rate of security and awareness training **Target:** 100%

To measure this outcome, AEC evaluates several factors, including IT security, awareness, posture and equipment, which are all essential in maintaining a secure IT infrastructure.

Regular IT training is vital to keep the AEC team updated with the latest technologies and best practices, ensuring everyone is equipped to handle their tasks efficiently. Continuous enhancement guarantees adaptability to evolving demands. The AEC team completed all assigned IT security and awareness training in 2024/25.

#### Marketing/ Communications:

A stronger Alberta VC and technology ecosystem profile in the province and beyond **Key Performance Indicator:** Total \$ invested by AEC funds and syndicate investors into AB companies

**Target:** GOA target \$1.277B for 2024/25

To measure this outcome AEC reviews several factors, including the total private syndicate capital attracted to Alberta companies by AEC funds. This measure has been discussed in previous sections.

During 2024/25 we ensured that our mission statement is clear, concise and prominently displayed on our website, social media profiles and marketing materials. AEC clearly articulates the unique value we bring to our stakeholders by highlighting success stories, press release fund investments, host educational events, support and facilitate initiatives and discussions that build stronger Alberta VC and technology ecosystem profile in the province and beyond.

# Operational Budget and Capital Deployment

#### **Capital Deployment and Investments**

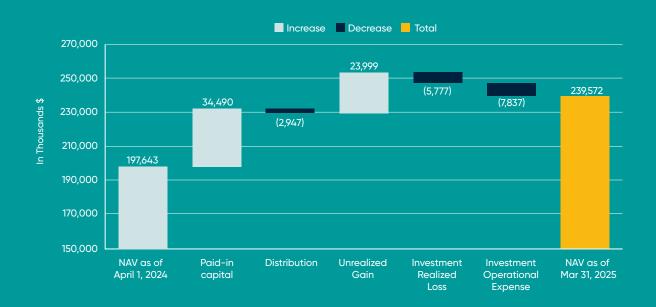
AEC's financial statements show \$407.2 million (2023/24 – \$344.4 million) in capital committed for active investments and \$22.9 million (2023/24 – \$22.9 million) for the two investments no longer active. The \$350 million capital received from GoA has been fully committed. AEC is now making new investments using the distributions received from the funds. Eighteen of our investments are in US dollars and the total capital committed is therefore impacted by the weaker Canadian dollar as compared to the US dollar. The main variance to last year is the addition of new fund investments, as well as capital called by our funds for investments and fees.

In fiscal year 2024/25, AEC disbursed \$34.5 million (2023/24 - \$38.1 million) to the Limited Partnerships in which we have invested.

In order to meet our remaining commitments, the balance of committed capital is held as cash until such time as it is drawn down upon. Currently, the Corporation has \$62.1 million in cash on hand (2023/24 – \$83.8 million), and another \$110.1 million in accounts receivable (2023/24 – \$125.5 million) from the Government of Alberta. The change in cash is a net result of capital disbursed to the funds and distributions received from the funds.

For the fiscal year ended 2024/25, our Partnership investments were valued at \$239.6 million, which is an increase of \$41.9 million from fiscal year ended 2023/24. The value of the investments increases with new investments added, capital calls, adjusted for fair value adjustments and decreases when we receive distributions and when we sell or exit a fund. Except for five, most of the investments showed an increase in fair value of the underlying portfolio. Two of these funds decreased in fair value due to the impairment taken for the funds showing indicators of impairment in accordance with AEC's impairment policy.

Changes in value form part of net assets and are not captured as income or losses (i.e. realized) until the investments are sold by the Limited Partnerships. Any unrealized gains or losses are captured in the Statement of Remeasurement Gains and Losses. Despite losses realized in the Statement of Operations, the overall investment portfolio experienced growth, with five additional investments and unrealized gains reflected in the Statement of Remeasurement Gains and Losses. The Net Remeasurement Gains for the year amount to \$24.0 million, comprising \$11.0 million of unrealized gains from portfolio investments and \$7.2 million attributable to foreign exchange. The change in accumulated remeasurement gains includes \$5.8 million of realized losses reclassified to the Statement of Operations. Refer to the chart below for a detailed view of the investment progress during the year.



# Operational Budget and Statement of Operations

AEC's 2024/25 operating budget was \$4.26 million. There was no additional capital allocated to AEC during the fiscal year 2024/25.

The Statement of Operations shows other revenue of \$3.0 million, which is the interest earned from our bank accounts.

Over the 2024/25 fiscal year, investment expenses were \$223,637 not including overhead in the form of salaries, office or the Board. This is significantly below budget, equating to savings of 40%. Despite the addition of five new funds during the year, the legal costs for these funds were lower than budgeted. The majority of the new funds are managed by existing fund managers, with whom AEC has established relationships and is familiar with the terms of the limited partnership agreements. Travel expenses are lower than planned, as many of the limited partnerships have switched to a virtual format for quarterly meetings.

The industry development expenses were \$460,650, not including overhead in the form of salaries, office or the Board. Included in this expense is the ongoing support for Start Alberta and AEC's participation in the MIT Regional Entrepreneurship Acceleration Program. This is on target with our budget.

Our operational cost was \$2,959,910, which is 8% below the budget. The variance is due to prudent management of our expenses.

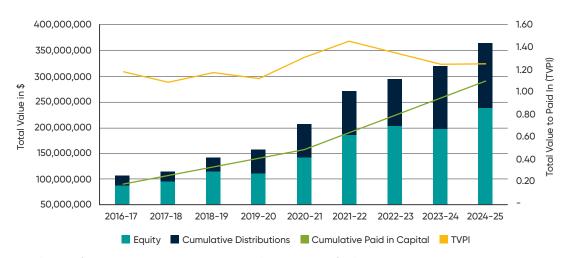
The Board expenses were \$143,891, which is below the budget of \$176,355. This is due to lower-than-budgeted travel and training expenses.

AEC records a proportionate share of any realized gains or losses of the Limited Partnerships. The net investment

loss of \$13.6 million was due to realized losses from funds exiting positions in underperforming companies with minimal or no proceeds returned to Limited Partners. Additionally, there was an increase in investment operational expenses with five new funds added, reflecting the impact of the J-curve. Impairment losses were also recognized for funds that show indicators of impairment according to AEC's impairment policy. Normally any realized losses are offset by realized gains and distributions. For fiscal year 2024/25, distribution received was however only \$2.9 million as compared to \$30.3 million last year. The Venture Capital market continued to face challenges with limited mergers and acquisitions and initial public offerings, contributing to the overall investment performance.

The annual deficit for fiscal year 2024/25 was \$14.1 million, compared to a surplus of \$1.9 million in 2023/24. Last year's surplus was due to interest income and the positive performance of investments, resulting in net investment income. The continued challenges in the Venture Capital market impacted this year's overall investment performance. Since our operating costs are self-funded, we normally expect an annual deficit, offset by realized gains/losses from our investments, resulting in a surplus/deficit (operations and investments).

The Statement of Operations only captures realized gains for the current fiscal year. To assess the total performance of our fund investments, rather than looking at the results for individual years, it is important to review the Total Value to Paid In capital (TVPI) over time. Our portfolio is currently showing a TVPI of 1.26. A TVPI of >1 means the value of the investment is above the total amount of capital invested, including management fees. The graph below illustrates that over time, AEC's TVPI has consistently exceeded 1.



The financial statements are consistent with Canadian Public Sector accounting standards for investments in Limited Partnerships in both the Private Equity and Venture Capital industries.

# Lessons Learned and Looking Ahead

AEC's mission is to foster a thriving VC industry in Alberta: one that provides access to Venture Capital and other resources needed to create successful Alberta technology companies. To improve our effectiveness in achieving this mission, AEC reflects on our past performance to identify key learnings, to continually assess and manage our key risks, and to conduct an annual situation analysis, mapping key opportunities to incorporate in our approach.

In reflecting on the past year's performance, we have identified the following lessons learned:

- AEC's approach is working AEC has been successfully meeting our annual KPI targets, catalyzing a Venture Capital industry in Alberta and leveraging up our capital by investing in funds that match the stage and sector capital needs of startups in the province – while stimulating investment in Alberta companies. The Alberta VC industry continues to demonstrate resilience, outperforming the broader Canadian market in terms of annual growth. In addition, our financial metrics show that the total value of the portfolio currently exceeds the total cost of the portfolio. We are successfully generating a positive rate of return on the Province's investment capital. Based on these factors, we are not suggesting any major changes to our strategies compared to the prior fiscal year. However, some minor tweaks will be introduced.
- Alberta headquartered funds We have had some success investing in Alberta-headquartered funds, however, it has been difficult to find Alberta-based fund managers who meet all our Investment Criteria. Based on this learning, we introduced a new substrategy for investing in Alberta-based micro-funds to

help us identify and to support new Alberta-based funds that could establish a long-term presence in the province and make a material number of investments in Alberta companies. We have now made three micro-fund investments in total since creating the micro-fund Strategy, and we have assessed several other Alberta opportunities. However, emerging managers require significant support and there are many Alberta headquartered funds that will be unable to meet our rigorous criteria. Nevertheless, we remain committed to coaching and advising these managers and equipping them with the skills and insights needed to attract institutional investment. To build upon our efforts, we have sought to partner with trusted GPs in our portfolio to address this gap. There may be an opportunity in the coming year to work with experienced GPs to create educational supports for emerging managers.

- Fostering VC talent We also learned from our investee and prospective funds that finding qualified venture talent in Alberta is considerably more difficult than other jurisdictions. As a result, we have implemented an ecosystem strategy to build the pipeline of emerging VC talent. We continue to support entities like the VCAA, and the CVCA who offer VC education, as well as University clubs, such as the UAlberta VC/PE Club.
- Lack of liquidity We have several older vintage funds in the portfolio that are beyond their original 10year terms. These funds have either seen conventional extensions or longer negotiated extensions to allow them to realize company exits and achieve full fund liquidation. We know, based on our own portfolio's

performance, discussions with our peers, and industry research, that VC funds typically operate past their originally planned lifespan of 12–13 years. Today, the industry average lifetime of a fund is 14.5 years, and is expected to extend further<sup>23</sup>. The poor exit environment over the past three years has further lengthened these timelines, with "tail-end funds"<sup>24</sup> being at an all-time high in 2024 – a situation which will take 2–3 years to unwind according to Pitchbook Research<sup>25</sup>. As our VC fund investments mature and fund distributions remain scarce, we are actively exploring end-of-life liquidity options.

- Education on the return profile of VC funds The "J-curve" effect does have a real influence on AEC's financial metrics, given the greater demand for capital of funds in the earlier years of their lives before they achieve significant investment success. This should be factored in when reviewing AEC's KPIs and needs to be clearly communicated to our stakeholders, as this is not broadly understood.
- Attracting new investors to the asset class We continue to hear firsthand from many individuals and family offices with deep expertise in real estate, energy, and agriculture who are keen to get exposure

- into the tech/startup asset class. They revealed that they didn't understand valuations, investment timelines, portfolio construction or how to begin with diligence or composing aligned term sheets. As a result, we have implemented an ecosystem strategy focused on investor education and have also created an *LP 101 education presentation*, which we have delivered to prospective fund investors and emerging managers across various forums. The goal is to attract more capital to invest in Venture Capital, in a responsible manner.
- Lack of data We aim to use data to drive our strategies. However, there is still a lack of data, both relating to the supply of and demand for capital. As a result of this learning, we have implemented several initiatives, including StartAlberta.com, conducting interviews with our VC Funds, and active engagement with the CVCA data committee. In 2024/25, AEC collaborated with the A100 to refine and improve the data collection to create better and more accurate data, which in turn informs our Portfolio Gap Analysis. In 2025/26, we will continue to prioritize and refine our approach as it relates to data.

To build a sustainable VC industry in Alberta will require patience and ongoing investments from AEC. We have been investing in VC funds since 2010. However, as noted above, a typical VC fund has a life that extends beyond 10 years. As such, it is still too early to predict the full impact of AEC's activities. Over our investment history we have achieved excellent results, yet we are fully aware that building a self-sustainable VC industry can take decades.

<sup>&</sup>lt;sup>23</sup> TREO Asset Management. (2021). TREO Asset Management 2021 Tail End Fund Report [PDF]. Retrieved February 24, 2025, from <a href="https://cdn.sanity.io/files/wh3o4d4q/production/6eee30d2d54b183603074d820ccfd0cdc0672f85.pdf">https://cdn.sanity.io/files/wh3o4d4q/production/6eee30d2d54b183603074d820ccfd0cdc0672f85.pdf</a> (p. 2).

<sup>&</sup>lt;sup>24</sup> "Tail-End funds" are Venture Capital funds which have exceeded their typical 10-year lifespan (plus 2 one-year extensions).

<sup>&</sup>lt;sup>25</sup> Pitchbook. (2025, January 8). End of Life Scenarios Webinar [Webinar]. Institutional Limited Partners Association (ILPA).

# To achieve a self-sustainable VC industry, we need to continue to:

- 1 Create a VC fund portfolio that is aligned with Alberta deal flow.
- 2 Invest in VCs that establish or maintain an Alberta focus and presence and bring key investment skills to Alberta.
- Attract new VCs to Alberta.
- Reinvest in high-performing existing fund managers.
- 5 Find and champion fund solutions that address critical gaps.
- 6 Help build local Alberta-based funds and managers.
- **7** Steward our capital and be an engaged Limited Partner.

There are now more Venture Capital funds active in the province than ever before. The investment ecosystem is starting to flourish. Alberta's Venture Capital performance continues to outperform. However, Alberta is still lagging behind other technology hubs. While Alberta's VC sector has achieved some scale, we are expecting the demand for capital will outpace the provincial supply.

Building a Venture Capital industry is a long-term project which requires patience and a continued commitment of capital. We are looking forward to expanding our efforts and creating further return on investment for Alberta.

Being Albertans, we will continue building on the successes we have achieved so far. It's what happens when we invest with intent!

# Corporate Governance Statement

#### **Management of the Company**

The business and affairs of the Corporation are managed by or under the direction or supervision of the Board of Directors (the Board). The Board exercises all powers of the company not required to be exercised by the shareholders.

#### **Board of Directors**

The Board meets four to eight times per year and as required for strategic planning purposes and to progress specific decisions. The Board is accountable to the shareholder, the Minister of Technology and Innovation, in the manner set out in the Alberta Enterprise Corporation Act, Alberta Enterprise Corporation Regulation, the Alberta Enterprise Corporation Transfer Agreement and our Mandates and Roles Document.

The Board establishes strategic policy, guides and monitors the business and affairs of the Corporation on behalf of the shareholder, and is committed to a high standard of corporate governance. Responsibility for the operation and administration of the company is delegated to the President and CEO, who is accountable to the Board. In particular, the Board places emphasis on implementation of Venture Capital best practices, sound administrative systems and procedures, and regulatory compliance.

The directors are appointed by the Lieutenant Governor in Council. A director holds office for a term fixed in the order appointing the director, which term must not exceed three years. AEC's Board of Directors presently includes seven external and independent members.

#### **Governance Review**

A governance review is undertaken annually, to ensure the effectiveness of governance structures.

#### Conflict of Interest Policy and Procedures

As outlined in the AEC Code of Conduct and Ethical Standards, a conflict of interest exists when an individual's private interests interfere or conflict with, or appear to interfere or conflict with, the interests of the Corporation. A conflict situation may arise when an employee, officer, or director takes actions or has interests that may make it difficult to perform his or her professional obligations objectively and effectively, or when he or she otherwise takes action that is inconsistent with the interests of the Corporation for his or her direct or indirect benefit or for the direct or indirect benefit of a third party. A conflict of interest may also arise when an employee, officer or director, or a member of his or her family, receives improper personal benefits as a result of his or her position in the Corporation, whether received from the Corporation or a third party. Loans to or guarantees of obligations of employees or any of their respective family members are likely to amount to conflicts of interest as are transactions of any kind between the Corporation and any other entity in which an employee, officer or director has a material interest.

Conflicts of interest are prohibited as a matter of corporate policy, except as specifically approved by the Corporation's Board of Directors and in accordance with applicable laws and regulations. It is not always easy to determine whether a conflict of interest exists, so any potential conflicts of interest must be reported immediately to senior management.



# Management's Responsibility for Reporting

AEC's management is responsible for the preparation, accuracy, objectivity and integrity of the information contained in the annual report, including the financial statements, performance results, and supporting management information. Systems of internal control are designed and maintained to produce reliable information that meets reporting requirements, and to ensure that transactions are properly authorized, reliable financial records are maintained, assets are properly accounted for and safeguarded, and relevant legislation and policies are complied with. Corporate business plans, performance results and the supporting management information are also integral to both financial and performance reporting.

The annual report has been approved by the Board of Directors and is prepared in accordance with Ministerial guidelines.

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

[Original Signed by Kristina Williams]

**Kristina Williams**President and CEO

June 3, 2025

[Original Signed by Jennie Allen]

**Jennie Allen**Chief Financial Officer

June 3, 2025

#### Independent Auditor's Report



To the Board of Directors of Alberta Enterprise Corporation

#### **Report on the Financial Statements**

#### **Opinion**

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

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2025, and the results of its operations, its remeasurement gains and losses, 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 Financial Statements* section of my report. I am independent of the Corporation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Other information

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

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

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

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.

Classification: Public

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

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

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless 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 Corporation's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Classification: Public

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

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

June 2, 2025 Edmonton, Alberta

Classification: Public

### **Statement of Operations**

Year Ended March 31, 2025

(in thousands)	2	025			2024
	Budget (Note 4)	Α	ctual	A	Actual
Revenues					
Other revenue	\$	\$	2,957	\$	2,900
			2,957		2,900
Expenses (Note 2(b) and Schedule 1)					
Operating costs	4,258		3,798		3,461
Annual operating deficit	(4,258)		(841)		(561)
Net investment (loss) income (Note 7)					
Investment (loss) income			(4,975)		8,594
Investment operational expense			(7,837)		(5,850)
Interest expense			44		(136)
Investment impairment loss			(802)		_
			(13,570)		2,608
Foreign exchange gain (loss)			292		(158)
Annual (deficit) surplus	(4,258)		(14,119)		1,890
Accumulated surplus, beginning of year			337,428		335,538
Accumulated surplus, end of year		\$	323,309	\$	337,428

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

Approved by the Board of Directors

[Original Signed by Ted Redmond]

**Ted Redmond**Chair of the Board of Directors
June 2, 2025

[Original Signed by Sharilee Fossum]

**Sharilee Fossum** Audit Committee Chair June 2, 2025

### **Statement of Financial Position**

As At March 31, 2025

(in thousands)	2025	2024
Financial assets		
Cash and cash equivalents (Note 5)	\$ 62,084	\$ 83,760
Accounts receivable (Note 6)	110,147	125,505
Portfolio investments (Note 7)	239,572	197,643
	411,803	406,908
Liabilities		
Accounts payable and other accrued liabilities	557	4,405
Net financial assets	411,246	402,503
Non-financial assets		
Tangible capital asset (Note 10)	310	348
Prepaid expenses	1,342	167
	1,652	515
Net assets	\$ 412,898	\$ 403,018
Net assets		
Accumulated surplus	\$ 323,309	\$ 337,428
Accumulated remeasurement gains	89,589	65,590
	\$ 412,898	\$ 403,018

Contractual rights (Note 8)

Contractual obligations (Note 9)

## **Statement of Change in Net Financial Assets**

Year Ended March 31, 2025

(in thousands)	2025				2024
		Budget (Note 4)		Actual	Actual
Annual (deficit) surplus	\$	(4,258)	\$	(14,119)	\$ 1,890
Acquisition of tangible capital assets (Note 10)				-	(7)
Amortization of tangible capital assets (Note 10)				38	38
Net remeasurement gains (losses) (Note 7)				23,999	(16,383)
(Increase) decrease in prepaid expenses				(1,175)	268
Increase (decrease) in net financial assets				8,743	(14,194)
Net financial assets at beginning of year				402,503	416,697
Net financial assets at end of year			\$	411,246	\$ 402,503

### **Statement of Remeasurement Gains and Losses**

Year Ended March 31, 2025

(in thousands)	2025	2024
Unrealized gains (losses) attributed to:		
Portfolio investments	\$ 11,027	\$ (8,164)
Foreign exchange	7,195	375
Amounts Reclassified to the Statement of Operations:		
Portfolio investments - realized losses (gains) on investments	5,777	(8,594)
Net remeasurement gains (losses) for the period (Note 7)	23,999	(16,383)
Accumulated remeasurement gains at beginning of year	65,590	81,973
Accumulated remeasurement gains at end of year	\$ 89,589	\$ 65,590

### **Statement of Cash Flows**

Year Ended March 31, 2025

(in thousands)	2025	2024
Operating transactions		
Annual (deficit) surplus	\$ (14,119)	\$ 1,890
Non-cash items included in annual surplus:		
Loss (gain) on portfolio investments (Note 7)	12,812	(2,744)
Investment impairment loss (Note 7)	802	-
Amortization of tangible capital assets (Note 10)	38	38
Loss on sale of investment	-	431
Other non-cash investment transactions	-	(431)
	(467)	(816)
Decrease in accounts receivable	15,358	24,675
(Decrease) increase in accounts payable and other accrued liabilities	(3,848)	3,028
(Increase) decrease in prepaid expenses	(1,175)	268
Cash provided by operating transactions	9,868	27,155
Capital transactions		
Acquisition of tangible capital assets (Note 10)	-	(7)
Cash (applied) to capital transactions	-	(7)
Investing transactions		
Purchase of portfolio investments (Note 7)	(34,490)	(38,140)
Distributions received from limited partnerships (Note 7)	2,947	22,434
Proceeds from sale of investment (Note 7)	-	7,829
Cash (applied to) provided by investing transactions	(31,543)	(7,877)
(Decrease) Increase in cash and cash equivalents	(21,676)	19,271
Cash and cash equivalents at beginning of year	83,760	64,489
Cash and cash equivalents at end of year	\$ 62,084	\$ 83,760

#### Notes to the Financial Statements

March 31, 2025

#### Note 1 Authority

The Alberta Enterprise Corporation (the Corporation) is a Provincial Corporation that operates under the authority of the *Alberta Enterprise Corporation Act*.

The Corporation was established on December 5, 2008 and is part of a strategy to encourage technology commercialization and promote growth in Alberta's Venture Capital industry.

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

#### Note 2 Summary of Significant Accounting Policies and Reporting Practices

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

#### (a) Reporting Entity

The reporting entity is the Corporation, which is part of the Ministry of Technology and Innovation (the Ministry) and for which the Minister of Technology and Innovation (the Minister) is accountable. Other entities accountable to the Minister are the Department of Technology and Innovation (the Department) and Alberta Innovates. The activities of these organizations are not included in these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial positions and results of the Ministry's operations for which the Minister is accountable.

#### (b) Basis of Financial Reporting

#### Revenues

All revenues are reported on the accrual basis of accounting. Cash received for goods and/or services not yet provided before year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

#### Government transfers

Transfers from all governments are referred to as government transfers.

Government transfers and associated externally restricted investment income are recognized as deferred contributions 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 the use of the transfer, are recognized as revenue when the transfer is authorized and the Corporation meets the eligibility criteria (if any).

#### Investment income

Investment income includes dividend and interest income and realized gains or losses on the sale of portfolio investments. Unrealized gains and losses on portfolio investments that are not from restricted transfers, donations or contributions are recognized in the Statement of Remeasurement Gains and Losses until the related investments are sold. Once realized, these gains or losses are recognized in the Statement of Operations.

#### **Expenses**

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

Grants and transfers are recognized as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

#### Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

#### (b) Basis of Financial Reporting (Cont'd)

#### 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					
Portfolio investments	Fair value					
Accounts payable and other accrued liabilities	Cost					

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The fair values of cash, accounts receivable, accounts payable and other accrued liabilities are estimated to approximate their carrying values, because of the short term nature of these instruments.

#### **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 at the end of the year.

#### Cash and cash equivalents

Cash comprises of cash on hand and demand deposits.

#### Accounts receivable

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

#### Portfolio investments

Portfolio investments in limited partnerships are recognized at fair value. Fair value is determined by the limited partnerships based upon valuation techniques considered appropriate by the Corporation and may include techniques such as discounted cash flows, prevailing market values for instruments with similar characteristics and other pricing models as appropriate. The Corporation relies upon the General Partner's valuation of the investments in the limited partnerships.

Unrealized gains and losses from changes in the fair value of portfolio investments are recognized in the Statement of Remeasurement Gains and Losses. Once realized, the cumulative gain or losses previously recognized in the Statement of Remeasurement Gains and Losses are recognized in net investment income in the Statement of Operations.

Portfolio investments are reviewed on an annual basis for impairment. If an impairment deemed other-than-temporary is identified, the cost of the investment is written down to its realizable value. Any impairment losses are included on the Statement of Operations.

A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

Purchases and dispositions of portfolio investments are recognized on the trade date. Management fees paid are expensed in the year.

#### Liabilities

Liabilities are present obligations of the Corporation to external organizations and individuals arising from past transactions or events occurring before the 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.

#### Note 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES (Cont'd)

#### (b) Basis of Financial Reporting (Cont'd)

#### Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the Statement of Financial Position date. Unrealized foreign exchange gains and losses are recognized in the Statement of Remeasurement Gains and Losses.

In the period of settlement, foreign exchange gains and losses are reclassified to the Statement of Operations, and the cumulative amount of remeasurement gains and losses are reversed in the Statement of Remeasurement Gains and Losses.

#### **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

(in thousands)

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.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Leasehold improvements 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 Statement of Operations.

The threshold for capitalizing tangible capital assets is \$5.

#### Prepaid expenses

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

#### **Measurement Uncertainty**

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount. Portfolio investments recognized at \$239,572 (2024 – \$197,643) in these financial statements are subject to measurement uncertainty.

Measurement uncertainty exists with the determination of the fair value of the investments. The fair value of the investments is estimated by the General Partner of each fund. The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from value that would have been used had a ready market existed for the investments.

#### Note 3 Future Changes in Accounting Standards

On April 1, 2026, the corporation will adopt the following new conceptual framework and accounting standards approved by the Public Sector Accounting Board:

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

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

#### PS 1202 Financial Statement Presentation

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

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

#### Note 4 Budget

(in thousands)

A business plan with a budgeted deficit of \$4,258 was approved by the Board of AEC on March 15, 2024 and the full financial plan was submitted to the Minister of Technology and Innovation.

#### Note 5 Cash and Cash Equivalents

(in thousands)

	2025	2024
Cash and cash equivalents	\$ 62,084	\$ 83,760

\$143,855 (2024 – \$115,016) (Note 7) is committed for partnership capital contributions. In addition to cash, distributions from the Limited Partnerships and the \$110,147 (2024 – \$125,505) Accounts Receivable can be used toward future cash calls.

Cash amount of \$62.084 (2024 - \$83.760) includes \$1.811 (2024 - \$16.596) denominated in US Dollars (USD).

#### Note 6 Accounts Receivable

(in thousands)

Accounts receivable are unsecured and non-interest bearing.

	2025	2024
Grant receivable – Government of Alberta	\$ 110,000	\$ 125,000
Other receivable	147	505
	\$ 110,147	\$ 125,505

#### Note 7 Portfolio Investments

(in thousands)

The Government of Alberta originally allocated \$100,000 in 2008 for investments in limited partnerships that provide Venture Capital in knowledge-based industries. An additional \$25,000 was allocated in 2016, \$50,000 was allocated in 2017, \$75,000 was allocated in 2021, \$50,000 was allocated in 2022, and \$50,000 was allocated in 2023 for additional investments in limited partnerships. No additional capital was allocated to AEC for the year ended March 31, 2025.

The Corporation is a limited partner in thirty-eight (2024 – thirty-three) active limited partnerships and \$407,187 (2024 – \$334,400) has been contributed and committed to these limited partnerships. Committed funds are paid into the limited partnership in amounts and at times determined by the general partner in order to meet the limited partnerships funding requirements. Distributions from the limited partnerships can be used toward future cash calls from the fund which distributed the capital. The Corporation's contributions to date and commitments are as follows:

Note 7 Portfolio Investments (Cont'd)

(in thousands)

Active Limited Partnerships	Funds Disbursed to Partnerships for ve Limited Partnerships Original Commitment			Remaining ommitments	Total Funds Disbursed and Committed, End of the Year		
32 Degrees D.E.Fund II (S&T AIV)	\$	9,986	\$	14	\$	10,000	
Accelerate Fund I		10,000		_		10,000	
Accelerate Fund II		9,720		280		10,000	
Accelerate Fund III		11,325		3,675		15,000	
Accelerate Fund IV		1,186		13,814		15,000	
Alpaca VC Fund III LP <sup>(a)</sup>		6,977		3,316		10,293	
Amplitude Ventures Fund I		4,018		982		5,000	
Amplitude Ventures Fund II <sup>(a)</sup>		3,485		7,105		10,590	
Azure Capital Partners III <sup>(a)</sup>		11,320		_		11,320	
Azure Opportunities Feeder Fund <sup>(a)</sup>		2,647		_		2,647	
Builders VC Fund I <sup>(a)</sup>		9,660		216		9,876	
Builders II Fund <sup>(a)</sup>		10,167		3,270		13,437	
Builders III Fund <sup>(a)</sup>		1,073		9,704		10,777	
EnerTech Capital Partners IV <sup>(a)</sup>		18,202		290		18,492	
Evok Fund II <sup>(a)</sup>		7,691		6,260		13,951	
Flying Fish Fund II QP LP <sup>(a)</sup>		5,459		4,795		10,254	
Flying Fish Fund III QP LP <sup>(a)</sup>		2,911		11,414		14,325	
Graphite IAF IV LP		4,321		5,679		10,000	
iNovia Fund 2018 <sup>(a)</sup>		12,071		1,114		13,185	
iNovia Fund III		10,000		_		10,000	
iNovia Fund V <sup>(a)</sup>		6,896		10,006		16,902	
iNovia Growth II <sup>(a)</sup>		14,269		5,930		20,199	
Luge Fund II		884		9,116		10,000	
McRock iNfund		10,000		_		10,000	
McRock Fund II		8,711		1,289		10,000	
McRock Fund III <sup>(a)</sup>		326		14,039		14,365	
New Acres Capital Ag & Food		4,938		62		5,000	
Panache Ventures Investment Fund		4,728		272		5,000	
Panache Ventures Investment Fund II		4,987		5,013		10,000	
Pender Technology Inflection Fund II LP		875		4,125		5,000	
PillarFour Capital Fund II <sup>(a)</sup>		3,273		739		4,012	
Relay Ventures Fund III <sup>(a)</sup>		12,664		595		13,259	
Relay Ventures Fund V <sup>(a)</sup>		5,906		8,199		14,105	
Sprout II		838		1,662		2,500	
The51 Food and Agtech Fund I LP		937		4,063		5,000	
Yaletown Innovation Growth		8,800		1,200		10,000	
Yaletown Innovation Growth Fund II		8,083		5,617		13,700	
Yaletown Ventures II		14,000		_		14,000	
Total – March 31, 2025	\$	263,332	\$	143,855	\$	407,187	
Total - March 31, 2024	\$	229,383	\$	115,016	\$	344,400	

2. Dissolved/ Exited Limited Partnerships	С	Original ommitment to Fund	Total Funds Disbursed	Remaining Commitments		
Avrio Ventures II <sup>(b)</sup>	\$	6,000	\$ 5,980	\$	-	
Chrysalix Energy III Fund <sup>(a)(b)</sup>		16,923	16,545		-	
Total – Dissolved Funds	\$	22,923	\$ 22,525	\$	-	

<sup>(</sup>a) Commitments payable in USD. Remaining commitments based on the exchange rate at March 31, 2025.

<sup>(</sup>b) Avrio Ventures II was dissolved on December 31, 2021 and Chrysalix Energy was sold on March 28, 2024. There are no further commitments to these funds.

#### Note 7 Portfolio Investments (Cont'd)

(in thousands)

The changes in the fair values of the Corporation's investments in limited partnerships since April 1, 2024 are as follows:

Active Limited partnerships	Investment in partnerships, beginning of year	Funds disbursed to partnerships for investments <sup>(b)</sup>	Distributions received from limited partnerships	Remeasure- ment gain (loss)	Limited Partnership's Investment Income (Loss)	Limited Partnership's Operational Expense	Investment in partnership, end of year	Percentage share of partnership 2025	Percentage share of partnership 2024
32 Degrees D.E. Fund II (S&T AIV) LP	\$ 827	\$ 21	\$ (101)	\$ (135)	\$ (148)	\$ (27)	\$ 437	99.99%	99.99%
Accelerate Fund I	6,894	_	_	(2,173)	_	(27)	4,694	99.99%	99.99%
Accelerate Fund II	8,699	170	(19)	1,991	(712)	(220)	9,909	95.46%	95.46%
Accelerate Fund III	7,698	2,100	_	942	(132)	(434)	10,175	64.79%	64.79%
Accelerate Fund IV	_	1,186	_	_	_	(247)	939	99.99%	_
Alpaca VC Fund III LP <sup>(a)</sup>	4,668	1,962	_	1,600	(645)	(359)	7,226	9.61%	9.61%
Amplitude Ventures Fund I	2,946	596	(276)	(185)	165	(113)	3,132	2.45%	2.45%
Amplitude Ventures Fund II <sup>(a)</sup>	1,279	1,774	_	159	_	(242)	2,970	3.91%	3.91%
Azure Capital Partners III <sup>(a)</sup>	8,997	, –	_	547	(188)	(176)	9,180	12.42%	12.42%
Azure Capital Partners Opportunities	2,				(===,	(=: =,	.,		
Feeder Fund <sup>(a)</sup>	2,992	_	_	1,000	(251)	(85)	3,656	19.70%	19.70%
Builders VC Fund I <sup>(a)</sup>	16,501	108	_	574	(334)	(267)	16,582	4.37%	4.37%
Builders II Fund <sup>(a)</sup>	9,213	1,470	_	3,880	44	(387)	14,220	4.00%	4.00%
Builders III Fund <sup>(a)</sup>	,,210	1,073	_	3	_	(72)	1,004	2.12%	
Enertech Capital Partners IV <sup>(a)</sup>	4,021	±,070	_	864	10	(16)	4,879	12.66%	12.66%
Evok Fund II <sup>(a)</sup>	5,876	2,294	_	763	(0)	(480)	8,453	3.52%	3.52%
Flying Fish Fund II QP LP <sup>(a)</sup>	3,841	820	_	640	(465)	(498)	4,338	10.68%	10.68%
Flying Fish Fund III QP LP <sup>(a)</sup>	J,041 -	2,911	_	42	(403)	(247)	2,706	24.88%	
, 0	2,543	1,268	(138)	895	100	(247)	4,407	8.33%	9.11%
Graphite IAF IV LP									
iNovia Fund 2018 <sup>(a)</sup>	9,460	1,258	(202)	1,238	(508)	(190)	11,056	5.01%	5.01%
iNovia Fund III <sup>(c)</sup>	820	17	(824)	68	(1)	(5)	75	9.04%	9.04%
iNovia Fund V <sup>(a)</sup>	3,673	2,504	-	1,283	-	(119)	7,340	3.69%	3.69%
iNovia Growth II <sup>(a)</sup>	9,943	2,055	_	1,659	_	(89)	13,568	3.33%	3.33%
Luge Fund II	_	884	-	370	-	(508)	747	10.78%	10.58%
McRock iNfund	11,409	319	(0)	2,497	_	(131)	14,094	14.22%	14.22%
McRock Fund II	6,228	654	(203)	1,147	(756)	(205)	6,866	8.92%	8.92%
McRock Fund III <sup>(a)</sup>	_	326	_	(1)	(0)	(313)	12	12.08%	_
New Acres Capital Ag & Food Limited									
Partnership <sup>(c)</sup>	496	11	_	306	(377)	(31)	405	4.98%	4.98%
Panache Ventures	7,575	74	(74)	729	156	(83)	8,377	8.61%	8.61%
Panache Ventures II	2,370	2,008	(18)	1,166	(59)	(296)	5,172	10.19%	10.19%
Pender Technology Inflection Fund II LP	-	875	_	26	_	(307)	594	4.96%	_
PillarFour Capital Fund II <sup>(a)</sup>	2,863	856	_	572	-	(44)	4,247	9.96%	9.96%
Relay Ventures Fund III <sup>(a)</sup>	23,201	_	_	1,812	(940)	(183)	23,890	6.80%	6.80%
Relay Ventures Fund V <sup>(a)</sup>	3,484	1,755	_	(300)	(518)	(465)	3,956	12.88%	12.88%
Sprout II	424	313	-	(20)	-	(60)	657	19.36%	19.36%
The 51 Food &Agtech Fund I LP	429	274	-	3	_	(111)	595	9.80%	11.32%
Yaletown Innovation Growth Fund	6,856	500	-	(46)	(O)	(169)	7,140	7.82%	7.82%
Yaletown Innovation Growth Fund II	5,460	2,055	-	843	_	(349)	8,009	6.88%	6.88%
Yaletown Ventures II	15,956	_	(1,090)	(759)	(219)	(23)	13,865	15.58%	15.58%
Total Portfolio Investments 2025	\$ 197,643	\$ 34,490	\$ (2,947)	\$ 23,999	\$ (5,777)	\$ (7,837)	\$ 239,572	-	
								_	

<sup>(</sup>a) Investments in US limited partnerships are denominated in USD but reported in CAD.

<sup>(</sup>b) Total funds disbursed at the end of the year was \$34,490 (2024 - \$38,140), which include management fees and fund expenses of \$7,189 (2024 - \$7,238). Management fees may be recovered from limited partnerships in accordance with the limited partnership agreements.

<sup>(</sup>c) Impairment of \$425 for Inovia and \$377 for New Acres included in Limited Partnership's Investment Income (Loss).

<sup>(</sup>d) The investment loss of 5,777 includes 4,975 of realized gain/loss and 802 of impairment loss.

#### Note 7 Portfolio Investments (Cont'd)

(in thousands)

#### Fair Value Hierarchy

Management is responsible for estimating the relative reliability of data or inputs used by the Corporation to measure the fair value of the Corporation's investments. The measure of reliability is determined based on the following three levels:

**Level One:** Fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities traded in active markets. Level one primarily includes publicly traded listed equity investments.

**Level Two:** Fair value is based on valuation methods that make use of inputs, other than quoted prices included within level one, that are observable by market participation either directly through quoted prices for similar but not identical assets or indirectly through observable market information used in valuation models. Level two primarily includes debt securities and derivative contracts not traded on a public exchange and public equities not traded in an active market. For these investments, fair values are either derived from a number of prices that are provided by independent pricing sources or from pricing models that use observable market data such as swap curves and credit spreads.

**Level Three:** Fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on the valuation. For these investments trading activity is infrequent and fair values are derived using valuation techniques.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. An investment's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes "observable" requires significant judgment by the Corporation. The Corporation considers observable data to be that market data which is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, provided by multiple, independent sources that are actively involved in the relevant market. The categorization of an investment within the hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Corporation's perceived risk of that investment.

The Corporation's investments have all been classified within level three as the fair value is based on valuation methods where inputs that are based on non-observable market data have a significant impact on valuation. When observable prices are not available for these securities the limited partnerships use one or more valuation techniques (e.g. the market approach, the income approach) for which sufficient and reliable data is available. Within level three, the use of the market approach generally consists of using comparable market transactions, while the use of the income approach generally consists of the net present value of the estimated future cash flows, adjusted as appropriate for liquidity, credit, market and/or other risk factors.

As quoted market prices are not readily available for private investments, estimated fair values may not reflect amounts that could be realized upon immediate sale, nor amounts that may ultimately be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

#### Note 7 Portfolio Investments (Cont'd)

(in thousands)

#### **Financial Risk Management**

The Corporation is exposed to a variety of financial risks associated with the underlying securities held in the limited partnerships. These financial risks include market risk and liquidity 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 price risk and foreign currency risk.

#### (a) Price Risk

The Corporation's price risk is driven primarily by volatility in its Venture Capital investments. The Corporation generally invests in limited partnerships in the initial stages of development. Because of the inherent uncertainty of valuations, estimated fair values may differ significantly from the values that would have been used had a ready market for the securities existed, and the difference could be material.

To manage price risk, the Corporation takes a mindful approach to diversify its investments in limited partnerships focusing on different sectors of innovation creating sectoral diversification. In addition, each limited partnership has established a target mix of investment types and the Corporation will aggregate investment types to ensure appropriate sectoral diversification within a reasonable risk tolerance and in accordance with the limited partnership's investment mandate.

Based on the financial position of the Corporation on March 31, 2025, if the value of investments decreased by five percent, with all other variables held constant, net assets decrease approximately by \$11,979 (2024 – \$9,882). In practice, actual investments results may differ from this analysis and the difference could be material.

#### (b) Foreign Currency Risk

The Corporation is exposed to foreign currency risk associated with portfolio investments and cash denominated in USD. Foreign currency risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Investments and cash denominated in USD currencies are translated into Canadian dollars using the reporting date exchange rate.

The value of the Corporation's investments in limited partnerships and cash denominated in USD may change due the changes in exchange rates. \$139,283, or 58% of the Corporation's investments, are denominated in US dollars (2024 – \$110,009 or 56%). The carrying amount of cash denominated in USD is \$1,811 (2024 – \$16,596).

If the value of the Canadian dollar increased by 10% against the U.S. dollar, and all other variables are held constant, the potential loss in carrying value to the Corporation would be approximately 5.8% of total investments and cash (2024 - 5.9%). The Corporation does not participate in any foreign currency hedging activities.

#### (c) Liquidity Risk

Liquidity risk is the risk that a given investment or asset cannot be traded quickly enough in the market to prevent a loss. The Corporation's investments are long term and highly illiquid. There is no assurance that the Corporation will ultimately realize the carrying value of the investments.

To manage these risks, the Corporation has established policies around the type of limited partnerships that it invests in. Investment commitments exceed cash on hand, and management plans to use future distributions from the limited partnerships to meet the commitments.

#### (d) Other Risks

The Corporation is not exposed to significant credit and interest risk.

#### Note 8 Contractual Rights

(in thousands)

Contractual rights are rights of the Corporation to economic resources arising from a grant agreement from the Government of Alberta that will result in both assets and revenues in the future when the terms of those contracts or agreements are met. The Corporation did not receive any grants during the year (2024: nil).

#### Note 9 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 are met. The Corporation has committed funds to be paid into limited partnerships. The details of the commitments are listed in Note 8. Other contractual obligations are:

	2025	2024
Obligations under operating leases	\$ 915	\$ 1,012
Obligations under service contracts	109	102
	\$ 1,024	\$ 1,114

Estimated payments in each of the next five years and thereafter are as follows:

	0	Operating		Service	
		Leases	С	ontracts	Total
2025-26	\$	109	\$	91	\$ 200
2026-27		109		17	126
2027-28		111		1	112
2028-29		112		_	112
2029-30		112		_	112
Thereafter		362		_	362
	\$	915	\$	109	\$ 1,024

#### Note 10 Tangible Capital Assets

(in thousands)

	Leasehold				
	Improvement			2025	2024
Estimated Useful Life	-	10 Years			
Historical Cost					
Beginning of Year	\$	401	\$	401	\$ 394
Additions		_		-	7
	\$	401	\$	401	\$ 401
Accumulated Amortization					
Beginning of Year	\$	53	\$	53	\$ 15
Amortization Expense		38		38	38
	\$	91	\$	91	\$ 53
Net Book Value, March 31, 2025	\$	310	\$	310	\$ _
Net Book Value, March 31, 2024	\$	348	\$	-	\$ 348

#### Note 11 Comparative Figures

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

#### Note 12 Approval of Financial Statements

The Board approved the financial statements of Alberta Enterprise Corporation on June 2, 2025.

### **Schedules to the Financial Statements**

## Schedule 1 EXPENSES - DETAILED BY OBJECT

Year Ended March 31, 2025

(in thousands)	2025				2024	
	Budget (Note 4)		Actual		Actual	
Salaries, wages and employee benefits	\$ 2,616	\$	2,380	\$	2,153	
Supplies, services and payments to consultants	1,144		920		814	
Grants and sponsorships	460		460		456	
Amortization of tangible capital assets (Note 10)	38		38		38	
Total expenses	\$ 4,258	\$	3,798	\$	3,461	

# Schedule 2 SALARY AND BENEFITS DISCLOSURE

Year Ended March 31, 2025

(in thousands)				20	)25			2024
	Base Sa	lary <sup>(1)</sup>	Ot	her Cash Benefits <sup>(2)</sup>	ı	Other Non-cash Benefits <sup>(3)</sup>	Total	Total
Chair of the Board	\$	-	\$	23	\$	1	\$ 24	\$ 25
Vice Chair of the Board		-		16		1	17	17
Board Members (five)(4)		-		63		4	67	69
Executives:								
Chief Executive Officer		264		44		36	344	332
Chief Financial Officer		208		18		22	248	235
Vice President, Investments		224		32		7	263	247
Vice President, Investments <sup>(5)</sup>		179		26		9	214	201
	\$	875	\$	222	\$	80	\$ 1,177	\$ 1,126

<sup>(1)</sup> Base salary includes regular salary.

<sup>(2)</sup> Other cash benefits for board members include honoraria payments and per diem allowances. Other cash benefits for executives include life and disability insurance, holiday pay, in lieu RSP, and vehicle allowance. There were no discretionary amounts paid to executives in 2025 (2024 - \$nil).

<sup>(3)</sup> Other non-cash benefits include Canada Pension Plan, contribution to RRSP, Employment Insurance payments, and parking benefits.

<sup>(4)</sup> At any given time, the Board of Directors consisted of no more than five members in 2025 (2024 - five) plus the chair and vice chair, whose remuneration is disclosed separately.

<sup>(5)</sup> This position consisted of an 0.8 full-time equivalent in the fiscal year (2024 - 0.8).

## Schedule 3 RELATED PARTY TRANSACTIONS

Year Ended March 31, 2025

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, licenses 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 reported in the Statement of Financial Position and Statement of Operations at the amount of consideration agreed upon between the related parties:

(in thousands)	2025	2024		
Revenues				
Interest revenue from Treasury Board and Finance	\$ 2,536	\$	2,418	
	\$ 2,536	\$	2,418	
Expenses				
$Other^{(1)}$	10		4	
	\$ 10	\$	4	
Receivable from Technology and Innovation	\$ 110,000	\$	125,000	

<sup>(1)</sup> Other expenses include risk management insurance.



#### From Left to Right:

Top: Tracey Scarlett, Neil Sadaranganey, Sharilee Fossum, Derrick Hunter Bottom: Elizabeth Cannon, Ted Redmond, Justin Ferrara

## **Board of Directors**

#### Ted Redmond, Chair

EVP & COO – Modular Space Solutions, Black Diamond Group LP

#### Elizabeth Cannon, Vice Chair

Corporate Director

#### Sharilee Fossum, Audit Committee Chair

Corporate Director

#### **Tracey Scarlett**

Corporate Director

#### **Neil Sadaranganey**

Managing Director - NTT Docomo Ventures

#### **Derrick Hunter**

President and CEO – Bluesky Equities Ltd.

#### **Justin Ferrara**

Senior Partner – Norton Rose Fulbright Canada LLP

# **AEC Team**

**Kristina Williams** 

President and CEO

Jennie Allen

Chief Financial Officer

Rebecca Giffen

Vice President Investments

Paul Godman

Vice President Investments

Christiana Manzocco

Director of Investments

**Matthew McGrath** 

Director of Investments

Alan Campbell

Director of Industry Development and Investment Associate

Carolina Rahikka

Director of Operations and Marketing

**Milanne Desfosses** 

Manager Industry Development

**Leon Thai** 

Investment Associate

Deepashree Bagul

Senior Accountant

Jenilou Neufeld

Accountant

# **Glossary of Terms**

**Deal flow:** Deal flow refers to the number of quality startup companies and opportunities – deals – available for Venture Capital firms to invest in. Included in this would be only those companies that have intellectual property, and/or are "product-based" companies; services firms, projects, consulting companies and the like would not be considered part of the deal flow in Alberta.

**Ecosystem:** Ecosystem refers to the connectivity within Alberta's VC community that allows technology entrepreneurs to access the capital, operational expertise and industry networks needed to grow.

J-curve: A J-curve depicts a trend that starts with a sharp drop and is followed by a dramatic rise. Due to the nature of venture investing and accounting practices for these investments, Venture Capital funds are likely to show a loss during the first half of their life as new funds draw capital. These losses normally reverse as a fund matures and as unrealized and realized gains increase over time. This is called a J-curve.

**Limited Partner:** Limited Partners are investors in a fund who provide capital to Venture Capitalists (General Partners); their liability is limited to the money they have invested. AEC invests as a Limited Partner in VC funds.

**Pre-Seed and Seed funding:** Pre-Seed or Seed funding is the first official equity funding stage. It typically represents the first official money that a business venture or enterprise raises. There are many potential investors in a seed funding situation: founders, friends, family, incubators, Venture Capital companies and more. One of the most common types of investors participating in seed funding is a so-called "angel investor".

**Series A funding:** The first round after the seed stage is normally called Series A funding. In this round, it's important to have a plan for developing a business model that will generate long-term profit. The investors involved in the Series A rounds typically come from more traditional Venture Capital firms.

Total Value to Paid In capital (TVPI): The investment multiple is also known as the Total Value to Paid-In (TVPI) multiple. It is calculated by dividing the fund's cumulative distributions and residual value by the paid-in capital. It provides insight into the fund's performance by showing the fund's aggregate returns as a multiple of its cost basis.

**Venture Capital:** Risk capital provided by investors to startup firms with perceived growth potential. Venture Capital funds raise capital from external investors (Limited Partners) and are professionally managed by a General Partner.

Sources: Investopedia and AEC





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