

InBC Investment Corp.

2023/24
Annual Service Plan Report

August 2024



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Board Chair's Accountability Statement



The InBC Investment Corp. 2023/24 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2023/24 – 2025/26 Service Plan published in 2023. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in black ink, appearing to read 'Suzanne Trottier'.

Suzanne Trottier
Acting Board Chair
August 1, 2024

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Letter from the Board Chair & CEO

On behalf of the InBC Investment Corp., we are pleased to provide the 2023/24 Annual Service Plan Report.

InBC has set a vision to create long-term positive impact for B.C. In addition to achieving financial returns on investments, our triple bottom line mandate includes considerations for people and planet, which guide our impact investment objectives. These objectives focus on delivering benefits in the areas of innovation, climate action, Reconciliation and inclusive communities.

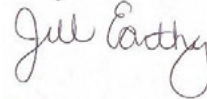
Through collaboration with partners and other investors, we are expanding B.C.'s collective investing capacity and increasing capital resources for companies and founders in the province. This will help increase the number of scaling companies, retain intellectual property and create jobs across different sectors and regions of B.C.

2023/24 was a productive year for InBC with a focus on placing capital in alignment with our mandate and investment policy. We are pleased to share that by the end of 2023/24 InBC had made 11 investments and committed \$81 million in capital. These investments are supporting 20 B.C.-based companies, 6 through our direct investments and 14 through our fund investments. Investments are made in various sectors, across impact objectives and in a variety of regions of the province.

Our work is especially crucial as inflation rates, interest rates, and market fluctuations impact the availability of capital to many companies. We know that through our investments, we can support building a more prosperous, sustainable and inclusive future for British Columbians.



Suzanne Trottier
Acting Board Chair
August 1, 2024



Jill Earchy
Chief Executive Officer
August 1, 2024

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [InBC Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the [InBC Investment Corp. 2023/24 – 2025/26 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

InBC is a strategic investment fund with \$500 million to invest in companies and venture capital funds to generate financial returns and achieve social and environmental benefits for the people of British Columbia. InBC provides a source of local and long-term capital for small- and medium-sized businesses, placing and managing investments that support businesses and sectors advancing a prosperous, sustainable and inclusive economy in British Columbia.

The [InBC Investment Corp. Act](#) (InBC Act) established the purpose and governance structure of the corporation, as well as specified the independence of investment decision-making by establishing the Chief Investment Officer (CIO) with the sole statutory authority to make investment decisions. The InBC Act established InBC for the purpose of making investments that achieve both a financial return, and support the social, economic and environmental policy objectives of the government.¹ The Government of British Columbia appoints a Board of Directors to govern InBC ensuring prudent stewardship and alignment with policy direction from the government. The provincial government and the board have approved an Investment Policy Statement (IPS) for InBC.² The IPS sets the guiding framework for the investment program of InBC and is reviewed on an annual basis.

¹ InBC Investment Corp Act. Section 4(1) Purposes of corporation.

² InBC's IPS is a key accountability document for InBC which establishes the parameters for investing and includes: impact objectives, risk tolerances, constraints and reporting requirements. The complete IPS can be found in the [corporate reports](#) section of the InBC website.

InBC is investing through:

- Venture capital funds³ that invest across various stages of growth, including: Seed stage companies,⁴ early-stage companies,⁵ and later-stage companies⁶.
- Direct investments in early- and later-stage companies.

InBC has defined four impact objectives in the IPS to support a more prosperous, inclusive, and sustainable economy. These impact objectives are: 1) Driving climate action: Investing in solutions towards net-zero emissions and a climate resilient economy; 2) Advancing Reconciliation: Investing in solutions that strengthen partnerships and generate economic opportunities for Indigenous Peoples; 3) Elevating inclusive communities: Investing in solutions to improve outcomes for under-represented people and communities; and, 4) Innovating for the future: Investing in innovations and industries for future economic growth.

Any investment InBC makes is individually assessed according to at least one of these impact objectives and is individually assessed according to its: ability to provide a return on investment and generate a profit; strength of connection to B.C.; and the investment's risk profile, including environmental, social, and governance (ESG)⁷ risks. As a Crown corporation of the Province of B.C., a central element of InBC's investment objectives is the demonstrated connection to British Columbia of the companies and venture capital funds InBC invests in. The criteria used to demonstrate a strong connection to British Columbia include business activity in the province, such as the provision of jobs, revenues, payroll, assets, and research and development. Other indicators include head office location and where executives are based.

Profits from InBC will be reinvested. The goal is to become evergreen, where InBC generates enough investment income to become financially self-sustaining in the medium to long term.

³ Pooled investment funds that manage the money of investors who provide private capital to start-ups and small to medium-sized businesses considered to have growth potential.

⁴ Seed stage business/venture – A business with a concept or product in development.

⁵ Early stage business/venture – A business with a product or service in testing, pilot production or that has recently become commercially available.

⁶ Later stage business/company – A business or company with a product or service that is commercially available.

⁷ ESG is a framework for integrating and assessing environmentally and socially conscious factors in opportunities - environmental refers to stewardship of the natural environment; social refers to people and relationships; and governance refers to responsible management. InBC is following the lead of the provincial government and will align with their ESG standards as they evolve: <https://www.esgbc.ca/esg-advantage/#inbc>

Operating Environment

B.C. is a vibrant hub for innovation and entrepreneurship, and the availability of capital plays a crucial role in supporting the growth of startups and high-potential ventures. While B.C. and Canada have a strong business landscape, Canadian companies often face a gap in capital; especially at the very early and later stages of the business growth continuum.⁸

InBC recognizes that there are many entrepreneurs throughout the province with growing businesses who have the potential to contribute positively to social and environmental initiatives while generating financial returns. Significant opportunity exists through investment to support the development of businesses and sectors that advance a prosperous, sustainable and inclusive economy.

InBC continues to monitor and respond to external factors that impact entrepreneurs and the innovation landscape in B.C. Ongoing economic uncertainty driven by rising interest rates⁹ and geopolitical conflicts has significantly affected entrepreneurs and their access to capital. As the Canadian economy adjusted to consecutive interest rate hikes up to five per cent since March 2022¹⁰, higher borrowing costs have influenced both investors' and entrepreneurs' decision-making. This has resulted in lower company valuations and longer periods of time to close investments¹¹. Additional challenges in the market include investment funds struggling to raise subsequent rounds of capital as cash reserves dwindle¹², impacting companies returning to the market after delaying fundraising in a high-interest-rate environment.

Local sources of capital help anchor growth-oriented companies in B.C., ensuring the retention of valuable intellectual property and the quality jobs the companies create while also increasing the potential to generate financial benefits regionally. However, while the proportion of capital coming from Canadian investors to B.C. companies has increased since 2021 (now at 30%), the majority of investments in B.C. companies continue to come from outside of Canada— from U.S. investors (50%) and other countries (20%)¹³. Key sectors in B.C. that rely on both local¹⁴ and patient capital are life sciences and cleantech. Life sciences companies often require over a decade and significant funding to bring new technologies to market, making access to patient capital crucial for nurturing homegrown innovation^{15,16}. Similarly, cleantech firms tend to have extended timelines and capital-intensive requirements before achieving commercialization, making patient investors a necessity for their long-term success¹⁷. These considerations, coupled with the uncertain economic environment, has

⁸ [Access to Capital for Canadian Growth-oriented, medium-sized firms](#). Innovation Science and Economic Development Canada.

⁹ [World Economic Situation and Prospects Report May 2023](#). United Nations.

¹⁰ Bank of Canada policy interest Rate: target overnight rate.

¹¹ [Canadian Venture Capital Market Overview Q4 2023](#). Canadian Venture Capital Private Equity Association.

¹² [Canadian venture capitalists draw down cash reserves amid difficult fundraising environment](#). The Logic.

¹³ [2023 Dealroom Capital Compass Intelligence](#). Data based on deals where investor location was disclosed.

¹⁴ Local capital includes capital provided from domestic sources within British Columbia and/or Canada.

¹⁵ [Five actions essential to supercharge BC's life sciences industry](#). Vancouver Economic Commission.

¹⁶ [Life Sciences in Metro Vancouver: Shaping Globally Prominent R&D Hub](#). Invest Vancouver.

¹⁷ [2022 Cleantech Industry Survey Results](#). Innovation, Science and Economic Development Canada.

increased the difficulty for entrepreneurs to secure capital and highlights the need for additional sources of patient capital and other financing solutions in the province.

Report on Performance: Goals, Objectives and Results

The following goals, objectives and performance measures have been restated from the 2023/24 – 2025/26 service plan. For forward-looking planning information, including current targets for 2024/25 – 2026/27, please see the latest service plan on the [BC Budget website](#).

Goal 1: Invest capital to generate both long-term financial returns and non-financial impacts

Objective 1.1: Invest in opportunities aligned with InBC's IPS.

This objective reflects the mandate of InBC to provide a local source of patient, long-term capital to companies and funds contributing to the B.C. economy under the parameters established by InBC's approved IPS. InBC invests in growing, innovative companies driving economic, social or environmental impacts for British Columbia and showing strong potential for financial returns.

Key results

- In fiscal year 2023/24, InBC placed 6 direct investments in B.C.-based companies and 1 venture capital fund with strong connections to B.C and aligned with the IPS.
- From the time InBC began investing to March 31, 2024, InBC had cumulatively committed \$81 million in capital to a total of 5 funds and 6 direct investments.
- In total the B.C. companies within InBC's portfolio have raised \$404.3M in total investment¹⁸.

Summary of progress made in 2023/24

In 2023/24, InBC began investing directly in companies and developed a strong funnel of robust deal flow to identify investment opportunities across the province with the potential to drive financial returns alongside environmental, social and economic benefits for British Columbia.

While some economic headwinds impacted the capital pacing and size of deals in 2023/24, InBC closed 6 direct deals and 1 fund aligned with InBC's triple bottom line mandate. By the end of 2023/24, InBC cumulatively invested \$81 million across 11 investments. These investments have benefited 20 B.C. companies (6 through direct investment and 14 indirectly through venture capital fund investments).

¹⁸ B.C. portfolio companies include 20 B.C. companies (6 companies directly invested in and 14 companies through underlying funds).

InBC's investments spanned key sectors and industries contributing to economic growth in the province, including agriculture, healthcare, information, communications and technology (ICT), life sciences, and robotics and artificial intelligence (AI).

Direct investments into B.C.-based companies are as follows¹⁹:

- [4AG Robotics](#): an agritech company located in Salmon Arm B.C. that develops and builds leading robotics solutions enabling agriculture producers to grow sustainably. Its mushroom harvesting robot is helping farmers improve their yields and increase operational efficiencies, while reducing food waste and addressing labour challenges in the industry.
- [Clarius Mobile Health](#): a medtech company based in Vancouver B.C. that develops high-definition wireless handheld ultrasound scanners enabling healthcare practitioners to perform and manage ultrasound exams from anywhere. More affordable, ultra-portable and using artificial intelligence, its scanners are improving patient outcomes and increasing access to diagnostic healthcare for more communities.
- [ThoughtExchange](#): an ICT company headquartered in Rossland B.C., ThoughtExchange is an AI-accelerated engagement and survey experience platform helping organizations unlock collective intelligence and improve decision-making. Designed for respondents to feel comfortable answering questions candidly and deeply, it enables employees to feel heard and valued, communities to listen to diverse perspectives and leaders to build people's voices into their decision-making.
- [Poseidon Ocean Systems](#): an aquaculture hardware technology company located in Campbell River, B.C., focusing on improving efficiencies and reducing the environmental impact of near-shore fish farming.
- [Sanctuary AI](#): creator of intelligent humanoid general-purpose robots which have rapid learning capabilities and an advanced human-like range of motion and dexterity. Remotely piloted or supervised by people, its technology is helping to address growing labour challenges, enabling teams to work more safely, efficiently and sustainably.
- [VodaSafe](#): manufactures AquaEye®, a hand-held sonar device that uses artificial intelligence to quickly locate drowning victims underwater to aid in lifesaving and victim recovery. Its customers – firefighters, search and rescue, law enforcement, military and lifeguards – also stay safe by reducing their search time in the water by 90%.

The five venture funds InBC invested in also actively deployed capital to B.C. companies, including companies at the pre-seed and seed stages of growth. Investments into venture funds helped to increase the number of investments in the province and are providing earlier-stage companies with the sectorial expertise and hands-on support they require to succeed.

¹⁹ While InBC has made 6 direct investments, 2 investments are still pending public announcement.

These venture funds are investing in many leading-edge B.C.-based companies, such as: Evolved Therapeutics; Minesense; RaceRocks 3D; and Traction Complete.

In addition to the impact of the \$81 million cumulative capital committed, InBC has invested across its impact objectives: and overall 920 B.C. employees are supported by the portfolio.

The table below summarizes InBC's investments made as of March 31, 2024.

InBC Investments as of March 31, 2024		
Investment	Year	Amount
4AG Robotics	2023/24	\$4M
Clarius Mobile Health	2023/24	\$5M
ThoughtExchange	2023/24	\$7.5M
Poseidon Ocean Systems	2023/24	\$6.4M
Sanctuary AI	2023/24	\$12.6M
VodaSafe	2023/24	\$0.6M
Pender Ventures: Pender Technology Inflection Fund II	2023/24	\$10M
Amplitude Ventures: Fund II	2022/23	\$10M
Evok Innovations: Fund II	2022/23	\$10M
Raven Indigenous Capital Partners: Fund II	2022/23	\$5M
Yaletown Partners: Innovation Growth Fund II	2022/23	\$10M

Performance measure and related discussion

This performance measure tracks InBC's cumulative capital commitments for both investments in funds and direct investments into businesses.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.1a Cumulative committed capital to venture funds and companies ¹	\$25M	\$105M	\$81M

Data source: InBC Investment Corp.

¹PM 1.1a targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as \$230M and \$365M, respectively.

Cumulative capital commitment targets were not met. This is attributed to changing economic factors impacting the venture capital market resulting in smaller fundraising rounds, overall lower valuations for companies and longer timelines to close deals. The focus for this past year

was on advancing direct investments, not fund investments, which also had an impact on the target.

Targets were established prior to rising interest rates and general reductions in valuation trends. Future service plan targets will be adjusted to better reflect market conditions and anticipated capital deployment.

Performance measure and related discussion

This performance measure tracks InBC's success in investing in businesses and venture funds that are committed to impact. InBC uses a standardized disclosure methodology based on the Institutional Limited Partners Association²⁰ standards to gather information on ESG metrics including diversity, equity and inclusion (DEI).

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
1.1b Annual percentage of investments that implement an ESG and/or impact management framework ^{1,2}	40%	50%	64%

Data source: InBC Investment Corp.

¹PM 1.1b targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 60% and 70%, respectively.

²This performance measure is calculated based on the total number of InBC investments.

³Example ESG and impact management frameworks include: [ILPA Reporting](#), [UN Principles for Responsible Investing](#), [UN Sustainable Development Goals and Targets](#), [UN Declaration on the Rights of Indigenous Peoples](#), [Global Impact Investing Network \(GIIN\)](#), [Reconciliation and Responsible Investment Initiative](#) and [International Finance Corporation's \(IFC\) Operating Principles for Impact Management](#).

The target numbers for this performance measure are based on the priority InBC places on assessing investments within an ESG framework, but also recognizes the need to accommodate businesses that are at different stages and capacities to implement impact measurement frameworks within their operations. InBC has exceeded its targets with 7 out of 11 investments to date having ESG or impact management frameworks.

Goal 2: Develop connections to strengthen and enhance InBC's impact

Objective 2.1: Establish partnerships to drive investment opportunities and maximize investment efforts.

Key to InBC's investment approach is the formation of partnerships that enable InBC to extend its reach and impact. Establishing partnerships with organizations across regions, sectors and with those focused on under-represented communities identifies and creates a strong funnel of diverse investment opportunities, supporting the effective deployment of capital. To

²⁰ With nearly 600 member institutions representing over 2 trillion USD of private equity assets under management, the Institutional Limited Partners Association (ILPA) is a global organization dedicated exclusively to advancing the interests of Limited Partners and their beneficiaries.

support the investment strategy's deployment, InBC has developed a network of partnerships with stakeholders representing a cross section of geographic regions, sectors, and under-represented groups.

Key results

- Established partnerships that align with InBC's impact objectives and worked with partners to identify quality investment opportunities to enable InBC to deploy capital across sectors, regions, and to under-represented groups. These partnerships helped bring together under-represented founders and capital providers, engagements with companies in key sectors, and long-term collaborations in areas such as: investing in Indigenous companies, increasing acceptance and standardization of impact investing across Canada, and intellectual property strategies for companies.
- InBC in collaboration with Innovate BC, New Ventures BC and PacifiCan, developed and launched [Capital Compass BC](#) in September 2023, an online platform helping entrepreneurs, investors, and policy makers navigate the startup and funding landscape in the province.
- Convened capital providers from across the province as part of the BC Venture Capital Roundtable to enable collaborations that will grow capital resources available to B.C. businesses.
- InBC, Innovate BC and the First Nations Business Development Association (FNBDA) signed a Memorandum of Understanding (MOU) to establish a working group to explore ways of supporting First Nations innovation and technology in the province.
- Collaborated with partners such as the Canadian Impact Investing Working Group and GLOBE Forum, to raise awareness of the importance of impact investing for both investors and entrepreneurs and support the early activation of ESG frameworks.

Summary of progress made in 2023/24

InBC looks for partners who are aligned with the people, planet and profit approach. InBC's presence as an investor in British Columbia increases the diversity of businesses and entrepreneurs being funded. Working with established organizations in the diverse regions of the province enables InBC to identify opportunities to make meaningful impacts through its investments across the province.

Forming partnerships with organizations with specific sectorial expertise and connections supports identifying investment opportunities across the four impact objectives. Organizations working with under-represented groups such as women, Indigenous people and minority communities will also contribute to the development of a diverse pipeline of investment opportunities through proactive outreach.

As well, collaborating with other capital providers will attract additional capital to B.C. companies.

Performance measure and related discussion

This performance measure tracks InBC's success in establishing diverse partnerships across British Columbia, across sectors and across under-represented communities. Strategically forming partnerships that consider InBC's ESG objectives will extend InBC's reach and contribute to the ongoing development of a robust and diverse pipeline of investment opportunities. The data for this performance measure will be sourced through internal records.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
2.1 Cumulative number of partnerships ¹ that support InBC's ESG objectives ²	2	4	18

Data source: InBC Investment Corp.

¹PM 2.1 targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 6 and 8, respectively.

Data source: InBC Investment Corp.

²Partnerships are defined as a signed memorandum of understanding between InBC and the partner organization for project(s) and activities that align with InBC's mandate and impact objectives. Partner organizations could be entrepreneur support organizations (e.g. economic development organizations, accelerators, universities), industry associations and business groups, other capital providers (e.g. granting agencies, venture funds, etc.), and other economic development corporations, agencies and trusts. Includes: diverse sectors and geographies, and under-represented groups to support the development of a diverse pipeline of investment opportunities.

In 2023/24, InBC partnered with organizations such as The Forum, Black Entrepreneurs & Businesses of Canada Society, Bears' Lair, New Power Labs, BC Net Zero Innovation Network, Social Finance Forum, Innovate BC, PacifiCan, Digital Supercluster, New Ventures BC, Canadian Venture Capital & Private Equity Association, Impact United, 50-30 Challenge, Propel Impact, Impact United, First Nations Business Development Association, Canadian Impact Investing Working Group, and Canada 51.

Goal 3: To be an accountable, high-performing, leading organization

Objective 3.1: InBC is an effective, respected, and valuable contributor to the investment landscape in British Columbia.

Strong governance and accountability frameworks, with clear lines of accountability through to the Minister of Jobs, Economic Development and Innovation (the Minister), hold all levels of InBC accountable in meeting its corporate objectives and support InBC in identifying short, medium- and long-term actions required to successfully deliver those objectives.

Key results

- Identified, assessed, and mitigated significant risks and developed operations to mitigate and respond to those risks.
- Participated in events, discussions, and publications to promote impact investing and impact measurement.
- Tracked and measured progress through an annual impact report. This report is tabled in the B.C. legislature annually and made publicly available on the [InBC website](#). As well, InBC proactively discloses all investments in a timely manner on its website.

Summary of progress made in 2023/24

As part of the accountability framework for InBC, the [InBC Act](#) requires that the corporation submit annual reports to the Minister. InBC submits this report annually to the Minister and publishes the report on the InBC website.

InBC's mandate is unique and complex and presents an opportunity for InBC to demonstrate how its triple bottom line mandate can be implemented and tracked effectively. A key part of this is developing and activating operational policies across the organization and sharing strategies and outcomes across the investment sector to engage more organizations to do the same.

As a strategic investment fund with an impact focus, InBC is committed to ensuring our corporation embeds DEI, Indigenous Reconciliation, and sustainability principles in our operations and investment activities. InBC started by integrating DEI into its corporate culture and fostering a work environment that encourages and respects individual and cultural diversity. Additionally, InBC considers its own carbon footprint and annually evaluates areas to reduce the organization's emissions.

Objective 3.2: Recruit and retain qualified leadership and investment professionals capable of delivering InBC's triple bottom line investment program.

This objective reflects the need for InBC to employ qualified, professional staff with the necessary skills and experience to place and manage investments.

Key results

- InBC has 7 full-time investment staff and is now fully staffed in the investment program area.
- Utilized inclusive hiring practices to ensure employees reflect the diversity of our province.

Summary of progress made in 2023/24

This objective is related to the expanded mandate of InBC which necessitates the need for employing qualified staff including professional investment staff. The CIO and their team are key to the placement of individual investments. Recruiting and retaining staff are essential to achieving the overall investment objectives of InBC.

InBC has now fully staffed its investment program and is employing qualified professional investment staff. Being fully staffed enables InBC to proceed with placing investments and providing the necessary oversight and expertise for its portfolio investments.

Performance measure and related discussion

This performance measure tracks InBC's success in recruiting investment staff. InBC has established this performance measure to align with its strategic priorities of employing qualified staff, which is a key component of meeting InBC's mandate. Qualified staff include staff with previous financial investment experience as well as social finance backgrounds. Professional designations of staff include Certified Financial Analysts, Master of Business Administration, Certified Fraud Examiner and Chartered Professional Accountants.

Performance Measure	2022/23 Actual	2023/24 Target	2023/24 Actual
3.2 Cumulative number of investment staff including a Chief Investment Officer ¹	6	7	7 ²

Data source: InBC Investment Corp.

¹PM 3.2a targets for 2024/25 and 2025/26 were stated in the 2023/24 service plan as 7 and 7, respectively.

²InBC maintained a single investment staff vacancy for most of 2023/24; however, by March 31, 2024, InBC had hired its 7th investment staff member.

Targets have been set based on InBC's human resource plans. InBC does perceive a role in developing talent to increase participation by diverse individuals in the investment sector. InBC now employs 7 full time professional investment staff. These staff are key to InBC achieving its mandate.

Financial Report

For the auditor's report and audited financial statements, see [Appendix C](#). These documents can also be found on the [InBC website](#).

Discussion of Results

InBC differentiates the results from operations for the purposes described in the InBC Act from the results from operations relating to legacy operations that were in place at the time the InBC Act came into effect. Further details of these results are provided in InBC's audited financial statements (Note 12 Segmented Information).

Results from InBC Operations include the revenues and expenses recognized for the purposes of the Corporation, as described in Section 4 of the InBC Act.

In the fiscal year ending March 31, 2024, InBC focused on advancing its investment program through investing directly in companies and strengthening the investment and operational capacity of the organization. Activities this year included investing in six companies and one venture capital fund, reviewing and updating InBC's investment and operating policies, building investment deal flow, and recruiting and training new staff. In the year, \$7.7 million (\$12.4 million cumulative) was paid into InBC's venture capital fund commitments and \$36.2 million was invested directly into companies.

Results from operations also include the revenues and expenses associated with investments that were made under agreements that were in place before the InBC Act came into force on May 20, 2021. Revenues include interest income from loans made to government entities under investments made prior to InBC being established. For the fiscal year ending March 31, 2024, these revenues totaled \$3.8 million. Expenses from these legacy investments are \$0.6 million and include investment fees and interest costs from arrangements undertaken to finance the investments.

InBC's consolidated operating and interest expenses of \$6.0 million are recovered from the Province of B.C through a transfer arrangement. InBC's fiscal 2023/2024 operating surplus of \$4.5 million is attributable to venture capital investment and interest revenue earned in the year.

Financial Summary

(\$000s)	2022/23 Actual	2023/24 Budget	2023/24 Actual	2023/24 Variance
Revenues				
Operating Contributions from Province	0	7,360	6,033	(1,327)
Interest	382	171	669	498
Legacy Venture Investment	673	0	3,824	3,824
Recoveries from other parties	0	0	4	4
Total Revenue	1,055	7,531	10,530	2,999
Expenses				
Salaries and Benefits	2,272	3,674	3,182	(492)
Operations and Administration	1,668	1,721	1,207	(514)
Debt Service	537	2,136	1,647	(489)
Total Expenses	4,477	7,531	6,036	(1,495)
Annual Surplus (Deficit)	(3,422)	0	4,494	4,494
Total Debt	20,571	53,050	60,279	7,229
Capital Expenditures	38	0	84	84
Accumulated Surplus	66,172	65,521	70,625	5,104

¹ The above financial information was prepared based on current Generally Accepted Accounting Principles.

² Budgeted interest revenue is based on a conservative assumption that all available funds, other than amounts required to meet venture capital commitments, will be held in liquid, interest bearing accounts. Given the uncertainty of the timing and amount of venture capital returns, venture capital revenue is reported as it is realized.

Variance and Trend Analysis

InBC's consolidated Annual Surplus was higher than the budgeted amount in fiscal 2023/24 due to unbudgeted Venture Capital Investment Income realized from legacy venture capital portfolio distributions.

Revenues

The Province of B.C. funds InBC through operating contributions, which cover the cost of InBC's operating expenses and debt service costs. The actual amount of provincial operating contributions will vary from budget when actual costs vary from budget. Contributions were lower for the fiscal year due to lower recoverable expenditures on salaries, investment expenses and debt service.

Venture Capital Investment Income is not estimated in establishing InBC's fiscal targets because the timing and amount of distributions from venture capital investments cannot be forecast with certainty. Venture Capital Investment Income is recognized when distributions from investments exceed the investments' cost base. As venture capital portfolio investments mature, further distributions are anticipated; however, due to the unpredictable nature of distributions, a trend may not be observable when comparing this year's results to prior fiscal year figures.

Interest Income is earned through short term holdings with the Province of B.C.'s Central Deposit Program (CDP), and through loans made to government organizations before the establishment of InBC. Interest Income is higher than budgeted primarily due to higher interest rates earned on balances on CDP deposits in the year.

Expenses

Fiscal year 2023/24 Salaries and Benefits expenses were higher than in 2022/23 because 2022/23 reflected a partial year of salaries as most InBC staff were hired in that fiscal year. Variances in 2023/24 salary expenses to budget are attributable to positions being left unfilled during the 2023/24 fiscal year.

Fiscal year 2023/24 Operations and Administration expenses were lower than in 2022/23 because portfolio management functions that were previously delivered by contract were undertaken directly by InBC. 2023/24 Operations and Administration expenses were lower than budgeted due to lower investment portfolio management costs, and lower administrative costs associated with lower staff levels.

Debt service costs are the costs of borrowing from the Province to fund InBC's investments. Debt service costs are lower than budgeted due to the lower than anticipated deployment of capital, and the timing of the deployment occurring in the later half of 2023/24.

Total Debt

Total Debt consists of Fiscal Agency Loans payable to the Province of B.C. The Fiscal Agency Loan balance for legacy investment decreased in 2023/24. As legacy investments wind down

and make distributions, InBC repays the loan to the Province of B.C. A new Fiscal Agency Loan was established in 2022/23 to finance investments made under the InBC Act. This balance is expected to increase over time as InBC makes new investments.

Capital Expenditures

Capital expenditure for software and leasehold improvements was not budgeted initially but was determined to be required for leasehold improvements and software for investment program management.

Risks and Uncertainties

Risks and uncertainties include:

- **Investment:** Venture capital investment valuations and the timing and amount of venture capital investment capital calls and distributions are not estimable with certainty. This impacts InBC's ability to forecast and budget for the timing and magnitude of Venture Capital Investment Income and anticipate investment cash flows from venture capital investments. This uncertainty is caused in part by the nature of venture capital investments which are not traded on active exchanges, and therefore are not liquid, and do not have quoted market prices. Venture capital investment fund managers give little advance notice of upcoming capital calls and distributions for their funds; this creates uncertainty with respect to aspects of InBC's cash management. In response to this risk, InBC invests with a long-time horizon in mind and has established borrowing facilities with the Ministry of Finance to maintain sufficient cash balances in liquid, interest bearing accounts to meet capital calls and fund operating activities until venture capital investment returns are realized.
- **Operational funding:** InBC relies on venture capital investment income and debt financing as sources of funding for its operations. As noted above, the amount and timing of Venture Capital Investment Income is subject to a high degree of uncertainty. As an investor with a long-time horizon, there is a risk that InBC will not have a significant source of revenue from its venture investments in the near or medium term. Reliance on debt financing to fund InBC operations is a source of risk to the organization given the current high interest rate environment. In the short-term, InBC is managing this risk through a 5-year funding arrangement with the Province of B.C. where the Province provides funding for InBC's operations and interest costs.
- **Interest rates:** InBC finances operating expenses and venture capital investment with a Fiscal Agency Loan arranged through the Ministry of Finance. The Fiscal Agency Loan is short term borrowing. The Bank of Canada has increased its overnight target rates from 0.25% in March 2022 to 5% in March 2024, significantly increasing the overall cost of borrowing. There remains uncertainty over the timing and magnitude of interest rate changes and this is a source of risk for InBC. InBC is managing this risk through a 5-year funding arrangement with the Province of B.C. where the Province provides funding for

InBC's interest costs, thereby mitigating the risk of interest rate volatility for the organization.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2021/22 and 2023 Mandate Letters from the Minister Responsible.

2021/22 Mandate Letter Priority	Status as of March 31, 2024
Transition InBC to its new organizational mandate by developing and implementing a robust organizational framework that includes a governance and corporate accountability framework.	<ul style="list-style-type: none"> Complete: Crown Corporation has been established. Executive Team including a CEO and CIO have been hired and strong governance and accountability frameworks are in place.
Develop, report and implement an approved investment policy for the strategic investment fund.	<ul style="list-style-type: none"> Ongoing: InBC has an approved investment policy in place and is implementing this policy by committing capital to venture capital funds and directly into companies.
Develop and report on a performance measurement and public accountability framework.	<ul style="list-style-type: none"> Ongoing: InBC has established a performance measurement and accountability framework and reports annually to the legislature.
<p>Oversee the Legacy Investment Portfolios and obligations:</p> <ul style="list-style-type: none"> - Continue to manage the BCRCF venture capital investment portfolios and repayments to the federal government under the Immigrant Investor Program. - Provide biannual updates regarding the venture capital funds, including how they support growth, facilitate the availability of capital for B.C. technology companies, and stimulate job creation in B.C. 	<ul style="list-style-type: none"> Ongoing: Funds are fully committed and out of their active investment phases. Investments continue to be monitored and managed. The Immigrant Investor Program is concluded, and all repayments have been made to the Federal Government.

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

B.C. Renaissance Capital Fund

Active Subsidiary

The B.C. Renaissance Capital Fund Ltd. (BCRCF) is a Crown corporation wholly owned by InBC. The BCRCF is charged with managing legacy portfolio assets inherited by InBC Investment Corp. in 2020.

The BCRCF has venture capital investments in key technology sectors of information technology, digital media, clean technology and life sciences. Investments are housed within two portfolios:

- BC Renaissance Capital Fund (Portfolio 1)
- BC Tech Fund (Portfolio 2)

Both Portfolio 1 and Portfolio 2 are now fully committed. Portfolio 1 investments are at or near maturity. Portfolio 2 will continue to deploy capital to meet existing investment commitments but is no longer making new investments.

Board of Directors:

- Jill Earthy - Chair
- David Mortimer - Director

Financial Summary

(\$000/\$m)	2022/23 Actual	2023/24 Budget	2023/24 Actual
Revenues	673	0	3,824
Expenses	(400)	0	(17)
Net Income	273	0	3,807

¹ BCRCF financial accounts are consolidated into the parent company statements of InBC. Given the high-risk and unpredictable nature of venture capital investments, venture capital revenue is not budgeted and is reported as it is realized.

Appendix C: Auditor's Report and Audited Financial Statements



Consolidated Financial Statements of
INBC INVESTMENT CORP.
Year Ended March 31, 2024



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MANAGEMENT'S REPORT

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements. A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the consolidated financial statements.

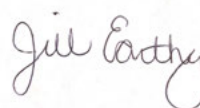
The Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal consolidated financial statements on a quarterly basis and external audited consolidated financial statements annually. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the consolidated financial statements.

The Auditor General of British Columbia conducts an independent examination, in accordance with Canadian auditing standards, and expresses his opinion on the consolidated financial statements. The external auditor has full and free access to financial management of the Corporation and meets when required. The accompanying Auditor's Report outlines his responsibilities, the scope of his examination and his opinion on the consolidated financial statements.

On behalf of InBC Investment Corp.,



David Mortimer, CPA, CA | CFO
Vancouver, BC
July 2, 2024



Jill Earthy, MBA | CEO



Independent Auditor's Report

*To the Board of Directors of InBC Investment Corp., and
To the Minister of Jobs, Economic Development and Innovation, Province of British Columbia*

Opinion

I have audited the accompanying consolidated financial statements of InBC Investment Corp. ("the Corporation"), which comprise the consolidated statement of financial position as at March 31, 2024, and the consolidated statements of operations and change in accumulated surplus, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2024, and the results of its operations, change in accumulated surplus, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

Basis for Opinion

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

Other Accompanying Information

Management is responsible for the other information accompanying the consolidated financial statements. The other information comprises the information included in the InBC Investment Corp. 2023/24 Annual Service Plan Report, but does not include the consolidated financial statements and my auditor's report thereon.

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

In connection with my audit of the consolidated financial statements, my responsibility is to read the other information that I have obtained prior to the date of my auditor's report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained during the audit or otherwise appears to be materially misstated.

InBC Investment Corp.

Prior to the date of my auditor's report, I obtained a copy of the InBC Investment Corp. 2023/24 Annual Service Plan Report. If, based on the work I have performed on the other information, I conclude that there is a material misstatement therein, I am required to report that fact in this auditor's report. I have nothing to report in this regard.

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

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the 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 when the Corporation will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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.

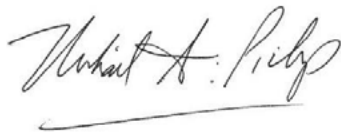
Independent Auditor's Report

InBC Investment Corp.

- 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 consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit and I remain solely responsible for my audit opinion.

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

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Michael A. Pickup, FCPA, FCA
Auditor General of British Columbia

Victoria, British Columbia, Canada
July 4, 2024

INBC INVESTMENT CORP.

Consolidated Statement of Financial Position

(in \$000)

As at March 31

2024

2023

Financial Assets

Cash	5,704	4,742
Investments	-	220
Accounts Receivable	342	96
Receivable from Province of British Columbia	1,956	-
Loans Receivable (Note 3)	-	5,764
Derivatives (Note 4)	-	36
Portfolio Investments - Legacy (Note 5)	74,616	72,740
Portfolio Investments - InBC Investment Corp. (Note 5)	48,654	4,777
	131,272	88,375

Liabilities

Accounts Payable and Accrued Liabilities (Note 6)	104	1,332
Due to Related Parties (Note 11)	578	437
Fiscal Agency Loan - Legacy (Note 7)	9,048	16,167
Fiscal Agency Loan - InBC Investment Corp. (Note 7)	51,231	4,404
	60,961	22,340

Net Financial Assets

70,311 66,035

Non-Financial Assets

Tangible capital assets (Note 8)	97	38
Prepaid expenses	217	99
	314	137

Accumulated Surplus

70,625 66,172

Accumulated Surplus is comprised of:

Accumulated Operating Surplus	70,625	66,131
Accumulated Remeasurement Gains	-	41
	70,625	66,172

Commitments (Note 10)

Approved by the Board



Suzanne Trottier | Acting Chair – Board of Directors



Iglia Ivanova | Board of Directors

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

INBC INVESTMENT CORP.

Consolidated Statement of Operations and Change in Accumulated Surplus

(in \$000)

For the Year Ended March 31	Budgeted Figures (Note 14)	2024	2023
Revenues:			
Venture capital investment income	-	3,824	673
Provincial operating contributions	7,360	6,033	-
Interest Income	171	669	382
Recoveries from other parties	-	4	-
	7,531	10,530	1,055
Expenses (Note 12)	7,531	6,036	4,477
Annual Operating Surplus (Deficit)	-	4,494	(3,422)
Accumulated Annual Operating Surplus, Beginning of Year	66,131	66,131	69,553
Accumulated Annual Operating Surplus, End of Year	66,131	70,625	66,131

Consolidated Statement of Remeasurement Gains and Losses

(in \$000)

For the Year Ended March 31	2024	2023
Accumulated Remeasurement Gains (Losses) at the beginning of the year	41	(82)
Unrealized Gains attributable to:		
Derivatives	-	148
Investments	-	5
Amounts Reclassified to the Statement of Operations		
Derivatives	(36)	(30)
Investments	(5)	-
Change in Remeasurement (Losses) Gains for the Year	(41)	123
Accumulated Remeasurement Gains, End of the Year	-	41

INBC INVESTMENT CORP.

Consolidated Statement of Change in Net Financial Assets

(in \$000)

For the Year Ended March 31	2024	2023
Annual Operating Surplus (Deficit)	4,494	(3,422)
Acquisition of tangible capital assets	(84)	(38)
Amortization of tangible capital assets	25	-
	(59)	(38)
Acquisition of prepaid expenses	(354)	(135)
Use of prepaid expenses	236	47
	(118)	(88)
Effect of Remeasurement (Losses) Gains	(41)	123
Increase (Decrease) in Net Financial Assets	4,276	(3,425)
Net Financial Assets, Beginning of the Year	66,035	69,460
Net Financial Assets, End of the Year	70,311	66,035

INBC INVESTMENT CORP.

Consolidated Statement of Cash Flows

(in \$000)

For the Year Ended March 31	2024	2023
Operating Transactions:		
Annual Surplus (Deficit)	4,494	(3,422)
Items not involving Cash:		
Gains on Venture Capital distributions	(3,829)	(215)
Amortization of tangible capital assets	25	-
Realized Investment Loss	6	4
Changes in non-cash Operating Working Capital:		
Accounts Receivable	(247)	(87)
Recoverable amount from Province of BC	(1,956)	-
Prepaid Expenses	(118)	(88)
Accounts Payable and Accrued Liabilities	(1,204)	253
Accrued Interest on Fiscal Agency Loan	69	136
Accrued Loan Interest Receivable	23	8
Due to Related Parties	117	315
Cash (used for) Operating Activities	(2,620)	(3,096)
Capital Transactions:		
Acquisition of Tangible Capital Assets	(84)	(38)
Cash (used for) Capital Activities	(84)	(38)
Financing Transactions:		
Cash received from Fiscal Agency Loan – InBC Investment Corp.	260,724	16,106
Cash repayment of Fiscal Agency Loan – InBC Investment Corp.	(214,049)	(11,706)
Cash received from Fiscal Agency Loans - Legacy	59,555	66,016
Cash repayment of Fiscal Agency Loans - Legacy	(66,591)	(68,978)
Cash provided by Financing Activities	39,639	1,438
Investing Transactions:		
Proceeds from repayment of Loan Principal	5,741	2,982
Proceeds from sale of investment	214	-
Acquisition of Portfolio Investments - Legacy	(4,054)	(9,271)
Returns from Portfolio Investments - Legacy	6,003	10,755
Acquisition of Portfolio Investments – InBC Investment Corp.	(44,015)	(3,811)
Returns from Portfolio Investments – InBC Investment Corp.	138	-
Cash (used in) provided by Investing Activities	(35,973)	655
Increase (Decrease) in Cash	962	(1,041)

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

Consolidated Statement of Cash Flows (continued)

(in \$000)

For the Year Ended March 31	2024	2023
<i>Carried forward from previous page:</i>		
Increase (Decrease) in Cash	962	(1,041)
Cash, Beginning of the Year	4,742	5,783
Cash, End of the Year	5,704	4,742

Notes to Consolidated Financial Statements

1. NATURE OF BUSINESS

InBC Investment Corp. ("the Corporation") was created on September 17, 2020 by renaming the BC Immigrant Investment Fund Ltd. (BCIIF). The BCIIF was incorporated on September 19, 2000 under the *Company Act* and was wholly owned by the Province of British Columbia.

On May 20, 2021, legislation was enacted that changed the corporate structure of the Corporation. The Corporation is now incorporated under the *InBC Investment Corp. Act*, with two shares issued. One share is held by the Minister of Finance and one share is held by the Minister of Jobs, Economic Development and Innovation. The Corporation's Board of Directors is comprised of nine members, seven of whom are from outside government.

On October 22, 2007, the B.C. Renaissance Capital Fund Ltd. (BCRCF) was incorporated under the *Business Corporations Act* and is a wholly owned subsidiary of InBC Investment Corp. The primary business of BCRCF, a Limited Partner in venture capital funds, is to stimulate economic development and generate returns.

The Corporation administers a \$500 million strategic investment fund, established for the purpose of investing to achieve a financial return and in accordance with the policy objectives of the government as set out in the mandate letter to the Corporation signed by the two ministers. The *InBC Investment Corp. Act* continues all assets, liabilities, and activities of the Corporation, including responsibility for its subsidiary, the BCRCF.

The Minister of Finance acts as a fiscal agent for the Corporation. The Corporation is exempt from federal and provincial taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

These consolidated financial statements are prepared by management in accordance with generally accepted accounting principles established by the Canadian Public Sector Accounting Board.

Basis of Consolidation

The consolidated financial statements include the assets, liabilities, results of operations and cash flows of the Corporation and its wholly owned subsidiary, the BCRCF. All intercompany transactions and balances have been eliminated upon consolidation.

Revenue Recognition

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

Venture Capital Investment Income represents the Corporation's portion of distribution of proceeds resulting from the divestiture of investments held by the funds. Income is recognized once all paid in capital to the fund has been returned.

Realized investment gains represents realized investment and foreign exchange gains and losses earned in operating accounts and is recognized on the sale of investments.

Interest income from cash balances and loans receivable are recognized on an accrual basis.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenses

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

Foreign Currency Translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of transactions.

Monetary assets and liabilities, and non-monetary items included in the fair value measurement category denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the consolidated statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the consolidated statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the consolidated statement of remeasurement gains and losses.

Measurement Uncertainty

The preparation of consolidated financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the valuation of venture capital investments for any possible impairment.

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

Financial Instruments

Equity instruments and derivatives quoted in an active market are measured at fair value. All other financial assets and financial liabilities are measured at cost or amortized cost. The following classification system is used to describe the basis of the inputs used to measure the fair value of financial instruments in the fair value measurement category:

- Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly
- Level 3 Inputs for the asset or liabilities that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction

INBC INVESTMENT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

(tabular figures in \$000)



2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the consolidated statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the consolidated statement of remeasurement gains and losses and recognized in the consolidated statement of operations. Interest attributable to financial instruments is reported in the consolidated statement of operations.

All financial assets recorded at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

i. Cash

Cash includes both cash and highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. The investments are held for the purpose of meeting short-term cash commitments rather than for investing. They are reported at cost.

ii. Accounts and loans receivable

Accounts and loans receivable are recorded at amortized cost using the effective interest method less any amount for valuation allowance. Valuation allowances are made to reflect loans receivable at the lower of amortized cost and net recoverable value, when collectability and risk of loss exists. Interest is accrued on loans receivable to the extent it is deemed collectible.

iii. Portfolio Investments

The Corporation invests in venture investments as a Limited Partner, or through acquisition of equity securities, or convertible debt with equity conversion features. These investments are reported at cost as there is no quoted market price in an active market. The cost is reported net of any recovered due diligence costs.

Investment Commitments (*Note 10*) to venture capital funds are not recorded as liabilities on the statement of financial position until a capital call is issued by the venture capital fund. The liability (*Note 6*) exists until the capital call is funded, generally within five business days.

iv. Debt and other financial liabilities

All debt and other financial liabilities are recorded using cost or amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v. *Derivative Product Transactions*

The Corporation uses derivative instruments to manage currency risk. The contract has no value at inception. The value of the derivative contract is remeasured at fiscal year-end using fair values provided by Provincial Treasury. Derivatives are reported at fair value using Level 2 valuation (*Note 4*).

Tangible Capital Assets

Tangible capital assets (*Note 8*) are initially recorded at cost, 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, are amortized on a straight line basis over their estimated useful life as follows:

Asset Class:	Useful Life:
Software and website	3 years
Leasehold Improvements	Remainder of lease term
Office Furniture	5 years

Assets under construction are not amortized until the asset is available for productive use.

Employee Future Benefits

The Corporation accrues employee vacation entitlements, included in amounts due to related parties.

The Corporation is a member of the Public Service Pension Plan (*Note 13*). The plan is a defined benefit plan, providing pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. The Public Service Pension Plan is a multi-employer jointly trusted plan. As the assets and liabilities of the plan are not segregated by employer, the plan is accounted for as a defined contribution plan and any company contributions to the plan are expensed as incurred.

Segmented Disclosure

A segment is defined as a distinguishable activity or group of activities of a company for which it is appropriate to separately report financial information. The Corporation has provided definitions of segments used by the Corporation as well as presented financial information of the segments in Note 12.

3. LOANS RECEIVABLE

	2024	2023
Due from University of Victoria, principal of \$10,000,000, the outstanding balance is being amortized in equal blended quarterly payments of interest and principal at an annual interest rate of 2.48% over a 10 year term. The outstanding balance of this loan was paid in full on April 28, 2023.	-	5,764
Total loans receivable	-	5,764

4. DERIVATIVES

	2024	2023
Minister of Finance interest rate swap, fixed at 1.65 % commencing in 2017 through 2023	-	36

The Ministry of Finance enters into currency swap contracts on the Corporation's behalf in order to mitigate risks associated with currency fluctuations for short-term borrowing. The contracts are short-term in nature and expire within the next fiscal quarter.

The Corporation entered an interest rate swap with the Minister of Finance where it will pay a fixed rate of interest instead of a variable rate based on a schedule of anticipated draws on the Fiscal Agency Loan. The derivative was established in 2017 to mitigate the risk of rising future interest rates. Fair value of the derivative product is calculated as the present value of the future cash outflows and inflows relating to the derivative arrangement. The interest rate swap terminated on April 15, 2023.

5. PORTFOLIO INVESTMENTS

Portfolio Investments - Legacy

Through its subsidiary the Corporation holds investments made under agreements put in place before the *InBC Investment Corp. Act* came into force on May 20, 2021. The Corporation's subsidiary, the BCRCF, has two legacy venture investment portfolios. In portfolio one, BCRCF has investments as a limited partner in nine venture funds. In portfolio two, BCRCF invests in the BC Tech Fund as a limited partner.

Cumulative contributions and returns of capital to date for BCRCF are:

INBC INVESTMENT CORP.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 2024

(tabular figures in \$000)


5. PORTFOLIO INVESTMENTS (Continued)

	2024	2023
Canadian Dollar Venture Funds		
Cumulative contributions to date	132,940	128,885
Cumulative returns of capital	(59,353)	(57,449)
Total Canadian Dollar Venture Funds	73,587	71,436
US Dollar Venture Funds		
Cumulative contributions to date	41,307	41,307
Cumulative returns of capital	(18,986)	(18,711)
US Dollar Venture Funds	22,321	22,596
Combined Canadian and US Dollar Funds	95,908	94,032
Less cumulative impairments	(21,292)	(21,292)
Venture Capital Investments -Legacy	74,616	72,740

Portfolio Investments – InBC Investment Corp.

 The *InBC Investment Corp. Act* establishes the Corporation for the purposes of making investments that:

- a) Achieve a financial return
- b) Support the social, economic and environmental policy objectives of the government.

 The following investments were made subsequent to May 20, 2021, for the purposes of the Corporation established in the *InBC Investment Corp. Act*:

	2024	2023
Canadian Dollar Venture Funds		
Cumulative contributions to date	6,846	2,373
Cumulative returns of capital	(123)	-
Total Canadian Dollar Venture Funds	6,723	2,373
US Dollar Venture Funds		
Cumulative contributions to date	5,777	2,404
Cumulative returns of capital	(73)	-
US Dollar Venture Funds	5,704	2,404
Combined Canadian and US Dollar Funds	12,427	4,777
Direct Investments	18,593	-
Convertible Notes	17,634	-
Venture Capital Investments - InBC	48,654	4,777

During the year, impairments totaling \$0 (2023: \$0) in venture capital investments were identified by management and reported on the consolidated statement of operations.

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6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The Corporation recognizes amounts due to venture capital investment partners as liabilities once a capital call is made. The capital call is included in the accounts payable and accrued liabilities if a capital call is made prior to fiscal year-end and the amount due has not yet been paid. The accounts payable balance includes the following amounts:

	2024	2023
Capital called by venture partners	-	996
Other accounts payable and accrued liabilities	104	336
Total accounts payable and accrued liabilities	104	1,332

7. FISCAL AGENCY LOAN

Fiscal Agency Loan - Legacy

InBC Investment Corp. assumed responsibility for all obligations of the BCIF when the Corporation was established under the *InBC Investment Corp. Act* on May 20, 2021. On March 31, 2017, the BCIF entered into a short-term borrowing facility with the Minister of Finance. The maximum principal amount of the facility is \$80 million. The contract was fully executed June 7, 2017. The purpose of the short-term borrowing facility is to fund venture capital commitments from BCRCF and operating expenses of InBC. The Corporation first accessed the short-term financing on October 15, 2018. At March 31, 2024, the interest rate on this legacy fiscal agency loan is 4.95%.

Fiscal Agency Loan – InBC Investment Corp.

On November 28, 2022, the Corporation entered into a borrowing facility with the Minister of Finance. The maximum principal amount of the facility is \$500 million. The purpose of the borrowing facility is to fund strategic investments as set out by the *InBC Investment Corp. Act*. The Corporation first accessed the financing on December 1, 2022. At March 31, 2024, the interest rate on the statutory fiscal agency loan is 4.85%.

8. TANGIBLE CAPITAL ASSETS

Cost	Websites & Software	Furniture & Equipment	Leasehold Improvements	2024 Total	2023 Total
Beginning balance	38	-	-	38	-
Additions	33	13	38	84	38
Year-end balance	71	13	38	122	38
Accumulated Amortization					
Beginning balance	-	-	-	-	-
Additions	19	1	5	25	-
Year-end Balance	19	1	5	25	-
Net Book Value	52	12	33	97	38

9. RISK MANAGEMENT

The investment activities of the Corporation expose it to a variety of financial risks including credit risk, market risk (which includes currency risk, interest rate risk and other price risk) and liquidity risk.

Credit Risk

Credit risk is the risk associated with the inability of a third party to fulfill payment obligations. The Corporation is exposed to credit risk in the event of non-performance by a public sector borrower to a maximum value of the value of loans receivable. The Corporation assessed this risk when considering loans. An unsecured and general obligation from the public sector institution is judged sufficient to mitigate credit risk.

The Corporation is exposed to credit risk associated with its cash deposits. This risk is mitigated by placing deposits in recognized British Columbia institutions. Credit risk arising from cash deposits is considered negligible.

The Corporation is also exposed to credit risk through Portfolio Investments which include convertible debt instruments, and in the event its returns from the venture capital investments are below cost. The Corporation's investment portfolio diversification is based on an investment strategy developed to generate returns to cover potential losses from its higher risk investments.

Market Risk (Currency Risk, Interest Rate Risk and Other Price Risk)

Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Corporation is exposed to foreign currency exchange risk because of its investments in US venture capital funds and commitments made in US dollars.

Through the Corporation's venture capital investments, the Corporation has a total of \$10.96 million USD (2023: \$13.4 million USD) remaining in venture capital commitments and holds \$26.4 million USD in venture capital investments (2023: \$10.2 million USD). Returns generated from investments in these venture capital funds will be in US dollars. The timing and value of returns from these investments cannot be reasonably estimated and so the impact of currency rate fluctuations can also not be estimated.

The Corporation has also made agreements for software licenses where payment is made in US dollars. These total \$52 thousand (2023: \$141 thousand). At March 31, 2024, currency risk is negligible as the Corporation has sufficient cash and financing available to satisfy commitments made.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in market interest rates will affect future cash flows or fair values of financial instruments. The Corporation is exposed to interest rate risk through its invested cash and fiscal agency loans. The Corporation has invested its funds in loans receivable with fixed rate returns and investments with the Central Deposit Program on a floating rate basis.

If the Corporation were to have experienced a 1% change in the interest rate earned this would have impacted interest income in the approximate amount of \$0.1 million (2023 - \$0.1 million) calculated as 1% of the average book value of investments throughout the year.

9. RISK MANAGEMENT (Continued)

The Corporation is also exposed to interest rate risk through the unhedged portion of the fiscal agency loan borrowings. The unhedged portion is subject to refinancing at prevailing market interest rates. As a result, interest expense will fluctuate based on market interest rates and the amount borrowed. The Corporation manages its exposure to interest rate by hedging future cash borrowings by entering into a Derivative Product Transaction Agreement where the Corporation will pay a fixed rate of interest instead of the variable rate of interest at the time financing is required.

Other Price Risk

Other price risk is the risk that the market value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Corporation is exposed to other price risk through its Portfolio Investments. InBC's Portfolio Investments consist of investments in early stage companies and venture capital funds carry a high risk; however, the Corporation mitigates the risk by diversifying its portfolio across industries, limiting concentration of investments, and utilizing the expertise and skills of institutional venture capital managers with a track record of commercial returns.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with its financial liabilities. In connection with the Corporation's ongoing financing of operations including refinancing risk, management aims to ensure adequate liquidity of investments. The Corporation manages its liquidity risk by placing deposits in cash and extremely liquid negotiable instruments.

The Corporation is also exposed to liquidity risk associated with the Portfolio Investments. The Corporation cannot readily sell the investments. As the Corporation invests in early-stage venture capital investments that have a limited history of operations and whose business activities tend to be speculative, there is no assurance that such investments will provide positive future cash flows. The Corporation attempts to manage liquidity risk by diversifying its portfolio across industries, limiting concentration of investments, and utilizing the expertise and skills of institutional venture capital managers with a track record of commercial returns.

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10. COMMITMENTS

The Corporation has commitments in both CAD and USD to invest as a Limited Partner in certain venture capital funds. Commitments as a Limited Partner made after the *InBC Investment Corp. Act* came into force are identified as InBC commitments, prior commitments are identified as Legacy. The following table summarizes the total investment commitments, transfers made to date and total investment commitments remaining:

	InBC	Legacy	2024	2023
Total USD investment commitments (USD)	14,803	38,987	53,790	53,790
USD investment commitments transferred to date (USD)	(4,217)	(38,612)	(42,829)	(40,418)
Remaining USD investment commitments (USD)	10,586	375	10,961	13,372
Remaining USD investment commitments translated to CAD	14,345	508	14,853	18,096
Total CAD investment commitments	25,000	151,000	176,000	166,000
CAD investment commitments transferred to date	(6,672)	(130,052)	(136,724)	(128,370)
Remaining CAD investment commitments	18,328	20,948	39,276	37,630
Aggregate remaining investment commitments	32,673	21,456	54,129	55,726

The Corporation has entered into contractual arrangements to lease office space in Vancouver. The Corporation also has operational commitments for software licenses and operational agreements. These contractual obligations will become liabilities in the future when the terms of the contract are met. Disclosure relates to the unperformed portion of the contracts:

	2025	2026	2027
Property Lease	319	319	133
Other operational commitments	91	20	-
Total	410	339	133

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11. RELATED PARTY TRANSACTIONS

The Corporation is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations and all other public sector organizations. The Corporation's related parties also include key management personnel which include the directors, and senior management of the Corporation. Transactions with these entities and individuals are in the normal course of operations and are recorded at the exchange amount. Assets and liabilities with related parties include:

	2024	2023
Cash (CDP)	4,081	4,691
Accounts receivable	19	-
Recoveries from the Province of British Columbia	1,956	-
Loans receivable <i>(Note 3)</i>	-	5,764
Derivatives <i>(Note 4)</i>	-	36
Fiscal Agency Loans <i>(Note 7)</i>	60,279	20,571
Due to Related Parties	578	437

The consolidated statement of operations includes the following transactions with related parties:

	2024	2023
Interest Income	669	382
Operating contributions from the Province	6,033	-
Interest expense	1,647	537
Board of Director fees	57	96
Facilities	301	276
Office and miscellaneous expenses	122	104
Professional fees	35	31
Salaries, wages and benefits	2,733	1,964

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12. SEGMENTED INFORMATION

Segmented information is provided to differentiate between the results from operations relating to legacy operations that were in place at the time the *InBC Investment Corp. Act* came into effect.

InBC Operations: InBC Operations reports the revenues and expenses recognized for the purposes of the Corporation, as described in Section 4 of the *InBC Investment Corp. Act*:

The purposes of the corporation are as follows:

- a. to make investments that achieve a financial return;
- b. to make investments that support the social, economic and environmental policy objectives of the government.

InBC Operations reports the results of investments made for the purposes of the corporation under *InBC Investment Corp. Act*, and reports the expenses associated with administering those investments, including the costs of salaries and benefits, operations, and financing the costs associated with the InBC Investment Corp. Fiscal Agency Loan.

Legacy Operations: Legacy Operations reports the revenues and expenses associated with investments that were made under agreements that were in place before the *InBC Investment Corp. Act* came into force on May 20, 2021. This segment reports interest income from loans made to government entities under the Immigrant Investor Program, Venture Capital Investment Income from Portfolios 1 and 2, and the costs associated with administering those investments, including investment fees and interest costs from the Legacy Fiscal Agency Loan.

The following is a summary of revenues and expenses by segment:

	InBC Operations	Legacy Operations	2024 Total	2023 Total
Revenues:				
Venture Capital Investment Income	-	3,824	3,824	673
Provincial operating contributions	6,033	-	6,033	-
Interest Income	623	46	669	382
Recoveries from other parties	4	-	4	-
	6,660	3,870	10,530	1,055
Amortization of tangible capital assets	25	-	25	-
Board of Director fees	57	-	57	96
Facilities	319	-	319	276
Interest expense	1,093	554	1,647	537
Investment fees	-	17	17	400
Office and miscellaneous expenses	506	-	506	360
Professional fees	277	-	277	532
Realized investment loss	-	6	6	4
Salaries, wages and benefits	3,182	-	3,182	2,272
Expenses	5,459	577	6,036	4,477
Annual Surplus / (Deficit)	1,201	3,293	4,494	(3,422)

13. EMPLOYEE FUTURE BENEFITS

The Corporation and its employees contribute to the Public Service Pension Plan, which is a multiemployer jointly trusted plan. The plan is a defined benefit plan, providing pension on retirement based on the member's age of retirement, length of service and highest earnings averaged over five years. The board of trustees of the plan represents plan members and employers and is responsible for the management of the plan including investment of the assets and administration of the plan. The most recent actuarial valuation for the Public Service Pension Plan as at March 31, 2023 indicated a \$4,491 million funding surplus for basic pension benefits on a going concern basis. As described in Note 2, the plan is accounted for as a defined contribution plan. For the year ended March 31, 2024, the Corporation paid \$241,050 (2023 - \$170,793) for employer contributions to the plan.

14. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the 2023/24 Service Plan approved by the Board Chair in February 2023.

15. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified in order to provide presentational consistency with the current year.