
MANITOBA DEVELOPMENT CORPORATION

Annual Report

March 31, 2025





Minister of Business, Mining, Trade and Job Creation

Legislative Building, Winnipeg, Manitoba R3C 0V8 CANADA

Her Honour the Honourable Anita R. Neville, P.C., O.M.
Lieutenant Governor of Manitoba
Room 235 Legislative Building
Winnipeg, MB R3C 0V8

Your Honour,

I am pleased to present the Annual Report for the Manitoba Development Corporation for the fiscal year ending March 31, 2025.

Respectfully submitted,

A handwritten signature in black ink that reads "Jamie Moses".

Jamie Moses
Minister of Business, Mining, Trade and Job Creation



Honourable Jamie Moses
Minister of Business, Mining, Trade and Job Creation
Room 358 Legislative Building
Winnipeg, MB R3C 0V8

Dear Minister Moses:

It is my pleasure to submit the Annual Report of the Manitoba Development Corporation for the fiscal year ending March 31, 2025 as required by Section 18 of The Manitoba Development Corporation Act.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Michelle Wallace". The signature is written in a cursive, flowing style.

Michelle Wallace
Chair of the Board
Manitoba Development Corporation

MANITOBA DEVELOPMENT CORPORATION
CORPORATE REPORT
for the fiscal year ending March 31, 2025

CORPORATE PROFILE

Minister Responsible:

Honourable Jamie Moses, Minister of Business, Mining, Trade and Job Creation

Board of Directors:

- Assistant Deputy Minister of Workforce Development and Training, Manitoba Business, Mining, Trade and Job Creation (Chair) – Michelle Wallace
- Assistant Deputy Minister of Immigration, Manitoba Labour and Immigration – Karmel Chartrand
- Assistant Deputy Minister of Fiscal Management and Capital Planning, Manitoba Finance – Tafadzwa Gwanoya
- Assistant Deputy Minister of Finance and Administration, Manitoba Business, Mining, Trade and Job Creation – Melissa Ballantyne
- Director of Economic Programs, Manitoba Business, Mining, Trade and Job Creation, and General Manager, Manitoba Development Corporation – Amy Jordan

Head office:

1040 – 259 Portage Avenue
Winnipeg, Manitoba R3B 3P4
Telephone: 204-945-7721

PROFILE

The Manitoba Development Corporation (MDC) administers programs and provides loans, guarantees and investments under The Manitoba Development Corporation Act. The objectives of the MDC are to provide financial services and financial instruments on behalf of the Province of Manitoba to assist with economic development initiatives. There are two active divisions administered by the MDC: Business Support, and the Business Investor Stream of the Manitoba Provincial Nominee Program (MPNP).

Business Support administers the now-defunct Manitoba Industrial Opportunities Program (MIOP) loans, as well as Other Loans, and the Third-Party Investment Funds Program. The MPNP includes the funds associated with Manitoba's business stream for international entrepreneurs who wish to establish a business in Manitoba.

In fiscal year 2024/25, the Investment Attraction (IA) loan was introduced. Attracting new foreign direct investment (FDI) and reinvestment in existing Manitoba businesses stimulates economic growth and innovation and creates new opportunities and good jobs for Manitobans. However,

the FDI environment is highly competitive. Businesses considering large capital investments seek financial support from government as part of a competitive site selection process, and/or to fill a financing gap that commercial lenders are unable to provide. To that end, the Manitoba government approved the new IA funding model that will support both FDI and local business retention and expansion. IA loans are provided on an occasional basis to qualifying clients at Cabinet and Treasury Board direction; it is not a program with an application process.

The MDC is subject to Manitoba government direction and approval for all loans, loan guarantees, or equity investments and must comply with all provincial directives.

BUSINESS SUPPORT

MIOP loans – which ceased to be offered effective fiscal year 2016/17 – provided financial support to assist businesses expanding their operations in Manitoba. The financial support was in the form of repayable, secured loans with repayment terms that could be somewhat flexible for businesses that undertook significant investment in fixed assets and/or created new jobs. MIOP loans were usually more than \$500,000. Loan interest rates were charged at the Crown rate or at the Crown rate plus a premium.

Loans and loan guarantees are provided in support of the government's economic development objectives. All loans and loan guarantees must receive Treasury Board approval and an Order in Council authorizing the loan or guarantee.

IA loans are provided at the direction of the government where a loan to a company will demonstrably support Manitoba's strategic economic priorities. These priorities on March 31, 2025, are:

- Advancing the low carbon economy
- Enhancing the local supply chain for Manitoba companies
- Growing the economy by creating good jobs and expanding the skilled trades
- Economic development opportunities in Northern and Rural Manitoba
- Contribution to social impacts such as equity, diversity, and inclusion (EDI)
- Advancing economic reconciliation

IA loans can be valued at up to 25 per cent of capital expenditures for significant industrial-scale investment projects in Manitoba. Minimum shareholder equity is 25 per cent, interest starts at the Crown borrowing rate and carry maximum 12-year terms, with up to two years' principal repayment deferral available.

Program Performance and Trends:

MIOP Loans

From March 31, 2000, to March 31, 2016, MIOP approved 53 business expansion loans totaling \$276 million, which were projected to leverage \$640 million in additional capital, for a total Manitoba investment of \$916 million, supporting approximately 11,297 Manitoba jobs.

On March 31, 2025, there were two remaining active MIOP loans totaling \$12.7 million under management. These are referenced on pages 13 and 14 of the audited financial statements that accompany this report.

Other Loans including Investment Attraction Loans

As of March 31, 2025, two Other Loans remained on the MDC's accounts and one new Investment Attraction loan of \$10.75 million was recorded. Repayment for the new loan client begins in 2027. These loans are referenced on pages 14 and 15 of the audited financial statements that accompany this report.

Loan Guarantees

There are no loan guarantees on MDC's accounts as of March 31, 2025.

Third-Party Investment Funds Program

In prior years, the MDC supported the provision of capital to Manitoba companies by way of partnering with institutional investors in private sector funds.

From its inception in 1996 to March 31, 2025, the Third-Party Investment Funds Program advanced \$23.6 million in six limited partnerships. As of March 31, 2025, the sole remaining Third-Party Investment Funds Program equity investment, net of repayments, is for CentreStone Ventures Limited Partnership.

In the 2022/23 fiscal year, Manitoba Opportunities Fund Ltd. (MOF) transferred investments held in MOF's Manitoba Innovation Growth Sidecar Fund to the MDC for nominal consideration. These investments have no financial impact on the MDC's portfolio.

Details are found on page 16 of the audited financial statements that accompany this report.

MANITOBA PROVINCIAL NOMINEE PROGRAM (MPNP)

The Province of Manitoba and Government of Canada share responsibilities regarding businesspeople immigrating to Canada through the MPNP. The MPNP allows Manitoba to recruit and nominate qualified businesspeople from around the world who have the intent and ability to move to Manitoba and establish or purchase a business or become partners in an existing business. The Province of Manitoba is committed to help new immigrants settle successfully, identify business opportunities and establish businesses or farms in the province.

Program Performance and Trends:

In November 2017, the MPNP announced changes to its Entrepreneur Pathway (EP) under the Business Investor Stream. The EP allows Manitoba to recruit and nominate qualified business investors and entrepreneurs who have the intent and ability to start or purchase businesses in Manitoba within the first 24 months of arrival in Canada on a temporary work permit. Applicants no longer submit a deposit of \$100,000. Instead, applicants sign a Business Performance Agreement, which details the obligations candidates must fulfill to be nominated for permanent residence in Canada. Once those conditions are met, candidates receive a nomination that allows

them to apply for permanent resident status to Immigration, Refugees and Citizenship Canada. The new criteria and process was launched in May 2018.

The MPNP has been successful in recruiting 150 farm business immigrants who have invested over \$155 million in Manitoba. This represents only the initial investment and does not account for additional investments made after the farm business is started. The Farm Investor Pathway remains a Direct Nomination immigration model. The Direct Nomination model requires an approved applicant to sign a deposit agreement and submit a \$75,000 cash deposit prior to receiving nomination. Once the deposit and deposit agreement have been received, the applicant is nominated and can apply for permanent residence. Upon establishing the farm business, the applicant can apply to the MPNP for a deposit refund.

The MPNP office monitors initial business investments by business immigrants under the program. In the 2024/25 fiscal year, the program measured 24 initial business investments totaling \$7.4 million by applicants that created or maintained over 24 jobs. Since its inception in 2001, over 1,150 business investments have been made in excess of \$400 million.

Financial Statements of

**MANITOBA DEVELOPMENT
CORPORATION**

Year ended March 31, 2025

MANITOBA DEVELOPMENT CORPORATION

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MANAGEMENT REPORT

Management's Responsibility for Financial Reporting

The accompanying financial statements of Manitoba Development Corporation are the responsibility of the management and have been prepared in accordance with Canadian public sector accounting standards. In management's opinion, the financial statements have been properly prepared within reasonable limits of materiality, incorporating management's best judgment regarding all necessary estimates and all other data available to March 31, 2025.

Management maintains internal controls to properly safeguard the assets and to provide reasonable assurance that the books and records from which the financial statements are derived accurately reflect all transactions and that established policies and procedures are followed.

The responsibility of the external audit is to express an independent opinion on whether the financial statements of Manitoba Development Corporation are fairly presented in accordance with Canadian public sector accounting standards. The Independent Auditor's Report outlines the scope of the audit examination and provides the audit opinion.

On behalf of Management,

Manitoba Development Corporation

ORIGINAL SIGNED BY:

Michelle Wallace, Chair of the Board of Directors

June 17, 2025



KPMG LLP

1900 – 360 Main Street
Winnipeg, MB R3C 3Z3
Canada
Telephone (204) 957-1770
Fax (204) 957-0808

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INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Manitoba Development Corporation

Opinion

We have audited the financial statements of Manitoba Development Corporation (the "Entity"), which comprise the statement of financial position as at March 31, 2025, the statements of operations and accumulated surplus, changes 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 (hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity 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.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Chartered Professional Accountants

Winnipeg, Canada

June 17, 2025

MANITOBA DEVELOPMENT CORPORATION

Statement of Financial Position

March 31, 2025, with comparative information for 2024

	PNP-B	Business support	MTI	2025 Total	2024 Total
Assets					
Cash and cash equivalents	\$ 118,486,384	\$ 6,062,089	\$ 463,338	\$ 125,011,811	\$ 116,536,648
Accounts receivable (note 3)	306,643	515,637	2,481	824,761	540,735
Loans receivable (note 4)	—	62,841,250	—	62,841,250	54,825,561
Portfolio investments (note 5)	—	—	564,904	564,904	539,087
Restricted funds (note 8)	3,731,260	—	—	3,731,260	7,107,305
	\$ 122,524,287	\$ 69,418,976	\$ 1,030,723	\$ 192,973,986	\$ 179,549,336

Liabilities and Surplus

Liabilities:

Accounts payable and accrued liabilities	\$ 9,187	\$ 35,435	\$ 4,073	\$ 48,695	\$ 61,961
Deferred revenue (note 6)	—	13,946	—	13,946	13,946
Operating advance payable (note 7)	—	—	500,000	500,000	500,000
Funds provided by the Province of Manitoba	—	62,841,350	—	62,841,350	54,767,537
Deposits payable (note 8)	3,731,260	—	—	3,731,260	7,107,305
	3,740,447	62,890,731	504,073	67,135,251	62,450,749
Accumulated surplus (note 9)	118,783,840	6,528,245	526,650	125,838,735	117,098,587
Contingencies (note 10)					
Commitments (note 11)					
	\$ 122,524,287	\$ 69,418,976	\$ 1,030,723	\$ 192,973,986	\$ 179,549,336

The accompanying notes form an integral part of these financial statements.

On behalf of the Board:

ORIGINAL SIGNED BY MICHELLE WALLACE

Director

ORIGINAL SIGNED BY MELISSA BALLANTYNE

Director

MANITOBA DEVELOPMENT CORPORATION

Statement of Operations and Accumulated Surplus

Year ended March 31, 2025, with comparative information for 2024

	Budget	2025	2024
Income:			
Income from portfolio investments	\$ 24,217	\$ 25,817	\$ 1,729,314
Interest income	15,153,404	8,177,463	11,600,126
Deposit retentions (note 8)	1,675,000	2,950,880	2,850,765
Application processing fees (note 8)	125,000	69,600	37,508
Loan application and amendment fees	250,000	500,000	75,000
Recovery (reimbursement) of Business support expenses from (to) the Province of Manitoba:			
Provision for (reversal of) doubtful loans receivable	136,183	699,031	(331,871)
Provision for (reversal of) loan guarantees (note 10)	—	—	(626,925)
	17,363,804	12,422,791	15,333,917
Expenses:			
Program administration	129,000	69,559	92,304
Loan restructuring expense (note 4)	—	—	4,479,607
Payment of Business Support interest on loans receivable to the Province of Manitoba	9,458,319	2,914,053	7,556,916
Provision for (reversal of) doubtful loans receivable	136,183	699,031	(331,871)
Provision for (reversal of) loan guarantees (note 10)	—	—	(626,925)
Program costs	—	—	626,925
Loan forgiveness	2,000,000	—	—
	11,723,502	3,682,643	11,796,956
Transfer from the Department of Business, Mining, Trade and Job Creation (note 4)	—	—	4,479,607
Annual surplus	5,640,302	8,740,148	8,016,568
Accumulated surplus, beginning of year		117,098,587	109,082,019
Accumulated surplus, end of year		\$ 125,838,735	\$ 117,098,587

The accompanying notes form an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION

Statement of Changes in Net Financial Assets

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Annual surplus	\$ 8,740,148	\$ 8,016,568
Net financial assets, beginning of year	117,098,587	109,082,019
Net financial assets, end of year	\$ 125,838,735	\$ 117,098,587

The accompanying notes form an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION

Statement of Cash Flows

Year ended March 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by:		
Operating activities:		
Annual surplus	\$ 8,740,148	\$ 8,016,568
Adjustments for:		
Provision for (reversal of) doubtful loans receivable	699,031	(331,871)
Provision for (reversal of) loan guarantees	—	(626,925)
Loan restructuring expense (note 4)	—	4,479,607
Deposit retentions	(2,950,880)	(2,850,765)
Transfer from the Department of Business, Mining, Trade and Job Creation (note 4)	—	(4,479,607)
Recovery of business support expenses to the Province of Manitoba	(699,031)	958,796
Change in non-cash operating working capital:		
Restricted funds	3,376,045	3,400,800
Accounts receivable	(284,026)	1,909,998
Loan interest receivable	1,774,619	(394,208)
Accounts payable and accrued liabilities	(13,265)	18,413
Net change in deposits payable	(425,165)	(550,035)
Net cash provided by operating activities	10,217,476	9,550,771
Investing activities:		
Loans receivable principal repayments	2,410,872	4,052,665
Loans receivable advanced	(10,750,000)	—
Purchase of portfolio investments	(564,904)	(539,087)
Redemption of portfolio investments	539,087	95,166,468
Net cash provided by (used in) investing activities	(8,364,945)	98,680,046
Financing activities:		
Funds received from (paid to) the Province of Manitoba for Business Support	6,622,632	(3,716,481)
Increase in cash and cash equivalents	8,475,163	104,514,336
Cash and cash equivalents, beginning of year	116,536,648	12,022,312
Cash and cash equivalents, end of year	\$ 125,011,811	\$ 116,536,648
Cash and cash equivalents consist of the following:		
Cash	\$ 15,019,144	\$ 14,689,854
Cash equivalents	109,992,667	101,846,794
	\$ 125,011,811	\$ 116,536,648
Supplementary information:		
Cash paid for interest	\$ 2,378,589	\$ 7,178,767
Cash received for interest	6,269,042	15,239,438

The accompanying notes form an integral part of these financial statements.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements

Year ended March 31, 2025

1. Nature of operations and economic dependence:

The Manitoba Development Corporation (the "Corporation") provides loans, guarantees and investments under the *Manitoba Development Corporation Act*. The objectives of the Corporation are to provide financial services and financial instruments on behalf of the Province of Manitoba to assist with economic development initiatives. There are three divisions administered by the Corporation: Business Support, the Business Investor Stream of the Provincial Nominee Program (PNP-B) and Manitoba Trade and Investment (MTI). Business Support administers the Manitoba Industrial Opportunities Program (MIOP), the Third-Party Investment Funds Program ("Investment Program") and other financial assistance ("Other Loans"). The PNP-B is a program for international entrepreneurs who wish to immigrate and establish a business in Manitoba. MTI delivers targeted programs and services to Manitoba small and medium sized enterprises to promote Manitoba as a destination for foreign direct investment.

The Province provides all financing for these initiatives and ultimately bears all costs, including any exposure for the financial assets due to interest rate fluctuations, changes to their fair value or credit risk relating to the realization of these assets. Losses are the responsibility of the Province and are charged directly against advances received from the Province.

The Corporation considers its capital to comprise its accumulated surplus (including share capital, restricted surplus and unrestricted surplus). There have been no changes to what the Corporation considers to be its capital since the previous period.

As a government enterprise, the Corporation's operations are reliant on revenues generated annually. The Corporation has accumulated retained earnings over its history, which is included in accumulated surplus in the statement of financial position. A portion of these funds is retained as working capital (current assets less current liabilities) which may be required from time to time due to timing delays in receiving its primary funding.

The Province of Manitoba has directed that the balance of restricted accumulated surplus for the year to be equal to three years' operating expenses of the PNP-B (based on the most recent year's actual expenses) plus 25 percent of the previous year's PNP-B deposit retentions. This is a reserve which is not available for distribution to the Province. Any excess beyond that amount, once it has been released by the Province, would then be transferred to unrestricted accumulated surplus. For the year ended March 31, 2025, the Corporation has complied with these restrictions.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies:

The Corporation's financial statements have been prepared by management in accordance with Canadian public sector accounting standards as defined by the Chartered Professional Accountants of Canada.

(a) Revenue recognition:

Income from deposit retentions is recognized when depositors fail to meet their agreement terms thereby forfeiting their deposits. Income from application processing fees is recognized as applications are processed. Interest income from portfolio investments and loans receivable is recognized on an accrual basis in the fiscal period in which it is earned.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with banks and short-term deposits with the Province of Manitoba and banks with maturities of three months or less.

(c) Financial instruments:

Financial instruments are recorded at fair value or exchange amount on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry any such group of financial instruments at fair value.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the effective interest method.

(d) Loans receivable under Business Support:

The Corporation maintains an allowance for loan impairment, which reduces the carrying value of loans receivable to their estimated realizable amounts. Estimated realizable amounts are determined with reference to the Corporation's historical loss experience on similar loans and estimates and assumptions regarding current market conditions, customer analysis and historical payment trends.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(d) Loans receivable under Business Support (continued):

Interest on loans is recorded as income on an accrual basis except for loans considered impaired. When a loan is classified as impaired, accrual of interest on the loan ceases.

Provisions are established for individual loans for which the estimated realizable amount is less than the carrying value. The amount of initial impairment and any subsequent changes are recorded through the provision for doubtful loans receivable as an adjustment of the provision.

(e) Portfolio investments:

Portfolio investments consist of term deposits and equity investments. The Corporation's investments in term deposits are recorded at cost.

The Corporation's equity investments related to share capital investments are recorded at cost and are accounted for using the cost method of accounting.

When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the provision for decline in value of investments.

(f) Restricted funds:

Restricted funds are deposits held under the PNP-B (note 8) and consist of balances with banks and term deposits with maturities of three months or less held with the Province of Manitoba. Term deposits are recorded at cost.

(g) Deferred revenue:

Deferred revenue represents funds received for specific projects for which expenditures will be incurred in future periods as well as fees received in advance of event days for specific trade projects.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

2. Significant accounting policies (continued):

(h) Government transfers:

Government transfers are recognized as expenses in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

(i) Guarantees:

The Corporation in the normal course of business, may provide a guarantee to honor repayment of debt or loans of an organization.

Guarantees by Corporation are made through specific agreements to repay promissory notes, banks loans, lines of credit, mortgages and other securities. The provision for losses on guaranteed loans is determined by a review of individual guarantees. A provision for losses on these guarantees is recorded when it is likely that a loss will occur. The amount of the loss provision represents management's best estimate of probable claims against the guarantees.

(j) Contributed services:

During the year, the Province of Manitoba provided office space and other administrative services to the Corporation at no cost. Because of the difficulty of estimating the fair value of such expenses, no contributed services are recognized in the financial statements.

(k) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant items subject to estimates and assumptions include the carrying amount of loans receivable and portfolio investments and provisions for losses on loan guarantees. Actual results could differ from those estimates.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

3. Accounts receivable:

	2025	2024
Accrued interest:		
PNP-B	\$ 306,643	\$ 513,028
Business support	2,481	25,225
Accounts receivable	515,637	2,482
	<u>\$ 824,761</u>	<u>\$ 540,735</u>

4. Loans receivable managed for the Province of Manitoba:

	2025	2024
Business support:		
Manitoba Industrial Opportunities Program	\$ 12,720,892	\$ 14,155,242
Other loans receivable	59,305,642	49,156,572
	<u>72,026,534</u>	<u>63,311,814</u>
Provision for doubtful loans receivable	(9,185,284)	(8,486,253)
	<u>\$ 62,841,250</u>	<u>\$ 54,825,561</u>

Loan principal is due as follows:

	MIOP	Other	Total
2026	\$ 2,263,448	\$ 881,592	\$ 3,145,040
2027	672,849	50,000,000	50,672,849
2028	672,849	1,075,000	1,747,849
2029	672,849	1,075,000	1,747,849
Subsequent to 2029	7,905,970	8,600,000	16,505,970
Accrued and capitalized interest	532,927	3,446	536,373
	<u>12,720,892</u>	<u>61,635,038</u>	<u>74,355,930</u>
Provision for doubtful loans receivable	(3,110,284)	(6,075,000)	(9,185,284)
Remaining loan discount	—	(2,329,396)	(2,329,396)
	<u>\$ 9,610,608</u>	<u>\$ 53,230,642</u>	<u>\$ 62,841,250</u>

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

4. Loans receivable managed for the Province of Manitoba (continued):

Manitoba Industrial Opportunities Program

The Manitoba Industrial Opportunities Program (MIOP) provides repayable, secured loans for businesses that undertake significant investment in fixed assets and/or create jobs.

Interest rates charged for MIOP loans are fixed in reference to the Corporation's cost of borrowing from the Province of Manitoba at the time of the first disbursement of the loan proceeds to the debtor. In some cases, per the terms of individual loan agreements, interest rates may be adjusted during the term of the loan based on the Corporation's cost of borrowing from the Province of Manitoba at a date(s) specified in the loan agreement. In certain cases, the Corporation, under the direction of the Province of Manitoba, may charge interest rates which are less than its cost of borrowing to encourage investment and job creation in Manitoba, but this has not happened since 2003. In other cases, the Corporation charges rates in excess of its cost of borrowing to reflect risk conditions.

Interest rates charged on MIOP loans are as follows:

	2025	2024
Greater than nil, less than 5%	\$ 1,590,599	\$ 1,830,599
5% or greater, less than 6%	10,597,366	11,682,815
Accrued and capitalized interest	532,927	641,828
	12,720,892	14,155,242
Provision for doubtful loans receivable	(3,110,284)	(3,486,253)
	\$ 9,610,608	\$ 10,668,989

When possible, the Corporation obtains various forms of security on the MIOP loans and other loans with priority ranking subject to any prior existing charges.

Capitalized interest for MIOP loan at March 31, 2025 is \$473,970 (2024 - \$575,720). During the year ended March 31, 2025, \$101,750 (2024 - \$407,422) was paid and nil (2024 - \$132,826) was written-off. \$473,970 of the capitalized interest is due in fiscal 2026.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

4. Loans receivable managed for the Province of Manitoba (continued):

Other Loans Receivable

The Corporation provides other loans as directed by the Department of Business, Mining, Trade and Job Creation.

During the year ended March 31, 2024, an interest-bearing loan was restructured to a non-interest-bearing loan. As a result of this concession, the loan was measured at its present value using a discount rate of 4.80 percent. The difference between the face value of the loan of \$50,000,000 and its present value of \$45,520,393 was recognized as a grant and \$4,479,607 was expensed in the statement of operations and accumulated surplus.

The loan discount will be amortized to revenue over the term of the loan to April 30, 2026. Interest of \$2,150,211 was recognized for the year ended March 31, 2025, increasing the amount of the loan receivable to \$47,670,604 at March 31, 2025.

\$4,479,607 was transferred by the Department of Business, Mining, Trade and Job Creation to the Province of Manitoba on behalf of the Corporation to repay the amount of the grant and is a non-cash transaction in the statement of cash flows. As a result, the Corporation is no longer required to pay interest to the Province of Manitoba related to these funds provided and is required to repay the face value of \$50,000,000 on maturity on April 30, 2026. Interest expense of \$2,150,211 was recognized for the year ended March 31, 2025, increasing the amount payable to the Province of Manitoba to \$47,670,604.

During the year ended March 31, 2025, the Corporation advanced an interest-bearing loan in the amount of \$10,750,000 which bears interest at a fixed rate of 3.9 percent with provision for an increase in the interest rate depending on job targets identified in the loan agreement. Under the terms of the loan agreement, principal payments were deferred for the first two years with the first principal payment scheduled in April 2027 and continuing until the loan receivable's maturity in 2037. At March 31, 2025 the loan advance is in escrow and the funds will be released to the borrower once the conditions of the escrow agreement are satisfied.

The remaining other loan receivable has a balance of \$881,592 (2024 - \$1,967,015) at March 31, 2025, is non-interest bearing and has no set terms of repayment.

For other loans receivable, the Corporation charges interest based on Crown borrowing rates which are negotiated separately for each loan. On rare occasions, the Corporation may be directed by the Province through the Department of Business, Mining, Trade and Job Creation to suspend interest collection on loans for a prescribed period.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

5. Portfolio investments:

Portfolio investments are comprised of the following:

	2025	2024
Term deposits	\$ 564,904	\$ 539,087

The term deposits, which are included in MTI, bear interest at 4.75 percent (2024 - 4.65 percent) and mature in March 2026 (2024 - March 2025). Fair values approximate cost. Interest earned on term deposits for the year ended March 31, 2025 totaled \$25,817 (2024 - \$23,828).

Equity investments managed for the Province of Manitoba included in Business Support consist of the following:

	2025	2024
CentreStone Ventures Limited Partnership	\$ 3,408,522	\$ 3,408,522
Manitoba Innovation Growth Sidecar Fund:		
Cubresa Inc.	—	—
Librestream Technologies Inc.	—	—
	3,408,522	3,408,522
Provision for decline in value of investments	(3,408,522)	(3,408,522)
	\$ —	\$ —

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

6. Deferred revenue:

	2025	2024
Business Support		
Manitoba Hydro funding (shallow unconventional shale gas project)	\$ 4,241	\$ 4,241
Other unearned project receipts	9,705	9,705
Deferred revenue	\$ 13,946	\$ 13,946

7. Operating advance payable:

The Corporation has a \$500,000 (2024 - \$500,000) non-interest-bearing working capital advance from the Province of Manitoba for MTI. The advance is payable on demand.

8. Restricted funds and deposits payable:

As at March 31, 2025 restricted funds held under the PNP-B and invested with a Schedule I chartered bank and the Province of Manitoba were as follows:

	2025	2024
Cash and cash equivalents with a chartered bank	\$ 1,921,584	\$ 2,346,749
Amounts invested with the Minister of Finance	1,809,676	4,760,556
	\$ 3,731,260	\$ 7,107,305

As at March 31, deposits payable under the PNP-B were as follows:

	2025	2024
Deposits payable	\$ 3,731,260	\$ 7,107,305

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

8. Restricted funds and deposits payable (continued):

The Corporation, the Department of Business, Mining, Trade and Job Creation and the Department of Labour and Immigration operate a program known as the Business Investor Stream of the Provincial Nominee Program (formerly the Provincial Nominee Program for Business) (PNP-B). The PNP-B offers individuals who wish to immigrate to Manitoba to establish and operate a business, the opportunity to obtain a provincial Nomination Certificate. During the 2003 fiscal year, the Corporation began entering into agreements with qualified individuals whereby the immigrants committed to invest specified amounts to establish approved businesses in Manitoba within a specified period of time after landing in Canada.

As evidence of their commitment, upon approval immigrants were required to deposit \$100,000 (or \$75,000 under the Farm Strategic Recruitment Initiative) with the Corporation prior to receiving the Nomination Certificate. These deposits are held by the Corporation and are refundable to the immigrants based on the satisfaction of the conditions set out in the deposit agreements. The final decision as to admission to Canada for Permanent Residence is made by the Government of Canada. If a nominee is not granted a Permanent Resident visa by the Government of Canada, the Corporation refunds the deposit. The Corporation invests the deposits, retains all interest income earned on the deposits and, should immigrants fail to satisfy the conditions of the agreements, the Corporation also has the right, under the agreements, to retain the deposits.

In 2014, several changes were introduced to the PNP-B. The deposit for the PNP-B was raised to \$100,000 from \$75,000. The Young Farmer Program was replaced by a Farm Strategic Recruitment Initiative (FSRI) which is a special rural economic initiative under the auspices of the PNP-B.

Approved immigrants under the FSRI are required to deposit \$75,000 with the Corporation. Under both the PNP-B and the FSRI, a non-refundable application processing fee of \$2,500 was introduced. Total application processing fees collected during the year were \$69,600 (2024 - \$37,508).

In November 2017, further changes were introduced to the PNP-B. Application processing fees will continue to be collected; however, they will not be administered by the Corporation. Also, the PNP-B now has two pathways:

- The Entrepreneur Pathway, for applicants seeking to open a business in Manitoba; and
- The Farm Investor Pathway, for those intending to operate a farm operation in rural Manitoba.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

8. Restricted funds and deposits payable (continued):

After November 2017, new business investors under the Entrepreneur Pathway are not required to submit a deposit or enter into an agreement with the Corporation. As of March 31, 2024, the PNP-B continues to process a backlog of applications submitted prior to November 2017; however, once this backlog is cleared, there will be no further application fees received and deposits will only be received from individuals under the Farm Investor Pathway (which replaced the FSRI).

9. Accumulated surplus:

Accumulated surplus is made up of the following:

				2025	2024
	PNP-B	Business support	MTI		
Unrestricted surplus	\$ 118,015,328	\$ 6,527,245	\$ 526,650	\$ 125,069,223	\$ 116,348,231
Restricted surplus	768,512	—	—	768,512	749,356
Share capital	—	1,000	—	1,000	1,000
	\$ 118,783,840	\$ 6,528,245	\$ 526,650	\$ 125,838,735	\$ 117,098,587

10. Contingencies:

The Corporation has guaranteed the repayment of debt, bank loans and lines of credit held by others. Debt guaranteed by Corporation is guaranteed, as to principal and interest, until the debt is matured or redeemed.

At the beginning of fiscal 2024, the Corporation had guaranteed the loans held by 2 other entities. The authorized limits of the loan guarantees ranged from \$2,000,000 to \$25,000,000. During the year ended March 31, 2024, the principal amount of the debt related to the guarantees was repaid.

At March 31, 2024, a reversal of future losses on guarantees in the amount of \$626,925 was recognized.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

11. Commitments:

Commitments and undisbursed balances of approved loans and equity investments:

	2025	2024
Manitoba Industrial Opportunities Program	\$ 3,475,000	\$ 3,475,000
CentreStone Ventures Limited Partnership	1,381,525	1,381,525
	<u>\$ 4,856,525</u>	<u>\$ 4,856,525</u>

12. Related party transactions:

The Corporation is related in terms of common ownership to all Province of Manitoba created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. These transactions are recorded at the exchange amount.

13. Financial risks and concentration of risk:

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument fails to discharge an obligation and causes financial loss to another party. Financial instruments that potentially subject the Corporation to credit risk consist principally of cash and cash equivalents, portfolio investments, accounts receivable, loans receivable and trust funds.

The maximum exposure of the Corporation to credit risk at March 31 is:

	2025	2024
Cash and cash equivalents	\$ 125,011,811	\$ 116,536,648
Accounts receivable	824,761	540,735
Loans receivable	62,841,250	54,825,561
Portfolio investments	564,904	539,087
Restricted funds	3,731,260	7,107,305
	<u>\$ 192,973,986</u>	<u>\$ 179,549,336</u>

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

13. Financial risks and concentration of risk (continued):

(i) Credit risk (continued):

Cash and cash equivalents and restricted funds: the Corporation is not exposed to significant credit risk as the cash and cash equivalents and restricted funds are primarily held by the Minister of Finance and with a Schedule 1 Canadian chartered bank.

Accounts receivable, other receivable, loans receivable and portfolio investments: the Corporation establishes an allowance that represents its estimate of potentially uncollectible loans and recoverable portfolio investments. The provision for doubtful loans receivable is determined with reference to the Corporation's historical loss experience on similar loans and management's estimates and assumptions regarding current market conditions, customer analysis and historical payment trends. These factors are considered when determining whether past due accounts are allowed for or written off. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss in the provision for decline in value of estimates.

Management of credit risk is an integral part of the Corporation's activities with careful monitoring and appropriate remedial actions being taken.

Management has determined that the provision required for loans receivable as at March 31, 2025 is \$9,185,284 (2024 - \$8,486,253).

Management has determined that the provision required for portfolio investments as at March 31, 2025 is \$3,408,522 (2024 - \$3,408,522).

(ii) Interest rate risk:

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest rate exposure relates to term deposits with the Minister of Finance and a Schedule I Canadian chartered bank. The term deposits are interest bearing with short terms to maturity. As the term deposits are normally held to maturity, changes in interest rates do not affect their value.

MANITOBA DEVELOPMENT CORPORATION

Notes to Financial Statements (continued)

Year ended March 31, 2025

13. Financial risks and concentration of risk (continued):

(iii) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they come due.

The Corporation manages liquidity risk by maintaining adequate cash balances and by review from the Province of Manitoba to ensure adequate funding will be received to meet the obligations. Funds provided by the Province of Manitoba have a direct correlation to the loans receivable and equity investments as funds borrowed are used for these purposes. Funding is provided by the Province of Manitoba for the full amount of loans receivable and equity investments that are written off. Subsequently, the Corporation has minimal liquidity risk on its loans receivable and equity investments in respect of funds provided by the Province of Manitoba.

There have been no significant changes to the Corporation's exposure to financial risks, concentration of risk in how they arise nor how risks are managed since the previous period.

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - PNP-B

Schedule A

Year ended March 31, 2025, with comparative information for 2024

	Budget	2025	2024
Income:			
Interest income from portfolio investments	\$ —	\$ —	\$ 1,705,486
Interest income	5,342,348	4,943,103	3,608,451
Deposit retentions	1,675,000	2,950,880	2,850,765
Application processing fees	125,000	69,600	37,508
	7,142,348	7,963,583	8,202,210
Expenses:			
Program administration	7,250	10,264	12,222
Annual surplus	7,135,098	7,953,319	8,189,988
Accumulated surplus, beginning of year		110,830,521	102,640,533
Accumulated surplus, end of year		\$ 118,783,840	\$ 110,830,521

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - Business Support

Schedule B

Year ended March 31, 2025, with comparative information for 2024

	Budget	2025	2024
Income:			
Interest income	\$ 9,811,056	\$ 3,234,360	\$ 7,991,675
Recovery (reimbursement) of Business Support expenses from (to) the Province of Manitoba:			
Provision for (reversal of) doubtful loans receivable	136,183	699,031	(331,871)
Provision for loan guarantees	—	—	(626,925)
Loan application and amendment fees	250,000	500,000	75,000
	1,0197,239	4,433,391	7,107,879
Expenses:			
Program administration	118,125	55,021	75,905
Loan restructuring expense (note 4)	—	—	4,479,607
Payment of Business Support interest on loans receivable to the Province of Manitoba	9,458,319	2,914,053	7,556,916
Provision for (reversal of) doubtful loans receivable	136,183	699,031	(331,871)
Provision for loan guarantees	—	—	(626,925)
Program costs	—	—	626,925
Loan forgiveness	2,000,000	—	—
	11,712,627	3,668,105	11,780,557
Transfer from the Department of Business, Mining, Trade and Job Creation (note 4)	—	—	4,479,607
Annual surplus (deficit)	(1,515,388)	765,286	(193,071)
Accumulated surplus, beginning of year		5,762,959	5,956,030
Accumulated surplus, end of year		\$ 6,528,245	\$ 5,762,959

MANITOBA DEVELOPMENT CORPORATION

Schedule of Operations and Accumulated Surplus - MTI

Schedule C

Year ended March 31, 2025, with comparative information for 2024

	Budget	2025	2024
Income:			
Income from portfolio investments	\$ 24,217	\$ 25,817	\$ 23,828
Expenses:			
Program administration	3,625	4,274	4,177
Annual surplus	20,592	21,543	19,651
Accumulated surplus, beginning of year		505,107	485,456
Accumulated surplus, end of year		\$ 526,650	\$ 505,107