

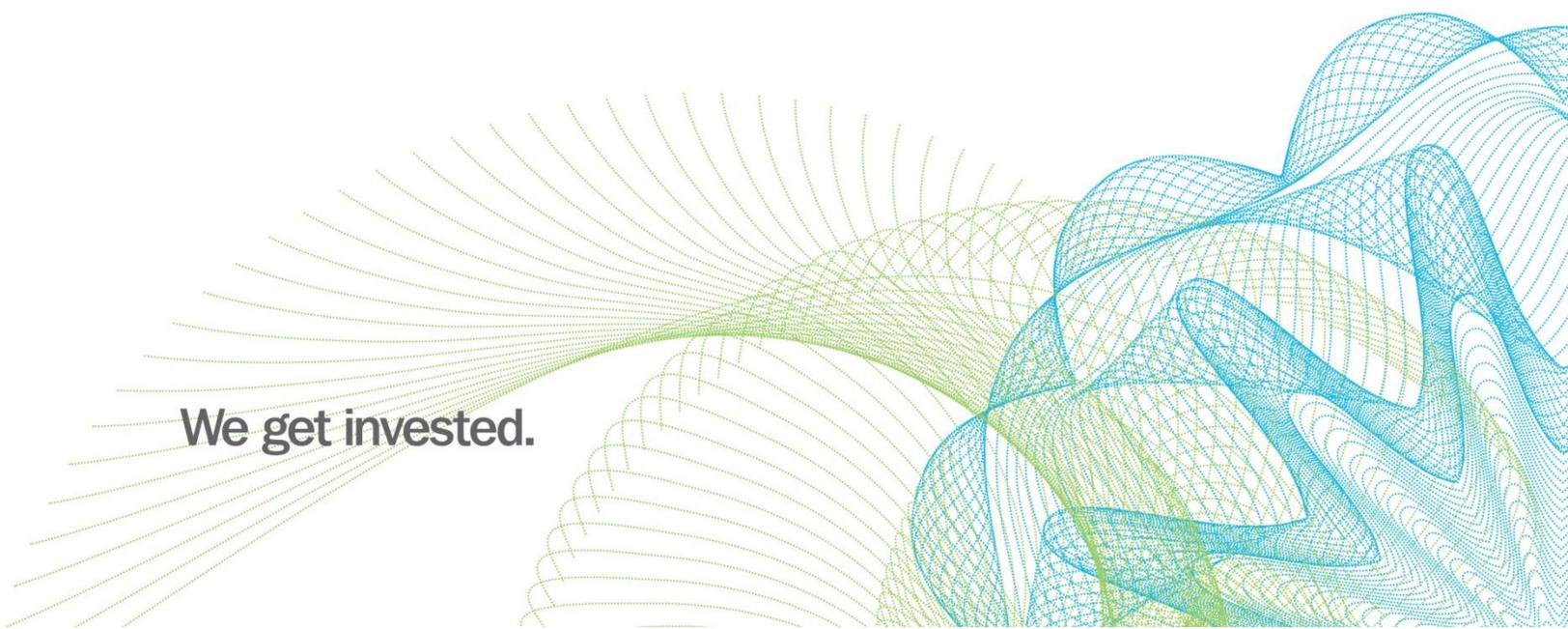
BUSINESS PLAN

2022-2023

innovacorp

EARLY STAGE VENTURE CAPITAL

We get invested.



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Message from the Board Chair

Innovacorp and its clients celebrated many milestones last year. Our start-ups advanced new products, broke into new markets around the globe, recruited the talent they need, and secured their next rounds of financing. For example, our portfolio company CarbonCure Technologies was a co-winner of a US\$20-million global competition to find the world's best technologies that convert carbon dioxide into high-value products. One of our incubation graduates, battery materials innovator Novonix, secured a blockbuster US\$150-million investment from a Texas energy giant.

The achievement that stands out the most, however, was when our portfolio company META became Atlantic Canada's first publicly traded "unicorn," a start-up valued at more than \$1 billion.

Innovacorp intends to continue helping build high potential Nova Scotia start-ups like META that strive to change the world.

The \$101-million gain on Innovacorp's investment in META is a big deal, but the outcome is also a story about a Nova Scotia company bringing a disruptive new technology to the world. It is a story of ongoing economic impact as the company continues to grow, work on new applications of its advanced materials that alter light, hire more people, and build a large new facility in our province. It is a story about how the expertise and capital gained from META's journey so far is being used to support and inspire other start-up founders.

The META story is also evidence that Nova Scotia's support of start-ups through Innovacorp works. Not only did the Innovacorp team make a prudent venture capital investment in META, but it also provided valuable incubation space and services. Innovacorp played a vital role in META's launch and growth.

We look forward to helping build other start-up success stories like META's and having a significant positive impact on Nova Scotia's economy. The following pages outline our 2022-2023 plans towards that goal.

As you read our plan, you will see our work is well aligned with the Government of Nova Scotia's focus on encouraging innovation-driven, green and sustainable businesses to establish or relocate in Nova Scotia, as well as its aim to provide those companies with access to financing. We are focused on deep technology start-ups with high-growth potential. Our clients are developing solutions for large, globally relevant problems such as climate change – and they're helping transform the Nova Scotia economy in 2022-2023 and for the future.

Sincerely,

Nicole LeBlanc
Board Chair, Innovacorp

Innovacorp’s Purpose and Strategic Approach

Innovacorp is Nova Scotia's early stage venture capital organization.

Our **vision** is that Atlantic Canada will be among the top 10 start-up ecosystems in the world.

Our **mission** is to find, fund and foster innovative Nova Scotia start-ups that strive to change the world.

Innovacorp is focused on start-ups in clean technology (i.e., low-carbon products and processes for all sectors), life sciences (e.g., medical devices, digital health, therapeutics), information technology, and ocean technology. Our clients are developing technologies that will help Nova Scotia become a leader in addressing some of the world’s biggest challenges – from climate change, to ocean and food sustainability, to human health.



Find

Through our *find* activities, we seek to uncover, encourage and assist promising new technology-focused entrepreneurs from across Nova Scotia. We also hunt for research with commercial potential at the province’s universities and colleges and attract immigrant entrepreneurs.

Fund

Early stage investment is at the core of our business model. For Innovacorp, *fund* refers to the equity investments we make through our Nova Scotia First Fund and our investments in privately managed funds. Venture capital-backed start-ups typically have a greater economic impact than their non-backed peers and demonstrate stronger growth in employment and innovation. Innovacorp is ultimately driven, however, by generating financial returns on its fund. We also leverage our dollars with other venture capital and angel co-investors, to attract new capital and expertise for the region.

Foster

Our *foster* work happens at a variety of stages during a start-up’s lifecycle. At the earliest stages, our support sometimes comes in the form of information-rich workshops on business fundamentals for winners in our start-up competitions. For more advanced start-ups, we offer acceleration programs to help them become investment-ready. Our incubation facility residents benefit from infrastructure, onsite services, and a supportive entrepreneurial environment, unlike what they would find in the commercial real estate market. Our portfolio companies benefit from tailored services that address their individual operational, technical and strategic needs.

2022-2023 Priorities and Activities

This business plan outlines how Innovacorp will support government's priorities, including specific action items in the Minister's mandate letter related to encouraging innovation-driven, green and sustainable businesses to establish or relocate in Nova Scotia, and providing those companies with access to financing.

Innovacorp finds, funds and fosters Nova Scotia start-ups through three main interdependent areas of activity: **venture capital investment**, **incubation facilities**, and **acceleration initiatives**. Below we summarize our work along those three areas and a few of the year's special strategic initiatives.

Investment

Innovacorp's venture capital fund, the Nova Scotia First Fund, helps ensure early stage, high-growth start-ups, get access to the capital they need to grow and raise additional dollars from private investors. Innovacorp's fund fills a market gap, providing dollars that start-ups could not otherwise access, due to their early stage and high-risk nature, as well as the relatively low level of private venture capital available in the province.

In 2022-2023, Innovacorp will focus on:

- making **venture capital investments** in early stage Nova Scotia technology companies with high-growth potential;
- **leveraging its investments** through co-investors, with an emphasis on venture capital partners from outside Nova Scotia; and
- **generating a return** for Nova Scotia on its venture capital investments.

Incubation

Innovacorp manages three incubation facilities that are premier destinations for early stage companies in Nova Scotia's strategic growth sectors. The Labs at Innovacorp focuses on companies in the life sciences industry; The Bays at Innovacorp targets companies in clean technology and other knowledge-based sectors; and Start-Up Yard at COVE is for ocean technology ventures.

These facilities offer lab, office and light-industrial space and infrastructure unavailable in the commercial real estate market, as well as flexible leasing, on-site support, programming, and a community of like-minded people.

In 2022-2023, Innovacorp will focus on:

- providing **incubation infrastructure and services** through our three sites.

Acceleration

Innovacorp's acceleration activities build and strengthen the pipeline of investment-grade start-ups in Nova Scotia. Ideally these companies will also become prospects for Innovacorp's venture capital fund or the private sector funds in our region.

Often delivered after a competitive process to identify participants, the activities provide financial and non-financial support such as education, mentoring and expert guidance, to start-ups from idea stage to a Series A financing round. While the funding is needed to help emerging companies hit early technical and business milestones, the non-financial support is also critical and highly valued by founders. Many start-ups are led by technical experts who lack the business acumen to understand commercial opportunities, complete proper customer discovery, determine a relevant business model, attract needed talent, take a product to market, etc. Innovacorp's programs help fill those gaps in expertise and provide non-dilutive funding towards the company's milestones. These are dollars that a pre-revenue company is not earning and could not access through a bank.

In 2022-2023, Innovacorp will focus on:

- finding and supporting high-potential new technology companies and encouraging entrepreneurial activity across Nova Scotia, primarily through **start-up competitions, initiatives to help move post-secondary research to market, and our Start-Up Visa Program;**
- delivering **acceleration programs and expert guidance** for start-ups approaching investment readiness, providing access to world-class expert advice, workshops, incubation facilities and services, financial support and other resources; and
- enhancing **support for our highest potential portfolio companies**, addressing their individual operational, technical and strategic needs.

Strategic Initiatives

Innovacorp's focus is on building individual Nova Scotia start-ups with high-growth potential. However, the organization is also driven to help create a world-class ecosystem for start-ups in general. To that end, Innovacorp works collectively with private and public organizations to increase the capital, expertise and other resources available for start-ups; attract high-growth technology companies to the province; enhance the business climate for start-ups and investors; and help make the start-up community more inclusive of all Nova Scotians.

In 2022-2023, Innovacorp will focus on:

- identifying opportunities for the **Nova Scotia First Fund** to continue to support government priorities;
- growing the amount of capital available for the **clean technology sectors;**

- playing an active role in the **Ocean Start-Up Project (OSP)**, which is a co-funded, pan-Atlantic collaboration to double the number of high-quality, ocean technology start-ups; and
- working with sister crown corporations (i.e., Develop Nova Scotia, Events East and NSBI), and other parties to **identify, prevent and eliminate barriers to people with disabilities** our programs, services, initiatives and facilities.

Performance Indicators 2022-2023

Below are the performance targets for Innovacorp’s 2022-2023 work outlined above.

Performance Indicators	2022-2023 Target
Investment	
Number of Innovacorp investments	12
Amount invested by Innovacorp	\$4 million
Amount raised by portfolio companies	\$70 million
TVPI ratio (total value to paid-in capital)	3.0
Number of portfolio companies that raise Series A investment	2
Incubation	
Occupancy rate at facilities (The Labs and The Bays at Innovacorp)	85%
Occupancy rate of companies that are venture-grade at The Labs and The Bays	50%
Acceleration	
Number of new early stage opportunities in Innovacorp’s client pipeline	250
Number of client companies that raise angel investment	10

Budget Context

Innovacorp is committed to achieving its financial targets. To this end, the organization works with the Government of Nova Scotia and partner agencies to strategically leverage its assets in support of innovation and economic development initiatives.

	Estimate 2021-2022 (\$)	Forecast 2021-2022 (\$)	Estimate 2022-2023 (\$)
Revenue			
Provincial funding	9,054,000	8,999,000	9,145,000
Other provincial funding	94,000	94,000	183,000
Incubation	1,215,000	1,215,000	1,367,000
Acceleration	918,000	918,000	368,000
Corporate Services	26,000	71,000	24,000
	11,307,000	11,297,000	11,087,000
Expenses			
Incubation	2,776,000	2,779,000	2,827,000
Investment	1,116,000	1,088,000	1,235,000
Acceleration	4,511,000	4,497,000	3,953,000
Corporate Services	2,904,000	2,933,000	3,072,000
	11,307,000	11,297,000	11,087,000
Surplus before non-operating items	-	-	-
Other income (expense)			
Impairment on investments and loans receivable	(500,000)	(500,000)	(500,000)
Realized gains on investments	-	101,001,000	2,000
Transfer to the province	-	(100,961,000)	-
Depreciation	(399,000)	(399,000)	(432,000)
Amortization of deferred capital funding	147,000	147,000	147,000
Deficit	(752,000)	(712,000)	(783,000)

Revenue

Provincial funding 2022-2023 estimate is \$91,000 higher than the 2021-2022 estimate due to \$91,000 in new funding for salary increases.

Other provincial funding 2022-2023 estimate is \$89,000 higher than the 2021-2022 estimate due to increased funding from the Department of Economic Development for the Ocean Start-Up Project.

Incubation 2022-2023 estimate is \$152,000 higher than the 2021-2022 estimate primarily due to an increase in client revenue at the incubation facilities.

Acceleration 2022-2023 estimate is \$550,000 lower than the 2021-2022 estimate primarily due to the transfer of Nova Scotia Makerspace and its funding to Navigate Startup House and a decrease in funding for the Ocean Start-Up Project.

Corporate Services 2022-2023 estimate is \$2,000 lower than the 2021-2022 estimate.

Expenses

Incubation 2022-2023 estimate is \$51,000 higher than the 2021-2022 estimate primarily due to an increase in rent expense and maintenance work done for clients.

Investment 2022-23 estimate is \$119,000 higher than the 2021-2022 estimate primarily due to an additional staff member.

Acceleration 2022-2023 estimate is \$558,000 lower than the 2021-2022 estimate primarily due to the transfer of Nova Scotia Makerspace to Navigate Startup House.

Corporate Services 2022-2023 estimate is \$168,000 higher than the 2021-2022 estimate primarily due to an increase in insurance and consulting costs.

Depreciation 2022-2023 estimate is \$33,000 higher than the 2021-2022 estimate primarily due to forecasted capital spend.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

- [Innovacorp Board of Directors](#)
- [Innovacorp Senior Management Team](#)

Organizational Overview

- [Innovation Corporation Act](#)
- [Vision and Mission](#)

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