



Annual Report 2020-2021



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MESSAGE FROM THE

Board Chair and President & CEO



The COVID-19 pandemic affected every Nova Scotian and business in 2020-2021, causing considerable challenges for many, yet providing opportunity for some sectors of our economy.

Our province exhibited remarkable resilience and tenacity as we navigated through the impacts of travel and public health restrictions. As we look back on 2020-2021, we know we laid the foundation for building back a better Nova Scotia.

Through our newly enhanced and streamlined Export Growth Program, NSBI provided critical market intelligence, supported businesses to connect with customers, partners and investors in global markets, and ensured they were able to access the expertise they needed to break down barriers to global growth.

COVID-19 accelerated the need for digital solutions to do business – both within our province and outside our borders. As a result, NSBI provided funding and training to ensure our companies kept pace with online opportunities for growth, and we narrowed the digital divide by supporting businesses to connect, invest, and improve e-commerce solutions.

Supporting companies across our province to make necessary capital investments to improve productivity and drive innovation was another key focus for us, as our Small Medium Enterprise Innovation Rebate Program served to fill a key funding gap.

Beyond the pandemic

Many across our province were displaced from work last year and continue to be displaced during 2021. NSBI remains committed to our role in working with companies in all regions to grow and create jobs for current and new Nova Scotians.

NSBI continues working with Nova Scotia companies that are retooling, launching new products, and adapting to e-commerce. It is imperative that we maintain momentum and see more companies able to join in.

Helping businesses make the leap to more digital, research and development (R&D), and automation investments will be key to future success.

NSBI will continue to build and refine our programs and digital tools to help companies improve their online presence, resilience and flexibility, and to attract investment and skilled workers to Nova Scotia.

To do that, we will need to deepen our expertise, broaden and expand our reach to ensure that our programs and services are inclusive, constantly adapting and pivoting to changing realities, and listening to our clients so we can better support them and in turn drive positive economic momentum in our province.

NSBI is proud to be aligned to deliver on the Province of Nova Scotia's vision to achieve inclusive, sustainable economic growth. We know that the path to a sustainable economy must include rebuilding with an eye to export expansion.

There is an opportunity to rebuild a better Nova Scotia: a Nova Scotia that is more inclusive, more innovative, and more sustainable.

NSBI's Board, Management, and its employees will continue our efforts to work with companies in all regions to regroup, grow, be more globally competitive, and attach Nova Scotians to meaningful employment opportunities.

The road to recovery will not be easy, but we are committed to working towards a thriving economy for all Nova Scotians.

Marie Mullally
Board Chair

Laurel Broten
President & CEO



Board of Directors

AND COMMITTEES

Marie Mullally, Board Chair

Appointed Director, December 2014

Human Resources Governance Committee

CUA, President & CEO

Nova Scotia Gaming Corporation, Former President & CEO

Halifax International Airport Authority, Former Chair

Tom Hickey, Board Vice-Chair

Appointed Director, December 2015

Investment Attraction Committee, Chair

T. Hickey Enterprises, President & CEO

Atlantic Road Construction, CEO

Atl-Refac Ltd., Board Chair

Frontline Asphalt Ltd., CEO

Nova Paving Ltd., Board Chair

Iconic Brewing Co., Former Board Chair

Brenda Belliveau, CPA, CA

Appointed Director, September 2016

Audit Committee, Chair

PwC Canada, National Tax Services Leader

Mount Saint Vincent University, Former Board of Governors

Paul Belliveau, FCPA, FCA

Appointed Director, February 2013

Human Resources Governance Committee, Chair

Belliveau Veinotte Inc., Partner

The AC Group of Independent Accounting Firms Ltd.,
Executive Officer

Bridgewater Development Association, Former Chair

Lunenburg County Lifestyle Centre, Former Chair

Now Lunenburg County, Former Board of Directors

Rhiannon Davies

Appointed Director, October 2020

Human Resources Governance Committee

Sandpiper Ventures, Founding and Managing Partner

Volta Labs, Board of Directors

Coloursmith Labs, Board Chair

Emera IdeaHub, Advisory Board

GrandVision N.V., Former Chief Operating Officer

Wadih Fares

Appointed Director, October 2020

Investment Attraction Committee

W.M. Fares Group, President & CEO

Honorary Consul of Lebanon for the Maritime Provinces

Canadian Lebanese Chamber of Commerce,
Founder and Honorary Member

Pier 21 Society, Former Chairman

Dalhousie University, Former Board of Governors

David Graham

Appointed Director, February 2020

Human Resources Governance Committee

Atlantic Developments Inc., President

Crombie REIT, Former Trustee

Urban Development Institute of Nova Scotia, Board Member

The Coady International Institute Capital Campaign Leadership
Team, Former Member

The MacPhee Centre for Creative Learning, Co-Founder, Advisory
Board Member and Former Board Chair

Jeff MacLean

Appointed Director, January 2020

Investment Attraction Committee

Senior VP, The Shaw Group

Michelin North America (Canada) Inc., Former President

Canadian Concrete Masonry Producers Association, Board Member

Special Olympics of Nova Scotia, Former Board Member

Run Against Racism, Former Board Member

Danielle Patterson

Appointed Director, October 2020

Audit Committee

Anchored Ideas Ltd, Partner

Devantec IT & Security, Partner

Cape Breton Transition House Foundation,
Former Board Member

Shaq Smith

Appointed Director, June 2020

Audit Committee

Senior Consultant, Venor

The Futures Program, Founder

Nova Scotia Education and Early Childhood Development,
Panel Member

Business is Jammin', Former Board Member

Committee Information

Audit Committee

Brenda Belliveau, Chair
Danielle Patterson
Shaq Smith

The Audit Committee oversees NSBI's financial reporting, assesses its internal controls and risk environment, and reviews the audit report prepared by NSBI's external auditor.

Human Resources Governance Committee

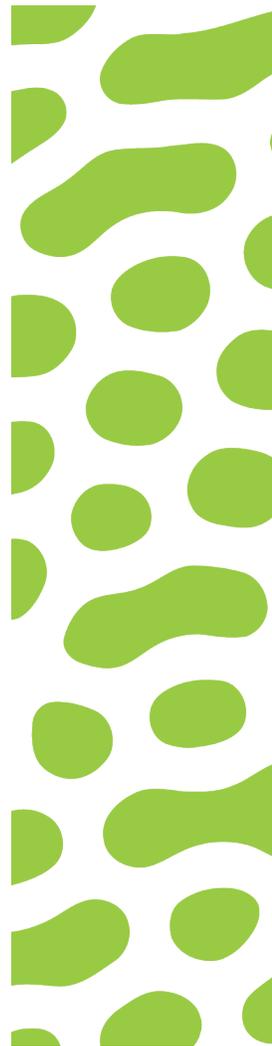
Paul Belliveau, Chair
Rhiannon Davies
David Graham
Marie Mullally

The Human Resources Governance Committee ensures that the necessary policies are in place for the effective management of NSBI's human resources, provides oversight in relation to NSBI's employee compensation framework, including executive compensation and develops and monitors the Board's approach to corporate governance.

Investment Attraction Committee

Tom Hickey, Chair
Wadih Fares
Jeff MacLean

The Investment Attraction Committee provides stewardship and oversight to NSBI's business development incentive framework, activities and guidelines. The Committee provides oversight and guidance to management in the development and implementation of strategic initiatives, new tools and incentives to drive business development activity, foster economic growth and increase prosperity in the province.



NSBI

By The Numbers



Digital Adoption Program
applications approved
for **\$2.4M**



increase in actual export sales
of clients that participated in
our **Export Programming**



approved through
**Small Medium
Enterprise IRP** to
support investments
made by **10 companies**
in adopting new
technologies and
business processes



approved for **58 R&D projects**
through the **Productivity &
Innovation Voucher Program**

**Nova Scotia Film
and Television
Production
Incentive Fund**

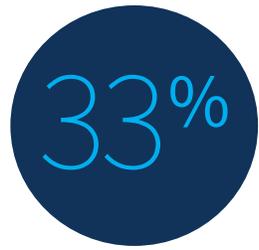


productions approved!



new exporters!

20 within high potential clusters
(ICT, Oceans, Seafood & Agri-food)



of clients diversified to **at least one additional export market**



increase in **Business Expenditures in R&D** among NSBI clients



committed to employment income through **payroll rebate transactions**

INCREASE OF



in **actual export sales** by clients in high potential clusters



claims processed in Fiscal 2020-21 (compared to 552 in 2019-20!)



connections made to businesses for professional advice **to adopt technology, adapt to, and recover from the impacts of COVID-19**, or grow through exports



PROGRAM FUNDING

Export Growth Program (EGP)

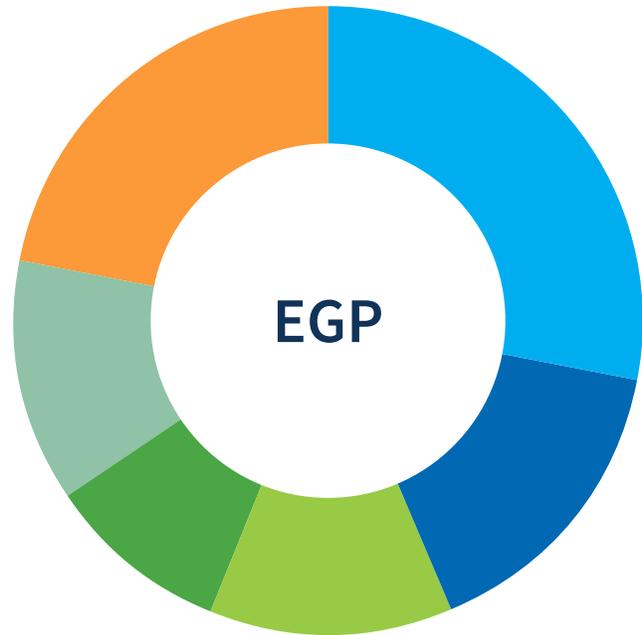
32* Approved Applications

Total Approved Funding

\$150,935

Sectors

- ICT (inc. Digital Media): 9
- Business Services: 5
- Agri-food: 4
- Life Sciences: 4
- Manufacturing: 3
- Other**: 7



* NSBI disbursed funds of \$53,388 on 25 EGP applications in 2020-2021. It includes 4 projects approved for Hosting Virtual Trade Missions, totaling \$51,965 (\$37,470 was disbursed in 2020-2021).

** Other sectors include: Film Production, Aerospace & Defence, Fish & Seafood, Mining & Mineral Products; and Travel & Accommodation.

Business Development Program (BDP)

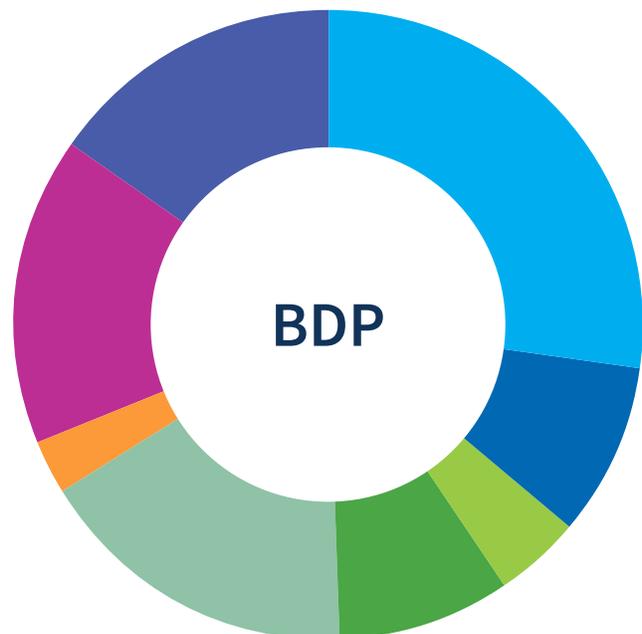
113* Approved Applications

Total Approved Funding

\$1,533,428

Sectors

- ICT (inc. Digital Media): 31
- Manufacturing: 19
- Agri-food: 18
- Business Services: 10
- Life Sciences: 10
- Seafood: 5
- Oceans: 3
- Other**: 17



* NSBI disbursed funds of \$1,409,231 on 106 BDP applications in 2020-2021.

** Other sectors include: Clean Tech, Clothing & Textiles, Creative Industries, Energy, Engineering & Professional, Finance & Insurance, Oceans, and Transportation & Logistics.

Digital Adoption Program (DAP)

338* Approved Applications

Total Approved Funding

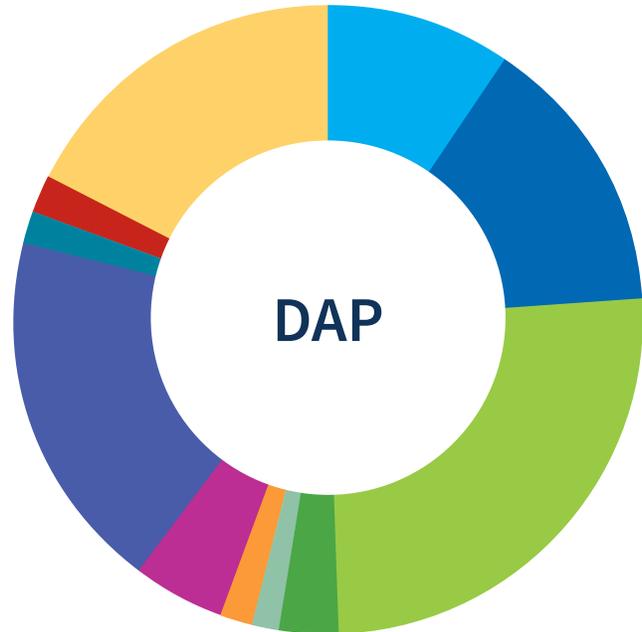
\$2,371,594

Sectors

- Business Services: 87
- ICT (inc. Digital Media): 63
- Agri-food: 49
- Manufacturing: 32
- Seafood: 16
- Clothing & Textiles: 10
- Life Sciences: 6
- Oceans: 6
- Engineering & Professional: 5
- Finance & Insurance: 5
- Other**: 59

* NSBI disbursed funds of \$1,857,449 on 295 DAP applications in 2020-2021.

** Other sectors include Chemicals & Plastics, Clean Tech, Aerospace & Defence, Creative Industries, Energy and Transportation & Logistics.



Productivity and Innovation Voucher Program (PIVP)

55* Approved Applications

Total Approved Funding

\$985,000

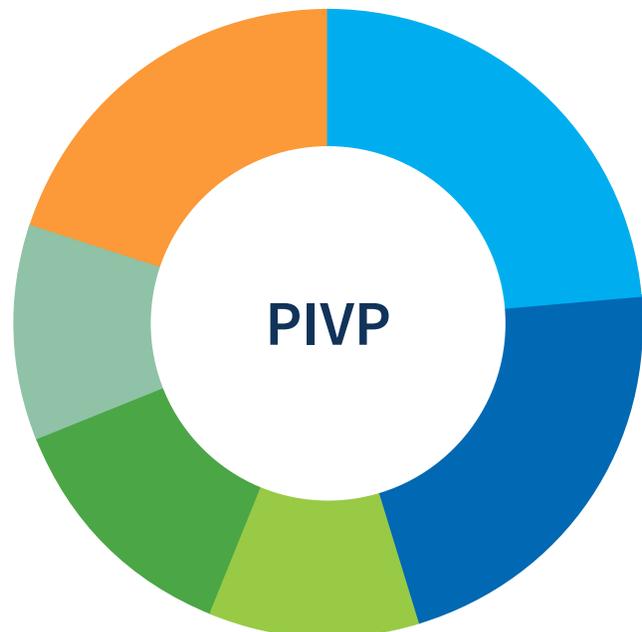
Sectors

- Manufacturing: 13
- Agri-food: 12
- ICT (inc. Digital Media): 7
- CleanTech: 6
- Life Sciences: 6
- Other**: 11

* NSBI disbursed funds of \$988,175 on 55 PIVP applications in 2020-2021.

Note 3 projects totaling \$65,000 were approved in Fiscal 2019-2020, but disbursed in Fiscal 2020-2021.

** Other sectors include: Business Services, Chemical & Plastics, Energy, Seafood, and Forest Products.



PROGRAM FUNDING

Small Medium Enterprise Innovation Rebate Program (SME-IRP)

Approved & Announced Funding Commitments

Company Name	Sector	County	Approved Amount
2020-2021			
ABCO Industries Inc.	Manufacturing	Lunenburg	\$308,070
A.C. Dispensing Equipment Incorporated	Manufacturing	Halifax	\$349,250
Acadian Seaplants Limited	Life Sciences	Cornwallis	\$498,675
Canso Seafoods Limited	Fish & Seafood Processing	Guysborough	\$477,609
East Coast Metal Fabrication Inc.	Manufacturing	Cape Breton	\$423,750
Scotian Gold Co-operative Limited	Agri-food	Kings	\$406,422
Sensor Technology Ltd.	ICT	Halifax	\$150,923
The Shaw Group Limited	Manufacturing	Hants	\$112,501
Outcast Foods Inc.	Agri-food	Halifax	\$500,000
Wrought Iron Brewing Company Limited	Agri-food	Halifax	\$499,824
Total			\$3,727,024

Forestry Innovation Rebate Program (FIRP)

Approved & Announced Funding Commitments

Company Name	Sector	County	Approved Amount
2020-2021			
The Shaw Group Limited	Manufacturing	Hants	\$321,913
Great Northern Timber Resources Inc.	Energy	Halifax	\$1,806,930
Total			\$2,128,843

INVESTMENT ATTRACTION & PROJECT MANAGEMENT ACTIVITY

Strategic Investment Fund Transactions

The following business development incentives in the form of payroll rebates were approved and announced during Fiscal 2020-2021. Payroll rebates are disbursed through the Strategic Investment Funds.

Company Name	Sector	Region	Amount
Ai-Media Canada Inc.	ICT	Various	\$496,080
Analyze Re Inc.	Finance & Insurance	Halifax	\$509,760
Arcurve Inc.	ICT	Halifax	\$1,264,200
Axis Specialty Canada Services, ULC*	Finance & Insurance	Halifax	\$2,975,780
HuMetis Technologies Inc.	ICT	Various	\$1,864,200
InterTalk Critical Information Systems Inc.	ICT	Halifax	\$646,550
Jonas Software Solutions Inc.*	ICT	Halifax	\$970,200
Millennium Process Group Inc.	Business Services	Bridgewater	\$739,200
Millennium Process Group Inc.	Business Services	Yarmouth	\$3,780,000
Real World Retail Limited	ICT	Kentville	\$702,000
Social Navigator Inc.	ICT	Halifax	\$994,500
Wattpad Corporation	ICT	Halifax	\$1,310,540
Total			\$16,253,010

* Amendment

Project Management Activity

Project Management Activity is defined as an activity where NSBI played a significant role in attracting the company's growth in Nova Scotia without providing an economic incentive.

Company Name	Sector	Region
Impactful Health Research and Development Inc.	Fish & Seafood Processing	Halifax
Planetary Hydrogen Inc.	Clean Tech	Halifax
Royal Bank of Canada – Global Technology Service Desk	Financial Services	Halifax
Royal Bank of Canada – Investor & Treasury Services	Financial Services	Halifax
Shopify Inc. - Gurus	ICT	Province-Wide
Shopify Inc. – Support Apprenticeship Programs	ICT	Province-Wide

Nova Scotia Film & Television Production Incentive Fund

Approved & Announced Funding Commitments in Fiscal 2020-2021

Legal Name of Production Company	Film Production	Type of Production	Funding Amount Committed
22M Hour Productions (NS) 28 Inc.	This Hour has 22 Minutes Season 28	TV Series	\$2,828,326
2483 Productions Limited	Fateh's Atlantic Notes	TV Series	\$130,963
2718 Cosplay Productions Limited	Bren's Cosplay World	TV Series	\$147,250
2718 Productions 2020 Limited	The Final Draft Season 2	TV Series	\$231,257
3267176 Nova Scotia Limited	Finding Fantasy	TV Series	\$264,480
3286993 NS Ltd.	Tout Simplement Country II	TV Series	\$279,010
3291627 Nova Scotia Ltd.	Trajectoires Season VII	TV Series	\$258,344
3313268 NS Ltd.	Le Sens Du Punch III	TV Series	\$152,994
3332472 Nova Scotia Limited	Stream Me	Feature Film	\$605,760
Atlantic Antique & Classic Cars Productions Ltd.	Atlantic Antique & Classic Cars	TV Series	\$319,031
Comme dans l'espace Productions Inc.	Comme dans l'espace	TV Series	\$148,136
Downsize Me Media 3 Inc.	The Big Downsize Season 3	TV Series	\$140,585
Easter Green Films Inc.	Two Cuckolds Go Swimming	Feature Film	\$54,909
Fancy Monster Media Inc.	Ocean Playground - Season II	TV Series	\$270,080
Fashion NS Productions Ltd.	Fashion NS	TV Series	\$280,830
Fence Post4 Productions Inc.	Eyes For The Job Season 4	TV Series	\$256,707
Feudal Productions Inc.	Feudal	TV Series	\$2,912,044
Greedy Pictures Inc.	Sugar Highs	TV Series	\$165,931
Half Speed Productions Ltd.	Half Speed Adventures	TV Series	\$262,857
Handcrafted 2 Productions Ltd.	Handcrafted Season 2	TV Series	\$313,600
Haunted 6 Productions Limited	Haunted Season VI	TV Series	\$480,000
If We Built It 2 Productions Inc.	If We Built It Today Season 2	TV Series	\$611,023
Ignite TV Inc.	The Alaska Triangle Season 2	TV Series	\$287,271
Indigenous Day Live 20 NS Inc.	Indigenous Day Live 2020	TV Series	\$93,096
Indigenous Day Live 21 NS Inc.*	Indigenous Day Live 2021	TV Series	\$105,307
Isolatory Pictures Inc.	Cam Boy	TV Mini Series	\$48,000
JL1 Productions Ltd.	Chapelwaite (Pilot)	TV Series	\$3,810,911
JL2 Productions Ltd.	Chapelwaite	TV Series	\$4,000,000
Maritime Ink 3 Productions Ltd.	Maritime Ink Season 3	TV Series	\$280,830
Matriarch Productions Inc.	DIY Mom Season 4	TV Series	\$74,100
My Small Maritime Business Productions Ltd.	My Small Maritime Business	TV Series	\$284,983

Legal Name of Production Company	Film Production	Type of Production	Funding Amount Committed
New Dawn Films Ltd.	Dawn, Her Dad & The Tractor	Feature Film	\$437,316
Obikin Productions Limited	Maritime Museums - Season 3	TV Series	\$321,552
Obikin Productions Limited	Maritime Museums - Season 4	TV Series	\$321,552
Ocean Magic TV Inc.	These Woods Are Haunted Season 2	TV Series	\$482,239
RK2 Productions Inc.	Park After Dark 2	TV Series	\$408,201
Runaway Films Inc.	Wildhood	Feature Film	\$409,860
RV NS Productions Ltd.	RV NS	TV Series	\$371,765
Sea Glass Media Inc.	Backyard Wilderness	Documentary	\$107,850
Short Stop Pictures XIII Ltd.	Short Film Face Off 2020	TV Series	\$48,435
Silk Suits and Shrapnel Productions Inc.	Behind the Stories	TV Mini Series	\$678,302
Simple Films Limited	Change The Network, Change The World	Documentary	\$32,240
Slainte 4 Productions Limited	Slainte Season 4	TV Series	\$225,120
Sleepy Bear Productions Ltd.	Halifax Homicide	TV Series	\$14,167
Spirit Talker Films 2 Inc.	Spirit Talker Season 2	Documentary	\$414,426
T & M Productions Inc.	Tracy and Martina's Christmas Special	Other	\$111,275
TCAK TV Inc.	Sight Seers	TV Series	\$398,880
Tell Tale Entertainment Inc.	Newfoundland	Documentary	\$69,549
Tell Tale International Inc.	The Curse of Oak Island Season 8	TV Series	\$3,758,261
Where They Started Productions Inc.	The Mom Files	Documentary	\$292,263
Wild Space Productions Ltd.	Wild Spaces of Nova Scotia	TV Series	\$318,992
Winter Light Productions Limited	Haunted - Season VII	TV Series	\$480,000
Winter Light Productions Limited	Haunted - Season VIII	TV Series	\$480,000
Winter Light Productions Limited	Walkabout - Series 2	TV Series	\$243,200
Women Now 2 Productions Ltd.	Women Now Season 2	TV Series	\$302,561
Zorgrot Productions Limited	NSK9 - Series 3	TV Series	\$256,000
Total			\$31,082,621

* Amendment

Eastlink TV Independent Production Fund Activity

Approved & Announced Funding Commitments in Fiscal 2020-2021

Legal Name of Production Company	Parent Company	Film Production	Type of Production	Funding Amount Committed
Frog Lake Productions Inc. (Nova Scotia) and Search It Up Productions II Inc. (Ontario)	Waterstar Entertainment Inc. (co-owner of Frog Lake Productions Inc.)	Diggstown S3	TV Series	\$300,000
Total				\$300,000



Business Continuity Vouchers

To support small businesses required to close or that were significantly impacted as a result of the COVID-19 public health orders, the Province, through the Nova Scotia Credit Unions, provided the COVID-19 Small Business Credit & Support Program. As well, the Province, through its agreement with the Nova Scotia COVID-19 Response Council/Dalhousie University, provided the Small Business Reopening and Support Grant - Open Safe Resilient Programming.

Upon receiving approval via the Credit Unions or Nova Scotia COVID-19 Response Council/Dalhousie University, businesses could also access a voucher (maximum \$1,500) to support the cost of hiring a private-sector consultant to provide business finance, accounting, human resource, restructuring, insolvency, and/or business continuity advice, or other professional services which may be of assistance in adapting or recovering from the impacts of COVID-19.

NSBI paid 234 business continuity voucher claims (COVID-19 Small Business Credit & Support Program) totaling \$344,786.

NSBI paid 510 business continuity voucher claims (Small Business Reopening and Support Grant - Open Safe Resilient Programming) totaling \$718,313.





NSBI Across the Globe

WHERE OUR CLIENTS TARGETED BUSINESS

When travel grounded to a halt due to COVID-19, the team at NSBI and our clients continued to travel the world virtually.

Of interest, we engaged with Canadian Trade Commissioners in The Hague, Brussels, London, Paris, Tokyo, and various states within the United States. We connected with over 100 advisors from more than 20 countries using our re-branded Global Advisor Program *Scotians*. Investment opportunities were sourced from India, China, the U.S., the United Kingdom, and Switzerland. Virtual events were also held with businesses across the world, including but not limited to, markets such as France, Germany, the U.K., Netherlands, Sweden, Mexico, Brazil, Israel, Norway, Romania, Estonia, China, Japan, Singapore, Taiwan and South Korea.

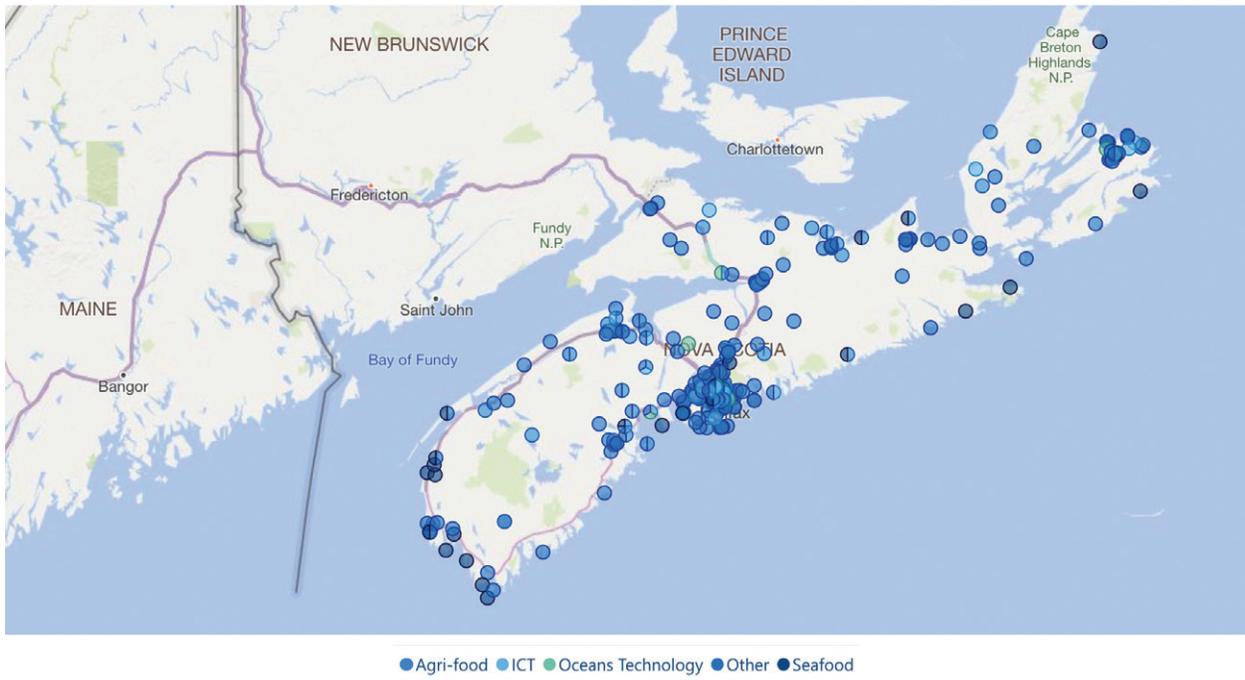
The shaded regions represent target markets where NSBI connected and supported clients to explore, diversify, and engage in business development initiatives.



NSBI Across the Province

WHERE CLIENTS ACCESSED OUR PROGRAMS AND SERVICES

Location of NSBI clients accessing programs and services





Corporate Results

2020-2021

Measures	Targets	Results
<p>Annual increase in NSBI client reported actual export sales among export program participants*</p>	<p>Maintain actual export sales of NSBI’s export program clients, and by export program clients within the high potential clusters of ICT, Oceans, and Seafood & Agri-food</p>	<p>11.2% increase in actual export sales to all markets in the high-potential clusters of ICT, Oceans, and Seafood & Agri-food</p> <p>14.3% increase in actual export sales to international markets in the high-potential clusters of ICT, Oceans, and Seafood & Agri-food</p> <p>12.1% decrease in actual export sales to all markets among all NSBI clients</p> <p>2.9% decrease in actual export sales to international markets among all NSBI clients</p> <p>8.2% increase in actual export sales of clients that participated in NSBI Export programming (BDP, EGP, DAP, DMAD, TMI, Scotians, Trade Missions and/or Workshops)</p>
<p>Number of NSBI clients becoming new exporters*</p>	<p>A minimum of 25 NSBI clients become new exporters, with a minimum of 10 clients within high potential clusters of ICT, Oceans, and Seafood & Agri-food becoming new exporters</p>	<p>51 NSBI clients identified as becoming new exporters</p> <p>47 of those are from clients that participated in NSBI Export programming (BDP, EGP, DAP, DMAD, TMI, Scotians, Trade Missions and/or Workshops)</p> <p>20 NSBI clients within the high potential clusters of ICT, Oceans, and Seafood and Agri-food identified as becoming new exporters</p>
<p>Diversification of export markets*</p>	<p>A minimum of 15% of NSBI clients diversify exports through sales to an additional market</p>	<p>33% of clients exported to an additional market in Fiscal 2020-21</p> <p>35% of clients that participated in NSBI Export programming (BDP, EGP, DAP, DMAD, TMI, Scotians, Trade Missions and/or Workshops) diversified to a new market</p>

Measures	Targets	Results
Employment income generated for Nova Scotians	Attract a minimum of \$80 million in committed employment income through payroll rebate transactions signed in 2020-21 and other investment attraction efforts, with a minimum of 10% targeted to the attachment of Aboriginal and/or Indigenous persons, African Nova Scotians, and persons with disabilities.	Committed \$93.6 million in employment income through payroll rebate transactions 6.4% of full-time equivalents committed to Aboriginal and/or Indigenous persons, African Nova Scotians, persons with disabilities
Foster connections between Nova Scotian employers and organizations across the province focused on the attachment of under-represented groups to the workforce.	2020-21 will be a benchmark year	13 connections made between NS employers and organizations focused on the attachment of under-represented groups to the workforce
Drive R&D and innovation among NSBI clients	5% increase in Business Expenditures in Research & Development among NSBI clients.	8.0% increase in Business Expenditures in Research & Development among NSBI clients
Connect businesses with professional advice to adopt technology, adapt to, and recover from the impacts of COVID-19, or grow through export	Through programs and services such as the Business Continuity Voucher Program, Digital Adoption Program, and the Business Development Program, NSBI will connect a minimum of 500 businesses across the province with professional advice.	1,109 businesses across the province connected to professional advice through programs and services such as the Business Continuity Voucher, Digital Adoption Program, Business Development Program, Digital Marketing Asset Development Program and Mitacs Accelerate Program

* Results collected through NSBI Corporate Metrics Data Collection.

Corporate Results

DISCUSSION & ANALYSIS

Staying the Course: Ensuring the resilience of our Nova Scotia businesses as we build back to a better Nova Scotia.

At NSBI, we measure our impact through the results reported by our private sector clients. In 2020-21, NSBI worked with our partners to support companies across the province as they adapted and pivoted to overcome the challenges posed by COVID-19. We expanded and evolved our program offerings to ensure our clients could access the resources they needed to build resiliency and conduct business through new ways in our ever-changing virtual business environment.

Companies we work with across the province provide us their data so we can report on their progress annually. Through accessing NSBI's programs and services, Nova Scotia businesses received professional advice, became new exporters, diversified into new markets, adopted technology, and increased their research and development expenditures. Our clients within the high-potential clusters ("HPC") of ICT, Oceans, and Seafood & Agri-food reported significantly strong results in export growth and market expansion.

Connections to Professional Advice

2020-21 was a difficult year for businesses across the province as they faced many shutdowns due to COVID-19 and navigated public health restrictions. NSBI responded to the needs of businesses and implemented many new programs and services to assist companies and connect them with professional advice to grow through export, adopt technology, and adapt to and recover from the impacts of COVID-19. We implemented new programs such as our Digital Adoption Program aimed at building and/or improving an online presence, supporting remote working; improving firm resiliency and flexibility; and adopting/

improving digital tools and e-commerce processes.

Our Digital Marketing Asset Development Program was designed to help companies create digital marketing content to promote their products and services online to increase export and growth opportunities. We administered Business Continuity Vouchers through the Provincial Business Impact Grants and financially supported businesses to hire the expertise they needed to innovate and grow through the Mitacs Accelerate Program. Through these newly created programs and services and our existing Business Development Program, which connects our clients with an external expert to address challenges or barriers standing in the way of export growth, we facilitated over 1,100 businesses to connect with professional advice. In total, NSBI provided over \$2.8 million in funding to support businesses in their efforts to keep pace with the changing nature of a digital world and manage through the impacts of COVID-19.

Export Growth & Market Expansion

NSBI plays a key role as a business development agency for the Province of Nova Scotia working with companies across the province to grow through export. Our primary objectives are to develop new exporters, build businesses' export capacity, and help them find opportunities to sell products and services beyond our borders – with the ultimate goal to grow revenue and economic strength at home.

In 2020, NSBI's clients experienced a decrease of 2.9% in their value of exports to international markets, and a decrease of 12.1% in their value of exports to all markets. As a comparison, Statistics Canada reported a decline in the value of export goods across all industries in Canada

and Nova Scotia of 11.5% and 16.4%, respectively, in 2020 compared with 2019¹. Of significant note, our clients that participated in our core export programs (Export Growth Program, Digital Adoption Program, Business Development Program, Scale-Up Hub, and Trade Missions and/or Workshops) reported an 8.1% increase in their sales outside of Nova Scotia over the previous year. HPC clients also achieved significant growth in export sales, reporting an 11.2% increase in 2020 compared to the previous year.

In terms of new exporters, 51 clients reported export sales to a new market in 2020 who did not sell products or services outside of Nova Scotia in 2019. Of those new exporters, 20 of the 51 are within the HPCs.

NSBI continued to support Nova Scotia businesses in their efforts to expand their export markets. Through diversifying sales and expanding customers and markets, companies in Nova Scotia have been able to mitigate business risk and have continued to grow through exporting. 33.0% of our clients reported having diversified their export markets by increasing the number of markets they exported to – more than doubling our 15% target.

Attracting Opportunities & Broadening Benefit

A key part of NSBI's mandate involves attracting new, export-oriented companies aligned with Nova Scotia's comparative advantages whose growth will drive the creation of high value jobs for Nova Scotians. NSBI focuses on project managing companies to open a location in our province, and a key incentive is our Payroll Rebate Program. In 2020-21, NSBI strengthened our efforts to encourage employers to hire from under-represented populations in order to ensure that more Nova Scotians benefit from our economic development efforts. NSBI attracted 14 payroll rebate clients, who committed to generating \$93.6 million in employment income. 23.0% of this committed payroll was dedicated to the hiring of Aboriginal and/or Indigenous persons, African Nova Scotians, persons with disabilities, veterans, LGBTQ+ persons, new graduates, new residents, and others currently under-represented in Nova Scotia's workforce. Furthermore, 6.4% was specifically committed to the hiring of Aboriginal and/or Indigenous persons, African Nova Scotians, and persons with disabilities, bringing us very close to our

10% target. NSBI will continue to find ways to work with employers to support the attachment of under-represented groups to Nova Scotia's workforce.

Inclusive Workforce Attachment

Over the years, NSBI has made great strides in incorporating diversity in our Payroll Rebate Program. In 2020-21, we implemented a new metric to measure our inclusive employment efforts and used 2020-21 as a benchmark year to track how we can foster connections between Nova Scotia employers and organizations focused on the attachment of under-represented groups to the workforce. We focused on building our partnerships and making connections between these key employment organizations and businesses looking to grow. We are reporting 13 partner organizations who have established a working relationship or have connected with a business to help them diversify their workforce.

We will continue to build on these efforts in 2021-22 to ensure NSBI is fostering connections across the province that will connect under-represented populations with employment opportunities.

Investments into Innovation & Productivity

2020 was a critical year for businesses to innovate and drive productivity. Our goal of increasing business expenditures in research and development (R&D) by 5% amongst our clients was surpassed, with our clients reporting an 8.0% increase in R&D expenditures in 2020 over the previous year.

Our Innovation Rebate Program (IRP) is designed to drive private-sector capital investment aimed at increasing innovation or the adoption of new technologies or business processes. In Fiscal 2020-21, the IRP drove actual expenditures in private-sector capital investment of \$44.1 million. Furthermore, in response to an identified funding gap from our clients, we launched the new Small Medium Enterprise Innovation Rebate Program ("SME-IRP") in 2020-21. This program aims to support investment projects between \$375,000 and \$2,000,000 and works as a rebate against a company's direct project costs. We approved 16 SME-IRP projects over two fiscal years for a total rebate of \$3.7 million, which is expected to drive actual expenditures in private-sector capital investments of \$16.1 million.

¹ Statistics Canada. Table 12-10-0098-01. Trade in goods by exporter characteristics, by industry of establishment (statcan.gc.ca)

INVESTMENT ATTRACTION

Let's stay in touch

In many ways, 2020 saw an evolutionary change in global investment. Businesses were forced to reconsider their expansion and workforce management strategies in the face of rapid change and global uncertainty. The almost-instant shift to remote working changed the way we all work – and may have caused a fundamental shift in global investment patterns.

2020 also saw an evolutionary change in the way NSBI's investment attraction team does its work. Travel restrictions meant that many global trade shows were either cancelled or moved to a virtual model, meaning our Investment Attraction Executives couldn't travel to have in-person meetings with businesses. Businesses who were already investing in Nova Scotia were reviewing their priorities, and businesses who had decided to invest and hire in Nova Scotia met challenges when travel restrictions made it difficult for them to hire or move employees to the province. In addition, a new type of potential business investor appeared on the horizon – companies looking to hire remote workers anywhere in the world.

Investment attraction at NSBI is a team effort. Our research team searches the globe for potential businesses who may be the “right fit” for investing Nova Scotia. Our marketing team promotes Nova Scotia's advantages and tells the story of businesses who have found success here. And our Investment Attraction Executives meet with potential businesses to sell them on locating their business in our province. Our entire team seeks to support labour market attachment of under-represented groups here at home, and to attract workers from a diversity of backgrounds.

To reach these goals and meet new challenges, teams evolved and adapted the way we do our work. To find

potential qualified investment attraction leads, we adopted artificial intelligence (AI) technologies such as automated lead generation and signals intelligence.

We led a province-wide project partnering with regional economic development groups from Yarmouth to Sydney and our federal partners at ACOA, to plan and develop a suite of virtual reality and digital marketing assets that offered the ability to “tour” Nova Scotia and see what we're all about from a business perspective.

We came up with new ways to stay in touch with businesses worldwide. Today our Investment Attraction Executives can hold meetings with businesses, attend or host foreign direct investment focused shows, and conduct virtual reality site tours from their home offices.

In 2020–2021, NSBI approved 12 new payroll rebate transactions with innovative, world-leading companies. These are ICT companies developing AI, big data, and machine learning solutions, financial companies attracted to Nova Scotia's tech infrastructure and proximity to markets, and cleantech companies drawn by Nova Scotia's deep talent pool and academic resources. It also includes several businesses who have embraced the remote working model and have chosen to hire and develop remote workers in the province. In addition, we worked with our existing



companies that were challenged by the pandemic and made strategic amendments to their agreements.

Safe Harbour

The imposition of global travel restrictions and the transition to remote working changed how companies work and invest. Workers can now be found and hired anywhere in the world. Workforce management is beginning to depend less on location and more on how and where to acquire the best talent in a global market.

There has been a similar change to how people work. Workers can go anywhere to work, and they can work from anywhere. Quality of life and health are becoming significant factors in how people decide where they want to live and work.

As the nature of work and investment continues to evolve, Nova Scotia checks all the boxes for businesses and workers looking for a safe harbour. Thanks to our talented workforce,

vibrant business ecosystem, and culture of collaboration and helping others, we're an excellent choice for investment – and a great place to work and live.

It's a bit of an inside joke at NSBI that all we need to do is get a business to come and visit and Nova Scotia will do the rest with its beauty, culture, and incredible quality of life. Many businesses choose Nova Scotia because it's one of the best places in the world to live and work.

It's too soon to predict where the continued evolution of investment and work will lead. The COVID-19 pandemic and its aftermath continue to unfold. There have been seismic shifts in the way people and businesses communicate and connect with each other. And there are sure to be other changes we can't foresee.

One thing is clear. In an ever-changing world, a safe harbour is vital. Nova Scotia has long been a refuge and a haven, and in the post-COVID world, that is exactly what investors and workers are trying to find.

INSIDE EXPORT

Connection, Diversity, Resilience



We work with exporting businesses and those that are export curious from all regions, of all sizes, and across all sectors so they are enabled to grow, creating sustainable opportunity and benefit and an inclusive Nova Scotia for generations to come.

When the COVID-19 pandemic began, it quickly became clear that many Nova Scotian exporters were facing significant challenges. Travel restrictions and lockdowns had all but brought global travel to a halt, and trade shows and conferences around the world were cancelled. In addition, restrictions here in Nova Scotia, supply chain disruptions, and interruptions in accounts receivable and cashflow combined to put an incredible amount of pressure on businesses.

At NSBI, we immediately began consulting with businesses about their needs. We learned that many businesses who had never exported had started exporting to survive, and that many existing exporters were struggling with selling their products and services in the absence of face-to-face meetings. Export has always been important to Nova Scotia businesses, but during the pandemic it became vital. And it became vital fast.

Within weeks of the start of the pandemic, NSBI responded to support businesses. We launched several new programs aimed at helping businesses begin exporting, and helping exporters reach markets and sell their products and services.

To help businesses pivot and adapt to digital technologies, we launched the **Digital Adoption Program (DAP)** and the **Digital Market Asset Development Program (DMADP)**.

Launched in June 2020, the DAP provided funding to help businesses acquire and adopt new technologies, improve their online presence and skills, enable remote working, and maintain or grow sales. There were 338 DAP applications approved.

The DMADP helps create digital marketing assets, primarily videos, to showcase a business' product and/or service online and through virtual means. The program provides financial and developmental support, through NSBI, to companies for the creation of videos to elevate their virtual sales and digital marketing strategies.

In consultation with small and medium-sized businesses, we learned that there was a growing need to support these companies to make capital investments to ensure they stayed competitive and endured the impact of COVID-19. In response, we launched the **Small Medium Enterprise Innovation Rebate Program (SME-IRP)**, an adaption of our existing Innovation Rebate Program, to help small businesses increase innovation capacity or adopt new technologies through private-sector capital investments. The SME-IRP supports capital investment projects that are under \$2 million by providing a 25% rebate on a company's direct project costs.

To help businesses get exporting quickly, we delivered **virtual export education sessions** to provide export information that could be put into operational use immediately.

NSBI launched virtual interactive workshops on practical exporting skills that businesses could implement right away. We held six diversity workshops, nine FITTskills sessions, and 76 issue-specific workshops hosting a total of 1,148 participants.



Since the start of the pandemic, NSBI worked together with our Atlantic Trade & Investment Growth Strategy (ATIGS) partners to support small and medium-sized exporters as they adopted digital technologies and tools to help them adapt for the future and thrive in Canadian and international digital marketplaces.

Alongside our regional partners, we led the development and design of virtual trade business toolkits that help Atlantic Canadian companies prepare to export in the new low touch/no touch economy. The toolkits include best practice guidelines, support documents, checklists, and tactical information with all resources available on our website.

NSBI also worked with ATIGS to develop **The Europe Market Development Program (EMDP)**. Launched in July 2020, the

EMDP helps exporting companies to expand their market presence and grow sales in Europe. The EMDP also helps exporters stay connected during times of public health and travel restrictions. The program provides eligible companies with up to 20 days of consulting services provided by a European-based international business development firm.

We moved many export programs to **virtual delivery models**, including the Trade Accelerator Program (an NSBI/Halifax Chamber of Commerce partnership) and online trade missions. Because businesses couldn't travel to markets, we expanded and enhanced programming at the Cambridge and Atlanta Scale-Up Hubs, the Southern California Ocean Market Readiness Program, and the EMDP to help companies virtually access in-market expertise and resources.



Tying it all together – The Export Development Program

In March 2021, NSBI launched our new Export Development Program (EDP) amalgamating our core export programs and implementing a streamlined application process to make it easier for businesses to apply for support and navigate programs. Businesses no longer need to remember which program is which or worry about applying to the wrong program, and claims processing is also more efficient.

The EDP provides financial incentives for projects that help a business overcome barriers to export growth. For example:

- Supporting travel to markets to visit a client, potential partner, or investor, or to invite a foreign client or potential partner to visit Nova Scotia operations
- Mitigating trade show and conference costs by helping fund floor space, conference fees, travel, and accommodation costs
- Assisting with virtual trade show and conference costs by funding participation and conference fees and virtual booth space
- Hiring a consultant to address challenges or barriers to selling outside Nova Scotia and improve international competitiveness
- Purchasing software, hardware, and IT platforms to enhance remote working productivity, e-commerce solutions, and digitization of internal operations.

A Rising Tide Should Lift All Boats - Diversity and Inclusion

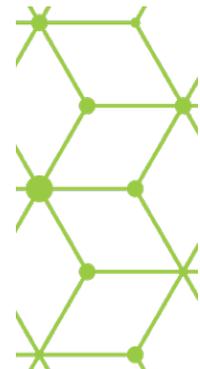
NSBI continues to work with marginalized groups and partners to help make exporting and export growth possible for all Nova Scotia businesses. The evidence is clear that improving access to business opportunities, especially export opportunities, is linked to greater prosperity for Nova Scotia as a whole. We're constantly working to discover and develop more Nova Scotia businesses led by Aboriginal and/or Indigenous Peoples, Persons with Disabilities, LGBT+, Veterans, Visible Minorities, and women.

NSBI's supplier diversity programming and services provide Businesses of Diversity the equal opportunity to become suppliers to clients across Canada, the U.S., and Europe. Assistance includes providing guidance on Diverse Business Enterprise certification, trade mission trips for Businesses of Diversity to access new markets, guidance and access to government programs and services, export education, and trade market research and intelligence.

The Shrinking Globe

Although the COVID-19 pandemic has forced us into isolation, in many ways it has brought the world closer together. The worldwide shift to digitalization and virtualization has caused a seismic change to how we live, work, and communicate, and we're only just beginning to see the impacts of that shift. Exporting and international trade has changed almost completely, and businesses continue to react and adapt to almost-daily changes in supply chains, global markets, and digital technologies.

To survive and thrive in this new global reality, businesses must be agile, smart, and equipped with the tools and skills to innovate and compete. On the surface, this is nothing new. But below the surface, everything has changed. Flexibility, adaptability, diversity, and resilience are no longer nice-to-haves, they're must-haves. But the future will belong to businesses who know how to make meaningful connections with others, whether it's in person or virtually. In an ever-shrinking world, how you connect will be the defining feature of your business. And from where we're standing, Nova Scotia businesses are well positioned to lead the way.





Client Stories

You've heard about our year,
now let's hear from our clients.



CLIENT STORY: GRAPHITE INNOVATION & TECHNOLOGIES



Smoother sailing means healthier oceans

Graphite Innovation & Technologies (GIT) has developed an environmentally-friendly marine hull coating that will save on fuel, reduce corrosion and increase a vessel's lifespan – without the toxic effects of traditional marine coatings. It will also reduce underwater vessel noise for vulnerable marine species and reduce greenhouse gases.

President and CEO, Mo AlGermozi, and his co-founder, Marciel Gaier, PhD, are materials experts and inventors of this patented technology – AlGermozi is an engineer, and Gaier, who is the company's Chief Technical Officer, is a scientist.

Founded in 2017, GIT is driven by the sustainable development goals established by the United Nations in Rio de Janeiro in 2012. Being a diversified workplace is part of the company's sustainability vision, AlGermozi says.

GIT's graphene coating is being evaluated in different parts of the world including Canada and the USA. "Its real sustainable impact is that it does not contain or release toxins in the water," he says. "Industrial coatings contain toxins that kill marine organisms to prevent them from attaching to the hull. Our nontoxic coating is hydrophobic – it repels a water drop in the same way a coated rain jacket repels rain – so marine animals can't easily attach to the hull."

Transport Canada has awarded GIT a contract to work on a \$2.4 million project to help reduce the underwater noise and greenhouse gas emissions produced by marine vessels. As part of this work, GIT is working with First Nations organizations to test the coating on Indigenous owned and operated vessels.

"Also with our partners Horizon Maritime, we're working with First Nations communities here in Atlantic Canada," AlGermozi says. "We've always been active with First Nations communities because of their respect for the natural world; we understand that connection to the environment."





Managing through the pandemic has changed how GIT works and communicates within the team. “We’ve discovered that the team is a lot more efficient than we thought we were,” he says. “Last year was our best year so far – we got almost \$8 million worth of projects during 2020.”

NSBI has been with GIT from the start, he adds. “Their help has always been great, not only in terms of their programs and funding, but also the team within NSBI. They can connect you with businesses, technologies, and people that will lead to something you never thought you could use so quickly. We’ve used the Productivity and Innovation Voucher Program to access post-secondary research and resources. We’ve also used the Export Growth Program. We conducted market research via the Business Development Program, and we used the Digital Marketing Asset Development Program to create a YouTube video – Graphite Innovation & Technologies – Best-in-class Marine Coatings.”

On June 10, 2021, Marciel Gaier won the Mitacs Environmental Entrepreneur Award, which is awarded to an applicant whose start-up has a positive impact on the environment or addresses a challenge related to climate change.

GIT’s strategic vision is for every vessel in the world to use its technology. “We want our innovative technology to be licensed globally, and we want to be state-of-the-art coatings technology manufacturers in Canada,” AlGermozi says. “We also want to make a real, valuable impact, not just economically but also environmentally – because there’s so much in the ocean we don’t know. It’s still a world to be discovered.”



Their help has always been great, not only in terms of programs and funding, but also the team within NSBI. They can connect you with businesses, technologies, and people that will lead to something.



MO ALGERMOZI
Graphite Innovation & Technologies

CLIENT STORY: OUTCAST FOODS

Making beautiful food out of ugly produce



The founders of Outcast Foods know that beauty is more than skin deep. Darren Burke and TJ Galiardi created their business in 2017 to reduce food waste by upcycling produce that is visually imperfect or otherwise can't be sold. They partner with grocers, farmers, food producers, and manufacturers across Canada to obtain unwanted produce, which they then convert to protein powders, dietary supplements and other plant-based ingredients for wholesale, retail and consumer use.

Regarded as “first-to-market” in the upcycled food category, Outcast Foods currently operates from its facility in Dartmouth and is in the process of constructing a 46,000-square-foot facility in Burlington, Ontario.

CEO Darren Burke has a PhD in Exercise Physiology and is an expert in the development and testing of supplements for human clinical trials. In June 2021, he was named a finalist in the EY “Entrepreneur of the Year” Atlantic program. TJ Galiardi, the company’s CMO, is a former NHL forward who played for the Colorado Avalanche, San Jose Sharks, Calgary Flames and Winnipeg Jets. Both men promote sustainable, healthy lifestyles.

Burke and Galiardi have been friends for years. “We knew we wanted to do something in business together after I retired from hockey, and we kept coming back to food waste,” Galiardi says. “We saw all this perfectly edible food being wasted, and no one was talking about a solution. We had the simple idea of taking these fruits and vegetables and dehydrating them, giving them a two- to three-year shelf life. Since no one else was doing this, it was a giant opportunity, and we took on the challenge.”





An unexpected silver lining of the pandemic is that businesses started to reassess their supply chain and look for more local suppliers. “I think consumers as a whole have also started to look at their purchasing decisions more broadly and to see what their impacts are on the environment,” he says.

For Outcast Foods, this has been a big year. The company has closed a \$10 million financing round led by District Ventures Capital, which invested \$5 million. BDC also provided \$5 million. The company’s growth plans include launching into the US market this summer and continuing to expand across Canada.

“As we’ve grown, NSBI has been incredible,” Galiardi says. “They’ve helped us tremendously from the start. We’ve used the Trade Market Intelligence program twice, and the Scotians Global Advisors program. We’re currently using the Business Development Program, working with a consultant to help us get ready for our next phase of growth and investment. And the Small Medium Enterprise Innovation Rebate Program is huge for us. That \$500,000 has given us the ability to expand our Burnside facility in Dartmouth significantly and grow our exports.”

The impact of Outcast Foods goes beyond their products, Galiardi believes. “For the farms and companies and groups we work with to get the products they can’t use or sell, we’re saving them money, because they don’t have to pay to send it to a landfill,” he says. “We’re also bringing them great PR and reducing food waste with their help. And retailers are driving traffic to our products. Every single person who buys an Outcast Foods product is reducing food waste.”



As we’ve grown,
NSBI has been
incredible.
They’ve helped us
tremendously from
the start.



TJ GALIARDI
Outcast Foods

CLIENT STORY: SCOTIAN GOLD

Investment in robotics will increase capacity



Scotian Gold Cooperative Limited is a grower-owned tree fruit co-op specializing in high quality, premium apple varieties such as Honeycrisp, SweeTango and Ambrosia. Since 1912, when a group of fruit growers got together and formed the United Fruit Companies of Nova Scotia, the business has evolved into a state-of-the-art facility. Based in the Annapolis Valley, Scotian Gold stores, packs and markets 60% of the apple production in Atlantic Canada.

Now the business is adding a new line and robotics to increase its packing efficiency.

“We’ve always tried to be on the cutting edge of technology and advancement whether it is with storages or production lines,” says CEO David Parrish. “All our controlled-atmosphere storages are computer automated, with some advanced systems that enable us to extend our marketing window on our apples. We are able to market our fruit nearly year-round, which is a benefit to our customers. On our packing lines, the addition of new robotics will eliminate the repetitive activities of our people and allow them to be reassigned elsewhere in the plant.”

Through NSBI’s Small Medium Enterprise Innovation Rebate Program, the company is eligible to earn a maximum innovation rebate of \$406,421.50 once the project is completed, based on eligible Nova Scotia capital spending of \$1.6 million.

“Sean Cochrane, our NSBI rep, has been very good,” Parrish says. “We can pick up the phone and discuss our ideas at any time. With some projects, a reasonable return on investment can be difficult to achieve, but NSBI’s support makes the projects viable.”

The pandemic was a catalyst for more innovation and change. “One simple change was with our systems when growers bring in their fruit,” he says. “Traditionally





trucks would bring a delivery slip with their load of apples. In order to limit interaction due to the pandemic, our growers were asked to electronically send their load information before the truck arrived. We discovered that we were able to move trucks through our system much faster. We will continue to use this system going forward. The pandemic has made us look at things differently throughout the company. In many cases, we've found ways to do things better."

Export is Scotian Gold's lifeblood. "The US market is important especially for our Honeycrisp apple – because of our climate we grow one of the best Honeycrisp in the world," Parrish says. "Our volume is continuing to go up as growers plant more, not just Honeycrisp but other varieties, and one of our key strategic points is to expand export markets."

They sell weekly into Quebec and Ontario and also market SweeTango, a Honeycrisp hybrid, across Canada. Scotian Gold is a member of a US marketing group that owns the marketing rights to SweeTango in North America.

Because of Nova Scotia's distance from many of its markets, innovation is especially important, Parrish believes. "It's an old line, but if you're not moving ahead, you're going backwards," he says. "Our customers are consolidating and getting larger, and we need to be a certain size to support those markets. Innovation leads to better-quality products and efficiencies for getting our product out the door."



With some projects, a reasonable return on investment can be difficult to achieve, but NSBI's support makes the projects viable.



DAVID PARRISH
Scotian Gold

CLIENT STORY: AXIS BUSINESS TECHNOLOGY CENTER



Extraordinary growth in challenging times

In November 2019, AXIS Capital hired its first employee in Halifax. By the end of 2020, despite a pandemic that disrupted life worldwide, its Halifax office grew to 200.

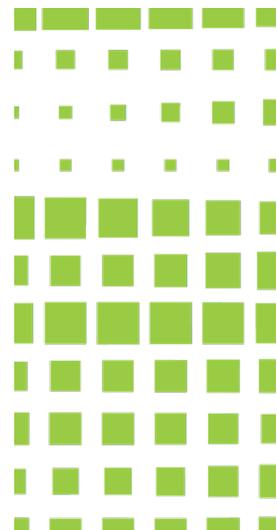
AXIS Capital is a global provider of specialty insurance and reinsurance, with offices around the world. The Halifax office, called the AXIS Business Technology Center, is part of the Business Technology Solutions Group, the company's IT organization. The team in Halifax supports the global operations of a company that also works to foster inclusion, protect the environment, and invest in the community.

What brought them to Nova Scotia?

"We looked at multiple locations in North America," says Brendan Butler, Halifax Site Lead. "All signals pointed toward Halifax – excellent talent, a proven track record for operation centres, and many universities and community college campuses. We felt Halifax was the right size, in the right time zone, for us to scale and grow those in-house technology skills."

"I think the impact of the Halifax office on AXIS generally is going to be massive," says Jay Whiddon, Chief Information Officer – Marketing Technologies & Digital User Experience. "Historically, AXIS has outsourced portions of our foundational and strategic work. With Halifax, we're investing time and effort into our own organization to retain that knowledge and give people a career path."

AXIS had expected to hire approximately 50 people in 2020, their first full year of operation. They opened the new office in the Nova Centre on March 9th with 30 employees but had to close it two days later. "When the pandemic hit, we saw an opportunity to double down and be an employer of choice in Nova Scotia," Butler says. AXIS brought forward a multi-year plan and accelerated hiring opportunities. They developed their relationships, set up a referral program for existing employees, and hosted virtual job fairs.





NSBI has been a valuable partner to help AXIS succeed in Halifax, Butler adds. “They gave us a solid foundation and understanding of Nova Scotia and the talent pool here,” he says. “Secondarily, but importantly, they supported us through the Investment Attraction payroll rebate, which had made it attractive for us to set up and put roots down in Nova Scotia. Since our first hire, NSBI has made themselves available to us whenever we had questions.”

Nova Scotia’s universities have also been strong partners, he says. “We’ve been operating co-op programs since June of 2020, averaging 10 students per semester, and we have gained amazing talent.”

“The people we have in Halifax have a start-up type of energy with their excitement and sense of drive,” Whiddon says, “and we are even seeing this during the time of COVID. To harness this new talent, we make sure they have the nurturing, understanding and mentorship of our industry leaders.”

“We had extraordinary growth in 2020,” Butler says. “We expect to continue hiring through the end of 2021. And we’ll be looking for opportunities where other parts of AXIS Capital may benefit from expansion in Nova Scotia. Right now we’re laser-focused on being a premier employer in Nova Scotia, harnessing what we’ve already built. But we’re just starting. We’re excited about the future in Nova Scotia.”



NSBI supported us through the Investment Attraction payroll rebate, which had made it attractive for us to set up and put roots down in Nova Scotia.



BRENDAN BUTLER
AXIS Capital

CLIENT STORY: SHIVANI'S KITCHEN

Exporting spices and sauces to appreciative customers



Shivani Dhamija doesn't give up easily. When she moved to Nova Scotia in 2011 to be with her partner, Abhishek Asthana, she couldn't find work in her field of public relations. While working on the front desk at the Canada Games Centre, she learned of an Indian trucker who was missing home-cooked food. He became Shivani's first client and helped launch Halifax's first packaged Indian meal delivery service in 2014. In 2015, Shivani's Kitchen began selling spice blends at farmers' markets.

In 2018, she opened a takeout restaurant in the Seaport Farmers' Market and soon began wholesaling ready-to-use sauces, which, like the company's spice blends, contain no fillers or preservatives and are gluten free.

When the pandemic closed the restaurant in August 2020, Shivani launched a food production plant in the Station Food Hub at Newport Station in West Hants. The spice blends and sauces she and her team make there are now sold in Sobeys and Foodland stores throughout Atlantic Canada.

Sobeys' invitation to sell her products in their stores brought a much-needed boost. "I was so happy, there were tears in my eyes," she says. "If I had not made the decision to wholesale my products in 2018-19, I would never have achieved that silver lining of Sobeys in 2020. Sobeys has taken me to Atlantic Canada, and now we are trying to export throughout North America."

NSBI programs and funding have been a great help, Shivani says. "I am amazed how Omaira Ospino doesn't forget me. She has many clients, and she still emails me to let me know of programs coming up. I had no idea how to export, and I learned so much from the virtual trade mission to Boston."





Cecile Landgrebe is a Trade Commissioner at the Consulate General of Canada in Atlanta, Georgia. “Trade missions are important,” she says. “We partner with provinces, which recruit local companies to bring to a mission or trade show. We then invite US buyers to meet with Canadian suppliers; this gives the suppliers an extra opportunity to develop their network and to meet with new partners. For a small company like Shivani’s, our support is very helpful.”

Shivani looks forward to attending another trade mission in Boston next year. “This year I want to get ready for North America, and next year I want to expand my products across North America as much as possible,” she says.

“Shivani’s Kitchen is a young, woman-owned company,” Cecile Landgrebe says. “She has developed a beautiful line of products with a real added value that customers appreciate, and she’s now ready to approach the US market. I’ve introduced her products to a US retailer, and they really liked her story. They are in negotiations, and we’ll see if it works.”

Recent awards have recognized Shivani’s entrepreneurial excellence and commitment to her community. They have included the Sobeys Local Innovation Award 2020, the IWEN Entrepreneur of the Year award, and the DEAM Certificate of Recognition for her business’s ongoing commitment to creating a diverse and inclusive community.

“I’ve received a lot of support in Nova Scotia,” Shivani says. “That’s why, even though I’m an immigrant, my heart is completely Nova Scotian now.”



I’ve received a lot of support in Nova Scotia. That’s why, even though I’m an immigrant, my heart is completely Nova Scotian now.



SHIVANI DHAMIJA
Shivani’s Kitchen

CLIENT STORY: SAFETY CHECK INSPECTIONS LIMITED



A pandemic pivot opens door to exporting

For more than 20 years, Safety Check Inspections Limited has provided in-person training, primarily for Occupational Health and Safety and professional development. The Sydney-based business, established in 2000 by Greg MacMillan, was sold three years ago to long-time employees Jennifer Fahey (Office Manager) and Chris Angione (Training Manager) in a succession plan that allowed MacMillan to retire. With Jennifer's husband, Frankie Fahey, also on staff as Project Manager, the team was in a strong position.

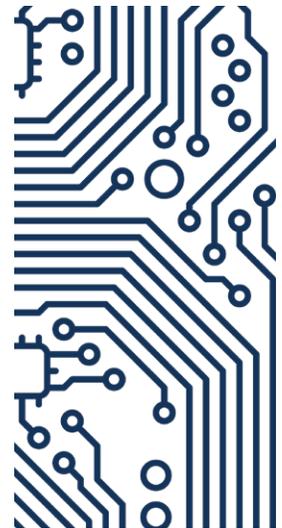
In March 2020, the pandemic changed everything.

“Before COVID, we were very busy,” says Jennifer Fahey. “We offer more than 70 courses, and we were developing partnerships with different government organizations to put on programs tailored for their clients. We travelled all over Nova Scotia to do training, and we were doing really well.”

When the doors closed to in-person training, the Safety Check team turned the challenges of the pandemic into an opportunity. They changed their business model to offer online training and became new exporters.

Fahey had previously met NSBI at a trade show. The Centre for Women in Business steered her to Wanda MacLean, NSBI's Business Development Advisor for the Cape Breton region. “Wanda is just a beautiful person,” Fahey says. “She advised me on what programs and funding were available and helped me with the process of applying.”

Auxilium Group helped Safety Check create a digital platform to run online versions of courses. “It took time, money, energy, and patience to develop this digital platform,” Fahey says. “We're adding more courses to the 10 we now offer online and are planning to offer blended learning – the online platform with an in-class practical component.”





To develop the digital platform, Safety Check used NSBI's Business Development Program. "The project cost \$27,000, and NSBI funded 50% of that," she says. "Besides providing resources for the project, NSBI encouraged us and made us accountable to get it done."

Operating the online platform has made life easier for Safety Check, especially during the recent shutdown, because they can direct people to their website to take an online course and get certified. For employers, the online option is attractive because it's easy to use, and learners can fit a course into their own schedule. Client-specific courses also enable employers to track who has taken the course and when they finished and passed it. For Safety Check, the online option frees up instructors to do more training.

"It's another form of revenue – one we did not have before COVID," Fahey says. "This revenue stream has been a real silver lining. During this last lockdown, many employers who had to delay the start date for new employees used the time to provide training."

Safety Check now exports their online courses, mainly within Atlantic Canada and to Alberta. "Our courses are recognized across Canada," Fahey says. "Anybody in Canada can take them online and get certified."

In November, they bought the business's building and added "landlord" to the company's portfolio.

"We're grateful for NSBI," Fahey says. "They encouraged us to do this and were there if we needed assistance. They are a wonderful organization, and they do wonderful things for small businesses in Nova Scotia."



We're grateful for NSBI. They encouraged us to do this and were there if we needed assistance. They are a wonderful organization, and they do wonderful things for small businesses in Nova Scotia."



JENNIFER FAHEY
Safety Check Inspections Limited

CLIENT STORY: TIGHTLINE ANCHOR



A business anchored in practical innovation

When friends Greg Linton and Thomas Langton decided to build a better anchor for a friend's boat in Louisiana, they had no idea that anchor would spark a new business venture. Tightline Anchor, based in Antigonish, now exports to the United States, Europe, and other parts of Canada. In fact, 90% of its business is exports.

Greg is in charge of operations in Antigonish. Thomas, a Canadian working in the southeastern US, runs the warehousing and looks after sales and dealers. Both have backgrounds in manufacturing.

Their business story began when Thomas built a grapnel anchor for his boat. Although grapnel anchors work well, they take up a lot of space on the boat, so Greg modified the design to make the anchor collapsible. "The new version was strong and worked as well as the original," Greg says. "Friends and family encouraged us to make and sell it, but the start-up costs to build a big anchor were prohibitive, and we had no business background or experience."

Then Thomas noticed the growth of kayak fishing in the United States and proposed they build a small anchor for kayak anglers. In 2018, they created and trialed a small collapsible anchor. To gauge market interest, they took a booth at ICAST, a large sportfishing trade show in Florida. The positive response spurred them to line up subcontractors, build their own website, and start manufacturing the anchors.

In 2019, Greg moved from Ontario to Nova Scotia to attend university after 14 years in the military. In early 2020, most of the Tightline Anchor dealer network had to shut down because of the pandemic. "This turned out to be a silver lining, because we were running out of stock," Greg says. "It allowed us to pause and consider our future."





With the help of NSBI and Ignite Labs, Greg and Thomas reworked their goals. “NSBI’s Grow Export Program prepared us for a trade mission to the United States, with a year-long program that included workshops and personalized mentoring,” Greg says. “The Scotians program helped connect us with other successful business people from Nova Scotia who provided insight and mentorship. And the Digital Adoption Program helped us build our e-commerce store and move from a home-built website to one that is professional. Lynn Coffin has been awesome. Jessica McCall and Sean Meister were very helpful throughout the last year as well.”

They scaled up their manufacturing and had anchors available from a new offshore manufacturer in late 2020.

NSBI has been pivotal in their growth, he adds. “They have provided us with insight, connections, funding and more. The past year, since COVID-19, has been our best. Our best month was last month, May 2021.”

As the business grows, Greg and Thomas are reinvesting in it. “We want to be able to build this business in Nova Scotia and manufacture bigger anchors here,” Greg says. “We also want to explore other opportunities in the ocean environment. Thomas and I are nuts and bolts kind of guys. We like building things that are simple but innovative.”

You can see Tightline Anchor in action on their [YouTube](#) video at Halifax Harbour.



NSBI’s Grow Export Program prepared us for a trade mission to the United States, with workshops and personalized mentoring.



GREG LINTON
Tightline Anchor

CLIENT STORY: BÊCHE NUTRACEUTICAL COMPANY

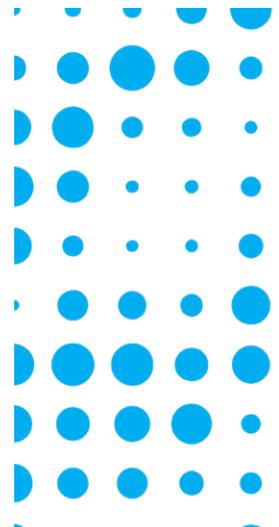
Adding value to sea cucumbers

As a business, Bêche is built on the solid foundation of Ocean Pride Fisheries, a specialty-seafood processor founded in 1986 by Milton LeBlanc. Based in Lower Wedgeport, near Yarmouth, the company began processing North Atlantic sea cucumber in 1999 – harvesting it locally, then processing and exporting it. Since 2010, Ocean Pride has focused exclusively on sea cucumbers.

“Sea cucumber has a lot of health benefits as a natural source of antioxidants, amino acids, fucosylated chondroitin sulfate, saponins, collagen, and Frondoside A,” says Milton’s son, Jules LeBlanc, President of Ocean Pride Fisheries. “It has also been consumed for centuries as part of traditional Chinese medicine. Ten years ago, we began doing R&D into natural health supplements. In 2018, we launched a product and started the Bêche business.”

Ocean Pride Fisheries operates the largest vertically integrated sea cucumber business in North America. “We’re always contemplating how to continuously grow, evolve or pivot to the next thing,” Jules says. “Our current approach is to use our expertise, strengths, and competitive advantage in Eastern Canadian sea cucumbers to identify opportunities to add value to what we have.”

Adding value is embodied in the company’s “Race to Zero Waste” initiative, which was set up to use the nutritional value in the processing of byproducts. “Before we look for new things to do, we’ve committed to making the most of what we already have,” he says. “That led us to create the natural health products line, and we’ve recently established a pet food line. So between these three product categories – seafood, supplements and pet food – our goal is to eliminate the waste from manufacturing and create value and diversity in our markets. It’s a way for us to grow our business without placing unnecessary pressure on the supply side.”





To meet the challenges of the “Race to Zero Waste” program, R&D is vitally important to Bêche. “Success in business is all about your ability to get product to market quickly and then turn to the next opportunity.” Jules says. “Over the years, we’ve received funding for projects under several NSBI programs. I can’t stress enough how beneficial these are to assist in our growth objectives. A dollar we save is not a dollar kept. It is a dollar used elsewhere in the value chain. The dollars invested by NSBI contribute exponentially to additional local investment.”

Virtually all of Ocean Pride’s business is export. Their first product in 1986 was herring roe, which they exported to Japan. Now they’re marketing sea cucumber to China. “Our export experience has been extremely beneficial for Bêche,” Jules says. “With NSBI’s support, we’ve attended trade shows and learned about trade barriers and cross-border regulations. We know what questions to ask.”

Throughout the pandemic, Nova Scotia businesses have applied for a range of government programs and funding. “NSBI was a silver lining,” Jules says. “They let us know about available programs and helped us to access them. They let us know when new ones were coming up that might fit into a project we had. Their turnaround time was quick, and they were quick to respond and to help us achieve positive results. The past year has given me a heightened appreciation for NSBI.”



We’ve received funding for projects under several NSBI programs. I can’t stress enough how beneficial these are to assist in our growth objectives.



JULES LEBLANC
Bêche Nutraceutical Company



Photos: Sandy McClearn

Global Offshore Wind Industry: Big opportunity for Nova Scotia

Nova Scotia's Woodside Marine Facility is one of the industrial parks and properties that NSBI manages. It was selected to host the wind farm installation vessels Vole au Vent and Bigroll Beaufort, a cargo vessel carrying offshore wind power components from Denmark. The Vole au Vent is a special purpose vessel that utilizes its onboard crane to transfer wind power components from the Bigroll Beaufort, to the Vole au Vent, and transport them to the site of The Coastal Virginia Offshore Wind Project (CVOWP).

In June 2020, CVOWP announced that it would use the Woodside Marine Facility for the project's staging and

pre-assembly port to transport wind energy components from the Bigroll Beaufort, to assist in the construction of a wind farm off the coast of Virginia, USA.

This provided Nova Scotia an opportunity to highlight our experienced marine industry and established supply chain. The CVOWP is the first U.S. offshore wind farm in federal waters and the global offshore wind industry is closely watching. The U.S. offshore wind industry is an emerging market and our local offshore marine industry had an opportunity to explore ways to export innovation, technologies, and expertise.





Chris Reardon/EPIX

That's a Wrap: Transition of the Nova Scotia Film and Television Production Fund

Since 2015, NSBI has administered and managed the Nova Scotia Film and Television Production Incentive Fund (the Fund), a financial incentive designed to stimulate and support the production of film and television projects. The Fund offers economic value to creative and production positions in Nova Scotia, such as directors, writers, performers, and crews.

In 2021, the Fund will transition to the Department of Communities, Culture and Heritage (CCH). NSBI will continue to provide support during the transition. The team at CCH has strong film industry roots, and they're well positioned to work with the film and television production industry in Nova Scotia.

NSBI would like to thank Nova Scotia filmmakers who create stories here and share them all over the world. We look forward to your continued success. Break a leg!

These are some of the quotes filmmakers and producers have shared with us over the years that we've been administering the Fund.

Roll credits...





From our clients over the years...

“One of the most interesting things for us has been seeing the progression of our younger student cast members, many of whom were brought in six years ago as background performers. Over the years, their interest in acting has grown – they are now making names for themselves – and some have evolved to become filmmakers in their own right”

MIKE VOLPE
Executive Producer, Mr. D

“I’m a Nova Scotia filmmaker. I choose to live here and film here, and I want to help build the creative economy here. Our contact at NSBI was very helpful. In the film industry, clarity is important, and she was knowledgeable about the nuances and important details of film budgets. NSBI’s funding and support helped us lock in commitments and get this film made.”

MICHAEL MELSKI
Director and Writer, *The Child Remains*

“This production is a great example of what we can achieve in Nova Scotia. We have world-class performers, combined with some of the best film and TV professionals anywhere, a unique story, spectacular location and it all centres on one of the most-recognized symbols in the country. What more could we ask for?”

BROOKES DIAMOND
Producer, *Bluenose: The Legend Lives*

“This all-German-language film will screen on Germany’s ARD first channel for their Saturday night family movie program. The program reaches an audience of over 4.5 million viewers – great exposure for Nova Scotia!”

ANN BERNIER AND CHRIS ZIMMER
Producers, *Harry’s Island*

“The Incentive Fund is a great program, and it’s huge for a small project like us to be able to fill such a large percentage of our financing, knowing that NSBI is there to help us. They’re fantastic.”

AARON HORTON
BLAC OP FILMS INC.; *Black Cop*, the first feature film by writer/director Cory Bowles and producer Aaron Horton (2017/18)

“I’m proud of Nova Scotia’s creative community – filmmakers, musicians, comedians, writers, culinary geniuses, artists of all kinds. They make an inestimable contribution to Nova Scotia’s way of life. Culture is not some kind of frill, or luxury item. It is a key ingredient of who we are. It is the “awesome sauce”. It helps make Nova Scotia the kind of place people want to live. And importantly – it provides a decent living for a lot of Nova Scotians. Culture means business.”

GEOFF D’EON
Executive Producer, *Halifax Comedy Fest*

“We’re very lucky here in Nova Scotia, because we have incredibly talented crew and a wide variety of locations. We have a long tradition of storytelling and our filmmakers can compete with anyone in the world. It’s important that we continue to share our stories not only with other Canadians, but with audiences around the world.”

EDWARD PEILL
Producer, *Lunenburg Nova Scotia*
Where the Land Meets the Sea

“As producers dealing with ever present financial imperatives, issues of funding, cash flow etc., it is so rewarding to be able to enjoy one’s time on the set, working with people who are so talented and so committed. Having the opportunity to see these stories come alive on the screen and hearing all the positive feedback they have received has been very, very gratifying.”

TERRY GREENLAW, Producer, *STUDIO BLACK!*
WILLIAM MACGILLIVRAY, Writer, *STUDIO BLACK!*

“With the support of NSBI and the Nova Scotia Film and Television Production Incentive Fund, DHX Media, and Nova Scotia, remain strong competitors in the multi-billion-dollar global content industry, and continue to develop and engage an important pool of talent in Nova Scotia, year after year.”

DAVID REGAN
DHX Media’s production *This Hour Has 22 Minutes* (2016/17)

Looking Ahead



As we look ahead to continued recovery in 2021-22, NSBI embraces our role in building back to a better Nova Scotia. We know that the path to a sustainable economy is built on a foundation of export, and we will ensure our companies are ready and able to take advantage of opportunities for growth in key export markets.

Through our newly enhanced and streamlined Export Development Program, we will provide critical market intelligence and support businesses in global markets by continuing to provide access to expertise to break down barriers to global growth.

To keep pace with online opportunities for growth, NSBI will continue to support businesses to connect, invest and improve e-commerce solutions through funding and training. Narrowing the digital divide will be core to our efforts in 2021-22.

Supporting companies across our province to make necessary capital investments to improve productivity and drive innovation will be another key focus for us in the year ahead, and our Small Medium Enterprise Innovation Rebate Program will continue to fill a key funding gap for investments under \$2 million.

We remain committed to our role in working with companies in all regions to grow and create jobs for current and new Nova Scotians. NSBI will focus on building our “work-from-here” knowledge-based economy. We will showcase our talent to employers both here and outside of the province, promoting distributed workforces as the path to growth. Integrating new, innovative, global leaders into our Nova Scotia economy is key to our export success and provides unique opportunities for our firms to connect to global value chains.

In line with the province’s environmental mandate, we will explore new ways to support businesses as they create clean technology products and services, improve sustainability

and productivity, and reduce their carbon footprint. We will prioritize the environment in our business development efforts and revise and target our programming to ensure sustainable and responsible economic growth in the province of Nova Scotia.

NSBI will look beyond our borders and identify and chart the course for attracting companies that are well-positioned to benefit from our province’s comparative advantages, will create high-value job growth across Nova Scotia, and will support our sustainability and climate change mandate.

Finally, and most importantly, NSBI stands behind the Province of Nova Scotia’s inclusive economic growth agenda and we will ensure that all Nova Scotians see themselves in our export success as we continue to recover and rebound from the impacts of COVID-19. We remain committed to building the partnerships and making the connections that will drive the attachment of under-represented groups to our workforce. Women, youth, Indigenous persons and African Nova Scotians were among those most negatively impacted by the pandemic, and we will focus our business development and investment attraction efforts on growing and building employers with diversity woven into their corporate fabric.

Our targets for next year are reflective of our efforts to recover and rebuild. We know that we are stronger together and we join with our provincial, federal, and global partners as we work collaboratively to ensure a stable, resilient, innovative, and inclusive economy in our province, today and for many years to come.



Appendix A

Public Interest Disclosure of Wrongdoing Act

Public Interest Disclosure of Wrongdoing Act

The Public Interest Disclosure of Wrongdoing Act was proclaimed into law on December 20, 2011.

The Act provides for government employees to be able to come forward if they reasonably believe that a wrongdoing has been committed or is about to be committed and they are acting in good faith.

The Act also protects employees who do disclose from reprisals, by enabling them to lay a complaint of reprisal with the Labour Board. A wrongdoing for the purposes of the Act is:

- a) a contravention of provincial or federal laws or regulations
- b) a misuse or gross mismanagement of public funds or assets
- c) an act or omission that creates an imminent risk of a substantial and specific danger to the life, health or safety of persons or the environment, or
- d) directing or counselling someone to commit a wrongdoing

In Accordance with Section 11 of the NSBI Disclosure of Wrongdoing Policy, the following is NSBI's Disclosure of Wrongdoing:

Information Required under Section 18 of the Act	Fiscal Year 2020-2021
Number of disclosures received	0
Number of Investigations Commenced	0
Findings of Wrongdoing	0
Corrective Action Taken	Not applicable
Reason No Corrective Action Taken	Not applicable



Appendix B

Consolidated financial statements of Nova Scotia Business Incorporated

MARCH 31, 2021



Consolidated financial statements of Nova Scotia Business Incorporated

March 31, 2021

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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 schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

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 financial statements on a semi-annual basis and external audited consolidated financial statements yearly.

The external auditors, Deloitte LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Nova Scotia Business Incorporated and meet with them when required.

On behalf of Nova Scotia Business Incorporated



Laurel C. Broten
CEO



Ferdinand Makani
Controller

Independent Auditor's Report

To the Board of Directors of
Nova Scotia Business Incorporated

Opinion

We have audited the consolidated financial statements of Nova Scotia Business Incorporated (the "Corporation"), which comprise the consolidated statement of financial position as at March 31, 2021, and the consolidated statements of operations and changes in accumulated surplus, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2021, and the results of its operations, changes in net financial assets and its cash flows for the year then ended, in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation 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 PSAS, 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 Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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 GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If 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 Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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.

Deloitte LLP

Chartered Professional Accountants
June 17, 2021

Nova Scotia Business Incorporated

Consolidated statement of operations and changes in accumulated surplus

Year ended March 31, 2021

(In thousands of dollars)

	Notes	Budget (Unaudited) \$	2021 \$	2020 \$
Revenue				
Provincial				
Operating grant		32,014	28,489	26,482
Nova Scotia Film and Television Production grant		25,000	25,561	21,084
Strategic investment grant		15,410	15,403	12,448
Loan valuation allowance grant		1,000	1,000	1,000
Miscellaneous		307	325	757
Other		1,713	1,861	1,927
Interest on loans receivable		494	543	848
Federal		384	1,454	372
Nova Scotia Independent Production Fund ("NSIPF") revenue (Schedule 1)		—	1	363
Recovery of FCINS equity investments and film production development loans	16 and 17	45	162	70
Investment income		—	—	23
Gain on sale of equity investments		—	180	—
Gain on sale of tangible capital assets		—	2	15
		76,367	74,981	65,389
Expenses				
Operating expenses (Schedule 2)		33,637	31,108	27,491
Nova Scotia Film and Television Production incentives		25,000	25,561	21,084
Strategic investments		15,410	15,403	12,448
Nova Scotia Business Fund: other expenses (Schedule 3)		834	787	929
Nova Scotia Independent Production Fund ("NSIPF") expenses (recovery) (Schedule 1)		—	(111)	363
Transfer payments to the Province of Nova Scotia	5	—	10	15
Recovery of credit losses	6	1,000	(922)	(750)
		75,881	71,836	61,580
Annual operating surplus		486	3,145	3,809
Accumulated surplus, beginning of year		14,099	14,099	10,290
Accumulated surplus, end of year		14,585	17,244	14,099

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

Nova Scotia Business Incorporated**Consolidated statement of changes in net financial assets**

Year ended March 31, 2021

(In thousands of dollars)

	Budget (Unaudited)	2021	2020
	\$	\$	\$
Annual operating surplus	486	3,145	3,809
Change in tangible capital assets			
Acquisitions of tangible capital assets	—	(130)	—
Amortization of tangible capital assets	35	50	36
Gain on sale of tangible capital assets	—	(2)	(15)
Proceeds from sale of tangible capital assets	—	10	15
Net change in tangible capital assets	35	(72)	36
Change in other non-financial assets			
Acquisitions of prepaid assets	—	(530)	(374)
Use of prepaid assets	—	374	47
Net change in other non-financial assets	—	(156)	(327)
Increase in net financial assets	520	2,917	3,518
Net financial assets, beginning of year	13,009	13,009	9,491
Net financial assets, end of year	13,529	15,926	13,009

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

Nova Scotia Business Incorporated
Consolidated statement of financial position

As at March 31, 2021
(In thousands of dollars)

	Notes	2021 \$	2020 \$
Financial assets			
Cash and cash equivalents		32,184	37,834
Short-term investments	7	8,000	8,000
Accrued interest receivable		161	51
Other receivables		1,324	706
Receivables - NSIPF		4	26
Due from the Province of Nova Scotia	7	49,178	42,292
Loans receivable	3 and 6	9,827	11,229
Equity investments	4 and 6	—	350
		100,678	100,488
Liabilities			
Accounts payable and accrued liabilities	7	57,913	55,958
Accounts payable and accrued liabilities - NSIPF		7	10
Deferred revenue		270	171
Deferred revenue - NSIPF		636	312
Employee benefits and other liabilities	15	855	895
Due to shareholder	7	24,979	29,860
Film production assistance commitments payable		72	72
Film production assistance commitments payable - NSIPF		10	186
Transfer payments payable to the Province of Nova Scotia	5	10	15
		84,752	87,479
Net financial assets		15,926	13,009
Non-financial assets			
Tangible capital assets	5	788	716
Prepaid expenses		530	374
		1,318	1,090
Accumulated surplus			
	8	17,244	14,099
Contractual obligations	9		
Contingencies	10		

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

On behalf of the Board

Brenda Belliveau
_____, Director

Danielle Patterson
_____, Director

Nova Scotia Business Incorporated
Consolidated statement of cash flows

Year ended March 31, 2021
(In thousands of dollars)

	Notes	2021	2020
		\$	\$
Operating transactions			
Annual operating surplus		3,145	3,809
Items not affecting cash and cash equivalents			
Amortization of tangible capital assets		50	36
Amortization of loan valuation allowance receivable		(1,000)	(1,000)
Allowance for credit losses and provision for payment of guarantees		(922)	(750)
Gain on sale of equity investments		(180)	—
Gain on sale of tangible capital assets		(2)	(15)
Changes in non-cash working capital	13	(5,594)	5,783
		(4,503)	7,863
Capital transaction			
Additions of tangible capital assets		(130)	—
Proceeds from sale of tangible capital assets		10	15
		(120)	15
Investing transactions			
Loan advances		(10)	(40)
Proceeds on redemption of equity investments		1,179	—
Repayments received on loans receivable		1,685	7,148
		2,854	7,108
Financing transaction			
Principal repayments to the Province of Nova Scotia		(3,881)	(1,772)
		(3,881)	(1,772)
(Decrease) increase in cash and cash equivalents		(5,650)	13,214
Cash and cash equivalents, beginning of year		37,834	24,620
Cash and cash equivalents, end of year		32,184	37,834

Supplementary cash flow information

13

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

Nova Scotia Business Incorporated

Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

1. Business overview

Nova Scotia Business Incorporated (the "Corporation") is a corporation, wholly-owned by the Province of Nova Scotia (the "Province") with an independent Board of Directors. The Corporation was established pursuant to the *Nova Scotia Business Incorporated Act*, Chapter 30 of the Acts of Nova Scotia, 2000.

The Corporation's mission is to drive economic momentum in Nova Scotia through attracting and expanding investment and developing businesses in all communities to be more successful exporters. The Corporation is not subject to provincial or federal taxes.

On April 9, 2015, the Nova Scotia provincial government tabled the March 31, 2016 budget in the House of Assembly, which included the elimination of the Film and Creative Industries Nova Scotia ("FCINS") agency's funding and a plan to cease its operations. Legislation, Bill No. 108 passed by the Government of Nova Scotia, introduced in the spring assigned all assets and liabilities of FCINS to the Corporation effective April 9, 2015 including those of the restricted independent production fund ("IPF").

On April 1, 2016 with the consent of the Province pursuant to Section 68(1) of the Finance Act, the Corporation incorporated a wholly owned subsidiary, Nova Scotia Independent Production Fund ("NSIPF"). On June 9, 2016, NSIPF was certified by the Canadian Radio-Television and Telecommunications Commission ("CRTC") and was added to the list of independent production funds to administer The Eastlink TV Independent Production Fund Program. As a result, the assets and liabilities of the IPF were assigned to and became assets and liabilities of NSIPF effective June 9, 2016.

NSIPF's purpose continues to be as was FCINS's as an IPF, to support Nova Scotia and Canadian television programming by receiving contributions as a restricted independent production fund under the Broadcasting Distribution Regulations and to distribute such contributions to productions determined to be eligible for funding in accordance with the requirements of the CRTC.

2. Summary of significant accounting policies

Basis of accounting

The consolidated financial statements of the Corporation have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") as established by the Public Sector Accounting Board ("PSAB").

The Corporation follows the accrual method of accounting for revenues and expenses. Revenues are recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

Reporting Entity

The consolidated financial statements reflect the assets, liabilities, revenues, expenses and changes in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the following entities which are owned or controlled by the Corporation:

- Nova Scotia Business Incorporated
- Nova Scotia Independent Production Fund

All inter-departmental and inter-entity balances and transactions between the entities have been eliminated on consolidation.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash includes petty cash and amounts on deposit with financial institutions. Cash equivalents include short-term highly liquid investments with a term to maturity of 3 months or less at acquisition. All are measured at fair market value.

Short-term investments

Short-term investments includes investments in financial instruments, such as promissory notes, with a term to maturity of greater than 3 months at acquisition, but maturing within 365 days of year-end.

Loans receivable

Loans receivable are recognized at amortized cost using the effective interest rate method. Loans receivable are classified as impaired when, in the opinion of management, there is reasonable doubt as to the timely collection of the full amount of principal and interest. A specific valuation allowance is established to reduce the recorded value of the impaired loan to its estimated net recoverable value.

A general allowance of 5% of cost is recorded to reflect anticipated future losses for all loans receivable which do not have a specific allowance.

Initial and subsequent changes in the amount of valuation allowance are recorded as a charge or credit to the consolidated statement of operations.

Loans receivable are written off after all reasonable restructuring and collection activities have taken place, and management believes that there is no realistic prospect of recovery. Once all or a part of a loan receivable has been written off, the write-off is not reversed, unless the loan receivable is recovered, in which case the recovery is credited to the consolidated statement of operations upon receipt.

Equity investments

Investments in equity instruments of private enterprises are carried at cost with realized gains and losses recognized in the consolidated statement of operations in the period they are derecognized.

Investments in equity instruments of private enterprises are classified as impaired when, in the opinion of management, there has been a loss in the value of the equity instruments that is other than a temporary decline. A specific valuation allowance is established to reduce the recorded value of the impaired investments to their estimated net recoverable value.

A general allowance of 10% of cost is recorded to reflect anticipated future losses for all investments in private enterprises receivable which do not have a specific allowance.

A write-down of an investment to reflect a loss in value is not reversed if there is a subsequent increase in value.

The investments and loans receivable are reviewed twice yearly for potential declines in value.

Financial liabilities

Financial liabilities are measured at amortized cost using the effective interest method, with gains and losses recognized in the consolidated statement of operations in the period that the liability is derecognized.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of assets. The cost, less residual value, of the tangible capital assets, excluding land, is amortized over their estimated useful lives as follows:

<u>Asset</u>	<u>Basis</u>	<u>Rate</u>
Buildings	Declining balance	5%
Wharves	Declining balance	5%
Utilities	Declining balance	4-15%
Computer software	Declining balance	50%
Computer hardware	Declining balance	50%

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

Contributions of tangible capital assets

Tangible capital assets received as contributions are recorded in revenues at their fair value at the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

Impairment of long-lived assets

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations and are not reversed.

Government transfers

Government transfers are recognized in the consolidated financial statements 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. The transfer payments recorded by the Corporation are flow-through arrangements of proceeds from the sale of crown assets which the Corporation administers and are remitted to the Province. In accordance with PS 3410, government transfers do not include flow-through arrangements where a government agrees to act merely as an intermediary to administer funds on behalf of another party and has no ability to make decisions regarding the use of the funds.

Similarly, when funds are received as a result of an administrative flow-through arrangement in which a recipient government serves only as a cash conduit (i.e., it has no direct financial involvement in the program nor decision-making capability in relation to the program) the receipt and disbursement of cash would not be recognized as transfers in that recipient government's consolidated financial statements.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Revenue recognition

Government contributions are recognized as revenue in the period the transfer is authorized, and all eligibility criteria have been met, except when, and to the extent, the transfer includes stipulations which have not yet been met.

Government contributions with stipulations are initially deferred and recognized as revenue as the related stipulations are met:

- (a) Operating grants are recognized as revenue in the period the transfer is received but adjusted at year-end for any portion which does not meet the eligibility stipulations to be treated as revenue, which is booked as a payable to the Province for future reimbursement.
- (b) Strategic investment grants are recognized when expenditure is recorded in accordance with the Corporation's approved budget and shall be provided in accordance with policies, guidelines and procedures set out in the Corporation's business plan.
- (c) Nova Scotia Film and Television Production grants are earned in accordance with the Corporation's approved annual budget and when the eligible producers have completed the final print stage of the approved production.
- (d) Loan valuation grant is provided by the Province to offset the Due to Shareholder debt obligation.
- (e) Miscellaneous consists of various contracts for trade programs. Revenue is recognized in the period the transfer is authorized, and all eligibility criteria have been met, except when and to the extent the transfer includes stipulations which have not yet been met.

Interest revenue on the loans receivable is recognized on an accrual basis unless the ultimate collectability of the loan is in doubt. When a loan is classified as impaired, interest revenue is no longer recognized, and any interest income that is accrued is reversed. A loan is considered impaired when there is risk of loss to the Corporation of the full and timely collection of principal and interest; generally, when it is more than three months in arrears. In the event a loan is no longer considered to be impaired, interest revenue is recognized in the year of recovery.

Other revenue is recognized when earned and collection is reasonably assured.

Provision for credit losses and payment of guarantees

Due to Shareholder debt obligation is partially offset by a non-cash loan valuation allowance contribution from the Province of Nova Scotia. The contribution is recorded as both a receivable and revenue.

Employee future benefits

The Corporation provides certain employee benefits which will require funding in future periods. These benefits include vacation pay and public service awards. The remainder of the public service awards were paid out in the previous year. Previously, upon retirement, qualifying employees were eligible for a public service award equal to one week's salary per year of service to a maximum of 26 weeks. Management used to recognize compensation expense on an accrual basis with actuarial assessments having been carried out every three years.

The Province extended a one-time payout in lieu of public service award on retirement to eligible non-union and management employees in 2018 and to unionized employees in the prior year. Permanent employees of the Corporation participate in the Public Superannuation Fund (the "Plan"), a contributory defined benefit pension plan administered by the Province, which provides pension benefits based on length of service and earnings. Contributions to the Plan are required by both the employees and the employer. The costs of the employer pension benefits are the Corporation's contributions due to the Plan in the period.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021
(In thousands of dollars)

2. Summary of significant accounting policies (continued)

Employee future benefits (continued)

The Corporation is not responsible for any under-funded liability, nor does the Corporation have any access to any surplus that may arise in this Plan.

The Corporation accounts for severance pay on an accrual basis and the amount is calculated based upon accumulated years of service. The amount is payable when the employee ceases employment with the Corporation.

Use of estimates

The preparation of the consolidated financial statements in conformity with PSAS 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 consolidated financial statements and the reported amounts of revenues and expenses during the year. Significant estimates included in the consolidated financial statements relate to the valuation of the loans receivable and the amount of certain accrued liabilities. Actual results could differ materially from these estimates.

3. Loans receivable

	Note	2021	2020
		\$	\$
Principal due		20,583	22,299
Allowance for credit losses	6	(10,756)	(11,070)
		9,827	11,229

Annual interest charged on these loans ranges from 0% to 10% (2020 - 0% to 10%). The maturity dates of the loans receivable are as follows:

	\$
Past due	5,065
Year ended March 31, 2022	6,700
Year ended March 31, 2023	—
Year ended March 31, 2024	342
Year ended March 31, 2025	3,551
Year ended March 31, 2026	231
Fully allowed for loans receivable	4,694
	20,583

The level of security on loans is also negotiated between the Corporation and the debtor based on the risk associated with the individual loan. The security can include life insurance, company assets, personal guarantees or the value of the parent company. Security can range from an unsecured position to a fully secured position.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

4. Equity investments

	Note	2021 \$	2020 \$
Common shares		10,156	11,156
Preferred shares		8,206	8,206
		18,362	19,362
Allowance for credit losses	6	(18,362)	(19,012)
		—	350

Certain equity investments have conversion options and warrants attached.

In the year, the Corporation had \$1,000 of shares redeemed (2020 - \$Nil) for proceeds of \$1,064.

5. Tangible capital assets

	Cost \$	Accumulated amortization \$	2021 Net book value \$	2020 Net book value \$
Land	82	—	82	82
Buildings	873	713	160	169
Wharves	1,752	1,338	414	435
Utilities	411	393	18	30
Computer hardware/software	130	16	114	—
	3,248	2,460	788	716

Proceeds from the sale of tangible capital assets less closing costs are remitted to the Province in the form of transfer payments. In the current year, the transfer payments payable to the Province from the sale of tangible capital assets were \$10 (2020 - \$15).

6. Allowance for credit losses

	Notes	Gross balance outstanding \$	Specific allowance \$	General allowance \$	Total allowance \$	2021 Net balance outstanding \$
Loans receivable	3	20,583	10,259	497	10,756	9,827
Equity investments	4	18,362	18,362	—	18,362	—
		38,945	28,621	497	29,118	9,827

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

6. Allowance for credit losses (continued)

		Gross balance outstanding	Specific allowance	General allowance	Total allowance	2020 Net balance outstanding
Notes		\$	\$	\$	\$	\$
Loans receivable	3	22,299	10,497	573	11,070	11,229
Equity investments	4	19,362	19,012	—	19,012	350
		<u>41,661</u>	<u>29,509</u>	<u>573</u>	<u>30,082</u>	<u>11,579</u>

During the year, investments in the amount of \$41 (2020 - \$73) were written off, including \$Nil (2020 - \$Nil) allowed for during the current year, and \$922 (2020 - \$750) of previously allowed for investments were recovered, resulting in a net decrease in total allowance of \$963 (2020 - \$823).

7. Related party balances

Short-term investments

	2021 \$	2020 \$
Province of Nova Scotia promissory note receivable, bearing interest at 0.23% per annum, maturing August 17, 2021	7,600	—
Province of Nova Scotia promissory note receivable, bearing interest at 0.24% per annum, maturing March 4, 2022	400	—
Province of Nova Scotia promissory note receivable, bearing interest at 1.65% per annum, maturing August 17, 2020	—	7,600
Province of Nova Scotia promissory note receivable, bearing interest at 1.10% per annum, maturing March 5, 2020	—	400
	<u>8,000</u>	<u>8,000</u>

Due from the Province of Nova Scotia

The balance due from the Province is non-interest bearing with no set terms of repayment and includes \$3,726 of earned operating grant receivable from the Province.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities includes \$nil (2020 - \$1,645) of unused operating grant revenue payable to the Province.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

7. Related party balances (continued)

Due to shareholder

The Corporation signed a Memorandum of Understanding effective March 31, 2016 with the Province allowing and changing the treatment and recognition of the former long-term debt with the Province. The outstanding notes payable balance of \$50,706 as at March 31, 2016 between the Corporation and the Province was converted into a non-interest bearing shareholder loan with no set terms of repayment. The Corporation plans to repay the shareholder loan based on the schedule outlined in note 11. As a condition of this conversion, the Corporation was required to reduce its Loan Valuation Allowance receivable due from the Province by applying it against the outstanding notes payable to the Province.

8. Share capital

The Corporation is authorized to issue 100 Class A common shares with a par value of \$1 each. At year-end, 100 common shares have been issued to the Province. Share capital is included in accumulated surplus on the consolidated statement of financial position.

9. Contractual obligations

The Corporation provides strategic investments that permit approved businesses to receive a percentage of payroll taxes paid as a rebate. Expenses incurred by the Corporation are match-funded by the Province in the form of a Strategic Investment Grant.

As at March 31, 2021, transactions were approved with maximum annual payments over the next six years of \$71,656 (2020 - maximum annual payments over the next six years of \$85,664) as shown below:

	\$
2022	15,340
2023	14,976
2024	16,188
2025	14,335
2026	10,336
2027	481
Total	<u>71,656</u>

The Corporation is the administrator of the Nova Scotia Film and Television Production Incentive Fund ("NSFPIF") which was established during 2016 to support the film and television production industry in the Province and to create economic value for Nova Scotians. Expenses incurred by the Corporation will be match-funded by the Province in the form of an NSFPIF grant. Eligible corporations that have a permanent establishment in Nova Scotia will be able to apply to the NSFPIF to receive support on the completion date of the targeted production based on the following funding streams:

- Base funding of 26% of all eligible Nova Scotia costs for indigenous/co-productions; or
- Base funding of 25% of all eligible Nova Scotia costs for foreign/service productions.

Additional incentives over the base funding can be earned for rural production work, shoots more than 30 days, and for Nova Scotia content.

As at March 31, 2021, commitments in the amounts of \$27,947 were recognized based on Incentive Agreements over the next year (2020 - commitments in the amount of \$15,565 were recognized based on Incentive Agreements over the next two years).

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

10. Contingencies

Litigation

The Corporation is co-defendant with the Province and Industrial Estates Limited in a dispute regarding environmental contamination on land previously owned by Industrial Estates Limited. The Corporation believes that any losses incurred related to this claim will be fully funded by the Province.

The Corporation is unable to form an opinion in regard to the likelihood of loss arising from the above litigation. Consequently, no provision for any possible loss has been recorded in these consolidated financial statements.

In addition, there are other outstanding claims against the Corporation for events that have arisen in the normal course of carrying on the operations of the Corporation. It is not possible at this time to determine the amount that may be assessed, or the impact to the Corporation's consolidated financial statements, with respect to these claims.

11. Financial instruments

Fair value

Fair value estimates are made as of a specific point in time, using available information about the financial instruments and current market conditions.

Fair value measurements in connection with the allowance for credit losses recognized in Notes 3 and 4 are categorized using the fair value hierarchy that reflects the significance of inputs used in determining the fair values:

- Level 1 - unadjusted quoted prices in the active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included in Level 1 that are observable for the assets or liability, either directly or indirectly; and
- Level 3 - inputs for assets and liabilities that are not based on observable market data.

Cash and cash equivalents have been recorded as Level 1 using the fair value hierarchy.

Financial risk factors

Risk management relates to the understanding and active management of risks associated with all areas of the Corporation's business and the associated operating environment. The Corporation is primarily exposed to credit, interest rate, market price and liquidity risk, arising from its financial assets and liabilities.

Credit risk

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Corporation. To mitigate this risk, the Corporation has developed the following policies:

Before financing is approved, a risk assessment is performed on the client. Each application is designated a risk rating based on the industry and business, quality of management, financial performance, the level of other creditor involvement and shareholder participation, and environmental risks. The terms and conditions of the approved financing are reflective of the assessed risk. Applications with unacceptable levels of risk are not approved.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

11. Financial instruments (continued)

Credit risk (continued)

Clients are usually limited to a total of \$15,000 in financing from the Corporation's Nova Scotia Business Fund. Three clients have exceeded this total in the past; two were approved in the Nova Scotia Business Development Corporation Fund and transferred to the Nova Scotia Business Fund via legislation on November 6, 2001 and both were paid out in a previous year. A third client, that was authorized financing of \$15,100 and approved in fiscal 2011, currently has an outstanding balance of \$6,161 (2020 - \$6,911) which is now below the \$15,000 financing limit threshold and has been fully disbursed.

The risk rating for all clients is monitored on an on-going basis. Clients identified as higher risk are further assessed at year end to determine the extent of potential loss, taking into account the value of the security pledged in support of the financial assistance. This assessment could result in a reduction in the carrying value of the investment via the provision for credit losses.

Interest rate risk

Interest rate risk is the risk that the market value of the Corporation's investments and debt will fluctuate due to changes in the market interest rates. It is management's opinion that the Corporation is not exposed to significant interest rate risk arising from financial instruments, as the loans receivable bear interest at fixed rates of interest and the balances due from and to the Province are non-interest bearing or bear interest at fixed rates.

Market price risk

Market price risk is the risk that the value of an investment will fluctuate as a result of changes in the market prices, whether those changes are caused by factors specific to the individual financial instrument, its issuer or factors affecting similar financial instruments traded in the market. The Corporation's exposure to market price risk is limited, as it does not presently hold investments quoted in an active market; however, the fair value of investments in equity instruments of private enterprises carried at cost could fluctuate based on changes in the fair value of similar equity instruments traded in an active market.

Liquidity risk

Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. Liquidity requirements are managed through the receipt of provincial grants, income generated from loans receivable and equity investments and principal repayments received on loans receivable. These sources of funds are used to pay operating expenses and debt servicing payments to the Province. In the normal course of business the Corporation enters into contracts that give rise to commitments for future payments which also impact the Corporation's liquidity. The Corporation also maintains cash on hand for liquidity purposes and to pay accounts payable and accrued liabilities.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

11. Financial instruments (continued)

The following table summarizes the fixed contractual maturities for all financial liabilities as at March 31, 2021:

	Within 1 year	2 to 5 years	6 to 10 years	Over 10 years	2021 Total	2020 Total
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	57,913	—	—	—	57,913	55,958
Accounts payable and accrued liabilities - NSIPF	7	—	—	—	7	10
Employee benefits and other liabilities	591	264	—	—	855	895
Transfer payments payable to the Province	10	—	—	—	10	15
Deferred revenue	170	—	—	100	270	171
Deferred revenue - NSIPF	636	—	—	—	636	312
Due to shareholder	890	7,560	5,145	11,384	24,979	29,860
Film production assistance commitments payable	72	—	—	—	72	72
Film production assistance commitments payable - NSIPF	10	—	—	—	10	186
	60,299	7,824	5,145	11,484	84,752	87,479

12. Nova Scotia Business Fund

The Nova Scotia Business Fund (the "Fund") is comprised of investments approved under the direction and management of the Corporation and investments transferred from the Nova Scotia Business Development Corporation Fund ("NSBDC") on November 6, 2001. The following is a summary of the Fund as at March 31, 2021:

	NSBI portfolio		NSBDC portfolio		2021	2020
	Less allowance for credit losses		Less allowance for credit losses		Net total	Net total
Notes	Gross	losses	Gross	losses	\$	\$
	\$	\$	\$	\$	\$	\$
Assets						
Loans receivable	3 15,980	6,456	4,603	4,300	9,827	11,229
Equity investments	4 18,362	18,362	—	—	—	350
Tangible capital assets	5 —	—	674	—	674	716
Others	116	—	—	—	116	—
	34,458	24,818	5,277	4,300	10,617	12,295

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

12. Nova Scotia Business Fund (continued)

Funding authorized and committed:	Notes	2021 \$	2020 \$
Fund balance authorized, net of write-offs		181,627	181,668
Less: uncommitted balance of fund		141,892	139,291
Committed fund balance		39,735	42,377
Less: allowance for credit losses	6	29,118	30,082
		10,617	12,295

13. Supplementary cash flow information

Changes in non-cash working capital

	2021 \$	2020 \$
Accrued interest receivable	(110)	34
Other receivables	(618)	634
Receivables – NSIPF	22	(1)
Due from the Province of Nova Scotia	(6,886)	(5,975)
Accounts payable and accrued liabilities	1,955	11,895
Accounts payable and accrued liabilities - NSIPF	(3)	2
Deferred revenue	99	(235)
Deferred revenue – NSIPF	324	(21)
Employee benefits and other liabilities	(40)	(15)
Film production assistance commitments payable – operating	–	(2)
Film production assistance commitments payable – NSIPF	(176)	80
Transfer payments payable to the Province of Nova Scotia	(5)	(286)
Prepaid expenses	(156)	(327)
	(5,594)	5,783

Interest income

During the year, cash received for interest income was \$543 (2020 – \$882).

14. Related party transactions

During the year, there were no companies (2020 - no companies) controlled or otherwise not independent of the Corporation eligible for incentives offered by the Corporation. As at March 31, the total amount outstanding to companies that were controlled by, or otherwise not independent of, certain directors of the Corporation was \$nil (2020 - \$12,495) for financial assistance. All these investments have specific allowances recorded against them totaling \$nil (2020 - \$12,495). Furthermore, there were no incentives issued under this category in the current year (2020 - \$Nil).

The Corporation receives legal services free of charge from the Province. Management estimates the annual cost of these services would be approximately \$330 (2020 - \$324).

These transactions were carried out in the normal course of operations and on terms and conditions that would be similar to those of transactions with non-related parties.

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

15. Employee benefits and other liabilities

The employee benefits and other liabilities reported on the consolidated statement of financial position, are made up of the following:

	2021	2020
	\$	\$
Vacation pay	367	264
Other payroll accruals	488	631
	855	895

Pension benefits

All full-time employees are entitled to receive pension benefits pursuant to the provisions of a pension plan established under the Public Service Superannuation Act based on the employees' length of service and earnings. The plan is funded by the employee and the employer's contributions. The employer's contributions for 2021 were \$720 (2020 - \$701) and are recognized as an operating expense in the year.

16. Film production development loans

Film production development loans previously committed by FCINS were provided to eligible producers to support essential process of the development which takes an idea through the stages of research, writing, market analysis and costing, which must precede the completion of the production financing arrangements. Support for the development of a project does not necessarily imply support for a production. Film production development loans are interest free and are to be repaid the earlier of the first day of principal photography or on the optioning, sale or transfer of the property to a third party.

During the year, the Corporation received \$nil in recovery of film production development loans (2020 - \$15). As at March 31, 2021, \$7 (2020 - \$7) remains undisbursed and is included in commitments payable. There were no film production development loans disbursed, assumed and originated at year-end (2020 - \$Nil).

17. Film production equity investments

Film production assistance previously committed by FCINS, in the form of equity investments were provided to eligible producers for the financing of productions that will provide employment and economic benefit to Nova Scotians. Equity investments are made with conditions of repayment through participation in revenues by projects. Revenue is recorded as reported by producers.

During the year, the Corporation received \$162 (2020 - \$55) in recovery of equity investments resulting in a cumulative recoupment, assumed, and originated, as at March 31, 2021, of \$4,837 (2020 - \$4,675). Also, as at March 31, 2021, \$65 (2020 - \$65) remains undisbursed and is included in commitments payable. Total film production equity investments disbursed, assumed and originated, at year end were \$46,909 (2020 - \$46,909).

Nova Scotia Business Incorporated
Notes to the consolidated financial statements

March 31, 2021

(In thousands of dollars)

18. Nova Scotia Independent Production Fund (“NSIPF”)

NSIPF, through The Eastlink TV Independent Production Fund Program provides production assistance in the form of film production equity investments to eligible producers for the financing of production that will support employment and economic benefits to Nova Scotia. Film production equity investments are made with the condition of repayment through participation in revenues by projects. Revenue is recorded as reported by producers. Funds received by NSIPF are externally restricted and included on the consolidated statement of financial position in cash and cash equivalents and are deferred until committed.

During the year, the Corporation, through its subsidiary, NSIPF, received \$333 (2020 - \$290) from the funding partner to invest in qualifying projects, and \$17 (2020 - \$18) in recovery of equity investments. The cumulative total of equity investments made by the IPF, assumed and originated, as at March 31, 2021 is \$5,501 (2020 - \$5,619). As at March 31, 2021, \$17 (2020 - \$198) was recouped and \$10 (2020 - \$186) remains undisbursed and is booked as a commitments payable.

19. Covid-19 Pandemic

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic, which has resulted in the implementation of a series of public health and emergency measures to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results of the Corporation in future periods.

Nova Scotia Business Incorporated**Schedule 1 – Schedule of the Nova Scotia Independent Production Fund
("NSIPF") revenues and expenses**Year ended March 31, 2021
(In thousands of dollars)

		Budget (Unaudited)	2021	2020
	Notes	\$	\$	\$
Revenue				
Eastlink contributions	18	—	—	337
Recovery of equity investments	18	—	—	18
Interest income		—	1	8
		—	1	363
Expenses				
Equity investments		—	—	356
Recovery of investment		—	(119)	—
Administrative expenses		7	7	7
		7	(111)	363

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

Nova Scotia Business Incorporated
Schedule 2 – Schedule of operating expenses

Year ended March 31, 2021
(In thousands of dollars)

	Notes	Budget (Unaudited)	2021	2020
		\$	\$	\$
Business development		21,711	20,522	16,002
Salaries and benefits	15	9,682	9,289	9,403
Office		949	695	874
Telecommunications and technical support		509	416	427
Other		112	108	149
Legal and audit	14	46	44	60
Travel		628	18	576
Amortization		—	16	—
		33,637	31,108	27,491

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

Nova Scotia Business Incorporated**Schedule 3 – Schedule of Nova Scotia Business Fund: other expenses**

Year ended March 31, 2021

(In thousands of dollars)

	Budget (Unaudited)	2021	2020
	\$	\$	\$
Repairs, maintenance, salaries and other	749	753	887
Amortization of tangible capital assets	35	34	36
Legal	50	—	6
Recovery of commissions and other fees	1	—	—
	834	787	929

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