MaRS Discovery District

Non-consolidated Financial Statements
March 31, 2026

Independent auditor's report

To the Finance, Audit and Risk Committee of MaRS Discovery District

Our opinion

In our opinion, the accompanying non-consolidated financial statements present fairly, in all material respects, the financial position of MaRS Discovery District (the Organization) as at March 31, 2026 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's non-consolidated financial statements comprise:

- the non-consolidated statement of financial position as at March 31, 2026;
- the non-consolidated statement of operations for the year then ended;
- the non-consolidated statement of changes in net assets for the year then ended;
- the non-consolidated statement of cash flows for the year then ended; and
- the notes to the non-consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the non-consolidated financial statements* section of our report.

PricewaterhouseCoopers LLP
PwC Tower, 18 York Street, Suite 2500
Toronto, Ontario, Canada M5J 0B2
T.: +1 416 863 1133, F.: +1 416 365 8215
Fax to mail: ca_toronto_18_york_fax@pwc.com

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

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the non-consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of management and those charged with governance for the non-consolidated financial statements

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, management is responsible for assessing the Organization’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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’s financial reporting process.

Auditor’s responsibilities for the audit of the non-consolidated financial statements

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

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

- Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for 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 Organization'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 Organization'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 non-consolidated 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 Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants
Toronto, Ontario
June 30, 2026

MaRS Discovery District

Non-consolidated Statement of Financial Position

As at March 31, 2026

(in thousands of Canadian dollars, unless otherwise stated)

	2026	2025
Assets		
Current assets		
Cash	$15,054	$8,588
Short-term Investments (note 3)	11,693	-
Government receivables	2,007	2,232
Other receivables and prepayments (note 4)	2,115	2,975
Due from related parties (note 5)	1,196	146
	$32,065	$13,941
Cash and Investments (note 3)	$ -	$11,387
Investments (note 6)	810	787
Note receivable (note 7)	547	520
Investments in related parties (note 8)	26,011	28,116
Distribution receivable from trust (note 8)	10,043	8,637
	$69,476	**$63,388**
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	$3,435	$3,502
Due to related parties (note 5)	5	497
Deferred revenue	803	1,763
Restricted contributions (note 13)	12,484	7,219
Repayable restricted contributions	11,693	-
	$28,420	$12,981
Long-term restricted contributions (note 14)	$ -	$11,387
Net Assets		
Unrestricted	$4,999	$2,264
Internally restricted (note 15)	36,057	36,756
	$41,056	$39,020
	$69,476	**$63,388**

Contingencies (note 16)

Approved by the Board of Directors

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

MaRS Discovery District

Non-consolidated Statement of Operations

For the year ended March 31, 2026

(in thousands of Canadian dollars, unless otherwise stated)

	2026	2025
Revenue		
Restricted provincial grants (note 13)	$9,214	$10,814
Restricted federal grants (note 13)	4,057	5,103
Restricted other grants and donations (note 13)	3,109	3,309
Fee for service revenue	2,113	3,649
Related party revenue (note 5)	1,135	1,162
Other income (note 6)	270	315
	$19,898	**$24,352**
Expenses		
Employees and contractors	$12,365	$19,616
Program operating	4,113	3,484
Rent expense (note 5)	1,622	1,632
Outsourced services	1,486	1,002
Supplies	719	923
Administration and other	708	550
	$21,013	**$27,207**
Net loss before equity pickup	**($1,115)**	**($2,855)**
Income of MaRS Phase 1 Investment Trust (note 8)	5,187	4,116
Net income before the following	**$4,072**	**$1,261**
Loss of MaRS Phase 2 Investment Trust (note 8)	(2,036)	(689)
Income of MaRS Discovery Enterprises Inc. (note 9)	-	179
Net income for the year	**$2,036**	**$751**

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

MaRS Discovery District

Non-consolidated Statement of Changes in Net Assets

For the year ended March 31, 2026

(in thousands of Canadian dollars, unless otherwise stated)

			2026
	Unrestricted	**Internally restricted** (note 15)	**Total**
Net assets – beginning of year	$ 2,264	$36,756	$39,020
Net income for the year	2,036	-	2,036
Inter-fund transfer (note 15)	699	(699)	-
Net assets – end of year	**$4,999**	**$36,057**	**$41,056**

			2025
	Unrestricted	**Internally restricted** (note 15)	**Total**
Net assets – beginning of year	$ 2,356	$35,913	$38,269
Net loss for the year	751	-	751
Inter-fund transfer (note 15)	(843)	843	-
Net assets – end of year	**$2,264**	**$36,756**	**$39,020**

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

MaRS Discovery District

Non-consolidated Statement of Cash Flows

For the year ended March 31, 2026

(in thousands of Canadian dollars, unless otherwise stated)

	2026	2025
Cash provided by (used in)		
Operating activities		
Net income for the year	$2,036	$751
Items not affecting cash		
Income of related parties	(3,151)	(3,606)
Changes in working capital balances (note 17)	6,937	5,522
	$5,822	$2,667
Investing activities		
Distribution from related parties	$1,000	$1,968
Investments (note 6)	(50)	(216)
Changes in restricted investment	(306)	(463)
	$644	$1,289
Increase in cash during the year	$6,466	$3,956
Cash – beginning of year	$8,588	$4,632
Cash – end of year	**$15,054**	**$8,588**

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

(in thousands of Canadian dollars, unless otherwise stated)

1. Description of organization

MaRS Discovery District (MaRS or the organization) is dedicated to improving Canada's social and economic prosperity from its science, technology and social innovations. MaRS' core programs include business advisory services, education and market intelligence to attract and equip Canadian innovators with the skills, tools and networks they need to thrive and grow in the global knowledge economy. MaRS also works to remove systems barriers by conducting research and working collaboratively with governments and public agencies, innovators, established businesses and community partners to determine how to increase the ease and effectiveness of the adoption of new innovations.

MaRS is an organization without share capital, incorporated on August 27, 2001 under the laws of Canada. In October 2014, MaRS was granted continuance under the Canada Not-for-profit Corporations Act. As a registered charity (87668 2717 RR0001) under the Income Tax Act, the organization is exempt from income taxes.

Related entities – real estate

The MaRS Centre, which is located on the south side of College Street between University Avenue and Elizabeth Street in downtown Toronto, is a world-class innovation hub dedicated to catalyzing convergence of the region's science, technology and social innovations to improve economic and societal outcomes for Canadians. The Centre includes properties that are held by three separate related entities.

<u>MaRS Phase 1 Investment Trust, MaRS Phase 1 Inc. and 2550106 Ontario Inc. (note 8)</u>
In December 2016, MaRS became the sole unitholder and sole beneficiary of the MaRS Phase 1 Investment Trust (Phase 1 Trust) and the 100% sole shareholder of both MaRS Phase 1 Inc. (Phase 1 Inc.) and 2550106 Ontario Inc. (2550106 Ontario). The Phase 1 Trust holds the South Tower and Heritage Building located at 101 College Street.

Phase 1 Inc. is an Ontario for-profit company whose sole activity is to act as Trustee for Phase 1 Trust. Phase 1 Inc. in its capacity as trustee executes contracts and other legal and financial instruments for Phase 1 Trust but does not record any financial activity of its own.

2550106 Ontario is an Ontario for-profit company whose sole activity is to hold the legal and registered title to the Phase 1 lands as bare trustee for MaRS but does not record any financial activity of its own.

<u>MaRS Phase 2 Investment Trust and MaRS Phase 2 Inc. (note 8)</u>
MaRS is an 80% unitholder and beneficiary of the MaRS Phase 2 Investment Trust (Phase 2 Trust) and the 80% shareholder of MaRS Phase 2 Inc. (Phase 2 Inc.). The University of Toronto holds a 20% interest in Phase 2 Trust and Phase 2 Inc. The Phase 2 Trust holds the West Tower, located at 661 University Avenue.

Phase 2 Inc. is an Ontario for-profit company whose sole activity is to act as Trustee for Phase 2 Trust. Phase 2 Inc. in its capacity as trustee executes contracts and other legal and financial instruments for Phase 2 Trust, but does not record any financial activity of its own.

<u>MaRS Development Trust</u>
The MaRS Development Trust holds the Toronto Medical Discovery Tower (also known as the Princess Margaret Cancer Research Tower) facility, situated at the corner of College and Elizabeth Streets.

In 2002, MaRS was appointed administrator of the MaRS Development Trust (the Trust). The Trust's purpose was to issue $100,000 in bonds to finance the property development of the Toronto Medical Discovery Tower facility (the project), for the University Health Network (UHN), to operate the project and act as landlord under the UHN lease agreement. Under the UHN lease agreement, the project has been leased in its entirety to UHN pursuant to a 30-year lease dated December 12, 2002. The Trust receives finance income that is recognized over the term of the lease in a manner that produces a constant rate of return on the investment in the lease. As beneficiary of the Trust, MaRS will assume the ownership of the project upon full repayment of the bonds in 2035.

(in thousands of Canadian dollars, unless otherwise stated)

MaRS Discovery Enterprises Inc. (note 9)
MaRS holds a 100% investment in MaRS Discovery Enterprises Inc. (MDEI), an Ontario for-profit company. MDEI is an innovation hubs management services company that provides property management, project development and related services to Phase 1 Trust, Phase 2 Trust and MaRS, and operates the MaRS Waterfront project.

Related entities – investment and other

MaRS Investment Accelerator Fund Inc. (note 11)
MaRS controls MaRS Investment Accelerator Fund Inc. (IAF). IAF is an Ontario not-for-profit organization that administers the Investment Accelerator Fund Program on behalf of the Province of Ontario.

MaRS Discovery Services Inc.
MaRS controls MaRS Discovery Services Inc. (MDSI), an Ontario not-for-profit organization. MDSI held a 21% investment in JOLT Fund L.P. until August 27, 2024, when the fund was terminated; 100% of MaRS 101 Ventures Inc.; and 100% of MaRS Catalyst Fund General Partner Inc.

JOLT Fund L.P. is a limited partnership of private investors that has made investments in promising start-up companies developing products or services in mobile and digital technology. MaRS 101 Ventures Inc. is an Ontario for-profit company that acts as the general partner to JOLT Fund L.P.

MaRS owns 100% of the MaRS Catalyst Fund General Partner Inc., which in turn is entitled to 50% of the distributions of the MaRS Catalyst Fund General Partner Inc. (“Catalyst G.P.”). Catalyst G.P. is an Ontario for-profit company that acts as the general partner to the MaRS Catalyst Fund General Partner L.P. (“Catalyst G.P.L.P.”). The Catalyst G.P.L.P. acts as the general partner to the MaRS Catalyst Fund L.P. The MaRS Catalyst Fund L.P. makes capital investments in for-profit businesses meeting the B-Corp criteria, which include standards of verified social and environmental performance, public transparency, legal accountability and aspiring to use best practices in business to solve social and environmental problems (note 6).

MaRS 101 Investments Inc.
MaRS holds 100% of MaRS 101 Investments Inc., an Ontario for-profit company that owns 10% of StandUp Distribution LP. StandUp Distribution LP owns 1.16% of capital in StandUp Ventures LP (Fund), which invests in high growth technology ventures led by women entrepreneurs.

MaRS GLP Trust 2021 and 2860664 Ontario Inc. (note 10)
In October 2021, MaRS become the sole unitholder and sole beneficiary of the MaRS GLP Trust 2021 (GLP Trust) and the 100% sole shareholder of 2860664 Ontario Inc. (2860664 Ontario).

2860664 Ontario received a $25,000 grant from the Province of Ontario, through the Ministry of Economic Development, Job Creation and Trade, to be held by it as trustee of the GLP Trust and invested in Graphite IAF IV L.P., an Ontario limited partnership that is a seed stage venture capital fund, as trust property for the benefit of the beneficiary of the GLP Trust. The GLP Trust holds a 25.4% investment in Graphite IAF IV L.P.

2860664 Ontario is an Ontario for-profit company whose sole activity is to act as Trustee for the GLP Trust. 2860664 Ontario in its capacity as trustee executes contracts and other legal and financial instruments for GLP Trust but does not record any financial activity of its own.

2. Summary of significant accounting policies

These non-consolidated financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

The significant accounting policies are as follows:

(in thousands of Canadian dollars, unless otherwise stated)

Revenue recognition

Grants and donations
The organization follows the deferral method of accounting for contributions, which include grants and donations. Under the deferral method, unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Restricted contributions, and interest earned on the funds, are deferred when received and recognized as revenue when the related expenses are incurred. Capital grants are deferred when received and amortized on a basis corresponding with the amortization rate for the related capital asset.

The organization has not recognized contributions of materials or services in the statement of operations.

Fee for service
Fee for service revenue includes fees for professional services, sponsorships and partnerships. Professional fees and sponsorship revenue are recognized when the service has been provided or a specific event has taken place. Partnership revenue is recognized over the period of the agreement. Fee for service revenue received in advance of being earned is recorded as deferred revenue.

Other income
Other income includes income distributions received from investments as well as unrestricted interest income, which is recognized as revenue when earned.

Investments

For controlled, profit-oriented subsidiaries, such as Phase 1 Trust, Phase 2 Trust, MDEI and GLP Trust, MaRS accounts for them using the equity method. Under the equity method, the investment is initially recorded at cost and the carrying value is adjusted thereafter to include MaRS' pro rata share of the earnings (loss) of the subsidiary, capital transactions and profit distribution (note 8, note 9, note 10).

For controlled, not-for-profit organizations, such as MaRS Investment Accelerator Fund Inc., MaRS has disclosed their financial information in note 11.

Other investments are recorded at cost.

Financial instruments

MaRS initially records its financial assets and financial liabilities at fair value. MaRS subsequently measures all of its financial assets and financial liabilities at amortized cost. Financial assets and liabilities include cash, investments, receivables, long-term note receivable and accounts payable and accrued liabilities. Financial assets are tested for impairment at the end of each reporting period where there are indicators that the assets may be impaired. Any impairment loss is recognized in the statement of operations. Transaction costs are capitalized and amortized on a straight-line basis over the life of the related financial instrument.

Use of estimates

The preparation of non-consolidated financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as at the date of the non-consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include allowance for doubtful accounts and recoverability of investments, note receivable, and investments in related parties. Actual results could differ from those estimates.

(in thousands of Canadian dollars, unless otherwise stated)

3. Short-term investments

As at March 31, 2026, cash and investments classified as short-term represent the total of short-term refundable restricted contributions (note 14).

Investments	**2026**	**2025**
Current GIC	$11,693	$ -
Non-current GIC	-	11,387
	$11,693	**$11,387**

4. Other receivables and prepayments

	2026	**2025**
Receivables	$1,668	$2,648
Prepaid expenses	447	327
	$2,115	**$2,975**

5. Related party transactions and balances

During the course of the year, MaRS entered into certain transactions with related parties. These transactions are in the normal course of operations and are measured at the exchange value, which is the amount of consideration established and agreed to by the related parties. Related party balances are due on demand and are non-interest bearing.

The organization provided services to Phase 1 Trust in the amount of $71 (2025 – $71) for information technology support, accounting, human resources and project management. MaRS has agreements with Phase 1 Trust for the lease of collaboration (event) rooms and office space. The organization paid rent to Phase 1 Trust in the amount of $1,462 (2025 – $1,457) during the year.

The organization provided services to Phase 2 Trust in the amount of $284 (2025 – $157), and to MDEI in the amount of $219 (2025 – $583), each in respect of support for information technology, accounting, and human resources.

MDEI provides facility and event management services to the organization. During the year ended March 31, 2026, MDEI charged $101 (2025 – $71) for those services to the organization.

The organization provided services to IAF in the amount of $561 (2025 – $351). The services provided included information technology support, accounting, human resources, and marketing.

(in thousands of Canadian dollars, unless otherwise stated)

The following amounts were due from (to) related parties at the end of the year.

	2026	2025
Current (non-interest bearing)		
Due from Phase 1 Trust	$966	$ -
Due from Phase 2 Trust	81	33
Due from IAF	-	33
Due from MDEI	119	54
Due from MaRS 101 Investments Inc.	25	23
Due from MaRS GLP Trust 2021	5	3
Due from MaRS 101 Ventures Inc.	-	-
Due from MaRS Development Trust	-	-
Receivable from related parties	1,196	146
Due (to) Phase 1 Trust	$ -	($497)
Due (to) IAF	(5)	-
Payable to related parties	(5)	(497)
Total due from (to) related parties	**$1,191**	**($351)**

6. Investments

Klondike Biopharma Inc.
Klondike Biopharma Inc. (Klondike) is a biopharmaceutical company focused on bringing promising novel therapies to patients and being a preferred receptor for local and domestic technologies, performing as much work in Ontario and Canada as possible. The original seed funding for Klondike came from the shareholders of Triphase Accelerator Limited Partnership (Triphase). MaRS held a 4% interest in Triphase until January 20, 2023, when Triphase was dissolved.

On January 20, 2023, $459 of the capital distribution from Triphase was used by MaRS to provide a loan to Klondike (note 7).

On January 23, 2023, $7 of the capital distribution from Triphase was used by MaRS to subscribe for 5,625,000,000 common shares of Klondike, which represents a 4% interest. On February 13, 2023, there was a share consolidation resulting in MaRS holding 150,000 shares. The investment in Klondike was recorded at $7, which represents the cost of the shares.

The Catalyst Fund L.P. (Fund)
On December 19, 2018, MaRS subscribed for 780 Series C Units, a 13.49% interest, in the Fund for an aggregate subscription price of $780. As at March 31, 2026, MaRS has contributed $802 (2025 – $779), carried at cost, towards its investment in the Fund.

MaRS Discovery Enterprises Inc. (note 9)
MaRS holds a 100% investment in MaRS Discovery Enterprises Inc. (MDEI), an Ontario for-profit company. As at March 31, 2026, MaRS recognized an equity pick up of nil on its investment in MDEI (2025 – $179).

(in thousands of Canadian dollars, unless otherwise stated)

7. Note receivable

In 2023, MaRS provided a loan of $459 to Klondike in the form of a convertible promissory note maturing on January 20, 2028. Klondike may prepay the note, in whole or in part, at any time, without fee or penalty. No repayments were made in 2026 or 2025. The note accrues interest at a rate of 6% per annum on the unpaid principal amount. Interest accrued in 2026 totaled $27 (2025 – $28) and has been recognized in note receivable and other income. MaRS, at its option, may elect to convert all or any portion of the entire outstanding principal amount, together with all accrued and unpaid interest (the Outstanding Amount) into common shares of Klondike. The number of shares into which this note converts shall be equal to the number that results from dividing the Outstanding Amount being converted by the Canadian dollar amount equal to US$1.00. As at March 31, 2026, the Outstanding Amount was $547 (2025 – $520).

8. Investment in related parties

MaRS Phase 1 Trust and Phase 2 Trust (the Trusts)

The organization accounts for its interests in the Trusts using the equity method. The Trusts have December fiscal year-ends. MaRS records the net income (loss) from each trust with a three-month lag and provides disclosure of key financial information for the period from the Trusts' year-end to March 31.

The distribution receivable recorded as long-term represents amounts due from Phase 1 Trust that will not be paid in the next 12 months since the organization is not expected to have available cash to repay the outstanding receivable.

A continuity of the investment in the Trusts is as follows:

	Phase 1	**Phase 2**	**Total**
Balance – March 31, 2024	$2,597	$26,982	$29,579
Net income (loss)	4,116	(689)	3,427
Distributions	(4,890)	-	(4,890)
Balance – March 31, 2025	1,823	26,293	28,116
Net income (loss)	5,187	(2,036)	3,151
Distributions	(5,256)	-	(5,256)
Balance – March 31, 2026	**$1,754**	**$24,257**	**$26,011**

The assets, liabilities, unitholder's equity, revenue, expenses, net income and cash flows (at 100%) for Phase 1 and Phase 2 Trusts as at and for the fiscal years ended December 31 are as follows:

	December 31, 2025	**December 31, 2024**
Assets	$403,509	$414,981
Liabilities	$344,461	$350,579
Unitholder's equity	$59,048	$64,402
Revenue	$67,620	$68,510
Expenses	$67,271	$66,841
Net income	$349	$1,669
Cash flows from operating activities	$10,404	$13,582
Cash flows from financing activities	($10,193)	($10,361)
Cash flows from investing activities	($1,361)	($2,542)

(in thousands of Canadian dollars, unless otherwise stated)

The assets, liabilities, unitholder's equity, revenue, expenses, net income and cash flows (at 100%) for Phase 1 and Phase 2 Trusts as at and for the quarters ended March 31 are as follows:

	March 31, 2026	**March 31, 2025**
Assets	$400,028	$409,797
Liabilities	$342,216	$345,767
Unitholder's equity	$57,812	$64,030
Revenue	$17,030	$17,519
Expenses	$17,147	$16,911
Net income	($117)	$608
Cash flows from operating activities	$145	$283
Cash flows from financing activities	($1,837)	($2,597)
Cash flows from investing activities	($1,321)	($1,574)

9. MaRS Discovery Enterprises Inc.

MDEI is an Ontario for-profit company with a December fiscal year-end. MDEI is an innovation hubs management services company that provides property management, project development and related services to Phase 1 Trust, Phase 2 Trust and MaRS. MDEI also operates the MaRS Waterfront project. The organization has not recognized losses in excess of the carrying amount of its investment in MDEI.

The assets, liabilities, shareholder's equity, revenue, expenses, net income and cash flows for the year ended December 31 and quarter ended March 31 for MDEI are as follows:

	December 31, 2025	**December 31, 2024**
Assets	$786	$575
Liabilities	$4,840	$4,506
Shareholder's equity	($4,054)	($3,931)
Revenue	$5,582	$5,410
Expenses	$6,003	$6,525
Net loss	($123)	($3,751)
Cash flows from operating activities	$61	$268
Cash flows from financing activities	-	-
Cash flows from investing activities	-	-

	March 31, 2026	**March 31, 2025**
Assets	$393	$507
Liabilities	$4,588	$4,580
Shareholder's equity	($4,195)	($4,073)
Revenue	$1,385	$1,315
Expenses	$1,489	$1,420
Net loss	($141)	($142)
Cash flows from operating activities	($319)	($36)
Cash flows from financing activities	-	-
Cash flows from investing activities	-	-

(in thousands of Canadian dollars, unless otherwise stated)

10. MaRS GLP Trust 2021

GLP Trust is an Ontario for-profit company with a December 31 year-end. MaRS records the net income (loss) from GLP Trust with a three-month lag and provides disclosure of key financial information for the period from the Trust's year-end to March 31.

To ensure that no tax is payable by GLP Trust under Part 1 of the Income Tax Act, a distribution equal to the amount of taxable income as at December 31 is payable to MaRS and shall only be paid as soon as practicable and when unrestricted cash is available. A distribution of $789 was declared at December 31, 2025 (2024 – nil).

Distributions paid to MaRS from GLP Trust are deposited to a restricted custodial account, and use of the funds is determined by the Province, per the terms of the Conditional Grant Agreement entered into on October 29, 2021.

The assets, liabilities, unitholder's equity, revenue, expenses, net income and cash flows for the year ended December 31 and quarter ended March 31 for GLP Trust are as follows:

	December 31, 2025	**December 31, 2024**
Assets	$27,501	$25,987
Liabilities	$28,557	$25,987
Unitholder's equity	($1,056)	-
Revenue	$1,094	-
Expenses	$2,150	-
Net loss	($1,056)	-
Cash flows from operating activities	$1,955	$440
Cash flows from financing activities	-	-
Cash flows from investing activities	($5,091)	($497)

	March 31, 2026	**March 31, 2025**
Assets	$27,554	$26,075
Liabilities	$28,610	$26,075
Unitholder's equity	($1,056)	-
Revenue	-	-
Expenses	-	-
Net income	-	-
Cash flows from operating activities	$52	$88
Cash flows from financing activities	-	-
Cash flows from investing activities	-	($1,672)

(in thousands of Canadian dollars, unless otherwise stated)

11. MaRS Investment Accelerator Fund Inc.

MaRS Investment Accelerator Fund Inc. (IAF) is a Province of Ontario funded seed fund that assists emerging Ontario technology companies to bring their products and services to market. IAF administers the investment of up to $1,500 in early stage, privately held companies, with no significant revenue or institutional investment, that have the potential to be global leaders in their field and provide sustainable economic benefits to Ontario. IAF also provides a comprehensive platform of resources, people, connections and funding that entrepreneurs and innovators can access to launch their new ventures.

IAF makes investments in the form of equity instruments and convertible secured debentures that have maturity dates of 12 to 36 months from date of issuance. In the event of significant financing, acquisition or, at IAF's option, the convertible debenture may convert into equity instruments. The conversion terms may include a share price discount.

The terms of funding permit the Province of Ontario, at its sole discretion, to request the return or transfer of any funds or investments held by IAF.

The assets and liabilities as at March 31 and the revenue, expenses, net operating income, net investing income accruing to others and cash flows for the years ended March 31 for MaRS IAF are as follows:

	2026	**2025**
Assets	$119,242	$140,627
Liabilities	$119,242	$140,627
Operating revenue	$4,039	$2,865
Operating expenses	$4,039	$2,865
Net operating income	-	-
Net investing income accruing to others	$12,901	$34,350
Cash flows from operating activities	($34,745)	($7,504)
Cash flows from financing activities	-	-
Cash flows from investing activities	$8,057	$33,073

12. Line of credit

MaRS has a credit facility that includes a $5,000 revolving demand facility and a $2,000 revolving lease line of credit. No amounts were drawn as at March 31, 2026 and 2025. The credit facility is secured by a general security agreement and a guarantee by Phase 1 Trust, supported by a second mortgage in the amount of $10,000 on the Phase 1 land and building.

(in thousands of Canadian dollars, unless otherwise stated)

13. Restricted contributions

Restricted contributions are funds received in support of specified programs, projects or activities agreed upon by MaRS and various funders. MaRS receives restricted grants from the Province of Ontario and the Government of Canada, and restricted donations and other grants from philanthropic donors and other funders.

	Province of Ontario	Government of Canada	Other funders	Total
Balance – March 31, 2024	$433	$-	$2,796	$3,229
Funds received during the year	10,886	5,164	7,166	23,216
Recognized as revenue	(10,814)	(5,103)	(3,309)	(19,226)
Balance – March 31, 2025	505	61	6,653	7,219
Funds received during the year	9,484	4,213	7,948	21,645
Recognized as revenue	(9,214)	(4,057)	(3,109)	(16,380)
Balance – March 31, 2026	**$775**	**$217**	**$11,492**	**$12,484**

The Province of Ontario, through the Ministry of Economic Development, Job Creation and Trade, provides an annual operating grant to MaRS to develop and deliver programs as part of the Ontario Network of Excellence, a province-wide innovation system that supports the needs of entrepreneurs and emerging technology-based companies. These programs include advisory services, educational programs and the development of stronger talent, customer and capital networks for young Ontario companies. MaRS also develops and supports multi-stakeholder innovation initiatives. There was a Core Funding Agreement with the Province of Ontario that was in place between April 1, 2010 and March 31, 2021 that provided a total of $52,000 over the eleven-year period. In 2022, MaRS entered into a new funding agreement with the Province of Ontario, which consolidated all funding received from the Province, for a three-year period that ended March 31, 2024 totaling $30,043 ($10,014 annually). In 2024, MaRS entered into a new funding agreement with the Province of Ontario for a three-year period ending March 31, 2027 totaling $20,143 ($6,714 annually). The agreement was amended on December 1, 2024 to include an additional $4,100 towards operating costs in fiscal 2025 and $2,500 towards operating costs in fiscal 2026.

The Government of Canada, through the Federal Economic Development Agency for Southern Ontario (FedDev), provides funding to MaRS in support of the Regional Economic Growth Through Innovation program. This program aims to advance innovation in strategic sectors of the economy, strengthen the innovation capacity of small and medium-sized enterprises, and foster collaboration to support early-stage business growth. The initial FedDev funding agreement spanned from March 20, 2019, to December 31, 2023, and contributed $17,503 toward organizational costs over that five-year period. In 2024, MaRS entered into a new agreement with FedDev effective February 20, 2024, for a four-and-a-quarter-year term ending March 31, 2028, with funding of up to $15,750. As of March 31, 2026, $9,170 has been received under the new agreement. MaRS also receives funding from the Government of Canada in support of the IP Assist program.

The programs supported by other funders include Mission from MaRS, Climate, Corporate Innovation and Cohort Accelerator.

(in thousands of Canadian dollars, unless otherwise stated)

14. Repayable restricted contributions

The organization has received a restricted contributions to support the MaRS Solutions Lab, a program dedicated to impact initiatives that drive significant change by using new approaches to solve elusive societal problems.

The agreement with the funders provides that both the contribution and the income derived from the contribution's investment are to be used to support the program over time.

The agreement also contains a successor clause. In the event that the program winds down, or if MaRS ceases to be a registered charitable organization, the funder reserves the right to designate a successor organization and trigger the transfer of all remaining capital and undistributed investment income to another qualified charitable institution.

During the year, the restricted contributions had investment income of $312 (2025 – investment income of $463).

15. Internally restricted net assets

Internally restricted net assets represent investment in related parties, distribution receivable from trust and amounts set aside for other special projects.

In fiscal 2026, $699 (2025 – ($843)) of internally restricted funds were transferred to unrestricted net assets.

16. Contingencies

As part of the financing arrangement for the West Tower, MaRS has provided the Province of Ontario a pledge of its ownership of the units of Phase 2 Trust and an undertaking to deliver a charge on its beneficial interest in the MaRS Development Tower.

17. Changes in working capital balances

	2026	**2025**
Other receivables and prepayments	$860	($1,546)
Government receivables	225	(865)
Due to related parties	1,308	1,636
Accounts payable and accrued liabilities	(67)	999
Deferred revenue	(960)	845
Restricted contributions	5,571	4,453
	$6,937	**$5,522**

(in thousands of Canadian dollars, unless otherwise stated)

18. Risk management

The organization's activities expose it to a range of financial risks.

Credit risk
Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The organization minimizes its risk on cash by depositing the funds with a major Canadian commercial bank. The organization is exposed to credit risk in connection with accounts receivable from fee paying clients. This is minimized through continuous evaluation and monitoring of outstanding receivables and recording of an allowance for uncollectible accounts. Allowances for doubtful accounts are estimated based on past experience, specific risks associated with the client and other relevant information. The organization's exposure to credit risk in connection with government receivables is not considered material.

Liquidity risk
Liquidity risk is the risk the organization will not be able to meet its financial obligations as they come due. The organization derives a significant portion of its revenue from the Province of Ontario and Government of Canada, and other funders under agreements that typically range from one to five years (see note 13). To manage liquidity risk, the organization actively monitors its operating requirements and works to increase the funding received from other services. The organization also has undrawn credit facilities available.

Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates or other prices, will affect the organization's income or the value of its financial instruments. The organization does not have any significant exposure to foreign exchange, interest rate or other price risk.