

Venture to Grow

Investing in the Ontario of Tomorrow



**Venture
Ontario**

All figures are in Canadian dollars (CAD) unless otherwise stated. The information in this book is accurate at the time of publication. © King's Printer for Ontario, 2024.



**Venture
Ontario**

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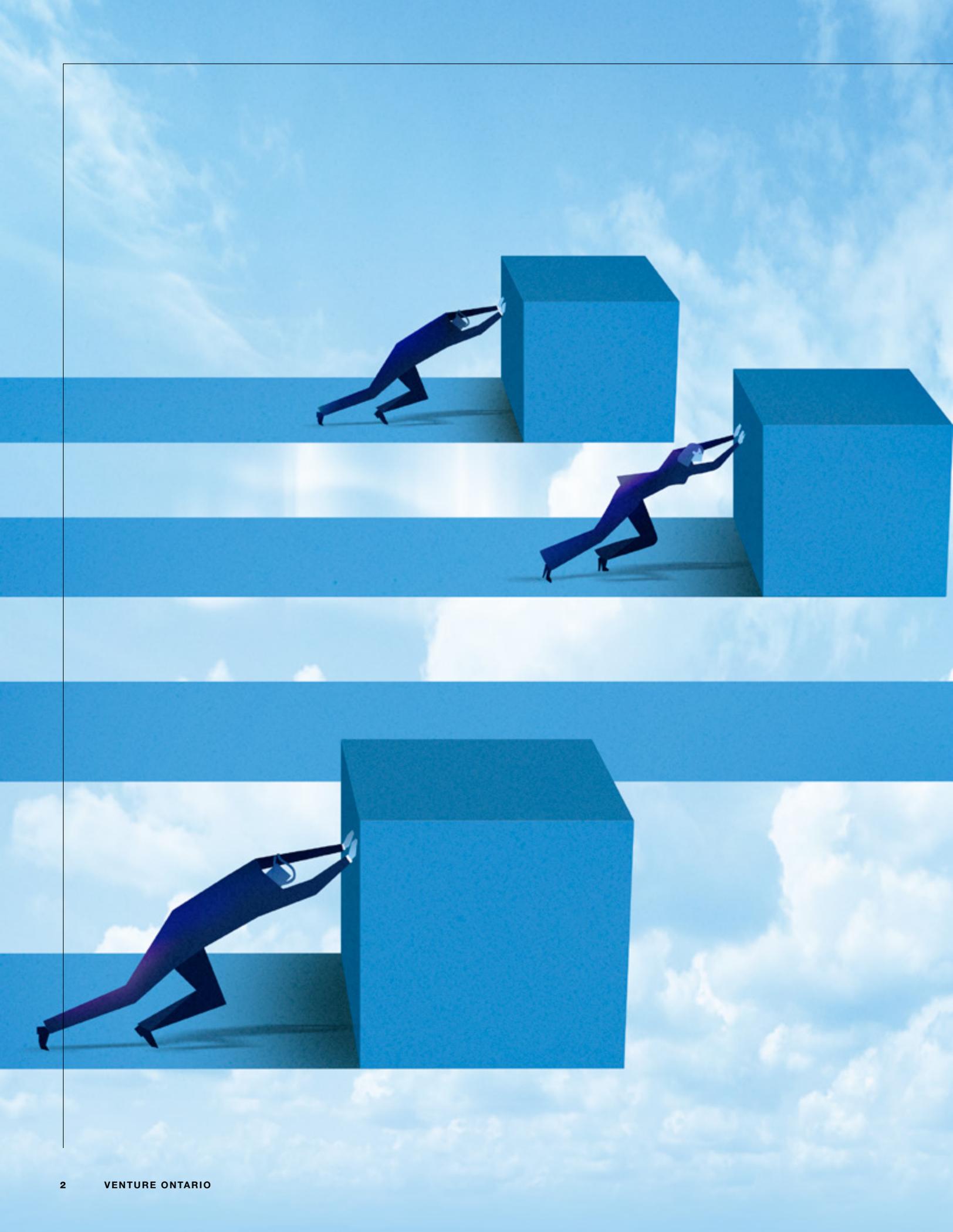
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Venture Ontario:
Investing in the Ontario
of Tomorrow



An Innovative Pioneer in Venture Capital Investing

Venture Ontario has been at the forefront of developing Ontario's venture capital industry, a critical component of the province's risk capital ecosystem, since 2009.



FOR HIGH-POTENTIAL TECHNOLOGY COMPANIES, venture capital (VC) occupies center stage between “angel” or seed investing and buyouts or initial public offerings (IPOs). It is a critical lifeline that can help ensure innovative ideas come to the marketplace and entrepreneurial businesses can grow into global leaders.

The need for a robust and resilient venture capital industry has been the driving force behind Ontario's ongoing support for Venture Ontario, which directs and oversees the province's VC investments. Since the agency's founding more than a decade ago, Ontario has witnessed a continuing Venture Ontario-driven

cycle of innovative advances, and the agency's innovative public-private VC platform has been widely emulated by others.

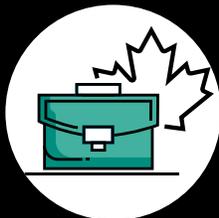
Nevertheless, the good results seen so far are only a starting point. Empowered by its in-depth industry knowledge, expertise, network of relationships, and standing as a VC pacesetter, Venture Ontario is positioned to help the province successfully navigate the challenges of a rapidly changing world. It has the commitment and capabilities necessary to take Ontario's venture capital industry to the next level, a necessary step amid rising technology disruption and competition.

Investing in VC funds helps to enhance the growth of high-quality, high-paying jobs across Ontario. In comparison to non-venture-capital-backed firms, VC-backed firms experienced better outcomes.¹



81%

higher sales growth



47%

higher employment growth



53%

higher wage growth

¹ Ryan Kelly and Hankook Kim, *Venture Capital as a Catalyst for High Growth*, Industry Canada, September 2013, https://www.ic.gc.ca/eic/site/eas-aes.nsf/eng/h_ra02218.html.

Background

Launched as part of a bold new strategy, “Ideas to Market,” Ontario became the first province to sponsor a VC investment fund—the Ontario Venture Capital Fund LP. The initiative was aimed at attracting institutional capital back into an asset class that Canadian investors had largely exited in the wake of the 2001 dot-com crash and 2007–2008 global financial crisis. It was viewed as an innovative yet cost-effective alternative to more traditional development measures, including grants, loans and tax credits.

The initiative was intended to encourage investment by private companies in early-stage ventures and help small and medium-sized businesses grow and prosper. With its novel public-private structure and market-oriented approach, the Ontario Venture Capital Fund LP proved to be a pioneering success widely emulated by other provinces and the federal government.

Venture Ontario was subsequently established as an agency of the Crown on February 1, 2009, by the Ontario Capital Growth Corporation Act, 2008. It was tasked with overseeing Ontario’s investments in VC funds and technology companies and advising the province on related matters. The agency is accountable to Ontario’s Minister of Economic Development, Job Creation and Trade.

Mandate

Venture Ontario was created to support Ontario in its efforts to drive economic growth, increase job opportunities, and create an environment that attracts both innovators and the industries of tomorrow. Its role is to promote and develop Ontario’s VC sector to ensure that innovative, high-potential funds and technology companies have access to the capital they need to grow and prosper.

With a strategy that is closely aligned with broader policy goals, including fostering economic development and facilitating the commercialization and protection of intellectual property in Ontario, Venture Ontario has remained true to its mission: developing a more profitable, globally competitive, and self-sustaining VC industry. Its efforts have helped bring cutting-edge research and promising ideas—in Ontario and Canada—to the marketplace.

Better yet, while its focus has been on building a VC ecosystem that can create the next generation of high-quality, high-paying jobs in Ontario, Venture Ontario’s innovative approach has proved to be an efficient and effective policy tool, enabling the government to better capture the full economic benefits at no cost to taxpayers.



We have always believed that it is vital that we build a strong venture capital market in Ontario if we want to build world-class, high-growth companies here, and it is very encouraging to see that the Government of Ontario recognizes this reality.

**CANADIAN VENTURE CAPITAL
AND PRIVATE EQUITY ASSOCIATION**





A History of Successful Venture Capital Initiatives

By delivering on its investment and public policy objectives, Venture Ontario has demonstrated the ability to generate attractive returns while developing a sustainable, world-class venture capital ecosystem.

SINCE ITS CREATION, VENTURE ONTARIO has committed nearly \$520 million to Ontario-based/Ontario-focused venture capital fund managers—including many that did not exist previously—and high-potential startups. Its initiatives, together with third-party capital from a growing cross-section of institutional investors, have collectively made more than \$6 billion available to VC fund managers and companies in Canada.

Supported by these efforts, the Ontario-based portfolio companies that Venture Ontario and its public and private partners have funded,

both directly and indirectly, employ more than 10,000 people with the majority in Ontario. They have cumulatively recorded almost \$15 billion in revenues and \$4 billion in R&D expenditures.

But these outcomes do not tell the whole story. Venture Ontario has not only helped to drive job creation, economic growth, and increasing innovation in Ontario, it has been profitable, generating market-level returns that reflect its long-term approach and reliance on investment industry leading practices. The agency has clearly demonstrated it can deliver on policy objectives and pay its own way without costing taxpayers money.

VENTURE ONTARIO

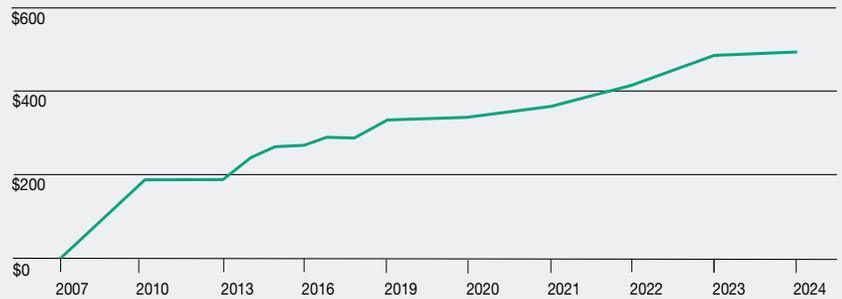


THE NUMBERS TELL THE STORY.

BASED ON ANY NUMBER OF MEASURES—jobs created, revenues generated, investments made, R&D spending, returns achieved, funds launched, and the broader evolution of the Ontario venture capital ecosystem—Venture Ontario is a VC industry leader. It has created significant value and continues to deliver results that extend well beyond its initial promise.

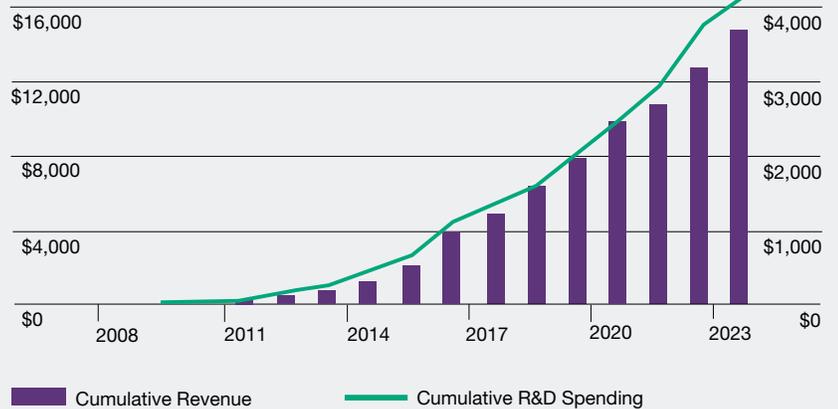
Cumulative Venture Ontario Investments in Venture Capital Funds and Start-Up Companies

(in \$ Million; 2023 Total Is Estimated)

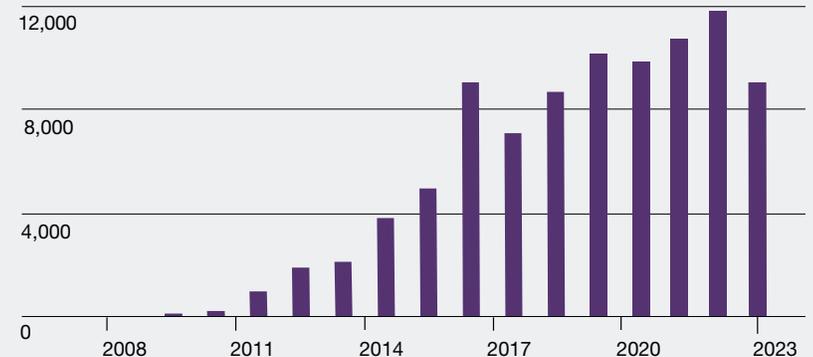


Venture Ontario's Portfolio of Funds and Companies: Cumulative Revenues and R&D Spending

(in \$ Million)



Venture Ontario's Portfolio of Funds and Companies: Number of Employees





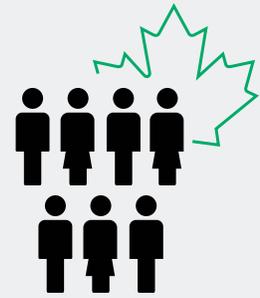
\$3B
INTO 250
COMPANIES

Investment
 returned to
 Pre-pandemic
 levels



2x
 increase
 in deal size

In addition to the amount of capital invested, there was a noteworthy increase in the average equity invested per deal, an area where Ontario has significantly lagged values achieved in the U.S. **At an average of nearly \$29 million, companies have steadily increased and have doubled** from the previous decade.



Through
 Venture Ontario's
 investments,
 Ontario portfolio
 companies currently
 employ over

10,000
 PEOPLE



\$15B

IN REVENUES

&

\$4B

IN R&D
EXPENDITURES



ONTARIO
Ranked 7th
IN 2023

consistently a **TOP 10** NA jurisdiction,
#1 canadian jurisdiction capturing ~45%
 Canadian VC investment



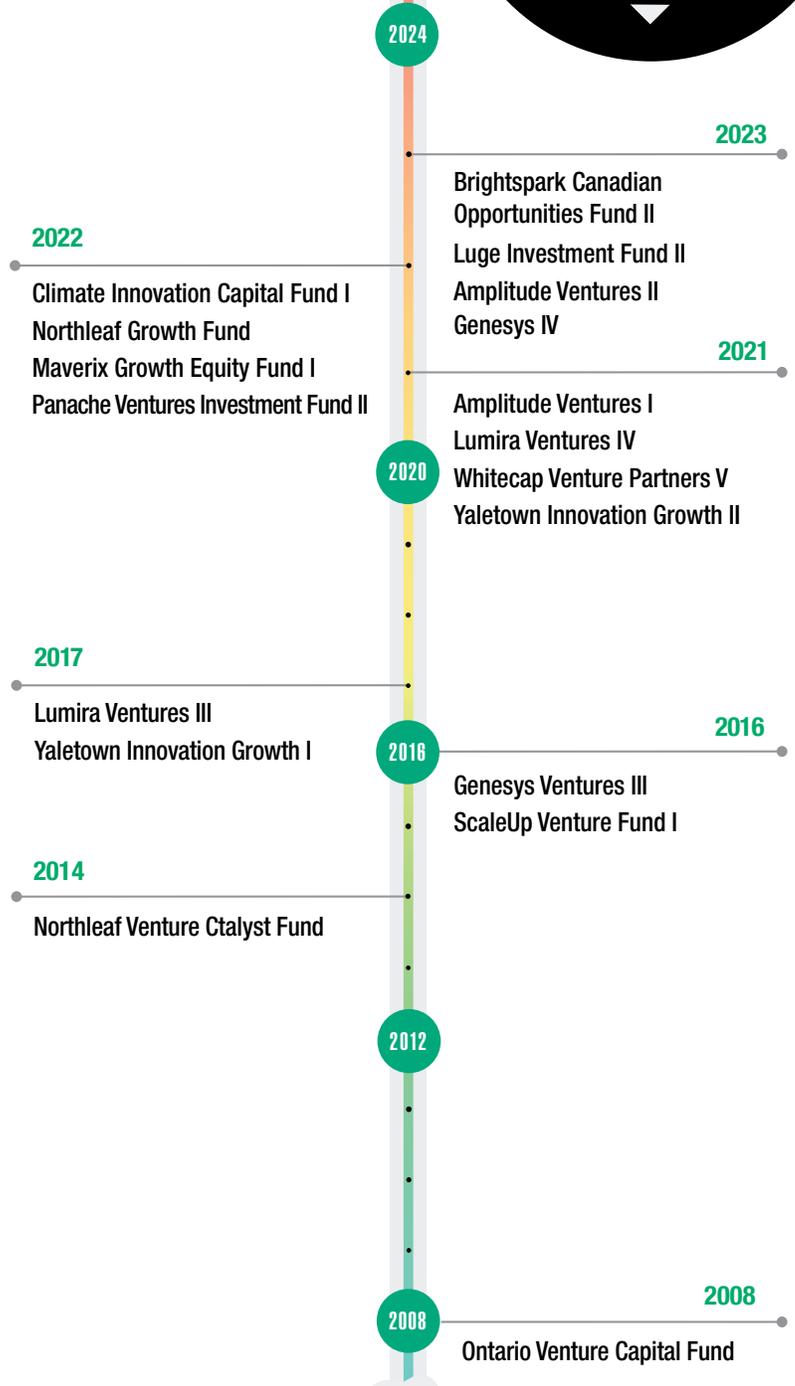
Notable Successes: Venture Capital Funds



VENTURE ONTARIO HAS COMMITTED nearly \$400 million to Ontario-based/Ontario-focused venture capital fund managers. Based on the pioneering market-driven, public-private model it adopted early on, its fund initiatives have been widely recognized as successful partnerships that have delivered positive results and enabled the agency to meet its investment and public policy objectives.

Since the 2008 debut of Ontario’s first externally managed fund, Ontario Venture Capital Fund LP, Venture Ontario has helped launch and overseen the province’s commitments in twelve other investment partnerships. These partnerships have invested in VC funds that either directly support emerging companies or that operated as “funds-of-funds” providing capital to VC managers targeting key economic sectors.

In keeping with the agency’s commitment to building a vibrant and sustainable VC ecosystem in Ontario, Venture Ontario has established strong relationships with fund managers operating in the region. Among its most successful collaborations are those involving Georgian Partners and Northleaf Capital Partners, both of which are leaders in the Ontario and broader Canadian VC markets.



Northleaf Capital Partners

NORTHLEAF CAPITAL PARTNERS is a Toronto, Ontario-based investment firm. Spun out from Canada's TD Bank in 2009, it has grown to become Canada's largest independent global private markets fund manager and advisor. It has raised a cumulative US\$19 billion in capital commitments and established a track record as a principal investor in private equity, private credit and infrastructure globally.

Selected following a rigorous review, Northleaf was named as the investment

manager of Ontario's inaugural offering, Ontario Venture Capital Fund LP. Launched in 2008 with \$205 million in commitments from the province and others, the mandate of this market-driven, public-private fund-of-funds was to invest primarily in Ontario-based/Ontario-focused VC funds that support innovative, high-growth companies.

Following the success of that earlier offering, Northleaf was selected as the manager of the \$300 million Northleaf Venture Catalyst Fund LP,

which was launched in 2014. A joint initiative between Canada, Ontario, and the private sector, the fund was modeled on the earlier offering. It was tasked with investing in Canada-based VC and growth equity funds and making direct co-investments in promising businesses.

OVCF

Ontario Venture Capital Fund

11 Funds \$190 M

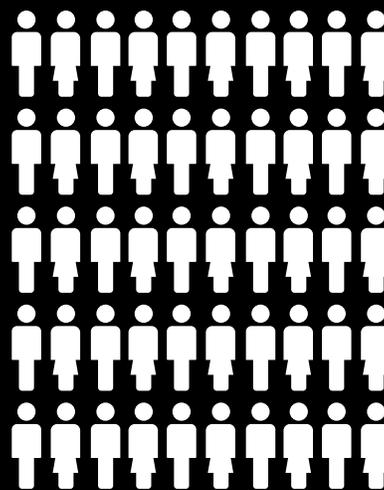
7 Co-investments Invested

NVCF

Northleaf Venture Capital Fund

15 Funds \$300 M

12 Co-investments Invested



5,000+

Jobs supported by
Ontario companies

Georgian Partners

GEORGIAN PARTNERS is a Toronto, Ontario-based growth equity firm that invests in software and information-aggregation companies. Founded in 2008 by John Berton, Justin LaFayette, and Simon Chong, each of whom had operating experience in the technology sector, it leverages its capital and team of strong global operators to support the growth objectives of its investments.

Early on, the firm faced difficulties convincing institutions to partner with it, despite the founders' strong IT industry background, value-added strategy, and self-funded initial portfolio investments in two promising software companies. Eventually, Ontario Venture Capital Fund LP investment manager Northleaf Capital Partners came forward and agreed on behalf of the fund to commit up to \$15 million in Georgian Partners Growth Fund I. The Northleaf Venture Catalyst Fund LP subsequently invested in a successor fund, Georgian Partners Growth Fund II, which debuted in 2015.

As of 2022, Georgian had raised a total of US\$4 billion, invested in 62 growth-stage business software companies, and had 24 successful exits.



As one of our earliest partners, Venture Ontario have played a foundational role in our funds. The support they have provided to Georgian Partners has been instrumental in helping us to where we are today, including enabling us to invest in great companies like Shopify, Top Hat, Intergrate.ai, Freshbooks and many others.

JOHN BERTON
Managing Partner

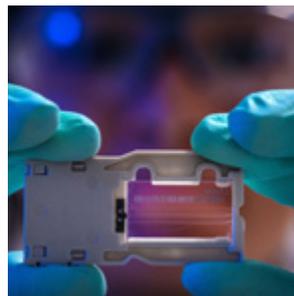


Notable Successes: Startup Companies

IN ADDITION TO PROVIDING indirect support for startup companies through its VC fund investments, Venture Ontario also committed \$105 million to Ontario-based/Ontario-focused startups through the Ontario Emerging Technologies Fund (OETF). Alongside qualified co-investors, OETF made direct investments into 27 emerging technology companies.

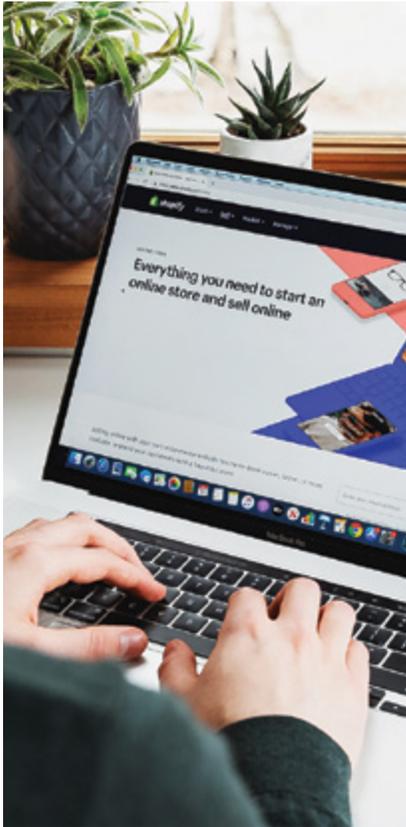
Launched in 2009 in response to the financial crisis, the fund was designed to more directly address the capital-raising challenges faced by innovative private Ontario-based companies in the cleantech, life sciences and advanced healthtech, and digital media and information and communications technology sectors. It was aligned with the province's strategy of strengthening the economy and creating job opportunities in key sectors.

OETF has completed its active investment period and continues to actively manage its portfolio through to realization. Collectively, the companies in its portfolio, together with those to which Venture Ontario has provided indirect financing through its VC fund commitments, are dispersed across Ontario, including the "Innovation Super Corridor" in the south.





Shopify



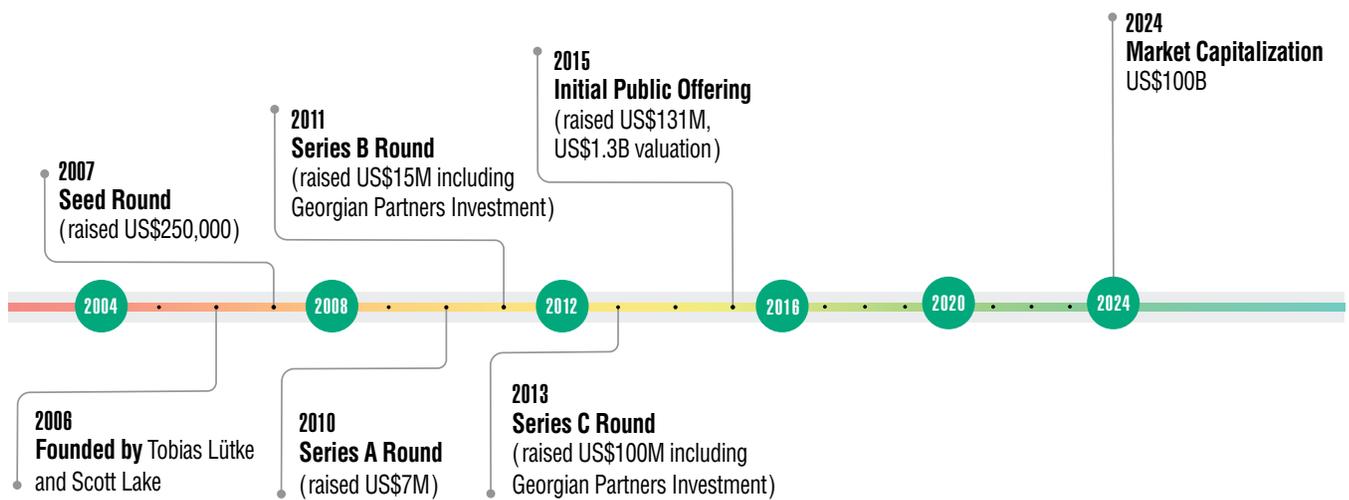
SHOPIFY IS A CANADIAN multinational e-commerce company headquartered in Ottawa, Ontario. It was founded in 2006 by Tobias Lütke and Scott Lake, who sought to launch an online snowboarding equipment store. Dissatisfied with the products available at the time, they developed their own. Their proprietary platform has since become the world's leading e-commerce solution for online stores and retail point-of-sale systems.

Georgian Partners, encouraged by Shopify's vision and proven capabilities and supported by the funding it received through Venture Ontario's Ontario Venture Capital

Fund LP, initially invested in Shopify in its 2011 Series B fundraising round, and later, its 2013 Series C round. The e-commerce company's accelerating growth eventually paved the way for its May 2015 IPO, when it raised \$131 million in capital and came public with a US\$1.3 billion valuation.

Shopify's business has gone from strength to strength since then. It serves more than one million merchants in 175 countries and has expanded its share of the overall e-commerce market to almost 11%. It has also assumed a growing role as an early-stage investor, providing funding to a roster of startups that serve its online merchants.

Shopify: Evolution of a Successful Startup



Ecobee

ECOBEE IS A TORONTO, Canada-based provider of “smart” home products, including thermostats, sensors, and light switches, designed to help customers save money, conserve energy, and remain safe in their homes. Founded in 2007 and led by serial entrepreneur Stuart Lombard, it was recognized as one of Canada’s most promising startups of the early-2010s.

During that period, ecobee also benefited from investments by the Ontario Emerging Technologies Fund. Developed and managed by Venture Ontario, the fund played a key role in the company’s early fundraising, including its 2010 venture round and 2012 Series B round.

Following additional raises in 2016 and 2018, the company was acquired in 2021 by generator manufacturer Generac Holdings Inc. for US\$770 million.

Ecobee has received numerous awards for its “green” initiatives and innovative products, including the 2021 Association of Energy Services Professionals Energy Award for Innovation in Technology, the 2021 ENERGY STAR Partner of the Year Award by the U.S. Environmental Protection Agency and U.S. Department of Energy, and the Deloitte Technology Green 15 Award for Canadian green technology companies.



Early investments like those made by Venture Ontario allowed ecobee to focus on meaningful innovation that placed customer needs at the forefront of our early product development decisions. Without the strong vote of confidence given by early partners such as Venture Ontario, ecobee would not be the smart home leader that it is today.

STUART LOMBARD

Founder and CEO of ecobee





Investments *and* Expertise That Drive **Growth** *and* **Prosperity**

Venture Ontario has been committed to developing a robust and sustainable venture capital ecosystem in Ontario that further **strengthens the province's economy** and **creates job opportunities** in key sectors.



creates job opportunities
strengthens the province's economy



creates job opportunities
strengthens the province's economy

THROUGH ITS INVESTMENTS, Venture Ontario has helped drive the evolution of innovative startups and entrepre-neurial firms into medium and large companies that can successfully compete in global markets. Its fund initiatives have been amplified by its ongoing strategic outreach and engagement with VC industry stakeholders.

As the Ontario venture capital market has grown and matured, Venture Ontario has remained aligned with its investment and policy goals. With portfolio diversification across funds and companies to mitigate financial risk, its market-oriented approach has helped ensure Ontario can better capture the full range of long-term economic benefits, including the creation of high-quality, high-paying jobs.

So far, Venture Ontario's efforts are paying off. Adjusting for the outlier years of the pandemic Ontario continues to mark a consistent year-over-year increase in venture capital investment since the 2008-2009 financial crisis. Deal sizes have also doubled from the annual average that prevailed in the prior decade. Finally, the province continues to rank among the top North American jurisdictions for aggregate venture investment.

Developing a World-Class Venture Capital Ecosystem in Ontario

IT IS WELL RECOGNIZED that providing capital and other support to well-managed VC funds drives a virtuous circle of expertise, success, and economic value. Venture Ontario's long-running efforts to increase the financing available to promising businesses, strengthen the VC industry, and raise awareness of the benefits that come from bringing innovative ideas and businesses to the marketplace have created more successful companies, more quality jobs, and more wealth and prosperity for Ontarians.

As it happens, research makes it clear that a mature and vibrant VC industry is essential to Ontario's economic future. A study referred to earlier, *Venture Capital as a Catalyst for High Growth*, provided substantial statistical

validation for the benefits that venture capital investment can bring to portfolio companies in comparison to non-venture-backed companies. Another study showed that VC-backed firms grew their employee base at more than twice the rate of otherwise similar companies.²

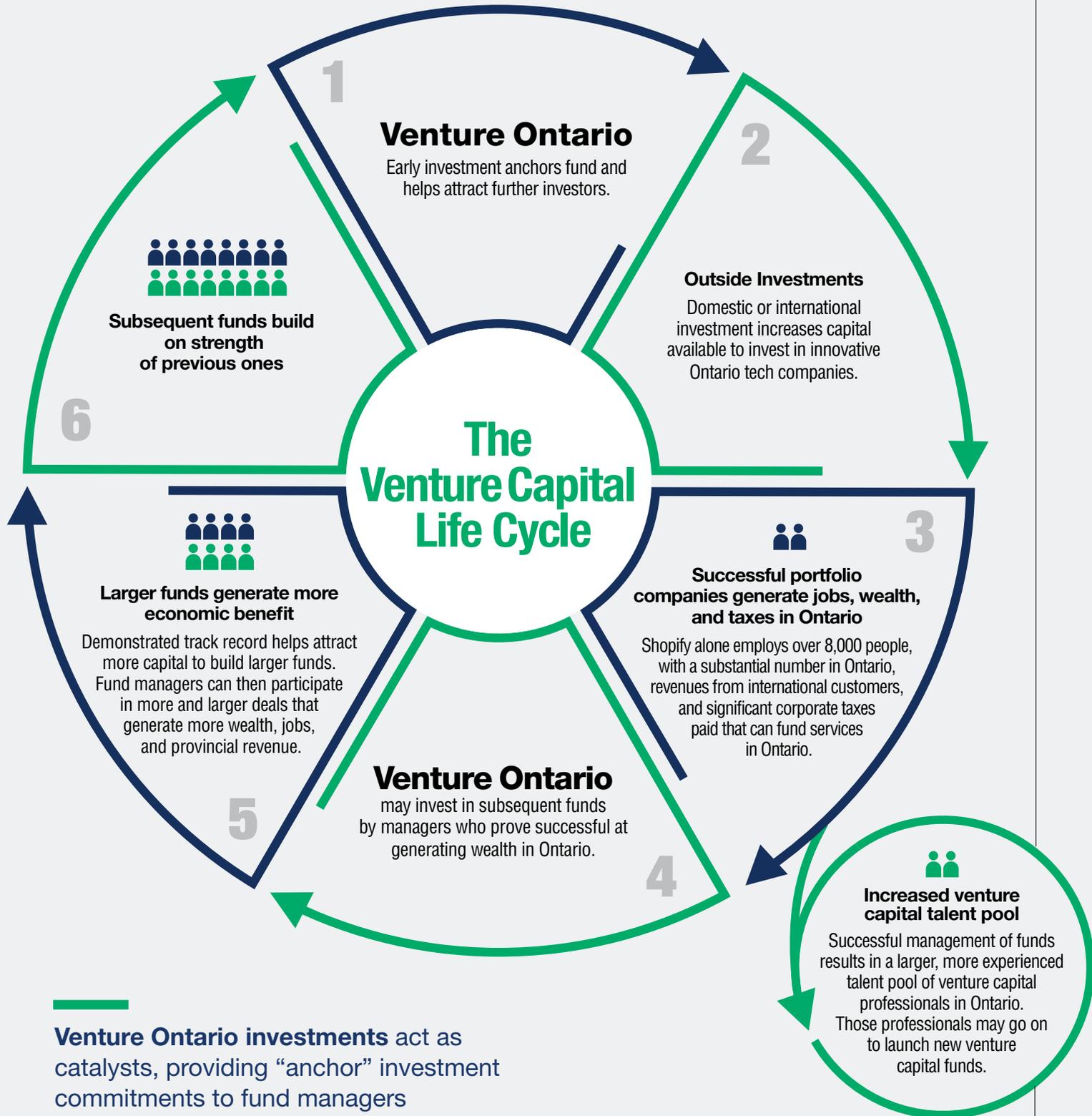
But the value-add of VC investing extends beyond supporting tomorrow's leaders. The knock-on effects of such efforts and subsequent successes include bolstering talent acquisition and retention efforts and attracting more investment and interest from investors, entrepreneurs, and established enterprises.

They also facilitate a culture of innovation. A study by University of Munich researchers found that the "knowledge spillovers" from VC-financed firms were at least nine times larger than those from general corporate R&D.³



2 Kjartan Rist, "VC's Outsized Economic Impact Will Power a New Golden Age," *Forbes*, July 28, 2021, <https://www.forbes.com/sites/kjartanrist/2021/07/28/vcs-outsized-economic-impact-will-power-a-new-golden-age/?sh=32e5d61e3204>.

3 Ibid.



Venture Ontario investments act as catalysts, providing “anchor” investment commitments to fund managers to lever additional commitments from institutional investors.

Enabling Innovative Ontario-Based/Ontario-Focused Companies to Achieve Their Full Potential

PROVIDING ACCESS TO VENTURE CAPITAL

is critical to the success of emerging Ontario companies, especially the technology leaders of tomorrow. This type of funding plays a key role in their development until they can access additional sources of financing, such as loans. Ideally, they can grow to the point where they fund expansion internally, receive investment from or are acquired by a larger enterprise, or are listed on public equity markets.

As a patient, long-term investor, Venture Ontario has helped an expanding number of businesses to scale up and achieve critical mass. Generally speaking, its direct and indirect VC commitments are not viewed as one-shot capital infusions. Rather, its approach allows for continuing assistance through multiple financing rounds, depending on whether the recipient business is executing successfully. This approach facilitates sustainable growth and, assuming all goes well, a successful exit.

By supporting promising Ontario-based/Ontario-focused companies in their journey through the development lifecycle, Venture Ontario has laid—and continues to lay—the groundwork for the evolution of key sector champions that can compete with the best in the world. Ultimately, their success stands to make an irreplaceable contribution to a more prosperous Ontario.

Examples of Ontario Company Investments

Venture Ontario has invested directly or indirectly into a number of innovative high-potential companies across the Province over the past 10 years.

📍 BROCKVILLE

- Newterra

📍 CAMBRIDGE

- eSentire

📍 GUELPH

- Well.ca

📍 HAMILTON

- Fusion Pharmaceuticals
- Adapsyn Biosciences Inc.

📍 KITCHENER

- Clearpath Robotics
- Thalmic Labs
- TribeHR Corporation
- Vertical

📍 MARKHAM

- Edesa Biotech Inc.
- Exact Imaging Inc.
- Spectra7 Microsystems Corp.

📍 OTTAWA

- AirVM
- Canvaspop
- Corsa Technology
- Filefacets Corporation
- Freshbooks
- Graphite Software
- KodaCloud
- Nuvvyo
- Rare
- Shopify
- Turnstone Biologics

📍 TORONTO

- Achievers
- Aislelabs
- Apphero Inc.
- Aptose Biosciences Inc.
- BenchSci
- Bluecat Networks Inc.
- Blueline Bioscience
- Carrot Insights Inc.
- Chango
- Chatkit Inc.
- Chatter
- Connections

- Cority
- Ecobee
- Figure 1
- Flybits
- Gallop
- Helpful
- Inkbox
- Influitive
- Integrate.ai Inc.
- Jiffy
- Joist
- Kira Talent
- Locationary
- Nymi Inc.
- Plooto Network
- PostBeyond
- Polar
- Pumpup
- Q4 Inc.
- Ritual
- Roadmunk
- Ross
- Rubikloud Technologies
- ScribbleLive
- Sensibill
- ShopLocket
- Snaptravel
- Soapbox
- Swift Medical Inc.
- teaBOT
- theScore Inc.
- Top Hat
- TouchBistro
- Upverter
- VarageSale
- Vixs Systems
- Vleepo Inc.
- Wattpad Corp.
- Xanadu

📍 SUDBURY

- TimeHero Inc.

📍 WATERLOO

- Auvik Networks Inc.
- Avidbots Corp.
- ChefHero

Supporting the Venture Capital Infrastructure Necessary to Build and Retain Globally Competitive Companies

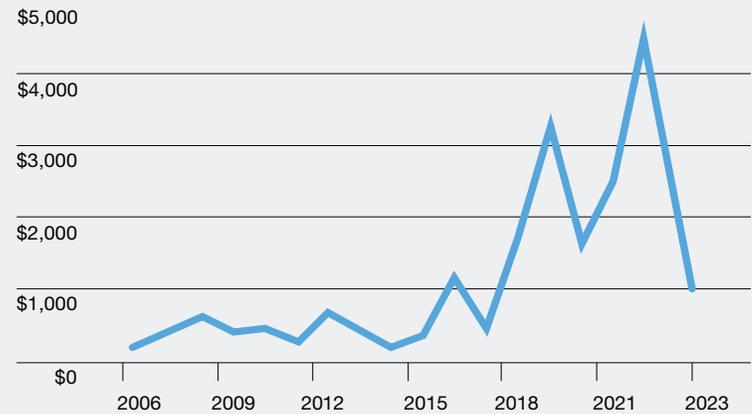
A ROBUST AND SUSTAINABLE VC INFRASTRUCTURE helps ensure that game-changing ideas from businesses, industry researchers, and academic institutions in Ontario can—and do—come to the marketplace. The combination of a culture of innovation, an expanding pool of forward-thinking talent, and an entrepreneurial environment is a powerful draw for both emerging companies and established enterprises.

Empowered by a focused strategy and seasoned expertise, Venture Ontario has played—and will continue to play—a critical role in enabling Ontario-based VC fund managers to perform better, expand their reach and capabilities, and build the momentum necessary to become self-sustaining. Since its inception, the agency’s initiatives have served as a catalyst and/or provided leverage for additional third-party investments that have made more than \$4 billion available to VC funds and companies in Canada.

The impact of these efforts is clear. Since 2009, total investments in VC funds, the value of VC fundraising deals, aggregate VC disbursements, and the number of VC fund managers—especially those that have existed for more than five years and successfully raised their second or third funds—have trended higher.

Ontario Venture Capital Fundraising

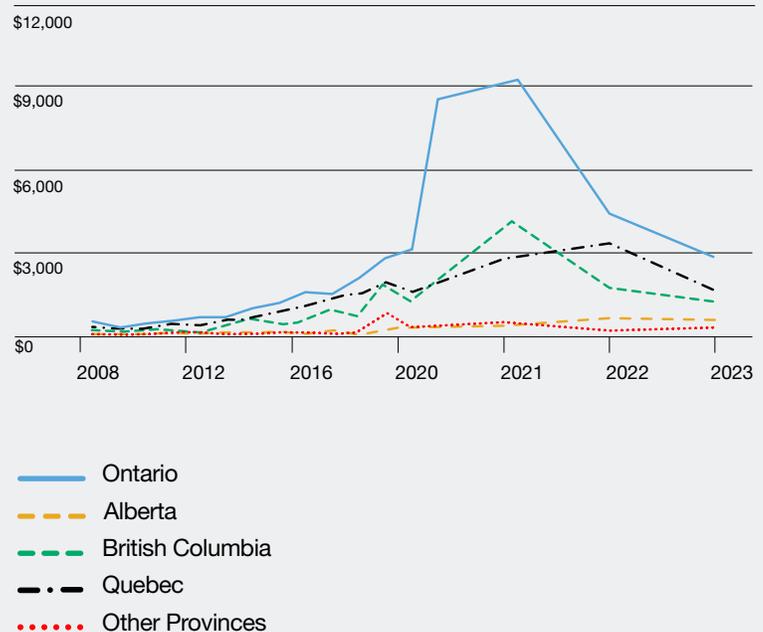
(Annual Totals in \$ Million)



Source: Thomson Reuters

Venture Capital Equity Invested by Province

(Annual Totals in \$ Million)



Source: Thomson Reuters





Positioning Ontario for a Future of Increasing Technology Disruption and Competition

A **S WITH CANADA MORE BROADLY,** Ontario has made strengthening and expanding its VC industry a priority, based on the understanding that it is critical to developing a vibrant technology ecosystem. The tech sector, which has historically received an outsized share of venture investment because of the upside traditionally associated with game-changing discoveries, will likely remain the epicenter of activity.

But the focus on fintech, healthtech, cleantech and other emerging industries is about more than funding the “next big thing.” Around the globe, technology is becoming a growing part of everyone’s economy. It is disrupting traditional

sectors such as manufacturing, finance and healthcare, and helping bring new businesses and industries to life that will drive growth and create opportunities for the next generation.

This is a key reason why policymakers are increasingly seeking to bolster the financial infrastructure that supports innovators and entrepreneurs. It is also why Ontario has remained steadfast in supporting the development of a self-sustaining VC ecosystem. Working through Venture Ontario—no longer a startup tasked with reviving a faltering risk-capital market—the province’s efforts have been instrumental in forging a risk-capital framework designed for the 21st century.

Building a More Profitable, Globally Competitive, and Self-Sustaining Venture Capital Industry

DESPITE THE POSITIVE RESULTS achieved so far, there is more to do. Even with a solid investment thesis and track record, many Ontario VC managers continue to face fundraising difficulties. Consequently, they lack the resources necessary to fully support emerging companies, which require access to capital at all stages of their development—not to mention the expertise in scaling and monetizing technologies that top-tier VC firms can offer.

In fact, while some have proclaimed Canada a “startup mecca rivaling Silicon Valley,” with Ontario leading the way, the relative lack of access to late-stage capital is problematic. In many

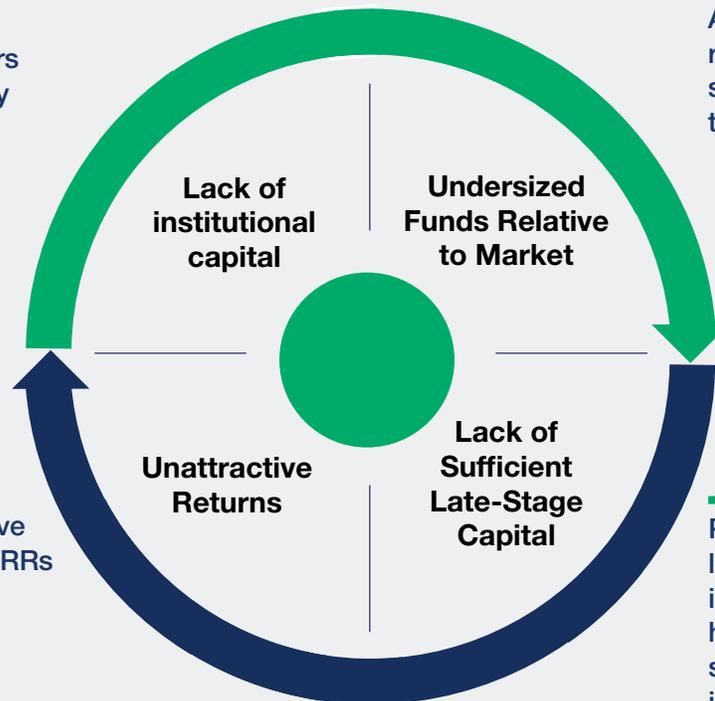
cases, fast-growing companies have little choice but to go elsewhere to fund further expansion. Industry comparisons highlight the disparity: though conditions in the province have improved markedly since the late-2000s, metrics such as VC activity to gross domestic product and average deal sizes remain below those of leading U.S. jurisdictions.

As evidenced by its track record of high net positive returns to the province, and its history of pioneering initiatives, Venture Ontario has proven it is willing and able to play a leading role in building out Ontario’s VC ecosystem. Its efforts can help to further broaden the reach of Ontario-based managers so they have the capacity, capability and appetite to cover the gamut from early-stage to late-stage investments.

Vicious Cycle

Participation from institutional investors has been historically very low.

Canadian funds have significantly lower IRRs than U.S. funds.



Average funds raised in Canada are significantly smaller than US funds.

Percentage of late-stage focused investments historically lower than seed/early-stage investments.

Helping Ontario to Capitalize on the Growing Impact of Technology

ONTARIO IS ALREADY A DYNAMIC ECOSYSTEM of R&D and talent. It is North America's second-largest information technology hub, with over 35,000 high-tech firms generating gross domestic product of more than \$65 billion.⁴ In high-growth sectors such as life sciences, cleantech, and ICT, companies, universities, and research centers continue to make groundbreaking discoveries, affording the province a competitive advantage.

It is not time to relax, however. In an increasingly competitive world, businesses across industries are turning to advanced technologies to ensure their products and services can be delivered both cost-competitively and sustainably. Adding further pressure, a 2021 survey of business

executives found that most believed half their revenues would come from new products, services, and business models within five years, owing in part to the rapid pace of technological progress.

Against this backdrop, there is little doubt that Ontario must continue taking steps to ensure it has what it needs to accommodate and capitalize on a rapidly changing landscape. Through its investments in Ontario's VC ecosystem, Venture Ontario can amplify and accelerate the province's efforts to create the jobs of the future and open up new opportunities for workers displaced by disruptive technologies. Its initiatives will also serve as the impetus for businesses in traditional industries to continually rethink strategies and business models and become more efficient, including adopting new technologies and processes.⁵



⁴ *Information Technology Thrives in Ontario*, Canada, Invest Ontario, 2021.

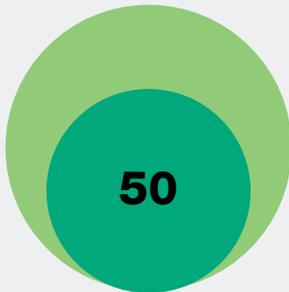
⁵ *2021 Global Report: The State of New-Business Building*, McKinsey & Company, December 6, 2021, <https://www.mckinsey.com/business-functions/mckinsey-digital/our-insights/2021-global-report-the-state-of-new-business-building>.



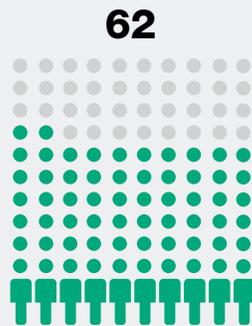
Respondents foresee that five years from now, half of their revenues will come from new products, services, and business models. Some of these new revenues may be driven by large-scale efforts to address sustainability issues, but the rapid pace of technological progress is surely another factor.

Executives are looking to bring in half of their companies' revenues from new products, services, or businesses by the year 2026.

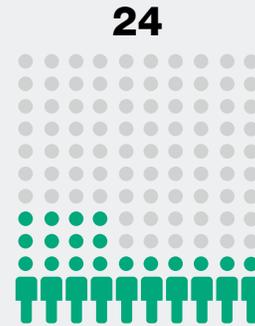
Share of company revenues that will come from new products, services, or businesses, 5 years from now, average⁶ %



Share of respondents who say their companies are prioritizing new-business building to generate new revenue streams⁷ %



Share of respondents who say new-business building will be their companies' top source of revenue growth, next 5 years⁸ %



6 Respondents were asked, "To achieve your organizations enterprise-wide revenue ambitions for 5 years from now, what share of that revenue do you expect will come from its current products and/or services (including upgrades and new versions)?"; n = 1,178.

7 Question was asked only of respondents who said new-business building is at least a top 10 strategic priority for their companies; n = 1,069.

8 n = 1,178.

Source: McKinsey & Company



Ensuring Ontario Reaps the Full Economic Benefits of its Venture Capital Initiatives

ONTARIO NEEDS A STRONG VC INFRASTRUCTURE

to develop and retain globally competitive companies—and talent—in the province, rather than simply “seeding” high-potential businesses that are later forced to relocate or look elsewhere to access larger, more available pools of capital and global markets. By ensuring these firms can secure critical funding as they grow and become industry leaders, the groundwork is laid for them to continue making direct contributions to Ontarians’ economic well-being.

Ontario will also gain other benefits from making it easier for home-grown champions to stick around. Through Venture Ontario’s initiatives, the province can provide the capital and support that enables well-managed VC funds to build on past successes and accommodate the financing needs of a broader number and range of businesses. This drives a virtuous circle of expertise, success and economic value for the province: more successful companies, more quality jobs, and more wealth.

Adding to the allure, Venture Ontario’s strategy is fully aligned with related government policy priorities, including the commercialization and protection of intellectual property. Ultimately, the value being created locally can remain accessible and open up a wide range of other opportunities, including creating jobs in key economic sectors.



As our global competitors emerge from the COVID-19 crisis, they will be working in overdrive to attract investment and spur economic recovery. A dynamic and vibrant venture capital market will be essential for Ontario to stay ahead to be more competitive, create high-value jobs and grow our innovation ecosystem.

VIC FEDELI

Ontario Minister of Economic Development,
Job Creation and Trade



Venture Ontario: Investing in the Ontario of Tomorrow

THROUGH ITS COMMITMENTS to Venture Ontario, Ontario has made it clear that developing a strong and sustainable VC industry remains a key economic development priority. Indeed, the province has only reinforced this stance by announcing in 2021 that it was making available \$100 million and in 2022 a further \$200 million in VC funding to enable high-potential companies to innovate and grow.

As before, Venture Ontario will direct and oversee this initiative, working with the government to identify sectors and stages of growth in the Ontario VC market and deploying capital in those areas through strategic investments in fund managers that support them. Building on earlier successes, Venture Ontario looks forward to furthering its long-term objective: **making investments that drive economic growth, create jobs, and enhance Ontario's long-term competitiveness.**





Building on earlier successes, Venture Ontario looks forward to furthering its long-term objective: making investments that drive economic growth, create jobs, and enhance Ontario's long-term competitiveness.

Venture to Grow.



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