

Financial Statements of

**MITACS INC.**

And Independent Auditor's report thereon

Year ended March 31, 2025



**KPMG LLP**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Directors of Mitacs Inc.

### ***Opinion***

We have audited the financial statements of Mitacs Inc. (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2025
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-profit-organizations.

### ***Basis for Opinion***

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

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

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



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

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

We also:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.



Mitacs Inc.  
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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings including any significant deficiencies in internal control that we identify during our audit.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
July 10, 2025

# MITACS INC.

## Statement of Financial Position

March 31, 2025, with comparative information for 2024

	Note	2025	2024
<b>Assets</b>			
Current assets:			
Cash and cash equivalents		\$ 218,364,706	\$ 216,975,313
Accounts receivable		1,898,691	2,020,706
Government contributions receivable		9,383,166	10,944,615
Participant organization fee-for-service receivable	4	47,657,231	58,525,672
Investments, at amortized cost	5	11,061,877	10,461,688
Prepaid expenses		2,846,516	3,057,108
		291,212,187	301,985,102
Participant organization fee-for-service receivable	4	12,978,309	12,176,156
Investments, at amortized cost	5	10,991,971	20,881,981
Tangible capital assets	6	249,242	373,810
Intangible assets	7	4,708,896	2,969,953
		\$ 320,140,605	\$ 338,387,002

## Liabilities and Net Assets

Current liabilities:			
Accounts payable and accrued liabilities		\$ 12,411,226	\$ 15,211,652
Government remittances payable		657,371	678,983
Current portion of awards payable	8	99,349,567	120,967,793
Deferred contributions	9	102,292,923	104,240,841
		214,711,087	241,099,269
Awards payable	8	55,604,279	58,754,398
		270,315,366	299,853,667

Net assets:			
Invested in capital assets		4,958,138	3,343,763
Internally restricted	10	27,500,000	21,323,000
Unrestricted		17,367,101	13,866,572
		49,825,239	38,533,335

Nature of operations and economic dependence	2		
Commitments	11		
Subsequent event	15		
		\$ 320,140,605	\$ 338,387,002

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

# MITACS INC.

## Statement of Operations

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

	Note	2025	2024
Revenue:			
Earned program contributions:			
Federal government	12	\$ 136,988,878	\$ 133,991,616
Provincial governments	12	50,579,804	48,409,095
Participant organization fee-for-service	12	99,482,423	90,981,078
International organizations		2,357,495	1,892,932
University partners		1,008,000	1,135,681
University member fees		2,880,600	2,839,099
Interest income		4,128,579	4,547,627
		297,425,779	283,797,128
Expenses:			
Program awards:			
Accelerate		166,693,955	162,847,283
Business strategy internship		23,357,876	15,686,393
Globalink		28,328,633	32,647,552
Elevate		18,201,217	13,475,401
Training		2,546,085	3,779,570
Canadian science policy fellowship		-	277,182
Innovation initiatives		93,556	179,344
Program services	13	5,989,056	6,933,477
Stakeholder relations	13	11,115,139	12,469,671
Corporate services	13	28,152,260	27,941,390
Amortization		1,656,098	1,471,786
		286,133,875	277,709,049
Excess of revenue over expenses		\$ 11,291,904	\$ 6,088,079

See accompanying notes to financial statements.

# MITACS INC.

## Statement of Changes in Net Assets

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

	Invested in capital assets	Internally restricted	Unrestricted	Total
Balance, March 31, 2023	\$ 2,959,470	\$ 20,500,000	\$ 8,985,786	\$ 32,445,256
Excess (deficiency) of revenue over expenses	(1,471,786)	-	7,559,865	6,088,079
Acquisition of tangible capital assets	105,088	-	(105,088)	-
Acquisition of intangible assets	1,750,991	-	(1,750,991)	-
Interfund transfer (note 10)	-	823,000	(823,000)	-
Balance, March 31, 2024	3,343,763	21,323,000	13,866,572	38,533,335
Excess (deficiency) of revenue over expenses	(2,043,676)	-	13,335,580	11,291,904
Acquisition of tangible capital assets	58,696	-	(58,696)	-
Acquisition of intangible assets	3,599,355	-	(3,599,355)	-
Interfund transfer (note 10)	-	6,177,000	(6,177,000)	-
Balance, March 31, 2025	\$ 4,958,138	\$ 27,500,000	\$ 17,367,101	\$ 49,825,239

See accompanying notes to financial statements.

# MITACS INC.

## Statement of Cash Flows

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

	2025	2024
Cash provided by (used in)		
Operating activities:		
Excess of revenue over expenses	\$ 11,291,904	\$ 6,088,079
Items not involving cash:		
Increase in unrealized gain on investments	(1,171,866)	(1,795,642)
Increase in realized gain on investments	(465,185)	-
Loss on disposal of capital assets	387,578	-
Amortization	1,656,098	1,471,786
Change in non-cash operating working capital:		
Accounts receivable	122,015	117,761
Prepaid expenses	210,592	(26,013)
Government contributions receivable	1,561,449	21,722,542
Participant organization fee-for-service receivable	10,066,288	(10,542,778)
Accounts payable and accrued liabilities	(2,800,426)	7,530,407
Government remittances payable	(21,612)	(472,694)
Awards payable	(24,768,345)	(5,301,346)
Deferred contributions	(1,947,918)	(21,897,381)
	(5,879,428)	(3,105,279)
Investing activities:		
Acquisition of tangible capital assets	(58,696)	(105,088)
Acquisition of intangible assets	(3,599,355)	(1,750,991)
Purchase of investments	-	(40,000,000)
Proceeds from maturity of investments	10,926,872	10,451,973
	7,268,821	(31,404,106)
Increase (decrease) in cash and cash equivalents	1,389,393	(34,509,385)
Cash and cash equivalents, beginning of year	216,975,313	251,484,698
Cash and cash equivalents, end of year	\$ 218,364,706	\$ 216,975,313

See accompanying notes to financial statements.



# MITACS INC.

## Notes to Financial Statements

Year ended March 31, 2025

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### 1. Purpose of the Organization:

Mitacs Inc. (the "Organization") was incorporated under the Canada Corporations Act and is exempt from taxes under the Income Tax Act (Canada). The Organization continues to operate under the Canada Not-For-Profit Corporations Act.

The purpose of the Organization is to support and increase Canadian productivity by driving private sector innovation and developing and deploying talent into the Canadian economy. This is done through experiential skills development for Canadian innovators; facilitating technology transfer, commercialization, and entrepreneurship by fostering the creation and application of ideas through cooperative research partnerships; and promoting collaborative networks through partnerships between academia, industry, government, and other organizations in Canada and abroad.

### 2. Nature of operations and economic dependence:

The Organization manages or operates various programs designed to facilitate research collaboration between participant organizations and academia for the training of the next generation of young Canadian researchers. Externally funded active programs include internships, international and research partnerships, and skills enhancement.

#### (a) Mitacs Accelerate program:

Mitacs Accelerate connects companies and not-for-profit organizations with graduate students and postdoctoral fellows who apply their specialized expertise to research challenges.

#### (b) Mitacs Globalink program:

Mitacs Globalink connects researchers from around the world with Canadian universities. The program offers two-way mobility between Canada and select partner countries for undergraduate and graduate students.

#### (c) Mitacs Elevate program:

Mitacs Elevate provides leadership, business, and research management skills training to recent postdoctoral fellows.

#### (d) Mitacs Business Strategy Internship program:

Mitacs Business Strategy Internship provides innovative projects designed to help organizations thrive across various aspects of their business.

The Organization receives contributions from national, provincial and international organizations, participant organizations fee-for-service and universities to fund research programs, student training, and operational expenditures. A significant portion of its funding is from federal and provincial government contributions. During the year, the Organization had 18 (2024 - 23) federal and provincial government contracts which accounted for approximately 64% (2024 - 66%) of revenue. The Organization may not be able to maintain its current levels of activities should this funding be significantly reduced or ended.

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

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### 3. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and incorporate the following significant accounting policies.

#### (a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions.

Externally restricted government contribution and participant organization fee-for-service received for programs and training are recognized as revenue in the year in which the related program expenses are incurred. Program expenses are recorded as liabilities when the research project has received research endorsement; participant organization fee-for-service are committed; and all program eligibility and file requirements have been met. The Organization records an allowance for cancellation of internships awarded based on management's best estimate using historical cancellations incurred.

Unrestricted university member fees are recognized as revenue in the fiscal year to which they relate.

Externally restricted interest income earned on government funding is recorded as deferred contributions and recognized as program contributions revenue in the year in which the related program expenses are incurred. Unrestricted interest income is recognized as revenue when earned.

Government contributions receivables in the statement of financial position is made up of Federal, Provincial and University contributions.

#### (b) Cash and cash equivalents:

Bank balances and term deposits with a maturity period of 90 days or less from the date of acquisition are presented under cash and cash equivalents. Bank balances includes balances that are both internally and externally restricted and listed in net assets or in program delivery commitments.

#### (c) Investments:

The organization's investments are comprised solely of guaranteed investment certificates (GICs). These items are held at amortized cost and have maturity periods greater than 90 days. The principal amount of all investments consists of externally restricted contributions, and the related interest income is also restricted, and thus, recorded as deferred contributions and recognized as program contributions revenue in the year in which the related program expenses are incurred.

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 3. Significant accounting policies (continued):

### (d) Tangible capital assets and intangible assets:

Tangible capital assets and intangible assets are measured at cost, less any accumulated amortization and any accumulated impairment losses. Costs related to specific betterments are capitalized when it is probable that the expenditures will result in additional service potential of the asset. Maintenance costs are expensed as incurred.

The Organization capitalizes certain development costs incurred in connection with its internal use software. Costs incurred in preliminary project stages are expensed as incurred. All direct costs incurred during the development phase are capitalized until such time when the software is substantially complete and ready for its intended use. Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Organization intends to and has sufficient resources to complete development and to use or sell the asset.

Amortization is calculated using the straight-line method over the asset's estimated useful life. The estimated useful lives of the Organization's capital assets are as follows:

	Rate
Equipment and furnishings	2 - 5 years
Software	3 - 10 years

Amortization methods, useful lives and residual values are reviewed when there is a change in circumstance and adjusted if appropriate.

Tangible capital assets and intangible assets are tested for impairment whenever conditions indicate that the capital asset no longer contributes to the Organization's ability to provide goods and services, or that the value associated with the asset is less than its net carrying amount. When conditions indicate that an asset is impaired, the net carrying amount of the asset is written down to the asset's replacement cost.

### (e) Assets for implementation of software service:

The Organization capitalizes expenditures on implementation activities that are directly attributable to preparing the software service for its intended use as an asset. Capitalized expenditures are expensed on a straight-line basis over the expected period of access to the software service.

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

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### 3. Significant accounting policies (continued):

(f) Measurement uncertainty:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the allowance for cancellations on revenue recognised. Actual results could differ from those estimates.

(g) Financial instruments:

Financial assets and financial liabilities are initially measured at fair value. Subsequently, all financial assets and financial liabilities are measured at amortized cost, except for cash and cash equivalents, which management has elected to measure at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include accounts receivable, contributions receivable and investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and awards payable.

(h) Allocation of expenses:

The Organization records a number of its expenses by program. The costs of each program include stipend, travel and other research expenses that are directly related to the program.

The Organization incurs program support expenses, such as grant applications and management, research and program management costs that directly support programs. These costs are not allocated to program awards. These expenses are reported under the caption "Program services" on the statement of operations.

The Organization incurs stakeholder support expenses that indirectly support programs. These costs are not allocated to program awards. These expenses are reported under the caption "Stakeholder relations" on the statement of operations.

The Organization incurs general support expenses, such as finance, administration, human resources, marketing and communications, information technology and costs, that are common to the administration of the Organization. These costs are not allocated to program awards. These expenses are reported under the caption "Corporate services" on the statement of operations.

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 4. Participant organization fee-for-service receivable:

	2025	2024
Participant organization fee-for-service receivable	\$ 76,665,246	\$ 84,018,792
Allowance for cancellations (note 12)	(16,029,706)	(13,316,964)
	60,635,540	70,701,828
Less current portion:		
Participant organization fee-for-service receivable	47,657,231	58,525,672
	\$ 12,978,309	\$ 12,176,156

## 5. Investments, at amortized cost:

The organization's investments are comprised solely of guaranteed investment certificates (GICs). GICs earn interest at rates ranging from 5.43% to 5.86% (2024 – 5.43% to 6.04%) per year and have maturities ranging from June 2025 to June 2026 (2024 – June 2024 to June 2026). All GIC interest income is restricted and is allocated to deferred contributions. Interest generated by the GIC investments during the year is \$1,637,051 (2024 – \$1,776,649). Certificates with maturity dates within the next fiscal year are classified as current investments.

	2025	2024
Guaranteed investment certificates	\$ 22,053,848	\$ 31,343,669
Less current portion:	11,061,877	10,461,688
	\$ 10,991,971	\$ 20,881,981

## 6. Tangible capital assets:

				2025	2024
	Cost	Accumulated amortization		Net book value	Net book value
Equipment and furnishings	\$ 912,567	\$ 663,325	\$	249,242	\$ 373,810

Amortization expense for tangible capital assets incurred during the year is \$183,264 (2024 - \$195,348).

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 7. Intangible assets:

			2025	2024
	Cost	Accumulated amortization	Net book value	Net book value
Software	\$ 10,451,285	\$ 5,742,389	\$ 4,708,896	\$ 2,969,953

Included in intangible assets is \$2,671,494 (2024 – \$376,022) of software assets under construction.

Amortization expense for intangible assets incurred during the year is \$1,472,834 (2024 - \$1,276,438).

A write-down of \$387,578 was recorded in the year to recognize the impairment of the Request for Researcher Portal software. The project was a new asset under construction to match-make clients for Mitacs programs. The project was discontinued as development priorities shifted to the wider Mitacs Enterprise Transformation (“MET”) project (note 13). The loss on disposal is recognized as an expense and included in Corporate services on the Statement of Operations.

## 8. Awards payable:

	2025	2024
Awards payable	\$ 190,453,876	\$ 209,009,367
Allowance for cancellations (note 12)	(35,500,030)	(29,287,176)
	154,953,846	179,722,191
Less current portion:		
Awards payable	99,349,567	120,967,793
	\$ 55,604,279	\$ 58,754,398

## 9. Deferred contributions:

Deferred contributions represent externally restricted and unspent contributions for the future funding of awards and training.

	Federal Government	Provincial Governments	Participant fee-for -service Organizations	Other Funders	Total
March 31, 2025					
Beginning of year	\$ 30,463,517	\$ 52,495,383	\$ 16,108,665	\$ 5,173,276	\$ 104,240,841
Funding received and receivable	121,809,346	12,946,660	23,688,776	3,344,686	161,789,468
Interest earned	4,592,906	2,288,156	-	-	6,881,062
Revenue recognized	(114,275,268)	(27,998,979)	(24,755,045)	(3,589,156)	(170,618,448)
End of year	\$ 42,590,501	\$ 39,731,220	\$ 15,042,396	\$ 4,928,806	\$ 102,292,923

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 9. Deferred contributions (continued):

March 31, 2024	Federal Government	Provincial Governments	Participant fee-for -service Organizations	Other Funders	Total
Beginning of year	\$ 43,195,850	\$ 63,176,436	\$ 14,594,192	\$ 5,171,744	\$ 126,138,222
Funding received and receivable	88,289,083	22,478,593	23,160,260	5,725,271	139,653,207
Interest earned	6,161,995	2,841,174	-	-	9,003,169
Revenue recognized	(107,183,411)	(36,000,820)	(21,645,787)	(5,723,739)	(170,553,757)
End of year	\$ 30,463,517	\$ 52,495,383	\$ 16,108,665	\$ 5,173,276	\$ 104,240,841

For federal and provincial governments, deferred contributions are adjusted for estimated future cancellations of \$21,960,706 (2024 - \$18,582,214) and participant fee-for-service organizations of \$16,029,706 (2024- \$13,316,964).

As at March 31, 2025, \$3,238,257 (2024 - \$2,688,010) of deferred contributions was included in contributions receivable from government and other funders and \$2,902,654 (2024 - \$4,432,792) was included in participant organizations fee-for-service receivable.

During the year ended March 31, 2025, \$13,300,000 (2024 - \$14,300,000) in contributions was received or is receivable from the Ministère de l'Économie et de l'Innovation on behalf of the Government of Quebec to support units approved through the Accelerate, Accelerate International, Elevate, Globalink Research Internship and Globalink Research Award programs. As of March 31, 2025, approximately 14,625,389 (2024 - \$14,351,102) has been recognized as revenue after adjusting for prior year cancellations.

As at March 31, 2025, \$12,735,000 (2024 – \$17,370,943) of deferred contributions for federal government is reserved for the Globalink Research Award summer 2025 cohort.

## 10. Internally restricted net assets:

The Board of Directors of the Organization resolved to restrict funds as follows:

	2025	2024
Cut-back costs	\$ 14,000,000	\$ 11,000,000
Funding gap	7,000,000	-
Technology disruption	5,500,000	-
Strategic initiatives	1,000,000	596,000
Future capital projects	-	4,268,000
Technology operations	-	3,575,000
Market price initiatives	-	1,000,000
Innovation projects	-	884,000
	\$ 27,500,000	\$ 21,323,000

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 10. Internally restricted net assets (continued):

Cut-back costs are reserves to be used for administrative costs, severance payments and other expenses associated with a decrease in the Organization's activities.

Funds for funding gap are to address the impact of potential reductions in funding from government funders, to ensure that the Organization has continuity of services in the event of a funding shortfall.

Funds for technology disruption are to be used for investment in new technology, upgrading existing systems, cybersecurity measures, and training staff to adapt to new technologies.

Strategic initiatives are reserves to be used to fund the implementation and outcomes of the Organization's strategic plan.

Funds for future capital projects are intended to be used for capital expenditure to enhance or introduce new technological tools and other capital development projects.

Funds for technology operations are intended to be used for operational expenditure to enhance or introduce new technological tools and processes.

Funds for market price initiatives are intended to be used for piloting new price offerings of existing programs consistent with the vision and mandate of the Organization.

Innovation projects are reserves to be used to fund the piloting of new ideas or programs consistent with the vision and mandate of the Organization.

The Organization may not use these internally restricted amounts for any other purpose without the approval of the Board of Directors.

On July 4, 2024, the Board of Directors approved the removal of the following internally restricted reserves: Capital projects, Innovation projects, Technology operations, and Market Price initiatives. The Board also approved the creation of the following restricted reserves: Technology disruption and Funding gap.

On July 4, 2024, the Board of Directors approved the following On July 4, 2024, the Board of Directors approved the removal and creation of several reserve funds. The transfers between net assets:

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Future capital projects	\$	(4,268,000)
Technology operations		(3,575,000)
Market price initiatives		(1,000,000)
Innovation projects		(884,000)
Funding gap		7,000,000
Technology disruption		5,500,000
Cut back costs		3,000,000
Strategic initiatives		404,000
Net transfer from unrestricted		\$ 6,177,000

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# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 11. Commitments:

### (a) Program delivery commitments:

The Organization has received and processed Mitacs internship applications which are in various stages of completion, and which have not been approved as at March 31, 2025. As at March 31, 2025, the Organization has processed approximately \$33.9 million (2024 - \$73.6 million) of these internship applications, of which it expects that approximately \$22 million (2024 - \$44 million) will be approved within the next 12 months. The Organization will be required to secure sufficient government and participant organization contributions to fund these internships if they are completed and approved.

### (b) Operating lease commitments:

The Organization leases office space in three locations (2024 – four locations) across Canada. Future minimum lease payments required over the remaining term of these leases are as follows.

2026	\$	692,244
2027		705,998
2028		663,764
2029		83,319
	\$	2,145,325

## 12. Allowance for cancellations:

The Organization records an allowance for cancellation of internships awarded based on management's best estimate using historical cancellations incurred. For externally restricted government and unrestricted participant contributions, the impact of the cancellations estimate for the fiscal year are as follows:

Revenue	Gross	Cancellation allowance	2025
Federal government	\$ 153,067,900	\$ (16,079,022)	\$ 136,988,878
Provincial governments	56,461,488	(5,881,684)	50,579,804
Participant organizations fee-for-service	115,512,129	(16,029,706)	99,482,423

  

Revenue	Gross	Cancellation allowance	2024
Federal government	\$ 147,263,155	\$ (13,271,539)	\$ 133,991,616
Provincial governments	53,719,770	(5,310,675)	48,409,095
Participant organizations fee-for-service	104,298,042	(13,316,964)	90,981,078

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

## 13. Transformation:

The Organization tracks the amount of overhead expenses related to its Mitacs Enterprise Transformation (MET) project. Included in overhead expenses is \$3,015,019 (2024 – \$1,195,416) of expenses related to MET.

	2025	2024
Corporate services	\$ 2,712,747	\$ 1,101,832
Stakeholder relations	186,361	34,025
Program services	115,911	59,559
	\$ 3,015,019	\$ 1,195,416

## 14. Financial risks and concentration of risks:

The Organization is exposed to various risks through its financial instruments, the risks are detailed below:

### (a) Credit risk:

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss.

Cash and cash equivalents consist of amounts held at a major Canadian financial institution and the associated credit risk is considered minimal.

Investments is comprised solely of GICs held at a major Canadian financial institution and the associated credit risk is considered minimal.

Accounts receivable consists of amounts due from Canadian universities and other organizations and the associated credit risk is considered minimal.

Government contributions receivable consists of amounts due from federal and provincial governments and government agencies. Credit risk associated with amounts due from federal and provincial governments and government agencies is considered minimal.

Participant organization fee-for-service contributions receivable consists of amounts due from private and public sector participant organizations. The Organization normally receives the required matching participant organization contributions immediately before the commencement date of an internship. The risk from amounts due from participant organizations is limited as, if these matching participant organization fee-for-service contributions are not received by the Organization before the expected start date of any internship, the approved associated internship will be cancelled, and the related awards payable will not be paid.

# MITACS INC.

Notes to Financial Statements (continued)

Year ended March 31, 2025

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## 14. Financial risks and concentration of risks (continued):

### (b) Liquidity risk:

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. The Organization is exposed to liquidity risk with respect to the financial liabilities recognized in the statement of financial position. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has enough funds to fulfill its obligations. The Organization monitors the sufficiency of its unrestricted net assets to support a sudden increase in liquidity needs. Further to unrestricted net assets, the Board of Directors has internally restricted a reserve for cut-back costs to support liquidity needs associated with a scale back or shut down of operations.

### (c) Market risk:

Market risk is the risk that changes in market prices, including interest rates, will affect the Organization. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate instruments subject the Organization to a risk of changes in fair value.

It is management's opinion that the Organization is not exposed to significant market risk arising from financial instruments.

## 15. Subsequent event:

On July 10, 2025, the Board of Directors approved the following transfers between net assets:

- Transfer of \$1,000,000 from unrestricted net assets to Cutback Costs Reserve.
- Transfer of \$6,600,000 from unrestricted net assets to Technology Disruption Reserve.