Scale Your Potential
with Canada's AI Supercluster
As Canada’s AI supercluster, Scale AI acts as an investment and innovation hub that accelerates the rapid adoption and integration of artificial intelligence into supply chains and contributes to the development of a world-class Canadian and Quebec AI ecosystem.

Scale AI invests in programs aimed at supporting companies that implement concrete applications in AI, the emergence of future Canadian flagships in the sector, as well as the development of a skilled Canadian workforce.

Based in Montreal and funded by the federal and Quebec government, the supercluster has nearly 150 industry partners, research institutes and other players in the AI sector.
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Message from the Minister of Innovation, Science and Industry

The honourable François-Philippe Champagne

Innovation is the key to growing Canada’s economy and act as a gateway to global markets.

The Superclusters were designed to foster innovation at the speed of business, which is critical to staying competitive in the global innovation race today.

Our investment in Canada’s Superclusters was about doing things differently: new partnerships, new projects and new investments—with ecosystem-level results to take Canada further, faster. And they are doing just that. The overall momentum and progress to date is compelling. In just over three years, the Superclusters have approved hundreds of projects and supported the creation of thousands of new jobs. Their membership is strong and continues to grow.

The last year has been challenging, but the Superclusters pivoted to address the most critical needs of our country, demonstrating the flexibility of the program’s model. I am proud of the contributions they have made to support Canada’s response to COVID-19 by keeping businesses going and growing and helping secure critical health care supplies, equipment and technology.

Superclusters are supercharging innovation ecosystems across the country in areas where Canada has a significant competitive advantage, and they are having a positive impact on our economic recovery across all sectors. They have developed a network of industry leaders, academics and representatives from the business community, governments and
not-for-profits to create new business opportunities and drive economic growth. Together, members advance cutting-edge research, develop a highly skilled and diverse workforce, and help smaller companies scale up—all while establishing Canada as a world leader in digital technologies, plant-based protein industries, next-generation manufacturing, artificial intelligence and the ocean economy.

The Scale AI Supercluster is accelerating the adoption of advanced artificial intelligence (AI) to strengthen Canadian supply chains and position Canada as a global leader in AI.

Over this past year, you have advanced innovative projects, from establishing AI Power Pricing that is harnessing the power of AI to meet consumer expectations and rapidly evolving market conditions to launching training programs for individuals and businesses to build a diverse workforce that is highly skilled in AI and digital technologies. This is having a positive impact on our economic recovery while preparing Canadians for future careers working with transformative AI solutions.

Thank you for your continued dedication to building a strong foundation for collaborative research and developing world-leading innovation ecosystems across Canada. Your accomplishments over the past year demonstrate the incredible possibilities that we can achieve when we work together.
Message from the Minister of Economy and Innovation of Québec

Eric Girard

Scale AI: Artificial Intelligence Supporting the Future

Using artificial intelligence wherever possible—in an ethical and responsible way—is a crucial step to achieving our full potential and advancing Quebec’s economy. AI is an essential link to introduce into the supply chains and business practices of local companies that want to grow their productivity and gain a competitive edge. It is also the key to creating well-paying jobs throughout the province and shrinking the wealth gap between Quebec and its neighbours.

Our innovation ecosystem—which comprises research centres, universities, innovative startups and the Scale AI supercluster—is already successfully spurring the development of artificial intelligence and its applications in Quebec.

Thanks to the creative genius of our researchers and entrepreneurs, Quebec has carved out a reputation as one of the most innovative societies in the world.
The Scale AI supercluster brings together the tools, partners and expertise needed to implement AI business solutions. It promotes the application of the latest research findings, helps build bridges between industries and researchers, and streamlines our supply chains, to the great benefit of Quebec’s economy.

I would like to congratulate Scale AI for demonstrating such resilience and leadership over the past year. Despite the pandemic that hit the global economy, the supercluster continued to invest in industrial projects and developed several initiatives to support the workforce and startups. All the work accomplished in recent months illustrates the importance of Scale AI’s mission, both economically and socially, and testifies to the strength of Quebec’s artificial intelligence community.

The Government of Quebec is very proud to support this innovation centre, which helps position our companies ahead of the game and make Quebec a more competitive and prosperous society. Through Scale AI, artificial intelligence will be woven into the strategies that guarantee our companies’ growth.
Message from the co-chairs of the Board of Directors

Hélène Desmarais and Louis Roy

It is no coincidence that Montreal-based Scale AI has positioned itself at the meeting point of all these partners. As an investment and innovation hub, we are working every day to create links between all the players and to eliminate the obstacles that could slow down the adoption of artificial intelligence in Canada.

Our co-investment programs reduce the risk for companies integrating AI while promoting partnerships with local SMEs. Our focus on training and education allows us to ensure the deployment of a workforce that meets expectations and needs. Supporting the emergence of start-ups completes the picture by giving impetus to the innovative entrepreneurs who are developing the flagships of tomorrow.

While all eyes are on the post-pandemic recovery, it is clear that artificial intelligence should occupy a strategic place in the plans to accelerate a return to sustainable growth. For businesses, for Montreal, for Quebec and for Canada.

As a supercluster, Scale AI is a proactive change agent.

On a day-to-day basis, we continue our fieldwork on all links of the AI adoption chain, through all our programs. But we do more than that, as we work side by side with the companies and the AI industry to find solutions to the challenges that may impact the integration of AI, and in priority:

The Canadian AI community of scientists, researchers, entrepreneurs and investors is at the heart of the emergence of what is today a world-class hub.
THE QUALITY OF THE DATA

The ability of artificial intelligence to bring productivity gains or to develop high value-added algorithms depends first and foremost on the management and quality of the data. All organizations are concerned and should start to get the right reflexes to give full value to their data.

AVAILABILITY OF TALENT

Trained and talented experts are key to develop and administer AI in organizations. We need to continue our efforts to attract and retain the best talent to this in-demand field, which offers challenging and well-paying career opportunities.

FLUIDITY OF INVESTMENTS

It is paramount that we remove the barriers that slow down the needed investments to integrate AI. Any delay that might seem trivial today represents a drop in competitiveness and performance of our entire economy for years to come.

The leadership of our startups, the entrepreneurial spirit of investors, and the vision of companies adopting and integrating AI gives us reason to be optimistic.

We can be proud of what we’ve accomplished so far, and we’re moving forward with purpose and optimism, inspired by the dynamism and collaborative spirit that drives our ecosystem.
A word from the CEO

Julien Billot

We were on a path of growth when the pandemic hit the world.

The year 2020–2021 was one of adaptation, readjustment, and forward thinking. In fact, the past year has been challenging in many ways, as companies across the country were subjected to the effects of the pandemic. And it was no different for Scale AI.

Not surprisingly, in this year of tremendous unpredictability, artificial intelligence has demonstrated its crucial role in ensuring supply stability and efficiency. The industry-led projects in which Scale AI invested are prime examples of the technological transformation taking place across Canada. These projects also underlined the strong potential of this sector in guiding economic recovery towards sustainable growth.

Scale AI’s work towards strengthening Canada’s AI ecosystem has only just begun, but as we look back at the past twelve months, we can witness its powerful impact on our country, both economically and socially.
AI is a powerful tool that can help companies’ supply chains become more resilient in order to withstand the impacts of a global crisis. I strongly believe the artificial intelligence industry will grow exponentially in Canada in a manner comparable to that of the digital world in the 2010s. Thanks to our vast pool of talent and levers to support the development of the AI ecosystem, such as Scale AI, Canada stands out as a world-class centre of expertise in AI. The next few years will be decisive in the rise of this sector. Transforming processes takes energy and investment, of course, but this is the factor that will distinguish tomorrow’s leaders from their competitors in globalized and increasingly competitive markets.

The evidence is clear. Companies that invested in digitization twenty or twenty-five years ago are today, for the most part, in a much better position than those that were slow to make the leap! I have no doubt that the same is true today for investments in artificial intelligence, and I feel immense pride in being part of this global technological revolution.

Our supercluster is strategically positioned to harness this synergy between universities, startups, industry, and government, and I know its presence and role is essential to the establishment of a solid Canadian AI ecosystem.
ScaleAI

at a glance

Our mandate
To boost economic development in Canada through the adoption and integration of AI into supply chains.

Our vision
To connect industries and researchers, with the goal of establishing Canada as a global hub for AI development.

Our mission
To boost productivity across industries in Canada and establish a knowledge-sharing framework to advance technology research.

Our network
Scale AI is a central pillar of the AI ecosystem in Canada that brings together private entities, academic researchers, supply chains and high-potential startups.

Our purpose
- To support the transition of AI from the laboratory to applications in the field.
- To position Canada as a leader in AI and intelligent supply chains.
- To develop and attract the best talent in the world and create high value-added jobs.

Our sectors of interest
- Consumer and retail goods
- Industrial and manufactured goods
- Transport and logistics
- Intra-hospital transport
- Infrastructure and construction
Our funding

Scale AI receives government funding coupled with contributions from the private sector. These funds are transformed into co-investment programs that allow us to identify collaborative intersectoral projects and provide them with ongoing support and funding to ensure the success of those projects.

Investing to make a difference

63%
Industry project programs

31%
Programs and initiatives for the emergence of the ecosystem, including:

- Commercialization support 36%
- Workforce development 20%
- Support for the adoption of AI 27%
- Ecosystem development 3%
- Acceleration/growth 8%
- Operating costs 6%
Highlights 2020-2021

Cumulatively, at the end of 2020–2021

$232M
representing 190 projects, within all our programs, across Canada.

$134M
over $232M invested in Québec

$15M
invested by the Minister of Economy and Innovation of Québec

In Québec

$20M
2020–2021

$38M
Cumulative

$58M
65% of industry contributions

$60M
Invested by Scale AI

$111M
Industry contribution

$171M
32 projects
Highly collaborative with projects up to 10 participants

$2M
COVID-Response

$15M
Workforce

$24M
Acceleration

$232M
Total investments

$171M
Industry-led

68%
102 of 150 private sector participants are SMEs from across Canada

62%
of projects based in QC, with 26% in ON and 12% across the rest of Canada

→ SUPPORTING THE IMPLEMENTATION OF THE INDUSTRY PROJECTS

AI projects powered by Scale AI
SUPPORTING THE FLOURISHING OF THE ECOSYSTEM

The prosperity and vitality of an ecosystem is contingent on interactions between interdependent players. In this spirit, Scale AI's involvement targets three complementary areas of intervention.

Our Acceleration program spread its wings

- Striking partnerships with 29 of Canada’s top incubators and accelerators.
- Indirectly supporting over 100 startups participating in our partners’ programs.

The workforce development program expands

- Support AI workforce training for Canadian industries
  - Expanding the workforce development program across Canada and certifying 90 public programs and 12 custom programs, 911 professionals already trained
- Filling the industry demand for leading edge AI research
  - Launching of a new University Chairs program, with a total of $10M investment
  - Creating 3 research chairs in Canadian Universities, led by top global researchers in AI applied to supply chains
- Raising technology and digital awareness to encourage vocation
  - Launching the STEM outreach program and funding 5 programs to help 17,900 youth across Canada develop skills and interest in science and technology.

The always-on collaboration approach

- Bridging the gap between key players in the ecosystem as demonstrated by the numerous partnerships between academia and industry included in our selected projects from across Canada.
- Launching an IP education program, featuring an IP blog aimed at SMEs.
  - A third AI in Action event with over 900 virtual participants

Protecting the intellectual property advantage

Scale AI’s IP Registry has been launched and is now available to supercluster members.
Activities and achievements 2020-2021

Scale AI entered this year with strong momentum across all our programs, with significant engagement from the AI ecosystem, particularly in Montreal. Unsurprisingly, the year turned out to be very challenging for many of our members struck by the effects of the pandemic. As a result, Scale AI quickly mobilized its ecosystem to identify and support innovative ideas that could help Canadians better overcome the virus and its consequences.

Strategic orientation

Despite the pandemic-related shift in focus of the team at the start of fiscal 2020, Scale AI was able to achieve significant progress towards its medium-term goals.

Scale AI's key objectives for this year included:

1. Strengthening our pipeline of industry-led projects;
2. Operationalizing the workforce development program throughout Canada;
3. Continuing to build connections across the entire AI and supply chain ecosystem players including industry, academia, research centres, accelerators, etc.;
4. Optimizing our reporting and performance monitoring systems to handle the increased volume of investments;
5. Intensifying our presence across Canada;
6. Developing longer-term vision and strategy for Scale AI beyond the current mandate.
Adapt and move forward

The year started with the pandemic shock. In the face of uncertainty, some projects were halted or postponed by our partners, resulting in delays of approximately six months for ongoing projects and of six to 12 months for investment decisions.

This meant between spring and fall, we had to reorient our actions around two axes: supporting our partners; and building a new and agile initiative aimed at supporting AI innovations to help get us through the crisis.

Since then, we have resumed focus on our primary programs.

Decisive support for our partners

At the onset of the crisis, our team moved decisively to implement several new measures that would support our members’ projects:

→ Allowing projects to delay expenses and rework their delivery timelines;

→ Offering more flexible reimbursement of expenses including monthly reimbursements and funding for supplier invoices; and

→ Advancing funds for labour costs for sectors most hit by the impacts of the pandemic, namely the aerospace industry.

These actions were critical to safeguarding important industry jobs and innovation during very uncertain times. As a result of these flexibility measures, Scale AI was able to maintain the entirety of its active projects. The additional funding provided by the Government of Québec, enabling Scale AI to increase its support to 50% of total costs in Québec, has also facilitated the safeguarding of key industry jobs through this crisis.

After a short adjustment period, most of our partners resumed their projects and the bulk of Scale AI’s effort has been to support key industry leaders to maintain, and sometimes accelerate, their innovative projects through our regular investment streams.
COVID-19 projects

At the end of March 2020, Scale AI responded to the government’s call for projects to support artificial intelligence (AI) innovations to help our nation get through this crisis.

In total, Scale AI has invested $12 M to support 16 projects led by companies, research institutes, hospitals and startups in AI offering solutions to various problems caused by COVID-19.

Most of these COVID projects have already been deployed and are delivering direct results for Canada. Key projects like Port of Montreal’s critical cargo identification system, Roche’s COVID test distribution optimization tool and the Montreal Heart Institute’s Colcorona clinical studies have attracted significant interest from international organizations to leverage the know-how and expertise created through these initiatives.

Additionally, Scale AI launched a second COVID initiative to support hospitals in leveraging AI to better manage the weight of the crisis on all healthcare services. Once completed, these projects will literally save lives, for example by better managing the scarce operating room resources, or vastly reducing the time it takes to go through the backlog of cancer treatments.

Efficiency and Agility are Key

Although the pandemic forced the closure of our physical office in Montreal, Scale AI built its operational model on digital tools and online collaboration. The team easily transitioned to a remote model with minimal impact on operations.

Furthermore, Scale AI accomplished significant milestones in the deployment of its online investment platform, which now allows the team to track investments on a central digital platform throughout the entire project life cycle. Scale AI also shared the experience and code developed through this deployment with our fellow superclusters, to help speed their development.

We also expanded our presence in Ontario through the recruitment of two investment directors, both based in Toronto. These new team members play an active role in building the project pipeline with our industry partners in Ontario and other provinces. This operational improvement will have a significant positive impact and will strengthen our presence across Canada.
Supporting the implementation of the industry projects

Our current portfolio

<table>
<thead>
<tr>
<th>Year</th>
<th>Investment (M)</th>
<th>Cumulative (M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020–2021</td>
<td>$38</td>
<td>$58</td>
</tr>
<tr>
<td></td>
<td>$60</td>
<td>$111</td>
</tr>
<tr>
<td></td>
<td>$20</td>
<td>$171</td>
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</tbody>
</table>

For every dollar invested by the government, the industry is investing $1.83

For a total of 65% of industry contributions
Overall

32 projects
Highly collaborative with projects up to 10 participants

68%
102 of 150 private sector participants are SMEs from across Canada

Pan-Canadian
62% of projects based in QC, with 26% in ON and 12% across the rest of Canada

Expanding through

6 Industries
- Manufacturing
- Transportation
- Retail
- Energy & Utilities
- Agriculture & Mining
- Health

COVID-19 Projects

7 projects carried out by companies and organizations
7 hospital projects
1 research project
1 project for startups

$15 M
$12 M
$3 M
COVID-19 program

Industry contribution
Invested by Scale AI
## AI projects powered by Scale AI

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Partners</th>
<th>Scale AI’s Investment</th>
<th>Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sherbrooke AI Digital Twin</td>
<td>Kruger Products, BCG, Osedea, Dataperformers, Polytechnique Montréal, Université Laval</td>
<td>$6.7 M</td>
<td>$25.5 M</td>
</tr>
<tr>
<td>AI-powered pricing</td>
<td>Couche-Tard, Thirdbridge, Ivado Labs</td>
<td>$2.3 M</td>
<td>$5.7 M</td>
</tr>
<tr>
<td>Planogram optimization solution</td>
<td>Canadian Tire, Ivado Labs, Spacefile International Corp.</td>
<td>$2.2 M</td>
<td>$5 M</td>
</tr>
<tr>
<td>Workforce decisions and planning support using AI</td>
<td>Maritime Employers Association, Airudi, Polytechnique of Montreal and HEC Montréal</td>
<td>$1.5 M</td>
<td>$3.1 M</td>
</tr>
</tbody>
</table>

Kruger Products has built a greenfield manufacturing facility in Sherbrooke, Québec, to further propel its market position on premium tissue & towel products in North America. Using real-time data, the project will recreate the plant’s entire supply chain virtually, adding an integrated set of predictive and prescriptive AI capabilities. This will allow the improvement of key operations from supply through processing to client shipping, in order to drive revenues, efficiency and agility.

Analytical capability and speed of action are at the heart of our ability to meet consumer expectations to maintain one’s market position. The project will aim to optimize pricing based on consumer demand and behavior. The solution will also integrate the responses of competitors and market conditions.

As one of the largest retailers in the country, Canadian Tire operates in the automotive, hardware, sports, leisure and housewares sectors, making it a one-stop shop for many customers. This project will develop an AI solution that optimizes product lines by generating a customized planogram for each location, thereby optimizing operations and increasing sales based on customer behavior patterns.

The Maritime Employers Association is looking for a new tool to optimize the constantly varying daily workload that depends on port traffic, and the quantity and type of cargo and merchandise. This project will allow for a shift from manual processes and Excel spreadsheets, which offer limited visibility and short-sighted consideration of operational cost optimizations, to AI solutions that allow for more accurate labor requirement estimates.
<table>
<thead>
<tr>
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<th>Scale AI's investment</th>
<th>Total investment</th>
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</thead>
<tbody>
<tr>
<td><strong>→ Improving the supply chain for truck maintenance</strong></td>
<td>Trimac Transportations, Preteckt, Université McGill</td>
<td>$1.4 M</td>
<td>$5 M</td>
</tr>
<tr>
<td>This project aims to design a suite of algorithms that can predict what would otherwise be unexpected truck breakdowns and their root causes. These algorithms will make use of data generated during normal truck operations, particularly related to the engine, brake and tire subsystems.</td>
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<tr>
<td><strong>→ AI for Energy Supply Chain Feedstock Optimization</strong></td>
<td>Tidewater, Validere, Nova Analytics, Queen's University</td>
<td>$1.2 M</td>
<td>$3.6 M</td>
</tr>
<tr>
<td>Due to a lack of data and predictability, Canada's energy supply chain is not as efficient as it ought to be, resulting in more than $325M in losses and tons of unnecessary carbon emissions each year. This could be avoided with better flow management through pipelines or trains, directing energy to the right places and in the expected volumes, thus avoiding outages or additional transportation needs.</td>
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<tr>
<td><strong>→ Extending an order’s life cycle through AI</strong></td>
<td>Bell Business Market, Inmind Technologies, Maxa AI, MSI, Loblaws Group, Ausenco Engineering Canada</td>
<td>$1.2 M</td>
<td>$2.4 M</td>
</tr>
<tr>
<td>Bell Business Markets (BBM) offers a wide range of communications technologies for Canadian businesses, including broadband fibre connectivity. To meet market expectations, the project aims to reduce installation time for new fibre connections by accelerating several steps in the supply chain with artificial intelligence solutions.</td>
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<tr>
<td><strong>→ Transportation optimization</strong></td>
<td>Kemira, Global Attributes</td>
<td>$1.1 M</td>
<td>$2.3 M</td>
</tr>
<tr>
<td>From food production to the energy and mining industries, Kemira recovers and processes wastewater from mills and treatment plants. Timing is key, as each plant only has limited storage capacity and would need to shut down operations once this capacity is reached. The AI-based solution will use all available data to optimize the transportation through Mixed-Integer Programming.</td>
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</table>
### Optimization of transportation assets

**Partners:** Ray-Mont, Argus Transport

The Ares.AI project aims at developing a decision support system based on Artificial Intelligence for the optimization of Ray-Mont Logistics' transport assets. Transport assets include a fleet of trucks, drivers, chassis and rails. Road transportation planning will allow Ray-Mont and its partners, such as Argus Transport, to reduce expenses, eliminate bottlenecks, reduce empty runs and improve asset utilization. In terms of rail transportation, the project is expected to minimize switch changes, car movements and operational delays related to rail management at Ray-Mont terminals and at its railway partners.

<table>
<thead>
<tr>
<th>Scale AI's investment</th>
<th>Total investment</th>
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<tbody>
<tr>
<td>$0.9 M</td>
<td>$1.8 M</td>
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### Primary care scheduling optimization

**Partners:** MCI Onehealth Technologies Inc., Polyclinic, Altima Dental, Khure Health

MCI OneHealth is one of the largest technology-enabled primary care networks in Canada, serving more than 850,000 patients each year, working closely with several other healthcare institutions and technology providers towards a data-driven vision of better care. This project will create an AI solution to optimize the patient care path between virtual, in-person and specialist visits.

<table>
<thead>
<tr>
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<tr>
<td>$0.8 M</td>
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### Demand forecasts for spare parts

**Partners:** Bombardier, Traxxall

Research and development project partners are using AI models to better predict the demand for spare parts for aircraft maintenance. This will reduce the risk of supply shocks and will benefit suppliers and customers alike all along the supply chain.

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<thead>
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### E2E ML-based Demand Forecasting

**Partners:** Unilever Canada, Larus Technologies, SOSCIP

Because it offers everyday consumer products in most supermarkets and drugstore across the country, Unilever's supply chain is central to its success. By integrating internal and external demand data from all stores across nine major retail chains, the AI-and machine-learning-based solution will provide predictive analytics to adjust production for 95% of its goods.

<table>
<thead>
<tr>
<th>Scale AI's investment</th>
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<tbody>
<tr>
<td>$0.5 M</td>
<td>$2.2 M</td>
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What They’re Saying About Us

“Our collaboration with Scale AI has been a significant contributor to our success with this technology. Beyond the funding Scale AI is providing, Scale AI has routinely provided sound advice on our approach to the development of the technology as well as opportunities for networking that have accelerated our AI-related capabilities.”

John Ormrod, Director of Quality & Process Optimization, Trimac

For Preteckt, partner on this project, “Scale AI has played a vital role, directly and indirectly, in helping Preteckt increase the value of its predictive maintenance software product. The Scale AI project we are involved in has helped us bring partners to the table which have provided us access to subject matter expertise and data which will help us expand our software to cover an increased number of vehicle systems. We estimate that upon project completion, the Scale AI project will have helped us more than double the value we can produce with our predictive maintenance software which will help us grow our commercial footprint in Canada and beyond.”

Sasha Kucharczyk, COO and Co-Founder, Preteckt

What They’re Saying About Us

“The support of Scale AI has been key in supporting our mission to build a truly patient-centred vision for better care. It’s more than just a grant program. Being a member of Scale AI, has provided us with the best-in-class network to learn and grow with, and their expert advisory team have provided a framework and mechanism through which to grow and scale our solutions. Indeed, being part of this network of leading-Canadian companies from diverse industries, has really expanded our mindset on what the impact of ‘scaling through collaboration’ could truly mean for the wider Canadian healthcare system. The wider impact we hope to influence and have, along with the support of our consortium partners, is ensuring the continuity of care of patients, promoting operational excellence throughout the system, and providing clinicians and specialists the tools to deliver a streamlined patient journey of value-based care.”

Saleema Khimji, Chief Innovation Officer, MCI Onehealth
## COVID-19 projects

<table>
<thead>
<tr>
<th>PROJECTS CARRIED OUT BY COMPANIES AND ORGANIZATIONS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>→ Enabling Fast Distribution of Critical Cargo</td>
<td>CargoM and the Montreal Port Authority</td>
</tr>
<tr>
<td>Prioritization of inbound cargo for rapid distribution of critical &amp; essential goods</td>
<td>Investment from Scale AI $0.5 M</td>
</tr>
</tbody>
</table>

| → Optimization of COVID-19 Testing Distribution  | Roche Diagnostics    |
| Optimal & timely recommendation for testing product allocation across the country | Investment from Scale AI $0.5 M |

| → Public Access To COVID-19 Resources Via Chatbot Interface | Dialogue Technologies |
| Chatbot interface to automate the COVID-19 patient journey | Investment from Scale AI $0.5 M |

| → Enhanced Digital Tools for Home Care Services | AlayaCare            |
| Screening forms for patients & home care workers and virtual visits | Investment from Scale AI $0.25 M |

| → Intelligent Digital Assistance System | Careteam            |
| Coordination of care and matching of community organizations with volunteers | Investment from Scale AI $0.5 M |

| → Anomaly Detection | Loblaw Companies Limited |
| Early stockout prediction | Investment from Scale AI $0.5 M |

| → COVID-19 Alert Application | COVI Canada        |
| Contact application based on Bluetooth technology to identify and send alerts regarding contamination risk. | Investment from Scale AI $1.9 M |
### HOSPITAL PROJECTS

<table>
<thead>
<tr>
<th>Project Description</th>
<th>Institution(s)</th>
<th>Investment from ScaleAI</th>
</tr>
</thead>
<tbody>
<tr>
<td>→ Optimization of Surgery Patient Scheduling Throughout Post-COVID-19 Peak</td>
<td>CHUM</td>
<td>$1M</td>
</tr>
<tr>
<td>Forecasting and optimizing surgery schedules</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ Hospital Capacity Optimization</td>
<td>Brockville General Hospital and Thales</td>
<td>$1M</td>
</tr>
<tr>
<td>Resource management optimization for the operating room scheduling problem</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ Development of an Intelligent Planification System for PPE</td>
<td>CHUM and MUUTAA</td>
<td>$0.4M</td>
</tr>
<tr>
<td>Simulation capacity to predict patient flow for prophylaxy post-exposition (PPE) order and inventory optimization</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ AI-Guided Tool to Maintain Safety and Quality of Cancer Treatment</td>
<td>CHUM and Gray Oncology</td>
<td>$0.56M</td>
</tr>
<tr>
<td>Capacity planning, online scheduling &amp; metric forecasting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ Optimizing and Restarting Hospital Elective Surgery and Cancer Cases</td>
<td>William Osler Health System and Seamless MD</td>
<td>$0.44M</td>
</tr>
<tr>
<td>Artificial-intelligence-enabled digital patient pathway</td>
<td></td>
<td></td>
</tr>
<tr>
<td>→ Covsight: The Dynamic Medical Knowledge Graph of Pandemia Partnership</td>
<td>CHUM and MIMs</td>
<td>$0.53M</td>
</tr>
<tr>
<td>Dynamic knowledge graphs to keep clinicians updated on COVID-19 publications</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
RESEARCH PROJECTS

→ Enhancing Deep Learning in Research of Antivirals Effective Against COVID-19

Development of a new deep learning algorithm to accelerate the interpretation of research data for effective antiviral molecules in the fight against COVID-19.

UHN— Princess Margaret Cancer Center
Investment from Scale AI
$1.5 M

SUPPORT PROJECT FOR STARTUPS

→ Business Recovery Program

Transformation of the mentoring program offered to startups in order to enable them to meet the challenges caused by COVID-19 in terms of public health and economic recovery.

Creative Destruction Lab
Investment from Scale AI
$0.5 M

→ Optimization of radiation patients scheduling

Optimizing radiation patients scheduling post COVID-19 peaks

MILA
Investment from Scale AI
$0.13 M
**What They’re Saying About Us**

“The recent COVID-19 pandemic introduced the possibility of unexpected variations in RT demand and capacity, creating an anticipated backlog of patients requiring treatment, and potentially straining existing resources. We have partnered with Scale AI to develop a novel scheduling algorithm to prioritize patients for treatment based on urgency in the event of a bottleneck.

The project significantly benefitted from the technical input of subject matter experts at Scale AI as well as establishing strong partnerships and collaborations to develop and test the solution.”

**Philip Wong, MD, MSc, Radiation Oncologist, Associate Director of Ambulatory Care in the Department of Radiation Oncology, Princess Margaret Cancer Centre**

**Mathieu Charbonneau, CEO, CargoM**

“Our relationship with Scale AI has been very beneficial for our community. It led to a COVID project and we are working on a few more ideas with them. Their assistance and responsiveness are remarkable and are key success factors.”
Supporting the flourishing ecosystem

The prosperity and vitality of an ecosystem is contingent on interactions between interdependent players. In this spirit, Scale AI’s involvement targets three complementary areas of intervention.

→ OUR ACCELERATION PROGRAM SPREAD ITS WINGS

Launched in December 2019, in partnership with certified startup incubators and accelerators across the country, Scale AI’s Acceleration Program has already validated support towards more than 100 startups using artificial intelligence (AI) in supply chain projects. With over $20 million in funding over three years, the program will support nearly 300 AI-related emerging companies by 2023.

The Scale AI Acceleration program is targeted at supporting the emergence and growth of startups and SMEs specializing in artificial intelligence for supply chains in Canada, by expanding the reach and scope of the incubators and accelerators that are the keys to their success.

Program details and lists of certified incubators and accelerators can be found at: scaleai.ca/acceleration.
Overview of certified and prospective programs

Ontario
8 programs certified
up to
$105K

Quebec
18 programs certified
up to
$3.25 M

Atlantic
2 programs certified
up to
$280 K

Saskatchewan
1 program certified
up to
$60K

Northern Canada
1 program certified
up to
$500K

Manitoba
In discussion

BC
2 programs certified
up to
$550K

Alberta
1 program certified
up to
$500K

Ontario
8 programs confirmed
in process
+4 in process

102 ventures supported

29 programs confirmed

# Total venture supported

$3.18 M

$3.18 M

$280 K

$280 K

$3.18 M
THE WORKFORCE DEVELOPMENT PROGRAM EXPANDES

We have extended the launch of all components of our Workforce development program, to ensure the interest, attraction and training of competent professionals to meet our needs today, tomorrow and beyond.
Support AI workforce training for Canadian industries

ScaleAI expanded and enhanced its support for professional development across the country with a program that makes specialized AI training more accessible to workers and businesses. In addition to rolling out the program across Canada, the financial support has been enhanced as a complement to current economic recovery efforts to reduce specialized labour shortages, thereby enabling companies to strengthen their competitiveness and pursue growth.

In Québec, this reinforcement is built in synergy with the programs developed with the Ministère du Travail, de l'Emploi et de la Solidarité sociale.

- Additional $3.7M in funding committed to train up to 5,373 people
- 21 new public programs accredited including 2 new training suppliers
- $263k disbursed to train 600 people

Listening to the needs of the industry, and as a complement to current economic recovery efforts, we enhanced our Professional Development Program. It now reimburses up to 50% of registration fees for individuals who engage in a certified continuing education program in digital intelligence; and up to 85% of the costs incurred by companies for the development of specialized employees.

We are committed to supporting the training of at least 25,000 workers in digital and artificial intelligence applied to supply chain by 2023.

What They’re Saying About Us

"Ericsson created the Global AI Accelerator (GAIA) in Montreal as part of our global initiative to support Ericsson’s Business Areas (Networks, Digital Services, Managed Services and Technology & New Businesses). In 2020, GAIA Montreal in collaboration with ScaleAI and HEC, delivered AI/ML Upskill program for 275 employees across Canada. Our AI/ML Upskill program’s objective was to provide our Canadian telecom domain experts with the needed skills that are critical in scaling the adoption of AI/ML into our products & services globally,”

Prasad Garigipati,
Head of Global AI Accelerator Montreal, Ericsson
Filling the industry demand for leading edge AI research

With the intention to attract and retain some of the world's greatest AI scientists, Scale AI launched ambitious research programs to develop the next generation of AI experts.

We announced a $10 million investment to support the creation of at least ten university chairs dedicated to AI across the country, doubling a corresponding amount contributed by the universities, for a total of $20 million. The development of university chairs is a key element of our AI talent expansion strategy in Québec and across Canada, contributing to the implementation of the entire ecosystem.

As the selection process continues, Scale AI already announced the creation of three new AI research chairs:

→ The Scale AI Research Chair in Artificial Intelligence for Urban Mobility and Logistics, at HEC Montréal, held by Professor Carolina Osorio;

→ The Scale AI Research Chair in Data-Driven Supply Chains, at Polytechnique Montréal, held by Professor Thibaut Vidal;

→ The Research Chair in Data-Driven Algorithms for Modern Supply Chains, at the University of Toronto, held by Professor Elias Khalil.

Raising technology and digital awareness to encourage vocation

With a long-term vision of workforce development, Scale AI is diversifying its interventions with a Youth Awareness program to promote interest in science, technology, engineering, and mathematics (STEM) careers in Canada, through both academic and extracurricular activities.

Scale AI is committed to invest $1M across 8 STEM programs to reach 30,000 students by 2023. We've already certified five programs targeting up to 17,900 youth across Canada.

The program includes diversity and inclusion criteria, with a particular focus on initiatives that seek to engage groups that are less represented in the sector, including women and youth from diverse communities.
What They’re Saying About Us

“We are proud to partner with Scale AI to launch our ATLAS (ATLantic Academy of Space) program, which will bring space and AI education to youth across Atlantic Canada. ATLAS’s mission is to introduce youth to cutting edge Canadian innovation, research, and technology, and support from Scale AI has furthered our goal to provide this program free of charge to students across Atlantic Canada, minimizing barriers to access. Scale AI’s financial support, industry connections, and program guidance are integral to developing high quality educational AI programming that will encourage students to think about their place in the future of AI,“

Alexandra Fenton,
Executive Director, SuperNOVA, Dalhousie University

What They’re Saying About Us

“The next decade is critical for our planet, and we will only be able to build a fair and just world if we equip the next generation with the skills they need to thrive in the digital space. With Scale AI’s support, we will be engaging students not just to think about how artificial intelligence works—but how to engage with it critically and build with it ethically to make the world a better place.”

Kate Arthur,
CEO, Kids Code Jeunesse
→ THE ALWAYS-ON COLLABORATION APPROACH

Of course, social distancing measures have resulted in the cancellation of all “in person” activities. That being said, we continued our community and business outreach efforts through webinars offered during the course of the year, and we ensured the general public, as well as our industry partners, were kept informed through various initiatives.

Our Flagship Initiative: the Third Edition of AI in Action

In March 2021, Scale AI teamed up with the Chambre de commerce du Montréal métropolitain and Forum IA Québec to offer an event highlighting the Québec and pan-Canadian artificial intelligence ecosystem. This huge digital event was a must for all players in the sector and for companies wishing to discover how and why to invest in AI.

<table>
<thead>
<tr>
<th>Participants</th>
<th>Sessions</th>
<th>Speakers</th>
</tr>
</thead>
<tbody>
<tr>
<td>900+</td>
<td>20+</td>
<td>50+</td>
</tr>
</tbody>
</table>

What They Say About It

“I really like the collaboration that exists in the AI ecosystem. When people ask me what makes this ecosystem such a success, I tell them that it’s because it’s organized around the engagement platform that is Scale AI.”

Michel Leblanc, President and CEO, The Chamber of Commerce of Metropolitan Montreal
Continue the conversation to grow our positive impact on the ecosystem

Scale AI solidified its position as a leader in the AI ecosystem through a variety of initiatives, including:

- **Five AI events** and more than **90 webinars** to present Scale AI's different programs, which helped in the gathering of more than **1,390 new leads**.
- The publication of the **AI special report in La Presse**, highlighting various Scale AI funded projects.
- The participation in **AI Québec**, a prestigious book, presenting Québec's active players and promoting our ecosystem around the world.
- The launch of **four new programs** and the issue of **nine press releases**, gladly, always bearing positive news for the supercluster.
- A large **COVID Call for projects**, gathering more than **120 projects submitted in three weeks**. This established Scale AI's presence as a key player in supporting the industry in the face of a global pandemic.
- The launch of our **website blog** with 13 new posts on IP and collaboration in our ecosystem.
- The sharing of our great news and updates on our social platforms, which generated a reach of more than **78k impressions**.
Protecting the intellectual property advantage

It may seem ironic, but the power behind artificial intelligence is actually human intelligence.

Although a trained AI model or algorithm is the end product of a supply chain AI adoption project, it is the human skill and ingenuity that go into tailoring the precise AI solution that is critical IP for ecosystem growth.

At its core, each supply chain AI project is about solving specialized problems unique to the adopter’s business. Many difficult hurdles lay on the road between selecting a suitable AI algorithm from the literature and deploying a successful business application—such as organizing the training data, engineering the data features of the model, optimizing training of the AI models, and ultimately, integrating AI solutions into improved business processes.

As the AI specialists overcome each hurdle, the knowledge and experience they gain—their IP—expands the capabilities available for the following projects. And as the adopting businesses work with AI, often for the first time, they improve their employees’ skill sets, enhance their global competitiveness, and lower their internal barriers to further AI adoption—also extremely valuable know-how IP.

The key ecosystem IP benefit of Scale AI projects is the growing body of IP related to AI know-how and expertise.

These businesses protect this valuable IP primarily as trade secrets and confidential information, to help build their global competitive advantage. To a lesser extent, patents can provide supplemental protection where truly novel methods are developed.

The ecosystem can leverage this know-how IP through the transfer of lessons learned, which allows others in the ecosystem to benefit from generalized project learning without jeopardizing the competitiveness of the businesses involved.
Helping members recognize that their know-how and learnings are IP, to be protected and leveraged, is a high priority.

→ OUR IP OBJECTIVES

Entities that are capable of systematically identifying and protecting their most important IP are more successful in scaling their businesses.

With this front and centre, we have four main IP objectives:

1. **Improve IP Literacy.** Businesses must understand why and how to integrate IP strategy into their business strategy. Our AI-focused, digestible IP training, *IP Without Jargon*, provides practical, actionable guidance to build Members’ confidence in their abilities to harness IP as an everyday business tool.

2. **Protect IP.** We work with our Members to ensure they appropriately protect and leverage their IP, according to customized IP strategies.

3. **Support SMEs.** We strive to improve our SMEs’ ability to strategically identify and manage their IP, through providing customized guidance.

4. **Create opportunities for leverage.** Our Supercluster Registry, accessible to Members via our portal, provides a meaningful line-of-sight into our projects to foster future synergies and IP leverage. All of our projects’ foreground IP has been included in the Registry (no foreground IP has been excluded).

What They’re Saying About Us

“Scale AI’s communications on IP are clear and effective, and go a long way to dispelling IP myths. Kudos to the Scale AI team.”

Dr. Elissa Strome,
Executive Director,
Pan-Canadian AI Strategy, CIFAR
→ CREATING AN EXCLUSIVE IP REGISTRY

Scale AI’s IP registry has been launched, and is now available to supercluster members. Our registry now has 20 entries in total, representing our industry-led projects, with more entries to come as we grow our projects.

The registry’s goal is to stimulate possible future synergies between members and generating new business opportunities for our SME members.

Other IP reporting metrics for the Ministry of Industry, Science and Economic Development

→ Our Intellectual Property and Data Strategies operate as intended, support the objectives set out in our Corporate Plan, and continue to have full executive support. No updates have been made to these strategies this year.

→ There have been no member disputes regarding IP that were referred to the dispute resolution mechanism referenced in Subsection 15.2(e) of the Contribution Agreement.

→ There have been no SME Members that requested independent IP expertise or advice through the mechanism referenced in Subsection 15.2(f) of the Contribution Agreement.

→ DATA PROTECTION AND SECURITY

Scale AI has implemented all necessary measures to protect the data and confidential information it possesses.

Data security is maintained through the security and cybersecurity protections of its computers and information systems to provide protection against intrusion and hacking.

These measures include:

→ 2-factor authentication deployed computer systems to improve security and reduce the risk of unauthorized access

→ VPN and firewall to manage systems access, email encryption, scanning, filtering, anti-phishing

→ Operating system and security patch update manager automatically pushes updates to all Scale AI computers to ensure they are continuously up to date

→ Remote-control software that can deactivate lost or stolen Scale AI computers

→ Training for all employees to recognize threats and use best practices for data protection.
While it is hoped that the pandemic will gradually fade away after the summer, 2021–2022 will be another challenging year for Scale AI’s industry partners. This said, there are positive signals that the Scale AI team will seize upon to leverage, supporting our economic recovery through AI.

Despite the unforeseen challenges of the pandemic, we remained focused on the priorities identified in our five-year strategic plan and accelerated the rollout of our activities, as planned for our third year. Now that all our programs are up and running, we will focus on delivering the best added value to our partners and to the Canadian economy through:

→ Diversifying of our project portfolio across Canada, for all our programs;
→ Supporting Canada’s economic recovery through continued investments in innovative projects in key industry sectors;
→ Growing our workforce and training programs, both towards selected candidates looking to develop their AI skills and towards companies in need of customized training for their employees.
→ Allocating the remaining funds for research chairs and STEM awareness initiatives;
→ Accelerating the deployment of intellectual property resources for SMEs; and
→ Continuing to support the development and strengthening of the Canadian AI ecosystem by connecting industry, academia and startups through all our investment streams.

As Scale AI’s initiatives take hold, we will continue our mandate as a supercluster, and look forward to supporting the long term growth of the AI ecosystem in Canada.
**Board of Directors 2020-2021**

- Hélène Desmarais (Co-Chairwoman)
  - Belvoir Investments
- Louis Roy (Co-Chairman)
  - Groupe Optel
- André Beaulieu
  - Bell Canada
- Hubert Bolduc
  - Montreal International
- Yoshua Bengio
  - Mila
- Elza Brunelle Yeung
  - Bombardier Business Aircraft
- Martha Crago
  - McGill University
- Anu Dodda
  - Thomson Reuters
- Thierry Dorval
  - Norton Rose Fulbright
- Jody Fitzpatrick
  - Canadian Tire
- Marc Gilbert
  - BCG
- Julie Godin
  - CGI
- Paul Lavoie
  - Beau Lake
- Michel Leblanc
  - CCMM
- Deborah Hall Lefèvre
  - Alimentation Couche-Tard
- Andrea Lodi
  - CERC
- Catherine Luelo
  - Independent
- Isabelle Marcoux
  - Transcontinental Inc.
- David Markwell
  - Loblaw
- Michel Patry
  - Michel Patry et associés
- Miriam Pozza
  - PWC
- Denise Robert
  - Cinémaginaire
- Gilles Savard
  - Ivado
- Solmaz Shahalizadeh
  - Shopify
- Philippe Tanguy
  - Polytechnique Montreal
- Galen Weston Jr.
  - Loblaw
- Barbara Gibbon (Observer)
  - Canada Economic Development
- Andrea Johnston (Observer)
  - Canada Economic Development
- Thomas Bilodeau Genest (Observer)
  - Ministère de l'économie et de l'innovation du Québec
- Louis Têtu (Observer)
  - Coveo

**Executive Committee**

- Hélène Desmarais (Chairwoman)
- Julien Billot (CEO)
- Gilles Savard
- Andrea Lodi
- Michel Patry

**Executive Team**

- Julien Billot
- Albert Caponi
- Clément Bourgogne
- Serge Massicotte
- Todd Bailey
- Isabelle Turcotte
### RESULTS

ScaleAI for the year ended March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021 $ in 000</th>
<th>2020 $ in 000</th>
<th>2019 $ in 000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions - Government</td>
<td>25,584</td>
<td>6,336</td>
<td>2,365</td>
</tr>
<tr>
<td>Membership fees</td>
<td>624</td>
<td>203</td>
<td>-</td>
</tr>
<tr>
<td>Registration fees for conferences</td>
<td>-</td>
<td>58</td>
<td>83</td>
</tr>
<tr>
<td>Interest income</td>
<td>262</td>
<td>552</td>
<td>201</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>26,470</td>
<td>7,149</td>
<td>2,649</td>
</tr>
<tr>
<td><strong>EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and social charges*</td>
<td>2,595</td>
<td>1,885</td>
<td>100</td>
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<tr>
<td>Professional fees</td>
<td>837</td>
<td>1,511</td>
<td>1,166</td>
</tr>
<tr>
<td>Marketing and promotion</td>
<td>330</td>
<td>605</td>
<td>13</td>
</tr>
<tr>
<td>Software</td>
<td>277</td>
<td>310</td>
<td>-</td>
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<tr>
<td>Rental charges</td>
<td>111</td>
<td>389</td>
<td>-</td>
</tr>
<tr>
<td>Events</td>
<td>102</td>
<td>407</td>
<td>-</td>
</tr>
<tr>
<td>Insurance</td>
<td>13</td>
<td>12</td>
<td>9</td>
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<tr>
<td>Office expenses</td>
<td>10</td>
<td>22</td>
<td>10</td>
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<tr>
<td>Training</td>
<td>6</td>
<td>6</td>
<td>1</td>
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<tr>
<td>Interest and bank charges</td>
<td>3</td>
<td>3</td>
<td>-</td>
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<tr>
<td>Conventions</td>
<td>1</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td>Travel and meal expenses</td>
<td>1</td>
<td>32</td>
<td>22</td>
</tr>
<tr>
<td>Exchange loss (gain)</td>
<td>(5)</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Bad debt</td>
<td>-</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>4,281</td>
<td>5,201</td>
<td>1,332</td>
</tr>
<tr>
<td><strong>EXCESS OF REVENUE OVER EXPENSES</strong></td>
<td>1,545</td>
<td>1,399</td>
<td>1,317</td>
</tr>
</tbody>
</table>

*The executive team salaries are between $200K and $450K for the 2020-2021 fiscal year. Compensation for one employee exceeded $300,000 for the year. Unfunded eligible costs in 2020-2021, under the Innovation Superclusters Initiative, include $85K and are covered by Quebec Government and ScaleAI membership.

**These contributions represent reimbursements of eligible project costs approved by ScaleAI. Summary of Industry Matching Funds for 2020-2021 total $38M.

For administration purposes, ScaleAI's official name is: SCALEAI - Canadian Artificial Intelligence Supercluster.
Independent Auditor's Report

To the Directors of
SCALE AI – Canadian Artificial Intelligence Supercluster

Opinion

We have audited the financial statements of SCALE AI – Canadian Artificial Intelligence Supercluster (hereafter "the Organization"), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, 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.

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 report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 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 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 these 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 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Raymond Chabot Grant Thornton LLP

Montréal
June 18, 2021

1 CPA auditor, CA public accountancy permit no. A116823
### SCALE AI – Canadian Artificial Intelligence Supercluster

**Operations**

Year ended March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Government contributions (Note 3)</td>
<td>25,584,196</td>
<td>6,336,367</td>
</tr>
<tr>
<td>Membership revenues</td>
<td>624,150</td>
<td>203,237</td>
</tr>
<tr>
<td>Conference registration fees</td>
<td>57,848</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>246,684</td>
<td>551,896</td>
</tr>
<tr>
<td>Other</td>
<td>15,000</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>26,470,030</td>
<td>7,149,348</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and employee benefits</td>
<td>2,594,646</td>
<td>1,885,238</td>
</tr>
<tr>
<td>Professional fees</td>
<td>837,639</td>
<td>1,510,557</td>
</tr>
<tr>
<td>Marketing and promotion</td>
<td>329,936</td>
<td>604,884</td>
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<tr>
<td>IT expense</td>
<td>276,573</td>
<td>310,168</td>
</tr>
<tr>
<td>Rental expense</td>
<td>110,857</td>
<td>388,750</td>
</tr>
<tr>
<td>Events</td>
<td>102,583</td>
<td>407,549</td>
</tr>
<tr>
<td>Insurance</td>
<td>12,890</td>
<td>11,832</td>
</tr>
<tr>
<td>Office supplies and expenses</td>
<td>9,926</td>
<td>22,249</td>
</tr>
<tr>
<td>Training</td>
<td>6,198</td>
<td>6,433</td>
</tr>
<tr>
<td>Interest and bank charges</td>
<td>3,122</td>
<td>3,230</td>
</tr>
<tr>
<td>Conventions</td>
<td>1,234</td>
<td>15,157</td>
</tr>
<tr>
<td>Travel and meals</td>
<td>439</td>
<td>31,727</td>
</tr>
<tr>
<td>Exchange loss (gain)</td>
<td>(4,742)</td>
<td>685</td>
</tr>
<tr>
<td>Doubtful accounts</td>
<td></td>
<td>3,600</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,281,301</td>
<td>5,202,059</td>
</tr>
<tr>
<td>Contributions to projects (Note 7)</td>
<td>(20,643,686)</td>
<td>(548,523)</td>
</tr>
<tr>
<td><strong>Excess of revenues over expenses</strong></td>
<td>1,545,043</td>
<td>1,398,766</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
## SCALE AI – Canadian Artificial Intelligence Supercluster
### Changes in Net Assets
Year ended March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Restricted to rental expense</td>
<td>Unrestricted</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>111,109</td>
<td>2,604,715</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>1,545,043</td>
<td>1,545,043</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>111,109</td>
<td>4,149,758</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
### SCALE AI – Canadian Artificial Intelligence Supercluster

#### Cash Flows

Year ended March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>OPERATING ACTIVITIES</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Excess of revenues over expenses</td>
<td>1,545,043</td>
<td>1,398,766</td>
</tr>
<tr>
<td>Net change in working capital items and deferred contributions</td>
<td>15,123,250</td>
<td>21,154,034</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>16,668,293</td>
<td>22,552,800</td>
</tr>
<tr>
<td><strong>INVESTING ACTIVITIES</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Investments</td>
<td>(238,000,000)</td>
<td>(80,663,000)</td>
</tr>
<tr>
<td>Disposal of investments</td>
<td>208,000,000</td>
<td>66,663,000</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(30,000,000)</td>
<td>(14,000,000)</td>
</tr>
<tr>
<td><strong>Net increase (decrease) in cash</strong></td>
<td>(13,331,707)</td>
<td>8,552,800</td>
</tr>
<tr>
<td>Cash, beginning of year</td>
<td>15,233,433</td>
<td>6,680,633</td>
</tr>
<tr>
<td>Cash, end of year</td>
<td>1,901,726</td>
<td>15,233,433</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of the financial statements.
SCALE AI – Canadian Artificial Intelligence Supercluster  
Financial Position  
March 31, 2021

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>1,901,726</td>
<td>15,233,433</td>
</tr>
<tr>
<td>Trade and other receivables (Note 4)</td>
<td>458,617</td>
<td>465,838</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>7,640</td>
<td>119,903</td>
</tr>
<tr>
<td></td>
<td>2,367,983</td>
<td>15,819,174</td>
</tr>
<tr>
<td>Long-term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments (Note 5)</td>
<td>51,000,000</td>
<td>21,000,000</td>
</tr>
<tr>
<td></td>
<td>53,367,983</td>
<td>36,819,174</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade payables and other operating liabilities (Note 6)</td>
<td>2,365,516</td>
<td>1,589,817</td>
</tr>
<tr>
<td>Deferred membership revenues</td>
<td>41,517</td>
<td>171,644</td>
</tr>
<tr>
<td></td>
<td>2,407,033</td>
<td>1,761,461</td>
</tr>
<tr>
<td>Long-term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred government contribu (Note 7)</td>
<td>46,700,083</td>
<td>32,341,889</td>
</tr>
<tr>
<td></td>
<td>49,107,116</td>
<td>34,103,350</td>
</tr>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restricted to rental expense (Note 8)</td>
<td>111,109</td>
<td>111,109</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>4,149,758</td>
<td>2,604,715</td>
</tr>
<tr>
<td></td>
<td>4,260,867</td>
<td>2,715,824</td>
</tr>
<tr>
<td></td>
<td>53,367,983</td>
<td>36,819,174</td>
</tr>
</tbody>
</table>

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

On behalf of the Board,

[Signatures]

Director

[Signatures]  
Director
1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION

The Organization, incorporated under the Canada Not-for-profit Corporations Act, aims to build the next generation of supply chains in Canada by optimizing the use of artificial intelligence technologies. It is a not-for-profit organization under the Income Tax Act.

2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The Organization's financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Accounting estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

Revenue recognition

Contributions

The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership revenues

Membership revenues are recognized as revenue in accordance with the agreement between the parties, as services are provided, when the fees are fixed or determinable and collection is reasonably assured. The liability relating to the received but unearned portion of membership revenues is recognized in the statement of financial position as deferred membership revenues.

Interest income

Investment transactions are recorded on the transaction date and resulting interest revenues are recognized using the accrual method of accounting.

All interest revenues are not subject to externally imposed restrictions and are recognized in the statement of operations.

Financial assets and liabilities

Initial measurement

Upon initial measurement, the Organization's financial assets and liabilities are measured at fair value, which, in the case of financial assets or financial liabilities that will be measured subsequently at amortized cost, is increased or decreased by the amount of the related financing fees and transaction costs.
2 - **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Subsequent measurement*

At each reporting date, the Organization measures its financial assets and liabilities at amortized cost (including any impairment in the case of financial assets).

With respect to financial assets measured at amortized cost, the Organization assesses whether there are any indications of impairment. When there is an indication of impairment, and if the Organization determines that, during the year, there was a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it will then recognize a reduction as an impairment loss in operations. The reversal of a previously recognized impairment loss on a financial asset measured at amortized cost is recognized in operations in the year the reversal occurs.

3 - **CONTRIBUTIONS**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>contributions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation Superclusters Initiative</td>
<td>3,019,770</td>
<td>3,567,702</td>
</tr>
<tr>
<td>Provincial government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministère de l’Économie et de l’Innovation</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Emploi-Québec</td>
<td>(79,260)</td>
<td>220,142</td>
</tr>
<tr>
<td>Total</td>
<td>4,940,510</td>
<td>5,787,844</td>
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<tr>
<td>Projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Innovation Superclusters Initiative</td>
<td>18,066,763</td>
<td>430,998</td>
</tr>
<tr>
<td>Provincial government</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ministère de l’Économie et de l’Innovation</td>
<td>2,332,390</td>
<td>107,749</td>
</tr>
<tr>
<td>Emploi-Québec</td>
<td>244,533</td>
<td>9,776</td>
</tr>
<tr>
<td>Total</td>
<td>20,643,686</td>
<td>548,523</td>
</tr>
<tr>
<td></td>
<td>25,584,196</td>
<td>6,336,367</td>
</tr>
</tbody>
</table>

4 - **TRADE AND OTHER RECEIVABLES**

<table>
<thead>
<tr>
<th></th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade accounts</td>
<td></td>
<td></td>
</tr>
<tr>
<td>receivable</td>
<td>441,826</td>
<td>72,454</td>
</tr>
<tr>
<td>Accrued interest</td>
<td>16,791</td>
<td>287,292</td>
</tr>
<tr>
<td>Sales taxes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>receivable</td>
<td></td>
<td>106,092</td>
</tr>
<tr>
<td>Total</td>
<td>458,617</td>
<td>465,838</td>
</tr>
</tbody>
</table>
5 - INVESTMENTS

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>At amortized cost</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Guaranteed investment certificate, 2%</td>
<td>$15,000,000</td>
<td></td>
</tr>
<tr>
<td>Guaranteed investment certificate, 1.51%</td>
<td>$6,000,000</td>
<td></td>
</tr>
<tr>
<td>Guaranteed investment certificates, 0.32%, maturing on September 22, 2021</td>
<td>$5,000,000</td>
<td></td>
</tr>
<tr>
<td>Guaranteed investment certificate, 0.41%, maturing on May 31, 2021</td>
<td>$13,000,000</td>
<td></td>
</tr>
<tr>
<td>Guaranteed investment certificate, 0.33%, maturing on April 29, 2021</td>
<td>$10,000,000</td>
<td></td>
</tr>
<tr>
<td>Guaranteed investment certificate, 0.43%, maturing on April 12, 2021</td>
<td>$10,000,000</td>
<td></td>
</tr>
<tr>
<td>Guaranteed investment certificate, 0.49%, maturing on May 14, 2021</td>
<td>$13,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$51,000,000</td>
<td>$21,000,000</td>
</tr>
</tbody>
</table>

6 - TRADE PAYABLES AND OTHER OPERATING LIABILITIES

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$1,573,907</td>
<td>$970,674</td>
</tr>
<tr>
<td>Salaries and vacation payable</td>
<td>$725,315</td>
<td>$619,143</td>
</tr>
<tr>
<td>Sales taxes payable – Government remittances</td>
<td>$66,294</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$2,365,516</td>
<td>$1,589,817</td>
</tr>
</tbody>
</table>

7 - DEFERRED GOVERNMENT CONTRIBUTIONS

<table>
<thead>
<tr>
<th>Description</th>
<th>2021</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial government operating contribution (a)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$6,000,000</td>
<td>$8,000,000</td>
</tr>
<tr>
<td>Amount recognized in operations</td>
<td>$(2,000,000)</td>
<td>$(2,000,000)</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$4,000,000</td>
<td>$6,000,000</td>
</tr>
<tr>
<td>Federal government project contributions (b)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$5,948,306</td>
<td>$(430,998)</td>
</tr>
<tr>
<td>Amount recognized in operations</td>
<td>$(18,066,763)</td>
<td>$3,379,304</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$24,804,163</td>
<td>$5,948,306</td>
</tr>
<tr>
<td>Provincial government project contributions (b)</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance, beginning of year</td>
<td>$20,393,583</td>
<td>$5,000,000</td>
</tr>
<tr>
<td>Amount recognized in operations</td>
<td>$(2,497,663)</td>
<td>$(117,525)</td>
</tr>
<tr>
<td>Amount received relating to the following years</td>
<td>$15,511,108</td>
<td></td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>$17,895,920</td>
<td>$20,393,583</td>
</tr>
<tr>
<td></td>
<td>$46,700,083</td>
<td>$32,341,889</td>
</tr>
</tbody>
</table>


7 - DEFERRED GOVERNMENT CONTRIBUTIONS (Continued)

(a) The provincial government deferred operating contribution represents unused resources which, as a result of external restrictions, are recognized as contribution revenues to a pre-established calendar

(b) The deferred project contributions represent unused resources which, as a result of external restrictions, are intended to cover future contributions to projects.

8 - NET ASSETS

Restricted to rental expense
The sums allocated to this reserve are used to meet the future costs of rental expense.

9 - COMMITMENTS

The Organization has entered into a long-term lease agreement expiring in March 2023 which calls for lease payments of $222,218 for the rental of office spaces. Minimum lease payments for the next years are $111,109 in 2022 and 2023.

The Organization has also committed, according to project agreements signed before March 31, 2021, to make contributions to AI, COVID-19 and acceleration projects for amounts totalling respectively $50,999,000, $3,054,000 and $6,350,000 (total of $60,402,736).

10 - FINANCIAL RISKS

Credit risk
The Organization is exposed to credit risk regarding the financial assets recognized in the statement of financial position. The Organization has determined that the financial assets with more credit risk exposure are trade accounts receivable, since failure of any of these parties to fulfil their obligations could result in significant financial losses for the Organization.

Market risk
The Organization's financial instruments expose it to market risk, in particular, to interest rate risk, resulting from its investing activities.

Interest rate risk
The Organization is exposed to interest rate risk with respect to financial assets bearing fixed interest rates.

The guaranteed investment certificates bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

Liquidity risk
The Organization's liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with its financial liabilities. The Organization is, therefore, exposed to liquidity risk with respect to all of the financial liabilities recognized in the statement of financial position.