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The last two years have proven that a pandemic is no time for predictions.

In 2020, Waterloo EDC made the surprising announcement that we had beaten our investment goals despite the COVID-19 pandemic. We had no idea what 2021 might bring and we certainly couldn’t predict a year of record-breaking results at a time when global economies and borders were still closed.

That’s what happened – a record-breaking year for Waterloo EDC.

Our organization is the proud recipient of funding from the eight municipal partners in Waterloo Region, the Province of Ontario and FedDev Ontario. I’m happy to report that these strategic investments are paying dividends for the people of our community. In 2021, Waterloo EDC landed approximately 180 dollars in new investment for every 1 dollar of municipal funding. This is an incredible achievement and you will read more about the organization’s achievements – in real dollars – throughout the 2021 Annual Report.

This success – and the incredible growth of the Waterloo Region economy, in general – has created a new challenge for our community’s leaders. A massive influx of new residents has created a home affordability crisis across Ontario that must be addressed. In Waterloo, the housing price-to-income ratio has grown 325% in just 15 years. This may become a barrier to our growth.

We are also facing a potential shortage in “shovel ready” industrial employment lands. Despite our community’s reputation for technology, it is manufacturing that has driven our economy for 150 years and employs the largest portion of our workforce. Without available land, we will undoubtedly miss out on substantial new manufacturing investments.

We have been blessed with a thriving tech ecosystem, but our community cannot thrive if it is only affordable for software engineers or does not fulfill its potential for growth in manufacturing.

These two challenges are receiving significant attention across our community and they will only be solved if all levels of government and the private sector work collaboratively to address them. The good news is that Waterloo Region isn’t short of leaders or people who want to do the work of building a stronger community that gives every person and company an opportunity to thrive. Going forward, our goals as a community must include a concerted effort to raise the median income of residents as a means of indirectly addressing issues of affordability.

As the year ends, I would like to express a sincere thank you to this year’s departing Board members – Krystal Darling, Jeff MacIntyre and Jay Shah. Each of these incredible individuals shared their talent and expertise with Waterloo EDC to further their community’s economic prosperity. Their voices at the table will be missed.

This is the conclusion of my first year as Chair of Waterloo EDC’s Board of Directors. I couldn’t be more proud of the work our organization did in 2021 and, with a year under my belt, I’m excited to see what the incredible, talented and committed Waterloo EDC team will accomplish in 2022.

Murray Gamble
Chair, Board of Directors, Waterloo EDC
We have to become comfortable with uncertainty.

In last year’s edition of the Annual Report I called 2020 a “year like no other” but when you are living in interesting times it seems that every year can be unique. The years weren’t entirely predictable before COVID-19, but since the pandemic began, our line of work – like so many lives – has become unpredictable.

That’s how we end up with a record-breaking year – our best ever in terms of investment dollars – at a time when travel restrictions and shutdowns are still the norm.

Our team closed 16 deals in 2021 valued at more than $360 million. This represents the most investment and the highest value of investments we’ve ever landed in one calendar year. As with the previous year, a large number of investments were local expansions – Waterloo Region companies growing right here at home. However, unlike last year – when foreign direct investment was down in Waterloo Region and around the world – we’ve attracted new investments from a number of global brands, including MasterClass and EPAM Systems.

We doubled down on our pivot away from in-person client interaction and focused on driving more conversations than ever with local businesses and leaders at international companies ready to expand. In 2021, our team completed a total of 64 local business expansion meetings and an astounding 176 international business expansion meetings. Our marketing efforts also scaled up quickly – thanks in part to support from our Federal and Provincial partners – to achieve new heights in lead generation that we would have thought impossible just two years ago.

The result of these efforts is most apparent in our investment pipeline, where we added 42 new deals in 2021 valued at more than $653.5 million along with 1305 potential jobs. Our full investment pipeline is now worth more than $2 billion, with $13.8 million in that high-potential forecast stage at year end.

Waterloo EDC is a committed team player in our community and we’re aware of the challenges ahead – some of which were mentioned in our Chair’s message. The reality is that regardless of the global circumstances our community’s incredible growth path will require action on issues such as housing, serviced industrial land, transit and transportation.

We also have other risks to keep in mind – ongoing trade issues with the United Kingdom, United States and China, our economy’s recovery as we come out of COVID-19 and challenges around talent attraction and retention.

As we take our first steps into 2022, it is my honest opinion that we have the leadership, skill, talent and know-how to address these problems while paving the way toward a future of sustainable economic development where everyone in Waterloo Region has the opportunity to live a good life. We can make that happen, together.

Let’s get to work!
MISSION
To build a world-leading legacy of sustainable economic development, prosperity and diversity for Waterloo Region.

VISION
To be locally rooted, internationally competitive and globally renowned.

VALUES
Collaborative, professional, honest, accountable, results-focused.

2021 BUSINESS PLAN: THREE STRATEGIC PILLARS

1. Foreign Direct Investment
2. Local Business Retention and Expansion
3. Investment Marketing and Awareness
ANNUAL HIGHLIGHTS

We are pleased to report that 2021 was a record-breaking year for Waterloo EDC in terms of overall investment value, number of deals closed and more. Here is a summary of our key highlights and significant wins:

INVESTMENT CLOSED DEALS IN 2021

<table>
<thead>
<tr>
<th>16 closed deals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed investment deals of $363.3 million</td>
</tr>
<tr>
<td>694 new jobs created from closed deals</td>
</tr>
<tr>
<td>Breakdown of deals by sector:</td>
</tr>
<tr>
<td>63% advanced manufacturing</td>
</tr>
<tr>
<td>35.7% information and communications technology</td>
</tr>
<tr>
<td>1.3% financial services</td>
</tr>
</tbody>
</table>

WINS BY MUNICIPALITY

- Closed Deals (16)
  - Cambridge: 31%
  - Kitchener: 6%
  - Waterloo: 19%
  - Townships: 13%
  - Location TBD: 31%

- Investment Value ($)
  - Cambridge: 47%
  - Kitchener: 25%
  - Waterloo: 19%
  - Townships: 8%
  - Location TBD: 2%

Companies that closed deals in 2021

- Ångstrom Engineering
- dialpad
- Turtlnde
- RELTIO
- TECHOBLOC
- Swenco Limited
- MasterClass
- Novocol Pharma
- Huron Digital Pathology
- RTS Companies Inc.
- Achieve More with BIG-nano
- Waterloo Brewing
- Eclipse Automation
- EPAM
- Neuronic Works
- Futurist Digital
93 potential deals in our pipeline (at the end of 2021) with an estimated value of $2.2 billion

3 opportunities in ‘Forecast’ stage with an estimated value of $13.8 million

Waterloo EDC advocacy involvement:
- Business and Economic Support Team of Waterloo Region (BESTWR)
- Connect the Corridor Coalition
- Future of Work & Learning Coalition partnership

Attended and participated in approximately 108 events

Countries visited:
All outbound missions were postponed in 2021, but members of the Waterloo EDC team met virtually with companies from Germany, the United Kingdom, Brazil, Japan and across the United States, including New Jersey, New York, California and Texas.

Twitter followers increased by 2%
LinkedIn followers increased by 56%
FOREIGN DIRECT INVESTMENT

More than any other area of our operations, foreign direct investment attraction was most at risk due to ongoing COVID-19-related uncertainty. In 2020, global foreign direct investment had plunged 42%, forcing organizations like Waterloo EDC to pivot toward opportunities to support local expansion. As 2021 began, it was uncertain as to whether borders would open, inbound and outbound missions would be possible or global businesses would have an appetite for international expansion and growth.

As it turned out, borders would open – with restrictions – and inbound missions were few. Waterloo EDC continued to postpone outbound missions, following public health recommendations. Despite these challenges, Waterloo EDC still closed 7 FDI deals valued at more than $144.4 million, including new investments from EPAM Systems, MasterClass and Techo-Bloc. Our organization also strengthened its overall sales pipeline, ending the year with 93 potential deals valued at more than $2.2 billion.

A LOOK BEHIND A RECORD SETTING YEAR

As noted, there was significant uncertainty regarding prospects for foreign direct investment attraction in 2021, but that uncertainty disappeared quickly. In Q1, the Waterloo EDC team set a new organizational record for the total number of deals closed in a quarter with six – including four FDI deals – valued at more than $134.6 million. In the first three months, Waterloo EDC delivered nearly 300 new jobs for the community. The FDI deals had a total value of $94 million.

In Q2, we continued this strong performance with eight additional closed deals – another new record – including three FDI deals. We also set an organizational record for total value of deals at the half-way point of the year at $320 million.

SUCCESS STORY: EPAM SYSTEMS

One of the biggest new investments in the Waterloo Region ecosystem in 2021 came from EPAM Systems. EPAM is a true giant. They have 41,000+ employees, operate in 35+ countries and had $2.7 billion in revenue in 2020. They work in just about every industry – automotive, manufacturing, retail, healthcare and more – offering innovative technological solutions to their customers’ toughest challenges. They work with some of the biggest brands in technology, including Microsoft, Google, SAP and Adobe.

In Waterloo Region, EPAM wanted to expand its global footprint and partners with a thriving tech ecosystem. They were looking for top talent, a top university and a workforce with a reputation for solving problems. It was a match made in heaven.

They came to our community with a goal of growing the local team to 100 employees by the end of 2021, and to 200 employees by the end of 2022. To do this, they’re encouraging internal talent to relocate to Waterloo Region – adding to the local tech workforce – and working with Waterloo EDC to make the immigration process seamless.

“We’re excited to join the community, form new partnerships and contribute to growth in the region,” says Ethan Matyas, the SVP, Head of North American Delivery, at EPAM.
A DIFFERENT SECOND HALF OF 2021

At the halfway point, Waterloo EDC had set a new organizational record for closed deals and shifted its focus to replenishing the investment pipeline.

In 2021, the Waterloo EDC team held 176 meetings with international companies interested in investing in Waterloo, which equals approximately one meeting every other day. The team also worked on a total of 25 in-depth Requests for Information (RFI) from companies pursuing major international expansions, each of which requires substantial research, data crunching, community outreach and more. Many of these meetings and RFI responses became new potential deals in the Waterloo EDC investment pipeline, positioning the organization for a successful 2022.

Finally, in Q4, Waterloo EDC also hosted 7 inbound missions, heralding a return to some degree of normalcy and promising the potential for resumption of inbound and outbound investment attraction missions in the new year.

SUCCESS STORY: MASTERCLASS

It’s not every day that a high-profile streaming brand joins your community!

In 2021, MasterClass, the American streaming platform, announced that their first expansion outside the United States would be a new engineering headquarters in Waterloo Region. This company is known for helping subscribers learn from the world’s best, including top industry professionals like Natalie Portman (acting), Gordon Ramsay (cooking) and Neil Gaiman (storytelling).

With a new $225M Series F raise in the books, MasterClass is advancing strategic initiatives including increased content production, international expansion and the launch of a new Enterprise business. This includes a new Waterloo engineering hub that will help build the company’s planned enterprise product offering and technical integrations with distribution partners, as well as scaling technical and video infrastructure.

“As MasterClass has been experiencing rapid growth, we are scaling our platform, technology and products to meet the needs of our global consumer and enterprise user base,” said Paul Bankhead, Chief Product Officer of MasterClass. “We’re excited to partner with the Waterloo ecosystem to tap into and invest in Canada’s thriving and collaborative community of tech talent to support this expansion.”

MUCH MORE TO COME IN 2022

With a record year assured before the half-way mark in 2021, the team put an extra onus on ensuring that the investment pipeline continued to remain strong to lay the groundwork for a successful 2022. In 2021, we added 42 new potential deals to the pipeline valued at more than $653 million. If closed, these deals would deliver more than 1,300 additional net new jobs to the community. Our total investment pipeline — all of the deals we are currently working on — is now valued at almost $2.2 billion.
LOCAL BUSINESS RETENTION AND EXPANSION

Global FDI investment needed a rebound in 2021, but local expansion did not. In 2020, Waterloo EDC hit its investment targets largely due to a number of high-valuation local expansions, representing nearly $160 million in new investment in Waterloo. In 2021, our local expansion results continued to be a strong part of the Waterloo EDC success story – we landed nine new investments valued at $218.8 million dollars.

The Waterloo EDC team also continued our leadership role on the Business and Economic Support Team of Waterloo Region (BESTWR), supported local events and participated as speakers and held numerous meetings with local companies looking for more information about expansion.

SUCCESS STORY: NOVOCOL PHARMACEUTICAL

If nothing else, COVID-19 revealed the importance of domestic businesses working in pharmaceutical, biomanufacturing and personal protective equipment (PPE) manufacturing/distribution.

Novocol Pharmaceutical is one such company that plays a strategic domestic role in responding to future pandemics through fill-finish manufacturing projects. In order to expand their capacity, Novocol worked with Waterloo EDC to access the federal government’s Strategic Innovation Fund (SIF), eventually receiving a contribution of up to $32.7 million.

“The project will build upon Novocol’s forty years of sterile manufacturing experience through expanded fill-finish capabilities for vaccines and innovative biopharmaceuticals in vials and syringes,” said Atif Zia, President of Novocol Pharmaceuticals. “The COVID-19 pandemic has highlighted the need for a vibrant domestic biomanufacturing ecosystem, with available capacity to respond to pandemics. The Novocol team is proud to contribute to Canada’s emergency preparedness and biomanufacturing strategies.”

CONTINUING TO SUPPORT THE COMMUNITY THROUGH WAVES OF UNCERTAINTY

While the main questions about COVID-19’s effect on business were answered in 2020, a whole new set of questions were raised as we entered 2021. How soon will we be able to deploy a vaccine? How will we adapt to future waves and variants? How can business adapt to such a constantly changing environment? When will we be done with COVID-19 restrictions?

At the outset of the pandemic, Waterloo Region’s civic leaders, along with Waterloo EDC and other local partners, created BESTWR to help businesses of all types and sizes address COVID-19-related challenges. As the pandemic progressed, BESTWR pivoted to advocate for better purchasing/procurement policies for local companies manufacturing PPE, coordinated vaccination roll-out and more. Later in the year, the group began focusing on recovery – helping position Waterloo Region companies and workers for a successful bounce-back from the pandemic.
Active in the Community

Waterloo EDC is a part of the Waterloo Region community. We’re engaged. For evidence, you don’t need to look any further than our efforts to attend local events, participate as speakers, moderators or panelists and meet with local business leaders to discuss their own expansion potential.

In 2021, members of the Waterloo EDC team attended 73 conferences, webinars and events – the vast majority of them local. This includes Industry Day at the Waterloo AI Institute, a Viessmann Live event, GEDI Exchange and more. Members of our team also participated in 35 events and interviews, including representing Waterloo Region’s interests at the Ontario Government’s Pre-Budget Consultation, the Greater Kitchener Waterloo Chamber of Commerce’s (GWKCC) Manufacturing Summit and appearing on CBC KW radio segments.

Throughout the year, Waterloo EDC team members made a point of maintaining close relationships with local businesses and our community partners. We held a total of 64 expansion-focused meetings with local companies seeking support or information, and hundreds of meetings with expansion-related intermediaries such as commercial real estate specialists, developers, lawyers and recruiters.

Over my two terms as Mayor of Waterloo, I’ve watched Waterloo EDC develop from a concept to the fully-fledged investment attraction organization it is today. Waterloo EDC – which has now landed more than $1 billion in new investment – is a significant win for Waterloo Region and an excellent partner in serving the people the City of Waterloo.”

Mayor Dave Jaworsky, City of Waterloo

In 2021, the COVID-19 pandemic threw several curveballs and Waterloo EDC was always there to offer support and leadership. As our community emerges from lockdowns and restrictions, we will strengthen the already strong relationship between our two organizations.”

Ian McLean, President & CEO, Greater Kitchener Waterloo Chamber of Commerce

Waterloo EDC understands the long-term, strategic importance of advanced manufacturing in Waterloo Region, especially high-value-added production, incorporation of automation and supply chain localization. As Toyota’s facilities in Waterloo Region – the largest automotive manufacturing operations in Canada – grow, I know Waterloo EDC will remain an excellent partner to our company and the manufacturing community at large.”

Frank Voss, President, Toyota Motor Manufacturing Canada
The Waterloo EDC Marketing team began 2021 with a challenge: break the records we set across the board in 2020. In some ways, 2020 felt like a miracle year, because we surpassed every possible expectation along the path to achieving new heights in digital and inbound marketing despite the COVID-19 pandemic. Going into 2021, there was significant uncertainty, which is never ideal when setting marketing targets. Would new variants further restrict FDI? Would the world re-open and return to the status quo? Either way, it could substantially impact our results.

In the end, we didn’t have to worry – Waterloo EDC set all new marketing records in 2021. This helped fuel the organization’s foreign direct investment efforts during a year when we also achieved new records in investment attraction and has positioned Waterloo EDC for a strong 2022, as well.

Celebrating its third anniversary in 2021, the Waterloo EDC blog has surpassed all of our initial expectations and is now considered a central component of our marketing efforts. In addition to providing a steady stream of shareable content that positions Waterloo Region in the best possible light for investment attraction, the blog is now the primary driver of organic traffic for Waterloo EDC’s web properties. With a focus on our international audience, we published stories about local business news, reported on new data and rankings and released a large number of Q&As with recent additions to the Waterloo Region business community. Over the course of 2021, we published 83 blog posts while beating our pageviews goal by approximately 30%. We also increased organic traffic to the blog by about 160%. The Waterloo EDC blog continues to have a central role in the organization’s lead generation, social engagement and lead nurturing functions.

Our main website – waterlo.edc.ca – saw minimal change in 2021 as we tweaked the site to maximize lead generation, which also improved key metrics including time spent on page and visitors from core markets.
Throughout 2021, Waterloo EDC continued to publish and promote substantial amounts of new content to feed our inbound marketing goals. New content included cluster maps on Health Innovation and Robotics/Automation, six new videos about robotics and automation in Waterloo Region, an updated Why Waterloo video, a new Waterloo EDC FDI Services booklet, a Health Innovation Deep Dive and two lead generation-focused webinars.

Drawing on this high volume of content, Waterloo EDC’s social channels continued to grow in terms of followership and engagement. On LinkedIn, our primary social channel, followership grew more than 55%.

Our efforts across web, content and social are primarily meant to serve our inbound marketing strategy, which aims to generate new FDI leads without external contract lead generation. In 2021, we put a focus on total new contacts, quality of new contacts and increased leads that are actionable by our Business Development team. At year-end we had achieved all of our goals. In fact, due to our success we had to adjust our annual goal upwards on two separate occasions. We’ve also strengthened the tie between inbound marketing and sales nurturing to ensure that the best quality leads are identified and actioned as quickly as possible.

Waterloo EDC is entering 2022 with a lot of new contacts and leads with high potential to become important investors in our community.
In 2017, Waterloo EDC – with input from our Board of Directors – finalized a strategic business plan that will lead the organization from 2018 to 2023.

This plan focuses on our core organizational pillars, core objectives and potential incremental mandates that would accompany possible additional funding. Waterloo EDC received a Strategic Sector Support Grant of $500,000 in 2020/2021 and began to receive an additional $600,000 annually from the FedDev Regional Diversification fund. This federal funding runs from 2019-2023.

After four years of this plan, Waterloo EDC can report that with closed deals of more than $1.1 billion, we have surpassed our five-year goal with a robust pipeline of potential investments that provides a strong position to continue to deliver closed deals. As we progress our 5-year strategic plan, the team is also focused on landing a large FDI greenfield deal greater than $40 million.
# 2021 FINANCIAL STATEMENTS

## STATEMENT OF EARNINGS – YEAR ENDED DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal funding</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Federal Government funding</td>
<td>$802,683</td>
</tr>
<tr>
<td>Provincial Government funding</td>
<td>$384,994</td>
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<tr>
<td>Other revenue</td>
<td>$36,117</td>
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<tr>
<td><strong>Total revenue</strong></td>
<td><strong>$3,223,794</strong></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program costs</td>
<td>$758,750</td>
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<tr>
<td>Administrative</td>
<td>$2,364,691</td>
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<tr>
<td>Amortization</td>
<td>$15,220</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$3,138,661</strong></td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses</strong></td>
<td><strong>$85,133</strong></td>
</tr>
</tbody>
</table>

## STATEMENT OF NET ASSETS – YEAR ENDED DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>NET ASSETS</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets, beginning of year</td>
<td>$961,728</td>
</tr>
<tr>
<td>Excess of revenue over expenses</td>
<td>$85,133</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td><strong>$1,046,861</strong></td>
</tr>
</tbody>
</table>
### FINANCIAL POSITION – DECEMBER 31, 2021

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$85,178</td>
</tr>
<tr>
<td>Investments</td>
<td>$1,035,262</td>
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<tr>
<td>Accounts receivable</td>
<td>$346,487</td>
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<tr>
<td>HST receivable</td>
<td>$49,850</td>
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<tr>
<td>Prepaid expenses</td>
<td>$18,494</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td><strong>$1,535,271</strong></td>
</tr>
<tr>
<td>Capital assets</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>$1,535,271</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$441,050</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>$47,360</td>
</tr>
<tr>
<td>Net assets</td>
<td>$1,046,861</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td><strong>$1,535,271</strong></td>
</tr>
</tbody>
</table>
BOARD OF DIRECTORS

Murray Gamble
Chair of the Board
President, C3 Group

Krystal Darling*
Chief Executive Officer, Tri-Mach Group Inc.

Angelica DeVos
Chief Financial Officer, Christian Horizons

Arnold Drung
President, Conestoga Meat Packers Ltd.

David Fransen
Former Chief Operations Officer, Next Generation Manufacturing Canada

Martha George
President, Grand Valley Construction Association

Jeff MacIntyre*
Co-founder, Grappleworks Ltd.

Jennifer McCredie
Sales Strategist Lead, Google

Avvey Peters
Chief Strategy Officer, Communitech

David Petras
Partner, Gowling WLG

Jay Shah*
Former Director, Velocity

Harpreet Kaur Singh
President of HKS Law

Eldon Sprickerhoff
Co-Founder and Chief Innovation Officer, eSentire

Erica Tennenbaum
Vice President, Wealth Advisor and Associate Portfolio Manager at RBC Dominion Securities

Lukas von Arx
President of BizLink elocab Ltd.

*Departed the Board at the end of 2021
WE ARE INVENTING THE FUTURE.