



SEMI-ANNUAL REPORT  
**2023**



## INVESTEE HIGHLIGHT SEXTON FAMILY OF COMPANIES

### SECTOR: INDUSTRIALS

The Sexton Family of Companies is an integrated distribution, buying group and transportation business in the building materials industry. Founded by Ken Sexton in 1967, the company has grown over the years through strategic acquisitions and organic growth, expanding across Western Canada. Today, the Sexton Family of Companies is widely recognized for its innovative and customer-centric approach, as well as its unwavering commitment to quality.

The Sexton Family of Companies comprises five main businesses, each with its unique strengths and capabilities. Kenroc Building Materials is a leading supplier of construction materials, including drywall, insulation, steel studs, and ceiling systems, serving the construction sector with a focus on the Western Canada market. Tage Davidsen is a gypsum dealer, offering high-quality products and solutions to the construction industry in Calgary and the surrounding area. Builders Choice specializes in providing tools, hardware, and accessories for specialized trade contractors, complementing the products from Kenroc Building Materials and Tage Davidsen. Sexton Transport is a long-haul trucking company that provides transportation and delivery services throughout Canada to various customers in the building materials space. Finally, the Sexton Group is a buying group that arranges bulk purchases of building products for its members throughout Canada, including building materials dealers, hardware retailers, specialty dealers, and manufactured structure specialists. Together, these businesses form a unique and dynamic company that enables the Sexton Family of Companies to serve the needs of customers across various sectors, positioning it for continued growth and success.

## TO OUR VALUED SHAREHOLDERS,

We are delighted to once again report that SaskWorks Venture Fund has had a successful year, and we thank you for your continued support. We are proud to announce that SaskWorks became fully subscribed on December 19, 2022, breaking our record for the earliest sell-out of a Labour Sponsored Investment Fund in Saskatchewan for the fourth year in a row. Your investment in SaskWorks has played a vital role in supporting local businesses and the Saskatchewan economy, and we thank you for your trust and confidence in us.

This period has been one of unprecedented uncertainty in the markets, but we are pleased to report that our conviction in our investment process has helped us to navigate through the volatility. Despite the ongoing after-effects of the pandemic, SaskWorks portfolio companies have seen strong recovery and growth. The management teams of our investee companies have shown great skill and adaptability in taking advantage of opportunities in the market.

The current economic landscape poses significant challenges for our partners, including volatility in input prices and increasing inflation. However, our long-term investment approach, focused on capital appreciation and stability, has helped to mitigate these risks and deliver positive returns for SaskWorks shareholders.

Our strategic focus on stable long-term capital appreciation has been instrumental in building a resilient portfolio that can weather uncertain times. We have developed investment processes that focus on understanding and reducing risk while delivering positive returns over the long-term. We are proud of our track record of providing attractive returns to SaskWorks shareholders by executing on this strategy.

The opportunity for private investment in Saskatchewan continues to be exciting, and our deep network of business relationships, combined with our disciplined investment approach, provides SaskWorks shareholders with unique access to ownership in Saskatchewan private companies. We are proud to partner with Saskatchewan companies and look forward to supporting the Saskatchewan economy, and delivering for our shareholders, for many more years to come.

Thank you for your continued support and trust in SaskWorks Venture Fund.

Sincerely,



**Brent Banda**  
Chair



**Rob Duguid**  
CEO

The current economic landscape poses significant challenges for our partners, including volatility in input prices and increasing inflation. However, our long-term investment approach, focused on capital appreciation and stability, has helped to mitigate these risks and deliver positive returns for SaskWorks shareholders.



## INVESTEE HIGHLIGHT

# ALL-FAB BUILDING COMPONENTS INC.

### SECTOR: INDUSTRIALS

All-Fab Building Components designs, manufactures and distributes structural wood building components for residential, commercial and agricultural applications as well as ready-to-move homes and buildings in Canada and the United States. With operations across Western Canada and parts of the United States, the Company operates under seven brands: All-Fab, Olympic, Nu-Fab, Pacific, Alliance, Tamlin and Littfin.

Since being acquired in 2018, All-Fab Building Components has executed on a growth strategy that has seen the company expand its operations significantly. The Company has added new locations in Minnesota and British Columbia, while Olympic Homes has expanded its operations from Manitoba to Saskatchewan. This expansion has been accompanied by considerable growth in EBITDA, reflecting the company's success in meeting the needs of its customers and the strength of its management team. All-Fab's commitment to quality, innovation, and customer service positions it well for continued growth and success in the building components industry.

# INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE

(in thousands of dollars)

This interim management report of fund performance contains financial highlights but does not contain the complete semi-annual financial statements of the Fund. The complete semi-annual financial statements of the Fund are included later in this semi-annual report or can be obtained, at no cost to you, by calling 1-306-791-4833, by writing to us at 1925 Victoria Avenue, 2nd Floor, Regina, Saskatchewan, S4P 0R3, or by visiting our website at [www.saskworks.ca](http://www.saskworks.ca) or SEDAR at [www.sedar.com](http://www.sedar.com).

Shareholders may also contact us using one of these methods to request a copy of the Fund's proxy voting policies and procedures, proxy voting disclosure record, or annual report.

The purpose of this section is to summarize the performance of SaskWorks Venture Fund Inc. ("SaskWorks" or "the Fund") for the six months ended February 28, 2023.

Unless otherwise indicated, references to amounts at February 28, 2023 or to the six-month period ended February 28, 2023 are specific to each of the Fund's Class A shares and Class R shares respectively.

SaskWorks is a publicly accountable enterprise and investment fund to which the Canadian Securities Administrators' National Instrument 81-106, "Investment Fund Continuous Disclosure" is applicable and International Financial Reporting Standards ("IFRS") apply.

Beginning January 1, 2016, the Fund offered its Class A and Class R shares in an F series. Class A Series A and Class R Series A redeemable shares have a sales and trailer commission associated with them while Class A Series F and Class R Series F redeemable shares do not.

Beginning December 23, 2021, new redeemable shares, Class A Series B and Class R Series B, were offered for sale to the public. Class A Series B and Class R Series B redeemable shares have a trailer commission associated with them.

Net assets attributable to holders of redeemable shares per share for each series is calculated at the end of each week by dividing the net assets attributable to holders of redeemable shares for each series by its outstanding shares. The net assets attributable to holders of redeemable shares of each series of a class is computed by calculating the value of the series-specific assets and series' proportionate share of the class's common assets less the series-specific liabilities and the series' proportionate share of the class's common liabilities. Income and expenses directly attributable to a series are charged to that series while common class income and expenses and realized and unrealized gains and losses are allocated to each series. A proportionate share of or allocation to each series of a class is based on that series' pro rata share of the total share capital of that class as at the latest weekly net asset valuation.

## INVESTMENT OBJECTIVE AND STRATEGIES

(in thousands of dollars)

The Fund invests in small and medium-sized Saskatchewan eligible businesses, with the objective of achieving long term capital appreciation and/or a recurring income stream. The Fund may also participate in investment groups and consortia in situations where an investment opportunity involves a larger investment than the Fund is allowed or believes prudent to make by itself.

Under *The Labour-sponsored Venture Capital Corporations Act* (Saskatchewan) ("the Saskatchewan Act"):

- ▶ eligible investments for the Fund ("eligible investments") are investments in eligible businesses, defined as taxable corporations or limited partnerships that carry on business in Saskatchewan, that together with related corporations or limited partnerships, do not have more than 500 employees, and that in the taxation year preceding the investment paid at least 25% of all their wages and salaries to employees of their permanent establishment in Saskatchewan.
- ▶ direct investments in public companies with a market capitalization of \$500,000 or more are prohibited. If an investment is acquired through acquisitions or mergers and the resulting investment has over \$500,000 in capitalization, such investment must be disposed of within five years from the end of the fiscal year of the Fund of such acquisition or merger.
- ▶ new investment in agricultural land acquired primarily for rental or leasing purposes is prohibited; and
- ▶ the Fund is required to have innovation sector investment exposure of 25% of annual net capitalization defined as annual capital raised within the Fund less annual capital redeemed, multiplied by the Fund's 75% pacing requirement.

The Fund may not invest more than 10% of the net assets attributable to the holders of redeemable Class A and Class R shares of the Fund in any one eligible business and may not invest in an eligible business if the Fund and the eligible business are not at arm's length, within the meaning of the Saskatchewan Act. In respect of any investment, the Fund will take into consideration any anticipated follow-on or subsequent investment, either by way of debt or equity. Such a subsequent investment will typically be made only if the investee meets certain tests, such as timing and performance targets that were fixed at the date of the original investment in the eligible business.

The Fund will seek out eligible investments in both rural and urban centers throughout Saskatchewan.

Desirable investment opportunities for the Fund are businesses that provide an opportunity for a return on investment commensurate with the perceived risk. It is anticipated that investments will be in businesses which are at one of the following stages of development:

- ▶ **Expansion Financing.** Investments in businesses that require financing to expand sales, or to launch a new product or service.
- ▶ **Management/Employee Buyouts.** Investments where the proceeds of the financing are used to acquire control of a business that has significant expansion potential that can be realized by adding or aligning management and capital.
- ▶ **Restructurings or Turnarounds.** Investment in businesses which have the potential to succeed if additional investment is received and/or changes in management, staffing, operations, or marketing strategies are made.
- ▶ **Early-Stage Investments.** Investments will be in businesses which have been in operation for a period but have not yet fully developed their product or service. Typically, funding will be required to address limitations or opportunities that have been identified after the initial business plan.

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

Prospective eligible investments will be expected to demonstrate some or all of the following characteristics:

- ▶ a strong and experienced management team which is financially committed to and rewarded by the company's success.
- ▶ a strong competitive position because of superior technology, innovative products, comparative cost advantage, established market position, significant barriers to entry and/or dominant distribution in its market.
- ▶ with respect to expansion funding, a reasonable expectation of earnings growth based on past financial performance or a strong likelihood of new market success.
- ▶ with respect to start up or early-stage funding, a sound business concept or plan which presents a convincing opportunity to establish a comparative business advantage in a growth market.
- ▶ with respect to term debt, a reasonable level of unencumbered and disposable net asset security coverage and good interest/principal coverage being generated from current cash flows.
- ▶ with respect to subordinated debt funding, a satisfactory level of current cash flow interest coverage with the likelihood for near term coverage improvement; and
- ▶ with respect to management buyout opportunities, a strong current cash flow position coupled with the opportunity for near term earnings improvement resulting from a competitively enhanced new business or operating environment.

The Fund's Class A shares will attempt to reduce overall risk by diversification of investments in various sectors within Saskatchewan including but not limited to the following:

- ▶ Industrials and Manufacturing
- ▶ Consumer Discretionary and Staples
- ▶ Energy Production and Midstream
- ▶ Ag Products and Services
- ▶ Information Technology

The Fund's Class R shares focus on investments in the province's resources sector - specifically oil and gas development, related services, and mining.

The form of the Fund's investments is selected and negotiated after considering the investment criteria and guidelines of the Fund, the long-term requirements of the investee business, the stage of development of the investee business, the investee business' requirements, the ability to negotiate down-side protection, and tax considerations. The Fund diversifies its investment portfolio using such instruments, among others, as common shares, convertible debentures, convertible preferred shares, debt with equity participation, secured debt, funded loan guarantees and bridge loans.

Where the Fund makes an investment by way of a loan, such investment is expected to be secured by a charge over the investee business' assets but may be subordinated to other lenders' security.

The Fund may guarantee loans of eligible businesses and in such circumstances the making of such loans would permit the growth and development of the business without the Fund being the primary investor. The aggregate of loan guarantees may not exceed 10% of the Fund's total assets at the time each loan guarantee is provided. The Fund intends to maintain a liquid reserve of 25% of the guaranteed amount on any loan guarantees. The Fund will maintain liquid reserves in term deposits and high-quality government and corporate debt obligations.

To the extent possible, investments are diversified by the expected holding period of the investment. Generally, the average holding period is expected to be five to eight years. The Fund may choose to refinance its investment through an arm's length third party where the expected return can be achieved in a shorter time frame. All investment recommendations will include a strategy for realization on investments made. Possible exit strategies include the following:

- ▶ refinancing with conventional lenders or leasing companies.
- ▶ sale of the business or investment to a third party.
- ▶ a public offering; and,
- ▶ sale of the investment back to the business or its principals through exercise of a put or call contractual provision included within the equity securities arrangement.

### RISK

(in thousands of dollars)

The primary risk related to an investment in the Fund's Class A or Class R shares is the fact that it must continually identify and evaluate investment opportunities that meet its eligibility criteria. A further risk is that many of these investments are made in small and medium sized private companies that are by their nature illiquid. In addition, the process of valuing private investments is more complex and subjective than that of valuing publicly traded securities which are valued using available market prices.

During the six months ended February 28, 2023, the Class A shares purchased \$42,805 (2022 - \$24,255), including \$577 in non-cash purchases, of venture investments and \$19,155 has been committed to approved, but not yet disbursed, transactions. In addition, Class A exited \$3,915 (2022 - \$15,038), including \$577 in non-cash exits, of venture investments over the six-month period ended February 28.

During the six months ended February 28, 2023, the Class R shares purchased \$258 (2022 - \$4,459), including \$258 in non-cash purchases, of venture investments. Class R exited \$3,892 (2022 - \$8,536) including \$258 in non-cash exits, of venture investments over the six-month period ended February 28.

Regarding valuation risk, since inception, the Fund's Class A and R shares have not exited an investment, whether at a loss or for a gain, at an amount materially less than the carrying value of that investment.

## RESULTS OF OPERATIONS

(in thousands of dollars)

The Class A shares venture investment portfolio at fair value increased by \$43,588 over the six months ended February 28, 2023.

Venture investments, at cost, made up 59.4% of Class A's net assets at February 28, 2023, as compared to 50.8% of net assets at August 31, 2022. Venture investments at fair value (cost plus/minus unrealized appreciation/depreciation) comprised 85.8% of net assets at February 28, 2023, as compared to 75.2% of net assets at August 31, 2022.

The Class A shares' cash, long-term, and short-term investments totaled \$88,543 (August 31, 2022 - \$136,244). When the objective of maintaining a proportion of share capital in investment grade securities and approved but undisbursed transactions are considered, \$23,514 of these cash, long-term, and short-term investment balances are available for investment in venture transactions. A relatively large cash balance must be maintained to support follow on investments within the portfolio of

investee companies. In addition, the end of the reporting period coincides with Class A's primary fund-raising cycle. Lastly, a reserve is maintained to satisfy potential redemption requests related to shares that have matured, but which remain outstanding.

The loan receivable attributable to Class A shares did not change in value over the six month period ending February 28, 2023. The loan receivable is due from Conexus which, until December 31, 2021, was responsible for administering and paying base and additional commissions to the agent and subagents. The loan decreases as Conexus makes annual repayments. Effective January 1, 2022, the Fund assumed responsibility for administering and paying base commissions to the agent and subagents.

The accrued provision for incentive participation amount in Class A decreased from \$42,668 at August 31, 2022 to \$37,893 in Class A at February 28, 2023. These changes are due to the performance of the portfolio over the six-month period ended February 28, 2023 and payment to the fund manager in September 2022 of a portion of the accrued bonus pertaining to realized

gains that had occurred in the 2022 fiscal year. Of the total incentive participation amount at February 28, 2023, \$179 relates to profitably exited investments which meet the incentive participation amount criteria, whereas the balance is an accrual amount which may change based on the future carrying values and performance of the venture investment portfolio.

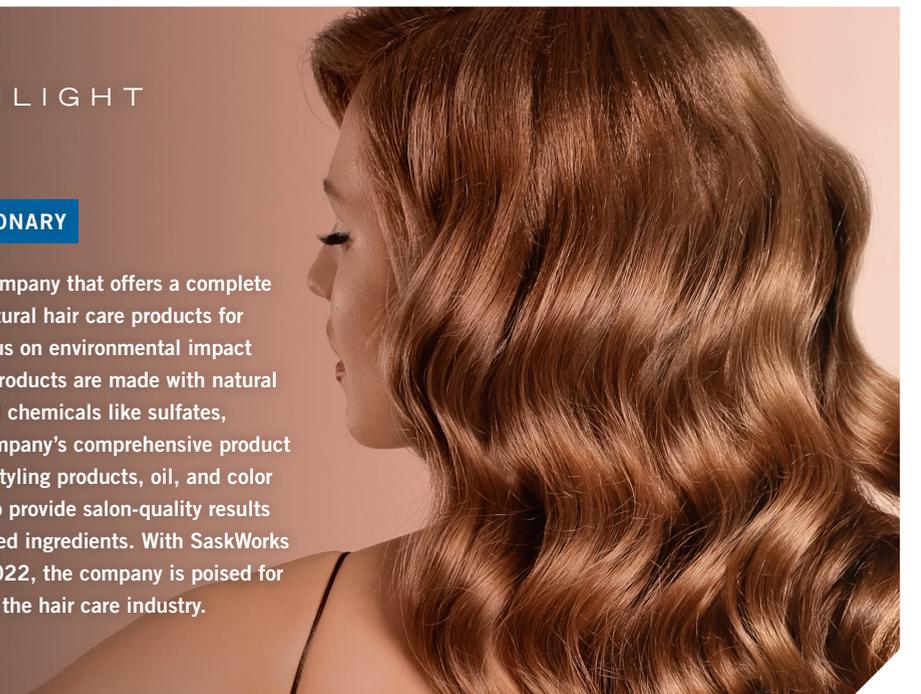
Effective June 1, 2022, Class A Series A shares were no longer available for sale. Proceeds on the issue of Class A Series B shares, were \$21,333 (2022 - 605). Proceeds on the issue of Class A Series F shares were \$3,536 (2022 - \$2,779) for the period ending February 28.

Redemptions of Class A Series A shares were \$32,982 during the six-month period ending February 28, 2023 compared to \$37,272 during the same period in 2022. Redemptions of Class A Series B shares were \$20 compared to nil in 2022. Redemptions of Class A Series F shares were \$45 compared to \$83 in 2022. As in past years, a significant portion of the shareholders who redeemed shares during the period re-invested in the Fund.

## INVESTEE HIGHLIGHT SURFACE HAIR

SECTOR: CONSUMER DISCRETIONARY

Surface Hair is a Saskatoon-based company that offers a complete product line of high-performance, natural hair care products for salons and stylists. With a strong focus on environmental impact and personal health, Surface Hair's products are made with natural ingredients and are free from harmful chemicals like sulfates, parabens, and formaldehyde. The company's comprehensive product line includes shampoo, conditioner, styling products, oil, and color products, all of which are designed to provide salon-quality results using sustainable and ethically sourced ingredients. With SaskWorks investing in Surface Hair in March 2022, the company is poised for continued growth and success within the hair care industry.



## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

The Class A shares revenues increased from \$5,270 for the six months ended February 28, 2022 to \$13,343 for the same period in 2023. As a component of revenues, income from Class A's venture investments increased from \$4,318 to \$11,589 over the reporting period. The increase/decrease in income from venture investments was a result of a change in the number of income-producing investments in the portfolio.

The expenses of the Class A shares, excluding provision for incentive participation amount, decreased from \$8,914 for the six months ended February 28, 2022 to \$8,617 in 2023. Most recurring expenses are a function of net assets or share activity. As net assets or share activity increase/decrease so do expenses increase/decrease.

The net investment income of the Class A shares for the six-month period, before gains and losses on dispositions of venture investments, net changes in unrealized appreciation on venture investments and

provision for incentive participation amount, was \$4,561 (2022 – loss of \$3,828). Once gains and losses on dispositions of venture investments, the net change in unrealized appreciation on venture investments, and the provision for incentive participation amount are considered, the Class A shares had an increase in net assets from operations for the first six months of 2023 of \$8,261 (2022 – \$26,861).

The Class R shares decreased its venture investment portfolio at fair value by \$4,946 over the six months ended February 28, 2023.

Venture investments, at cost, made up 34.7% of Class R's net assets at February 28, 2023, as compared to 40.2% of net assets at August 31, 2022. Venture investments at fair value (cost plus/minus unrealized appreciation/depreciation) comprised 99.2% of net assets at February 28, 2023, as compared to 100.6% of net assets at August 31, 2022.

The Class R shares' cash totaled \$11,763

(August 31, 2022 – \$12,592). A cash balance must be maintained to support follow on investments within the portfolio of investee companies and satisfy potential redemption requests related to shares that have matured, but which remain outstanding.

The loan receivable attributable to Class R shares did not change in value over the six-month period ending February 28, 2023. The loan receivable is due from Conexus which, until December 31, 2021, was responsible for administering and paying base and additional commissions to the agent and subagents. The loan decreases as Conexus makes annual repayments. Effective January 1, 2022, the Fund assumed responsibility for administering and paying base commissions to the agent and subagents.

The accrued provision for incentive participation amount in Class R decreased from \$13,234 at August 31, 2022 to \$11,498 at February 28, 2023. These

changes are due to the performance of the portfolio over the six-month period ended February 28, 2023. Of the total incentive participation amount at February 28, 2023, \$68 relates to profitably exited investments which meet the incentive participation amount criteria, whereas the balance is an accrual amount which may change based on the future carrying values and performance of the venture investment portfolio.

Effective June 1, 2022, Class A Series A shares were no longer available for sale. Proceeds on the issue of Class R Series B shares, were \$1,161 (2022 – \$16). Proceeds on issue of Class R Series F were \$151 (2022 – \$22) for the period ending February 28.

Redemptions of Class R Series A shares were \$6,556 during the six-month period ending February 28, 2023, as compared to \$6,374 for the same period in 2022. As in past years, a significant portion of the shareholders who redeemed shares during the period re-invested in the Fund.

The Class R shares' revenues increased from \$55 in 2022 to \$1,474 in 2023. As a component of revenues, income from

venture investments increased from \$9 to \$1,269 over the reporting period. The increase in income from venture investments was a result of a change in the number of income-producing investments in the portfolio.

Class R expenses, excluding provision for incentive participation amount, increased from \$1,037 in 2022 to \$1,172 in 2023. Most recurring expenses are a function of net assets or share activity. As net assets or share activity increase/decrease so do expenses increase/decrease.

The net investment income attributable to Class R shares for the six-month period, before gains and losses on dispositions of venture investments, net changes in unrealized appreciation on venture investments and provision for incentive participation amount, was \$302 (2022 - loss of \$982). When gains and losses on dispositions of venture investments, the net change in unrealized appreciation on venture investments, and the provision for incentive participation amount are factored in, the Class R shares had an increase in net assets attributable to operations for the first six months of

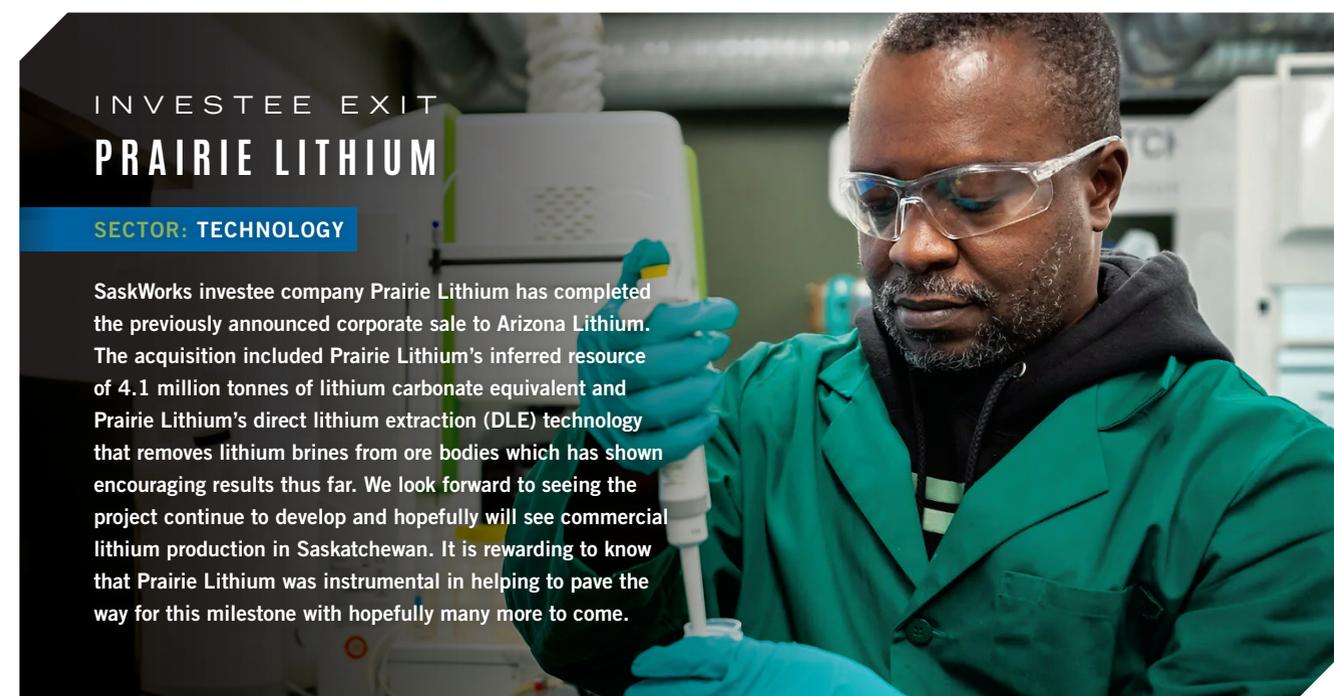
2023 of \$1,125 (2022 – \$15,308). The comparative period in 2022 had significantly more realized and unrealized gains compared to the current period in 2023.

### RECENT DEVELOPMENTS (in thousands of dollars)

At the Fund's Annual General Meeting of Shareholders held on December 16, 2022, the Fund's sponsor, as the holder of the Class B shares, resolved to elect Nicole Hudec as a director for a three year term. The holders of Class A and R shares resolved to elect Kevin Stangeland as a director for a three-year term.

National Instrument 81-107 ("NI 81-107") requires an Independent Review Committee to be established which is mandated to review conflict of interest situations which may arise for a fund manager, particularly in cases where management involves different segments within a fund and/or management of related funds.

In accordance with NI 81-107, the initial members of the Independent Review Committee were appointed by SaskWorks by May 1, 2007 and full compliance with



**INVESTEE EXIT**  
**PRAIRIE LITHIUM**

**SECTOR: TECHNOLOGY**

SaskWorks investee company Prairie Lithium has completed the previously announced corporate sale to Arizona Lithium. The acquisition included Prairie Lithium's inferred resource of 4.1 million tonnes of lithium carbonate equivalent and Prairie Lithium's direct lithium extraction (DLE) technology that removes lithium brines from ore bodies which has shown encouraging results thus far. We look forward to seeing the project continue to develop and hopefully will see commercial lithium production in Saskatchewan. It is rewarding to know that Prairie Lithium was instrumental in helping to pave the way for this milestone with hopefully many more to come.



**INVESTEE HIGHLIGHT**  
**DYMARK INDUSTRIES INC.**

**SECTOR: INDUSTRIALS**

DyMark Industries is a Saskatoon-based metal fabrication business that has been operating in Saskatchewan for over 20 years. The company offers a range of services, including structural steel fabrication, steel erection, detailing, sandblasting, painting, and weigh scale system manufacturing. With approximately 50 employees, DyMark primarily services construction, agricultural, mining, and industrial projects across Western Canada. The company's expertise and diversified offerings have enabled it to establish a strong presence in the region and serve a diverse range of customers.

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

NI 81-107 was achieved by November 1, 2007. Effective May 1, 2007 the Manager established an Independent Review Committee comprised of three independent and unrelated persons, appointed on a rotating term basis. The three members of the Independent Review Committee are Berny Gross, of Regina, Saskatchewan, an entrepreneur, and owner of a mechanical contracting company, (term expires November 2025); William Johnson, Q.C., B.A., LL.B., B.C.L. (OXON), retired lawyer of Regina, Saskatchewan (term expires November 2023); and Douglas Johnson, CPA, CA, of Regina, Saskatchewan (term expires November 2023).

The Independent Review Committee is responsible to report annually to shareholders and an annual committee report is required to be filed on SEDAR. This annual committee report was made available to shareholders following the August 31, 2022 fiscal year end.

The Provincial Government continues its

support for the labour-sponsored program in Saskatchewan, with the provincial tax credit at 17.5% and a maximum annual sales cap of \$35,000. The federal tax credit remains at 15%.

### RELATED PARTY TRANSACTIONS (in thousands of dollars)

The manager (PFM Venture Capital Operations Inc.), as compensation to manage and administer the business affairs of SaskWorks, including management of its venture investment portfolio, receives an annual management fee equal to 2.5% of the aggregate net asset value of the Class A and Class R shares, as at each weekly valuation date. The fee is calculated and payable monthly in arrears.

The manager is also entitled to an incentive participation amount, subject to satisfying certain conditions, equal to 20% of the return, before expenses, based on realized gains and cumulative performance of individual venture investments. An

incentive participation amount is due only upon realization of an individual venture investment and payable on an annual basis.

The manager was paid \$5,370 (2022 - \$5,123) in management fees, including applicable taxes, related to Class A shares in the six months ended February 28, 2023. In addition, the provision for the incentive participation amounts payable to the manager, subject to the fulfillment of specific payment criteria, decreased by \$4,775 for the first six months of the 2023 fiscal year, to a total provision of \$37,893.

With respect to Class R shares, the manager was paid \$794 (2022 - \$638) in management fees, including applicable taxes, in the six months ended February 28, 2023. In addition, the provision for the incentive participation amounts payable to the manager, subject to the fulfillment of specific payment criteria, decreased \$1,736 for the first six months of the 2023 fiscal year, to a total provision of \$11,498.

## FINANCIAL HIGHLIGHTS

(in thousands of dollars except number of shares/per share amounts)

The following tables show selected key financial information about the Fund's share class series and are intended to help you understand the Fund's financial performance for the past five years. This information is derived from the Fund's unaudited semi-annual and audited annual financial statements.

### The Fund's Net Assets per Class A Shares

Series A	2023 Interim	2022	2021	2020	2019
Net Assets, beginning of period <sup>(1)</sup>	\$ 24.52	\$ 22.03	\$ 19.99	\$ 21.07	\$ 20.79
<b>Increase (decrease) from operations: <sup>(2)</sup></b>					
Total revenue	\$ 0.76	\$ 0.72	\$ 0.62	\$ 0.67	\$ 0.60
Total expenses	\$ (0.71)	\$ (1.78)	\$ (1.46)	\$ (0.88)	\$ (1.19)
Realized gains for the period	\$ (0.03)	\$ 1.63	\$ 2.02	\$ 0.64	\$ 0.61
Unrealized gains (losses) for the period	\$ 0.45	\$ 1.89	\$ 0.79	\$ (1.48)	\$ 0.26
<b>Total increase (decrease) from operations</b>	<b>\$ 0.47</b>	<b>\$ 2.46</b>	<b>\$ 1.97</b>	<b>\$ (1.05)</b>	<b>\$ 0.28</b>
<b>Net Assets, end of period <sup>(1)</sup></b>	<b>\$ 25.02</b>	<b>\$ 24.52</b>	<b>\$ 22.03</b>	<b>\$ 19.99</b>	<b>\$ 21.07</b>

Series B	2023 Interim	2022	2021	2020	2019
Net Assets, beginning of period <sup>(1)</sup>	\$ 25.51	\$ -	\$ -	\$ -	\$ -
<b>Increase from operations: <sup>(2)</sup></b>					
Total revenue	\$ 2.15	\$ 1.56	\$ -	\$ -	\$ -
Total expenses	\$ (2.02)	\$ (3.87)	\$ -	\$ -	\$ -
Realized gains for the period	\$ (0.08)	\$ 3.55	\$ -	\$ -	\$ -
Unrealized gains for the period	\$ 1.27	\$ 4.11	\$ -	\$ -	\$ -
<b>Total increase from operations</b>	<b>\$ 1.32</b>	<b>\$ 5.35</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets, end of period <sup>(1)</sup></b>	<b>\$ 25.97</b>	<b>\$ 25.51</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Series F	2023 Interim	2022	2021	2020	2019
Net Assets, beginning of period <sup>(1)</sup>	\$ 28.42	\$ 25.00	\$ 22.23	\$ 23.04	\$ 22.20
<b>Increase (decrease) from operations: <sup>(2)</sup></b>					
Total revenue	\$ 1.01	\$ 1.03	\$ 0.96	\$ 0.63	\$ 2.21
Total expenses	\$ (0.95)	\$ (2.54)	\$ (2.26)	\$ (0.83)	\$ (4.43)
Realized gains for the period	\$ (0.04)	\$ 2.33	\$ 3.41	\$ 0.61	\$ 2.28
Unrealized gains (losses) for the period	\$ 0.60	\$ 2.70	\$ 1.24	\$ (1.40)	\$ 0.96
<b>Total increase (decrease) from operations</b>	<b>\$ 0.62</b>	<b>\$ 3.52</b>	<b>\$ 3.08</b>	<b>\$ (0.99)</b>	<b>\$ 1.02</b>
<b>Net Assets, end of period <sup>(1)</sup></b>	<b>\$ 29.00</b>	<b>\$ 28.42</b>	<b>\$ 25.00</b>	<b>\$ 22.23</b>	<b>\$ 23.04</b>

<sup>(1)</sup> This information is derived from the Fund's audited annual and unaudited interim (if applicable) financial statements. Class A Series B shares were first offered for sale in December 2021 and sold in December 2021.

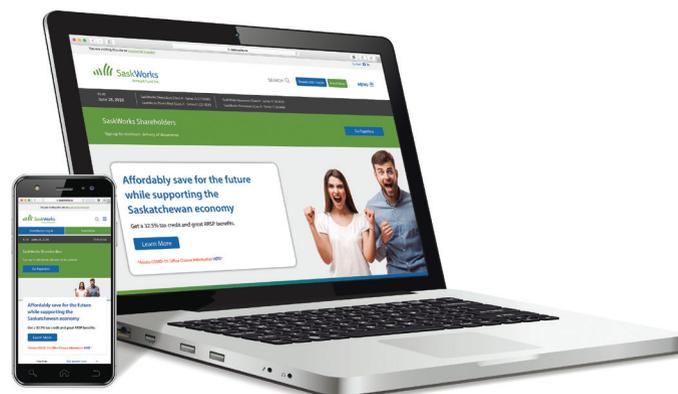
<sup>(2)</sup> Net assets is based on the actual number of shares outstanding at the relevant time. The increase from operations is based on the weighted average number of shares outstanding over the financial period.

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## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

### Ratios and Supplemental Data - Class A Shares

Series A	2023 Interim	2022	2021	2020	2019
Total net asset value (000's) <sup>(1)</sup>	\$ 360,910	\$ 386,589	\$ 368,742	\$ 357,227	\$ 391,481
Number of shares outstanding <sup>(1)</sup>	14,425,979	15,765,271	16,739,497	17,869,854	18,576,382
Management expense ratio <sup>(2)</sup>	6.01%	7.91%	7.27%	4.29%	6.06%
Management expense ratio excluding IPA <sup>(3)</sup>	4.15%	4.42%	4.27%	4.29%	4.22%
Trading expense ratio <sup>(6)</sup>	0.00%	0.00%	0.00%	0.00%	0.01%
Net asset value per share	\$ 25.02	\$ 24.52	\$ 22.03	\$ 19.99	\$ 21.07

Series B	2023 Interim	2022	2021	2020	2019
Total net asset value (000's) <sup>(1)</sup>	\$ 26,039	\$ 4,216	\$ -	\$ -	\$ -
Number of shares outstanding <sup>(1)</sup>	1,002,821	165,292	-	-	-
Management expense ratio <sup>(2)</sup>	11.13%	7.62%	-	-	-
Management expense ratio excluding IPA <sup>(3)</sup>	7.74%	4.26%	-	-	-
Management expense ratio before waiver <sup>(4)</sup>	-	37.40%	-	-	-
Management expense ratio before waiver and excluding IPA <sup>(5)</sup>	-	34.05%	-	-	-
Trading expense ratio <sup>(6)</sup>	0.00%	0.00%	-	-	-
Net asset value per share	\$ 25.97	\$ 25.51	\$ -	\$ -	\$ -

Series F	2023 Interim	2022	2021	2020	2019
Total net asset value (000's) <sup>(1)</sup>	\$ 23,296	\$ 19,364	\$ 14,142	\$ 9,814	\$ 8,131
Number of shares outstanding <sup>(1)</sup>	803,346	681,319	565,649	441,402	352,955
Management expense ratio <sup>(2)</sup>	5.01%	5.90%	5.81%	3.10%	5.26%
Management expense ratio excluding IPA <sup>(3)</sup>	3.43%	3.24%	3.33%	3.10%	3.64%
Trading expense ratio <sup>(6)</sup>	0.00%	0.00%	0.00%	0.00%	0.01%
Net asset value per share	\$ 29.00	\$ 28.42	\$ 25.00	\$ 22.23	\$ 23.04

<sup>(1)</sup> This information is provided as at end of fiscal period shown. Series B shares were first offered for sale and sold in December 2021.

<sup>(2)</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage (Series A & F - 52 weeks, Series B - 36 weeks) of average weekly net asset value during the period.

<sup>(3)</sup> Management expense ratio excluding Incentive Participation Amount (IPA) is based on total expenses, less incentive participation amount, for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

<sup>(4)</sup> Management expense ratio before waiver is based on total expenses before agent's 1% commission waived for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period. Period is December 15, 2021 to August 31, 2022.

<sup>(5)</sup> Management expense ratio before waiver and excluding Incentive Participation Amount (IPA) is based on total expenses before agent's 1% commission waived, less incentive participation amount, for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

<sup>(6)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net asset value during the period.

### The Fund's Net Assets per Class R Shares

Series A	2023 Interim	2022	2021	2020	2019
Net Assets, beginning of period <sup>(1)</sup>	\$ 21.07	\$ 12.93	\$ 9.46	\$ 11.65	\$ 11.57
<b>Increase (decrease) from operations: <sup>(2)</sup></b>					
Total revenue	\$ 0.50	\$ 0.34	\$ 0.05	\$ 0.14	\$ 0.18
Total expenses	\$ (0.65)	\$ (2.70)	\$ (1.38)	\$ (0.14)	\$ (0.76)
Realized gains (losses) for the period	\$ 0.56	\$ 2.16	\$ (0.48)	\$ -	\$ 1.45
Unrealized gains (losses) for the period	\$ (0.03)	\$ 8.07	\$ 4.99	\$ (2.02)	\$ (0.79)
<b>Total increase (decrease) from operations</b>	<b>\$ 0.38</b>	<b>\$ 7.87</b>	<b>\$ 3.18</b>	<b>\$ (2.02)</b>	<b>\$ 0.08</b>
<b>Net Assets, end of period <sup>(1)</sup></b>	<b>\$ 21.46</b>	<b>\$ 21.07</b>	<b>\$ 12.93</b>	<b>\$ 9.46</b>	<b>\$ 11.65</b>

Series B	2023 Interim	2022	2021	2020	2019
Net Assets, beginning of period <sup>(1)</sup>	\$ 23.21	\$ -	\$ -	\$ -	\$ -
<b>Increase from operations: <sup>(2)</sup></b>					
Total revenue	\$ 1.65	\$ 0.53	\$ -	\$ -	\$ -
Total expenses	\$ (2.15)	\$ (4.21)	\$ -	\$ -	\$ -
Realized gains for the period	\$ 1.87	\$ 3.37	\$ -	\$ -	\$ -
Unrealized gains for the period	\$ (0.11)	\$ 12.56	\$ -	\$ -	\$ -
<b>Total increase from operations</b>	<b>\$ 1.26</b>	<b>\$ 12.25</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Assets, end of period <sup>(1)</sup></b>	<b>\$ 23.60</b>	<b>\$ 23.21</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

Series F	2023 Interim	2022	2021	2020	2019
Net Assets, beginning of period <sup>(1)</sup>	\$ 21.37	\$ 13.53	\$ 10.45	\$ 12.16	\$ 11.96
<b>Increase (decrease) from operations: <sup>(2)</sup></b>					
Total revenue	\$ 0.61	\$ 0.34	\$ 0.05	\$ 0.13	\$ 0.54
Total expenses	\$ (0.79)	\$ (2.70)	\$ (1.53)	\$ (0.13)	\$ (2.29)
Realized gains (losses) for the period	\$ 0.69	\$ 2.16	\$ (0.53)	\$ -	\$ 4.34
Unrealized gains (losses) for the period	\$ (0.04)	\$ 8.07	\$ 5.53	\$ (1.82)	\$ (2.35)
<b>Total increase (decrease) from operations</b>	<b>\$ 0.47</b>	<b>\$ 7.87</b>	<b>\$ 3.52</b>	<b>\$ (1.82)</b>	<b>\$ 0.24</b>
<b>Net Assets, end of period <sup>(1)</sup></b>	<b>\$ 21.79</b>	<b>\$ 21.37</b>	<b>\$ 13.53</b>	<b>\$ 10.45</b>	<b>\$ 12.16</b>

<sup>(1)</sup> This information is derived from the Fund's audited annual and unaudited interim (if applicable) financial statements. Class R Series B shares were first offered for sale in December 2021 and sold in January 2022.

<sup>(2)</sup> Net assets is based on the actual number of shares outstanding at the relevant time. The increase (decrease) from operations is based on the weighted average number of shares outstanding over the financial period.

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

### Ratios and Supplemental Data - Class R Shares

Series A	2023 Interim	2022	2021	2020	2019
Total net asset value (000's) <sup>(1)</sup>	\$ 56,143	\$ 61,612	\$ 44,954	\$ 40,352	\$ 61,118
Number of shares outstanding <sup>(1)</sup>	2,615,760	2,923,856	3,477,145	4,266,594	5,245,264
Management expense ratio <sup>(2)</sup>	6.30%	16.35%	13.70%	1.40%	6.82%
Management expense ratio excluding IPA <sup>(3)</sup>	3.85%	4.02%	4.52%	4.71%	4.69%
Trading expense ratio <sup>(6)</sup>	0.00%	0.00%	0.00%	0.00%	0.03%
Net asset value per share	\$ 21.46	\$ 21.07	\$ 12.93	\$ 9.46	\$ 11.65

Series B	2023 Interim	2022	2021	2020	2019
Total net asset value (000's) <sup>(1)</sup>	\$ 1,414	\$ 225	\$ -	\$ -	\$ -
Number of shares outstanding <sup>(1)</sup>	59,858	9,694	-	-	-
Management expense ratio <sup>(2)</sup>	12.61%	16.83%	-	-	-
Management expense ratio excluding IPA <sup>(3)</sup>	7.70%	4.20%	-	-	-
Management expense ratio before waiver <sup>(4)</sup>	-	61.82%	-	-	-
Management expense ratio before waiver and excluding IPA <sup>(5)</sup>	-	49.19%	-	-	-
Trading expense ratio <sup>(6)</sup>	0.00%	0.00%	-	-	-
Net asset value per share	\$ 23.60	\$ 23.21	\$ -	\$ -	\$ -

Series F	2023 Interim	2022	2021	2020	2019
Total net asset value (000's) <sup>(1)</sup>	\$ 555	\$ 394	\$ 218	\$ 135	\$ 135
Number of shares outstanding <sup>(1)</sup>	25,476	18,436	16,117	12,912	11,072
Management expense ratio <sup>(2)</sup>	6.17%	12.88%	10.97%	1.00%	5.51%
Management expense ratio excluding IPA <sup>(3)</sup>	3.75%	3.14%	3.49%	3.27%	3.80%
Trading expense ratio <sup>(6)</sup>	0.00%	0.00%	0.00%	0.00%	0.03%
Net asset value per share	\$ 21.79	\$ 21.37	\$ 13.53	\$ 10.45	\$ 12.16

<sup>(1)</sup> This information is provided as at end of fiscal period shown. Series B shares were first offered for sale in December 2021 and sold in January 2022.

<sup>(2)</sup> Management expense ratio is based on total expenses for the stated period and is expressed as an annualized percentage (Series A & F - 52 weeks, Series B - 33 weeks) of average weekly net asset value during the period.

<sup>(3)</sup> Management expense ratio excluding Incentive Participation Amount (IPA) is based on total expenses, less incentive participation amount, for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

<sup>(4)</sup> Management expense ratio before waiver is based on total expenses before agent's 1% commission waived for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period. Period is December 15, 2021 to August 31, 2022.

<sup>(5)</sup> Management expense ratio before waiver and excluding Incentive Participation Amount (IPA) is based on total expenses before agent's 1% commission waived, less incentive participation amount, for the stated period and is expressed as an annualized percentage of average weekly net asset value during the period.

<sup>(6)</sup> The trading expense ratio represents total commissions and other portfolio transaction costs expressed as an annualized percentage of weekly average net asset value during the period.

## MANAGEMENT FEES

The manager (PFM Venture Capital Operations Inc.), as compensation to manage and administer the business affairs of SaskWorks, including management of its' venture investment portfolio, receives an annual management fee equal to 2.5% of the aggregate net asset value of the Class A Series A, Class A Series F, Class R Series A and Class R Series F shares, as at each weekly valuation date. The fee is calculated and payable monthly in arrears.

The manager is also entitled to an incentive participation amount, subject to satisfying certain conditions, equal to 20% of the return, before expenses, based on realized gains and cumulative performance of individual venture investments. An incentive participation amount is due only upon realization of an individual venture investment and payable on an annual basis.

## PAST PERFORMANCE

### General

The past performance of the Fund does not necessarily indicate how the Fund will perform in the future. .

The charts below illustrate:

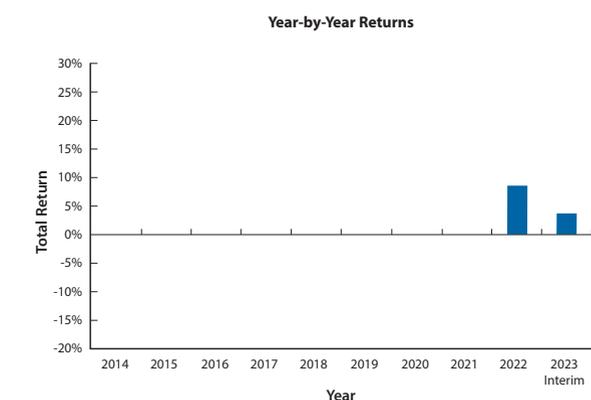
- ▶ the annualized performance of each series of shares for the periods shown, and how the series' performance has changed from period to period (September 1 to August 31 or September 1 to February 28 for interim); and
- ▶ in percentage terms, how much an investment made in each series of shares on the first day of each fiscal period (September 1) would have increased or decreased by the last day of the fiscal period (August 31 or February 28 for interim).

### Class A Series A Shares



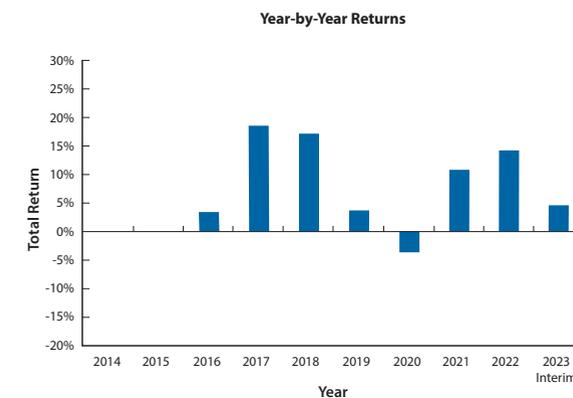
### Class A Series B Shares

Class A Series B shares were first available for sale in December 2021. As a result, 12 months of performance data is not available. August 31, 2022 YTD returns are 10.78%.



Class A Series B shares were first available for sale beginning December 1, 2021.

### Class A Series F Shares



Class R Series F shares were first available for sale beginning January 1, 2016.

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

### PAST PERFORMANCE

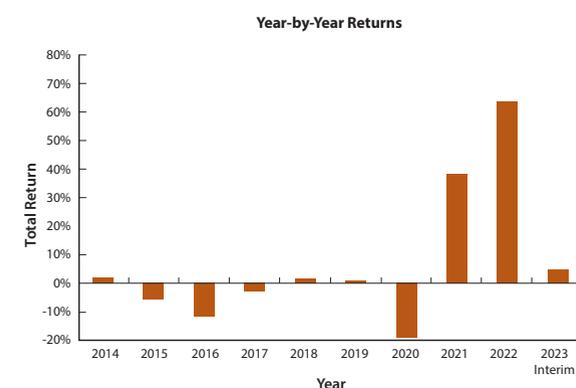
#### General

The past performance of the Fund does not necessarily indicate how the Fund will perform in the future.

The charts below illustrate:

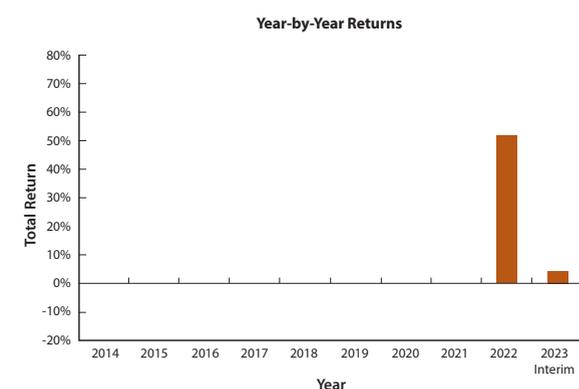
- the annualized performance of each series of shares for the periods shown, and how the series' performance has changed from period to period (September 1 to August 31 or September 1 to February 28 for interim); and
- in percentage terms, how much an investment made in each series of shares on the first day of each fiscal period (September 1) would have increased or decreased by the last day of the fiscal period (August 31 or February 28 for interim).

#### Class R Series A Shares



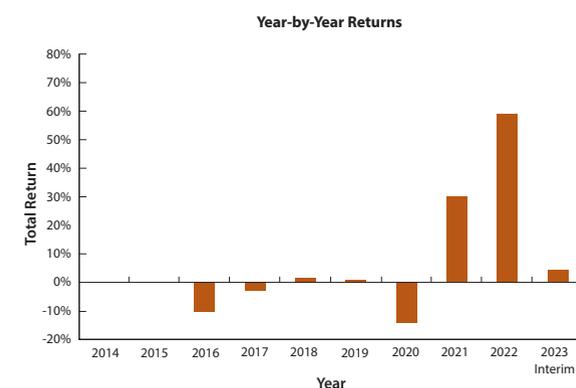
#### Class R Series B Shares

Class R Series B shares were first available for sale in December 2021. As a result, 12 months of performance data is not available. August 31, 2022 YTD returns are 51.25%.



Class R Series B shares were first available for sale beginning December 1, 2021.

#### Class R Series F Shares



Class R Series F shares were first available for sale beginning January 1, 2016.

### SUMMARY OF INVESTMENT PORTFOLIO

(in thousands of dollars)

The table below summarizes the 25 largest investment holdings of the Fund's Class A Shares.

Investee	Coupon	Description of Security/Maturity	Investment at cost	% of net asset value
1		Steel Reef Infrastructure Fund	\$ 39,690	9.67%
2		Sexton Group LLP	39,000	9.51%
3		GHC Systems Inc.	15,330	3.74%
4		Auctus Property Fund LP	14,845	3.62%
5		All-Fab Building Components Inc.	11,685	2.85%
6		Hi-Tec Profiles Inc.	11,403	2.78%
7		DyMark Industries Inc.	9,093	2.22%
8		TAM International Inc.	8,770	2.14%
9		James Hill Road Villa LP	7,208	1.76%
10		Vendasta Technologies Inc.	6,664	1.62%
11	4.05%	James Hill Road Villa LP	5,429	1.32%
12	1.45%	TCU Financial Group Credit Union Term Deposit	5,000	1.22%
13	1.45%	Affinity Credit Union Term Deposit	5,000	1.22%
14	1.51%	Concentra Bank Term Deposit	5,000	1.22%
15	1.60%	TCU Financial Group Credit Union Term Deposit	5,000	1.22%
16	1.40%	TCU Financial Group Credit Union Term Deposit	5,000	1.22%
17	2.00%	Affinity Credit Union Term Deposit	5,000	1.22%
18		Prairie Soil Services Inc.	4,359	1.06%
19	8.75%	255 2nd Ave. North Properties Ltd.	4,050	0.99%
20	12.00%	Foundation Developments Inc.	3,990	0.97%
21		Hi-Tec Profiles Limited Partnership	3,591	0.88%
22		Parkside Townhomes	2,915	0.71%
23	12.00%	Prairie Soil Services Inc.	2,790	0.68%
24		Avalon Oil & Gas Ltd.	2,726	0.66%
25		DyMark Industries Inc.	2,709	0.66%
			<b>\$ 226,247</b>	<b>55.16%</b>

The following table provides a breakdown of the Fund's Class A Shares venture investment portfolio by industry sector.

Sector	Cost	% of Venture Portfolio
Energy	\$ 59,615	24.47%
Industrials, Information Technology, Telecommunications and Consumer Staples	111,409	45.73%
Real Estate	32,798	13.47%
Consumer Discretionary	39,827	16.35%
<b>\$ 243,649</b>		<b>100.00%</b>

## INTERIM MANAGEMENT REPORT OF FUND PERFORMANCE (CONTINUED)

The table below summarizes the investment holdings of the Fund's Class R Shares.

Investee	Coupon	Description of Security/Maturity	Investment at cost	% of net asset value
1 Avalon Oil & Gas Ltd.		Class A common, voting shares	5,670	9.76%
2 Stampede Drilling Inc.		Class A common, voting shares	4,735	8.15%
3 Steel Reef Infrastructure Fund		Class A common, voting shares	3,735	6.43%
4 Karve Energy Inc.		Class A common, voting shares	2,300	3.96%
5 Burgess Creek Exploration Inc.		Class A common, voting shares	1,430	2.46%
6 Sun Country Well Servicing Inc.		Class A common, voting shares	956	1.65%
7 Surge Energy Inc.		Class A common, voting shares	845	1.45%
8 Lycos Energy Inc.		Class A common, voting shares	258	0.44%
9 TAM International Inc.		Class A common, voting shares	186	0.32%
10 Gidon Royalty Coirp.		Class A common, voting shares	74	0.13%
11 Spur Petroleum Ltd.		Class A common, voting shares	1	0.00%
			<b>\$ 20,190</b>	<b>34.75%</b>

The following table provides a breakdown of the Fund's Class R Shares venture investment portfolio by industry sector.

Sector	Cost	% of Venture Portfolio
Energy	\$ 20,190	100.00%
	<b>\$ 20,190</b>	<b>100.00%</b>

SASKWORKS VENTURE FUND INC.

## INTERIM FINANCIAL STATEMENTS

*As at February 28, 2023 and for the six-month period ended February 28, 2023*

### To the Shareholders of SaskWorks Venture Fund Inc.:

The attached statement of financial position of SaskWorks Venture Fund Inc. (the "Fund") as at February 28, 2023, statements of comprehensive income, changes in net assets attributable to holders of redeemable shares and cash flows for the periods ended February 28, 2023 and February 28, 2022 and statements of investment portfolio as at February 28, 2023 were not audited. The Fund's auditor has not performed a review of these interim financial statements.

SASKWORKS VENTURE FUND INC.  
(Incorporated under the laws of Saskatchewan)

## STATEMENT OF FINANCIAL POSITION - CLASS A

(in thousands of dollars except number of shares and per share amounts)

Unaudited

	February 28, 2023	August 31, 2022
<b>Assets</b>		
Venture investments (Note 5)	\$ 351,852	\$ 308,264
Loan receivable (Note 6)	7,792	7,792
Long-term investments	10,000	10,000
Short-term investments	20,000	45,331
Other assets	94	80
Accounts receivable and accrued income	3,587	3,393
Cash	58,543	80,913
	<u>451,868</u>	<u>455,773</u>
<b>Liabilities</b>		
Accrued provision for incentive participation amount	37,893	42,668
Accounts payable and accrued liabilities	3,730	2,936
	<u>41,623</u>	<u>45,604</u>
<b>Net assets attributable to holders of redeemable shares</b>	<u>\$ 410,245</u>	<u>\$ 410,169</u>
<b>Shares outstanding (Note 7)</b>		
Series A	\$ 14,425,979	\$ 15,765,271
Series B	1,002,821	165,292
Series F	803,346	681,319
<b>Net assets attributable to holders of redeemable shares</b>		
Series A	\$ 360,910	\$ 386,589
Series B	26,039	4,216
Series F	23,296	19,364
<b>Net assets attributable to holders of redeemable shares per share</b>		
Series A	\$ 25.02	\$ 24.52
Series B	25.97	25.51
Series F	29.00	28.42

Commitments (Note 14)

See accompanying notes to the financial statements

On behalf of the Board:  Director  Director

SASKWORKS VENTURE FUND INC.

## STATEMENT OF COMPREHENSIVE INCOME - CLASS A

For the Six-Month Period Ended

(in thousands of dollars except per share amounts)

Unaudited

	February 28, 2023	February 28, 2022
<b>Income</b>		
Investment income - Dividends and distributions	\$ 10,137	\$ 2,575
Investment income - Interest	1,452	1,743
Interest income - Cash, long-term, and short-term investments	1,740	923
Other income	14	29
	<u>13,343</u>	<u>5,270</u>
<b>Expenses</b>		
Management fees (Note 8)	5,370	5,123
Service fees	1,235	1,755
Trailer commissions	1,023	937
Shareholder recordkeeping and marketing	450	471
Provision for incentive participation amount (Note 8)	210	184
Professional fees	166	196
Shareholder reporting	145	175
Audit fees	82	32
Legal fees	62	109
Directors fees and expenses	42	51
Custodial fees	25	27
Other	16	37
Independent review committee fees	1	1
	<u>8,827</u>	<u>9,098</u>
<b>Net investment loss</b>	<u>4,516</u>	<u>(3,828)</u>
Realized gain on disposition of venture investments	2,230	30,873
Realized loss on disposition of venture investments	(2,723)	(4,226)
Net change in unrealized appreciation of venture investments	7,900	11,911
Provision for incentive participation amount (Note 8)	(3,662)	(7,869)
<b>Increase in net assets attributable to holders of redeemable shares from operations</b>	<u>\$ 8,261</u>	<u>\$ 26,861</u>
<b>Increase in net assets attributable to holders of redeemable shares from operations Series A</b>		
Series A	\$ 7,308	\$ 25,583
Series B	510	20
Series F	443	1,258
<b>Increase in net assets attributable to holders of redeemable shares from operations per average share outstanding</b>		
Series A	\$ 0.47	\$ 1.53
Series B	0.04	1.74
Series F	0.62	2.14

See accompanying notes to the financial statements

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES - CLASS A

For the Six-Month Period Ended

(in thousands of dollars)

Unaudited

	February 28, 2023	February 28, 2022
<b>Series A</b>		
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 7,308	\$ 25,583
<b>Capital transactions</b>		
Proceeds on issue of shares	(5)	22,728
Redemption of shares	(32,982)	(37,272)
	<u>(32,987)</u>	<u>(14,544)</u>
<b>Increase (decrease) in net assets attributable to holders of redeemable shares</b>	<b>(25,679)</b>	<b>11,039</b>
Net assets attributable to holders of redeemable shares, beginning	386,589	368,742
<b>Net assets attributable to holders of redeemable shares, ending</b>	<b>\$ <u>360,910</u></b>	<b>\$ <u>379,781</u></b>
<b>Series B</b>		
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 510	\$ 20
<b>Capital transactions</b>		
Proceeds on issue of shares	21,333	605
Redemption of shares	(20)	-
	<u>21,313</u>	<u>605</u>
<b>Increase in net assets attributable to holders of redeemable shares</b>	<b>21,823</b>	<b>625</b>
Net assets attributable to holders of redeemable shares, beginning	4,216	-
<b>Net assets attributable to holders of redeemable shares, ending</b>	<b>\$ <u>26,039</u></b>	<b>\$ <u>625</u></b>
<b>Series F</b>		
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 443	\$ 1,258
<b>Capital transactions</b>		
Proceeds on issue of shares	3,536	2,779
Redemption of shares	(45)	(83)
	<u>3,491</u>	<u>2,696</u>
<b>Increase in net assets attributable to holders of redeemable shares</b>	<b>3,934</b>	<b>3,954</b>
Net assets attributable to holders of redeemable shares, beginning	19,362	14,141
<b>Net assets attributable to holders of redeemable shares, ending</b>	<b>\$ <u>23,296</u></b>	<b>\$ <u>18,095</u></b>

See accompanying notes to the financial statements

## STATEMENT OF CASH FLOWS - CLASS A

For the Six-Month Period Ended

(in thousands of dollars)

Unaudited

	February 28, 2023	February 28, 2022
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 8,261	\$ 26,861
Purchases of venture investments	(41,508)	(21,001)
Repayments from venture investments	660	176
Repayments on disposition of venture investments	2,677	11,608
Purchase of long-term and short-term investments	-	(35,331)
Matured long-term and short-term investments	25,331	30,000
Items not affecting cash:		
Realized loss on disposition of venture investments	2,723	4,226
Net amortization of discount/premium on venture investment debt	(242)	(152)
Net change in unrealized appreciation of venture investments	(7,900)	(11,911)
Net change in balances other than cash and investments (Note 9)	(4,189)	(5,918)
	<u>(14,187)</u>	<u>(1,442)</u>
<b>Financing activities</b>		
Proceeds on issue of shares	24,864	26,112
Redemption of shares	(33,047)	(37,355)
	<u>(8,183)</u>	<u>(11,243)</u>
<b>(Decrease) increase in cash</b>	<b>(22,370)</b>	<b>(12,685)</b>
Cash, beginning	80,913	77,913
<b>Cash, ending</b>	<b>\$ <u>58,543</u></b>	<b>\$ <u>65,228</u></b>
See accompanying notes to the financial statements		
Interest received	\$ 839	\$ 1,304
Dividends received	2,142	317



## STATEMENT OF INVESTMENT PORTFOLIO - CLASS A SHARES (CONTINUED)

As at February 28, 2023 (in thousands of dollars)

Unaudited

## Long-term Investments

Issuer	Interest Rate	Maturity Date	Cost	Fair Value
TCU Financial Group Credit Union Term Deposit	1.45%	2-Sep-23	\$ 5,000	
Affinity Credit Union Term Deposit	1.45%	14-Sep-23	5,000	
		<b>Total long-term investments</b>	<b>\$ 10,000</b>	<b>\$ 10,000</b>

## Short-term Investments

Issuer	Interest Rate	Maturity Date	Cost	Fair Value
Concentra Bank Term Deposit	1.51%	6-Mar-23	\$ 5,000	
TCU Financial Group Credit Union Term Deposit	1.60%	27-Mar-23	5,000	
TCU Financial Group Credit Union Term Deposit	1.40%	13-Apr-23	5,000	
Affinity Credit Union Term Deposit	2.00%	23-Jun-23	5,000	
		<b>Total short-term investments</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>

## STATEMENT OF INVESTMENT PORTFOLIO - CLASS A SHARES

As at February 28, 2023 (in thousands of dollars)

Unaudited

The venture investments of the Fund were comprised of the following:

as at February 28, 2023

Industry sector	Cost	Fair Value	% of Cost	% of Fair Value
Energy	\$ 59,615	\$ 125,878	24.5	35.8
Industrials, Information Technology, Telecommunications and Consumer Staples	111,409	156,126	45.7	44.4
Real Estate	32,798	38,733	13.5	11.0
Consumer Discretionary	39,827	31,115	16.3	8.8
	<b>\$ 243,649</b>	<b>\$ 351,852</b>	<b>100.0</b>	<b>100.0</b>

as at August 31, 2022

Industry sector	Cost	Fair Value	% of Cost	% of Fair Value
Energy	\$ 64,506	\$ 124,681	31.0	40.4
Industrials, Information Technology, Telecommunications and Consumer Staples	70,833	110,225	34.0	35.7
Real Estate	32,799	41,219	15.8	13.4
Consumer Discretionary	40,061	32,139	19.2	10.5
	<b>\$ 208,199</b>	<b>\$ 308,264</b>	<b>100.0</b>	<b>100.0</b>

The venture investments of the Fund were comprised of the following:

as at February 28, 2023

	Cost	Fair Value	% of Cost	% of Fair Value
Private equity securities	\$ 205,906	\$ 316,852	84.5	90.0
Private debt securities	34,819	31,620	14.3	9.0
Publicly traded equity securities	2,924	3,380	1.2	1.0
	<b>\$ 243,649</b>	<b>\$ 351,852</b>	<b>100.0</b>	<b>100.0</b>

as at August 31, 2022

	Cost	Fair Value	% of Cost	% of Fair Value
Private equity securities	\$ 167,939	\$ 268,175	80.7	87.0
Private debt securities	35,277	32,157	16.9	10.4
Publicly traded equity securities	4,983	7,932	2.4	2.6
	<b>\$ 208,199</b>	<b>\$ 308,264</b>	<b>100.0</b>	<b>100.0</b>

SASKWORKS VENTURE FUND INC.  
(Incorporated under the laws of Saskatchewan)

## STATEMENT OF FINANCIAL POSITION - CLASS R

(in thousands of dollars except number of shares and per share amounts)

Unaudited

	February 28, 2023	August 31, 2022
<b>Assets</b>		
Venture investments (Note 5)	\$ 57,662	\$ 62,608
Loan receivable (Note 6)	572	572
Other assets	17	17
Cash	11,763	12,592
	<u>70,019</u>	<u>75,789</u>
<b>Liabilities</b>		
Accrued provision for incentive participation amount	11,498	13,234
Accounts payable and accrued liabilities	409	324
	<u>11,907</u>	<u>13,558</u>
<b>Net assets attributable to holders of redeemable shares</b>	<u>\$ 58,112</u>	<u>\$ 62,231</u>
<b>Shares outstanding (Note 7)</b>		
Series A	2,615,760	2,923,856
Series B	59,858	9,694
Series F	25,476	18,436
<b>Net assets attributable to holders of redeemable shares</b>		
Series A	\$ 56,143	\$ 61,612
Series B	1,414	225
Series F	555	394
<b>Net assets attributable to holders of redeemable shares per share</b>		
Series A	\$ 21.46	\$ 21.07
Series B	23.60	23.21
Series F	21.79	21.37

Commitments (Note 14)

See accompanying notes to the financial statements

On behalf of the Board:  Director  Director

SASKWORKS VENTURE FUND INC.

## STATEMENT OF COMPREHENSIVE INCOME - CLASS R

For the Six-Month Period Ended

(in thousands of dollars except per share amounts)

Unaudited

	February 28, 2023	February 28, 2022
<b>Income</b>		
Interest income - Cash	\$ 204	\$ 41
Investment income - Dividends and distributions	1,269	9
Other income	1	5
	<u>1,474</u>	<u>55</u>
<b>Expenses</b>		
Management fees (Note 8)	794	638
Trailer commissions	153	120
Service fees	105	141
Shareholder recordkeeping and marketing	55	63
Professional fees	19	12
Shareholder reporting	18	30
Audit fees	10	4
Legal fees	7	13
Directors fees and expenses	5	6
Other	3	5
Custodial fees	2	4
Independent review committee fees	1	1
Provision for incentive participation amount (Note 8)	-	-
	<u>1,172</u>	<u>1,037</u>
<b>Net investment loss</b>	<u>302</u>	<u>(982)</u>
Realized gain on disposition of venture investments	2,881	11,813
Realized loss on disposition of venture investments	(1,216)	(4,707)
Net change in unrealized appreciation of venture investments	(96)	12,960
Provision for incentive participation amount (Note 8)	(746)	(3,776)
<b>Increase in net assets attributable to holders of redeemable shares from operations</b>	<u>\$ 1,125</u>	<u>\$ 15,308</u>
<b>Increase in net assets attributable to holders of redeemable shares from operations</b>		
Series A	\$ 1,087	\$ 15,232
Series B	28	2
Series F	10	74
<b>Increase in net assets attributable to holders of redeemable shares from operations per average share outstanding</b>		
Series A	\$ 0.38	\$ 4.49
Series B	(0.01)	3.61
Series F	0.47	4.46

See accompanying notes to the financial statements

## STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO HOLDERS OF REDEEMABLE SHARES - CLASS R

For the Six-Month Period Ended

(in thousands of dollars)

Unaudited

	February 28, 2023	February 28, 2022
<b>Series A</b>		
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 1,087	\$ 15,232
<b>Capital transactions</b>		
Proceeds on issue of shares	-	662
Redemption of shares	(6,556)	(6,374)
	<u>(6,556)</u>	<u>(5,712)</u>
<b>(Decrease) increase in net assets attributable to holders of redeemable shares</b>	<b>(5,469)</b>	<b>9,520</b>
Net assets attributable to holders of redeemable shares, beginning	61,612	44,954
<b>Net assets attributable to holders of redeemable shares, ending</b>	<b>\$ <u>56,143</u></b>	<b>\$ <u>54,474</u></b>
<b>Series B</b>		
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 28	\$ 2
<b>Capital transactions</b>		
Proceeds on issue of shares	1,161	16
Redemption of shares	-	-
	<u>1,161</u>	<u>16</u>
<b>Increase in net assets attributable to holders of redeemable shares</b>	<b>1,189</b>	<b>18</b>
Net assets attributable to holders of redeemable shares, beginning	225	-
<b>Net assets attributable to holders of redeemable shares, ending</b>	<b>\$ <u>1,414</u></b>	<b>\$ <u>18</u></b>
<b>Series F</b>		
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 10	\$ 74
<b>Capital transactions</b>		
Proceeds on issue of shares	151	22
Redemption of shares	-	-
	<u>151</u>	<u>22</u>
<b>Increase in net assets attributable to holders of redeemable shares</b>	<b>161</b>	<b>96</b>
Net assets attributable to holders of redeemable shares, beginning	394	220
<b>Net assets attributable to holders of redeemable shares, ending</b>	<b>\$ <u>555</u></b>	<b>\$ <u>316</u></b>

See accompanying notes to the financial statements

## STATEMENT OF CASH FLOWS - CLASS R

For the Six-Month Period Ended

(in thousands of dollars)

Unaudited

	February 28, 2023	February 28, 2022
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Increase in net assets attributable to holders of redeemable shares from operations	\$ 1,125	\$ 15,308
Purchases of venture investments	-	-
Repayments from venture investments	-	-
Repayments on disposition of venture investments	3,634	4,077
Items not affecting cash:		
Realized loss on disposition of venture investments	1,216	4,707
Net change in unrealized appreciation of venture investments	96	(12,960)
Net change in balances other than cash and investments (Note 9)	(1,654)	3,890
	<u>4,417</u>	<u>15,022</u>
<b>Financing activities</b>		
Proceeds on issue of shares	1,312	700
Redemption of shares	(6,558)	(6,374)
	<u>(5,246)</u>	<u>(5,674)</u>
<b>(Decrease) increase in cash</b>	<b>(829)</b>	<b>9,348</b>
Cash, beginning	12,592	4,855
<b>Cash, ending</b>	<b>\$ <u>11,763</u></b>	<b>\$ <u>14,203</u></b>
<i>See accompanying notes to the financial statements</i>		
Interest received	\$ -	\$ -
Dividends received	1,253	-

## STATEMENT OF INVESTMENT PORTFOLIO - CLASS R SHARES

As at February 28, 2023 (in thousands of dollars)

Unaudited

Venture Investments		Outstanding at Cost	Fair Value
Investee	Instrument		
<b>Energy</b>			
Avalon Oil & Gas Ltd.	Class A common, voting shares	\$ 5,670	
Burgess Creek Exploration Inc.	Class A common, voting shares	1,430	
Gidon Royalty Coirp.	Class A common, voting shares	74	
Karve Energy Inc.	Class A common, voting shares	2,300	
Lycos Energy Inc.	Class A common, voting shares	258	
Stampede Drilling Inc.	Class A common, voting shares	4,735	
Spur Petroleum Ltd.	Class A common, voting shares	1	
Steel Reef Infrastructure Fund	Class A common, voting shares	3,735	
Sun Country Well Servicing Inc.	Class A common, voting shares	956	
Surge Energy Inc.	Class A common, voting shares	845	
TAM International Inc.	Class A common, voting shares	186	
<b>Total venture investments</b>		<b>\$ 20,190</b>	<b>\$ 57,662</b>

## STATEMENT OF INVESTMENT PORTFOLIO - CLASS R SHARES

As at February 28, 2023 (in thousands of dollars)

Unaudited

as at February 28, 2023

Industry sector	Cost	Fair Value	% of Cost	% of Fair Value
Energy	\$ 20,190	\$ 57,662	100.0	100.0

as at August 31, 2022

Industry sector	Cost	Fair Value	% of Cost	% of Fair Value
Energy	\$ 25,040	\$ 62,608	100.0	100.0

as at February 28, 2023

	Cost	Fair Value	% of Cost	% of Fair Value
Private equity securities	\$ 14,352	\$ 51,978	71.1	90.1
Publicly traded equity securities	5,838	5,684	28.9	9.9
	<b>\$ 20,190</b>	<b>\$ 57,662</b>	<b>100.0</b>	<b>100.0</b>

as at August 31, 2022

	Cost	Fair Value	% of Cost	% of Fair Value
Private equity securities	\$ 15,846	\$ 49,473	63.3	79.0
Publicly traded equity securities	9,194	13,135	36.7	21.0
	<b>\$ 25,040</b>	<b>\$ 62,608</b>	<b>100.0</b>	<b>100.0</b>

## NOTES TO THE FINANCIAL STATEMENTS

*As at February 28, 2023 and for the Six-Month Period ended February 28, 2023*

*(in thousands of dollars except number of shares and per share amounts)*

*Unaudited*

### 1. Status of the corporation

SaskWorks Venture Fund Inc. ("SaskWorks" or the "Fund") was incorporated under the laws of the Province of Saskatchewan by articles of incorporation dated September 1, 1999 under the name Prairie Ventures Fund Inc. Effective December 18, 2000 the articles of the Fund were amended to change its corporate designation to Crown Ventures Fund Inc. and effective March 16, 2005 the articles of the Fund were amended to change its corporate designation to SaskWorks Venture Fund Inc. The Fund has received approval for registration as a labour-sponsored venture capital corporation under The Labour-sponsored Venture Capital Corporations Act (Saskatchewan) (the "Act"). The Fund commenced active operations on January 29, 2001.

In February 2006, the Fund began offering a second class of redeemable shares, Class R, in addition to its Class A redeemable shares, for sale to the public.

Beginning January 1, 2016, the Fund offered its Class A and Class R redeemable shares in series. The existing Class A and Class R redeemable shares were renamed Class A Series A and Class R Series A redeemable shares, respectively. New redeemable shares, Class A Series F and Class R Series F, began sale to the public. Class A Series A and Class R Series A redeemable shares have a sales and trailer commission associated with them while Class A Series F and Class R Series F redeemable shares do not.

Beginning December 23, 2021, new redeemable shares, Class A Series B and Class R Series B, were offered for sale to the public. Class A Series B and Class R Series B redeemable shares have a trailer commission associated with them.

A separate net asset value is calculated for each of the Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F redeemable shares. The holders of Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F redeemable shares have recourse only to the net assets attributable to the capital raised through the issuance of Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F redeemable shares, respectively.

The requirements of National Instrument 81-106, Investment Fund Continuous Disclosure, dictate that because Class A and Class R have separate investment portfolios, they are considered separate investment funds and as such separate financial statements have been prepared for each.

The Fund was formed to make debt and equity investments in Saskatchewan small and medium-sized businesses. The objective of the Fund is to realize long-term capital appreciation from its investments. Targeted investment opportunities include early stage and mature businesses with substantial growth prospects as well as restructurings and management buy-out opportunities that offer superior investment return prospects.

PFM Venture Capital Operations Inc. ("PFMV" or the "Manager") is responsible for the management of the Fund and has engaged PFM Capital (2010) Inc. and TBW Holdings Inc. to assist it to carry out its' management obligations.

### 2. Basis of presentation and adoption of IFRS

#### (a) Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The Fund's significant accounting policies under IFRS are presented in Note 3.

The financial statements of the Fund were approved by the Board of Directors on April 6, 2023.

#### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investments at fair value through profit or loss ("FVTPL") which are measured at fair value.

#### (c) Investment entity

The Fund has determined that it meets the definition of investment entity and as a result, it measures subsidiaries at FVTPL. An investment entity is an entity that: obtains funds from one or more investors for the purpose of providing them with investment management services, commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis. The most significant judgement that the Fund has made in determining that it meets this definition is that fair value is used as the primary measurement attribute to measure and evaluate the performance of substantially all of its investments.

#### (d) Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Fund's functional currency, and all values are rounded to the nearest thousand dollars except where otherwise indicated.

*As at February 28, 2023 and for the Six-Month Period ended February 28, 2023 • (in thousands of dollars except number of shares and per share amounts)*

#### (e) Use of judgements and estimates

The preparation of financial statements requires management to use judgement in applying policies and to make estimates and assumptions about the future. The following are the most significant accounting judgements and estimates that the Fund has made in preparing the financial statements:

##### Fair value of investments not quoted in an active market

The Fund holds financial instruments for which no public market exists ("private companies"). Fair values of such instruments are determined using valuation techniques. Where no market data is available, the Fund will value positions using its own models, which are usually based on valuation methods and techniques generally recognized as standard within the industry. The models used for private companies are based mainly on earnings multiples adjusted for a lack of marketability as appropriate.

##### Incentive participation amount

A portion of this amount is based on an estimate of unrealized gains on venture investments. To the extent these unrealized gains fluctuate so will the estimate of incentive participation amount.

##### Investment entity

In determining whether the Fund is an investment entity, the Fund may be required to make significant judgements about whether the Fund has the typical characteristics of an investment entity. The Fund primarily obtains funds from investors for the purpose of providing investment management services, commits to its investors that the business purpose is to invest the funds solely for returns from capital appreciation, investment income or both, and measures and evaluates the performance of its investments on a fair value basis.

### 3. Significant accounting policies

The following policies are considered significant:

#### (a) Financial instruments

##### *Initial recognition and measurement*

The Fund recognizes financial instruments at fair value upon initial recognition. Financial assets are initially recognized on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets are recognized on the date on which they originated. The Fund's venture investments are measured at FVTPL, including investments in debt instruments which have been designated at FVTPL. All other financial assets and liabilities, including redeemable shares, are measured at amortized cost, which approximates fair value. Under this method, financial assets and liabilities reflect the amount required to be received or paid, discounted, when appropriate, at the contract's effective interest rate. The Fund's accounting policies for measuring the fair value of its venture investments are identical to those used in measuring its net asset value ("NAV") for transactions with shareholders.

##### *Fair value measurement*

The fair values of venture investments in eligible businesses, having quoted market values and being publicly traded on a recognized stock exchange ("publicly traded companies"), are recorded at values based on the closing bid price on the last Thursday of each month, except in August when the last business day of August is used.

The fair value of the Fund's venture investments for which no public market exists ("private companies") is determined as at the last business day of each fiscal quarter based on policies and procedures established by the Board for determining the fair value of such investments. These valuations are updated monthly to consider any material changes in the investments of the Fund since the most recent quarterly valuation.

In determining the fair value of equity investments in private companies ("shares") material changes would include but are not limited to: a subsequent round of financing; an independent valuation; where performance varies adversely relative to the Fund's expectations; where performance indicates the value of the investment has changed; or, a share transaction by an independent third party. Equity investments are carried at fair value and an estimate of fair value is determined based on the expected realizable value of the shares if they were disposed of in an orderly manner over a reasonable period. Fluctuations in fair value are recorded as unrealized appreciation or depreciation until disposal of the equity investment.

Investments in debt instruments ("loans") are carried at fair value. For loans an estimate of fair value is determined using a discounted cash flow methodology with fluctuations in the fair value recorded as a premium or discount, through unrealized appreciation, that is amortized to income.

## (b) Investments in associates, joint ventures and subsidiaries

An associate is defined as an investee over whom the Fund has significant influence, being the power to participate in the financial and operating policy decisions of the investee (but not control or joint control). Significant influence exists when the Fund owns between 20% and less than a majority of the voting rights of the investee.

Joint control involves contractually agreed sharing of control and arrangements subject to joint control are classified as a joint venture.

A subsidiary is defined as an investee over whom the Fund can control. The Fund controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and can affect those returns through its power over the investee. Control over an investee:

- exists when the Fund owns a majority of the voting rights of the investee; or
- exists when the Fund has a majority position in any borrowings of the investee and the conditions attached to the borrowings confer on it the right to assume control of the investee in the event of default.

The Fund meets the criteria required to be considered an “investment entity” under IFRS 10 – *Consolidated Financial Statements* and, as such, it accounts for subsidiaries at fair value. Associates and joint ventures have been designated at FVTPL.

Information about the Fund's interest in associates or unconsolidated subsidiaries is as follows:

## Class A

Investee	Relationship	Ownership & voting interest %	Senior debt
2nd Ave. Properties Ltd.	Associate	50.00%	Yes
All-Fab Building Components Inc.	Associate	33.21%	-
DyMark Industries Inc.	Subsidiary	76.67%	-
Foundation Developments	Subsidiary	60.80%	Yes
GHC Systems Inc.	Associate	27.38%	-
Hi-Tec Profiles Inc.	Subsidiary	54.64%	Yes
IM Wireless Communications Inc.	Associate	33.00%	-
James Hill Road Villa LP	Subsidiary	70.05%	-
Lazar Equipment Ltd.	Subsidiary	95.15%	-
Parkside Townhomes	Subsidiary	84.26%	-
Pines Sports & Marine Ltd.	Associate	44.55%	Yes
Prairie Soil Services Inc.	Subsidiary	68.65%	Yes
Sexton Family of Companies	Associate	37.06%	-
TAM International Inc.	Associate	43.85%	-
Urban Heights Inc.	Subsidiary	79.93%	-
Village Home Care Inc.	Subsidiary	70.05%	-

All investee companies have Canada as their principal place of business and country of incorporation.

All investee companies for which the Fund is a subordinate lender may have restrictions on dividend and loan repayments if the investee is not within covenants imposed on it by its senior lender(s).

With respect to the above associates and unconsolidated subsidiaries:

- subject to senior lender covenants, if any, there are no significant restrictions on the ability of the associates or subsidiaries to transfer funds to the Fund in the form of cash dividends or to repay loans or advances made to the associates or subsidiaries by the Fund;
- there are no current commitments or intentions to provide financial or other support to the subsidiaries, including commitments or intentions to assist them in obtaining financial support;
- the Fund has not, without the contractual obligation to do so, provided any financial or other support to the subsidiaries; and
- other than the original amount approved for investment, there are no contractual arrangements that would require the Fund to provide financial support to the subsidiaries.

## (c) Cash

Pending venture investments being made, subscription proceeds are invested in interest bearing accounts yielding interest at the rate of credit union prime minus 1.50% to 1.63%.

## (d) Redeemable shares

The Fund classifies financial instruments issued as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

The shares, which are classified as financial liabilities and measured at redemption amount, provide shareholders with the right to request redemption, subject to available liquidity.

See Note 7 for details of the Fund's shares.

## (e) Net assets attributable to holders of redeemable shares per share

The net assets attributable to shareholders per Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class A Series B, and Class R Series F share is determined by dividing the net assets attributable to shareholders of Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F shares by the number of Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F shares outstanding as at that date.

## (f) Increase in net assets attributable to holders of redeemable shares from operations per average share outstanding.

The increase in net assets attributable to holders of redeemable shares from operations per average Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F share outstanding is calculated by dividing the increase in net assets attributable to holders of redeemable Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F shares from operations by the average number of Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F shares outstanding during the period.

## (g) Revenue recognition

Revenue related to the Fund's productive venture investments is recorded on an accrual basis. Negotiation fees are recognized upon receipt. A loan on which payments are in arrears for 90 days or more is usually classified as income impaired. Recognition of interest income ceases on income impaired loans until interest is received. Recognition of interest income ceases on principal impaired loans with all cash received applied first to principal, until fully recovered, and then as income.

## (h) Long-term and short-term investments

Pending venture investments being made, a portion of subscription proceeds are invested in term deposits or other investments permitted under the Act. Purchases and sales of long-term and short-term investments are recorded on a trade date basis. Term deposits are valued at cost, which approximates fair value.

## (i) Commissions

An annual trailer commission, based on net assets attributable to the holders of redeemable shares, is paid quarterly to the selling agent for each year that a subscription for Class A Series B, and Class R Series B shares is maintained.

An annual additional commission, based on the total value of all subscriptions, is paid annually to the agent for the Fund for subscriptions to all Class A and Class R redeemable shares.

## (j) Incentive participation amount

As described in Note 8, an incentive participation amount ("IPA") will accrue on unrealized eligible venture investments and be paid annually only upon realization of the eligible venture investment.

This amount is an estimate and can vary significantly from year to year. It will be paid, subject to the eligible investment and the investment portfolio as a whole meeting certain minimum return thresholds, only on gains that arise on the realization of an eligible venture investment and the income earned from an eligible venture investment over its life.

## (k) Income taxes

SaskWorks uses the liability method of tax allocation for accounting for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the accounting and tax bases of assets and liabilities and measured using the tax rates and laws that will be in effect when differences are expected to reverse.

## (l) Transaction costs

Transaction costs associated with an investment (incremental costs that are directly attributable to acquisition or disposition) are, in most cases, borne by the investee. In those cases where the Fund pays these costs they are expensed in the Statements of Comprehensive Income.

## (m) New and revised International Financial Reporting Standards in issue but not yet effective

Effective for annual periods beginning on or after January 1, 2023:

- Amendments to IAS 1, Classification of Liabilities as Current or Non-current
- Amendments to IAS 1 and IFRS Practise Statement 2, Disclosure of Accounting Policies
- Amendments to IAS 8, Estimates

## 4. Financial instruments

The Fund classifies fair value measurements within a hierarchy which gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs are unobservable for the asset or liability.

As at February 28, 2023 and for the Six-Month Period ended February 28, 2023 • (in thousands of dollars except number of shares and per share amounts)

## Class A – Venture investments

As at February 28, 2023

	Level 1	Level 2	Level 3	Total
Equity investments	\$ 3,380	\$ -	\$ 316,852	\$ 320,232
Debt investments	-	-	31,620	31,620
	\$ 3,380	\$ -	\$ 348,472	\$ 351,852

As at August 31, 2022

	Level 1	Level 2	Level 3	Total
Equity investments	\$ 7,932	\$ -	\$ 268,175	\$ 276,107
Debt investments	-	-	32,157	32,157
	\$ 7,932	\$ -	\$ 300,332	\$ 308,264

## Class R – Venture investments

As at February 28, 2023

	Level 1	Level 2	Level 3	Total
Equity investments	\$ 5,684	\$ -	\$ 51,978	\$ 57,662
Debt investments	-	-	-	-
	\$ 5,684	\$ -	\$ 51,978	\$ 57,662

As at August 31, 2022

	Level 1	Level 2	Level 3	Total
Equity investments	\$ 13,135	\$ -	\$ 49,473	\$ 62,608
Debt investments	-	-	-	-
	\$ 13,135	\$ -	\$ 49,473	\$ 62,608

The table below summarizes the changes in Level 3 venture investments at fair value using unobservable inputs.

	2023		August 31, 2022	
	Class A	Class R	Class A	Class R
Balance, beginning	\$ 300,332	\$ 49,473	\$ 262,899	\$ 43,527
Venture investments purchased	41,508	-	36,229	-
Venture investments repaid	(1,278)	(277)	(28,415)	(14,706)
Net change in unrealized appreciation of venture investments	7,910	2,782	29,619	20,652
<b>Balance, ending</b>	<b>\$ 348,472</b>	<b>\$ 51,978</b>	<b>\$ 300,332</b>	<b>\$ 49,473</b>

For the purposes of the following tables, that disclose Level 3 investment details, debt investments that are current with respect to principal and interest are classified as productive and those that are not current are classified as non-productive. With respect to equity investments, those investments on which the Fund expects to recover the full amount of capital invested are classified as productive while those equity investments on which the Fund does not expect to recover the full amount of capital invested are classified as non-productive.

## Class A

As at February 28, 2023

Classification	Fair value	Valuation technique	Unobservable Inputs	Weighted average input	Sensitivity +/-	Change in valuation +/-	
Productive debt	\$ 24,306	Discounted cash flow	Discounted rate	7.72%	1%	\$ 251/\$ (251)	
Non-productive debt	7,314	Estimated realizable value	Impairment provision	25%	25%	1,829/(1,829)	
Productive equity	308,206	Capitalization rate of NOI	NOI cap rate	5.48%	0.25%	2,585/(2,375)	
			Cost	% variance	92.86%	10.00%	7,110/(7,202)
			Multiple of cash flow	Cash flow multiple	6.5x	0.50x	1,714/(1,714)
			Multiple of EBITDA	EBITDA multiple	6.92x	0.50x	9,290/(9,472)
			Multiple of production	EV/boe multiple	\$43/boe/d	\$5/boe/d	546/(570)
			Multiple of revenue	EV/Revenue	4.98x	0.54x	2,458/(2,479)
			NAV/unit	% variance	100%	10%	403/(403)
			Net asset value	% variance	100%	8.00%	667/(667)
			Sum of parts	% variance	100%	10.00%	77/(77)
Non-productive equity	8,646	Capitalization rate of NOI	NOI cap rate	3.75%	0.13%	215/(-)	
			Multiple of EBITDA	EBITDA multiple	6.65xx	0.50x	559/(559)
			Sum of Parts	% variance	100%	10%	96/(96)
			Net asset value	% variance	100%	10%	-/-

boe = Barrels of oil equivalent

NAV = Net asset value

EBITDA = Earnings before interest, taxes, depreciation and amortization  
EV = Enterprise value

NOI cap rate = Net operating income capitalization rate

As at August 31, 2022

Classification	Fair value	Valuation technique	Unobservable Inputs	Weighted average input	Sensitivity +/-	Change in valuation +/-	
Productive debt	\$ 24,602	Discounted cash flow	Discounted rate	7.73%	1%	\$ 252/\$ (252)	
Non-productive debt	7,555	Estimated realizable value	Impairment provision	25%	25%	1,889/(1,889)	
Productive equity	258,546	Capitalization rate of NOI	NOI cap rate	5.25%	0.25%	2,866/(2,590)	
			Cost	% variance	91.67%	10.00%	3,347/(3,347)
			Multiple of cash flow	Cash flow multiple	5.40x	0.50x	840(840)
			Multiple of EBITDA	EBITDA multiple	5.89x	0.50x	10,494/(10,079)
			Multiple of production	EV/Revenue	\$43/boe/d	\$5/boe/d	501/(501)
			Multiple of revenue	EV/Revenue	5.26x	0.53x	2,816/(2,807)
			NAV/unit	% variance	100%	10%	403/(403)
			Net asset value	% variance	97%	8.00%	529/(530)
			Non-productive equity	9,629	Capitalization rate of NOI	NOI cap rate	3.75%
Multiple of 1P reserves	EV/boe multiple	\$.004/boe				\$.0005/boe	15/(15)
Multiple of EBITDA	EBITDA multiple	5.27x				0.50x	559/(559)
Multiple of production	EV/boe multiple	\$37/boe/d				\$5/boe/d	84/(84)
Net asset value	% variance	100%				10%	-/(16)

boe = Barrels of oil equivalent

NAV = Net asset value

EBITDA = Earnings before interest, taxes, depreciation and amortization  
EV = Enterprise value

NOI cap rate = Net operating income capitalization rate

As at February 28, 2023 and for the Six-Month Period ended February 28, 2023 • (in thousands of dollars except number of shares and per share amounts)

## Class R

As at February 28, 2023

Classification	Fair value	Valuation technique	Unobservable Inputs	Weighted average input	Sensitivity +/-	Change in valuation +/-	
Productive equity	\$50,446	Cost	% variance	100%	10%	\$7/\$(7)	
			Multiple of production	EV/boe multiple	\$43/boe/d	\$5/boe/d	546/(570)
			Multiple of cash flow	Cash flow multiple	6.5x	0.50x	2,672/(2,672)
			Multiple of EBITDA	EBITDA multiple	10.00x	0.50x	625/(625)
Non-productive equity	1,532	Sum of Parts	%variance	\$37/boe/d	10%	123/(123)	
			Multiple of EBITDA	EBITDA multiple	6.65x	0.50x	12/(12)
			Multiple of TBV	P/TBV multiple	0.10x	0.10x	48/(48)

boe = Barrels of oil equivalent

EBITDA = Earnings before interest, taxes, depreciation and amortization

EV = Enterprise value

TBV = Tangible book value

As at August 31, 2022

Classification	Fair value	Valuation technique	Unobservable Inputs	Weighted average input	Sensitivity +/-	Change in valuation +/-	
Productive equity	\$47,572	Cost	% variance	100%	10%	\$7/\$(7)	
			Multiple of production	EV/boe multiple	\$38/boe/d	\$5/boe/d	438/(439)
			Multiple of cash flow	Cash flow multiple	10.30x	0.50x	3,181/(3,181)
			Multiple of EBITDA	EBITDA multiple	6.65x	0.50x	13/(13)
Non-productive equity	1,901	Multiple of 1P reserves	EV/boe multiple	\$.004/boe	\$.0005/boe	31/(31)	
			Multiple of production	EV/boe multiple	\$37/boe/d	\$5/boe/d	61/(61)
			Multiple of EBITDA	EBITDA multiple	6.65x	0.50x	12/(12)
		Multiple of TBV	P/TBV multiple	0.30 x	0.10x	48/(48)	

boe = Barrels of oil equivalent

EBITDA = Earnings before interest, taxes, depreciation and amortization

EV = Enterprise value

TBV = Tangible book value

## 5. Venture investments

Venture investments are comprised of the following:

	2023		August 31, 2022	
	Class A	Class R	Class A	Class R
Equity instruments at cost	\$ 208,830	\$ 20,190	\$ 172,923	\$ 25,040
Debt instruments at cost	34,819	-	35,277	-
<b>Venture investments at cost</b>	<b>243,649</b>	<b>20,190</b>	<b>208,200</b>	<b>25,040</b>
Unrealized appreciation	108,203	37,472	100,064	37,568
<b>Venture investments at fair value</b>	<b>\$ 351,852</b>	<b>\$ 57,662</b>	<b>\$ 308,264</b>	<b>\$ 62,608</b>

During the year, venture investments changed as follows:

	2023		August 31, 2022	
	Class A	Class R	Class A	Class R
Venture investments at fair value, beginning	\$ 308,264	\$ 62,608	\$ 263,933	\$ 46,360
Venture investments purchased	42,085	258	39,482	4,459
Venture investments repaid	(3,915)	(3,892)	(28,415)	(14,706)
Net increase in unrealized appreciation of venture investments	5,418	(1,312)	33,264	26,495
<b>Venture investments at fair value, ending</b>	<b>\$ 351,852</b>	<b>\$ 57,662</b>	<b>\$ 308,264</b>	<b>\$ 62,608</b>

## 6. Loan receivable

For the period beginning February 1, 2004, and ending December 31, 2021, the Fund engaged Conexus Credit Union to pay base commissions on the sale of shares and for the period beginning February 1, 2004, and ending December 31, 2020, pay additional commissions on the sale of shares. The Fund invested sufficient money in Conexus in the form of non-interest-bearing promissory notes to enable it to pay these commissions.

The loan receivable balance is subject to a maximum total limit of \$18,550 (August 31, 2022 - \$18,550) and consists of seven non-interest-bearing promissory notes each repayable in eight equal annual instalments, based on the balance of the note on December 31 of the year issued, beginning January 10 of the year following issuance.

Loan receivable at February 28 is comprised of the following:

Note issued	Instalment	2023		August 31, 2022	
		Class A	Class R	Class A	Class R
January 1, 2015	\$ 318	\$ 265	\$ 53	\$ 265	\$ 53
January 1, 2016	319	537	101	537	101
January 1, 2017	324	851	122	851	122
January 1, 2018	335	1,248	94	1,248	94
January 1, 2019	314	1,484	85	1,484	85
January 1, 2020	234	1,348	59	1,348	59
January 1, 2021	302	2,059	58	2,059	58
		<b>\$ 7,792</b>	<b>\$ 572</b>	<b>\$ 7,792</b>	<b>\$ 572</b>

As remuneration to Conexus for managing the payment of commissions, the Fund agreed to pay a service fee equal to an annual percentage-based payment of 0.75% (0.875% prior to January 1, 2021) of the gross proceeds raised in any calendar year, until December 31, 2021, on the sale of Class A Series A and Class R Series A shares and 0% (0.125% prior to January 1, 2021) of the gross proceeds raised in any calendar year, until December 31, 2021, on the sale of Class A Series F and Class R Series F shares over eight consecutive years.

## 7. Share capital and net assets

Subscription proceeds from the issuance of Class A and Class R shares will be used to make eligible venture investments of that respective class of shares. Venture investments made by each class of shares are held only within that class of shares. Income or losses attributable to a particular venture investment are allocated only to the specific class of shares within which the venture investment is held.

Net asset value per redeemable share for each series is calculated at the end of each week by dividing the net asset value of each series by its redeemable shares outstanding. The net asset value of each series of a class is computed by calculating the value of the series-specific assets and series' proportionate share of the class's common assets less the series-specific liabilities and the series' proportionate share of the class's common liabilities. Income and expenses directly attributable to a series are credited to that series while common class income and expenses and realized and unrealized gains and losses are allocated to each series. A proportionate share of or allocation to each series of a class is based on that series' pro rata share of the total share capital of that class as at the latest available weekly net asset valuation.

Venture investments and share subscription activity have a separate accounting such that the net assets attributable to each of the Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F shares are reflected individually in these financial statements.

Class A and Class R redeemable shares have, in all material respects, the same rights, redemption features, tax credit eligibility, and attributes except for the following:

- The net proceeds from the issuance of Class A redeemable shares will be invested in Saskatchewan eligible businesses in a broad section of the economy whereas the net proceeds from the issuance of Class R redeemable shares will be invested in Saskatchewan eligible businesses in the energy and mining sectors.
- Class A Series A and Class R Series A redeemable shares have sales and trailer commissions associated with them, Class A Series B and Class R Series B have a trailer commission associated with them, and Class A Series F and Class R Series F redeemable shares do not have a sales or trailer commission.
- A separate net asset value is calculated for each of the Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F redeemable shares. The holders of Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F redeemable shares have recourse only to the net assets attributable to the capital raised through the issuance of Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F redeemable shares, respectively.

The authorized share capital of the Fund is:

**Class A and Class R** – Unlimited number of Class A and Class R redeemable shares. The redeemable shares are voting, entitled to receive non-cumulative dividends at the discretion of the directors, entitled to elect all those directors who are not elected by the holder of the Class B shares and have restrictions on redemption. Such restrictions include a provision that the Fund is not required to redeem Class A or Class R shares if total redemptions in the fiscal year exceed 50% of the Class A Series A, Class A Series B, Class A Series F, Class A Series A, Class R Series B, or Class R Series F shares' net earnings after tax for the previous fiscal year. In the event of a redemption before the eighth anniversary of issue, the Fund is required to withhold and remit to the applicable authorities an amount equal to the Federal tax credit and Saskatchewan tax credit, if any, on the Class A or Class R redeemable shares.

**Class B** – 10 Class B shares. Issuable only to the sponsor of the Fund. The shares are voting, redeemable at the purchase price and entitled to elect a simple majority of the directors of the Fund, including replacing or removing any directors elected by the sponsor.

**Class C** – Unlimited number of Class C shares. The shares are issuable in series with rights, privileges, restrictions and conditions subject to directors' resolution. No Class C shares have been issued.

Issued share capital at the end of the period is:

	2023		August 31, 2022	
	Shares	\$	Shares	\$
<b>Class A Series A</b>				
Balance, beginning	15,765,271	282,182	16,739,497	286,695
Issued	(217)	(5)	1,180,014	27,027
Redeemed (at cost)	(1,339,075)	(19,993)	(2,154,240)	(31,540)
Balance, ending	<b>14,425,979</b>	<b>262,184</b>	<b>15,765,271</b>	<b>282,182</b>
<b>Class A Series B</b>				
Balance, beginning	165,292	4,030	-	-
Issued	838,335	21,333	165,679	4,039
Redeemed (at cost)	(805)	(20)	(387)	(9)
Balance, ending	<b>1,002,821</b>	<b>25,343</b>	<b>165,292</b>	<b>4,030</b>
<b>Class A Series F</b>				
Balance, beginning	681,319	14,801	565,649	11,718
Issued	123,646	3,536	122,669	3,225
Redeemed (at cost)	(1,619)	(35)	(6,999)	(142)
Balance, ending	<b>803,346</b>	<b>18,302</b>	<b>681,319</b>	<b>14,801</b>
<b>Class R Series A</b>				
Balance, beginning	2,923,856	38,023	3,477,145	45,790
Issued	-	-	56,938	881
Redeemed (at cost)	(308,096)	(4,356)	(610,227)	(8,648)
Balance, ending	<b>2,615,760</b>	<b>33,667</b>	<b>2,923,856</b>	<b>38,023</b>
<b>Class R Series B</b>				
Balance, beginning	9,694	203	-	-
Issued	50,164	1,161	9,694	203
Redeemed (at cost)	-	-	-	-
Balance, ending	<b>59,858</b>	<b>1,364</b>	<b>9,694</b>	<b>203</b>
<b>Class R Series F</b>				
Balance, beginning	18,436	230	16,117	191
Issued	7,042	151	2,324	40
Redeemed (at cost)	(2)	-	(5)	(1)
Balance, ending	<b>25,476</b>	<b>381</b>	<b>18,436</b>	<b>230</b>
<b>Class B</b>				
Balance, ending	10	1	10	1

At the end of the period, the net assets attributable to the holders of the Fund's Class A shares consists of:

	2023			August 31, 2022		
	Share Capital	Retained Earnings	Net Assets	Share Capital	Retained Earnings	Net Assets
Class A Series A	\$ 262,184	\$ 98,726	\$ 360,910	\$ 282,182	\$ 104,410	\$ 386,592
Class A Series B	25,343	696	26,039	4,030	186	4,216
Class A Series F	18,302	4,994	23,296	14,801	4,563	19,364
	<b>\$ 305,829</b>	<b>\$ 104,416</b>	<b>\$ 410,245</b>	<b>\$ 301,013</b>	<b>\$ 109,159</b>	<b>\$ 410,172</b>

At the end of the period, the net assets attributable to the holders of the Fund's Class R shares consists of:

	2023			August 31, 2022		
	Share Capital	Retained Earnings	Net Assets	Share Capital	Retained Earnings	Net Assets
Class R Series A	\$ 41,491	\$ 14,652	\$ 56,143	\$ 38,023	\$ 23,589	\$ 61,612
Class R Series B	1,364	50	1,414	203	22	225
Class R Series F	381	174	555	230	164	394
	<b>\$ 43,236</b>	<b>\$ 14,876</b>	<b>\$ 58,112</b>	<b>\$ 38,456</b>	<b>\$ 23,775</b>	<b>\$ 62,231</b>

The value of redeemed shares is treated as a reduction of share capital and adjustment to retained earnings or deficit. The original cost of the shares redeemed is a reduction of share capital. The difference between redemption value and original cost of the shares is treated as either a decrease to retained earnings or increase to deficit, if redemption value exceeds original cost, or an increase to retained earnings or decrease to deficit, if redemption value is less than original cost.

#### 8. Related party transactions

The Fund has retained the Manager as the fund manager to manage and administer the business affairs of the Fund, including, among other duties, the management of the Fund's eligible venture investments and short-term and long-term investments and determining the fair value of the Fund's venture investment portfolio. The officers of the Fund are the principals of the Manager and shareholders in the Fund.

The Manager receives an annual management fee, calculated and payable monthly in arrears, equal to 2.5% of the aggregate net assets attributable to holders of redeemable shares of the Class A and Class R redeemable shares, as at each weekly valuation date.

With respect to Class A redeemable shares \$5,114 (2022 - \$4,879) in management fees, plus applicable taxes, was earned, pursuant to the management agreement, by the Fund Manager.

With respect to Class R redeemable shares \$756 (2022 - \$608) in management fees, plus applicable taxes, was earned, pursuant to the management agreement, by the Fund Manager.

IPA is a provision for fees payable to the Manager and is based on the realized/unrealized gains and income earned from eligible venture investments and is payable annually only upon disposition of an eligible venture investment. Before any IPA is paid on the realization of an eligible venture investment, the Fund must have:

- earned sufficient income, on all eligible venture investments, to generate a rate of return, before expenses, greater than the five-year average GIC rate plus 1% on an annualized basis. The income on eligible venture investments includes investment gains and losses (realized and unrealized) earned and incurred since the inception of the Fund, and negotiation fees, interest, dividends, royalties, distributions and earnings of any other kind from eligible venture investments;
- earned sufficient income from the eligible venture investment to provide a cumulative investment return, before expenses, at an average annual rate in excess of 10% since investment; and
- fully recouped an amount from the eligible venture investment, through income earned, liquidation of the investment, or otherwise, equal to or greater than the entire principal invested in the eligible investee.

Subject to satisfying all the above conditions, the IPA is equal to 20% of the return derived from the eligible venture investment.

For Class A redeemable shares \$3,366 (2022 - \$13,727), plus applicable taxes, of IPA was paid to the Fund Manager.

For Class R redeemable shares \$nil (2022 - \$nil), plus applicable taxes, of IPA was paid to the Fund Manager.

For Class A redeemable shares, the accrued provision for IPA is \$37,893 (August 31, 2022 - \$42,668), a decrease of \$4,775 (2022 – decrease \$6,360). During the period payments of IPA were \$3,534 (2022 - \$14,413) and in respect of realized and unrealized gains, the provision for IPA increased by \$3,662 (2022– \$7,869) and in respect of income earned, the provision for IPA increased by \$210 (2022 – \$184).

For Class R redeemable shares, the accrued provision for IPA is \$11,498 (August 31, 2022 - \$13,234), a decrease of \$1,736 (2022 – increase \$3,776). There were \$nil (2022 - \$nil) payments of IPA in the period. In respect of realized and unrealized gains, the provision for IPA increased by \$746 (2022 – \$3,776) and in respect of income earned, the provision for IPA increased by \$nil (2022 - \$nil) during the period.

Other amounts and transactions due to (from) related parties are described separately in these financial statements.

These transactions are in the normal course of operations and have been valued in these financial statements at the exchange amount which is the amount of consideration established and agreed to by the related parties.

#### 9. Net change in balances other than cash and investments

	2023		2022	
	Class A	Class R	Class A	Class R
Loan receivable	\$ -	\$ -	\$ 1,281	\$ 236
Accounts receivable and accrued income	(208)	-	229	-
Accrued provision for incentive participation amount	(4,775)	(1,736)	(6,360)	3,776
Accounts payable and accrued liabilities	794	82	(1,068)	(122)
	<u>\$ (4,189)</u>	<u>\$ (1,654)</u>	<u>\$ (5,918)</u>	<u>\$ 3,890</u>

#### 10. Risks associated with financial instruments

The Fund's financial instruments consist primarily of cash, accounts receivable and accrued income, loan receivable, short-term and long-term investments, venture investments, accrued provision for incentive participation amount, and accounts payable and accrued liabilities. Short-term and long-term investments consist of term deposits. Venture investments in public and private companies consist of equity and debt instruments. The Fund focuses on investing in eligible

Saskatchewan businesses with emphasis on expansion financing, management buyouts, restructurings, turnarounds, and early-stage investments. There is no assurance that the Fund will be able to find enough suitable investment opportunities and the Fund may face competition from other funds and investors.

There is no guarantee that an investment in shares of the Fund will earn a specified rate of return or any return in the short or long term. The shares are not eligible for resale and are subject to redemption restrictions resulting in a longer commitment than for freely tradable securities.

SaskWorks' primary business is the raising of capital from Saskatchewan residents and placing these funds in new and expanding Saskatchewan businesses. This entails exposure to market risk, credit risk, interest rate risk and liquidity risk. These risk factors may impact upon SaskWorks' ability to redeem its Class A and Class R redeemable shares when required.

##### Market Risk

The market risk faced by SaskWorks is the risk that the fair value of its venture investments may decline due to a reduction in the anticipated earnings generated by the businesses in which SaskWorks invests or a decrease in the quoted market share price of publicly traded venture investments held by SaskWorks. Class A redeemable shares invest in a diversified portfolio of companies in various sectors of the economy while Class R redeemable shares invest in the oil & gas sector. Some of the companies in which SaskWorks invests are dependent upon a single product or industry. SaskWorks manages these risks through careful due diligence prior to committing funds to the investment, ensuring that the overall portfolio is properly diversified across various industry sectors, and investing no more than 10% of the Class A redeemable shares and Class R redeemable shares total net assets attributable to holders of redeemable shares in any one eligible business.

The Fund's venture investments in publicly traded companies are companies which were private when the Fund made its initial investment, and which became publicly traded shares through initial public offerings, reverse takeovers, or acquisitions by public companies. The fair values of these venture investments in publicly traded companies are based on movements in the stock market and to the success or failure of the companies. In some circumstances, it may prove difficult for the Fund to quickly liquidate investments in restricted or thinly traded publicly traded securities without unduly affecting the market prices of those securities. For these publicly traded companies, the Fund attempts to limit its exposure to fluctuations in market prices through managing the sales of these shares on the open market.

##### Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Most of the credit

risk to which the Fund is exposed arises from cash, long-term and short-term investments, and venture investments in debt securities, including accrued interest receivable on venture investment debt securities.

The majority of cash on deposit is held in Saskatchewan credit unions. These deposits are 100% guaranteed by the Credit Union Deposit Guarantee Corporation of Saskatchewan through the issuing credit union. Cash not held on deposit at credit unions is held at a Schedule A Canadian chartered bank.

The principal and interest associated with the Fund's long-term and short-term investments are 100% guaranteed by the Credit Union Deposit Guarantee Corporation of Saskatchewan through the issuing credit union.

SaskWorks conducts a thorough due diligence process prior to committing to the venture investment and actively monitors the financial health of its investments on an on-going basis. Changes in commodity prices and foreign currency exchange rates may significantly affect the financial position of investee companies. SaskWorks manages credit risk by diversifying its investments among industries. Although all investee companies are based primarily in Saskatchewan, most of the companies have significant sales in other provinces and/or international markets thereby mitigating most of the economic risks specific to Saskatchewan.

The maturity of each debt investment is disclosed in the respective share class Statement of Investment Portfolio. Such debt investments represent the main concentration of credit risk for the respective share class and, accordingly, represent the maximum credit risk exposure of the respective share class.

##### Interest Rate Risk

Interest rate risk reflects the risk that SaskWorks' earnings will be affected by fluctuations in interest rates. SaskWorks primary interest rate risk relates to the investment of cash in short-term investments, long-term investments, and venture investment debt instruments.

Based on average cash balances and holdings of long-term and short-term investments held during the period, a 1% increase/decrease in interest rates (with all other variables held constant) would have resulted in an increase/decrease in net assets of \$523 (2022 - \$710) with respect to Class A shares. The effective of a change in interest rates on venture debt investments is detailed in Note 4.

Based on average cash balances and holdings of long-term and short-term investments held during the period, a 1% increase/decrease in interest rates (with all other variables held constant) would have resulted in an increase/decrease in net assets of \$46 (2022 - \$45) with respect to Class R shares. The effective of a change in interest rates on venture debt investments is detailed in Note 4.

SaskWorks manages the risk of interest rate changes by matching the duration of short-term investments, long-term investments, and venture debt investments to known liquidity requirements.

##### Liquidity Risk

Liquidity risk is the risk that SaskWorks will encounter difficulty in liquidating its venture investments at an amount close to fair value at the time it requires liquidity to satisfy requests by holders of Class A and Class R shares for redemption. There is no assurance that any venture investment will be able to successfully complete its business plan or sustain operations over the short term or an extended period. The Fund manages liquidity risk by becoming, if necessary, actively involved in their venture investments and continually monitoring the value of their investments. In the event of difficulty in liquidating its venture investments, SaskWorks may be required to delay the redemption of Class A and/or Class R shares tendered for redemption.

The financial liabilities of the Fund mature in less than one year except for accrued provision for incentive participation amount. The maturity of accrued provision for incentive participation amount is uncertain and is dependent upon realization of venture investments.

**11. Restrictions**

Under the Act:

- Eligible businesses for the Fund are investments in businesses, defined as taxable corporations or limited partnerships that carry on business in Saskatchewan, that together with related corporations or limited partnerships, do not have more than 500 employees, and that in the taxation year preceding the investment, paid at least 25% of all their wages and salaries to employees of their permanent establishment in Saskatchewan;
- An amount equal to the tax credits paid by the Saskatchewan government, being 17.5% of the capital raised by the sale and issuance of Class A and Class R shares to Saskatchewan residents, must be set aside until the Fund has met its pacing requirement. In 2023 and 2022 the Fund met the investment pacing requirement throughout the period;
- Direct investments in public companies with a market capitalization of \$500,000 or more are prohibited. If an investment is acquired through acquisitions or mergers and the resulting investment has over \$500,000 in capitalization, such investment must be disposed of within five years from the end of the fiscal year of the Fund of such acquisition or merger;
- New investment in agricultural land acquired primarily for rental or leasing purposes is prohibited; and
- The Fund is required to maintain a level of innovation sector investment exposure of 25% of annual net capitalization defined as annual capital raised within the Fund less annual capital redeemed, multiplied by the Fund's 75% pacing requirement. The Fund did meet its innovation pacing requirement on February 28, 2023 and August 31, 2022. If the fund does not meet its innovation pacing requirement any new investments will not count towards the Fund's overall 75% pacing requirement until the Fund is onside with the innovation pacing requirement.

The Fund may not invest more than 10% of the Class A and Class R redeemable shares' total net assets attributable to holders of redeemable shares in any one eligible business and may not invest in an eligible business if the Fund and the eligible business are not at arm's length.

Class A and Class R redeemable shares issued by the Fund can be redeemed at the option of the holder after a specific hold period, or earlier in limited circumstances.

As part of its banking relationship with Conexus Credit Union, the Fund is required to maintain a minimum of \$18,550 (August 31, 2022 - \$18,550) on deposit.

The Fund is in compliance with all the above restrictions.

**12. Income taxes**

Under the Income Tax Act (Canada), no income taxes are payable by the Fund on dividends received from Canadian corporations, and income taxes payable on capital gains will be fully refundable on a formula basis when Class A or Class R redeemable shares of the Fund are redeemed, or capital gains dividends are paid or deemed to be paid by the Fund to its Class A or Class R shareholders. Income taxes payable on investment income are partially refundable upon the payment or deemed payment of taxable dividends.

The Fund's Class A and Class R redeemable shares record the refundable portion of their income taxes as an asset, as they intend to recover all of the refundable income taxes through the deemed payment of a dividend by capitalizing the appropriate amount of its income or realized capital gains pro-rata to the stated capital account for its Class A or Class R redeemable shares. If the Fund increases the stated capital of the Class A or Class R redeemable shares, the holder of the Class A or Class R redeemable shares will be deemed to have received a dividend or a realized capital gain and the adjusted cost base of the shareholders' Class A or Class R redeemable shares will be increased by the amount of any deemed dividend.

The Fund's Class A and Class R redeemable shares have estimated non-capital losses that may be carried forward and used to reduce taxable income in future years. These losses, if not utilized, expire as follows:

	Class A	Class R
2034	\$ -	\$ 2,411
2035	-	7,234
2036	-	7,728
2039	3,208	7,085
2040	11,842	1,966
2041	3,004	2,720
	<u>\$ 18,054</u>	<u>\$ 29,144</u>

The potential income tax benefit of these losses has not been recognized in the financial statements.

**13. Non-monetary transactions**

The Fund, as part of regular purchases and dispositions of venture investments, will at times receive non-monetary consideration on the disposition of some venture investments. The non-monetary consideration can be debt instruments, shares in a publicly traded company, shares in a private company, or, on occasion, a combination of them. Nonmonetary transactions are measured at the fair value of the asset received unless the fair value of the item given up is more clearly measurable. During the period the following non-monetary transactions occurred:

	2023		August 31, 2022	
	Class A	Class R	Class A	Class R
Non-monetary purchases of ventures investments	\$ (577)	\$ (258)	\$ (3,548)	\$ (4,459)
Non-monetary repayments on disposition of venture investments	577	258	3,254	4,459

**14. Commitments**

The Fund has committed to advance \$19,155 (2022 - \$43,623) of additional financing to existing Class A investees, to fund, for example, working capital requirements or suitable acquisition opportunities.

The Fund has committed to advance \$nil (2022 - \$nil) of additional financing to Class R existing investees, to fund, for example, working capital requirements or suitable acquisition opportunities.

As described in Note 6, the Fund has committed to pay Conexus, subject to the performance of certain duties, a \$2,300 average annual service fee based on past subscriptions to the Fund.

**15. Capital management**

Share capital is the source of capital for the Fund. The Province of Saskatchewan has authorized the Fund to issue up to \$35,000 (2022 - \$35,000) of share capital during the period from April 1, 2023 to March 31, 2024 and annually thereafter.

The Fund's capital management objectives are to enhance the net assets of the Fund through managing its funds to maximize cash flows from investments and for sufficient liquidity to:

- fund venture investments in new eligible companies and follow-on investments in existing companies;
- meet the annual investment obligations required in The Labour-sponsored Venture Capital Corporations Act (Saskatchewan);
- fund the redemption of shares requested by shareholders; and
- fund ongoing operations.

The Fund actively monitors the cash position and financial performance of the Fund to ensure there are sufficient resources to meet venture investment requirements and shareholder redemptions. However, in the event of insufficient resources, SaskWorks may be required to delay the redemption of Class A Series A, Class A Series B, Class A Series F, Class R Series A, Class R Series B, and Class R Series F redeemable shares.

There were no changes in capital management policies during the period.

**16. Net assets of the Fund**

In 2022 and 2021, the Fund's auditors, MNP LLP, Chartered Professional Accountants, as an integral part of their audit procedures, reviewed the fair value of the Fund's portfolio in the aggregate, as presented in the Statements of Investment Portfolio, to determine that such fair value is, in all material respects, reasonable. The auditors employ a Chartered Business Valuator as a member of the audit team.

# CORPORATE INFORMATION

## DIRECTORS

Brent Banda  
*Chair*

Dave Meyers<sup>3</sup>  
*Vice-Chair*

Ron Carlson<sup>2,3</sup>

Jan McLellan Folk<sup>1,3</sup>

Doug Frondall<sup>1,2</sup>

Nicole Hudec

Daryl Schwartz<sup>2</sup>

Kevin Stangeland<sup>1,2</sup>

Kathy Zwick<sup>3</sup>

<sup>1</sup> Audit/Valuation Committee

<sup>2</sup> Investment Committee

<sup>3</sup> Governance and Nominating  
Committee

## OFFICERS

Randy Beattie  
*President*

Rob Duguid  
*Chief Executive Officer, Chief Financial  
Officer & Corporate Secretary*

Jeff Linner  
*Chief Investment Officer*

Mike Merth  
*Chief Compliance Officer*

Jason Moser  
*Vice President*

Johanna Salloum  
*Vice President*

## AGENT

iA Private Wealth Inc.  
*Saskatoon, Saskatchewan*

## AUDITORS

MNP LLP  
*Regina, Saskatchewan*

## LEGAL COUNSEL

MLT Aikins LLP  
*Regina, Saskatchewan*

## REGISTRAR & TRANSFER AGENT

Prometa Fund Support Services Inc.  
*Winnipeg, Manitoba*

## CUSTODIAN

Concentra Trust  
*Saskatoon, Saskatchewan*

## SPONSOR



SaskWorks Federation  
of Unions  
*Regina, Saskatchewan*

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