ANNUAL REPORT

2024

FRESHWATER FISH MARKETING CORPORATION

Table of Contents

Letter from the Chair of the Board

The Honourable Diane Lebouthillier
Minister of Fisheries, Oceans and the Canadian Coast Guard

Dear Minister:

We are pleased to submit Freshwater Fish Marketing Corporation's (FFMC's) Annual Report in accordance with Section 150 of the *Financial Administration Act*. The Annual Report includes audited financial statements for the fiscal year ending April 30, 2024.

Over the past year, geopolitical, economic and environmental forces continued to impact the Corporation's operations, its financial performance and the livelihoods of its stakeholders.

On behalf of the Board of Directors, I would like to thank FFMC's employees, commercial fish harvesters who delivered fish to the Corporation and customers who purchased FFMC's quality products for their engagement and support during the year. I would also like to extend my gratitude to FFMC's Board of Directors. Their unwavering commitment, expertise and diverse perspectives are invaluable. Their strategic guidance and forward-thinking approach are instrumental in navigating the complexities of Canada's inland freshwater fishery and the important role FFMC plays in the industry.

Respect fully submitted on behalf of the Board of Directors,

Kevin Stringer
Chair of the Board

President's Message

This year FFMC celebrates a milestone, its 55th year as a market leader of Canadian premium-quality freshwater fish products from Lake to Plate®. Since 1969, FFMC has endeavoured to meet its legislated mandate to maximize long-term returns to commercial fish harvesters by securing supply, creating an orderly market, promoting international markets, and increasing trade in freshwater fish. Nonetheless, while FFMC has long played an important role in Canada's freshwater fish industry, since the withdrawal of successive jurisdictions from the *Freshwater Fish Marketing Act*, conditions in our industry have substantially changed.

In November 2023, the Government of Canada announced plans to proceed with the Corporation's divestiture through an open, transparent, and competitive process that will help ensure that FFMC is competitive in today's open market and continues to meet the needs of commercial fish harvesters into the future. Considerations for the competitive process will aim to engage partners and stakeholders, promote reconciliation with Indigenous Peoples and encourage market access for rural and remote commercial fish harvesters. The Government of Canada initiated the competitive process with a solicitation of interest process in winter 2024, which is expected to be followed by a request for proposals process later in 2024.

FFMC's 2024 financial performance was impacted by lower sales margins resulting from price promotions to develop new sales opportunities as well as competitive market pricing to retain existing customers. Higher operating costs were associated with extreme fluctuation in fish deliveries, new product development and agency operations. Challenges to FFMC's cash flows were adversely affected by necessary capital investments of $5.3 million during the year. Since FFMC's transformation began in 2017, difficult economic conditions and intensifying competition in the industry from lower fish deliveries and processing volumes have affected financial and operating results. Consequently, the Corporation is projecting decreased longer-term cash flows and financial results in its 2025 to 2029 Corporate Plan that has been approved by the Government of Canada. Accordingly, during the year FFMC recognized an accounting charge of $7.9 million for impairment of its tangible and intangible assets. Overall, the Corporation experienced a total comprehensive loss of $7.2 million including the impairment charge of $7.9 million reducing retained earnings to $8.8 million.

As the Government of Canada pursues new ownership and governance for the Corporation, FFMC's more than 300 employees will continue to develop and execute the strategies and objectives necessary to propel the Corporation into the future. FFMC will continue to support our primary stakeholders - commercial fish harvesters, employees and customers. This is especially meaningful amid economic headwinds, geopolitical tensions, higher costs of living and costs of doing business, and increasingly, environmental challenges in Canada, particularly from areas where FFMC purchases fish.

Rising to these challenges, FFMC will draw upon its collective skills and resources gained over 55 years in Canada's inland freshwater fishing industry to carry the Corporation forward.

Stan Lazar
President and Chief Executive Officer

Corporate Governance

Corporate Profile

The Freshwater Fish Marketing Corporation (FFMC, the Corporation, or Freshwater) is a federal Crown corporation established in 1969 under the *Freshwater Fish Marketing Act* (*FFMA*), for the purpose of marketing and trading in fish, fish products, and fish by-products in and outside Canada. The Corporation is owned solely by the Government of Canada and must conduct its operations on a financially self-sustaining basis, without parliamentary appropriations.

The Corporation purchases all fish legally caught and offered for sale in its mandate regions, which encompass Alberta and the Northwest Territories, although Alberta closed its commercial fishery in 2014. These jurisdictions have reciprocal legislation to the *FFMA*. The Corporation also purchases fish outside its mandate regions from individual fish harvesters or commercial fish cooperatives specifically from Saskatchewan and Manitoba, which had reciprocal legislation to the *FFMA* until Saskatchewan withdrew from the *FFMA* in 2012 and Manitoba withdrew in 2017.

The Freshwater brand has been successful for over five decades because of our consistent quality, continuity of supply, industry leading product innovation and superior customer service. Whether selling to caviar markets in Scandinavia in Europe, to smoked processors in North America, to quenelle producers in France, to Kosher customers in New York City, or to the food service sector in the U.S. Midwest, FFMC's diligence and commitment to these competencies have ensured FFMC as a supplier of choice. FFMC has maintained its dominant niche position in the global seafood industry by continuing to focus on these key drivers for success.

Ensuring Effective Governance

Freshwater is committed to maintaining a strong governance framework that guides our leadership and strengthens the reputation and value that we have earned across global and domestic markets. Freshwater is committed to our legislated mandate, and to maintain the Corporation's role in the western and northern Canadian fishery for the Government of Canada.

The Board of Directors (the Board) has overall responsibility to oversee the management of the Corporation's business and affairs. In exercising its powers and performing its duties, the Board acts honestly and in good faith with a view to the best interests of the Corporation, which involves considering the interests of fish harvesters, employees, and our sole shareholder, the Government of Canada, in accordance with our governing by-laws and applicable legislation.

To fulfill its stewardship responsibilities, the Board establishes and approves Freshwater's strategic direction through a five-year Corporate Plan, and reviews and approves major strategies and goals. The Board exercises due diligence by assessing risks and opportunities, ensuring the integrity of financial results, and providing timely reports to the Government of Canada.

The Board has eight available positions and at April 30, 2024, consisted of seven Directors, including the President. As of April 30, 2024, one position was vacant. The Board and its Committees hold in camera sessions without the presence of the President. The Board of Directors met 11 times in 2024.

Two standing committees assist the Board in discharging its responsibilities: the Audit Committee and the Governance Committee. Between May 1, 2023, and April 30, 2024, these committees met a combined total of 7 times. The Board maintains FFMC's governance structure by reviewing and updating the Board and Committee mandates annually.

Board member	Term	Committee membership	Committee meeting attendance	Board meeting attendance
Karlene Debance	21-07-01 – 25-06-30	Governance	3/3	8 of 11
Thomas Colosimo	19-06-19 – 26-06-18	Governance	3/3	11 of 11
Vincent Crate	19-06-19 – 25-09-14	Audit and Risk	4/4	9 of 11
Dana Gregoire	18-06-29 – 25-12-15	Governance	3/3	10 of 11
Stanley Lazar	17-04-12 –	The CEO is not a member of any specific Committee		11 of 11
Micah Melnyk	18-06-29 – 25-12-15	Audit and Risk	4/4	11 of 11
Kevin Stringer	22-11-01 – 24-10-31	Audit and Risk	4/4	11 of 11

Governance framework

In addition to the Board, FFMC's governance framework includes two committees to guide corporate decision-making.

The Governance Committee is a committee of the Board with specific responsibility for assisting the Board in its oversight duties by evaluating and recommending to the Board corporate governance practices applicable to the Corporation. The Governance Committee also helps the Board to discharge its responsibility for ensuring that FFMC management has established appropriate policies and procedures, that they follow appropriate and best practices, respect the spirit and intent of relevant Government guidance and goals, and comply with applicable legislation. The Committee also leads the Board in its review and assessment of the Board's performance.

The Audit and Risk Committee ensures the adequacy of and has oversight for risk management, internal controls, financial reporting, the internal and external audit processes, FFMC's system of internal controls, compliance with FFMC's Foreign Exchange Hedging Policy and compliance with laws and regulations. The Audit and Risk Committee plays a key role in helping the Board fulfill its oversight responsibilities and reports the results of its activities to the Board regularly.

Board of Directors

THOMAS COLOSIMO
Hay River, Northwest Territories
Occupation: Retired Superintendent, Industry, Tourism and Investment, Government of the Northwest Territories
Served on Board: 5 years

VINCENT CRATE
Koostatak, Manitoba
Occupation: Commercial Fish Harvester
Served on Board: 5 years

KARLENE DEBANCE
Winnipeg, Manitoba
Occupation: Chief Executive Officer, Health Transformation, Southern Chiefs' Organization
Served on Board: 3 years

DANA GREGOIRE
Toronto, Ontario
Occupation: Lawyer
Served on Board: 6 years

KEVIN STRINGER
Chairperson of the Board
Ottawa, Ontario
Occupation: Retired Associate Deputy Minister, Fisheries, Oceans and the Canadian Coast Guard, Government of Canada
Served on Board: 2 years

STANLEY LAZAR
President and Chief Executive Officer
Winnipeg, Manitoba
Served on Board: 7 years

MICAH MELNYK
Ottawa, Ontario
Occupation: Consultant
Served on Board: 6 years

1 vacant position

Audit and Risk Committee

Chair: Micah Melnyk
Members: Vincent Crate, Kevin Stringer

Governance Committee

Chair: Dana Gregoire
Members: Thomas Colosimo, Karlene Debance

Corporate Officers and Senior Management

ANUMEHA BALDNER
Vice-President, Human Resources and Government Services

DAVID BERGUNDER
Vice-President, Field Operations

ROBERT BLACK
Vice-President, Sales, and Marketing

AUDREY COMTE
Vice-President, Operations

REECE DRYSTEK
Vice-President, Finance

DAWN KJARSGAARD
Director, Plant Operations

STANLEY LAZAR
President and Chief Executive Officer

To see Board of Director and Senior Leadership Team biographies, please go to:
https://www.freshwaterfish.com/leadership/

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) provides a narrative outlining the financial results and operating performance for the year ending April 30, 2024, for the Freshwater Fish Marketing Corporation (FFMC). This discussion should be read with the audited financial statements and accompanying notes for the fiscal year ending April 30, 2024, which were prepared in accordance with International Financial Reporting Standards (IFRSs). The information presented in this MD&A is current to July 25, 2024, unless otherwise noted.

Management is responsible for the information presented in the annual report and this MD&A. The Board of Directors approved the content of this MD&A and the audited financial statements on July 25, 2024.

MATERIALITY

In assessing what information to provide in this MD&A, management applies the materiality principle as guidance for disclosure. Management considers information material if its omission or misstatement could reasonably be expected to influence decisions that the primary users make based on the financial information included in this MD&A.

FORWARD-LOOKING STATEMENTS

Readers are advised to refer to the cautionary language included at the end of this MD&A when reading any forward-looking statements.

EXECUTIVE SUMMARY

FFMC's international reach extends through both food service and retail marketing channels. FFMC is one of the world's largest and most consistent suppliers of wild-caught walleye, lake whitefish, mullet, and northern pike. FFMC provides western and northern Canadian commercial fish harvesters access to global customers as a brand leader in several foreign markets.

FFMC's stringent handling, transportation, and processing standards ensure all fish products meet regulatory requirements. FFMC works closely with the Canadian Food Inspection Agency to ensure its supply chain meets federal and customer requirements for food safety and quality.

Commercial fishing is often one of the few primary economic opportunities available to residents in the many remote and northern communities FFMC serves. In many communities where FFMC operates delivery points, the fishery is the main opportunity for economic development. FFMC's presence fosters independent business ownership and increases employment in rural and remote regions of Canada.

Canadian freshwater fish, by virtue of the lakes from where the fish are caught, are an abundant and healthy resource. All species are wild caught from pristine lakes in northern and western Canada. FFMC works with and supports regulators and governments to help monitor and contribute to maintaining long-term sustainable fish populations.

Canada's commercial inland fishery and FFMC have contributed to the economic prosperity of many fishing communities in western and northern Canada for over half a century. While FFMC has played a far-reaching role in the commercial inland fishery, conditions in the industry have changed. In 2011, the Province of Ontario withdrew from the *Freshwater Fish Marketing Act (FFMA)*, followed by Saskatchewan in 2012 and Manitoba in 2017. These provinces no longer require fish harvesters within their jurisdictions to supply their fish to FFMC. This has created an open-market supply environment for fish.

In November 2023, the Government of Canada announced plans to proceed with the Corporation's divestiture through an open, transparent, and competitive process that will help ensure that FFMC is competitive in today's open market and continues to meet the needs of commercial fish harvesters into the future. Considerations for the competitive process will aim to engage partners and stakeholders, promote reconciliation with Indigenous Peoples and encourage market access for rural and remote commercial fish harvesters. The Government of Canada initiated the competitive process with solicitation of interest process in winter 2024, which is expected to be followed by a request for proposals process later in 2024.

Further information is available at:
https://www.dfo-mpo.gc.ca/fisheries-peches/initiatives/freshwater-marketing-commercial-poisson-eau-douce-eng.html

FFMC's activities remain consistent with the Government of Canada's priorities.

Significant events

CORPORATE PLAN

On March 14, 2024, Freshwater's Board of Directors approved FFMC's 2025-2029 Corporate Plan. The Plan was submitted to the Minister of Fisheries and Oceans and the Canadian Coast Guard and has been approved by the Treasury Board.

LABOUR AGREEMENTS

In the 4th quarter, FFMC concluded its contract negotiations with Unifor representing fish processing and plant maintenance employees at the Corporation, constituting the majority of FFMC's work force. The renewed collective agreement expires in February 2027. In June 2024 FFMC renewed its collective agreement for 3 years with The Public Service Alliance of Canada (PSAC) representing power engineers at the Winnipeg processing facility.

INTENSIFYING COMPETITION FOR FISH DELIVERIES

The competitive intensity for fish supply, particularly in Manitoba, continues to grow. FFMC fish deliveries as a percentage of total provincial fish deliveries in Manitoba have declined since the open market was established. The Corporation is diligently pursuing initiatives to ensure the continuity of its fish supply.

DIVESTITURE OF THE FFMC

With the withdrawal of successive jurisdictions from the *FFMA*, since 2017 the Government of Canada has engaged with fish harvesters, communities, and industry stakeholders about the future of the FFMC. In November 2023, the Government of Canada announced plans to proceed with the Corporation's divestiture through an open, transparent, and competitive process that will help ensure that FFMC is competitive in today's open market and continues to meet the needs of commercial fish harvesters into the future. Considerations for the competitive process will aim to engage partners and stakeholders, promote reconciliation with Indigenous Peoples and encourage market access for rural and remote commercial fish harvesters. The Government of Canada initiated the competitive process with solicitation of interest process in winter 2024, which is expected to be followed by a request for proposals process later in 2024.

Further information is available at:
https://www.dfo-mpo.gc.ca/fisheries-peches/initiatives/freshwater-marketing-commercial-poisson-eau-douce-eng.html

ORGANIZATIONAL UPDATE

During the year FFMC welcomed Anumeha Baldner as the new Vice President of Human Resources and Government Services. Anumeha is a member of the Board of Directors of CPHR Manitoba and brings a diverse background of experience to the Freshwater team.

Government priorities and direction

FFMC endeavours to contribute to the Government of Canada's priorities and direction. The Board of Directors and management are responsible for complying with legislative and other authorities that govern the Corporation, including Part X of the *Financial Administration Act* and regulations, the *Freshwater Fish Marketing Act* and regulations and the by-laws and policies of FFMC. FFMC contributes to government-wide priorities in the following ways:

TRANSPARENT AND OPEN GOVERNMENT

FFMC is accountable and transparent to its shareholder and its stakeholders. The corporation adheres to legislative requirements regarding transparency and practises proactive disclosure of information on an ongoing basis. FFMC publishes on its website all annual and quarterly financial reports as well as the proactive disclosure of travel and hospitality expenses of Board members and the Senior Leadership Team.

ACCESS TO INFORMATION

As a federal Crown corporation, FFMC is subject to the *Access to Information Act (ATIA)*. The *ATIA* creates an enforceable right of access to records under the control of a government entity in accordance with the principle that government information should be available to the public. By providing access to government information, the *ATIA* serves the important public interest of enabling public debate on the conduct of government institutions, strengthening the accountability of government to its citizens.

PRIVACY

Privacy is of vital importance to Canadians and controlling the collection, use and disclosure of personal information has become a pressing issue. FFMC is subject to the *Privacy Act*, which is administered by the Office of the Privacy Commissioner of Canada. Under the *Privacy Act*, FFMC must limit the collection, use and disclosure of personal information, provide appropriate security to guard against a loss or misuse of data and provide individuals with a right of access to the personal information that FFMC holds about them. Concerns or complaints about FFMC's privacy practices or its compliance with the *Privacy Act* can be escalated to the federal government's Privacy Commissioner, who acts as an independent authority to resolve privacy problems and oversee compliance with the *Privacy Act*.

CODE OF CONDUCT AND ETHICS

Fairness, respect, and integrity are core values for FFMC. FFMC's Code of Conduct guides how employees operate and sets out the process to report violations of this code.

ACCESS FOR COMMERCIAL FISH HARVESTERS AND CANADIANS

FFMC holds an annual public meeting to share financial and operational results as well as information on the future of the Corporation. The meeting is open and accessible to the public. FFMC continues to develop a strong network in the Canadian inland fishery. Regular meetings are held with agents, co-operatives, and commercial fish harvesters to share information and develop stronger working relationships. Through e-mail distribution and FFMC's website, information is shared with commercial fish harvesters that deliver fish to the Corporation.

GENDER-BASED ANALYSIS PLUS

FFMC uses and considers GBA+ when developing policies, practices and negotiating collective agreements. Collective bargaining agreements for represented employees address gender-based biases and wage equality. Approximately 46% of FFMC employees identify as women and are paid equal wages. 51% of FFMC employees have recently immigrated to Canada bringing a diversity of cultural backgrounds. 14% of men and 3% of women employed by FFMC are Indigenous. FFMC is committed to supporting a workforce that reflects the diversity of Canada's population. This includes continuously reviewing and revising FFMC policies, practices, and behaviours to ensure the Corporation does not discriminate against individuals or groups and operates with inclusiveness.

DIVERSITY AND EMPLOYMENT EQUITY

Diversity means a rich pool of backgrounds, abilities, strengths, and schools of thought working together. As a federal Crown corporation, FFMC is committed to building a workforce that reflects the diversity of its industry and of the Canadian workforce. FFMC is a welcoming and inclusive workplace that attracts and retains talent from diverse backgrounds. FFMC's diversity strategy supports the Government of Canada's commitment to diversity, and FFMC is working toward having a workforce that reflects the diversity of the industry and communities our employees work in. FFMC's Board of Directors has two Directors who self-declare as Indigenous.

SUSTAINABLE DEVELOPMENT AND GREENING GOVERNMENT OPERATIONS

FFMC was mandated by the City of Winnipeg to install a wastewater treatment process to reduce overstrength emissions of oil, grease, phosphates, nitrogen, suspended solids, and biological oxygen demand. The process generates sludge and FFMC is pursuing an environmentally sustainable solution for disposal of the sludge. FFMC is working with industry partners on options that include field application of the sludge or using the sludge as a carbon source for existing compost digestors.

ENVIRONMENTAL AND SOCIAL GOVERNANCE REPORTING (ESG)

As a Crown corporation concerned about the future of freshwater fish stocks, FFMC understands the crucial role it plays in contributing to a viable freshwater fishing industry in Canada. FFMC is developing an ESG strategy to guide our contributions to the social and environmental issues facing Canada and the world. As part of ESG governance, FFMC's Board of Directors is providing oversight on ESG and climate strategies, performance, and disclosures. Following the policy direction included in the 2022-2023 federal budget, FFMC will implement climate related disclosures, written to the recommendations of the Financial Stability Board's Task Force on Climate-Related Financial Disclosures (TCFD) framework. In supporting the TCFD, FFMC will provide information about climate governance, risk management, strategy, metrics, and targets to measure our accountability for climate action, starting with reporting on the fiscal year 2024-2025.

CONSULTATION AND SUPPORT OF INDIGENOUS ISSUES

Supporting the social and economic inclusion of Indigenous peoples is a priority for the Corporation. FFMC's role in fostering the inland Canadian fishery includes ensuring that Indigenous communities and peoples have greater access to opportunities. Commercial fishing is often one of the few primary economic opportunities available to residents in the many remote and northern communities the Corporation serves. In many communities where Freshwater operates delivery points, the fishery is the only opportunity for economic development. FFMC's presence fosters independent business ownership and increases employment in rural and remote regions of Canada.

SAFE AND RESPECTFUL WORKSPACES

As a federal employer, FFMC has an obligation to provide a workplace that is civil, respectful, and free of harassment. FFMC is committed to providing a harassment-free workplace and endeavours to provide a work environment that is supportive of the dignity and self-esteem of every person. FFMC is also committed to providing a violence-free workplace where any act of violence is unacceptable and will not be tolerated.

Factors that may contribute to violence or harassment in the workplace that FFMC is made aware of or that are reported are dealt with or investigated. Any deliberate acts of violence and harassment in the workplace by an employee is subject to discipline.

FFMC maintains a workplace violence prevention and respectful workplace policy to ensure that employees and management understand that disciplinary action will occur for those who commit or contribute to workplace violence or harassment. Those employees subjected to violence or harassment in the workplace understand there are procedures for recourse and that assistance and counselling is available. Employees and management understand that everyone has a responsibility to report factors that may contribute to violence or harassment in the workplace and that all incidents of workplace violence and harassment must be reported.

FFMC is committed to resolving workplace violence and harassment situations to the best of our ability and, if they cannot be resolved, having a third party investigate to arrive at conclusions and recommendations for corrective action. FFMC is also committed to using the required resources to prevent and to respond to incidents of workplace violence and harassment and communicating to employees any factors contributing to workplace violence and harassment. FFMC provides support for employees affected by workplace violence and harassment and does what is practical to achieve a violence-free and harassment-free workplace.

ETHICAL AND SUSTAINABLE SUPPLY CHAINS

FFMC is committed to upholding human rights and international labour standards. FFMC has policies that ensure goods produced by forced labour do not enter Canada and that operations are not contributing to human rights abuses. FFMC has set standards and norms that suppliers and sub-contractors of goods and services apply the highest ethical and sustainability standards across their supply chains.

DIRECTIVE ON TRAVEL, HOSPITALITY, CONFERENCE AND EVENT EXPENDITURES (DTHCEE)

Freshwater complies with the current DTHCEE and ensures compliance with Bill C-58 requirements, including the proactive disclosure of appropriate travel and hospitality expenses monthly. Controls include guidance and focused training, as well as oversight activities during the processing of claims. Freshwater's travel expenditures involve supporting relationships with customers and fish harvesters. FFMC continues to ensure that travel, hospitality, conference, and event expenditures are prudently managed with probity and represent the most economic and efficient use of funds given the nature of the activity in relation to the achievement of its mandate.

The following table summarizes the travel, hospitality and conference expenditures incurred by FFMC.

(in thousands of Canadian dollars)	2024	2023	$ change	% change
Total travel and hospitality expenditures	**229**	**274**	**(45)**	**(16)**

REFOCUSING GOVERNMENT SPENDING

During the year, FFMC met the prescribed reduction in consulting, professional services and travel expenses requested by the Department of Finance as part of the government spending reductions announced in 2023.

In 2025, the Corporation is committed to meeting the required government spending reductions in operating expenses, including a reduction in consulting, professional services and travel expenses while continuing to pursue its legislated mandate.

Compliance with legislative and policy requirements

ACCESS TO INFORMATION ACT

FFMC processes requests received under the *Access to Information Act*. FFMC posts summaries of all ATIP records released on its website. The public may make an access request in writing, by calling, or by emailing the FFMC ATIP co-ordinator.

EMPLOYMENT EQUITY ACT

FFMC is committed to building a workforce that reflects the diversity of the Canadian workforce. FFMC maintains policies to ensure equitable employment opportunities are provided to all applicants. Our staffing policy ensures that recruitment and selection rules and tools are non-discriminatory and that applications are reviewed and evaluated based on objective and established criteria. FFMC is an inclusive workplace that strives to attract, hire, and retain talent from diverse backgrounds.

CONFLICT OF INTEREST ACT

FFMC ensures that Directors annually review and affirm their commitment to and compliance with the *Conflict of Interest Act*, the Guidelines for Public Office Holders, and the *Freshwater Fish Marketing Act*, as well as FFMC's Code of Conduct policy through a formal process by providing conflict of interest declarations to Members.

CANADIAN HUMAN RIGHTS ACT

FFMC conducts itself and provides experiences to its employees consistent with the expectations as set out in the *Canadian Human Rights Act*. FFMC has applicable policies such as a Code of Conduct, and policies pertaining to staffing, salary administration, violence in the workplace, harassment, and discrimination. FFMC also provides employees with a confidential means for disclosure through its Code of Conduct policy. FFMC's staffing and recruitment policies consider equal opportunity initiatives for women, Indigenous peoples, and members of visible minorities.

OFFICIAL LANGUAGES ACT

FFMC strives to meet its commitments and obligations under the *Official Languages Act* and endeavours to balance its mandate of operating on a financially self-sustaining basis with spending requirements for bilingualism and compliance with Parts IV, V, VI and VII of the legislation.

TRADE AGREEMENTS

Trade agreements continue to provide potential export opportunities for FFMC. FFMC supports the key principles that underpin the spirit of applicable trade agreements. Corporate processes and policies support FFMC's ongoing obligation to ensure compliance with applicable trade agreements including the Comprehensive Economic Trade Agreement (CETA), the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) and the Canada-United States-Mexico Agreement (CUSMA).

CANADA LABOUR CODE PART II AND THE *CANADA OCCUPATIONAL HEALTH AND SAFETY REGULATIONS*

FFMC is committed to providing a safe and healthy work environment for its employees. FFMC has a health and safety policy and comprehensive health and safety programs to identify, assess and control workplace hazards. These safety programs and practices are developed with the participation of the joint health and safety committee, management, and employees.

PAY EQUITY ACT

As mandated by the 2021 *Pay Equity Act*, employees from each bargaining unit and non-unionized employees participate in a Pay Equity Committee to address gender pay issues. The Pay Equity Committee will help develop a Pay Equity Plan that FFMC will submit to the Canadian Human Rights Commission in 2024. The overwhelming majority of FFMC's employees are represented by collective agreements that incorporate pay equity legislation. When negotiating collective agreements compliance with pay equity legislation is reviewed to ensure compliance.

GOVERNMENT PROCUREMENT OBLIGATIONS UNDER TRADE AGREEMENTS

FFMC maintains a corporate procurement policy to provide the Corporation with a flexible management framework that promotes the efficient, effective, open, fair, ethical, and transparent acquisition of goods and services while supporting its mandate and operational requirements.

ACCESSIBLE CANADA ACT (ACA)

The *ACA* which aims to make Canada a barrier-free country by January 1, 2040, came into force in July 2019. The goal of the *ACA* is to proactively identify, remove, and prevent barriers in seven priority areas: employment, the built environment, information and communication technologies, communication other than information and communication technologies, procurement of goods, services, and facilities, the design and delivery of programs and services, and transportation. Under the *ACA*, FFMC reports to the public on the Corporation's policies and practices in relation to the identification and removal of barriers by publishing our Accessibility Plans, feedback processes and progress reports on our website. FFMC has established a process for receiving and dealing with feedback regarding the implementation of its Accessibility Plan. FFMC regularly monitors and evaluates feedback to incorporate into its plans where possible.

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

Pursuant to Canada's *Fighting Against Forced Labour and Child Labour in Supply Chains Act* in effect since January 1, 2024, FFMC has submitted its annual report to the Government of Canada that sets out the measures the Corporation has taken to prevent and reduce the risk of forced labour or child labour in our operations and supply chain. The report sets out our commitment to prevent child labour, forced labour and human trafficking in all our activities.

Performance indicators

To achieve its vision and mission, its mandated objectives and to support the priorities of the Government of Canada, the Corporation establishes strategic goals and performance targets in its Corporate Plan and measures its financial and operational performance against those targets. FFMC's strategic vision is focused on five initiatives – trusted brand of choice, operational excellence, culture of performance, diversify revenue and maintain value. Progress against the Corporation's strategic initiatives are reviewed regularly with appropriate follow-up actions to meet the objectives of the strategic plan. Comprehensive monthly performance reviews with the Senior Leadership Team and quarterly performance reviews are held with the Board of Directors. Performance against commitments in the Corporate Plan are shown in the following table:

Results of operations

RETURNS TO COMMERCIAL FISH HARVESTERS

Total returns to commercial fish harvesters consisting exclusively of initial payments were $32.5 million or $3.19 per kilogram in 2024 compared to $30.7 million or $2.95 per kilogram in 2023. 2024 initial payments were 5.8% higher than 2023. Final payments to commercial fish harvesters are paid when FFMC generates available corporate cash surpluses at the end of a fiscal year. FFMC neither generated a cash surplus nor a profit in 2024. However, in paying higher initial prices to commercial fish harvesters, for the volume of fish delivered in 2024, commercial fish harvesters' revenue were higher per kilogram than at any time over the last ten years, even in years when there was a final payment.

SALES REVENUE

FFMC realized sales revenues of $72.2 million for the year ending April 30, 2024, 5% less revenue than planned and 2% less than 2023. Demand for FFMC's premium quality fish products, particularly Lake Whitefish and Walleye, were impacted by unfavourable macro-economic trends as many food service and retail customers opted for lower-priced food proteins during the year. With Lake Erie now the dominant supplier of Walleye and resurgent Lake Whitefish harvests occurring on Lakes Michigan and Superior, discounted selling prices were necessary, reducing sales revenues.

PROCESSING EXPENSES

2024 processing expenses were 3% higher than 2023, notably from higher utility rates for water usage, increased cold storage expenses and higher equipment and building maintenance costs for the aging Winnipeg processing plant. Labour efficiencies were impacted from the effects of climate change on fish stocks. Fish spawning patterns and lake health, particularly for Lake Whitefish, condensed commercial fishing seasons, affecting deliveries and subsequent plant productivity.

Performance Indicator	2024 Performance Target	2024 Actual Performance
Total comprehensive income (loss)	$(0.6) million	$(7.2) million
% return to commercial fish harvesters	45%	48.0%
Retained earnings	$16.6 million	$8.8 million
Reduce expenses	Meet FY2023/24 operating plan of $76.4 million	4% higher than plan
Sales revenue	Meet FY2023/24 sales target of $76 million	5% lower than target
Direct labour efficiency	Meet FY2023/24 direct labour efficiency targets	0.5% higher than target
Operational costs per kg	Meet targeted FY2023/24 operational costs per kg	5% higher than target
Initial payments to commercial fish harvesters	$34.3 million	$32.5 million
Delivered fish weight (round equivalent)	11.7 million kilograms	10.2 million kilograms
Employee attendance	2% improvement over FY2022/23 actual	equal to FY2022/23 actual

MARKETING AND ADMINISTRATIVE (M&A) EXPENSES

M&A expenses in 2024 were $6.8 million, 4% higher than 2023. Unplanned recruitment costs for several key positions in Human Resources and Finance as well as underestimated consulting costs early in the fiscal year accounted for most of the cost increase.

OTHER INCOME AND EXPENSES

The Corporation uses derivative financial instruments to manage financial risk and fluctuations in foreign exchange rates and interest rates. These instruments are economic hedges. The net impact from interest rates and USD/CAD currency exchange rates during the year, resulted in a net loss of $0.1 million from interest rate swaps and foreign exchange hedging.

Higher finance costs combined with higher than planned inventory levels increased working capital loan borrowing levels and related interest costs to $1.8 million during the year.

Freight revenues generated from the MV Poplar River barge that services Indigenous communities on Lake Winnipeg returned to more normal levels during the year. The Corporation is seeking damages of $5.7 million related to the explosion and fire in May of 2022 that caused significant damage to the vessel that hampered the Corporation's operations and financial performance last year.

CAPITAL EXPENDITURES

Capital expenditures to April 30, 2024, were $5.3 million. These investments represent FFMC's commitment to support the capital infrastructure required to effectively and efficiently, transport, handle and process fish throughout the supply chain. Significant capital expenditures during the year included the completion of a wastewater treatment process at FFMC's Winnipeg processing facility to reduce overstrength emissions.

IMPAIRMENT CHARGE

Since FFMC's transformation began in 2017, difficult economic conditions and intensifying competition in the industry from lower fish deliveries and processing volumes have affected financial and operating results. The Corporation is projecting decreased longer-term cashflows as a result. Accordingly, during the year FFMC recognized an impairment charge of $7.9 million on its tangible and intangible assets. Further information is available in notes 3.10 and 7.

Liquidity and capital resources

CASH FLOWS

Cash outflows from operating activities were primarily affected from increases in inventories of processed fish products.

Cash used in investing activities was $4.5 million. Most of the investment activity was for completion of the wastewater treatment facility at the Winnipeg plant.

BORROWING FACILITIES

FFMC's borrowings are composed of term demand installment debt and working capital debt. Term demand installment debt is used for investment in equipment and infrastructure at FFMC's facilities. Borrowings for working capital are necessary to meet the Corporation's short-term operating needs. Note 9 to the financial statements provide full details on FFMC's borrowing facilities.

FINANCIAL RISKS

FFMC is exposed to market risks that arise from movements in the commodity prices of fish and foreign exchange rates. Fish purchased for processing and subsequent sale in world markets is subject to price volatility. Foreign exchange risk arises from exchange rate movements on sales made by the Corporation. FFMC operates a prudent hedging program that uses financial instruments to manage its exposure to market risks.

Risks to performance

Management considers risks and opportunities at all levels of decision-making. The Corporation's performance is influenced by many factors including competitive pressures, economic conditions, volatility of fish deliveries and conditions in the markets where we sell our products. Also, as a Crown corporation governed under a legislative framework, Freshwater's performance could be impacted by changes to shareholder objectives or directions given by governing bodies. Under the guidance of the Board of Directors and the Audit and Risk Committee, the senior leadership team manages the Corporation's risk management process. It focuses on the identification and management of the key risks that could impact the achievement of Freshwater's strategic objectives. As part of its oversight process, the Board reviews Freshwater's risk profile on a quarterly basis and actively contributes to the risk management process.

Freshwater's risk management framework and practice are consistent with guidance issued by Treasury Board and subject to review by internal audit. A register of risks is maintained and updated regularly; it evolves as new risks are identified and existing ones are mitigated.

FFMC uses its risk management framework as a crucial mechanism for both mitigating the risks faced by the Corporation and identifying future opportunities. The mechanism ensures that risks are identified, assessed, managed, monitored, and reported on in a comprehensive manner. Management considers risks and opportunities at all levels of decision-making.

By systematically integrating risk management as a key process across the Corporation, FFMC strives to create value for commercial fish harvesters and to compete effectively in world markets. FFMC's major categories of risks are strategic, demand, financial, operational, people, resource supply and climate change.

As of April 30, 2024, the Corporation has identified the following key risks that could materially impact the achievement of its strategic objectives.

COMPETITION FOR FISH SUPPLY

The competitive intensity for fish supply has reached critical momentum. Total FFMC fish deliveries as a percentage of provincial fish deliveries in Manitoba have declined annually since the open market was established. FFMC has initiatives in place to recover fish deliveries lost to increasing competition, however, the growing intensity of open market competition is materially impacting the Corporation's operational and financial performance. Aggressive competitors have firmly established operations in the southern basin of Lake Winnipeg and the Corporation is seeing this expand into other parts of Manitoba. FFMC utilizes a comprehensive regional supply development plan that is updated throughout the year as competitive intelligence of the supply market and resource supply factors such as local weather, and lake and stock conditions change.

THE IMPACT OF CLIMATE CHANGE ON FISH SUPPLY

Climate change is affecting fish supply, fish deliveries and fish habitats. The effect of climate change on FFMC is expected to intensify. Climate change consequences on the fishery include lake water temperature changes, changes in species mix, adjustments to spawning patterns and timing and lengths of fishing seasons. The unpredictability of the repercussions from climate change is having social and economic consequences for commercial fish harvesters and for the Corporation. FFMC will continue to leverage its relationships with government to stress the importance of developing effective adaptation strategies that consider the economic and social consequences of climate change on the fishery.

DIVESTITURE OF THE CORPORATION

FFMC is a Crown corporation solely owned by the Government of Canada. The successive withdrawal of provinces as signatories to the *FFMA*, the shift from monopsony to an open market, and the subsequent divestiture process currently in progress regarding the transformation of the Corporation creates uncertainty. This lack of certainty may influence some of FFMC's primary stakeholders, commercial fish harvesters, employees and customers to consider alternatives to their current relationship with the Corporation.

MACRO-ECONOMIC PRESSURES AND GEOPOLITICAL TENSIONS

Global growth is set to remain challenging, with the impact of monetary policy, weak trade, and subdued business and consumer confidence continuing to impact the Corporation. The economies where FFMC conducts business continue to confront both low growth and elevated inflation, although lower than 2023 peaks. Recessionary and inflation expectations may become entrenched and unresponsive to monetary policy resulting in longer-term pressure on FFMC's profit margins. However, consumer price inflation is expected to continue to ease gradually back towards central bank targets in FFMC's sales markets by 2025, as economic pressures moderate. To mitigate the economic pressures, FFMC has planned for reduced spending on management consulting, travel, professional services and processing operations.

Geopolitical tensions remain a key source of uncertainty, particularly in the Middle East and in Eastern Europe where FFMC has customers.

FOREIGN CURRENCY EXCHANGE

A sizable portion of the Corporation's revenue is in U.S. dollars, which exposes FFMC to foreign exchange risk and fluctuations in international currency exchange rates. Freshwater utilizes a hedging strategy that covers 80% of foreign exchange exposure. Freshwater does not hedge 100% of foreign exchange exposure given the volatility of deliveries in a wild-caught fishery.

Outlook

The Freshwater Fish Marketing Corporation has played a pivotal role in meeting the unique needs of Canada's commercial inland fishery for 55 years. The Corporation's purpose remains true to its 1969 legislated mandate in its current mission statement: To maximize long term returns to commercial fish harvesters through securing supply, creating an orderly market, promoting international markets, and increasing trade in freshwater fish. Canada's commercial inland fishery and FFMC have contributed to the economic prosperity of many fishing communities in western and northern Canada for over half a century. While FFMC has played a far-reaching role in the commercial inland fishery, conditions in the industry have changed. Manitoba and Saskatchewan's withdrawal from the *FFMA*, the diversity of the biomass and sustainability of the fish resource, and changes in the marketplace, including consumer preferences, all underline the urgency for change in the Canadian inland fishery to meet the needs of those with a stake in the fishery. In November 2023, the Government of Canada announced plans to proceed with the Corporation's divestiture through an open, transparent, and competitive process that will aim to engage partners and stakeholders, promote reconciliation with Indigenous Peoples and encourage market access for rural and remote commercial fish harvesters. The Government of Canada initiated the competitive process with a solicitation of interest process in winter 2024, which is expected to be followed by a request for proposals process later in 2024.

Forward-looking statements

This annual report, including this MD&A, contains forward-looking statements that reflect management's expectations regarding Freshwater's objectives, plans and strategies. Forward-looking statements are typically identified by words or phrases such as "plans," "anticipates," "expects," "believes," "estimates," "intends" and other similar expressions. These forward-looking statements are not facts, but only estimates regarding expected performance and results of operations (assumptions). While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results are subject to several risks, uncertainties and other factors that could cause actual results to differ materially from what Freshwater expects. These risks, uncertainties and other factors include, but are not limited to, those risks and uncertainties set forth above in the Risks to Performance, as well as in note 5– Financial Instruments and Financial Risk Management to Freshwater's financial statements. To the extent Freshwater provides future-oriented financial information or a financial outlook, such as future operational and financial performance, Freshwater is providing this information for the purpose of describing future expectations. Therefore, readers are cautioned that this information may not be appropriate for any other purpose. Furthermore, future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on the assumptions and subject to the risks.

Readers are urged to consider these factors carefully when evaluating these forward-looking statements. Considering these assumptions and risks, the events predicted in these forward-looking statements may not occur. Freshwater cannot assure that projected results or events will be achieved. Accordingly, readers are cautioned not to place undue reliance on the forward-looking statements.

The forward-looking statements included in this annual report are made only as of July 25, 2024, and Freshwater does not undertake to publicly update these statements to reflect new information, future events, or changes in circumstances or for any other reason after this date. Freshwater does not undertake to publicly update these statements to reflect new information, future events, or changes in circumstances or for any other reason after this date.

Management's Responsibility for Financial Reporting

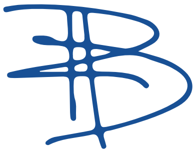
The financial statements contained in this annual report have been prepared by management of the Freshwater Fish Marketing Corporation in accordance with International Financial Reporting Standards using management's best estimates and judgments, where appropriate. The Corporation's management is responsible for the integrity and objectivity of the information in these financial statements. Management is also responsible for all other information in this annual report and for ensuring that this information is consistent with the information contained in the financial statements.

In discharging its responsibility, management has developed and maintains books of account, records, financial and management controls, information systems and management practices. These are designed to provide reasonable assurance that assets are safeguarded and controlled, financial information is relevant and reliable and that transactions of the Corporation are in accordance with Part X of the *Financial Administration Act* and regulations, the *Freshwater Fish Marketing Act* and regulations, the by-laws of the Corporation and the directives issued pursuant to section 89 of the *Financial Administration Act*.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board exercises its responsibilities through the Audit and Risk Committee. The Audit and Risk Committee meets with management, the internal auditor and the independent external auditor to discuss auditing, internal controls and other relevant financial matters. The Audit and Risk Committee meets regularly with management and the external auditor. The Board of Directors reviews and approves the financial statements and annual report on the recommendation of the Audit and Risk Committee.

The Corporation's external auditor, the Auditor General of Canada, audits the financial statements and reports thereon to the Minister responsible for the Freshwater Fish Marketing Corporation.

Stanley A. Lazar, CPA, CMA
President and Chief Executive Officer



Reece Drystek, CPA, CA
Vice President of Finance

Winnipeg, Canada
July 25, 2024

Office of the Auditor General of Canada

Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Fisheries, Oceans and the Canadian Coast Guard

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Freshwater Fish Marketing Corporation (the Corporation), which comprise the statement of financial position as at 30 April 2024, and the statement of comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 30 April 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 of the financial statements, which describes the Government of Canada's intention to divest of the Corporation. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Freshwater Fish Marketing Corporation coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Freshwater Fish Marketing Act* and regulations, the by-laws of the Freshwater Fish Marketing Corporation, and the directive issued pursuant to section 89 of the *Financial Administration Act.*

In our opinion, the transactions of the Freshwater Fish Marketing Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRSs have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Freshwater Fish Marketing Corporation's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Freshwater Fish Marketing Corporation to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Heather McManaman, CPA, CA
Principal
for the Auditor General of Canada

Halifax, Canada
25 July 2024

Statement of Financial Position

AS AT APRIL 30, 2024
(in thousands of Canadian dollars)

	2024	2023
ASSETS		
Current		
Cash	1,618	3,411
Accounts receivable	10,664	9,902
Income taxes receivable (Note 12)	374	-
Prepaid expenses	38	231
Inventories (Note 6)	21,451	15,993
	34,145	29,537
Non-current		
Property, plant and equipment (Note 7)	14,896	19,253
Intangible assets	-	149
Deferred tax assets (Note 12)	512	-
	15,408	19,402
Total assets	**49,553**	**48,939**
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	5,738	5,708
Income taxes payable (Note 12)	-	162
Accrued obligation for employee benefits	690	690
Loans payable (Note 9)	34,008	24,442
Provision for environmental liability	-	25
Derivative-related liabilities (Note 10)	211	166
	40,647	31,193
Non-current		
Deferred tax liabilities (Note 12)	-	1,648
Accrued obligation for employee benefits	105	112
	105	1,760
Equity		
Retained earnings	8,801	15,986
Total liabilities and equity	**49,553**	**48,939**

Contingencies (Note 14)

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

Approved on behalf of the Board of Directors:

Kevin Stringer
Chairperson, Board of Directors

Approved on behalf of Management:

Stanley A. Lazar, CPA CMA
President and Chief Executive Officer

Reece Drystek, CPA, CA
Vice President of Finance

Statement of Comprehensive Income (Loss)

FOR THE YEAR ENDED APRIL 30, 2024
(in thousands of Canadian dollars)

	2024	2023
Sales (Note 11)		
Export	64,530	62,971
Domestic	7,686	10,251
	72,216	73,222
Cost of Sales		
Opening inventory of processed fish products	13,725	8,446
Add fish purchases and processing expenses:		
Fish purchases	35,698	35,347
Plant salaries wages & benefits	14,003	13,808
Packaging and storage	5,418	4,930
Packing allowances and agency operating costs	4,850	4,593
Repairs and maintenance, Winnipeg Plant	2,871	2,408
Freight	2,775	2,981
Utilities and property taxes	2,095	2,204
Depreciation of production assets (Note 7)	1,749	1,697
Other	1,811	1,570
	84,995	77,984
Less ending inventory of processed fish products net of write downs (Note 6)	(19,698)	(13,725)
	65,297	64,259
Gross profit on operations	**6,919**	**8,963**
Marketing and administrative expenses		
Salaries and benefits	3,318	3,336
Office and professional services	1,905	1,632
Commissions	1,294	1,196
Advertising and promotion	242	329
Depreciation and amortization of administrative assets (Note 7)	80	76
	6,839	6,569
Other income and expenses		
Net loss on foreign exchange	233	516
Net gain on derivatives	(119)	(59)
Other revenue	(1,430)	(469)
Other expense	1,374	1,754
Finance income	(93)	(88)
Finance costs	1,791	1,082
Impairment loss	7,900	-
	9,656	2,736
Loss before income tax	**(9,576)**	**(342)**
Income tax expense (recovery)	(2,391)	(88)
Net loss and comprehensive loss	**(7,185)**	**(254)**

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

Statement of Changes in Equity

FOR THE YEAR ENDED APRIL 30, 2024
(in thousands of Canadian dollars)

	2024	2023
Retained earnings at the beginning of the period	15,986	16,240
Net loss and comprehensive loss for the period	(7,185)	(254)
Retained earnings at the end of the period	**8,801**	**15,986**

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

Statement of Cash Flows

FOR THE YEAR ENDED APRIL 30, 2024
(in thousands of Canadian dollars)

	2024	2023
Operating activities		
Comprehensive loss for the year	(7,185)	(254)
Add (deduct) items not affecting cash:		
Future tax recovery	(2,160)	(316)
Depreciation and amortization	1,971	1,912
Fixed asset retirements	-	1
Gain on disposal of property, plant and equipment	(15)	(11)
Write-down of inventory	1,310	327
Increase (decrease) in net derivative-related liabilities	45	(160)
Impairment of assets	7,900	-
Net changes in non-cash working capital:		
Change in accounts receivable	(762)	(2,727)
Change in income taxes receivable	(374)	570
Change in inventories	(6,768)	(5,509)
Change in prepaid expenses	193	1
Change in accounts payable and accrued liabilities	(860)	672
Change in income taxes payable	(162)	162
Change in provision for environmental liabilities	(25)	-
Change in provision for final payment to fishers	-	(1,000)
Change in obligation for employee benefits	(7)	117
Cash provided by (used in) operating activities	**(6,899)**	**(6,215)**
Investing activities		
Additions to property, plant and equipment and intangible assets	(4,520)	(2,436)
Proceeds on disposal of property, plant and equipment	60	15
Cash provided by (used in) investing activities	**(4,460)**	**(2,421)**
Financing activities		
Loans payable issued (loans repaid)	10,500	(8,500)
Repayment of term loans	(934)	(933)
Cash provided by (used in) financing activities	**9,566**	**(9,433)**
Net (decrease) in cash during the year	(1,793)	(18,069)
Cash at the beginning of the year	3,411	21,480
Cash at the end of the year	**1,618**	**3,411**
Supplementary information		
Interest paid	**1,728**	**870**

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

Notes to the Financial Statements

AS AT APRIL 30, 2024
(in thousands of Canadian dollars)

1. NATURE AND DESCRIPTION OF THE CORPORATION

The Freshwater Fish Marketing Corporation (the Corporation) was established in 1969 pursuant to the *Freshwater Fish Marketing Act* for the purpose of marketing and trading in fish, fish products and fish by-products in and outside of Canada. The Corporation is required to purchase all fish legally caught in the mandate region, which currently encompasses Alberta and the Northwest Territories. Participation of these jurisdictions was established by agreement with the Government of Canada. The Corporation is required to conduct its operations on a self-sustaining basis without appropriations from Parliament. In accordance with the *Freshwater Fish Marketing Act*, the legislative borrowing limit of the Corporation is $50,000.

The Corporation's registered office and principal place of business is 1199 Plessis Road in Winnipeg, Manitoba. The Corporation is an agent Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. The Corporation is a prescribed federal Crown corporation for tax purposes and is subject to federal income tax under the *Income Tax Act*.

In July 2015, the Corporation was issued a directive (P.C. 2015-1108) pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditure policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Corporation's next corporate plan. The Corporation finalized its implementation of the directive on January 31, 2018. The Corporation has remained compliant since then.

2. FUTURE OF THE CORPORATION

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs). The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and contemplate the realization of assets and the satisfaction of liabilities and commitments in the normal course of business.

The Corporation continues to manage risks to its business, particularly the open-market fish supply environment, and increasing supplies of walleye into the Corporation's sales markets from the Great Lakes. Management has evaluated these risks and has determined that its plans and strategies are expected to continue to allow the Corporation to operate for the foreseeable future.

In November 2023, the Government of Canada announced its intention to divest of the Corporation via a two-step process, including solicitation of expressions of interest followed by request for proposals. The submission period for the solicitation of expressions of interest ended in April 2024. The Government of Canada has stated that the Corporation will continue to operate in accordance with its current mandate during this process. No changes to the Corporation's existing activities are contemplated within its approved 2024-25 to 2028-29 Corporate Plan.

These financial statements do not include any adjustments to the carrying value of assets and liabilities or the reported revenues and expenses.

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements were prepared on the historical cost basis, except for derivative instruments which were measured at fair value.

The material accounting policies summarized below have been applied consistently to all periods presented in the financial statement balances.

Unless otherwise stated, the financial statements are presented in thousands of Canadian dollars, which is the functional currency of the Corporation.

The financial statements were approved and authorized for public release by the Board of Directors of the Corporation on July 25, 2024.

3.2 Cash

Cash is composed of deposits held at Canadian chartered banks.

3.3 Accounts receivable

Accounts receivable are recognized at their anticipated realizable value, which is the original invoice amount less an estimated allowance amount equal to lifetime expected credit losses. The Corporation measures loss allowances for trade receivables at an amount equal to lifetime expected credit losses. The Corporation uses the expected credit loss model for calculating impairment and recognizes expected credit losses as a loss allowance for financial assets measured at amortized cost.

3.4 Inventories

Processed fish products are recorded at the actual cost of fish purchases throughout the year plus direct labour and overhead directly related to processing. The Corporation uses a weighted average cost formula to assign fixed and variable overhead costs to processed fish product inventory. At the reporting date inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Inventory write-downs and reversals of write-downs are included in cost of sales in the statement of comprehensive income (loss).

Supplies inventory includes spare parts and packaging. Spare parts are measured at lower of cost and net realizable value.

3.5 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

3.5.1 Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and of allocating interest expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period to the net carrying amount on initial recognition.

3.6 Financial assets

The Corporation's financial assets are classified into the following specified categories: FVTPL and amortized cost. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognized and derecognized on a trade date basis.

3.6.1 Financial assets at fair value through profit or loss

Financial assets are classified as FVTPL when the financial asset is either held for trading or it is designated as FVTPL. The derivative-related assets used by the Corporation are held for trading and therefore classified as FVTPL. No other financial assets are at FVTPL.

Financial assets classified as FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 5.2.

3.6.2 Financial assets at amortized cost

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets are measured at amortized cost using the effective interest method, less any impairment write-downs. Assets in this category include accounts receivable and are classified as current assets in the statement of financial position.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be insignificant.

3.6.3 Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortized cost the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

(in thousands of Canadian dollars)

3.7 Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or at amortized cost.

3.7.1 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as FVTPL when the financial liability is either held for trading or it is designated as FVTPL.

The derivative-related liabilities used by the Corporation are held for trading, and therefore classified as FVTPL. No other financial liabilities are classified as FVTPL.

Financial liabilities classified as FVTPL are presented at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 5.2.

3.7.2 Financial liabilities at amortized cost

Financial liabilities are initially measured at fair value net of transaction costs. Financial liabilities (including borrowings such as loans payable) are subsequently measured at amortized cost using the effective interest method described in Note 3.5.1.

3.7.3 Derecognition of financial liabilities

The Corporation derecognizes financial liabilities when the Corporation's obligations are discharged, cancelled or they expire.

3.8 Derivative financial instruments

The Corporation selectively utilizes derivative financial instruments primarily to manage financial risks and to manage exposure to fluctuations in foreign exchange rates and interest rates. The Corporation's policy is not to enter into derivative instruments for trading or speculative purposes.

Derivatives are initially recognized at fair value when the Corporation becomes a party to the contractual provisions of the instrument and are subsequently remeasured to their fair value at the end of each reporting period. The hedges entered into represent economic hedges. Attributable transaction costs are recognized in profit or loss as incurred. The resulting gain or loss is recognized in profit or loss immediately.

A derivative with a positive fair value is recognized as a financial asset; a derivative with a negative fair value is recognized as a financial liability. A derivative is presented as a non-current asset or a non-current liability on the statement of financial position if the remaining contractual maturity of the instrument is more than 12 months and it is not expected to be realized or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

The Corporation does not apply hedge accounting.

3.9 Property, plant and equipment

3.9.1 Asset recognition

Property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Costs include directly attributable costs. The cost of self-constructed assets includes the cost of materials and direct labour, and other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3.9.2 Depreciation

Depreciation is based on the estimated useful lives of the assets using the straight-line method.

Buildings:	
Lake stations and other building improvements	5 to 65 years
Plant	40 years
Equipment:	
Machinery and office equipment	3 to 40 years
Automotive	5 years
Fresh fish delivery tubs/totes	3 to 10 years
Vessels	3 to 35 years

The cost for plant assets being upgraded or purchased that are not yet operational are charged to construction in progress. When the assets become operational, the cost is transferred to the appropriate property, plant and equipment classification and depreciated accordingly.

Freehold land is not depreciated.

Useful lives, residual values and depreciation methods are reviewed at each reporting period and necessary adjustments are recognized on a prospective basis as changes in estimates.

3.9.3 Subsequent costs

Repairs and maintenance costs are expensed when incurred.

Costs incurred on a replacement part for property, plant and equipment are recognized in the carrying amount of the affected item when the costs are incurred. Any remaining carrying amount of the cost of the previous inspection is derecognized.

The costs of major inspections or overhauls are recognized in the carrying amount of the item or as a replacement.

3.9.4 Derecognition

Retirement of property, plant and equipment occurs when an asset is removed due to obsolescence resulting from physical deterioration or economic or technological factors. Disposal of property, plant and equipment occurs when the asset is sold to another entity. An item of property, plant and equipment is derecognized upon disposal or when no further future economic benefit is expected from its use or disposal. The gain or loss on disposal or retirement of an item is determined to be the difference between the net disposal proceeds, if any, and the carrying amount of the item.

3.10 Impairment of tangible and intangible assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, or when annual testing for an asset is required, the Corporation estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Value in use is determined by discounting estimated future cash flows using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

An impairment loss is recognized in the statement of comprehensive income (loss) if an asset's carrying amount is higher than its recoverable amount. Impairment losses are recognized in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss been recognized for the asset in a prior period. Such a reversal is recognized in the statement of comprehensive income (loss).

3.11 Payments to fishers and retained earnings

The Corporation purchases fish at initial prices established by the Board of Directors based upon operational forecasts prepared by the Corporation and the cost of such purchases is included in cost of sales. Final payments to fishers, if any, are approved by the Board of Directors. The Corporation recognizes the final payment to fishers as a liability in the statement of financial position and as an expense on the statement of comprehensive income (loss).

A final payment to fishers is calculated based on the following formula: Annual comprehensive income before income tax plus annual depreciation less the three-year rolling average (the current and previous two fiscal years) of cash purchases of property, plant and equipment. However, regardless of the formulated final payment calculation, the Board of Directors reserves final decision as to when and how much cash and/or retained earnings will be distributed to fishers in the form of a final payment.

3.12 Foreign currency translation

Revenues and expenses are translated into Canadian dollars using the monthly average exchange rate for the month in which the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the reporting date. All foreign exchange gains and losses incurred are included in net foreign exchange gain or loss in the statement of comprehensive income (loss).

3.13 Employee benefits

The Corporation's accrued obligation for employee benefits is comprised of accumulating sick leave benefits for eligible employees, as well as workers compensation benefits. The Corporation is self-insured for benefits for work-related injuries of the employees of the Freshwater Fish Marketing Corporation, and is therefore, accountable for all such liabilities incurred since inception. Liabilities for workers' compensation benefits are recorded based on known injuries or illnesses that have occurred.

Both plans are unfunded defined benefit plans paid on a cash basis by contributions from the Freshwater Fish Marketing Corporation. The accrued obligation for employee benefits represents the actuarially determined net present value of liabilities for these benefits.

Substantially all of the employees of the Corporation are covered by the Public Service Pension Plan (the Plan), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. The Corporation's contributions are recognized as an expense in the current year. The Corporation is not liable for obligations related to the plan, other than the statutory contributions.

3.14 Revenue recognition

Sales, net of promotional allowances and sales returns, are recorded on an accrual basis and are recognized when a customer obtains control of the goods or services. The sales revenue reflects the consideration expected in exchange for the goods or services. For the majority of the Corporation's sales transactions, control transfers upon delivery to the shipping dock of the customer or their representative. For sales transactions to overseas customers, the Corporation's sales contracts are based on industry accepted international commercial terms (Incoterms) known as CIF (cost, insurance and freight). Under CIF the risk of loss of or damage to the goods passes to the customer when goods are on the vessel.

The Corporation uses foreign sales agents to aid in the marketing of the Corporation's products. Commission fees paid to foreign sales agents are included in marketing and administrative expenses on the statement of comprehensive income. Other revenues are generated from operations of the MV Poplar River barge and dry-dock facility on Lake Winnipeg and the sale of fishing supplies to fishers, and their associated expenses are recognized as other expenses.

3.15 Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits required to settle the obligation, and the amount of the obligation can be reliably estimated. When the Corporation expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income (loss) net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as finance costs.

3.16 Income tax

Income tax expense comprises the sum of the tax currently payable and deferred tax.

3.16.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income (loss) because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Corporation's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3.16.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.16.3 Current and deferred tax for the period

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

Preparation of the financial statements requires the use of estimates and assumptions to be made in applying the accounting policies that affect the reported amounts of assets, liabilities, income, expenses and disclosures. The estimates and related assumptions are based on previous experience and other factors considered reasonable under the circumstances, the results of which form the basis of making assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in material adjustments to the carrying amount of assets and liabilities within the next year. Management has made the following critical accounting estimates or assumptions in preparation of these financial statements:

4.1.1 Impairment of non-financial assets

The Corporation's impairment test is based on estimating the fair value using valuation techniques that involve a high degree of estimation. The methods and assumptions used are further described in Note 7.

4.1.2 Inventory valuation allowance

Inventory valuation allowance is estimated for slow moving or obsolete inventories. Management reviews the estimation regularly. Any change in the estimation will impact the inventory valuation allowance.

4.1.3 Income tax

The Corporation operates in a jurisdiction which requires calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Liabilities are recognized for anticipated tax exposures based on estimates of the additional taxes that are likely to become due. Where the final tax outcome of these matters is different from the amount that was initially recorded, such differences will affect the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax is comprised of temporary differences between the carrying values and tax basis of items. The timing of the reversal of temporary differences may take many years and the related deferred tax is calculated using substantively enacted tax rates for the related period.

If future outcomes were to adversely differ from management's best estimate of future results from operations affecting the timing of reversal of deductible temporary differences, the Corporation could experience material deferred income tax adjustments. Such deferred income tax adjustments would not result in an immediate cash outflow, nor would they affect the Corporation's immediate liquidity.

4.2 Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. Judgments made by management in the application of IFRSs that have significant effect on the financial statements, excluding the going concern assessment which is disclosed in Note 2, relate to the following:

4.2.1 Impairment of non-financial assets

The non-financial assets with finite useful lives are required to be tested for impairment only when indication of impairment exists. Management is required to make a judgment with respect to the existence of impairment indicators at the end of each reporting period. Some indicators of impairment that management may consider include changes in the current and expected future use of the asset (processing volumes), external valuations of the assets, or obsolescence or physical damage to the asset.

(in thousands of Canadian dollars)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1 Capital risk management

The Corporation is subject to the *Freshwater Fish Marketing Act* and the *Financial Administration Act* and any directives issued pursuant to these acts. These acts affect how the Corporation manages its capital by, among other things, setting broad objectives for the Corporation. Specifically, the Corporation must have regard for the need to conduct its operations on a self-sustaining financial basis while generating a return to fishers.

The Corporation defines and computes its capital as follows:

	2024	2023
Retained earnings	8,801	15,986
Loans payable	34,008	24,442
	42,809	**40,428**

The Corporation's objectives in managing its capital are to:

- provide sufficient liquidity to support its financial obligations and its operating and strategic plans;
- generate increasing returns to the fishers; and
- maintain financial capacity and access to credit facilities to support future development of the business, including for capital expenditures.

During the year, the Corporation primarily relied on cash flows provided by operating and financing activities to support its objectives.

The Corporation's ability to obtain additional capital is subject to the provisions of the above-noted legislation. The limitations on the borrowings of the Corporation and its access to credit facilities are outlined in Notes 1 and 9. Pursuant to Part X of the *Financial Administration Act*, the Corporation must indicate its intention to borrow money in its annual corporate plan, or in an amendment thereto, subject to the approval of the Board of Directors and the Treasury Board of Canada.

The Corporation's objectives and strategies are reviewed annually during its corporate planning process. The Corporation's overall strategy with respect to capital risk management remained unchanged from the prior year. Final payments to fishers are based on annual comprehensive income before income tax plus annual depreciation less the three-year rolling average of cash purchases of capital assets. As retained earnings are $8,801 million or 12.2% of net sales at April 30, 2024, below the minimum 20% threshold required by the Corporation's Retained Earnings and Long Term Debt Policy, no further final payment is planned. Borrowing levels are forecasted to remain under the legislated borrowing authorities described in Note 9.

The Corporation is not subject to any externally imposed capital requirements.

5.2 Fair value measurements of financial instruments

5.2.1 Carrying amount and fair value of financial instruments

The carrying amounts of the Corporation's financial assets and financial liabilities approximate the fair values due to their short-term nature, or, in the case of derivatives they are carried at fair value.

5.2.2 Fair value hierarchy

Financial instruments, other than those that are not subsequently measured at fair value and for which fair value approximates carrying value, whether or not they are carried at fair value in the statement of financial position, must have their fair value disclosed and be classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value measurement of cash is classified as Level 1 as at April 30, 2024 and 2023. The fair value measurements of all other financial instruments held by the Corporation are classified as Level 2 as at April 30, 2024 and 2023.

There were no transfers of financial instruments between levels during the year ended April 30, 2024.

(in thousands of Canadian dollars)

5.3 Financial risk management objectives and framework

The Corporation has exposure to the following risks from its use of financial instruments:

i. credit risk
ii. liquidity risk
iii. market risk (includes currency risk and interest rate risk)

The Board of Directors has overall responsibility for the establishment and oversight of the Corporation's risk management framework. The Audit and Risk Committee assists the Board of Directors and is responsible for review, approval and monitoring of Corporation's risk management policies including the development of a risk management program which involves establishing corporate risk tolerance, identifying and measuring the impact of various risks, and developing risk management action plans to mitigate risks that exceed corporate risk tolerance. The Audit and Risk Committee regularly reports to the Board of Directors on its activities.

5.3.1 Credit risk management

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Corporation's cash, accounts receivable and derivative financial instruments. The Corporation has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Corporation's exposure and the credit ratings of its counterparties are continuously monitored. The carrying amount of financial assets recorded in the financial statements represents the maximum risk exposure.

Accounts receivable

The Corporation's exposure to credit risk associated with accounts receivable is influenced mainly by the demographics of the Corporation's customer base, including the risk associated with the type of customer and the country in which the customer operates.

The Corporation manages this risk by monitoring the creditworthiness of customers. The Corporation has established processes when dealing with foreign customers to manage the risk related to foreign customers. The Corporation's management reviews the detailed accounts receivable listing on a regular basis and assesses customer balances for collectability issues.

The maximum exposure to credit risk for accounts receivable by geographic region was as follows:

	2024			2023		
	Original currency (CAD)	Original currency (USD)	(CAD)	Original currency (CAD)	Original currency (USD)	(CAD)
Canada	348	54	422	516	-	516
United States	-	3,944	5,430	-	3,673	4,958
Europe	3,172	-	3,172	1,770	-	1,770
Non-trade accounts receivable	1,640	-	1,640	2,658	-	2,658
			10,664			**9,902**

At April 30, 2024, five customers represented 54% (2023 – 55%) of the trade accounts receivable balance.

Non-trade accounts receivable includes $983 (2023 – $1,700) related to an insurance receivable for insurable costs to repair the MV Poplar River barge, which was damaged in 2022. The balance of non-trade accounts receivables is comprised of GST receivables, fisher and agent advances.

At the date of the financial statements, no significant changes to risk ratings were made that impacted expected credit losses.

The aging of accounts receivable, net of allowance of $nil (2023 – $nil), is as follows:

	2024	2023
Current 0 – 30 days	5,316	3,809
Past due 31 – 60 days	2,939	2,443
Past due over 61 days	769	992
Non-trade accounts receivable	1,640	2,658
	10,664	**9,902**

The Corporation does not hold any collateral in respect of accounts receivable. The Corporation entered into a factoring facility during the year to aid in the management of accounts receivable when required. During the year $nil receivables were factored using the facility.

(in thousands of Canadian dollars)

Cash and derivatives
Credit risk on cash and derivatives are limited because the counterparties are major Canadian chartered banks.

5.3.2 Liquidity risk
Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk by continuously monitoring actual and forecasted cash flows to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

The following table presents the earliest possible contractual maturities for accounts payable and accrued liabilities, derivative financial liabilities and loans payable as at April 30. The Corporation's expected cash flows on certain instruments vary significantly from this analysis. For example, loans that are callable in nature are included in the earliest time band. Term loans totaling $6,508 are included in the loans payable amount of $34,008. Should these term loans be repaid in the normal course, term loan repayments would be $934 per year.

2024	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	3,769	834	770	365	-	5,738
Foreign exchange forwards						
Gross settled – cash inflow	(3,912)	(9,900)	(15,797)	-	-	(29,609)
Gross settled – cash outflow	3,979	10,037	15,971	-	-	29,987
Loans payable (Note 9)	34,008	-	-	-	-	34,008
Total	**37,844**	**971**	**944**	**365**	**-**	**40,124**

2023	Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrued liabilities	3,959	611	800	338	-	5,708
Foreign exchange forwards[1]						
Gross settled – cash inflow	(2,309)	(8,064)	(10,205)	-	-	(20,578)
Gross settled – cash outflow	2,370	8,179	10,243	-	-	20,792
Loans payable (Note 9)	24,442	-	-	-	-	24,442
Total	**28,462**	**726**	**838**	**338**	**-**	**30,364**

[1]The Corporation updated the presentation of its foreign exchange forwards to include gross settlements.

5.3.3 Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Corporation's future cash flows or the fair values of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return on risk.

Foreign exchange risk
The Corporation is exposed to currency risk on its sales denominated in US dollars. The Corporation limits its exposure to exchange rate fluctuations between US and Canadian dollars by entering into foreign exchange forwards aiming to secure foreign exchange forward contracts for 80% of the net US dollar exposure. Refer to Notes 9 and 10 for further details. The Corporation is exposed to currency risk through its cash, accounts receivable, accounts payable and accrued liabilities, for which a portion is secured with forward contracts as follows:

	USD 2024	CAD 2024	USD 2023	CAD 2023
Cash	1,117	1,535	1,622	2,202
Accounts receivable	3,998	5,498	3,673	4,958
Accounts payable and accrued liabilities	(39)	(54)	(96)	(131)
Net assets exposed to currency risk	**5,076**	**6,979**	**5,199**	**7,029**

Interest rate risk
The Corporation is exposed to interest rate risk on its loans payables disclosed in Note 9. The Corporation manages its exposure to fluctuations of interest rates by entering into interest rate swaps, which are approved by the Board of Directors, for its installment borrowings of $6,508 (2023 – $7,442). The Corporation's remaining exposure to interest rate risk is not significant. Further details on interest rate swaps are included in Notes 9 and 10.

(in thousands of Canadian dollars)

6. INVENTORIES

	2024	2023
Supplies	1,753	2,268
Processed fish products	19,698	13,725
	21,451	**15,993**

Inventory write-downs of $1,310 (2023 – $327) are included in inventory values in the cost of sales. The total costs of sales of $65,297 (2023 – $64,259) consists of $60,803 (2023 – $59,914) of inventories and $4,494 (2023 – $4,345) of storage and freight costs. There is no pledged collateral in respect of inventories. There were no prior write-downs reversed in the current year.

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Fresh fish delivery tubs/totes	Vessels	Construction in progress	Total
Cost							
Balance at May 1, 2022	336	16,162	26,728	1,503	4,726	662	50,117
Additions	-	184	1,126	33	169	906	2,418
Retirements	-	-	(41)	-	-	-	(41)
Disposals	-	-	(160)	-	-	-	(160)
Balance at April 30, 2023	336	16,346	27,653	1,536	4,895	1,568	52,334
Additions	51	1,968	1,637	-	-	1,645	5,301
Disposals	-	(4)	(48)	-	-	-	(52)
Balance at April 30, 2024	**387**	**18,310**	**29,242**	**1,536**	**4,895**	**3,213**	**57,583**
Accumulated depreciation							
Balance at May 1, 2022	-	10,868	17,106	1,467	1,989	-	31,430
Depreciation	-	344	1,317	22	164	-	1,847
Retirements	-	-	(40)	-	-	-	(40)
Disposals	-	-	(156)	-	-	-	(156)
Balance at April 30, 2023	-	11,212	18,227	1,489	2,153	-	33,081
Depreciation	-	348	1,365	25	173	-	1,911
Disposals	-	(2)	(5)	-	-	-	(7)
Impairment	-	-	5,651	13	1,504	534	7,702
Balance as at April 30, 2024	**-**	**11,558**	**25,238**	**1,527**	**3,830**	**534**	**42,687**
Carrying amount at April 30, 2023	336	5,134	9,426	47	2,742	1,568	19,253
Carrying amount at April 30, 2024	**387**	**6,752**	**4,004**	**9**	**1,065**	**2,679**	**14,896**

Depreciation expense of $1,749 (2023 – $1,697) is recorded on the statement of comprehensive income (loss) in cost of sales, $20 (2023 – $12) in marketing and administrative expenses and $142 (2023 – $138) in other expenses.

As a result of identified indicators of impairment, such as ongoing and forecasted losses and increases in borrowing requirements, challenging economic environments (including increasingly competitive fish markets), and the requirement for capital investment to maintain operational functionality of the Corporation's aging Winnipeg plant, management tested its tangible and intangible assets for impairment. The impairment is assessed at the cash-generating unit (CGU) level and the impairment loss is calculated as the amount equal to the excess of the carrying amount over the recoverable amount. The CGU, where the impairment is recognized, is considered by management to be all of the Corporation's assets as the cash flows from its assets are inter-dependent as the assets operate in a highly integrated manner. An impairment loss of $7,900 was recognized in the statement of comprehensive income (loss), $198 of which related to intangible assets. The recoverable amount is based on fair value less costs to sell of $14,896, which is their carrying value at year-end.

(in thousands of Canadian dollars)

Management used the depreciated replacement cost method to determine the fair value less costs to sell the assets. Land has been valued based on the price/acre of comparable properties. Buildings have been valued using replacement cost estimates of other buildings of like construction. Equipment has been valued based on equipment replacement tables for like equipment. Management has determined the fair value of such measurements to be within the level 2 fair value hierarchy. Management has assigned impairment on a rational basis reducing intangibles to $nil carrying value and applying impairment to the remaining assets on a pro rata basis.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2024	2023
Accounts payable	2,299	2,240
Accrued liabilities	1,505	1,596
Payroll liabilities	1,934	1,872
Total accounts payable and accrued liabilities	**5,738**	**5,708**

9. LOANS PAYABLE

	2024	2023
Revolving loan	27,500	17,000
Non-revolving installment – 2.70% floating option rate	4,125	4,625
Non-revolving installment – 2.85% floating option rate	2,383	2,817
Total loans payable	**34,008**	**24,442**

As at April 30, 2024, the total borrowings of the Corporation may not exceed $40,800 as authorized by the Minister of Finance.

On February 7, 2024, the Corporation signed new borrowing agreements for all outstanding loans in preparation for the cessation of the Canadian Dollar Offered Rate (CDOR) publication and future issuance of Bankers' Acceptances, and the adoption of the Canadian Overnight Repo Rate Average (CORRA). The Corporation's loans incur interest at the Daily Compounded CORRA rate plus 0.98% per annum and are structured as CORRA loans at April 30, 2024. Previously, interest payable was at the prevailing bankers' acceptance rates plus 0.65%.

A $27,500 (2023 – $17,000) revolving loan renewing on May 2, 2024. The revolving loan was renewed as planned, subsequent to year-end.

A $4,125 (2023 – $4,625) non-revolving installment loan repayable in monthly principal payments of $41.6, plus variable interest. The Corporation hedged interest rate risk for this loan via an interest rate swap exchanging variable rate interest for fixed rate interest. Under the interest rate swap, the Corporation's loan bears interest at 2.82% if the floating rate option on any reset date is less than or equal to 3.00%, or bears interest at 3.57% if it is higher than 3.00%. Effective March 28, 2024, the floating option rate was reduced to 2.70% with no change to the fixed rates. The loan is repayable on demand.

A $2,383 (2023 – $2,817) non-revolving installment loan repayable in monthly principal payments of $35.1, plus variable interest. The Corporation hedged this loan for interest rate risk via an interest rate swap exchanging variable rate interest for fixed rate interest. Under the interest rate swap, the Corporation's loan bears interest at 2.85% if the floating rate option on any reset date is less than or equal to 3.15%, or bears interest at 3.60% if it is higher than 3.60%. Effective March 28, 2024, the floating option rate was reduced to 2.85% with no change to the fixed rates. The loan is repayable on demand.

(in thousands of Canadian dollars)

10. DERIVATIVES

The Corporation utilizes information provided by Canadian chartered banks to assist in determining the fair value of its derivative financial instruments. Derivative financial instruments used by the Corporation are described below.

Interest rate swaps – Transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specified period of time using agreed-upon fixed or floating rates of interest. Notional amounts upon which interest payments/receipts are based are not exchanged. The Corporation's interest rate swaps are described in Note 9.

Foreign exchange forwards – Commitments to exchange cash flows in different currencies, for which the foreign exchange rate is predetermined, at a specified date in the future. The Corporation aims to align forecasted foreign currency cashflows with these specified future dates.

Foreign exchange options - Gives the Corporation the right but not the obligation to exchange money denominated in one currency into another currency at a pre-agreed exchange rate on a specified date.

In any transaction there is a potential for loss. This loss potential is represented by (1) credit risk, wherein a counterparty fails to perform an obligation as agreed upon, causing the other party to incur a financial loss, and (2) interest rate risk and foreign exchange risk, where an exposure exists as a result of changes in interest rates or foreign exchange rates.

The fair values are the estimated amounts that the Corporation would receive (or pay) based on market factors if the agreements were terminated on April 30. Notional amounts are not recorded as assets or liabilities on our Statement of Financial Position as they only represent the face amount of the contract to which a rate or a price is applied to determine the amount of cash flows to be exchanged. At April 30, the Corporation had the following derivative financial instruments:

	Notional 2024	Notional 2023	Fair value 2024	Fair Value 2023
Forward exchange forwards	21,625	18,250	(378)	(214)
Interest Rate Swaps	6,508	7,442	167	48
Net derivative-related liabilities			**(211)**	**(166)**

11. SALES

Sales is disaggregated by primary geographical region in the following table:

	2024	2023
North America	56,982	59,833
Europe	14,555	12,342
Asia	679	1,047
	72,216	**73,222**

12. INCOME TAXES

	2024	2023
Current income tax (recovery) expense	(231)	228
Deferred tax recovery	(2,160)	(316)
Computed tax recovery	**(2,391)**	**(88)**

Income tax recovery on the net loss before income tax differs from the amount that would be computed by applying the federal statutory income tax rate of 25.0%. The recovery for the year can be reconciled to the accounting loss before income tax as follows:

	2024	2023
Loss before tax	(9,576)	(342)
Computed tax recovery	(2,394)	(86)
Non-deductible expense	5	4
Other net amounts	(2)	(6)
Computed tax recovery	**(2,391)**	**(88)**

(in thousands of Canadian dollars)

The tax effects of temporary differences that give rise to deferred tax assets and liabilities are presented below:

Temporary differences	Balance May 1, 2022	Recognized in profit or loss 2023	Balance April 30, 2023	Recognized in profit or loss 2024	Balance April 30, 2024
Deferred tax assets					
Employee benefits	171	235	406	9	415
Financial instrument	3	(3)	-	-	-
Asset retirement obligation	6	-	6	(3)	3
Inventory	-	65	65	93	158
Deferred tax liability					
Financial instrument	-	(12)	(12)	(30)	(42)
Foreign exchange loss	(10)	3	(7)	4	(3)
Property, plant and equipment	(2,085)	16	(2,069)	2,050	(19)
Intangible assets	(49)	12	(37)	37	-
Net deferred tax asset (liability)	**(1,964)**	**316**	**(1,648)**	**2,160**	**512**

13. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of Canada owned entities. The Corporation enters into transactions with these entities in the normal course of business, at fair value, under the same terms and conditions that apply to unrelated parties.

Certain members of the Board of Directors and their closely related family members are fishers who sell their catch to the Corporation. During the year, Board members and their closely related family members delivered 7,500 kilograms (2023 – 7,000 kilograms) of fish to the Corporation valued at $32 (2023 – $32). These transactions are measured at fair value and were incurred during the normal course of business on similar terms and conditions to those entered into with unrelated parties.

Compensation of key management personnel

Compensation of key management personnel includes members of the Board of Directors and executive officers of the Corporation who have the authority and responsibility for planning, directing and controlling the activities of the Corporation.

Compensation for executive officers of the Corporation is recorded on the statement of comprehensive income (loss) as salaries and benefits in marketing and administrative expenses.

	2024	2023
Total compensation paid to key management personnel	1,327	1,366

14. CONTINGENCIES

During the year, the Corporation initiated legal action against a third-party contractor in the amount of $5,700 for damages incurred as a result of the contractor's negligence while performing routine maintenance on the MV Poplar River in 2022.

15. COMPARATIVE INFORMATION

In addition to the reclassification disclosed in Note 5.3.2 on liquidity risk, comparative figures for certain immaterial line items have been reclassified in the statement of comprehensive income (loss) to conform to the current year's presentation. Under marketing and administrative expenses, 2023 amounts previously recorded as data processing, office and professional services, meeting fees and expenses and other expenses have been presented as office and professional services.

FRESHWATER FISH

2024