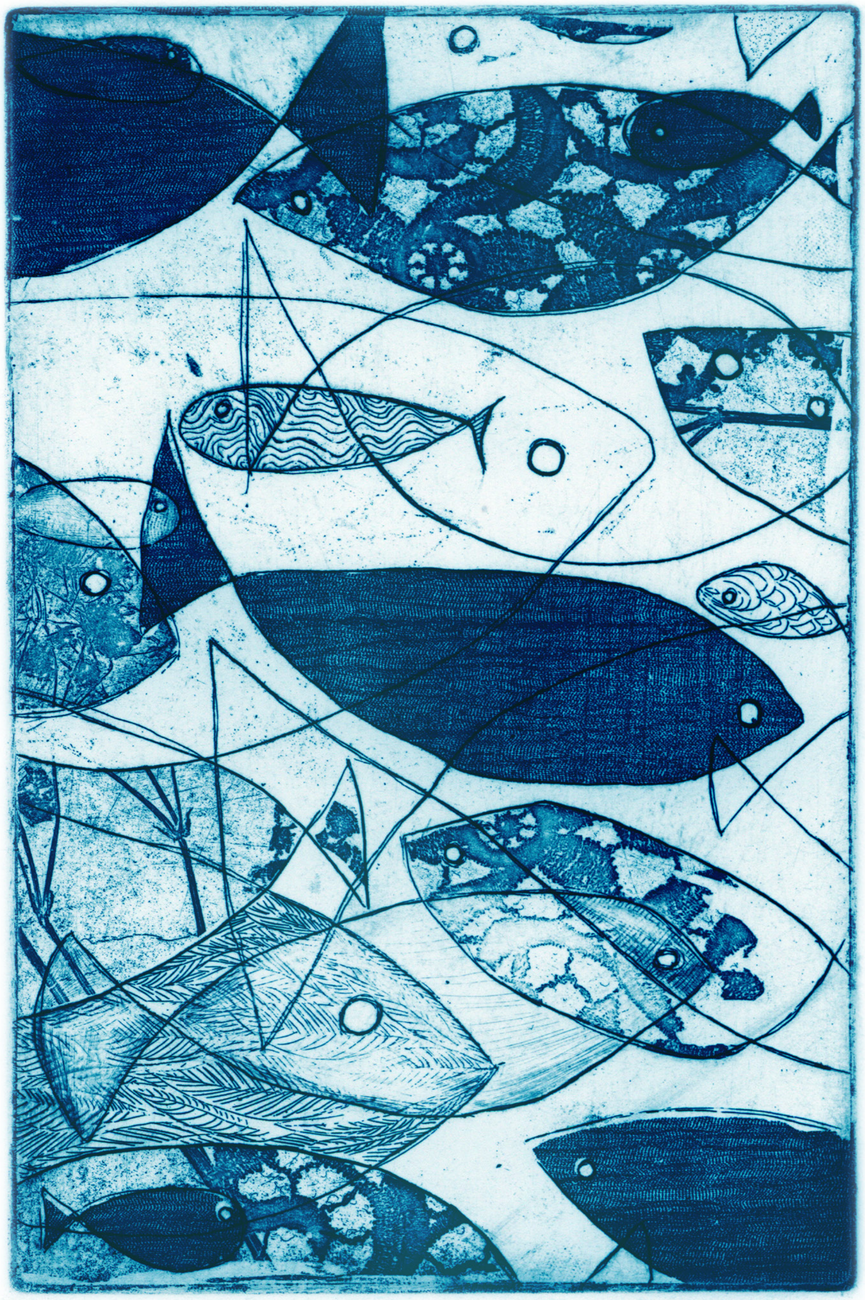

FRESHWATER FISH MARKETING CORPORATION

ANNUAL REPORT 2021

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cover illustration by Manitoba illustrator Ayla Manning

Letter from the Chair of the Board

The Honourable Bernadette Jordan, PC, MP
Minister of Fisheries, Oceans and the Canadian Coast Guard
200 Kent Street
Station 15N100
Ottawa, ON K1A 0E6

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, 2021.

During the year the Board of Directors continued to meet its governance responsibilities through leading FFMC's strategic direction, safeguarding corporate assets and resources, monitoring performance and overseeing risk management.

For the duration of the fiscal year, the COVID-19 global health pandemic created financial and operational challenges for the Corporation. The challenges generated by COVID-19 encouraged greater and more frequent coordination between the Board and FFMC management. The support and seasoned judgment of Board members under the trying and unprecedented conditions that developed as a result of COVID-19 only served to strengthen the Corporation's response to the pandemic. Since the health pandemic started we have continued to support FFMC's primary stakeholders – fishers, customers and employees – while always striving to meet the objectives of our legislated mandate.

The Board would like to acknowledge that the *Report on the Transformation of the FFMC*, accepted by the Government of Canada in January 2021, supports a successful transition of FFMC to enable the continued viability of Canada's commercial inland freshwater fishing industry. The Board remains committed to support all interested stakeholders and communities including fish harvesters, Indigenous groups, Provincial and Territorial governments, and industry partners that are involved in FFMC's transformation and rely on Canada's commercial inland freshwater fishery.

Yours sincerely,

David Bevan
Chair of the Board

President's Message

Over the past year, FFMC navigated the challenges of the profound and far-reaching COVID-19 crisis while balancing our commitments and responsibilities to employees, customers, fishers and our Government stakeholder. The tenacity of the COVID-19 health pandemic and the unpredictable impact of three separate surges of the virus across the world weighed heavily on the Corporation's performance. The COVID-19 pandemic affected every aspect of FFMC's operations including customer demand, sales revenues, initial fish prices, fish deliveries, processing costs, production efficiencies and supply chain stability. The cumulative impact of the pandemic on the Corporation impacted the lives of employees and fishers and materially influenced FFMC's financial performance at April 30, 2021.

While it is easy to focus on the challenging elements of the past year, the pandemic also provided examples of efforts FFMC undertook that reinforce the crucial role the Corporation plays and the value we bring to stakeholders in Canada's commercial inland fishing industry. Although we took difficult but necessary actions to suspend parts of our operation in the first quarter, we demonstrated resiliency, innovation and adaptability to sustain our supply chain for the balance of the year as we were able to continue to purchase, process and deliver Canadian freshwater fish from Lake to Plate™. We implemented safety protocols to protect the health and well-being of our employees and successfully operated the Winnipeg processing plant during the pandemic. We provided support to fishers and fisher co-operatives in the form of personal protective equipment, disinfectant, sanitation supplies and face masks to help mitigate COVID-19 risks for those fishers and agents delivering fish to FFMC. We navigated complex logistical issues and successfully delivered our products to customers around the world. We also strategically and aggressively pursued a product diversification program that offset reduced sales revenues and demand.

In the second and third quarters FFMC participated in The Surplus Food Rescue Program (SFRP) that formed part of the Government of Canada's emergency response to the COVID-19 crisis. The initiative redirected food surpluses to organizations to address food insecurity and avoid food waste. FFMC partnered with Fisher River Cree Nation in Manitoba to distribute 650,000 kilograms of fish to Indigenous communities. The program provided healthy and affordable food to Indigenous people and enabled FFMC to reduce the level of frozen fish inventory that the Corporation was challenged to sell that could have gone to waste because of reduced COVID-19 related market demand. The distribution of fish inventory to Indigenous communities also helped FFMC re-start the supply chain after the spring 2020 fishery shutdown. As FFMC was able to purchase raw material, fishers returned to the fishery, earned income and contributed to local economies.

In closing I'd like to extend my sincere thanks to our Board of Directors, our engaged and talented employees, our loyal customers and our dedicated fishers for their support and perseverance throughout this unprecedented COVID-19 journey. In the short-term, our path forward remains clouded by the lingering impact of COVID-19, however, I am optimistic about what lies ahead for FFMC. The transformation of the Corporation, our collective experience that has emerged from this health crisis, and our resolve to continue to execute our strategy – trusted brand of choice, operational excellence, culture of performance, diversification of revenue and maintaining value – will continue to advance our role in enhancing the future of Canada's commercial inland freshwater fishing industry.

Stan Lazar
President and Chief Executive Officer

Corporate Governance

Corporate Profile

Freshwater Fish Marketing Corporation (herein referred to as 'Freshwater', 'FFMC', or 'the Corporation') is a self-sustaining Crown corporation established in 1969 under the *Freshwater Fish Marketing Act*. Freshwater was created to market and trade in fish, fish products and fish by-products within and outside of Canada.

Freshwater is the buyer, processor and marketer of all commercially-caught freshwater fish from our mandate regions of Alberta and the Northwest Territories. In Saskatchewan and Manitoba, the Corporation has established supply contracts with fishers to match the open market supply environment in those provinces with market demand for our products.

We operate a complex supply chain of delivery points, agents, temperature-controlled transport, and processing and inventory management systems.

Final payments to fishers are distributed annually by species pool from available cash surpluses.

Freshwater's brand continues to represent a global benchmark with respect to the production of top quality wild-caught Canadian freshwater fish. In the Midwest United States, walleye marketed by Freshwater is a premier choice for chefs when placing walleye on their menus. Freshwater is a large and trusted supplier of lake whitefish and lake whitefish caviar to Finland and a key supplier of tullibee roe in Scandinavia. We continue to be the dominant supplier to the northern pike market in France, both with minced and new product innovations. We are the largest individual supplier of freshwater fish products to the American gefilte fish market and maintain a kosher-certified processing facility.

Freshwater has earned a solid reputation based on product reliability, quality and safety. We are a recognized industry leader with an internationally established and highly endorsed brand of excellence.

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. We are committed to meeting our legislated mandate, and to maintain the Corporation's underlying value 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 fishers, 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. It exercises due diligence by assessing risks and opportunities, ensuring the integrity of financial results and providing timely reports to the Government of Canada.

In dealing with COVID-19 the Board has enhanced its oversight role and effectiveness by more frequently assessing and evaluating management's actions in responding to the crisis. The Board is providing additional guidance and direction regarding the pandemic situation to the extent that the Board determines is prudent. Staying well-informed of developments affecting the Corporation regarding COVID-19 has enhanced the Board's effectiveness.

The Board has eight available positions and at April 30, 2021, consisted of six Directors, including the President. As of April 30, 2021, two positions were vacant and the Board is working with the Government of Canada to fill those vacancies. The Board and its Committees hold in camera sessions without the presence of the President. From May 1, 2020 to April 30, 2021, the Board met via video conference seven times between May 1, 2020 and April 30, 2021.

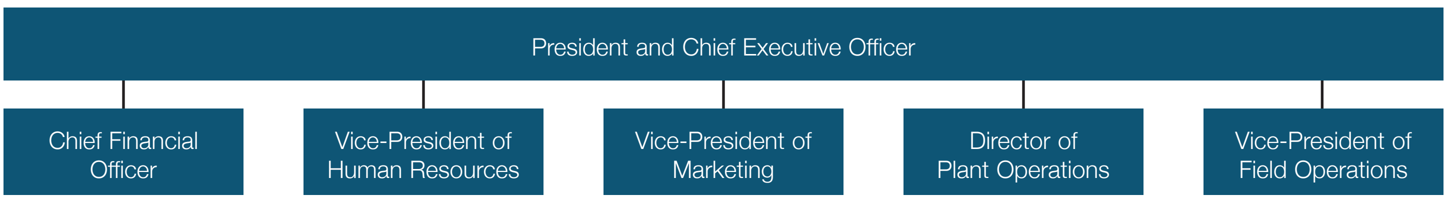
The Audit and Risk Committee assists the Board in its responsibilities. This Committee met a total of four times via video conference between May 1, 2020 and April 30, 2021.

A Governance Committee assists the Board in fulfilling its oversight responsibilities. This Committee reviews all aspects of the Board's governance framework to ensure that it functions in an effective and efficient manner to support FFMC's operations. This Committee met three times via video conference between May 1, 2020 and April 30, 2021.

While the President receives an annual salary, the Chair of the Board is paid an annual retainer and a per diem set by the Governor-in-Council pursuant to the *Financial Administration Act* (FAA). Directors are paid a per diem also set by the Governor-in-Council in accordance with the FAA.

Board members are reimbursed for all reasonable out of pocket expenses incurred while performing their duties related to FFMC, including travel, accommodations and meals. Associated travel and hospitality expenses for Board members and senior management are posted monthly on FFMC's website. The Corporation conducted weekly operational reviews, with senior management focusing on operational key performance indicators (KPI's) that include fish deliveries, material yield, labour efficiency, inventory management, accident frequency, absenteeism and overtime levels. Progress against the Corporation's strategic goals is also reviewed with appropriate follow-up action to meet the objectives of FFMC's strategic plan. Comprehensive monthly performance reviews with senior management and quarterly reviews with the Board are conducted to focus on financial and species performance, field operations, fish deliveries, marketing performance processing operations and human resources.

Board member	Term	Committee memberships	Audit and Risk Committee attendance	Governance Committee attendance	Board meeting attendance	Retainer (A)	Per diems (B)	Total remuneration (A+B)	Travel and related expenses
David Bevan	18-03-26 – 22-06-30	Audit and Risk	4 of 4		7 of 7	4,583	1,800	6,383	-
Thomas Colosimo	19-06-19 – 22-06-18	Governance		3 of 3	7 of 7	-	-	-	-
Vincent Crate	19-06-19 – 22-06-18	Audit and Risk	4 of 4		7 of 7	-	1,650	1,650	-
Dana Gregoire	18-06-29 – 23-06-28	Governance		3 of 3	7 of 7	-	1,513	1,513	-
Stanley Lazar	17-04-12 –	The CEO is not a member of any specific Committee			7 of 7	The CEO does not receive separate remuneration for duties as a Board member			
Micah Melnyk	18-06-29 – 23-06-28	Audit and Risk	4 of 4		7 of 7	-	1,650	1,650	-



Senior Leadership Team (SLT)

SLT consists of the President and CEO, three Vice-Presidents, one Director and the Chief Financial Officer. Members of the SLT conduct themselves according to FFMC's Code of Conduct and Conflict of Interest policies as well as ethical standards of business and professional and personal conduct. Information about FFMC's SLT is available on the Corporation's website at; http://freshwaterfish.com/content/pages/management-team.

Governance framework

In addition to the Board, and SLT, 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 has the 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 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 assisting the board to fulfill its oversight responsibilities and reports the results of its activities to the Board on a regular basis.

Board of Directors

DAVID BEVAN
Chairperson of the Board
Ottawa, Ontario
Occupation: Retired Associate Deputy Minister, Fisheries, Oceans and the Canadian Coast Guard, Government of Canada
Served on Board: 5 years

THOMAS COLOSIMO
Hay River, Northwest Territories
Occupation: Retired Superintendent, Industry, Tourism and Investment, Government of the Northwest Territories
Served on Board: 2 years

VINCENT CRATE
Koostatak, Manitoba
Occupation: Fisher
Served on Board: 2 years

DANA GREGOIRE
Toronto, Ontario
Occupation: Lawyer
Served on Board: 3 years

STANLEY LAZAR
President and Chief Executive Officer
Winnipeg, Manitoba
Served on Board: 4 years

MICAH MELNYK
Ottawa, Ontario
Occupation: Consultant
Served on Board: 3 years

2 vacant positions

Audit and Risk Committee

Chair: Micah Melnyk
Members: Vincent Crate, David Bevan

Governance Committee

Chair: Dana Gregoire
Members: Thomas Colosimo

Corporate Officers and Senior Management

DAVID BERGUNDER
Vice-President, Field Operations

ROBERT BLACK
Vice-President, Sales and Marketing

DAWN KJARSGAARD
Director, Plant Operations

DENIS LAVALLÉE
Chief Financial Officer

STANLEY LAZAR
President and Chief Executive Officer

SUSAN YOUNG
Vice-President, Human Resources and Government Services

To see FFMC's Board of Directors and Senior Leadership Team biographies, please go to:
http://www.freshwaterfish.com/content/pages/about-us

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) provides a narrative discussion outlining the financial results and operating performance for the year ending April 30, 2021 for the Freshwater Fish Marketing Corporation. This discussion should be read with the audited financial statements and accompanying notes for the fiscal year ending April 30, 2021, which were prepared in accordance with International Financial Reporting Standards (IFRS).

The information presented in this MD&A is current to July 7, 2021. 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 7, 2021.

MATERIALITY

In assessing what information to provide in the MD&A, management applies the materiality principle as guidance for disclosure. Management considers information material if it is probable that its omission or misstatement would influence decisions that users make on the basis of the financial information.

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.

Significant events

COVID-19 PANDEMIC

The risks FFMC faced related to the spread of the COVID-19 virus and developments surrounding the global pandemic have had a significant impact on the Corporation. FFMC endured the impact of the global economic downturn and severe reduction in food-service demand caused by the pandemic. The repercussions of the COVID-19 pandemic that began to affect FFMC in mid-March 2020 continued to be felt by the Corporation throughout the year. The primary impacts include reduced revenues and lower than planned fish purchases. The expectation is for continued impact to FFMC's operations and financial condition until the pandemic subsides. Subsequent discussion regarding the pandemic's impact on the Corporation is provided throughout the remainder of this MD&A.

SURPLUS FOOD RESCUE PROGRAM (SFRP)

FFMC participated in the SFRP that formed part of the Government of Canada's emergency response to the COVID-19 crisis. FFMC partnered with Fisher River Cree Nation in Manitoba to distribute fish to Indigenous communities. The program enabled FFMC to reduce the level of frozen fish inventory that the Corporation was challenged to sell that could have gone to waste because of reduced COVID-19 related market demand. The distribution of fish inventory to Indigenous communities also helped FFMC to re-start the supply chain after the spring 2020 fishery shutdown. As FFMC was able to purchase raw material, fishers returned to the fishery and earned income. These fishers then contributed to their local economies. Unquestionably, the SFRP benefitted the Corporation's 2021 performance and without the program, the inferior operating and financial outcomes for the year would have been exacerbated.

COMMERCIAL FISH SUPPLY FROM COMPETITORS INTO FFMC SALES MARKETS

Fishing quotas for walleye across Lake Erie have increased by 43% from 2015 through to 2020. The bi-national Lake Erie Committee has been increasing the total allowable catch limits for walleye annually based on scientific assessments of fish populations in the lake. In 2021, the fishing quota on Lake Erie is increasing by another 26%. The increase in walleye available in Lake Erie has provided competitors with abundant fish supply to compete against FFMC in key sales markets particularly the U.S. Midwest and New York.

COMPETITIVE FISH PURCHASING IN THE OPEN MARKET

The open fish supply market that now covers 95% of FFMC's supply base is providing competitors who may have more extensive or specialized processing and/or marketing capabilities to vertically integrate their operations and impact FFMC. FFMC faces aggressive competitors who are intent on increasing their market share and profiting from the open market opportunity. Walleye is the most lucrative species being purchased and marketed by competitors, but other key species including lake whitefish and all species of roe are being procured and aggressively marketed to FFMC's customers by competitors.

TRANSFORMATION OF FFMC

In January 2021, the Minister of Fisheries and Oceans and the Canadian Coast Guard (DFO), announced receipt of the report from the Interlocutor on the Transformation of FFMC. In March 2020, the Interlocutor established an Interim Committee of Inland Fish Harvesters to assess the feasibility of transforming FFMC into a harvester-led marketing entity. The report recommends that DFO commit to working with the Interim Committee to transform FFMC. For this work to continue, the Interlocutor recommended that DFO provide support to the Interim Committee in securing administrative and technical expertise to allow it to formalize its role in representing fish harvesters in Manitoba, Saskatchewan and the Northwest Territories. DFO will continue to work with the Interim Committee to assess and support the next steps in the process. The Interlocutor's report is available at

https://www.dfo-mpo.gc.ca/fisheries-peches/initiatives/ffmc-cpea/interlocutor-report-rapport-interlocuteur-eng.html.

CORPORATE PLAN

On December 22, 2020, Freshwater's Board of Directors approved the 2022-2026 Corporate Plan. The Plan was submitted to the Minister of Fisheries and Oceans and the Canadian Coast Guard and was approved by the Treasury Board on April 1, 2021. The 2022-2026 Corporate Plan summary is available at

http://freshwaterfish.com/content/pages/corporate-reports-0

Performance indicators

FFMC's Vision is to be an industry leader of premium-quality freshwater fish products through efficient supply chain management, value-added processing and effective marketing. Our Mission is to maximize long term returns to commercial fishers through securing supply, creating an orderly market, promoting international markets and increasing trade in freshwater fish. Our Mission supports the continuing principles of enabling access to international markets, maximizing returns to stakeholders and supporting the long term viability of the inland commercial fishery in Canada.

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 and continually strives to improve its financial and operational performance aligned with those targets. The operating and financial results achieved during the year ended April 30, 2021 indicate that the Corporation endured a challenging year both financially and operationally.

Results of operations

FISH DELIVERIES

Fish deliveries are 9.0 million kilograms in 2021, a decrease of 30% compared to deliveries of 12.8 million kilograms in 2020. 2021 fish deliveries are 30% lower than planned deliveries of 12.8 million kilograms. Lower fish deliveries are overwhelmingly the result of the Corporation's action to stop fish deliveries in the spring of 2020 because of reduced market demand from customers stemming from the COVID-19 pandemic. However, the normal variations in fish deliveries because of environmental and biological influences on the fishery and lakes, the diversity of species caught and the impact of open market competition are also factors that influenced lower delivery volumes. Fish delivery volumes were also lower because of an initiative announced by the Government of Manitoba in 2019 – the Individual Quota Entitlement buy-back from fishers. Concerns by fishers regarding their health and safety during the COVID-19 pandemic as well as their expectations regarding the need for precautions such as physical distancing impacted the ability of some fishers and fisher co-operatives to operate, reducing fish deliveries. Correspondingly, initial payments to fishers are $19.1 million compared to $29 million in 2020.

SALES REVENUE

FFMC's sales revenue is $2 million or 3% lower than the 2021 performance target. 2021 sales revenue is 14% lower than last year. The decline in sales revenue resulting from lower customer demand for much of the first quarter is the primary contributor to the decrease. The second wave of the pandemic that started in November of 2020 presented similar customer demand challenges that had occurred in the early stages of the pandemic as well as downward market pricing pressure for products that were able to be sold. The SFRP contributed $9.5 million to 2021's annual sales revenue. Without the SFRP, sales revenue would have been $50.7 million, 19% below the 2021 performance target.

Performance Indicator	2021 Performance Target	2021 Actual Performance
Profit before final payment and income tax	$0.8 million	$0.5 million
Percent return to fishers	46.6%	41.0%
Retained earnings	$18.7 million	$16.5 million
Sales revenue per kilogram	Meet 2021 sales revenue target	3.2% lower than budget
Direct labour efficiency	1% improvement over 2020 actual	6.3% improvement over 2020 actual
Operational costs per kilogram	1.5% improvement over 2020 actual	27.5% higher than 2020 actual
Initial payments to fishers	$28.6 million	$19.1 million
Fish delivery volume	12.8 million kilograms	9.0 million kilograms
Employee attendance	2% improvement over 2020 actual	1.8% improvement over 2020 actual
Inventory levels	Meet planned inventory targets	20.4% lower than forecast
Expenses	Meet 2021 expense targets	10.8% higher than budget

COST OF SALES

The cost of sales in 2021 is $55.6 million compared to $65.0 million in 2020. Lower fish delivery volumes and lower initial prices reduced the total value of fish purchases by 36% compared to 2020. Consequently, variable processing expenses were lower in 2021 compared to 2020. Variable processing costs, particularly freight, packing allowances, agency operating costs, packaging and plant wages and benefits were collectively lower by 19.1% compared to 2020. Processing expenses such as property taxes, maintenance, repairs, utilities and depreciation, however were only lower by 3.2% compared to 2020, reflecting the fixed nature of those costs. The value of processed fish inventory was $9.0 million lower at April 30, 2021, also contributing to the lower cost of sales in 2021. While the cost of sales was significantly lower in 2021, reduced fish delivery volumes of 30% compared to 2020 impacted FFMC's operational cost per kilogram with actual operational cost per kilogram 27.5% higher in 2021 than in 2020. The unfavourable performance with respect to operational cost per kilogram demonstrates the repercussions of lower fish deliveries and reduced production volume on FFMC's processing operations and cost structure.

MARKETING AND ADMINISTRATIVE EXPENSES (M&A)

Overall, M&A expenses are lower than last year because of the Corporation's actions in controlling costs to respond to COVID-19. The actions included reducing discretionary spending, reducing the salaried workforce and reducing pay for salaried employees for the first 5 months of the fiscal year. Variable expenses including commissions, advertising and meeting fees were all lower because of reduced efforts in these categories from COVID-19. Fixed M&A expenses such as data processing and depreciation and amortization by nature of their makeup were similar to last year.

NET FOREIGN EXCHANGE LOSS AND FINANCIAL DERIVATIVE LOSS

The Corporation uses derivative financial instruments to manage financial risk and fluctuations in foreign exchange rates and interest rates. These instruments are economic hedges. Foreign exchange and financial derivative gains or losses are influenced by global economic factors and domestic monetary policy. In 2021, utilization of derivative financial instruments resulted in a financial gain of $0.47 million. The net financial derivative gain of $0.47 million represents the change in fair value of interest rate swaps. The $0.32 million net foreign exchange loss is related to the net realized and unrealized gains and losses on settlement of financial instruments.

SURPLUS FOOD RESCUE PROGRAM (SFRP) FEE

A provision of the SFRP reimburses participants in the program for administrative costs up to a rate of 10% of the total eligible costs of the project. The administrative rate reimbursement covered costs for project management salaries, services, office materials and administrative overhead. Revenue earned from administering the SFRP was $0.95 million.

TOTAL COMPREHENSIVE INCOME

The Corporation reported comprehensive income before final payment and income tax of $0.51 million in 2021, higher by $2.9 million compared to the total comprehensive loss of $2.3 million in 2020. The SFRP had a significant effect on the financial results of the Corporation. The following table details the impact of the SFRP on the Corporation's Statement of Comprehensive Income for the period ending April 30, 2021.

Netted against expenses and other revenue of $59.8 million are two significant non-recurring income items. The first item is the reversal of the $2.5 million inventory write down of processed fish products that was established at April 30, 2020 when the Corporation had evidence that the market value for walleye was lower than its cost because of reduced customer demand due to COVID-19. From July 2020 to March 2021, FFMC distributed fish through the SFRP and was reimbursed at cost for the original value of the written down inventory thus reversing the majority of the $2.5 million provision established at April 30, 2020. The second non-recurring item is $0.95 million earned by FFMC from the SFRP for administering the Program. Had these non-recurring items not occurred in the reporting period, year to date revenues would have been $50.7 million and year to date expenses would have been $53.7 million, resulting in a loss before provision for final payment and income tax of $2.9 million, unfavourable to the 2021 performance target by $3.7 million.

(in thousands of Canadian dollars)	April 30, 2021	SFRP	Writedown of processed fish products April 2020	SFRP Program Fee	Normalized Results – April 30, 2021
Sales revenue	60,273	(9,544)	-	-	50,729
Expenses and other revenue	59,759	(9,544)	2,466	947	53,628
Profit (loss) before provision for final payment and income tax	514	-	(2,466)	(947)	(2,899)

RETURNS TO FISHERS

Freshwater uses a payment structure that determines initial and final payments under a pooling system. The final payments are calculated by allocating receipts and costs by fish species. The profit distribution policy ensures that at the end of the fiscal year, an appropriate portion of net income from each species pool is allocated to long-term reinvestment in the Corporation. After the annual audit by the Office of the Auditor General of Canada, Freshwater determines final payments from the pooled receipts. Final payments are generated from any corporate cash surpluses when sales revenues exceed all direct and allocated costs for a species.

The table on page 14 provides species pool results for 2021 and an historical comparison.

RETAINED EARNINGS

Freshwater's targeted retained earnings level has been established as a minimum of 20% of its annual net sales. As of April 30, 2021, Freshwater's retained earnings are $16.5 million, 27% of net sales revenue.

Liquidity and capital resources

CASH FLOWS

Cash flows provided by operating activities was $12.6 million for the year ended April 30, 2021, strongly attributable to the decrease in value of inventories as a result of the SFRP.

Cash used in investing activities was $0.86 million, similar to last year. These expenditures fell into three categories:

- Building ($0.34 million): Included plant modernization and improvements in the Winnipeg and field operations processing plants to facilitate efficient plant operations.
- Equipment, vessels and fresh fish delivery totes ($0.41 million): Included investments for reliability, flexibility and capability improvements. Key investments were made to enhance processing capabilities at the Winnipeg processing facility.
- Intangible assets ($0.13 million): Included costs for information systems software, including set-up and configuration costs.

Cash flows used in financing activities was $13.4 million for the year ended April 30, 2021, reflecting the reduction in loans payable, mainly due to cash reimbursed for the SFRP. Repayment of $0.86 million was made on the demand installment loan during the year.

BORROWING FACILITIES

At April 30, 2021, Freshwater's outstanding loan balance was $19.5 million, consisting of $10.2 million of operating debt and $9.3 million of demand-installment debt. During the year, annual repayment of principle on the demand installment debt was $0.86 million. Since establishing its debt repayment strategy, Freshwater has reduced demand-installment debt by $7.2 million, from $16.5 million in 2012 to $9.3 million in 2021.

Note 10 to the financial statements provides full details on Freshwater's borrowing facilities.

FINANCIAL RISKS

Freshwater 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. Freshwater operates a prudent hedging program that uses financial instruments to manage its exposure to market risks.

Contingencies

See Note 18 to the financial statements for details on Freshwater's contingencies and provisions.

Performance against Corporate Plan

The operating and financial results achieved during the year ended April 30, 2021, indicate the Corporation did not meet its financial target as established in the 2021 to 2025 Corporate Plan approved by the Government of Canada.

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. 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 Corporation's risk management process is managed by the senior leadership team. 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.

As of April 30, 2021, Freshwater has identified the following key risks that could materially impact its forecast financial results:

Strategic risks

COVID-19

Overriding FFMC's major risks is the ongoing exposure of the COVID-19 global health crisis to the Corporation. FFMC has been adapting to the market impacts of COVID-19 and positioning the Corporation to continue addressing the challenges of the pandemic. FFMC has pursued additional customers and markets, primarily retail, to mitigate the reduced demand from its traditional food-service customer base. The ongoing impact of the pandemic could continue to affect FFMC's ability to efficiently operate its processing plant and supply chain. To address this risk, FFMC has continuing mitigation plans and strategies in place to address the safety of its employees. These strategies include staggering start times for processing employees to allow for physical distancing in the change rooms and cafeteria, weekly self-screening of all employees, directing staff to not come to work if they are exhibiting cold/flu symptoms and to screen their return to work according to the screening criteria recommended by health authorities. Access to FFMC's facilities is closed to the public and all contractors must have an escort to ensure they follow all FFMC's COVID-19 prevention protocols. FFMC performs more frequent, intense cleaning and disinfecting of offices and work locations and practices healthy behaviour including physical distancing and vigilant hand washing while providing increased access to hand and surface sanitizer, and other personal protective equipment, as appropriate to each job. Mandatory face masks are required in all areas, these areas include hallways, change rooms, meeting rooms, offices, cafeteria and the production floor. Mandatory face shields are required in designated areas.

FISH DELIVERIES

Environmental, biological and economic opportunities and risks affect the volume of fish delivered to Freshwater in any given year. On a regular basis, Freshwater uses effective operational planning and daily management to address these and other issues to meet its mandate.

In 2019, the Manitoba government initiated the opportunity for commercial fishers to voluntarily sell their Individual Quota Entitlement's (IQE's) back to the government to help assure the sustainability of fish populations in Lake Winnipeg. 500,000 kilograms of IQE was bought back by the Government in 2019. The Government of Manitoba believes that there are early warning signs that the sustainability of fisheries resources in Lake Winnipeg is at risk. FFMC expects the province to buy back another 500,000 kilograms of commercial IQE's in the spring of 2022.

Increasing and aggressive competition from other commercial fish buyers in FFMC's traditional mandate area and an aging commercial fisher population are additional factors that could impact fish deliveries.

Under the *FFMA*, Freshwater is obligated to purchase all fish legally offered for sale in the Northwest Territories and Alberta.

LAKE ERIE FISH SUPPLY

Another 26% increase in allowable catch limits have been approved for 2021. The increasing allowable catch limits are expected to continue for the foreseeable future. The increase in walleye available in Lake Erie has provided competitors with abundant fish supply to compete against FFMC in key sales markets such as the U.S. Midwest and New York.

FOREIGN EXCHANGE

A significant portion of the Corporation's revenue is denominated in foreign currencies, mainly U.S. dollars, which exposes the Corporation to foreign exchange risk as well as fluctuations in international currency exchange rates. Although Freshwater utilizes a hedging strategy, the volatility of foreign currencies, particularly the U.S. dollar, creates underlying risk to revenues.

INTEREST RATE

Guidance from the Bank of Canada in light of the COVID-19 pandemic suggests that interest rates will continue to remain low through 2021 and 2022 to stimulate economic activity. Freshwater has interest rate swaps in the amount of $9.3 million. The current interest rate swaps fix the interest rates for $3.7 million until 2029 and $5.6 million until 2032. Any additional debt required to meet the Corporation's working capital needs is subject to interest rate volatility.

MANDATE AND TRANSFORMATION OF THE FFMC

Freshwater is a Crown corporation solely-owned by the Government of Canada and governed primarily under the *Freshwater Fish Marketing Act (FFMA)* and the *Financial Administration Act (FAA)*. The successive withdrawal of provinces as signatories to the *FFMA* and the subsequent transformation process currently in progress regarding the future of the Corporation may create changes to shareholder objectives or legislation that could have an impact on performance. The situation creates uncertainty over the long term. Fishers have expressed concerns about the rate of progress towards establishing FFMC's long-term future and could influence their decisions in choosing alternative buyers for their fish.

Travel and hospitality expenditures

The following table summarizes the travel and hospitality expenditures incurred for the year ended April 30, 2021.

(in thousands of Canadian dollars)	2021	2020	$ change	% change
Travel	39	170	(131)	(77)
Hospitality	3	10	(7)	(70)
Total travel and hospitality expenditures	**42**	**180**	**(138)**	**(77)**

Outlook

The Freshwater Fish Marketing Corporation has played a pivotal role in meeting the unique needs of Canada's commercial inland fishery for over 50 years. The Corporation's purpose remains true to its 1969 legislated mandate in its current mission statement: To maximize long term returns to commercial fishers 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, both for today and into the future. Recognizing these changes, in 2018 the Government of Canada established an advisory panel to explore ways to transform FFMC to remain competitive. According to the Ministerial Advisory Panel's report, released in 2019, the collective interests of commercial fishers and stakeholders would be best realized through transforming FFMC into a harvester-led entity. In 2019, the Government of Canada then appointed an Interlocutor on the FFMC Transformation, who engaged with harvesters and other stakeholders in the freshwater fishery and convened the Interim Committee of Inland Fish Harvesters to advise him in his recommendations to the Minister of Fisheries and Oceans. In September 2020, the Interlocutor submitted a report of findings and recommendations for the Minister's consideration. The report recommends that DFO commit to continue working with the Interim Committee to transform the FFMC and provide support to the Interim Committee to secure administrative and technical expertise to allow it to formalize its role in representing fish harvesters in Manitoba, Saskatchewan, and the Northwest Territories. In January 2021 the Minister announced receipt of the Interlocutor's report, and commitment to supporting the Interim Committee in pursuing an effective transformation of the FFMC to a harvester-led entity. The Government of Canada is continuing to work with the Interim Committee to assess and support the next steps in the process.

On-going and emerging uncertainties will continue to impact the Corporation and the commercial inland freshwater fish industry. The Board of Directors and the senior leadership team remain committed to maintaining the value of FFMC during the transformation process that is underway to determine the long-term future of the Corporation.

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 a number of 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. In light of 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.

FFMC believes to the extent possible, its comprehensive efforts related to the COVID-19 pandemic have, and should continue to mitigate the adverse impacts of the crisis on the Corporation. As the COVID-19 crisis continues to unfold, FFMC will continue to adapt and adopt best practices that prioritize the health and safety of employees and fishers and help safeguard the stability of its supply chain. Factors related to COVID-19 that could have an impact on the Corporation, which we cannot predict with a high degree of certainty or control, include volatility in the sales markets in which we compete, broader economic consequences from the pandemic, the balance between retail and food-service demand, potential future processing or supply chain disruptions or shutdowns and the extent of public health measures, including the efficiency and effectiveness of vaccine distributions.

The forward-looking statements included in this annual report are made only as of July 7, 2021, 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.

Ten Year Financial Summary

Fiscal Year ended April 30

(in millions of Canadian dollars)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Sales	60.3	70.5	77.6	73.8	75.8	73.2	71.0	68.5	63.5	66.9
Income (Loss) Before Final Payments and Income Tax	0.5	(3.1)	0.9	8.3	7.6	5.1	6.2	3.3	4.5	5.7
Fish Purchases	20.9	32.8	36.9	35.5	32.0	32.6	29.5	28.0	27.4	27.8
Income Before Income Tax Plus Fish Purchases	21.4	29.7	37.8	43.8	39.6	37.7	35.7	31.3	31.9	33.5
Accounts Receivable	6.1	7.0	9.2	8.5	10.2	8.7	6.6	7.1	6.4	6.4
Inventory – Processed Fish Products	15.7	24.6	25.8	25.8	18.5	18.6	15.4	12.6	12.7	9.6
Inventory – Packaging Material and Parts	2.4	2.3	2.1	1.3	1.1	1.1	0.8	0.9	1.1	0.9
Capital and Intangible Assets – Net Book Value	18.7	19.6	20.6	20.2	20.3	20.0	19.4	20.9	21.2	17.7
Loans Payable	19.5	32.9	32.9	26.8	23.6	24.6	21.3	26.0	27.2	21.1
Retained Earnings	16.5	16.1	18.4	18.2	14.9	11.9	10.4	8.2	6.8	4.2

Financial Returns and Deliveries

Ten Year Summary, Fiscal Year ended April 30

(in millions of Canadian dollars, except when stated)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
WALLEYE (PICKEREL)										
Delivered Weight[1]	3.2	4.5	4.3	4.5	4.6	4.6	4.8	5.7	5.7	6.0
Initial Payment[2]	11.2	17.8	18.4	18.0	16.7	15.5	14.5	15.5	15.8	16.4
Final Payment	0.0	0.0	0.5	3.2	3.3	2.9	2.3	0.9	2.0	2.7
Total Payment	11.2	17.8	18.9	21.2	20.0	18.4	16.8	16.4	17.8	19.1
3 Yr Moving Avg[3]	16.0	19.3	20.0	19.9	18.4	17.2	17.0	17.8	17.9	18.2
Price/Round Kg.[4]	$3.50	$3.96	$4.40	$4.71	$4.35	$4.00	$3.50	$2.88	$3.13	$3.19
LAKE WHITEFISH										
Delivered Weight[1]	2.5	3.6	4.3	4.7	4.4	4.8	4.0	3.6	3.7	3.8
Initial Payment[2]	5.2	7.0	8.5	9.3	7.5	8.1	6.6	5.4	5.4	4.5
Final Payment	0.0	0.0	0.0	0.2	0.0	0.0	0.6	0.2	0.0	0.0
Total Payment	5.2	7.0	8.5	9.5	7.5	8.1	7.2	5.6	5.4	4.5
3 Yr Moving Avg[3]	6.9	8.3	8.5	8.4	7.6	7.0	6.1	5.2	5.1	5.7
Price/Round Kg.[4]	$2.08	$1.94	$1.98	$2.02	$1.70	$1.69	$1.81	$1.56	$1.44	$1.18
NORTHERN PIKE										
Delivered Weight[1]	1.1	1.4	1.6	1.7	1.7	2.3	2.2	2.0	2.0	1.9
Initial Payment[2]	0.7	1.4	1.5	1.4	1.4	2.1	1.9	1.6	1.6	1.5
Final Payment	0.0	0.0	0.0	0.3	0.1	0.0	0.1	0.0	0.0	0.0
Total Payment	0.7	1.4	1.5	1.7	1.5	2.1	2.0	1.6	1.6	1.5
3 Yr Moving Avg[3]	1.2	1.5	1.6	1.8	1.8	1.9	1.7	1.6	1.5	1.5
Price/Round Kg.[4]	$0.64	$1.00	$0.94	$1.00	$0.88	$0.91	$0.89	$0.80	$0.80	$0.79
MULLET										
Delivered Weight[1]	1.3	1.7	1.8	1.7	2.3	2.8	2.6	2.0	1.3	1.6
Initial Payment[2]	0.7	0.9	0.9	0.8	1.1	1.3	1.1	0.9	0.6	0.7
Final Payment	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Total Payment	0.7	0.9	0.9	0.9	1.1	1.3	1.1	0.9	0.6	0.7
3 Yr Moving Avg[3]	0.8	0.9	1.0	1.1	1.2	1.1	0.9	0.8	0.6	0.6
Price/Round Kg.[4]	$0.54	$0.53	$0.50	$0.53	$0.48	$0.46	$0.42	$0.45	$0.49	$0.46
OTHER										
Delivered Weight[1]	0.9	1.6	1.8	1.5	1.7	1.9	1.7	1.1	0.9	1.0
Initial Payment[2]	1.3	1.9	2.8	2.1	2.2	2.5	2.5	1.7	1.4	1.7
Final Payment	0.0	0.0	0.0	0.2	0.2	0.1	0.0	0.0	0.0	0.2
Total Payment	1.3	1.9	2.8	2.3	2.4	2.6	2.5	1.7	1.4	1.9
3 Yr Moving Avg[3]	2.0	2.3	2.5	2.4	2.5	2.3	1.9	1.7	1.5	1.9
Price/Round Kg.[4]	$1.44	$1.19	$1.56	$1.53	$1.39	$1.37	$1.48	$1.55	$1.57	$1.88
ALL POOLS										
Delivered Weight[1]	9.0	12.8	13.8	14.1	14.7	16.4	15.3	14.4	13.6	14.3
Initial Payment[2]	19.1	29.0	32.1	31.6	28.9	29.4	26.5	25.1	24.8	24.8
Final Payment	0.0	0.0	0.5	4.0	3.5	3.0	3.0	1.1	2.0	3.0
Total Payment	19.1	29.0	32.6	35.6	32.4	32.4	29.5	26.2	26.8	27.8
3 Yr Moving Avg[3]	26.9	32.4	33.5	33.5	31.4	29.4	27.5	26.9	26.6	27.9
Price/Round Kg.[4]	$2.12	$2.27	$2.36	$2.52	$2.20	$1.98	$1.93	$1.82	$1.97	$1.94

[1] Delivered Weight – Round Equivalent Weight (millions of kilograms).
[2] Initial Payment – Net of Freight.
[3] Three Year Moving Average of Total Payments.
[4] Price/Round Kg. – Based on Initial Payment plus Final Payment.

Management's Responsibility for Financial Reporting

The accompanying financial statements of the Freshwater Fish Marketing Corporation and all information in this annual report are the responsibility of the Corporation's management.

Management is responsible for preparation of the financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board using the best estimates and judgments of management, where appropriate. The financial statements include certain amounts, such as the allowance for impairment loss, the provision to reduce slow moving or unsellable finished fish inventories to their estimated net realizable value, the derivative financial instruments measured at fair value and the estimated useful lives of plant and equipment, that are necessarily based on management's best estimates and judgment. The integrity and objectivity of the data in these financial statements are management's responsibility. Financial information presented elsewhere in the annual report is consistent with that contained in the financial statements.

In discharging its responsibility for the integrity and fairness of the financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained and that transactions of the Corporation are in accordance with Part X of the *Financial Administration Act* (FAA) and regulations, the *Freshwater Fish Marketing Act* and regulations, the by-laws of the Corporation and the directive (P.C. 2015-1108) issued pursuant to section 89 of the FAA.

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 Committee meets with management and the independent external auditor to discuss auditing, internal controls and other relevant financial matters. The Audit and Risk Committee meets to review the financial statements with the external auditors and submits its reports to the Board of Directors. The Board of Directors reviews and approves the financial statements.

The Corporation's independent external auditor, the Auditor General of Canada, audits the financial statements of the Corporation in accordance with Canadian Auditing Standards and expresses her opinion on the financial statements to the Minister responsible for the Freshwater Fish Marketing Corporation.

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

Denis P. Lavallée, CPA, CA
Chief Financial Officer

Winnipeg, Canada
July 7, 2021

Office of the Auditor General of Canada

Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Fisheries and Oceans

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 2021, 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 a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 30 April 2021, 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.

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.

Riowen Algrall

Riowen Yves Abgrall, CPA, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
7 July 2021

Statement of Financial Position

AS AT APRIL 30, 2021
(in thousands of Canadian dollars)

	2021	2020
ASSETS		
Current		
Cash	1,055	2,629
Accounts receivable (Note 5)	6,079	6,976
Income taxes receivable	-	1,161
Prepaid expenses	128	111
Inventories (Note 6)	18,070	26,944
	25,332	37,821
Non-current		
Property, plant and equipment (Note 7)	18,427	19,478
Intangible assets (Note 8)	229	157
	18,656	19,635
Total Assets	**43,988**	**57,456**
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 5 and 9)	4,519	3,754
Income taxes payable	119	-
Accrued obligation for employee benefits (Note 12)	609	579
Loans payable (Notes 5 and 10)	19,508	32,864
Provision for environmental liability (Note 18)	385	407
Derivative-related liabilities (Note 5)	494	1,799
	25,634	39,403
Non-current		
Deferred tax liabilities (Note 16)	1,767	1,819
Accrued obligation for employee benefits (Note 12)	124	138
	1,891	1,957
Equity		
Retained earnings	16,463	16,096
Total Liabilities and Equity	**43,988**	**57,456**

Contingencies (Note 18)

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

Approved on behalf of the Board of Directors:

David Bevan
Chairperson, Board of Directors

Approved on behalf of Management:

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

Denis P. Lavallée, CPA, CA
Chief Financial Officer

Statement of Comprehensive Income (Loss)

FOR THE YEAR ENDED APRIL 30, 2021
(in thousands of Canadian dollars)

	2021	2020
Sales (Note 13)		
Export	44,365	60,812
Domestic	6,364	9,647
Surplus Food Program	9,544	-
	60,273	70,459
Cost of Sales		
Opening inventory of processed fish products	24,626	25,847
Add fish purchases and processing expenses:		
Fish purchases	20,928	32,797
Plant salaries wages & benefits	10,801	12,510
Packaging and storage	4,340	5,464
Packing allowances and agency operating costs	3,251	4,410
Freight	2,230	3,096
Repairs and maintenance, Winnipeg Plant	1,260	1,327
Utilities and property taxes	1,454	1,558
Depreciation of production assets (Note 7)	1,630	1,601
Other	782	1,008
	71,302	89,618
Less ending inventory of processed fish products net of write downs (Note 6)	(15,656)	(24,626)
	55,646	64,992
Gross profit on operations	**4,627**	**5,467**
Marketing and administrative expenses		
Salaries and benefits	2,833	3,046
Commissions (Note 14)	775	1,061
Data processing, office and professional services	1,206	1,190
Advertising and promotion	40	179
Meeting fees and expenses	36	66
Other	146	271
Depreciation and amortization of administrative assets (Notes 7 and 8)	83	64
	5,119	5,877
Other income and expenses		
Net foreign exchange loss	320	338
Net financial derivative (gain) loss	(474)	511
Surplus Food Program Fee/Others	(1,182)	-
Provision for environmental liability (Note 18)	-	400
Other revenue (Note 15)	(1,111)	(938)
Other expense (Note 15)	928	1,421
Finance income	(10)	(40)
Finance costs	523	1,041
	(1,006)	2,733
Profit (loss) before provision for final payment and income tax	**514**	**(3,143)**
Provision for final payment (Note 18)	-	-
Income tax expense (recovery) (Note 16)	147	(799)
	147	(799)
Total comprehensive income (loss)	**367**	**(2,344)**

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

Statement of Changes in Equity

FOR THE YEAR ENDED APRIL 30, 2021
(in thousands of Canadian dollars)

	2021	2020
Retained earnings at the beginning of the year	16,096	18,440
Total comprehensive income (loss) for the year	367	(2,344)
Retained earnings at the end of the year	**16,463**	**16,096**

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

Statement of Cash Flows

FOR THE YEAR ENDED APRIL 30, 2021
(in thousands of Canadian dollars)

	2021	2020
Operating activities		
Comprehensive income (loss) for the year	367	(2,344)
Add (deduct) items not affecting cash:		
Future tax recovery	(52)	(3)
Depreciation and amortization	1,857	1,813
Fixed asset retirements	15	14
Gain on disposal of property, plant and equipment	(34)	-
Write-down of inventory	603	3,163
Increase (decrease) in net derivative-related liabilities	(1,305)	1,058
Decrease in provision for final payment to fishers	-	(500)
Increase in provision for environmental liability	-	400
Net changes in non-cash working capital:		
Decrease in accounts receivable	897	2,154
Decrease (increase) in income taxes receivable	1,161	(993)
Decrease (increase) in inventories	8,271	(2,136)
Decrease (increase) in prepaid expenses	(17)	97
Increase (decrease) in accounts payable and accrued liabilities	765	(566)
Increase in income taxes payable	119	-
Decrease in provision for environmental liability	(22)	(209)
Increase in obligation for employee benefits	16	11
Cash generated by operating activities	**12,641**	**1,959**
Investing activities		
Additions to property, plant and equipment and intangible assets	(896)	(850)
Proceeds on disposal of property, plant and equipment	37	-
Cash used in investing activities	**(859)**	**(850)**
Financing activities		
Loans payable issued	-	700
Repayment of loans	(13,356)	(778)
Cash used in financing activities	**(13,356)**	**(78)**
Increase (decrease) in cash during the year	(1,574)	1,031
Cash at the beginning of the year	2,629	1,598
Cash at the end of the year	**1,055**	**2,629**
Supplementary information		
Interest paid	**347**	**778**

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

Notes to the Financial Statements

AS AT APRIL 30, 2021
(in thousands of Canadian dollars)

1. NATURE AND DESCRIPTION OF THE CORPORATION

The Freshwater Fish Marketing 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 the province of 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 $50.0 million. As at April 30, 2021, the total borrowings of the Corporation may not exceed $39.1 million as authorized by the Minister of Finance. Retained earnings are $16.5 million or 27% of net sales at April 30, 2021, above the 20% threshold required by the Corporation's Retained Earnings and Long Term Debt Policy. Borrowing levels are forecast to remain under the legislated borrowing authority of $50.0 million.

The address of 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 this directive 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 (IFRS). 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, in particular, the enduring impact of the COVID-19 health pandemic on its operations, the open-market fish supply environment, individual quota entitlement buyback from commercial fishers on Lake Winnipeg by the Government of Manitoba and increasing supplies of walleye into Freshwater'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. The strategies including the plans and objectives to address these risks are outlined in the 2022 to 2026 Corporate Plan Summary which has been approved by the Government of Canada.

In support of the 2020 Report of the Interlocutor on the Transformation of the Freshwater Fish Marketing Corporation, the Government of Canada in January 2021, committed to support the Interim Committee of Fish Harvesters in securing administrative and technical expertise to allow it to familiarize itself with representing fish harvesters in Manitoba, Saskatchewan, and the Northwest Territories. The Government of Canada is continuing to work with the Interim Committee to assess and support the next steps in the process.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of presentation

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

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

Unless otherwise stated, these 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 issue by the Board of Directors of the Corporation on July 7, 2021.

3.2 Cash

Cash is composed of money in the bank.

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.

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.

Included in supplies inventory are inventories of spare parts. These 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 at 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 (FVTPL)

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 re-measurement 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 Impairment of financial assets

The Corporation recognizes loss allowances for expected credit losses (ECLs) on financial assets measured at amortized cost.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

ECLs are recognized at each reporting period, even if no actual loss events have taken place. In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment.

The Corporation applies a single impairment model to all financial instruments subject to impairment testing. The impairment model is based on a forward-looking ECL model. The model applies to trade receivables as defined in IFRS 15. In addition to past events and current conditions, reasonable and supportable forecasts affecting collectability are also considered when determining the amount of impairment.

Objective evidence of impairment could include:

- significant financial difficulty of the debtor;
- breach of contract, such as a default or delinquency in payments;
- it becoming probable that the debtor will enter bankruptcy or financial re-organization; or
- significant decrease in creditworthiness of the debtor.

Loss allowances for financial asset measured at amortized cost are deducted from the gross carrying amount of the assets.

3.6.4 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.

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 at FVTPL.

Financial liabilities classified as FVTPL are presented at fair value, with any gains or losses arising on re-measurement 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.

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 re-measured 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.

(in thousands of Canadian dollars)

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 for which the commencement date for capitalization is on or after May 1, 2010.

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.

The costs of major inspections or overhauls are recognized in the carrying amount of the item or as a replacement. Any remaining carrying amount of the cost of the previous inspection is derecognized.

3.9.4 Derecognition

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 Intangible assets

Intangible assets include costs associated with information systems software, including initial set-up and configuration costs. These costs are amortized, after technological feasibility is established, using a straight-line method over the estimated useful life of five years. The Corporation has no indefinite intangible assets. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at each reporting period. If the expected useful life of the asset is different from previous estimates, the amortization period shall be changed accordingly on a prospective basis as a change in estimate.

3.11 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 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.

The Corporation bases its impairment calculation on a detailed budget and forecast to which the assets are allocated. The budget and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognized in the statement of comprehensive income 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.

3.12 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.

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.

3.13 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.

3.14 Employee benefits

3.14.1 Current employee benefits

Current employee benefits are employee benefits that are due to be settled within twelve months after the end of the period in which the employees render their related service. The Corporation's current benefits include wages and salaries, annual leave and other types of current benefits.

The Corporation recognizes the undiscounted amount of current employee benefits earned by an employee in exchange for services rendered during the period as a liability in the statement of financial position, after deducting any amounts already paid as an expense in profit and loss.

3.14.2 Pension 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 to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent a pension obligation of the Corporation.

The accrued obligation for employee benefits includes the net present value of the liability for the employer's cost of buyback service related to an agreement with the Corporation's union that established the employment status of its fish plant employees on a go forward basis and retroactively to April 1, 1973. The Corporation is required to fund the employer's portion of any employee contributions that arise from this agreement.

3.14.3 Accrued obligation for workers' compensation

The Corporation is subject to the *Government Employees Compensation Act* and, therefore, is self-insured for benefits for work-related injuries of the employees of the Freshwater Fish Marketing Corporation. As a self-insured employer, the Corporation is accountable for all such liabilities incurred since incorporation. Liabilities for workers' compensation benefits are recorded based on known injuries or illnesses that have occurred.

The accrued obligation for workers' compensation represents the actuarially determined net present value of liabilities for benefits for work-related injuries of the employees of the Freshwater Fish Marketing Corporation when awards are approved by the Workers Compensation Board of Manitoba, or when legislative amendments are made and the anticipated future costs can be reasonably calculated.

Changes in the net present value of this unfunded liability are based on updated actuarial estimates of future costs as a result of actual experience and changes in actuarial assumptions. Adjustments arising from actuarial gains and losses are recognized in the year in which they occur.

3.14.4 Accrued obligation for sick leave benefits

The Corporation's sick leave benefit plan provides accumulating sick leave benefits to eligible employees. The plan is an unfunded defined benefit plan paid on a cash basis by contributions from the Freshwater Fish Marketing Corporation.

The accrued obligation for sick leave benefits represents the actuarially determined net present value of liabilities for sick leave benefits for eligible employees of the Freshwater Fish Marketing Corporation.

Changes in the net present value of this unfunded liability are based on updated actuarial estimates of future costs as a result of actual experience and changes in actuarial assumptions. Adjustments arising from actuarial gains and losses are recognized in the year in which they occur.

3.15 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 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.

3.16 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 a reliable estimate can be made of the amount of the obligation. 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 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 a finance cost.

3.17 Income tax

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

3.17.1 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 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.

3.17.2 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.

3.17.3 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.

(in thousands of Canadian dollars)

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

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 the disclosure of contingent liabilities. 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. Judgements made by management in the application of IFRS that have significant effect on the financial statements relate to the following:

4.1 Impairment of non-financial assets

The Corporation's impairment test is based on value in use calculations that use a discounted cash flow model. The cash flows are derived from the budget for the next five years and are sensitive to the discount rate used as well as the expected future cash inflows and the growth rate used for extrapolation purposes. Refer to Note 3.11.

4.2 Capital assets

Capital assets, comprising property, plant and equipment and intangible assets with finite useful lives are depreciated or amortized over their useful lives. Useful lives are based on management's estimates of the periods of service provided by the assets. The useful lives of these assets are periodically reviewed for continued appropriateness. Changes to the useful life estimates would affect future depreciation and amortization expense and the future carrying value of assets. Refer to Notes 3.9.2 and 3.10.

4.3 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.

4.4 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 liabilities are comprised of temporary differences between the carrying values and tax basis of liabilities. 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.

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:

	2021	2020
Retained earnings	16,463	16,096
Loans payable	19,508	32,864
	35,971	**48,960**

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 activities to support its objectives.

(in thousands of Canadian dollars)

The Corporation's ability to obtain additional capital is subject to market conditions and pursuant to the provisions of the above-noted Acts. The limitations on the borrowings of the Corporation and its access to credit facilities are outlined in Note 1. 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, which are subject to the approval of the Board of Directors and the Governor in Council. The timing of future borrowings is not determinable.

These objectives and strategies are reviewed during the annual corporate planning process and are approved by the Minister of Finance. Borrowings must also be approved by the Board of Directors. The Corporation's overall strategy with respect to capital risk management remains unchanged from the year ended April 30, 2020 as payouts 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.

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 of the financial assets and liabilities.

The Corporation estimated the fair values of its financial instruments as follows:

i) The carrying amounts of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values as a result of the relatively short-term nature of these financial instruments.

ii) The fair value of loans payables has been estimated based on a discounted cash flow approach using current market rates appropriate as at the respective date presented.

iii) The fair values of the Corporation's derivative-related assets and derivative-related liabilities are based on estimated credit-adjusted market prices. The Corporation takes counterparty risk and its own risk into consideration for the fair value of financial instruments.

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);

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 of the fair value hierarchy as at April 30, 2021 and 2020. The fair value measurements of all other financial instruments held by the Corporation are classified as Level 2 of the fair value hierarchy as at April 30, 2021 and 2020.

There were no transfers of financial instruments between levels during the year ended April 30, 2021.

The fair value measurements of the derivative financial instruments as recorded in the statement of financial position are classified as follows:

	2021	2020
Derivative-related liabilities	494	1,799

5.2.3 Finance costs

The Corporation has recorded the following finance costs on loans and other payables:

	2021	2020
Interest expense	347	778
Stamping fee	149	232
Bank Charges	27	31
Total finance costs on loans and other payables	**523**	**1,041**

(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 the 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 customers operate.

The Corporation manages this risk by monitoring the creditworthiness of customers. The Corporation has established processes when dealing with foreign customers in order to manage the risk relating to foreign customers. The Corporation's management reviews the detailed accounts receivable listing on a regular basis for changes in customer balances which could present collectability issues.

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

	2021			2020		
	Original currency (CAD $)	Original currency (U.S. $)	(CAD $)	Original currency (CAD $)	Original currency (U.S. $)	(CAD $)
Canada	230	-	230	284	-	284
United States	-	3,388	4,188	-	2,547	3,544
Europe	640	-	640	2,252	-	2,252
Non-trade accounts receivable	1,021	-	1,021	896	-	896
			6,079			**6,976**

Accounts receivable are classified as financial assets and are measured at amortized cost.

At April 30, 2021, five customers represented 50% (2020 – 46%) of the trade accounts receivable balance.

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.

The Corporation's main source of revenue is derived from the food service industry. This industry has been severely affected by the economic slowdown resulting from the COVID-19 pandemic. Management is monitoring the credit ratings of its large food service customers. 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, is as follows:

	2021	2020
Current 0 – 30 days	4,804	4,508
Past due 31 – 60 days	251	715
Past due over 61 days	3	857
Non-trade accounts receivable	1,021	896
	6,079	**6,976**

The Corporation does not hold any collateral in respect of accounts receivable.

(in thousands of Canadian dollars)

Cash

The Corporation manages its exposure to credit risk for its cash by depositing only with creditworthy counterparties, such as major Canadian financial institutions. The maximum exposure to credit risk for cash at April 30, 2021 was $1,055 (April 30, 2020 – $2,629).

Derivative financial instruments

The Corporation manages its exposure to credit risk on its derivative financial instruments by contracting only with creditworthy counterparties, such as major Canadian financial institutions. The Corporation considers that it is exposed to minimal credit risk in the event of non-performance as the counterparty is considered to be of high credit quality.

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 $9,308 are included in the loans payable amount of $19,508. Should these term loans be repaid in the normal course, term loan repayments would be $933 per year.

2021

	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	2,810	578	827	304	-	4,519
Derivative-related liabilities	19	36	152	348	58	613
Loans payable (Note 10)	19,508	-	-	-	-	19,508
Total	**22,337**	**614**	**979**	**652**	**58**	**24,640**

2020

	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	1,963	724	773	294	-	3,754
Derivative-related liabilities	184	229	531	601	275	1,820
Loans payable (Note 10)	32,864	-	-	-	-	32,864
Total	**35,011**	**953**	**1,304**	**895**	**275**	**38,438**

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 a significant portion of its sales transactions which are denominated in U.S. dollars. The Corporation manages its exposure to exchange rate fluctuations between U.S. and the Canadian dollar by entering into currency forward contracts.

The net foreign exchange loss of $320 (2020 – $338) represents the net realized and unrealized gains and losses on settlement of financial instruments.

The Corporation is exposed to currency risk through its cash, accounts receivable, accounts payable and accrued liabilities as follows:

(in U.S. $ thousands)	2021	2020
Cash	239	1,474
Accounts receivable	3,388	2,547
Accounts payable and accrued liabilities	(141)	(81)
Net assets exposed to currency risk	**3,486**	**3,940**

Based on the net exposure, including the derivative financial instruments described above and assuming that all other variables remain constant, a hypothetical 10 percent appreciation in the Canadian dollar against the U.S. dollar would result in a decrease in comprehensive income of $349 (2020 – $394). A hypothetical 10 percent depreciation in the Canadian dollar against the U.S. dollar would result in an increase in comprehensive income of $349 (2020 – $394).

(in thousands of Canadian dollars)

Interest rate risk

The Corporation is exposed to interest rate risk on its loans payables of $9,308 (2020 – $10,164). The Corporation manages its exposure to fluctuations of interest rates by entering into interest rate swaps that are approved by the Board of Directors.

The Corporation uses an interest rate swap to limit exposure to fluctuations in interest rates. Interest rate swaps are contracts that provide the Corporation with the ability to exchange a floating payment for a fixed payment and protects the Corporation against rising interest rates while setting a floor on declining interest rates.

An increase of 100 basis points in interest rates at the reporting date would increase comprehensive income by $384 (2020 – $514) and equity by $384 (2020 – $514). A decrease of 100 basis points in interest rates at the reporting date would decrease comprehensive income by $445 (2020 – $578) and equity by $445 (2020 – $578).

The Corporation also uses such contracts in the process of managing its overall cash requirements. Included on the statement of financial position are derivative-related liabilities of $494 (2020 – $1,799) and derivative-related assets of $0 (2020 – nil) representing the fair value of derivative financial instruments held:

	2021	2020
At maturity variable rate forwards – derivative related (assets)/liabilities	(107)	724
Interest rate swaps	601	1,075
	494	**1,799**

Notional principal amounts outstanding are listed below for interest rate swap contracts entered into by the Corporation:

	2021	2020
At maturity variable rate forwards – derivative related (assets)/liabilities (USD)	9,185	12,000
Interest rate swaps	9,308	10,164

The net financial derivative gain of $474 (2020 loss – $511) represents the change in fair value of the interest rate swap.

Other price risk

The Corporation does not believe it is exposed to any other significant price risk in relation to its financial instruments.

6. INVENTORIES

	2021	2020
Supplies	2,414	2,318
Processed fish products	16,259	27,789
Write down of processed fish products expensed in the year	(603)	(3,163)
	18,070	**26,944**

Inventory write-downs of $603 (2020 – $3,163) are included in inventory values in the cost of sales. The amount of inventories recognized as an expense during the period is $55,646 (2020 – $64,992). There is no pledged collateral in respect of inventory. There were no prior write-downs reversed in the current year.

(in thousands of Canadian dollars)

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Fresh fish delivery tubs/totes	Vessels	Construction in progress	Total
Cost							
Balance at April 30, 2019	336	15,614	25,047	1,392	4,658	48	47,095
Additions	-	117	368	69	121	136	811
Retirements	-	(134)	(37)	-	-	-	(171)
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at April 30, 2020	336	15,597	25,378	1,461	4,779	184	47,735
Additions	-	336	337	-	73	24	770
Retirements	-	(1)	(177)	-	(5)	-	(183)
Transfers	-	-	-	-	-	-	-
Disposals	-	(16)	(43)	-	-	-	(59)
Balance at April 30, 2021	**336**	**15,916**	**25,495**	**1,461**	**4,847**	**208**	**48,263**
Accumulated depreciation							
Balance at May 1, 2019	-	9,922	13,659	1,373	1,685	-	26,639
Depreciation	-	380	1,200	36	159	-	1,775
Retirements		(130)	(27)	-	-	-	(157)
Transfers		-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance at April 30, 2020	-	10,172	14,832	1,409	1,844	-	28,257
Depreciation	-	370	1,242	29	162	-	1,803
Retirements	-	(1)	(163)	-	(4)	-	(168)
Transfers	-	-	-	-	-	-	-
Disposals	-	(16)	(40)	-	-	-	(56)
Balance at April 30, 2021	**-**	**10,525**	**15,871**	**1,438**	**2,002**	**-**	**29,836**
Carrying amount at April 30, 2021	**336**	**5,391**	**9,624**	**23**	**2,845**	**208**	**18,427**

As at April 30	2021	2020
Cost	48,263	47,735
Accumulated depreciation	(29,836)	(28,257)
Carrying amount	**18,427**	**19,478**
Carrying amount by asset class		
Land	336	336
Buildings	5,391	5,425
Equipment	9,624	10,546
Fresh fish delivery tubs/totes	23	52
Vessels	2,845	2,935
Construction in progress	208	184
Carrying amount	**18,427**	**19,478**

Depreciation expense of $1,630 (2020 – $1,601) is recorded on the statement of comprehensive income in cost of sales, $29 (2020 – $26) in marketing and administrative expenses and $144 (2020 – $148) in other expenses.

(in thousands of Canadian dollars)

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 assets occurs when the asset is sold to another entity.

The Corporation assesses at each reporting date whether there is an indication that an asset value may be impaired. The assessment as at April 30, 2021 included the effect of the COVID-19 pandemic on the operating assets of the Corporation. No indicators of impairment were identified for property, plant and equipment.

8. INTANGIBLE ASSETS

As at April 30	2021	2020
Informations systems software		
Cost	837	711
Accumulated amortization	(608)	(554)
Carrying amount	**229**	**157**

Cost	
Balance at May 1, 2019	672
Additions	39
Transfers	-
Disposals	-
Balance at April 30, 2020	711
Additions	126
Disposals	-
Balance at April 30, 2021	**837**
Accumulated amortization	
Balance at May 1, 2019	516
Amortization	38
Disposals	-
Balance at April 30, 2020	554
Amortization	54
Disposals	-
Balance at April 30, 2021	**608**
Carrying amount at April 30, 2021	**229**

Amortization of intangible assets of $54 (2020 – $38) is recorded on the statement of comprehensive income in marketing and administrative expenses.

Retirement of intangible assets occurs when an asset is removed due to obsolescence resulting from physical deterioration or economic or technological factors. Disposal of intangible assets occurs when the asset is sold to another entity.

No indicators of impairment were identified for intangible assets as at April 30, 2021.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Canadian dollars	4,346	3,642
Denominated in U.S. dollars	173	112
Total accounts payable and accrued liabilities	**4,519**	**3,754**

(in thousands of Canadian dollars)

10. LOANS PAYABLE

The loans payable consist of the following borrowing facilities:

	2021	2020
Banker's acceptances	19,508	32,864

A $10,200 (2020 – $22,700) bankers' acceptance bearing interest at an annual rate of 0.4125% (2020 – 0.60%) and maturing on May 6, 2021. The weighted-average interest rate during the period was 0.50% (2020 – 1.88%). Subsequent to May 6, 2021, new bankers' acceptances were entered into at a rate of 0.4200%.

A $5,625 (2020 – $6,083) bankers' acceptance with an interest rate swap bearing an interest rate at 2.82% if the floating rate option on any reset date is less than or equal to 3.00%. If the floating rate option on any reset date is greater than 3.00%, the fixed rate for the calculation period is 3.57%. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging variable rate interest for fixed rate interest. The structure of the loan involves the use of a revolving bankers' acceptance and an interest rate swap to lock in the interest rate for 11 years.

A $3,683 (2020 – $4,081) bankers' acceptance with an interest rate swap bearing an interest rate at 2.85% if the floating rate option on any reset date is less than or equal to 3.15%. If the floating rate option on any reset date is greater than 3.15%, the fixed rate for the calculation period is 3.60%. The Corporation hedges the loan for interest rate risk via an interest rate swap exchanging variable rate interest for fixed rate interest. The structure of the loan involves the use of a revolving bankers' acceptance and an interest rate swap to lock in the interest rate for 8.25 years.

Interest payable on amounts drawn under each facility is at the prevailing bankers' acceptance rates plus stamping fees of 0.65%.

The principal of the bankers' acceptances as at April 30, 2021 is $19,508 (2020 – $32,864) and the fair value of the loans are $19,508 (2020 – $32,864).

The bankers' acceptances are authorized by the Minister of Finance (Note 1).

11. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The Corporation's liabilities from financing activities is borrowing in the form of its bank loans.

	2021	2020
Loans payable, beginning of the year	32,864	32,942
Cash provided by additional borrowing/(cash repaid)	(12,500)	700
Cash used for term debt payments	(856)	(778)
Loans payable, end of the year	**19,508**	**32,864**

12. EMPLOYEE BENEFITS

12.1 Pension 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 employer's contribution rate effective at April 30, 2021 for employees enrolled in the Plan prior to January 1, 2013 was 1.01 (2020 – 1.01) and for employees enrolled in the Plan beginning January 1, 2013 was 1.00 (2020 – 1.00). Total contributions of $945 (2020 – $1,088) were recognized as an expense in the current year. The estimated contributions for 2021-2022 are $945.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of two percent of pensionable service times the average of the best five consecutive years of earnings. The benefits are coordinated with the Canada Pension Plan benefits and are indexed to inflation.

Contributions to the Public Service Pension Plan consisted of:

	2021	2020
Contributions by the Corporation	945	1,088
Contributions by employees	929	1,049

(in thousands of Canadian dollars)

Effective June 1, 2007, the Corporation concluded an agreement with its union that established the employment status of its fish plant employees on a go forward basis and retroactively to April 1, 1973. During 2011, the Corporation agreed to terms with the Public Service Pension Centre (PSPC) that established the manner in which the Corporation will document cases for employees who should become members under the *Public Service Superannuation Act* (PSSA) retroactively and on a go forward basis. It also established how the PSPC will deal with those cases in establishing the pension status of the Corporation's fish plant employees. The PSPC establishes the employee's eligibility to contribute, the periods of service countable for pension purposes and the periods of service that an employee can buy back. As employee contributions are made to the pension plan, the Corporation is required to fund the employer's portion of these contributions.

	2021	2020
Accrued liability for the Corporation's cost of buyback of service	77	90
Less: current portion	10	13
Non-current portion	**67**	**77**

The Corporation estimates that it has a discounted pension obligation of $77 for future matching contributions required under this agreement.

12.2 Accrued obligation for sick leave benefits and workers' compensation

The Corporation's accrued obligation for sick leave benefits provides accumulating sick leave benefits to eligible employees. The liability was actuarially determined as the present value of all future payouts, multiplied by the employee's service at the valuation date to the employee's service at the date when the employee is eligible for the benefit and considered the current balances in any sick leave banks, the annual accumulation of net sick leave credits and the future entitlement to, or utilization of, sick leave benefits.

The Corporation's accrued obligation for workers' compensation represents the unfunded liability for the costs of benefits specified and administered by the Workers Compensation Board of Manitoba for work-related injuries of Freshwater Fish Marketing Corporation employees. The actuarially determined liability consists of long-term pension awards and temporary compensation costs related to future claims payment administration by the Workers Compensation Board of Manitoba.

The actuary used assumptions, as agreed with management, in the calculation of the liabilities including inflation rates, interest rates, mortality rates and aggregate claim projections for incidents which have occurred for the workers' compensation liability. The actuarial liability could be materially different if assumptions on which the valuation is based vary significantly in future years. Changes in the liability are recognized based on an extrapolation of actuarial results and adjustments arising from actuarial gains and losses in the year in which they occur. An actuarial valuation of the sick leave and workers' compensation liabilities was performed at April 30, 2021 to establish a measurement of these liabilities.

The statement of comprehensive income includes a charge of $29 (2020 – $65) which relates to current service costs, interest charges on the workers' compensation obligation and an actuarial gain/loss. The statement of comprehensive income also includes a charge of $60 (2020 – $164), which relates to current service costs, interest cost and an actuarial gain/loss related to the sick leave liability.

The Corporation's obligation for workers' compensation and sick leave consists of the following:

	Worker's Compensation		Sick Leave	
	2021	2020	2021	2020
Actuarial value	167	164	489	463
Less: current portion	110	103	489	463
Non-current portion	**57**	**61**	**-**	**-**

	Worker's Compensation		Sick Leave	
	2021	2020	2021	2020
Current service costs	104	151	49	53
Interest costs	3	5	14	12
Actuarial loss from demographic assumptions	8	(38)	-	-
Actuarial loss from financial assumptions	3	2	(3)	(5)
Actuarial loss (gain) from experience adjustments	(89)	(55)	-	104
Total Costs	**29**	**65**	**60**	**164**

(in thousands of Canadian dollars)

Included in the actuarial gains and losses from financial assumptions are the adjustments due to the effect of the discount rate applied to the obligations. Actuarial gains and losses from experience adjustments are the adjustments due to the effect of differences between the previous actuarial assumptions and what has actually occurred, and the effects of changes in actuarial assumptions.

Mortality rates are a key demographic assumption used in the valuation of the workers' compensation and sick leave obligations. Tables published in February 2014 by The Canadian Institute of Actuaries were used in the valuation of the sick leave obligation. The Ontario WSIB Workers Compensation 2006-2010 mortality table projection to 2015 was used in the valuation of the workers' compensation.

The weighted-average duration of the defined benefit obligation for the workers' compensation liability is two years and seven years for the sick leave liability.

The estimated portion of the workers' compensation liability the Corporation expects to settle during the year ending April 30, 2021 is $110 and $489 for the sick leave liability.

The principal actuarial assumptions (weighted-average) used at the end of the reporting period were as follows:

	Worker's Compensation		Sick Leave	
(%)	**2021**	**2020**	**2021**	**2020**
Discount rate for obligation	1.00	1.60	3.20	3.00
Rate of compensation increase			2.00	2.00
Health care trend	4.00	4.00		
All other cost indexations	2.00	2.00		

13. REVENUE

13.1 Disaggregation of Sales

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

Primary Geographical Regions	**2021**	**2020**
North America	49,911	51,926
Europe	8,775	15,183
Asia	1,587	3,350
	60,273	**70,459**

North American sales of $49,911 include $9,544 sold through the Surplus Food Rescue Program.

14. SALES COMMISSIONS

During the period, the Corporation paid commissions of $775 (2020 – $1,061) to foreign sales agents. Commissions are included in marketing and administrative expenses on the statement of comprehensive income.

15. OTHER REVENUE AND EXPENSES

Other revenue comprises the operation of the Poplar River Barge and dry-dock facility on Lake Winnipeg and the sale of fishing supplies to fishers. The revenue earned from the operation of the Poplar River Barge and sales of fishing supplies is $1,111 (2020 – $938).

Other expenses of $928 (2020 – $1,421) consist of costs incurred to earn revenue for the Poplar River Barge and dry-dock facility, as well as the sales of fishing supplies to fishers.

(in thousands of Canadian dollars)

16. INCOME TAXES

	2021	2020
Current income tax expense (recovery)	199	(796)
Deferred tax recovery	(52)	(3)

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

	2021	2020
Net profit (loss) before tax for the year	514	(3,143)
Computed tax expense (recovery) (25% income tax rate)	129	(785)
Non-deductible expense	1	7
Other net amounts	17	(21)
Computed tax expense (recovery) (25% income tax rate)	**147**	**(799)**

	2021	2020
Income taxes receivable (payable)	(119)	1,161

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

Temporary differences for 2021	Opening balance	Recognized in profit or (loss)	Ending balance
Deferred tax assets			
Employee benefits	179	4	183
Financial instrument loss	268	(118)	150
Provision for environmental liability	102	(6)	96
Deferred tax liabilities			
Foreign exchange loss	(37)	68	31
Property, plant and equipment	(2,292)	122	(2,170)
Intangible assets	(39)	(18)	(57)
Net deferred tax liability	**(1,819)**	**52**	**(1,767)**

Temporary differences for 2020	Opening balance	Recognized in profit or (loss)	Ending balance
Deferred tax assets			
Employee benefits	177	2	179
Financial instrument loss	141	127	268
Provision for environmental liability	54	48	102
Deferred tax liabilities			
Foreign exchange loss	(12)	(25)	(37)
Property, plant and equipment	(2,143)	(149)	(2,292)
Intangible assets	(39)	-	(39)
Net deferred tax liability	**(1,822)**	**3**	**(1,819)**

(in thousands of Canadian dollars)

17. 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. In accordance with the disclosure exemption regarding government-related entities, the Corporation is exempt from certain disclosure requirements of IAS 24 relating to its transactions and outstanding balances with:

- a government that has control, joint control or significant influence over the reporting entity; or
- another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

Based on this exemption, as the Corporation has not entered into any transactions with these related parties which are considered to be individually or collectively significant, the Corporation has not disclosed any details of its transactions with:

- the Government of Canada, and departments and agencies thereof; or
- other federal Crown corporations.

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, delivered fish volume by Board members and their closely related family members was 6,000 kilograms (2020 – 8,000 kilograms) valued at $26 (2020 – $42). 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 as salaries and benefits in marketing and administrative expenses. Compensation for members of the Board of Directors is recorded on the statement of comprehensive income as meeting fees and expenses in marketing and administrative expenses.

	2021	2020
Total compensation paid to key management personnel	983	1,018

Surplus Food Rescue Program

Freshwater Fish Marketing Corporation partnered with Fisher River Cree Nation to participate in the Department of Agriculture and Agri-foods' "Surplus Food Rescue Program". The Program funded the distribution of $9,544 of surplus fish to Indigenous communities in Manitoba and Saskatchewan. The Program also paid a fee of $947 to the Corporation to administer the distribution of the fish.

18. CONTINGENCIES

18.1 Contingencies and provisions

The Corporation is involved in various legal claims arising from the normal course of business. The outcome of these claims is currently not determinable, and accordingly, no amounts have been recorded in the financial statements. Amounts payable, if any, will be recorded when any liability is considered likely and the associated costs can be reasonably estimated.

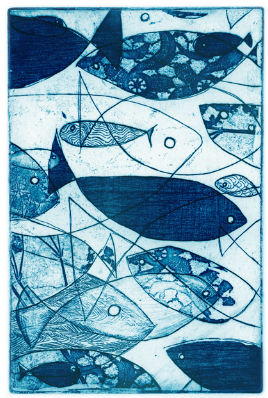
The total provision for environmental liabilities is $385 (2020 – $407). The Corporation spent $22 (2020 – $209) for site remediation in Moraine Bay and Hay River during the year. The remediation of the Moraine Bay site has been completed.
The Corporation expects to complete the remediation of the Hay River site within the next year.

A number of other vacant facilities may contain some environmental risk with associated remediation costs. The Corporation's ongoing efforts to assess these sites may result in environmental liabilities related to the sites. A provision will be recorded when the Corporation considers that it is probable that it will remediate these contaminated sites and a reliable estimate can be determined for the amount of the obligations. As of April 30, 2021, no liability has been recognized in the financial statements for the remaining contaminated sites.

The Board of Directors of the Corporation reserves the final decision regarding the amount and timing of a final payment to fishers.

The following details the changes in the provision for final payment over the past year:

	2021	2020
Provision for final payment to fishers, beginning of year	-	500
Payment to fishers	-	(500)
Provision added during the year	-	-
Provision for final payment to fishers, end of year	**-**	**-**



FRESHWATER FISH

2021