

ANNUAL REPORT

FRESHWATER FISH
MARKETING CORPORATION

2022

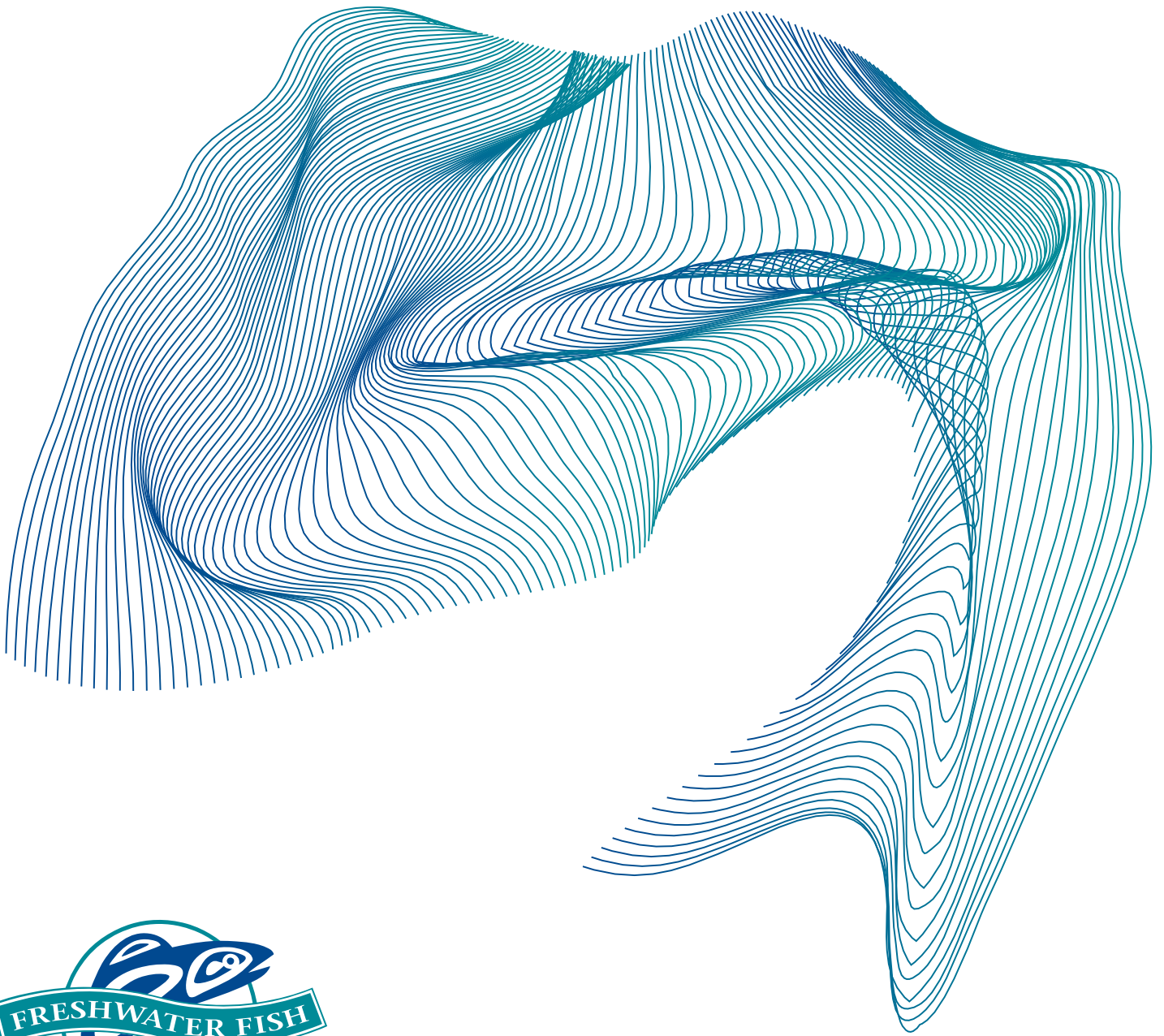


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Letter from the Chair of the Board

Honourable Joyce Murray
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, 2022.

This past year was again challenging for FFMC however, the Corporation worked purposefully to uphold its commitments to fishers, fisher communities, customers, and employees under demanding circumstances. The challenges and opportunities of the past year further strengthened the engagement of the Corporation's Board and senior management to achieve the planned strategies and results submitted in FFMC's 2021/2022 Corporate Plan.

The Board has made direct use of its committee structure to strengthen processes and improve work plans to enhance its governance roles. This has contributed to the Board's effectiveness. During the year FFMC welcomed Karlene Debance, appointed as a Director on July 1, 2021. Karlene's skills and experiences will complement and strengthen the Board's role in meeting its governance responsibilities and the Corporation's mandate as stated in the *Freshwater Fish Marketing Act*.

FFMC plays a key role in the inland Canadian freshwater fishery and will continue to work toward bringing value to fishers and extended stakeholders in the developing and ever-changing open market business environment that the Corporation competes in.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'D. Bevan', with a stylized flourish at the end.

David Bevan
Chair of the Board

President's Message

FFMC entered the 2022 fiscal year under considerable uncertainty. Our corporate plan projected that sufficient economic recovery from the COVID-19 pandemic to stimulate sustained demand for our products would not occur until late 2021. Because of improving food service economics from high vaccination rates and a return to restaurant dining by consumers in all our markets, the increase occurred sooner than expected. In addition to accelerated demand for our products, over the course of the pandemic FFMC focused on developing value-added products to expand our presence in markets and strengthen customer relationships. At the end of the year the combined effect of the pandemic recovery and our marketing initiatives improved sales revenues by 24% compared to our plan and 38% compared to last year. While sales demand and revenue did increase, operational and fiscal challenges mitigated the full benefit of the growing revenues.

FFMC has a comprehensive understanding of the essential role we play in supporting Canada's inland commercial fishery and during the year we worked hard to continue that role. The well-publicized cost increases and coordination challenges created across most world supply chains affected the Corporation, leading to increases in planned expenses. Also, the Corporation continued to invest in equipment and systems to process additional forms and sizes of fish and enhanced its support to agents, fishers, and fisher co-operatives. Open market competition for fish supply continued to intensify. Lower fish deliveries compared to 5 years ago have decreased throughput at the Winnipeg plant forcing increased absorption of fixed costs that contribute to higher processing costs per kilogram.

During the year, three separate variants of COVID-19 affected the health and well-being of employees and fishers. The variants impacted employee attendance levels at the Winnipeg plant and reduced the number of active fishers, lowering the volume of fish delivered compared to plan. Employee absenteeism at the Winnipeg plant from COVID-19 related illnesses decreased labour efficiencies, increasing labour costs per kilogram. FFMC has maintained a safe working environment by continuing our pandemic response initiatives that contain practical strategies and best practices designed to keep employees safe and healthy.

Even though the Corporation faced difficulties during the year, FFMC generated a profit before final payment and income tax of \$700,000, with \$1 million in final payment to fishers.

As we enter the new year, I am grateful for the skills, abilities, and engagement of the entire Freshwater team and for the support of fishers delivering their fish to the Corporation. In the year ahead FFMC is facing potential impacts from increases in global inflation, volatile international conflicts, ongoing supply chain disruptions, and growing efforts by competitive fish buyers to aggressively expand their supply sources. Many of these challenges are beyond our control however, we will work to mitigate their effect on the Corporation and execute on the opportunities and strategies identified in our corporate plan. We will meet both with the strength and commitment that FFMC has demonstrated in over five decades of meeting our legislated mandate from Lake to Plate®.



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.

The Board has eight available positions and at April 30, 2022, consisted of seven Directors, including the President. As of April 30, 2022, one position was vacant. The Board and its Committees hold *in camera* sessions without the presence of the President.

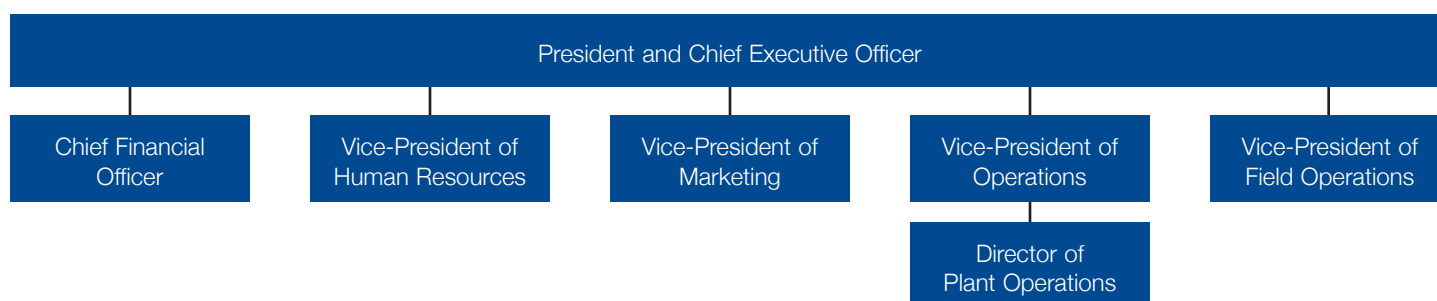
The Board of Directors met eleven times in 2022. Two standing committees assist the Board in discharging its responsibilities: the Audit Committee and the Governance Committee. Between May 1, 2021 and April 30, 2022, these committees met a combined total of 5 times. The Board maintains FFMC's governance structure by reviewing and updating the Board and Committee mandates annually. During the global COVID-19 pandemic, the Board continued to conduct virtual meetings to maintain vital oversight of the Corporation and support the senior leadership team.

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 membership	Committee meeting attendance	Board meeting attendance	Retainer (A)	Per diems (B)	Total remuneration (A+B)	Travel and related expenses
David Bevan	18-03-26 – 22-10-31	Audit and Risk	4 of 4	11 of 11	5,000	1,800	6,800	-
Karlene Debance	21-07-01 – 25-06-30	Governance	1 of 1	9 of 9	-	1,100	1,100	-
Thomas Colosimo	19-06-19 – 26-06-18	Governance	1 of 1	11 of 11	-	-	-	-
Vincent Crate	19-06-19 – 22-06-18	Audit and Risk	4 of 4	10 of 11	-	1,925	1,925	898
Dana Gregoire	18-06-29 – 23-06-28	Governance	1 of 1	11 of 11	-	1,513	1,513	1,706
Stanley Lazar	17-04-12 –	The CEO is not a member of any specific Committee		11 of 11	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	11 of 11	-	1,650	1,650	-



Senior Leadership Team (SLT)

SLT consists of the President and CEO, four 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: <https://www.freshwaterfish.com/leadership/>

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 of and has oversight for risk management, internal controls, financial reporting, the internal and external audit processes, FFMC's system of internal controls, compliance with FFMC's Foreign Exchange Hedging Policy and compliance with laws and regulations. The Audit and Risk Committee plays a key role in 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: 6 years

THOMAS COLOSIMO

Hay River, Northwest Territories

Occupation: Retired Superintendent, Industry, Tourism and Investment, Government of the Northwest Territories

Served on Board: 3 years

VINCENT CRATE

Koostatak, Manitoba

Occupation: Fisher

Served on Board: 3 years

KARLENE DEBANCE

Winnipeg, Manitoba

Occupation: Chief Executive Officer, S.A.M Management

Served on Board: 1 year

DANA GREGOIRE

Toronto, Ontario

Occupation: Lawyer

Served on Board: 4 years

STANLEY LAZAR**President and Chief Executive Officer**

Winnipeg, Manitoba

Served on Board: 5 years

MICAH MELNYK

Ottawa, Ontario

Occupation: Consultant

Served on Board: 4 years

1 vacant position

Audit and Risk Committee

Chair: Micah Melnyk

Members: Vincent Crate, David Bevan

Governance Committee

Chair: Dana Gregoire

Members: Thomas Colosimo, Karlene Debance

Corporate Officers and Senior Management

DAVID BERGUNDER

Vice-President, Field Operations

DENIS LAVALLÉE

Chief Financial Officer

AUDREY COMTE

Vice-President, Operations

STANLEY LAZAR

President and Chief Executive Officer

ROBERT BLACK

Vice-President, Sales, and Marketing

SUSAN YOUNG

Vice-President, Human Resources and Government Services

DAWN KJARSGAARD

Director, Plant Operations

To see FFMC's Board of Directors and Senior Leadership Team biographies, please go to:

<https://www.freshwaterfish.com/leadership/>

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) provides a narrative outlining the financial results and operating performance for the year ending April 30, 2022, for the Freshwater Fish Marketing Corporation (FFMC). This discussion should be read with the audited financial statements and accompanying notes for the fiscal year ending April 30, 2022, which were prepared in accordance with International Financial Reporting Standards (IFRS). The information presented in this MD&A is current to July 13, 2022, unless otherwise noted.

Management is responsible for the information presented in the annual report and this MD&A. The Board of Directors approved the content of this MD&A and the audited financial statements on July 13, 2022.

MATERIALITY

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

FORWARD-LOOKING STATEMENTS

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

Executive Summary

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

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

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

All species marketed by the Corporation are wild caught. FFMC works with and supports regulators and governments to help monitor and contribute to maintaining long-term sustainable fish populations.

Freshwater buys all fish offered for sale either through its legislated mandate or through fish-purchase contracts. FFMC balances wild-caught supply with market demand. FFMC sells most of its products frozen, coordinating supply with demand and increasing returns to fishers.

FFMC has invested nearly \$20 million since 2010 in infrastructure, processing equipment and systems to add value to products and ensure safe and healthy food processing standards.

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

Significant events

FINANCIAL AND OPERATIONAL IMPACT FROM THE OPEN FISH BUYING MARKET

The competition for fish supply by open-market buyers has been steadily intensifying since 2017. Lower fish deliveries to FFMC are increasing operating costs per kilogram, and decreasing processing efficiency. The Board and senior leadership of the Corporation are aggressively managing all components of the business including fish delivery volumes, processing and administrative costs, labour efficiency, sales revenues, cash flow, marketing opportunities and inventory levels to mitigate the open-market challenges FFMC faces. Currently, open market competition is most intense in Manitoba, particularly for fish supply from the south basin of Lake Winnipeg.

COVID-19 PANDEMIC

In the Corporation's 2021 fiscal year, the first year of the COVID-19 pandemic, sales revenues dropped to their lowest levels since 1999. Increased customer demand throughout this fiscal year has resulted in higher revenues and increased cash flows, however, successive waves of COVID-19 during the year continued to impact performance. COVID-19 related illness and pandemic restrictions impacted fishers and fisher communities, preventing some delivery points from operating, lowering delivery volumes to the Winnipeg plant, thereby increasing operating costs per kilogram. Employee absenteeism from COVID-19 related illnesses also lowered labour efficiency. Customer demand is expected to continue to improve as consumers show a growing willingness to return to restaurant dining and health risks from COVID-19 variants stabilize. As the economic and health outlook affected by the pandemic continues to improve, FFMC remains cautiously optimistic about a full recovery of demand and revenue as its sales markets return to pre COVID-19 levels.

WALLEYE FISHING QUOTA AND SUPPLY INCREASES ON THE GREAT LAKES

The fishing quota for walleye across Lake Erie has increased 75% over the last decade. Another increase of 19% in allowable catch limits has been approved for 2022. The increasing allowable catch limits are expected to continue for the near future. The increase in walleye available from Lake Erie and the access to fish supply by competitors in the open markets of Western Canada have provided competitors with abundant fish supply to compete against FFMC in key sales regions. Walleye and whitefish are the most lucrative species being marketed by competitors, but other species including tullibee, perch and mullet, as well as all species of roe are also being aggressively sold to FFMC's customers by competitors.

REVITALIZATION STRATEGY FOR GREAT SLAVE LAKE

In 2019, the Government of the Northwest Territories announced the construction of a new fish plant in Hay River in support of its strategy to revitalize the commercial fishery. The new processing facility is scheduled to be operational by September of 2023. The Corporation plans to divest of its facility and land in Hay River by the end of 2023. With the support of Crown-Indigenous Relations and Northern Affairs Canada, FFMC is currently consulting with Indigenous groups in the area regarding the future of FFMC's Hay River assets.

TRANSFORMATION OF FFMC

In support of [The Report of the Ministerial Advisory Panel on the Transformation of the Freshwater Fish Marketing Corporation](#), released in 2019, the Government of Canada continues its assessment of alternative governance and ownership models for the Corporation to reflect the current environment and market conditions of Canada's inland commercial fishery.

CORPORATE PLAN

On March 2, 2022, Freshwater's Board of Directors approved the 2023-2027 Corporate Plan. The Plan was submitted to the Minister of Fisheries and Oceans and the Canadian Coast Guard and is pending approval by the Treasury Board.

ORGANIZATIONAL UPDATE

There were changes to Freshwater's leadership team during the year. Audrey Comte was hired as the Vice-President of Operations in February 2022. Audrey is responsible for all field and plant operations and contributes to developing corporate strategy and implementing supply, procurement, and processing initiatives to meet FFMC's goals and objectives.

LETTER OF EXPECTATION REGARDING TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

On April 7, 2022, the Chair of FFMC's Board of Directors received a letter from the Minister of Fisheries, Oceans and the Canadian Coast Guard regarding the adoption of the TCFD standards as an element of corporate reporting required by Crown corporations. FFMC is required to start reporting under the TCFD standards in 2024.

Government priorities and direction

FFMC's priorities and activities align with government-wide priorities. Some of the ways the Corporation contributes to the Government of Canada's priorities include:

GENDER-BASED ANALYSIS PLUS (GBA+)

FFMC uses and considers GBA+ when developing policies, practices and negotiating collective agreements. Collective bargaining agreements for represented employees address gender-based biases and wage equality. Approximately 44% of FFMC employees identify as female and are paid equal wages. 51% of FFMC employees have recently immigrated to Canada bringing a diversity of cultural backgrounds. 16% of men and 6% of women employed by FFMC are Indigenous. FFMC is committed to supporting a workforce that reflects the diversity of Canada's population. This includes continuously reviewing and revising policies, practices, and behaviours to ensure the Corporation does not discriminate against individuals or groups and operates with inclusiveness. During its annual reviews of corporate policies, GBA+ data is reviewed to ensure compliance.

SUSTAINABLE DEVELOPMENT AND GREENING GOVERNMENT OPERATIONS

In support of the Government of Canada's commitment for climate change and reducing the environmental impacts of government, FFMC continues to implement sustainability initiatives. FFMC is recycling batteries, paper, cardboard, and printer cartridges. The Winnipeg processing facility uses recirculated water from the heat exchanger that would normally be discharged to melt ice in the winter months. FFMC is installing a wastewater treatment facility at the Winnipeg plant to mitigate the amount of effluent being discharged to the municipal sewer system. All lighting at the Winnipeg facility has been updated to LED. The Corporation utilizes an environmental waste management company to pick up oils, paints, filters and computers and contracts with a recycler for broken plastics such as totes, tubs, and pallets. New engines installed on the Poplar River barge were upgraded and now meet EPA commercial marine tier three exhaust emission standards.

COVID-19 VACCINATION

The *Policy on COVID-19 Vaccination for the Core Public Administration, Including the Royal Canadian Mounted Police (the Policy)* was announced by the Government of Canada during the summer of 2021 and was effective in October 2021. Crown Corporations are not covered by the policy but were requested by their responsible Ministers to align with it. The Minister of Fisheries and Oceans and the Canadian Coast Guard requested that the Corporation align with the policy that stipulates all employees must be fully vaccinated. FFMC has implemented a vaccination program that is fully aligned with its obligations under *the Policy*. The objective of FFMC's vaccine mandate policy is that in addition to federal compliance, it will help contribute to the healthy and safe work environment that FFMC provides to employees. The vaccination requirements apply to all employees, officers, directors, visitors, and contractors. 100% of Freshwater employees are fully vaccinated.

Performance indicators

FFMC's strategic 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 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.

FFMC continues to execute on the implementation of its strategic vision. FFMC's strategic vision is focused on five initiatives – trusted brand of choice, operational excellence, culture of performance, diversify revenue and maintain value. FFMC will continue to advance and implement these strategies and initiatives to support the fishers of western and northern Canada and to maintain the Corporation's role in Canada's freshwater fishery.

During the year, FFMC focused on the five core strategies outlined in the 2022-2026 Corporate Plan. 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 measures its financial and operational performance against those targets.

FFMC uses a strategic management model as a framework to evaluate its performance and to define the major activities under critical business outcomes. For each outcome or objective, FFMC has developed key performance indicators that represent success as shown in the following table:

Results of operations

FISH DELIVERIES

Fish deliveries are 9.7 million kilograms in 2022, 8% higher than the 9.0 million kilograms FFMC received in 2021. 2022 fish deliveries are 14% below 2022 planned deliveries of 11.3 million kilograms. Consequences of climate change, for example wildfires that developed in northern Saskatchewan last summer contributed to reduced fish deliveries from that area. With fishers having a choice of buyers in Manitoba and Saskatchewan more deliveries to competing fish buyers also contributed to lower delivery volumes compared to plan. Concerns regarding the health and wellness of fishers over three waves of COVID-19 impacted the ability of some fishers and fisher co-operatives to operate, reducing fish deliveries. However, while fish delivery volumes increased by 8% compared to 2021, initial payments to fishers of \$23.0 million were 20% higher than in 2021, reflecting stronger market prices for fish.

SALES REVENUE

FFMC's 2022 comparable sales revenues are \$19.4 million more or 38% higher than 2021. Sales revenues are 24% higher than the 2022 plan. The increase in sales revenues is the result of increased demand from customers as jurisdictional restrictions imposed during the early waves of the pandemic eased and consumers returned to dine-in restaurants.

COST OF SALES

Compared to the prior year, cost of sales is higher by \$8.5 million because of improving customer demand. Higher sales volumes increase variable expenses including fish purchases, plant wages and packaging. Inflationary cost pressures on fixed overhead expenses such as property taxes, repairs and maintenance and storage, increased the cost of fixed overhead during the year. Inefficiencies because of supply chain challenges and processing cost inefficiencies from lower fish deliveries than plan accounted for most of the cost of sales increase in 2022 compared to 2021.

Performance Indicator	2022 Performance Target	2022 Actual Performance
Profit before final payment and income tax	\$(2.86) million	\$0.70 million
Percent return to fishers	54.6%	39.0%
Retained earnings	\$15.5 million	\$16.2 million
Gross and net sales revenue	Meet sales revenue target	24% higher than budget
Direct labour efficiency	1% improvement over 2020 actual	11.8% lower than 2020 actual
Operational costs per kilogram	1.5% improvement over 2020 actual	17.4% higher than 2020 actual
Initial payments to fishers	\$25.6 million	\$23.0 million
Fish delivery volume	11.3 million kilograms	9.7 million kilograms
Employee attendance	2% improvement over 2020 actual	1.1% improvement over 2020 actual
Inventory levels	Meet planned inventory targets	64.8% lower than forecast
Reduce expenses	Meet 2022 expense targets	7.8% higher than budget

MARKETING AND ADMINISTRATIVE EXPENSES (M&A)

M&A expenses are 12% higher than 2021 as a result of increased broker commissions from higher sales activity compared to 2021. Salaries and benefits for marketing and administrative staff of \$3 million is 5% higher than 2021 because of additional resources in Human Resources and Field Operations.

FOREIGN EXCHANGE AND FINANCIAL DERIVATIVE GAINS OR LOSSES

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 2022, utilization of derivative financial instruments resulted in a financial gain of \$0.59 million. The net financial derivative gain of \$0.59 million represents the change in fair value of interest rate swaps. The \$0.02 million net foreign exchange gain is related to the net realized and unrealized gains and losses on settlement of financial instruments.

TOTAL COMPREHENSIVE INCOME

The Corporation reported a comprehensive loss of \$0.22 million in 2022, lower by \$0.59 million compared to the total comprehensive income of \$0.37 million in 2021.

CAPITAL EXPENDITURES

Capital expenditures to April 30, 2022, were \$2.1 million. Investments in new assets were made to ensure processing capability. Continued use of these capital assets is essential to the successful operations of the Corporation. Deferring essential capital investment or asset replacement would reduce FFMC's ability to operate and meet the objectives of its strategies and legislated mandate. Additionally, FFMC's processing and field operations infrastructure is aging and as the physical condition of assets decline, deferring capital maintenance and/or replacement could increase longer-term costs and liabilities.

RETURNS TO FISHERS

Freshwater uses a payment structure that determines initial and final payments under a pooling system. 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. Total returns to fishers are \$24 million; \$23.0 million for initial payment and \$1.0 million for final payment.

The table on page 13 provides species pool results for 2022 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, 2022, Freshwater's retained earnings are \$16.2 million, 23% of net sales revenue.

Liquidity and capital resources

CASH FLOWS

Cash flows provided by operating activities were \$8.1 million for the year ended April 30, 2022, strongly attributable to the decrease in value of inventories as a result of increasing customer demand throughout the year.

Cash used as a result of investing activities was \$2.1 million, \$1.2 million higher than in 2021. These expenditures fell into three categories:

- Building (\$0.25 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 (\$1.81 million): Included investments for reliability, flexibility, and capability improvements. Key investments were made to enhance processing capabilities at the Winnipeg processing facility.
- Intangible assets (\$0.04 million): Included costs for information systems software, including set-up and configuration costs.

Cash flows used in financing activities were \$14.4 million for the year ended April 30, 2022, reflecting the increase in loans payable. Repayment of \$0.93 million was made on the demand installment loan during the year.

BORROWING FACILITIES

At April 30, 2022, Freshwater's outstanding loan balance was \$33.9 million, consisting of \$25.5 million of operating debt and \$8.4 million of demand-installment debt. During the year, annual repayment of principle on the demand installment debt was \$0.93 million. Since establishing its debt repayment strategy, Freshwater has reduced demand-installment debt by \$8.1 million, from \$16.5 million in 2012 to \$8.4 million in 2022.

Notes 10 and 11 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 contractual obligations and other commitments.

Risks to performance

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

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

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

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

As of April 30, 2022, the Corporation has identified the following key risks that could materially impact the achievement of its strategic objectives.

MACRO ECONOMIC PRESSURES AND GEOPOLITICAL UNCERTAINTY

Through sustained mitigation of health risks from COVID-19 variants, the global economy is recovering from the worst of the pandemic. However, supply constraints and inflation are key concerns affecting the markets FFMC sells its products to in the near-term. Economic growth is unbalanced with countries, businesses, and people in various parts of the world facing different and emerging challenges. The economic impact for FFMC's sales markets is cautious optimism.

The Corporation is assuming that the global health recovery will continue, with the world coping better with the pandemic. FFMC is assuming that as the health situation improves, demand for our products will further stabilise as the world returns to a more normal state and supply-chain bottlenecks subside. However, full recovery of customer demand and the impact of additional waves of the pandemic on the Corporation's operations and cost structure will continue to be concerning for the near future.

The global impact of the Russian invasion of Ukraine, China's COVID-19 related lockdowns, and ongoing supply disruptions are all affecting the Corporation. These events have increased uncertainty and place upward pricing pressure on supplies and wages. Rising operating costs for fishers, largely driven by higher prices for energy may compel them to evaluate whether they continue to participate in the industry in the near term. FFMC is facing inflationary cost increases in all areas that are difficult to recover through product pricing in the short-term, resulting in compressed margins

IMPACT OF OPEN MARKET COMPETITION ON FISH DELIVERIES

FFMC has developed a comprehensive regional supply development plan that has been incorporated into the financial projections in the 2023 to 2027 Corporate Plan. The financial plan includes a detailed analysis of the effect on fish supply due to competitors that have emerged because of open-market legislation in the provinces of Manitoba and Saskatchewan. The fish supply plan is updated throughout the year as competitive intelligence of the supply market and resource supply factors such as local weather, and lake and stock conditions change.

In the five years since the province of Manitoba withdrew from the *FFMA*, competition for fish supply has become more intense, materially impacting the Corporation's operations and financial performance. Aggressive competitors have firmly established operations in the southern basin of Lake Winnipeg and the Corporation expects this to expand into Saskatchewan and northern Manitoba. FFMC has initiatives in place to address fish deliveries lost to increasing competition.

LAKE ERIE FISH SUPPLY

Increasing allowable catch limits are expected to continue for the near future on Lake Erie. 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 sizable portion of the Corporation's revenue is in U.S. dollars, which exposes FFMC to foreign exchange risk and fluctuations in international currency exchange rates.

Freshwater utilizes a hedging strategy that covers 80% of foreign exchange exposure. Freshwater does not hedge 100% of foreign exchange exposure because fish deliveries may not meet volume forecasts, resulting in potential overexposure to receivables risk.

LACK OF ECO CERTIFICATION

Increasingly, customers are requiring proof of sustainable harvesting for fish being supplied by FFMC. Without eco-certification, reduced customer demand could occur.

FFMC is partnering with fishers and the government of Manitoba to stress the importance of customers' requirements for eco-certification. FFMC is sharing market information with the Province of Manitoba to support programs supporting eco-certification of Manitoba lakes. FFMC has appointed an eco-certification lead to focus on the issue.

INTEREST RATES

Guidance from the Bank of Canada suggests that with the economy in excess demand, and inflation persisting well above its target and expected to move higher in the near term, interest rates will need to rise further. Freshwater has interest rate swaps in the amount of \$8.4 million. The current interest rate swaps fix the interest rates for \$3.3 million until 2029 and \$5.1 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 creates uncertainty about the future mandate of the FFMC. This lack of certainty may influence some commercial harvesters to consider 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, 2022.

(in thousands of Canadian dollars)	2022	2021	\$ change	% change
Travel	142	39	103	264
Hospitality	11	3	8	267
Total travel and hospitality expenditures	153	42	111	264

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.

The Government of Canada continues its assessment of alternative governance and ownership models for the Corporation to reflect the current environment and market conditions of Canada's inland commercial fishery.

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 to Freshwater's financial statements – *Financial Instruments and Financial Risk Management*. 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.

The forward-looking statements included in this annual report are made only as of July 13, 2022, 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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Sales	70.1	60.3	70.5	77.6	73.8	75.8	73.2	71.0	68.5	63.5
Income (Loss) Before Final Payments and Income Tax	0.7	0.5	(3.1)	0.9	8.3	7.6	5.1	6.2	3.3	4.5
Fish Purchases	26.0	20.9	32.8	36.9	35.5	32.0	32.6	29.5	28.0	27.4
Income Before Income Tax Plus Fish Purchases	26.7	21.4	29.7	37.8	43.8	39.6	37.7	35.7	31.3	31.9
Accounts Receivable	7.2	6.1	7.0	9.2	8.5	10.2	8.7	6.6	7.1	6.4
Inventory – Processed Fish Products	8.4	15.7	24.6	25.8	25.8	18.5	18.6	15.4	12.6	12.7
Inventory – Packaging Material and Parts	2.4	2.4	2.3	2.1	1.3	1.1	1.1	0.8	0.9	1.1
Capital and Intangible Assets – Net Book Value	18.9	18.7	19.6	20.6	20.2	20.3	20.0	19.4	20.9	21.2
Loans Payable	33.9	19.5	32.9	32.9	26.8	23.6	24.6	21.3	26.0	27.2
Retained Earnings	16.2	16.5	16.1	18.4	18.2	14.9	11.9	10.4	8.2	6.8

Financial Returns and Deliveries

Ten Year Summary, Fiscal Year ended April 30

(in millions of Canadian dollars, except when stated)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
WALLEYE (PICKEREL)										
Delivered Weight ¹	4.2	3.2	4.5	4.3	4.5	4.6	4.6	4.8	5.7	5.7
Initial Payment ²	15.1	11.2	17.8	18.4	18.0	16.7	15.5	14.5	15.5	15.8
Final Payment	0.6	0.0	0.0	0.5	3.2	3.3	2.9	2.3	0.9	2.0
Total Payment	15.7	11.2	17.8	18.9	21.2	20.0	18.4	16.8	16.4	17.8
3 Yr Moving Avg ³	14.9	16.0	19.3	20.0	19.9	18.4	17.2	17.0	17.8	17.9
Price/Round Kg. ⁴	\$3.74	\$3.50	\$3.96	\$4.40	\$4.71	\$4.35	\$4.00	\$3.50	\$2.88	\$3.13
LAKE WHITEFISH										
Delivered Weight ¹	2.2	2.5	3.6	4.3	4.7	4.4	4.8	4.0	3.6	3.7
Initial Payment ²	5.3	5.2	7.0	8.5	9.3	7.5	8.1	6.6	5.4	5.4
Final Payment	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.6	0.2	0.0
Total Payment	5.3	5.2	7.0	8.5	9.5	7.5	8.1	7.2	5.6	5.4
3 Yr Moving Avg ³	5.8	6.9	8.3	8.5	8.4	7.6	7.0	6.1	5.2	5.1
Price/Round Kg. ⁴	\$2.41	\$2.08	\$1.94	\$1.98	\$2.02	\$1.70	\$1.69	\$1.81	\$1.56	\$1.44
NORTHERN PIKE										
Delivered Weight ¹	0.9	1.1	1.4	1.6	1.7	1.7	2.3	2.2	2.0	2.0
Initial Payment ²	0.6	0.7	1.4	1.5	1.4	1.4	2.1	1.9	1.6	1.6
Final Payment	0.4	0.0	0.0	0.0	0.3	0.1	0.0	0.1	0.0	0.0
Total Payment	1.0	0.7	1.4	1.5	1.7	1.5	2.1	2.0	1.6	1.6
3 Yr Moving Avg ³	1.0	1.2	1.5	1.6	1.8	1.8	1.9	1.7	1.6	1.5
Price/Round Kg. ⁴	\$1.11	\$0.64	\$1.00	\$0.94	\$1.00	\$0.88	\$0.91	\$0.89	\$0.80	\$0.80
MULLET										
Delivered Weight ¹	1.3	1.3	1.7	1.8	1.7	2.3	2.8	2.6	2.0	1.3
Initial Payment ²	0.7	0.7	0.9	0.9	0.8	1.1	1.3	1.1	0.9	0.6
Final Payment	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0
Total Payment	0.7	0.7	0.9	0.9	0.9	1.1	1.3	1.1	0.9	0.6
3 Yr Moving Avg ³	0.8	0.8	0.9	1.0	1.1	1.2	1.1	0.9	0.8	0.6
Price/Round Kg. ⁴	\$0.54	\$0.54	\$0.53	\$0.50	\$0.53	\$0.48	\$0.46	\$0.42	\$0.45	\$0.49
OTHER										
Delivered Weight ¹	1.1	0.9	1.6	1.8	1.5	1.7	1.9	1.7	1.1	0.9
Initial Payment ²	1.4	1.3	1.9	2.8	2.1	2.2	2.5	2.5	1.7	1.4
Final Payment	0.0	0.0	0.0	0.0	0.2	0.2	0.1	0.0	0.0	0.0
Total Payment	1.4	1.3	1.9	2.8	2.3	2.4	2.6	2.5	1.7	1.4
3 Yr Moving Avg ³	1.5	2.0	2.3	2.5	2.4	2.5	2.3	1.9	1.7	1.5
Price/Round Kg. ⁴	\$1.27	\$1.44	\$1.19	\$1.56	\$1.53	\$1.39	\$1.37	\$1.48	\$1.55	\$1.57
ALL POOLS										
Delivered Weight ¹	9.7	9.0	12.8	13.8	14.1	14.7	16.4	15.3	14.4	13.6
Initial Payment ²	23.1	19.1	29.0	32.1	31.6	28.9	29.4	26.5	25.1	24.8
Final Payment	1.0	0.0	0.0	0.5	4.0	3.5	3.0	3.0	1.1	2.0
Total Payment	24.1	19.1	29.0	32.6	35.6	32.4	32.4	29.5	26.2	26.8
3 Yr Moving Avg ³	24.1	26.9	32.4	33.5	33.5	31.4	29.4	27.5	26.9	26.6
Price/Round Kg. ⁴	\$2.48	\$2.12	\$2.27	\$2.36	\$2.52	\$2.20	\$1.98	\$1.93	\$1.82	\$1.97

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 13, 2022



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 2022, 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 2022, 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.



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of Canada

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du Canada

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



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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 Yves Abgrall, CPA, CA
Principal
for the Auditor General of Canada
Ottawa, Canada
13 July 2022

Statement of Financial Position

AS AT APRIL 30, 2022
(in thousands of Canadian dollars)

	2022	2021
ASSETS		
Current		
Cash	21,480	1,055
Accounts receivable (Note 5)	7,175	6,079
Income taxes receivable	570	-
Prepaid expenses	232	128
Inventories (Note 6)	10,811	18,070
	40,268	25,332
Non-current		
Property, plant and equipment (Note 7)	18,687	18,427
Intangible assets (Note 8)	196	229
	18,883	18,656
Total Assets	59,151	43,988
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Notes 5 and 9)	5,036	4,519
Income taxes payable	-	119
Accrued obligation for employee benefits (Note 12)	570	609
Provision for final payment to fishers (Note 19)	1,000	-
Loans payable (Notes 5 and 10)	33,875	19,508
Provision for environmental liability (Note 17)	25	385
Derivative-related liabilities (Note 5)	326	494
	40,832	25,634
Non-current		
Deferred tax liabilities	1,964	1,767
Accrued obligation for employee benefits (Note 12)	115	124
	2,079	1,891
Equity		
Retained earnings	16,240	16,463
Total Liabilities and Equity	59,151	43,988

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, 2022
(in thousands of Canadian dollars)

	2022	2021
Sales (Note 13)		
Export	62,197	44,365
Domestic	7,904	6,364
Surplus Food Program	-	9,544
	<u>70,101</u>	<u>60,273</u>
Cost of Sales		
Opening inventory of processed fish products	15,656	24,626
Add fish purchases and processing expenses:		
Fish purchases	25,986	20,928
Plant salaries wages & benefits	12,488	10,801
Packaging and storage	5,120	4,340
Packing allowances and agency operating costs	3,840	3,251
Freight	2,897	2,230
Repairs and maintenance, Winnipeg Plant	1,923	1,260
Utilities and property taxes	1,904	1,454
Depreciation of production assets (Note 7)	1,615	1,630
Other	1,111	782
	<u>72,540</u>	<u>71,302</u>
Less ending inventory of processed fish products net of write downs (Note 6)	<u>(8,446)</u>	<u>(15,656)</u>
	<u>64,094</u>	<u>55,646</u>
Gross profit on operations	6,007	4,627
Marketing and administrative expenses		
Salaries and benefits	2,969	2,833
Commissions (Note 14)	1,204	775
Data processing, office and professional services	1,202	1,206
Advertising and promotion	106	40
Meeting fees and expenses	33	36
Other	156	146
Depreciation and amortization of administrative assets (Notes 7 and 8)	84	83
	<u>5,754</u>	<u>5,119</u>
Other income and expenses		
Net foreign exchange loss (gain)	(22)	320
Net financial derivative gain	(590)	(474)
Surplus Food Program Fee/Others	-	(1,182)
Reversal of provision for environmental liability (Note 18)	(241)	-
Other revenue (Note 15)	(1,186)	(1,111)
Other expense (Note 15)	1,122	928
Finance income	(5)	(10)
Finance costs	476	523
	<u>(446)</u>	<u>(1,006)</u>
Profit before provision for final payment and income tax	699	514
Provision for final payment (Note 19)	1,000	-
Income tax expense (recovery) (Note 16)	(78)	147
	<u>922</u>	<u>147</u>
Total comprehensive income (loss)	(223)	367

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

Statement of Changes in Equity

FOR THE YEAR ENDED APRIL 30, 2022
(in thousands of Canadian dollars)

	2022	2021
Retained earnings at the beginning of the year	16,463	16,096
Total comprehensive income (loss) for the year	(223)	367
Retained earnings at the end of the year	16,240	16,463

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

Statement of Cash Flows

FOR THE YEAR ENDED APRIL 30, 2022
(in thousands of Canadian dollars)

	2022	2021
Operating activities		
Comprehensive income (loss) for the year	(223)	367
Add (deduct) items not affecting cash:		
Future tax expense (recovery)	197	(52)
Depreciation and amortization	1,843	1,857
Fixed asset retirements	23	15
Gain on disposal of property, plant and equipment	-	(34)
Write-down of inventory	231	603
Decrease in derivative-related liabilities	(168)	(1,305)
Net changes in non-cash working capital:		
Decrease (increase) in accounts receivable	(1,096)	897
Decrease (increase) in income taxes receivable	(570)	1,161
Decrease in inventories	7,028	8,271
Increase in prepaid expenses	(104)	(17)
Increase in accounts payable and accrued liabilities	517	765
Increase (decrease) in income taxes payable	(119)	119
Decrease in provision for environmental liability	(360)	(22)
Increase in provision for final payment to fishers	1,000	-
Decrease (increase) in obligation for employee benefits	(48)	16
Cash provided by operating activities	8,151	12,641
Investing activities		
Additions to property, plant and equipment and intangible assets	(2,093)	(896)
Proceeds on disposal of property, plant and equipment	-	37
Cash used in investing activities	(2,093)	(859)
Financing activities		
Loans payable issued (loans repaid)	15,300	-
Repayment of loans	(933)	(13,356)
Cash provided by (used in) financing activities	14,367	(13,356)
Increase (decrease) in cash during the year	20,425	(1,574)
Cash at the beginning of the year	1,055	2,629
Cash at the end of the year	21,480	1,055
Supplementary information		
Interest paid	320	778

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

Notes to the Financial Statements

AS AT APRIL 30, 2022
(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, 2022, the total borrowings of the Corporation may not exceed \$39.1 million as authorized by the Minister of Finance. Retained earnings are \$16.2 million or 23.2% of net sales at April 30, 2022, 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 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 2023 to 2027 Corporate Plan Summary which has been approved by the Board of Directors and is pending approval from the Government of Canada.

In support of The Report of the Ministerial Advisory Panel on the Transformation of the Freshwater Fish Marketing Corporation, released in 2019, the Government of Canada continues its assessment of alternative governance and ownership models for the Corporation to reflect the current environment and market conditions of Canada's inland commercial fishery.

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

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 13, 2022.

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.

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.

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:

	2022	2021
Retained earnings	16,240	16,463
Loans payable	33,875	19,508
	50,115	35,971

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.

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, 2021– 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, 2022 and 2021. 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, 2022 and 2021.

There were no transfers of financial instruments between levels during the year ended April 30, 2022.

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

	2022	2021
Derivative-related liabilities	326	494

5.2.3 Finance costs

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

	2022	2021
Interest expense	320	347
Stamping fee	129	149
Bank Charges	27	27
Total finance costs on loans and other payables	476	523

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:

	2022			2021		
	Original currency (CAD \$)	Original currency (U.S. \$)	(CAD \$)	Original currency (CAD \$)	Original currency (U.S. \$)	(CAD \$)
Canada	290	-	290	230	-	230
United States	25	3,862	4,965	-	3,388	4,188
Europe	1,360	-	1,360	640	-	640
Non-trade accounts receivable	560	-	560	1,021	-	1,021
			7,175			6,079

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

At April 30, 2022, five customers represented 55% (2021 – 50%) 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:

	2022	2021
Current 0 – 30 days	5,793	4,804
Past due 31 – 60 days	567	251
Past due over 61 days	255	3
Non-trade accounts receivable	560	1,021
	7,175	6,079

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

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, 2022 was \$21,480 (April 30, 2021 – \$1,055).

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 \$8,375 are included in the loans payable amount of \$33,875. Should these term loans be repaid in the normal course, term loan repayments would be \$933 per year.

2022

	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	2,456	1,434	820	326	-	5,036
Derivative-related liabilities	43	58	242	-	-	343
Loans payable (Note 11)	33,875	-	-	-	-	33,875
Total	36,374	1,492	1,062	326	-	39,254

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 11)	19,508	-	-	-	-	19,508
Total	22,337	614	979	652	58	24,640

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 gain of \$22 (2021 – loss of \$320) 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)	2022	2021
Cash	410	239
Accounts receivable	3,862	3,388
Accounts payable and accrued liabilities	(142)	(141)
Net assets exposed to currency risk	4,130	3,486

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 \$413 (2021 – \$349). A hypothetical 10 percent depreciation in the Canadian dollar against the U.S. dollar would result in an increase in comprehensive income of \$413 (2021 – \$349).

Interest rate risk

The Corporation is exposed to interest rate risk on its loans payables of \$8,375 (2021 – \$9,308). 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 \$258 (2021 – \$384) and equity by \$258 (2021 – \$384). A decrease of 100 basis points in interest rates at the reporting date would decrease comprehensive income by \$273 (2021 – \$445) and equity by \$273 (2021 – \$445).

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 \$326 (2021 – \$494) representing the fair value of derivative financial instruments held:

	2022	2021
At maturity variable rate forwards – derivative related liabilities (assets)	315	(107)
Interest rate swaps	11	601
	326	494

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

	2022	2021
At maturity variable rate forwards – derivative related liabilities (assets) (USD)	27,955	9,185
Interest rate swaps	8,375	9,308

The net financial derivative gain of \$590 (2021 gain – \$474) 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

	2022	2021
Supplies	2,365	2,414
Processed fish products	8,677	16,259
Write down of processed fish products	(231)	(603)
	10,811	18,070

Inventory write-downs of \$231 (2021 – \$603) are included in inventory values in the cost of sales. The amount of inventories recognized as an expense during the year is \$64,094 (2021 – \$55,646). There is no pledged collateral in respect of inventory. There were no prior write-downs reversed in the current year.

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Fresh fish delivery tubs/totes	Vessels	Construction in progress	Total
Cost							
Balance at 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)
Disposals	-	(16)	(43)	-	-	-	(59)
Balance at April 30, 2021	336	15,916	25,495	1,461	4,847	208	48,263
Additions	-	246	1,233	42	79	454	2,054
Retirements	-	-	-	-	(200)	-	(200)
Balance at April 30, 2022	336	16,162	26,728	1,503	4,726	662	50,117
Accumulated depreciation							
Balance at May 1, 2020	-	10,172	14,832	1,409	1,844	-	28,257
Depreciation	-	370	1,242	29	162	-	1,803
Retirements	-	(1)	(163)	-	(4)	-	(168)
Disposals	-	(16)	(40)	-	-	-	(56)
Balance at April 30, 2021	-	10,525	15,871	1,438	2,002	-	29,836
Depreciation	-	343	1,235	29	164	-	1,771
Retirements	-	-	-	-	(177)	-	(177)
Balance as at Apr 30, 2022	-	10,868	17,106	1,467	1,989	-	31,430
Carrying amount at April 30, 2022	336	5,294	9,622	36	2,737	662	18,687

As at April 30	2022	2021
Cost	50,117	48,263
Accumulated depreciation	(31,430)	(29,836)
Carrying amount	18,687	18,427

Carrying amount by asset class

Land	336	336
Buildings	5,294	5,391
Equipment	9,622	9,624
Fresh fish delivery tubs/totes	36	23
Vessels	2,737	2,845
Construction in progress	662	208
Carrying amount	18,687	18,427

Depreciation expense of \$1,615 (2021 – \$1,630) is recorded on the statement of comprehensive income in cost of sales, \$12 (2021 – \$29) in marketing and administrative expenses and \$144 (2021 – \$144) in other expenses.

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, 2022 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	2022	2021
Informations systems software		
Cost	876	837
Accumulated amortization	(680)	(608)
Carrying amount	196	229
Cost		
Balance at May 1, 2020	711	
Additions	126	
As at April 30, 2021	837	
Additions	39	
Balance as at April 30, 2022	876	
Accumulated amortization		
Balance at May 1, 2020	554	
Amortization	54	
As at April 30, 2021	608	
Amortization	72	
Balance as at April 30, 2022	680	
Carrying amount at April 30, 2022	196	

Amortization of intangible assets of \$72 (2021 – \$54) 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, 2022.

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Canadian dollars	4,859	4,346
Denominated in U.S. dollars	177	173
Total accounts payable and accrued liabilities	5,036	4,519

10. LOANS PAYABLE

The loans payable consist of the following borrowing facilities:

	2022	2021
Banker's acceptances	33,875	19,508

A \$5,500 (2021 – \$10,200) bankers' acceptance bearing interest at an annual rate of 1.32% (2021 – 0.4125%) and maturing on May 5, 2022 and a \$20,000 bankers' acceptance bearing interest at an annual rate of 1.56% and maturing on June 30, 2022.

The weighted-average interest rate during the period was 1.18% (2021 – 0.50%).

Subsequent to June 30th, new bankers' acceptances were entered into at a rate of 2.14%.

A \$5,125 (2021 – \$5,625) 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 10 years.

A \$3,250 (2021 – \$3,683) 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 7.25 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, 2022 is \$33,875 (2021 – \$19,508) and the fair value of the loans are \$33,875 (2021 – \$19,508).

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.

	2022	2021
Loans payable, beginning of the year	19,508	32,864
Cash provided by additional borrowing/(cash repaid)	15,300	(12,500)
Cash used for term debt payments	(933)	(856)
Loans payable, end of the year	33,875	19,508

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, 2022 for employees enrolled in the Plan prior to January 1, 2013 was 1.02 (2021 – 1.01) and for employees enrolled in the Plan beginning January 1, 2013 was 1.00 (2021 – 1.00). Total contributions of \$1,050 (2021 – \$945) were recognized as an expense in the current year. The estimated contributions for 2022-2023 are \$1,050.

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:

	2022	2021
Contributions by the Corporation	1,050	945
Contributions by employees	1,039	929

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.

	2022	2021
Accrued liability for the Corporation's cost of buyback of service	67	77
Less: current portion	10	10
Non-current portion	57	67

The Corporation estimates that it has a discounted pension obligation of \$67 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, 2022 to establish a measurement of these liabilities.

The statement of comprehensive income includes a charge of \$154 (2021 – \$29) 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 \$29 (2021 – \$60), 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	
	2022	2021	2022	2021
Actuarial value	174	167	444	489
Less: current portion	116	110	444	489
Non-current portion	58	57	-	-
Benefits paid	147	26	74	34

	Worker's Compensation		Sick Leave	
	2022	2021	2022	2021
Current service costs	124	104	52	49
Interest costs	2	3	16	14
Actuarial loss from demographic assumptions	(1)	3	-	-
Actuarial loss from financial assumptions	(8)	8	(39)	(3)
Actuarial loss (gain) from experience adjustments	37	(89)	-	-
Total Costs	154	29	29	60

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, 2023 is \$116 and \$444 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	
	2022	2021	2022	2021
Discount rate for obligation	3.50	1.00	4.50	3.20
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	2022	2021
North America	57,135	49,911
Europe	11,945	8,775
Asia	1,021	1,587
	70,101	60,273

14. SALES COMMISSIONS

During the period, the Corporation paid commissions of \$1,204 (2021 – \$775) 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 \$1,186 (2021 – \$1,111).

Other expenses of 1.122 (2021 – \$928) 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.

16. INCOME TAXES

	2022	2021
Current income tax expense (recovery)	(276)	199
Deferred tax recovery	198	(52)

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:

	2022	2021
Net profit (loss) before tax for the year	(301)	514
Computed tax expense (recovery) (25% income tax rate)	(75)	129
Non-deductible expense	2	1
Other net amounts	(5)	17
Computed tax expense (recovery) (25% income tax rate)	(78)	147

	2022	2021
Income taxes receivable (payable)	570	(119)

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

Temporary differences for 2022	Opening balance	Recognized in profit or (loss)	Ending balance
Deferred tax assets			
Employee benefits	183	(12)	171
Financial instrument loss	150	(147)	3
Provision for environmental liability	96	(90)	6
Deferred tax liabilities			
Foreign exchange loss	31	(41)	(10)
Property, plant and equipment	(2,170)	85	(2,085)
Intangible assets	(57)	8	(49)
Net deferred tax liability	(1,767)	(197)	(1,964)
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)

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 3,000 kilograms (2021 – 6,000 kilograms) valued at \$14 (2021 – \$26). 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.

	2022	2021
Total compensation paid to key management personnel	1,084	983

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 \$25 (2021 – \$385). The Corporation spent \$119 (2021 – \$22) for site remediation in Hay River during the year and reversed provisions established in prior years of \$241.

The Corporation has completed the remediation of the Hay River site and is awaiting confirmation of such from the Government of the Northwest Territories.

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, 2022, 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:

	2022	2021
Provision for final payment to fishers, beginning of year	-	-
Payment to fishers	-	-
Provision added during the year	1,000	-
Provision for final payment to fishers, end of year	1,000	-

19. SUBSEQUENT EVENT

On May 6th, 2022, the MV Poplar River, a barge FFMC operates on Lake Winnipeg, suffered extensive damage while undergoing routine repairs in preparation for the 2022 fishing season. The vessel is insured and FFMC is executing a repair plan to return the vessel to full operating capability for the 2022 fall fishing season. At this time the Corporation cannot accurately estimate the financial impact of the loss of fish deliveries from areas affected by the temporary discontinuation of barge services.



2022