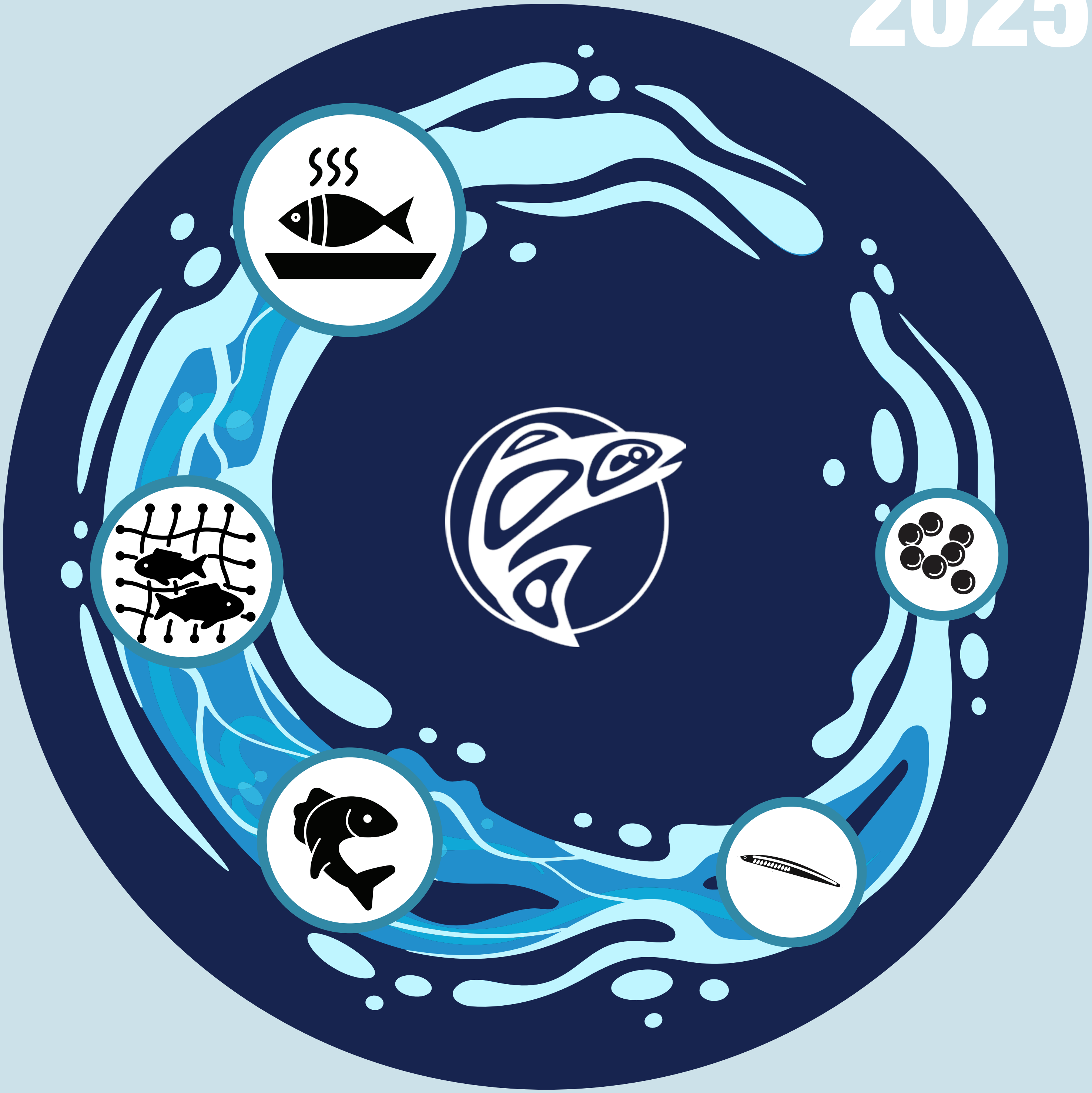
Freshwater Fish Marketing Corporation

ANNUAL REPORT 2025



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Letter from the Chair of the Board

The Honourable Joanne Thompson
Minister of Fisheries

Dear Minister:

On behalf of the Board of Directors, we are pleased to submit the Freshwater Fish Marketing Corporation's (FFMC) Annual Report, in accordance with Section 150 of the *Financial Administration Act*. This report includes the audited financial statements for the fiscal year ending April 30, 2025.

FFMC continues to play a pivotal role in supporting Canada's commercial inland fishery and remains focused on its vision of being the industry leader in purchasing, processing, and marketing premium-quality Canadian freshwater fish products. Throughout its long history, the Corporation has consistently adapted to meet the evolving needs of its stakeholders—serving customers, employees, and fish harvesters—while fulfilling the mandate of its sole shareholder, the Government of Canada.

The Board of Directors and senior leadership recognize the importance of their stewardship at this critical juncture in FFMC's journey and remain committed to guiding the Corporation through its ongoing transformation and into its next chapter.

Respectfully submitted on behalf of the Board of Directors,

Kevin Stringer
Chair of the Board

President's Message

For nearly a decade, responding to change has become an increasing constant at FFMC, particularly since the full establishment of open market conditions in Manitoba and Saskatchewan. While the Corporation has historically met many operational and financial challenges, the pace and intensity of these pressures have significantly accelerated over the past few years.

In response to this evolving landscape, FFMC undertook a strategic reassessment in November 2024, with the goal of refocusing efforts to improve performance. Through close collaboration between senior leadership and the Board of Directors, a set of strategic initiatives was developed to address key areas of concern and opportunity for improvement:

- Inventory and cash management,
- Operational and financial efficiency,
- Market management and growth,
- Fish harvester value and allegiance,
- Fostering a value-focused organizational culture,
- Leveraging data and analytics for decision-making.

While these initiatives are guiding the Corporation, FFMC has recorded significant operating losses over the past two fiscal years. In 2024 FFMC lost $7.2 million and in 2025 $7.6 million. These losses reflect the maturity and intensity of open market competition within FFMC's operating area. Additionally, performance has been impacted by declining fish deliveries, shifting market dynamics, and the need for critical capital investments—particularly to maintain operations at the Winnipeg processing facility.

In November 2023, the Government of Canada's decision to transform the Corporation through an open, transparent, and competitive process was announced. Among other considerations, bidding criteria for the competitive process were developed to promote continued market access for rural, remote, and isolated harvesters, and to promote economic reconciliation. These criteria were informed through engagements with fish harvesters, Indigenous organizations, and provincial and territorial governments. A request for proposals (RFP) to acquire the FFMC was launched by the Government of Canada on December 5, 2024. The RFP is the process through which interested parties are invited to submit a bid to acquire the FFMC. The RFP process includes three stages which are expected to conclude in the winter of 2026.

In closing, everyone at FFMC is focused on continuing to meet our legislated mandate and achieving our vision to be an industry leader of premium-quality freshwater fish products through efficient supply chain management, value-added processing, and effective marketing as the transformation of the Corporation moves forward.

Stan Lazar
President and Chief Executive Officer

Corporate Governance

Corporate Profile

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

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

Main activities, principal programs, and financial condition

The following is a description of FFMC's main activities:

PROVIDING ACCESS TO WORLD MARKETS FOR CANADA'S INLAND FISH HARVESTERS — FFMC's reach extends worldwide in both food service and retail marketing channels. Freshwater is one of the world's largest and most consistent suppliers of wild-caught Walleye, Lake Whitefish, mullet, and northern pike. Freshwater provides Canadian fish harvesters access to global markets while reducing their risk by hedging foreign currency sales and managing receivables. Although FFMC is a limited player in the global fish and seafood market, the Corporation is a brand leader in several foreign markets.

ENSURING FOOD SAFETY AND QUALITY ASSURANCE FOR CANADIAN FRESHWATER FISH — FFMC's stringent handling, transportation, and processing standards ensure all products meet regulatory requirements. FFMC works closely with the Canadian Food Inspection Agency (CFIA) and customers to ensure its processing facility meets federal and customer requirements for food safety and quality.

SUPPORTING FISH HARVESTERS, EMPLOYEES, AND CUSTOMERS THROUGHOUT THE SUPPLY CHAIN — Commercial fishing is often one of the few primary economic opportunities available in the many remote and northern communities FFMC serves. In many communities where Freshwater operates delivery points, the fishery is the main opportunity for economic development. Many of these communities are predominantly Indigenous (First Nations and Métis). FFMC's presence fosters independent business ownership, increases employment in rural and remote regions of Canada, and promotes other direct and indirect economic benefits for fish harvesters, their families, and the wider communities in which they live.

SUPPORTING THE SUSTAINABILITY OF FRESHWATER FISH STOCKS — Canadian freshwater fish, by virtue of the remote lakes from where they are caught, are an abundant resource. All species are wild caught from freshwater lakes in northern and western Canada. FFMC works with and supports regulators and governments to help monitor and contribute to maintaining long-term sustainable fish populations.

ORDERLY MARKET AND PRICE MAINTENANCE — Freshwater buys all fish offered for sale either through its mandate or through fish-purchase contracts. FFMC balances wild-caught supply with market demand. For example, FFMC sells most of its products frozen, coordinating supply with demand and increasing returns to fish harvesters.

INVESTING IN PROCESSING INFRASTRUCTURE TO MEET FISHERY AND MARKET NEEDS — FFMC has invested nearly $20 million since 2010 in infrastructure, processing equipment and systems to add value to products and ensure food processing standards.

FFMC's activities are consistent with the Government of Canada's priorities. Additional details on FFMC's main activities, principal programs and financial condition are available in our most recent annual report at https://www.freshwaterfish.com/reports/.

Ensuring Effective Governance

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

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

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

The Board has eight available positions and at April 30, 2025, consisted of six Directors, including the President. As of April 30, 2025, two positions were vacant. The Board and its Committees hold in camera sessions without the presence of the President. The Board of Directors met 12 times in 2025.

Two standing committees assist the Board in discharging its responsibilities: the Audit and Risk Committee and the Governance Committee. Between May 1, 2024, and April 30, 2025, 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.

Governance framework

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

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

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

Board member	Term	Committee membership	Committee meeting attendance	Board meeting attendance
Thomas Colosimo	19-06-19 – 26-06-18	Governance	1/1	12/12
Vincent Crate	19-06-19 – 25-09-14	Audit and Risk	4/4	9/12
Dana Gregoire	18-06-29 – 25-12-15	Governance	1/1	11/12
Stanley Lazar	17-04-12 –	The CEO is not a member of any specific Committee		12/12
Micah Melnyk	18-06-29 – 25-12-15	Audit and Risk	4/4	11/12
Kevin Stringer	22-11-01 – 26-10-31	Audit and Risk	4/4	12/12

Board of Directors

THOMAS COLOSIMO
Hay River, Northwest Territories
Occupation: Retired Superintendent, Industry, Tourism and Investment, Government of the Northwest Territories
Served on Board: 6 years

VINCENT CRATE
Koostatak, Manitoba
Occupation: Commercial Fish Harvester
Served on Board: 6 years

DANA GREGOIRE
Toronto, Ontario
Occupation: Lawyer
Served on Board: 7 years

KEVIN STRINGER
Chairperson of the Board
Ottawa, Ontario
Occupation: Retired Associate Deputy Minister, Fisheries, Oceans and the Canadian Coast Guard, Government of Canada
Served on Board: 3 years

STANLEY LAZAR
President and Chief Executive Officer
Winnipeg, Manitoba
Served on Board: 8 years

MICAH MELNYK
Ottawa, Ontario
Occupation: Consultant
Served on Board: 7 years

2 vacant positions

Audit and Risk Committee

Chair: Micah Melnyk
Members: Vincent Crate, Kevin Stringer

Governance Committee

Chair: Dana Gregoire
Members: Thomas Colosimo

Corporate Officers and Senior Management

ANUMEHA BALDNER
Vice-President, Human Resources and Government Services

DAVID BERGUNDER
Vice-President, Field Operations

ROBERT BLACK
Vice-President, Sales, and Marketing

AUDREY COMTE
Vice-President, Operations

THOMAS STOKES
Interim Vice-President, Finance

DAWN KJARSGAARD
Director, Plant Operations

STANLEY LAZAR
President and Chief Executive Officer

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

Management Discussion and Analysis

This Management Discussion and Analysis (MD&A) provides a narrative outlining the financial results and operating performance for the year ending April 30, 2025, 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, 2025, which were prepared in accordance with International Financial Reporting Standards (IFRSs). The information presented in this MD&A is current to July 28, 2025, 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 28, 2025.

MATERIALITY

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

FORWARD-LOOKING STATEMENTS

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

EXECUTIVE SUMMARY

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

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

Since 2017, with the withdrawal of successive jurisdictions from the *Freshwater Fish Marketing Act (FFMA)*, the Government of Canada has engaged with fish harvesters, Indigenous organizations, provinces and territories, and industry stakeholders about FFMC's future. Following the Government of Canada's announcement to transform the Corporation through an open, transparent, and competitive process in November 2023, Fisheries and Oceans Canada (DFO) conducted engagements with fish harvesters, Indigenous organizations and provincial and territorial governments to inform the development of bidding criteria for the competitive process, including promoting continued market access for rural, remote, and isolated harvesters, and economic reconciliation. A request for proposals (RFP) to acquire the FFMC was launched by the Government of Canada on December 5, 2024. The RFP is the process through which interested parties are invited to submit a bid to acquire the FFMC. The RFP process includes three stages; Stage 1 - Solicitation of Initial Letters of Intent (December 5, 2024, to March 28, 2025), Stage 2 - Solicitation of Final Letters of Intent (May 7, 2025, to September 17, 2025) and Stage 3 - Closing (Fall 2025 to Winter 2026). The anticipated timeline for the RFP is subject to change at DFO's sole discretion and DFO reserves the right to decline to accept any bid. Further information is available at: https://www.dfo-mpo.gc.ca/fisheries-peches/initiatives/freshwater-marketing-commercial-poisson-eau-douce-eng.html

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

TRANSITION IN FFMC'S SUPPLY CHAIN

For nearly 10 years, responding to change has become a constant at FFMC, especially since fish deliveries and the open market was established 8 years ago. As the Corporation continues to face growing operational and financial challenges in an increasingly competitive environment, in November of 2024, FFMC reassessed its strategic plan with a goal of refocusing efforts to improve performance. Through active collaboration between senior leadership and the Board of Directors strategic initiatives have been developed for actions focused on improving financial and operational results:

- Inventory and cash management;
- Plant operational and financial efficiency;
- Market management and growth;
- Fish harvester value and allegiance;
- Value-focused culture; and
- Embrace data and analytics.

While the future direction of the Corporation is being driven by strategic actions and activities aimed at improving performance, the Corporation recorded significant financial losses in the last two fiscal years, from operating and financial performance that has significantly eroded due to lower fish deliveries, changes in the marketplace and critical capital investments primarily to ensure the operation of the Winnipeg processing facility.

Government priorities and direction

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

TRANSPARENT AND OPEN GOVERNMENT

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

ACCESS TO INFORMATION

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

PRIVACY

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

CODE OF CONDUCT AND ETHICS

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

ACCESS TO COMMERCIAL FISH HARVESTERS AND CANADIANS

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

SUSTAINABLE DEVELOPMENT AND GREENING GOVERNMENT OPERATIONS

Fish by-product waste treatment/disposal

In July of 2024, FFMC signed the Great Lakes St. Lawrence Governors & Premiers (GSGP) 100% Great Lakes Fish Pledge. Along with over 40 pledge signers in the industry, FFMC is committed to using 100% of the fish by the end of 2025. Pledge signers are collectively working together to source sustainable solutions.

FFMC's fish processing operation generates approximately 2.5 million kilograms of fish by-product waste annually. This waste is currently going as landfill. Several environmentally sustainable options have been discussed and/or tested for long term viability. These involve, petfood, composting and biogas options. A successful 7.5 month long composting pilot was completed in August of 2023 and discussions are underway to resume a second compost pilot in the fall of 2025. Anaerobic digestion of by-product fish waste continues to be a viable option. FFMC is in continuous confidential discussions with potential investors. Final investment decisions and engineering designs are underway, with build completion targeted for 2029 at the earliest.

Other waste – cardboard, paper, hazard waste.

All cardboard and paper waste continue to be recycled. Hazardous wastes (batteries, oil, lights) are stored in a locked cage and disposed of by a licensed contractor licensed to handle hazardous waste.

Fish stock preservation: Eco Certification of Lakes:

Customers and consumers are requesting sustainably sourced eco-certified fish. FFMC obtained a "Chain of Custody" in 2023 under the Marine Stewardship Council (MSC) and is certified to process and sell Eco-certified fish. Manitoba has two MSC Eco-certified lakes, Waterhen Lake and Cedar Lake. For the past several years, FFMC has been in discussion with Manitoba Conservation and fish harvesters on Lake Winnipeg as they work to enter a Fisheries Improvement Project (FIP) towards Eco-certification. A FIP is a structured, collaborative and multi year initiative focused on improving the sustainability of a fishery with a goal of achieving MSC certification.

GENDER-BASED ANALYSIS PLUS

FFMC uses and considers GBA+ when developing policies, practices and negotiating collective agreements. Collective bargaining agreements for represented employees address gender-based biases and wage equality. Approximately 46% of FFMC employees identify as women and are paid equal wages. 53% of FFMC employees have recently immigrated to Canada bringing a diversity of cultural backgrounds. 15% of men and 2% of women employed by FFMC are Indigenous. FFMC is committed to supporting a workforce that reflects the diversity of Canada's population. This includes continuously reviewing and revising FFMC policies, practices, and behaviours to ensure the Corporation does not discriminate against individuals or groups and operates with inclusiveness.

DIVERSITY AND EMPLOYMENT EQUITY

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

ENVIRONMENTAL AND SOCIAL GOVERNANCE REPORTING (ESG)

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

CONSULTATION AND SUPPORT OF INDIGENOUS ISSUES

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

SAFE AND RESPECTFUL WORKSPACES

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

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

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

ETHICAL AND SUSTAINABLE SUPPLY CHAINS

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

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

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

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

(in thousands of Canadian dollars)	2025	2024	$ change	% change
Total travel and hospitality expenditures	207	229	(22)	(10)

Compliance with legislative and policy requirements

ACCESS TO INFORMATION ACT

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

EMPLOYMENT EQUITY ACT

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

CONFLICT OF INTEREST ACT

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

CANADIAN HUMAN RIGHTS ACT

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

OFFICIAL LANGUAGES ACT

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

TRADE AGREEMENTS

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

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

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

PAY EQUITY ACT

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

GOVERNMENT PROCUREMENT OBLIGATIONS UNDER TRADE AGREEMENTS

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

ACCESSIBLE CANADA ACT (ACA)

Under the *ACA*, FFMC reports to the public on the Corporation's policies and practices in relation to the identification and removal of barriers by publishing our Accessibility Plans, feedback processes and progress reports on our website. FFMC has established a process for receiving and dealing with feedback regarding the implementation of its Accessibility Plan. FFMC regularly monitors and evaluates feedback to incorporate into its plans where possible.

FIGHTING AGAINST FORCED LABOUR AND CHILD LABOUR IN SUPPLY CHAINS ACT

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

Performance indicators

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

Results of operations

FISH DELIVERIES

Fish delivery volume was 8.9 million kilograms during the year. Fish deliveries were impacted by specific lake and fish stock conditions, Lake Whitefish and Northern Pike deliveries were below planned levels respectively because of climate related factors that included fluctuations in water temperature, species composition and spawning patterns. Additionally, the Corporation continued to lose fish supply to competitors. While overall fish deliveries are lower than plan, the Corporation's support of the GNWT's Great Slave Lake revitalization strategy and focused efforts to increase fish deliveries from Lake Superior, have resulted in increased delivery volumes from those areas, mitigating lower fish deliveries from other areas.

SALES VOLUME AND REVENUE

FFMC had sales revenues of $68.5 million for the year ending April 30, 2025, 7% less revenue than planned and 5% less than last year. Demand for FFMC's premium quality fish products, particularly Lake Whitefish, were impacted by unfavourable macro economic trends as many food service and retail customers opted for lower-priced food proteins during the year. With Lake Erie now the dominant supplier of Walleye, and a resurgent Lake Whitefish harvest occurring on the other Great Lakes, discounted selling prices (particularly for Lake Whitefish) were necessary to compete in the market, having an adverse impact, reducing sales revenues.

COST OF SALES (COS)

The major impacts to processing costs during the year were;

Fish purchases

As the competitive intensity for fish supply, particularly in Manitoba, continued to grow, FFMC matched competitors' initial fish prices to retain fish supply. FFMC's fish purchases were $30.4 million. If fish harvesters were to switch to alternative buyers due to higher initial prices being offered, FFMC believes that fish harvesters would be less likely to deliver their fish to FFMC in the future, reducing FFMC processing volume and compromising the Corporation's long-term viability (higher volumes result in cost efficiencies).

Plant operating expenses

Plant operating expenses were $64 million in 2025, 9% less than last year. During the year, the Corporation realized operational and cost improvements from focused efforts on raw material utilization and labour efficiency using lean tools, however, lower fish deliveries continue to increase operating costs per kilogram. Cold storage costs increased as a result of increased logistical, transportation and storage costs in May and June of 2024 to relocate the majority of FFMC's finished goods inventory. Increased depreciation expense on production assets as a result of necessary capital investments also contributed to higher plant operating expenses compared to last year.

MARKETING AND ADMINISTRATIVE EXPENSES (M&A)

M&A expenses for salaries and benefits, marketing and other administrative costs were higher than plan at $7.1million.

TOTAL COMPREHENSIVE LOSS (TCL)

FFMC's TCL was $(7.6) million at April 30, 2025. Higher processing costs per kilogram, initial fish prices to sustain supply, weaker sales revenues, particularly for Lake Whitefish because of increased supply from Lakes Michigan and Superior and macro-economic factors influencing consumer confidence and demand for FFMC's products all contributed to the Corporation's TCL for the year.

CAPITAL EXPENDITURES

FFMC invested $0.8 million in capital assets during the year. Investment in equipment to support processing operations and continued use of these capital assets is essential for the Corporation. Deferring essential capital investment or asset replacement would reduce Freshwater's ability to operate and meet the objectives of its mandate. In addition, Freshwater's processing and field operations infrastructure is aging and as the physical condition of assets decline, deferring capital maintenance and/or replacement could increase long-term costs and liabilities.

Performance Indicator	2025 Performance Target	2025 Actual Performance
Total comprehensive loss	$(2.3) million	$(7.6) million
% Return to commercial fish harvesters	43%	50%
Retained earnings	$10 million	$1.2 million
Reduce expenses	Meet FY2024/25 operating plan of $76.1 million	$76.1 million
Sales revenue	Meet FY2024/25 sales target of $73.8 million	$68.5 million
Direct labour efficiency	Meet FY2024/25 direct labour efficiency targets	14% higher than target
Operational costs per kg	Meet FY2024/25 operating costs per kilogram	20% higher than target
Initial payments to commercial fish harvesters	$33.4 million	$30.4 million
Delivered fish weight (round equivalent)	10.6 million kilograms	8.9 million kilograms
Inventory levels	Meet planned inventory levels	20% below plan

Liquidity and capital resources

CASH FLOWS

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

Cash used in investing activities was $0.8 million for additions to Property, plant and equipment, primarily at the Winnipeg processing facility.

BORROWING FACILITIES

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

FINANCIAL RISKS

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

Risks to performance

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

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

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

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

As of April 30, 2025, the Corporation has identified the following key risks that could materially impact the achievement of its strategic objectives.

SALES MARKETS

Challenges in the food service industry and the restaurants that are FFMC's primary customers include the rising cost of goods, fluctuating customer spending and staffing shortages. These factors are reshaping the industry, forcing FFMC's customers to adapt to new economic realities. The greatest challenges facing FFMC's customers are the increasing cost of goods due to inflationary pressures and supply chain disruptions. These challenges affect menu pricing and margins, compelling operators to find innovative ways to manage expenses while maintaining quality. Consumer spending patterns and foot traffic into food service establishments are also a challenge, driven by economic uncertainty and changing restaurant customer behaviours. The impact of these factors on FFMC's customers have placed increased demands on the Corporation's marketing team to increase sales margins and sales volumes.

Increased market supplies of Walleye and Lake Whitefish continue to put downward pressure on selling prices. Lake Erie Walleye is being aggressively sold by competitors in all FFMC's U.S. markets. Also, increased volumes of Lake Whitefish being caught in Lakes Superior and Michigan are being aggressively marketed by competitors into major FFMC markets.

THE OPEN FISH BUYING MARKET

Competition for fish supply, particularly in Manitoba, is now firmly established, straining cash flows and impacting the profitability of the Corporation. The Corporation continues to lose fish supply to competitors. To retain fish supply, FFMC matches competitors' initial fish prices. If FFMC were to not meet competitive open-market initial pricing, fish deliveries would be lost to competing buyers, reducing FFMC processing volume and compromising the Corporation's long-term viability since higher delivery volumes contribute to cost efficiencies.

THE EFFECT OF CLIMATE CHANGE ON THE FISHERY

Climate change is affecting the health of many freshwater lakes from where FFMC buys fish because of fluctuations in water temperature, species composition, spawning patterns, and the timing and variations in fishing seasons compared to historical trends. The volatility of climate change inserts additional risks into FFMC's operations and business plan and is complicated by other factors such as overfishing, invasive species, land-use change, resource development, and habitat alteration.

DIVESTITURE OF THE CORPORATION

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

MACRO-ECONOMIC AND GEOPOLITICAL PRESSURES

Global challenges remain in terms of inflation, recession risks, geopolitical tensions and customer and consumer confidence. Challenges in the food service industry and restaurants that are FFMC's primary customers include the rising cost of goods, fluctuating customer spending and staff shortages. The potential 25% tariff on FFMC's products into the U.S. creates significant uncertainty for FFMC, where the Corporation earns more than two thirds of its revenue. This is concerning for FFMC as the U.S. is the Corporation's primary sales market. The global economic outlook remains vulnerable due to geopolitical risks from the ongoing wars in Ukraine and the Middle East.

FOREIGN CURRENCY EXCHANGE

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

Outlook

The Freshwater Fish Marketing Corporation has played a pivotal role in meeting the unique needs of Canada's commercial inland fishery and the Corporation's purpose remains true to its 1969 legislated mandate in its current mission statement: To maximize long term returns to commercial fish harvesters through securing supply, creating an orderly market, promoting international markets, and increasing trade in freshwater fish. Canada's commercial inland fishery and FFMC have contributed to the economic prosperity of many fishing communities in western and northern Canada for over half a century. While FFMC has played a far-reaching role in the commercial inland fishery, conditions in the industry have changed. Manitoba and Saskatchewan's withdrawal from the *FFMA*, the diversity of the biomass and sustainability of the fish resource, and changes in the marketplace, including consumer preferences, all underline the urgency for change in the Canadian inland fishery to meet the needs of those with a stake in the fishery.

Forward-looking statements

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

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

The forward-looking statements included in this annual report are made only as of July 28, 2025, and Freshwater does not undertake to publicly update these statements to reflect new information, future events, or changes in circumstances or for any other reason after this date. Freshwater does not undertake to publicly update these statements to reflect new information, future events, or changes in circumstances or for any other reason after this date.

Management's Responsibility for Financial Reporting

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

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

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

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

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

Thomas Stokes CPA, CGA
Interim Vice President of Finance

Winnipeg, Canada
July 28, 2025

Office of the Auditor General of Canada
Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Fisheries

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 2025, and the statement of comprehensive loss, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 30 April 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Emphasis of Matter

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Report on Compliance with Specified Authorities

Opinion

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

In our opinion, the transactions of the Freshwater Fish Marketing Corporation that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in IFRS Accounting Standards as issued by the IASB 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.

Dennis Fantinic, CPA
Principal
for the Auditor General of Canada

Ottawa, Canada
28 July 2025

Statement of Financial Position

AS AT APRIL 30, 2025
(in thousands of Canadian dollars)

	2025	2024
ASSETS		
Current		
Cash	3,685	1,618
Accounts receivable	9,936	10,664
Income taxes receivable	271	374
Prepaid expenses	42	38
Derivative-related assets (Note 11)	262	-
Inventories (Note 6)	20,065	21,451
	34,261	34,145
Non-current		
Property, plant and equipment (Note 7)	14,174	14,896
Right-of-use assets	484	-
Deferred tax assets (Note 13)	-	512
	14,658	15,408
Total assets	**48,919**	**49,553**
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities (Note 8)	5,221	5,738
Accrued obligation for employee benefits	690	690
Loans payable (Note 9)	41,175	34,008
Lease liabilities	271	-
Derivative-related liabilities (Note 11)	-	211
	47,357	40,647
Non-current		
Lease liabilities	232	-
Accrued obligation for employee benefits	102	105
	334	105
Equity		
Retained earnings	1,228	8,801
Total liabilities and equity	**48,919**	**49,553**

Contingencies (Note 15)

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

Approved on behalf of the Board of Directors:

Kevin Stringer
Chairperson, Board of Directors

Approved on behalf of Management:

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

Thomas Stokes, CPA CGA
Interim Vice President of Finance

Statement of Comprehensive Loss

FOR THE YEAR ENDED APRIL 30, 2025
(in thousands of Canadian dollars)

	2025	2024
Sales (Note 12)		
Export	61,173	64,530
Domestic	7,372	7,686
	68,545	72,216
Cost of Sales		
Opening inventory of processed fish products	19,698	13,725
Add fish purchases and processing expenses:		
Fish purchases	30,420	35,698
Plant salaries, wages and benefits	14,326	14,003
Packaging and storage	5,209	5,418
Packing allowances and agency operating costs	4,230	4,850
Freight	2,630	2,775
Repairs and maintenance, Winnipeg Plant	2,104	2,871
Utilities and property taxes	2,077	2,095
Depreciation of production assets (Note 7)	1,719	1,749
Other	1,652	1,811
	84,065	84,995
Less ending inventory of processed fish products net of write downs (Note 6)	(18,448)	(19,698)
	65,617	65,297
Gross profit (loss) on operations	**2,928**	**6,919**
Marketing and administrative expenses		
Salaries and benefits	3,475	3,318
Commissions	1,281	1,294
Data processing, office and professional services	1,963	1,905
Advertising and promotion	365	242
Depreciation and amortization of administrative assets (Note 7)	32	80
	7,116	6,839
Other income and expenses		
Net foreign exchange loss	328	233
Net financial derivative loss (gain)	228	(119)
Other revenue	(1,295)	(1,430)
Other expense	1,738	1,374
Finance income	(76)	(93)
Finance costs	1,950	1,791
Impairment loss	-	7,900
	2,873	9,656
Loss before income tax expense (recovery)	**(7,061)**	**(9,576)**
Income tax expense (recovery) (Note 13)	512	(2,391)
Total comprehensive loss	**(7,573)**	**(7,185)**

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

Statement of Changes in Equity

FOR THE YEAR ENDED APRIL 30, 2025
(in thousands of Canadian dollars)

	2025	2024
Retained earnings at the beginning of the year	8,801	15,986
Comprehensive loss for the year	(7,573)	(7,185)
Retained earnings at the end of the year	**1,228**	**8,801**

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

Statement of Cash Flows

FOR THE YEAR ENDED APRIL 30, 2025
(in thousands of Canadian dollars)

	2025	2024
Operating activities		
Comprehensive loss for the year	(7,573)	(7,185)
Add (deduct) items not affecting cash:		
Future tax expense (recovery)	512	(2,160)
Depreciation and amortization	1,750	1,971
Gain on disposal of property, plant and equipment	-	(15)
Write-down of inventory	1,275	1,310
Impairment of assets	-	7,900
(Decrease) / increase in net derivative-related liabilities / asset	(473)	45
Net changes in non-cash working capital:		
Change in accounts receivable	728	(762)
Change in income taxes receivable	103	(374)
Change in inventories	111	(6,768)
Change in prepaid expenses	(4)	193
Change in accounts payable and accrued liabilities	(517)	(860)
Change in income taxes payable	-	(162)
Change in provision for environmental provision	-	(25)
Change in obligation for employee benefits	(3)	(7)
Cash used in operating activities	**(4,091)**	**(6,899)**
Investing activities		
Additions to property, plant and equipment and intangible assets	(759)	(4,520)
Proceeds on disposal of property, plant and equipment	-	60
Cash used in investing activities	**(759)**	**(4,460)**
Financing activities		
Loans payable issued	8,101	10,500
Repayment of term loans	(934)	(934)
Repayment of lease liabilities	(250)	-
Cash provided by financing activities	**6,917**	**9,566**
Net increase (decrease) in cash during the year	2,067	(1,793)
Cash at the beginning of the year	1,618	3,411
Cash at the end of the year	**3,685**	**1,618**
Supplementary information		
Interest paid	**1,926**	**1,728**

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

Notes to the Financial Statements

AS AT APRIL 30, 2025
(in thousands of Canadian dollars)

1. NATURE AND DESCRIPTION OF THE CORPORATION

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

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

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

2. FUTURE OF THE CORPORATION

These financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRSs). The going concern basis of presentation assumes that the Corporation will continue in operation for the foreseeable future and contemplate the realization of assets and the satisfaction of liabilities and commitments in the normal course of business. This is a significant area of judgment, as discussed in Note 4.

The Corporation continues to manage risks to its business, particularly the open-market fish supply environment, and increasing supplies of walleye into the Corporation's sales markets from the Great Lakes. Management has evaluated these risks and has determined that its plans and strategies continue to support the use of the going concern basis of presentation for the Corporation's current year financial statements.

In November 2023, the Government of Canada announced its intention to divest of the Corporation via a two-step process, including solicitation of expressions of interest followed by request for proposals (RFP). The solicitation of expressions of interest period ended in April 2024 and the RFP was launched in December 2024. The RFP consists of 3 stages, including 1) solicitation of initial letters of intent, 2) solicitation of final letters of intent, and 3) closing. Stage 1 is complete, and stage 2 is in process. The Government of Canada has stated that the Corporation will continue to operate in accordance with its current mandate during this process. No changes to the Corporation's existing activities are contemplated within its approved 2025-26 to 2029-30 Corporate Plan and 2025-26 annual budget.

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of presentation

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

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

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

The financial statements were approved and authorized for public release by the Board of Directors of the Corporation on July 28, 2025.

3.2 Cash

Cash is composed of deposits held at Canadian chartered banks.

3.3 Accounts receivable

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

3.4 Inventories

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

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

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

3.5 Financial instruments

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

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

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

3.5.1 Effective interest method

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

3.6 Financial assets

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

3.6.1 Financial assets at fair value through profit or loss

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

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

3.6.2 Financial assets at amortized cost

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

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

3.6.3 Derecognition of financial assets

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

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

(in thousands of Canadian dollars)

3.7 Financial liabilities

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

3.7.1 Financial liabilities at fair value through profit or loss

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

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

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

3.7.2 Financial liabilities at amortized cost

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

3.7.3 Derecognition of financial liabilities

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

3.8 Derivative financial instruments

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

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

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

The Corporation does not apply hedge accounting.

3.9 Property, plant and equipment

3.9.1 Asset recognition

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

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

3.9.2 Depreciation

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

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

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

Freehold land is not depreciated.

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

3.9.3 Subsequent costs

Repairs and maintenance costs are expensed when incurred.

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

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

3.9.4 Derecognition

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

3.10 Right-of-use assets

3.10.1 Accounting policy

The Corporation leases warehouse equipment in the normal course of its business. At the inception of a contract, the Corporation assesses whether the contract is or contains a lease that conveys the right to use an asset for a period in exchange for considerations. The Corporation recognizes a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is a lessee, except for low-value leases such as information technology equipment or leases with a term of 12 months or less. The right-of-use assets are measured at cost, which includes the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, less any lease incentives received, any initial direct costs incurred and an estimate of the dismantling costs to restore the underlying asset.

Right-of-use assets are depreciated over the lease terms on a straight-line basis. At the end of each reporting period, an assessment is performed to determine whether there is any indication that right-of-use assets may be impaired. If any such indication exists, the recoverable amount of the right-of-use asset is estimated and an impairment expense is recognized if the carrying value of the right-of-use asset exceeds its recoverable amount.

3.10.2 Accounting estimates and judgements

The incremental borrowing rates applied to the lease liability represent the rates the Corporation would have to pay to borrow, over a similar term and with similar security, the funds necessary to obtain an asset of a similar value in a similar economic environment.

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 it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

3.12 Foreign currency translation

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

3.13 Employee benefits

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

Both plans are unfunded defined benefit plans paid on a cash basis by contributions from the Freshwater Fish Marketing Corporation. The accrued obligation for employee benefits represents management's best estimate of liabilities for these benefits.

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

3.14 Revenue recognition

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

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

3.15 Provisions

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

3.16 Income tax

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

3.16.1 Current tax

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

3.16.2 Deferred tax

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

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

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

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

3.16.3 Current and deferred tax for the period

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

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

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

4.1 Critical accounting estimates

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

4.1.1 Impairment of non-financial assets

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

4.1.2 Inventory valuation allowance

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

4.1.3 Income tax

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

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

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

4.2 Critical accounting judgments

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The assessment of going concern involves significant judgment by management, as it is necessary to evaluate the impact of current market dynamics and the federal government's intentions regarding divestiture. Further discussion is included in Note 2. Other judgments made by management in the application of IFRSs that have significant effect on the financial statements relate to the following:

4.2.1 Impairment of non-financial assets

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

(in thousands of Canadian dollars)

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1 Capital risk management

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

The Corporation defines and computes its capital as follows:

	2025	2024
Retained earnings	1,228	8,801
Loans payable	41,175	34,008
	42,403	**42,809**

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

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

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

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

The Corporation's objectives and strategies are reviewed annually during its corporate planning process. The Corporation's overall strategy with respect to capital risk management remained unchanged from the prior year. Final payments to fishers are based on annual comprehensive income before income tax plus annual depreciation less the three-year rolling average of cash purchases of capital assets. As retained earnings are $1.2 million or 1.8% of net sales at April 30, 2025, below the minimum 20% threshold required by the Corporation's Retained Earnings and Long Term Debt Policy, no further final payment is planned. Borrowing levels are forecasted to remain under the legislated borrowing authorities described in Note 9.

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

5.2 Fair value measurements of financial instruments

5.2.1 Carrying amount and fair value of financial instruments

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

5.2.2 Fair value hierarchy

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

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

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

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

The fair value measurement of cash is classified as Level 1 as at April 30, 2025 and 2024. The fair value measurements of all other financial instruments held by the Corporation are classified as Level 2 as at April 30, 2025 and 2024.

There were no transfers of financial instruments between levels during the year ended April 30, 2025.

(in thousands of Canadian dollars)

5.3 Financial risk management objectives and framework

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

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

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

5.3.1 Credit risk management

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

Accounts receivable

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

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

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

	2025			2024		
	Original currency (CAD)	Original currency (USD)	(CAD)	Original currency (CAD)	Original currency (USD)	(CAD)
Canada	358	18	382	348	54	422
United States	-	4,595	6,347	-	3,944	5,430
Europe	1,480	-	1,480	3,172	-	3,172
Non-trade accounts receivable	1,727	-	1,727	1,640	-	1,640
			9,936			**10,664**

At April 30, 2025, five customers represented 46% (2024 – 54%) of the trade accounts receivable balance.

Non-trade accounts receivable includes $426 (2024 – $983) related to an insurance receivable for insurable costs to repair the MV Poplar River barge, which was damaged in 2022. The balance of non-trade accounts receivables is comprised of GST receivables, fisher and agent advances.

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

The aging of accounts receivable, net of allowance of $nil (2024 – $nil), is as follows:

	2025	2024
Current 0 – 30 days	4,171	5,316
Past due 31 – 60 days	3,439	2,939
Past due over 61 days	599	769
Non-trade accounts receivable	1,727	1,640
	9,936	**10,664**

The Corporation does not hold any collateral in respect of accounts receivable. The Corporation entered into a factoring facility in the prior year to aid in the management of accounts receivable when required. $nil receivables (2024- $nil) were factored using the facility.

Cash and derivatives

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

(in thousands of Canadian dollars)

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 $5,575 are included in loans payable. Should these term loans be repaid in the normal course, term loan repayments would be $934 principal per year plus variable interest.

2025	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	2,195	1,840	1,186	-	-	5,221
Derivative instrument cash inflows	(2,785)	(5,278)	(7,794)	-	-	(15,857)
Derivative instrument cash outflows	2,776	5,205	7,553	-	-	15,534
Loans payable (Note 9)	41,845	-	-	-	-	41,845
Lease obligation	25	75	200	225	-	525
Total	**44,056**	**1,842**	**1,145**	**225**	**-**	**47,268**

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

The interest payments on variable interest rate loans in the table above reflect the Canadian Overnight Repo Rate Average (CORRA) interest rates at the reporting date and these amounts will change as the CORRA interest rates change. The potential changes in cash flows are not expected to occur at significantly different amounts.

5.3.3 Market risk

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

Foreign exchange risk

The Corporation is exposed to currency risk on its sales denominated in US dollars. The Corporation limits its exposure to exchange rate fluctuations between US and Canadian dollars by entering into foreign exchange derivatives. Refer to Note 11 for further details. The Corporation is exposed to currency risk through its cash, accounts receivable, accounts payable and accrued liabilities, for which a portion is secured with forward contracts as follows:

	USD 2025	CAD 2025	USD 2024	CAD 2024
Cash	1,435	1,982	1,117	1,535
Accounts receivable	4,613	6,371	3,998	5,498
Accounts payable and accrued liabilities	(394)	(544)	(39)	(54)
Net assets exposed to currency risk	**5,654**	**7,809**	**5,076**	**6,979**

Interest rate risk

The Corporation is exposed to interest rate risk on its loans payables disclosed in Note 9. The Corporation's exposure to interest rate risk is not significant. The Corporation manages its exposure to fluctuations of interest rates by entering into interest rate swaps, which are approved by the Board of Directors, for its installment borrowings of $5,575 (2024 – $6,508). Further details on interest rate swaps are included in Notes 9 and 11.

(in thousands of Canadian dollars)

6. INVENTORIES

	2025	2024
Supplies	1,617	1,753
Processed fish products	18,448	19,698
	20,065	**21,451**

Inventory write-downs of $1,275 (2024 – $1,310) were recognized during the year. The total costs of sales of $65,617 (2024 – $65,297) consists of $61,135 (2024 – $60,803) of inventories and $4,482 (2024 – $4,494) of storage and freight costs. There is no pledged collateral in respect of inventories. There were no prior write-downs reversed in the current year.

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Fresh fish delivery tubs/totes	Vessels	Construction in progress	Total
Cost							
Balance at May 1, 2023	336	16,346	27,653	1,536	4,895	1,568	52,334
Additions	51	1,968	1,637	-	-	1,645	5,301
Disposals	-	(4)	(48)	-	-	-	(52)
Balance at April 30, 2024	387	18,310	29,242	1,536	4,895	3,213	57,583
Additions	-	128	475	-	156	-	759
Transfers	-	551	2,662	-	-	(3,213)	-
Balance as at April 30, 2025	**387**	**18,989**	**32,379**	**1,536**	**5,051**	**-**	**58,342**
Accumulated depreciation and impairment							
Balance at May 1, 2023	-	11,212	18,227	1,489	2,153	-	33,081
Depreciation	-	348	1,365	25	173	-	1,911
Disposals	-	(2)	(5)	-	-	-	(7)
Impairment	-		5,651	13	1,504	534	7,702
Balance at April 30, 2024	-	11,558	25,238	1,527	3,830	534	42,687
Depreciation	-	445	1,000	5	31	-	1,481
Impairment	-	-	-		534	(534)	-
Balance as at April 30, 2025	**-**	**12,003**	**26,238**	**1,532**	**4,395**	**-**	**44,168**
Carrying Value at April 30, 2024	387	6,752	4,004	9	1,065	2,679	14,896
Carrying Value at April 30, 2025	**387**	**6,986**	**6,141**	**4**	**656**	**-**	**14,174**

Depreciation expense of $1,450 (2024 – $1,749) is recorded on the statement of comprehensive loss in cost of sales, $31 (2024 – $20) in marketing and administrative expenses and nil (2024 – $142) in other expenses.

In 2024-25 impairment indicators were observed such as ongoing and forecasted losses, increases in borrowing requirements, challenging economic environments (including increasingly competitive fish markets) and the requirement for capital investment to maintain operational functionality of the Corporation's aging Winnipeg plant. Management therefore tested its tangible assets for impairment and concluded that no impairment had occurred.

In 2023-24, as a result of identified indicators of impairment, consistent with those disclosed above, management tested its tangible and intangible assets for impairment. The impairment was assessed on an asset-by-asset basis and impairment loss was calculated as the amount equal to the excess of the carrying amount over the recoverable amount. An impairment loss of $7,900 was recognized in the statement of comprehensive loss, $198 of which related to intangible assets. The recoverable amount was based on fair value less costs of disposal of $14,896. The impairment reduced intangibles to $nil carrying value.

When management tests for impairment, the depreciated replacement cost method is used to determine the assets fair value less costs of disposal. Land is valued based on the price/acre of comparable properties. Buildings are valued using replacement cost estimates of other buildings of like construction. Equipment is valued based on equipment replacement tables for like equipment. Management has determined the fair value of such measurements to be within the level 2 fair value hierarchy.

(in thousands of Canadian dollars)

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
Accounts payable	1,766	2,299
Accrued liabilities	1,154	1,505
Payroll liabilities	2,301	1,934
Total accounts payable and accrued liabilities	**5,221**	**5,738**

9. LOANS PAYABLE

	2025	2024
Revolving loan	35,600	27,500
Installment loan expiring 2033	3,625	4,125
Installment loan expiring 2030	1,950	2,383
Total loans payable	**41,175**	**34,008**

As at April 30, 2025, the short term borrowings of the Corporation may not exceed $43,100 as authorized by the Minister of Finance and National Revenue.

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

A $35,600 (2024 – $27,500) revolving loan renewing on May 1, 2025 (2024 - May 2, 2024). The revolving loan was renewed as planned.

A $3,625 (2024 – $4,125) non-revolving installment loan repayable in monthly principal payments of $41.6, plus variable interest. The Corporation hedged interest rate risk for this loan via an interest rate swap exchanging variable rate interest for fixed rate interest. Under the interest rate swap, the Corporation's loan bears interest at 2.82% if the floating rate option on any reset date is less than or equal to 2.7%, or bears interest at 3.57% if it is higher than 2.7%. The loan is repayable on demand.

A $1,950 (2024 – $2,383) non-revolving installment loan repayable in monthly principal payments of $36.1, plus variable interest. The Corporation hedged interest rate risk for this loan via an interest rate swap exchanging variable rate interest for fixed rate interest. Under the interest rate swap, the Corporation's loan bears interest at 2.85% if the floating rate option on any reset date is less than or equal to 2.85%, or bears interest at 3.60% if it is higher than 2.85%. The loan is repayable on demand.

10 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	2025	2024
Financing liabilities, beginning of the year	34,008	24,442
Additional borrowing	8,101	10,500
Term debt repayments	(934)	(934)
Increase in lease liabilties	753	-
Repayment of lease liabilities	(250)	-
Financing liabilities, end of the year	**41,678**	**34,008**

(in thousands of Canadian dollars)

11. DERIVATIVES

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

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

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

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

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

The fair values are the estimated amounts that the Corporation would receive (or pay) based on market factors if the agreements were terminated on April 30. Notional amounts are not recorded as assets or liabilities on the Corporation's Statement of Financial Position as they only represent the face amount of the contract to which a rate or a price is applied to determine the amount of cash flows to be exchanged. The notional of foreign exchange forwards and options is USD and the notional of the interest rate swaps is the installment loan principal outstanding (CAD).

At April 30, the Corporation had the following derivative financial instruments:

	Notional 2025	Notional 2024	Fair value 2025	Fair value 2024
Foreign exchange forwards and options	11,250	21,625	323	(378)
Interest rate swaps	5,575	6,508	(61)	167
Net derivative-related assets (liabilities)			**262**	**(211)**

12. SALES

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

	2025	2024
North America	59,397	56,982
Europe	8,124	14,555
Asia	1,024	679
	68,545	**72,216**

13. INCOME TAXES

	2025	2024
Current income expense (recovery)	-	(231)
Reversal of temporary differences	512	(2,160)
Computed tax expense (recovery)	**512**	**(2,391)**

Income tax expense (recovery) on loss before income tax differs from the amount that would be computed by applying the federal statutory income tax rate of 25%. Ongoing losses make it unlikely the Corporation will realize the future benefit of current and prior years' tax loss carryforwards. At April 30, 2025, the Corporation had unused non-capital losses in the amount of $8,585 for which no deferred tax asset has been recognized. These losses would expire April 30, 2045. The Corporate Plan FY2025/26 to FY2029/30 has planned operating losses for the foreseeable future. As a result, no deferred tax asset has been recognized. This position will be re-assessed based on updates of future operational expectations.

(in thousands of Canadian dollars)

The Corporation has therefore established a valuation allowance offsetting previously recognized net deferred tax balances. The tax expense for the year can be reconciled to the accounting loss before tax as follows:

	2025	2024
Net loss before tax for the year	(7,061)	(9,576)
Computed tax recovery	(1,765)	(2,394)
Non-deductible expense	10	5
Valuation allowance	2,322	-
Other net amounts	(55)	(2)
Income tax expense (recovery) recognized in net loss	**512**	**(2,391)**

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

Temporary differences	Balance April 30, 2023	Recognized in 2024 loss	Balance April 30, 2024	Recognized in 2025 loss	Balance April 30, 2025
Deferred tax assets					
Employee benefits	406	9	415	6	421
Financial instrument	-	-	-	15	15
Asset retirement obligation	6	(3)	3	-	3
Inventory	65	93	158	12	170
Intangible assets	-	-	-	25	25
Lease liabilities	-	-	-	126	126
Non-capital loss carry-forwards	-	-	-	2,243	2,243
Valuation allowance	-	-	-	(2,322)	(2,322)
Deferred tax liability					
Financial instrument	(12)	(30)	(42)	42	-
Foreign exchange loss	(7)	4	(3)	56	53
Property, plant and equipment	(2,069)	2,050	(19)	(594)	(613)
Intangible assets	(37)	37	-	-	-
Right of use assets	-	-	-	(121)	(121)
Net deferred tax asset (liability)	**(1,648)**	**2,160**	**512**	**(512)**	**-**

14. RELATED PARTY TRANSACTIONS

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

Certain members of the Board of Directors and their closely related family members are fishers who sell their catch to the Corporation. During the year, Board members and their closely related family members delivered 6,710 kilograms (2024 – 7,500 kilograms) of fish to the Corporation valued at $28 (2024 – $32). These transactions are measured at fair value and were incurred during the normal course of business on similar terms and conditions to those entered into with unrelated parties.

Compensation of key management personnel

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

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

	2025	2024
Total compensation paid to key management personnel	1,256	1,327

15. CONTINGENCIES

In 2024, the Corporation initiated legal action against a third-party contractor in the amount of $5,700 for damages incurred as a result of the contractor's negligence while performing routine maintenance on the MV Poplar River in 2022. Legal proceedings are ongoing.

FRESHWATER FISH

2025