CANADIAN DAIRY COMMISSION

2024-2025 ANNUAL REPORT

Providing leadership to enhance the vitality of the Canadian dairy industry for the benefit of all Canadians.

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CANADIAN DAIRY COMMISSION

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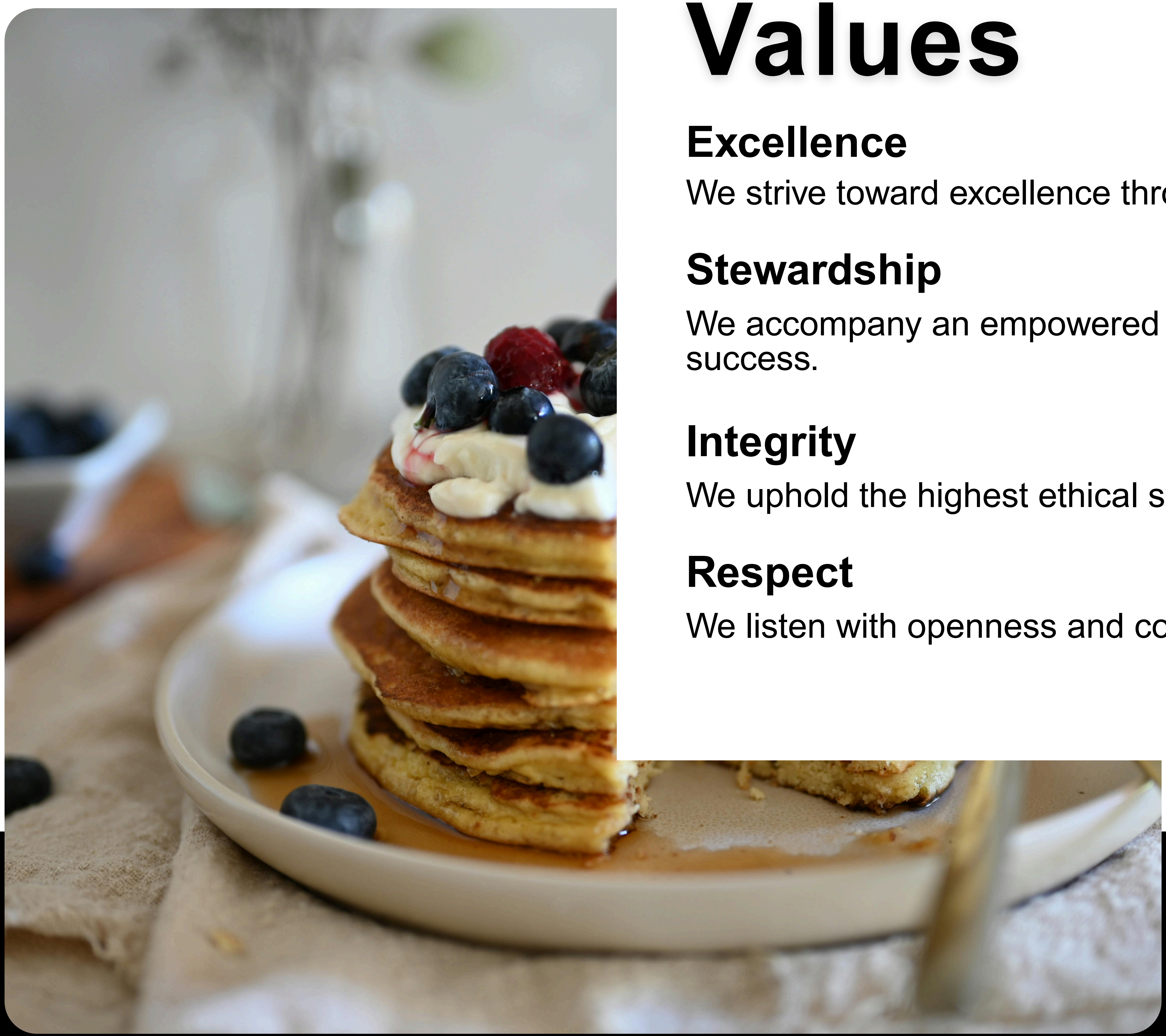
Commission staff is available to serve you in either official language, from 8 a.m to 4:30 p.m ET, Monday to Friday (statutory holidays excluded).

Our annual report is only available electronically. Throughout the document, you will find links to websites that offer you more information on certain topics.



Values

Excellence
We strive toward excellence through rigor and continuous improvement.

Stewardship
We accompany an empowered supply-managed dairy sector towards long-term success.

Integrity
We uphold the highest ethical standards in all our activities and decisions.

Respect
We listen with openness and consider diverse perspectives.

Guiding principles

Collaboration

We prioritize dialogue and partnership to achieve common goals, joint problem-solving, and to foster innovation.

Transparency

We value open and clear sharing of information, guidelines, and decisions while respecting the need for confidentiality.

Sustainability

We align our decisions and actions to support long-term sustainability of the dairy industry.

Objectivity

We strive to make evidence-based decisions and recommendations.

MANDATE

Under the Canadian Dairy Commission Act, the CDC's legislated objectives are:

- To provide efficient producers of milk and cream with the opportunity to obtain a fair return for their labour and investment; and
- To provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality.

Compliance with dairy safety standards, animal welfare standards and milk composition standards are among the highest in the world.

MESSAGE FROM THE BOARD

As we reflect on the 2024–2025 dairy year, the CDC Board is proud to have supported a resilient and forward-looking Canadian dairy industry. This year has reminded us of the critical importance of national unity in our sector. The strength of Canada's dairy industry lies in its ability to work collaboratively across provinces, regions, and stakeholder groups. In a country as vast and diverse as ours, unity is not just a value—it is a necessity.

It enables us to respond cohesively to change, to innovate with purpose, and to ensure that supply management continues to serve all Canadians effectively. From coast to coast, producers, processors, and partners have shown that when we work together—across jurisdictions, perspectives, and priorities—we are stronger, more innovative, and better equipped to meet the challenges ahead. Unity does not imply uniformity; rather, it reflects a shared commitment to a sustainable, fair, and thriving dairy sector for all Canadians.

The Board remains deeply committed to fostering a constructive and inclusive environment where dialogue, joint problem-solving, and shared understanding are the cornerstones of progress. We believe that national unity—rooted in mutual respect and a shared vision—strengthens our ability to respond to challenges and seize opportunities across the entire dairy value chain.

In 2024, the CDC continued to facilitate industry-wide reflection on the sustainable use of all milk components, with a renewed focus on innovation and balanced growth. Our work in administering programs on behalf of Agriculture and Agri-Food Canada (AAFC), and the industry has helped stimulate investment and market development. These initiatives are vital to ensuring that the Canadian dairy sector remains competitive, sustainable, and responsive to consumer needs.

As we look to the future, the CDC is committed to modernizing the tools and policies that underpin supply management. Evidence-based decision-making remains at the heart of our approach, and we continue to support national sharing initiatives and regulatory modernization efforts that reflect the realities of today's market and tomorrow's potential.

Internally, the organization continued its efforts to improve its strategic planning process with the goal and commitment to ensuring that our actions are grounded in purpose, integrity, and a deep commitment to the people we serve—from farm to table.

We also recognize the importance of transparency and accountability. In October 2024, the CDC conducted its annual review of Canadian farmgate milk prices, ensuring that efficient dairy farmers have the opportunity to earn a fair return for their labour and investment. Our team worked diligently to communicate the process clearly and provide public access to supporting data, reinforcing our commitment to openness and trust.

The Canadian dairy industry continues to evolve, and so must we. The CDC Board is inspired by the dedication of our team and the strength of our partnerships across the country. We remain steadfast in our mission to support a unified, innovative, and sustainable dairy sector—one that reflects the values of Canadians and delivers benefits to all.

Sincerely,

Benoit Basillais Chief Executive Officer	Jennifer Hayes Chair	Shikha Jain Commissioner

REPORT FROM THE CEO

As the 2024–2025 dairy year comes to an end, I am reminded of all the hard work and efforts the Canadian Dairy Commission (CDC) has done in support of the Canadian dairy industry. As CEO, I’ve had the privilege of witnessing firsthand the strength and adaptability of our organization and the broader dairy community as we navigated a rapidly changing environment together.

I am deeply grateful for the dedication and adaptability of CDC employees. Their ability to respond to a rapidly evolving industry, shaped by global pressures and domestic realities, has been nothing short of inspiring. Their creativity and resilience have allowed us to develop innovative solutions to complex challenges while staying grounded in our mandate.

Last year, we embraced this spirit of unity by rethinking how we operate. We moved beyond traditional planning models and adopted a more agile, inclusive approach to strategic development. This shift has continued in 2024-2025, allowing us to align our resources more effectively with the evolving needs of the industry and to ensure that our programs, services, and policies are not only relevant but forward-looking. We looked at ways to collaborate with the industry toward a sustainable and resilient dairy industry; to modernize our tools and practices to optimize the dairy supply management system; to optimize organizational effectiveness by reviewing our governance structure; and to ensure that all our employees have the tools they need to contribute to the CDC meeting its objectives, including a collegial work environment conducive to productivity.

The valiant work of everyone at the CDC is reflected in our 2024–2025 strategic plan, which includes clear objectives and performance measures that reflect the needs of the entire dairy value chain. (More details can be found on page 35.)

Internally, we've continued to take meaningful steps to strengthen our organizational culture. With the success of our first CDC Town Hall in May 2024, we held two more Town Halls in 2024-2025. These Town Halls are more than meetings, as they bring our team together to reflect, connect, and recommit to the values that define us: inclusivity, respect, and excellence. They bring everyone together to discuss important issues impacting the organization. This included managing the Treasury Board Secretariat's updated Direction on the Prescribed Presence at the Workplace requiring employees and executives be on site at least 60% and 80% of their work time respectively, engaging staff in conversations on mental health and on gender-based analysis, and leading discussions on the opportunities and limitations of artificial intelligence. The CDC is committed to evolving for the benefits of all Canadians and building a workplace where every voice is heard and valued.

Over the last year, we've continued to prioritize transparency and public engagement. Our growing presence on social media has helped clarify the CDC's role and the fundamentals of supply management, while also opening new channels for dialogue with Canadians. We invite you to follow us on Instagram (@cdc_dairy) and on Bluesky (@cdcdairy.bsky.social) to stay connected and share your perspectives.

The Canadian dairy industry is a cornerstone of our agricultural economy and a source of national pride. As we look ahead, we will continue to work in close partnership with producers, processors, and stakeholders across the country to foster innovation, sustainability, and growth.

I am proud of the work we've done and energized by the opportunities ahead. Together, through collaboration and unity, we will continue to build a strong, sustainable, and inclusive future for Canadian dairy.

Sincerely,

Benoit Basillais
Chief Executive Officer

THE CANADIAN DAIRY INDUSTRY

The Canadian Dairy Commission (CDC) is a Crown corporation which was established in 1966 to coordinate federal and provincial dairy policies and create a control mechanism for milk production which would help stabilize farm revenues and avoid costly surpluses. The CDC plays a key role in facilitating the stability and development of the dairy sector in Canada.

Most dairy policy decisions are made by a federal/provincial committee called the Canadian Milk Supply Management Committee (CMSMC). This industry operates under a supply management system based on planned domestic production to meet demand, pricing mechanisms and import controls. The Canadian dairy industry operates on a "dairy year" basis, which runs from August 1 to July 31. The dairy industry ranks third (based on farm cash receipts) in the Canadian agriculture sector, just behind red meats and grains and oil seeds.

Canadian milk and dairy products are recognized for their variety, safety and high-quality. Strict quality standards on dairy farms and in processing plants, along with a strong commitment to sound animal welfare practices and environmental sustainability contribute to this international reputation.

Milk production

The dairy industry was a significant contributor to the Canadian economy during the 2024 calendar year. It generated farm cash receipts* of $8.88 billion.[1]

*Milk production in Canada is expressed in kg of butterfat.

[1]Farm cash receipts in the dairy industry typically comprise revenues received from the sale of milk, cream, and other dairy products directly from farms. These may also include payments from marketing boards, government support programs, and income from dairy cattle sales when relevant to milk production.

9,256 farms in Canada [2]

Employs approximately 16,665 operators and 28,830 paid employees.[3]

Total number of dairy cows

1.375 million[4] with an average of 148 cows per farm.

Annual production

Annual production of 45,934 kg of butterfat* (BF) per farm (for a total of 425.17 million kg BF nationally), a production per farm higher than that of the 2023-2024 dairy year.

[2,3,4]: Canada's dairy industry at a glance (Canadian Dairy Information Centre)

Annual production

(million kg butterfat)

Province	2023/2024	2024/2025	Difference
Newfoundland and Labrador	1.94	2.10	8.3%
Prince Edward Island	5.46	5.52	1.1%
Nova Scotia	8.96	9.28	3.6%
New Brunswick	7.05	7.28	3.3%
Québec	152.81	156.90	2.7%
Ontario	133.31	135.46	1.6%
Manitoba	17.72	18.73	5.7%
Saskatchewan	12.54	13.42	7.0%
Alberta	36.05	38.27	6.1%
British Columbia	36.33	38.21	5.2%
TOTAL	**412.17**	**425.17**	**3.2%**

Milk processing

Canadians have access to a wide range of quality and innovative dairy products. Canadian dairy processors are continuously working to improve the quality of their dairy products and bring new ones to market. Canada is recognized around the world for the quality of its dairy products.

In 2024-2025, the dairy processing industry generated $19.3 billion in products, or 11.5% of all sales of processed products in the food and beverage industry.

Dairy product consumption

The Canadian dairy industry is renowned for its quality control standards. Industry players work together to ensure Canadians have access to safe and quality dairy products.

Dairy consumption reflects the whole Canadian market including Retail, Hotels, Restaurants, and Institutions (HRI), and further processing. Over the last dairy year, consumers increased their consumption of all dairy products, anywhere between 0.9% (yogurt) and 3.3% (cheese) on an annual basis, in large part due to significant population growth. The total requirements for butterfat grew by 3.4%, with domestic milk production and butter stocks serving 94% of the requirements, while imports served the remaining 6% (on a butterfat basis).

Retail sales

Retail sales of dairy products in 2024-2025 increased compared to last year for most categories. Sales from retail outlets like grocery stores and supermarkets increased for fluid milk, table cream, yogurt, ice cream, cheese, and butter, by 0.1%, 1.2%, 6.5%, 4.0%, 3.2%, and 4.9%, respectively. Note that retail sales are only one segment of the market for dairy products, which also includes Hotels, Restaurants, and Institutions (HRI) and the further processing sector.

In terms of price, dairy products remained very competitive given the inflationary environment. As of July 2025, the CPI for dairy products increased by 1.8%, whereas the CPI for all food products increased by 2.7%. To note, the CPI for butter decreased in July 2024 by 0.1%.

Additional information on milk production, the number of farms and cows, milk production by province, milk processing and dairy product consumption can be found at the Canadian Dairy Information Centre. The Canadian Dairy Commission also publishes a monthly Market Update on its website that addresses total requirements, consumption by product, imports, total quota, production and butter stocks.

Industry

- 549 dairy processing plants (2024)[5]
- Employs approximatively 28,830 persons (2024)[6]

[5,6] : Canada's dairy industry at a glance - Canadian Dairy Information Centre

Our communications team

Left to right : Isabelle Leblanc, Editor and Translation Coordinator; Shana Allen, Deputy Director, Communications and Strategic Planning; Michelle Cadieux, Translator and Language Advisor; Chantal Beauchamp, Communications Advisor; Marc Rousselle, Communications Officer.

GOVERNANCE

The Canadian Dairy Commission was created through the Canadian Dairy Commission Act and plays a central facilitating role for the dairy industry.

In addition to the Canadian Dairy Commission Act, the CDC is also governed by the Financial Administration Act, the Federal Public Sector Labour Relations Act, the Dairy Products Marketing Regulations, the EEC Aged Cheddar Cheese Export Regulations and the Safe Food for Canadians Regulations.

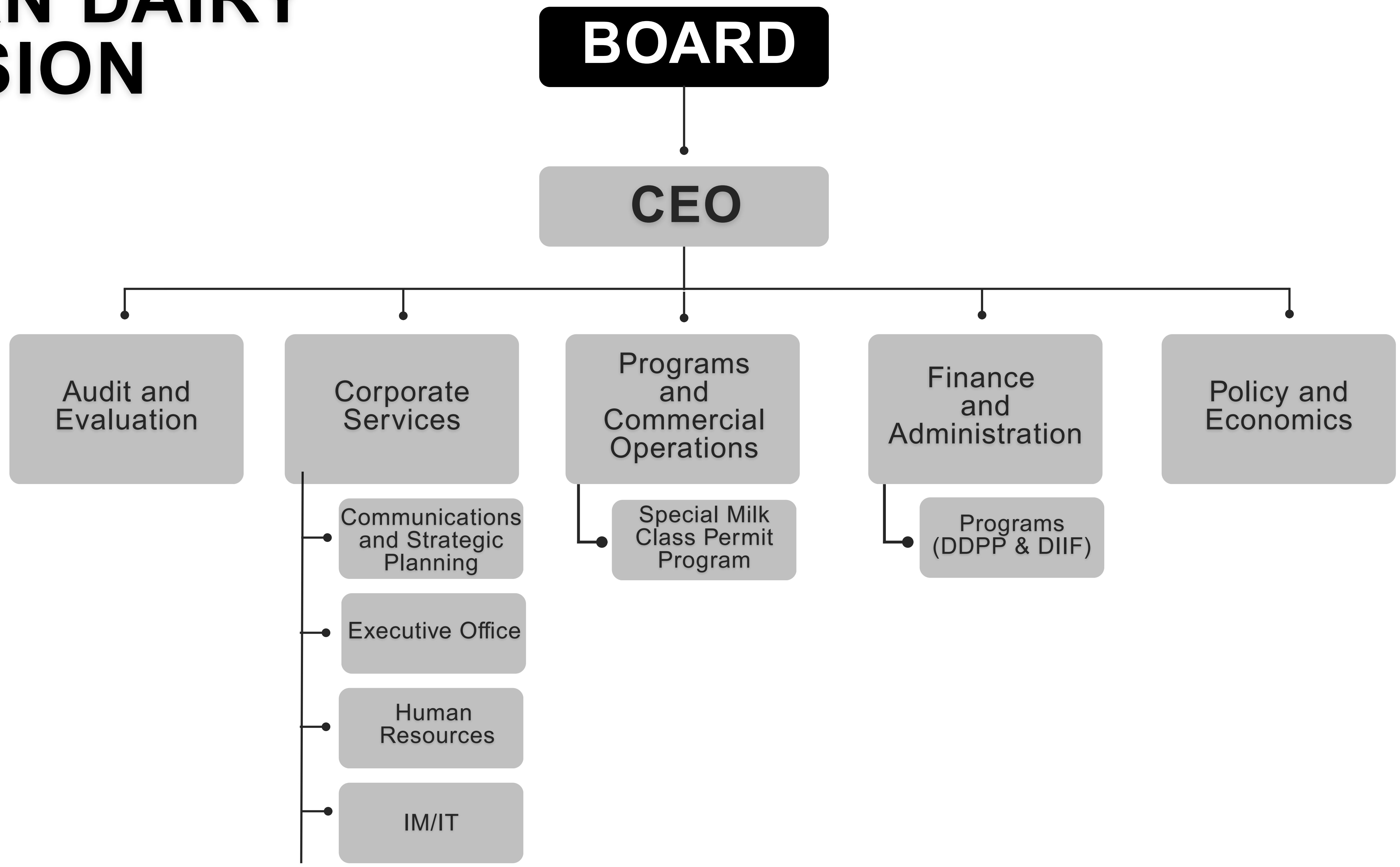
CDC at a Glance

Created in 1966
83 employees (as of July 31, 2025)
Location: Ottawa (Central Experimental Farm)
Web Site: www.cdc-ccl.gc.ca

Administrative budget for 2024-2025 (dairy year): $13.15 million

Dairy year: August 1 to July 31

STRUCTURE OF THE CANADIAN DAIRY COMMISSION



BOARD MEMBERS

Benoit Basillais

Chief Executive Officer

Appointed on July 4, 2022
for a four year term.

Jennifer Hayes

Chair

Appointed on December 23, 2021
for a four year term.

Shikha Jain

Commissioner

Appointed on September 15, 2022
for a four year term.

The governing board of the CDC is made up of a chairperson, a commissioner, and a chief executive officer (CEO). The Board members are appointed by the Governor in Council and fulfill their mandates either on a part-time or a full-time basis. The governing board is responsible for the overall stewardship of the organization.

Committees

Board Committees

Audit Committee

The Audit Committee ensures proper accountability over CDC operations as required by the Financial Administration Act (FAA).

Senior Management Team

The Senior Management Team discusses the daily operations of the CDC and makes the required decisions.

Management Committees

Environmental Social and Governance Committee

The Environmental Social and Governance Committee assists the Senior Management Team in developing a set of practices to assess the impacts the organization is having on the environment and society, sustainability and ethical practices, its compliance to laws and regulations and its ability to meet stakeholder needs.

Human Resources Advisory Committee

The Human Resources Advisory Committee's mandate is to provide advice to the Senior Management Team on human resources priorities and initiatives.

Internal Audit and Program Evaluation Advisory Committee

The Internal Audit and Program Evaluation Advisory Committee develops internal audit and program evaluation plans for the review of CDC's systems, programs, and practices.

Occupational Health and Safety Committee

The Occupational Health and Safety Committee serves as an advisory body to the Senior Management Team for all matters relating to the health and safety of CDC employees.

Risk and Security Committee

The Risk and Security Committee's mandate is to assist the Senior Management Team in meeting the security requirements of the Government of Canada.

Senior Management Team

Front row - left to right: Benoit Guertin, Executive Director, Audit and Evaluation; Benoit Basillais, Chief Executive Officer; Adrienne Morin, Executive Director, Programs and Commercial Operations; Christine Boutin, Executive Advisor to the CEO, Processor Affairs.

Back row - left to right: Matthew Gaudreau, Executive Director, Policy and Economics; Dimitre Dimitrov, Deputy Director, IM, IT and Security; Priscilla Revolus, Corporate Secretary; Jonatan Emery, Executive Director, Finance and Administration; Philippe Charlebois, Executive Director, Corporate Services.

Corporate governance

Planning and reporting

In the fall of 2024, the Board approved the Annual Report and Financial Statements of the CDC for the 2023-2024 dairy year. On May 15, 2024, the Board approved the CDC's Corporate Plan[7] for the period starting in 2024-2025 and ending in 2028-2029. The Corporate Plan contains all the major directions of the corporation as well as its forecasted budgets and borrowing plan. It was approved by Treasury Board on June 20, 2024.

Audit and evaluation

The annual update of the three-year Risk-Based Audit Plan for 2024-2027 commenced in July 2025. The work on the internal audit of the Matching Investment Fund (MIF) was initiated during the year 2023-2024 dairy year and was completed in May 2025 and approved at the Audit committee on June 18, 2025. The CDC internal audit division also provided various advisory services throughout the year and participated in committees involving corporate risk management.

Annual public meeting

The CDC held a virtual annual public meeting on January 22, 2025. This meeting was open to the public and was attended by over 100 people, most of whom were representatives from the dairy industry. It gave the CDC the opportunity to report on its financial statements and strategic objectives for the past and current dairy years and to answer any questions from participants.

[7]The Canadian Dairy Commission's Corporate Plan is a confidential document. A summary is published following the Treasury Board's approval of the Corporate Plan.

Our corporate team

Left to right: Priscilla Revolus, Corporate Secretary;
Pauline-Anne Zoitopoulou-Fossey, Executive Assistant.

ACTIVITIES

The Canadian Dairy Commission (CDC) monitors changes in demand and adjusts the national and regional milk production target to ensure Canadian markets are served in a timely manner.

Provincial milk marketing boards are responsible for setting the production quotas and issuing them to individual producers.

The CDC calculates the cost of milk production and annual milk price adjustments and decides on butter support price adjustments to promote fair compensation to efficient producers. It also encourages market development, provides audit services and supports the industry by leveraging its expertise, administering national revenue pooling, providing logistics services and administering various programs.

Supply management

Determining supply and demand

The CDC monitors trends in total requirements of butterfat and imports of dairy products monthly. However, the CDC also monitors trends in demand and stock levels in cheese and butter to identify changes in the marketplace to adjust the production target on a timely basis. The national production quota is also calculated monthly (total requirements minus imports of dairy products) to reflect changes in the demand for milk production. Production is then monitored closely to make sure that milk supply stays within an acceptable seasonal range relative to quota and overall demand.

Adjusting supply

The Domestic Seasonality Programs for butter allow the industry to continue to offer a reliable supply of dairy products despite seasonal fluctuations in supply and demand. The industry has mandated the CDC to operate these programs in co-operation with the private sector. Generally, the CDC buys and stores butter in the spring and summer and sells it to back to processors in the fall when there is greater seasonal demand for dairy products. These purchases and sales are transacted at the support price. This year and last year, private and CDC butter stocks were rebuilt using additional production over the national quota.

Plan C is a storage program for cheese to help manage variations in supply and demand and to support the industry in times of plant closures or short-term reductions in processing capacity.

Total requirements and production

(million kg butterfat)

	Total requirements	Imports	Total quota	Total production
2020-2021	410.74	12.82	397.92	396.04
2021-2022	412.18	15.17	397.01	395.96
2022-2023	416.76	17.70	399.05	404.59
2023-2024	436.04	25.61	410.43	412.17
2024-2025[8]	449.13	26.31	422.82	425.17

CDC Inventory

(tonnes)

	Opening inventory	Purchases	Sales	Closing inventory
Butter (Plan A, B, Imports)	10,872	30,971	24,614	17,229
Cheese (Plan C)	1,410	663	1,178	895

[8]As of January 2025, Total Requirements and Imports now include historical WTO tariff rate quota imports of mainly cheese. This has the effect of adding 5-6 M BF kg annually to both Total Requirements and Imports. Since Total Quota is the result of Total Requirements minus Imports, increasing both factors by the exact same quantity results in no change to Total Quota. This change was done for a more precise Total Requirements, one that is aligned with true market demand as much as possible.

Our Policy and Economics Team

From left to right: Thomas Morton, Intermediate Economist and Policy Analyst; Christine Tremmaglia, Manager, Policy and Economics; Ali ElMeray, Junior Economist and Policy Analyst; Marie-Claire Harvey, Manager, Committee Governance and Services; Sarah Bianchini, Meeting Planner and Committee Coordinator; Frédéric A. Sigouin, Deputy Director, Policy and Economics.

Absent: Robert Laflamme, Manager - Quota, Market Analysis, Forecasting; Sarah Gazi, Junior Economist and Policy Analyst; Nadjib Lakhlef, Economist and Policy Analyst; Austin Rikley-Krindle, Junior Economist and Policy Analyst; Rock Éric Hounhouigan, Economist.

Imports

As part of its World Trade Organization (WTO) commitments, Canada has established tariff rate quotas (TRQ) for numerous dairy products. TRQs are the quantities of products that can enter Canada with little or no duty. With the support of the industry, the CDC has acted as the receiver of butter imports under the WTO TRQ through federal permits since 1995 and has directed this product to the further processing sector through butter manufacturers. The WTO TRQ for butter is 3,274 tonnes each dairy year (August 1 to July 31). Of this, approximately two thirds (2,000 tonnes) are specifically reserved for imports from New Zealand. During the 2024-2025 dairy year, the CDC imported its full WTO TRQ commitment of butter, including more than 2,000 tonnes from New Zealand.

Producer returns

Pricing

As part of the supply management system, the price that producers receive for their milk is regulated and varies depending on the end use of the milk.

In October 2024, after receiving the results of the annual Cost of Production Survey, the CDC conducted the annual review of Canadian farmgate milk prices and various costs used in administering the supply management system. As a result of the review and consultations with stakeholders, on February 1, 2025, the farmgate price of milk decreased by 0.0237%, which translated into less than 1 cent per litre of milk sold to processors. This decrease was the result of the National Pricing Formula, a pricing mechanism that was determined by the industry. It considers dairy farmers' costs of production as well as the consumer price index.

The adjustment decreased the price of milk used in the manufacture of dairy products such as milk, cream, yogurt, cheese and butter intended for the retail sector and foodservice industry by 0.0237% on average. The net impact on consumers is also influenced by other factors in the supply chain which lay beyond the CDC's purview such as labour, transportation, distribution and packaging costs. The price paid to farmers for cow's milk is only part of the price paid by consumers.

Also, on February 1, 2025, the support price for butter decreased from $10.3505 per kg to $10.3489 per kg. The support price for butter is used by the CDC when buying and selling butter under its Domestic Seasonality Programs. This decrease in processors' costs only applied to butter sold by manufacturers in the context of the CDC's storage programs.

Click here for additional information on how the price of milk is set in Canada.

Pooling of markets and producer returns

In its role as a national industry facilitator, the CDC administers the three federal-provincial agreements that frame the sharing of revenues and markets among Canadian milk producers.

Comprehensive agreement on pooling of milk revenues (P10 Agreement) and sharing of markets

Producers across Canada share revenues from all milk. For dairy producers, pooling revenues is a way to manage the financial risks associated with processing changes and market fluctuations. The pooling of revenues from milk sales enables producers to receive an average price per hectolitre or per kilogram of components, based on total sales. The Comprehensive Agreement on Pooling of Milk Revenues (P10 Agreement) provides a means for producers to share markets for the sale of milk to processors. In 2021-2022, the CDC initiated an update of the P10 Agreement in collaboration with provincial signatories to ensure that the text of the agreement reflects current practice. This process continued through 2024-2025.

Regional pooling agreements

Regional pools are used to share various costs and programs that are specific to the regions. The CDC administers these agreements on behalf of the dairy sector. There are two regional pooling agreements in Canada: The Eastern Canadian Milk Pooling Agreement (P5) and the Western Milk Pooling Agreement (WMP).

National pooling

During the 2024-2025 dairy year NL, the P5 and the WMP (the 10 provinces) worked jointly, as part of the P10 Pooling Committee, a sub-committee of the CMSMC, on national initiatives such as the Market Growth Program aimed at stimulating investment in Canada's dairy processing sector. This program is one of several tools used by the dairy industry to optimize utilization of all components to balance supply of solids non fat with demand. The elaboration of the program was finalized this year and the program streams are being operationalised.

Throughout the dairy year, the CDC supported the P10 Pooling Committee by serving as a facilitator and contributing its technical expertise, particularly during the strategic planning exercise.

Industry support

Canadian Milk Supply Management Committee

The Canadian Milk Supply Management Committee (CMSMC) is the main national body for policy development and discussions in the sectors of milk production and dairy processing. It includes milk marketing boards and government representatives from all provinces and non-voting representatives from national consumer, processor, and producer organizations.

As chair of the CMSMC, the CDC provides ongoing leadership, advice, and analysis to Canada’s supply managed dairy sector, in close co-operation with national and provincial stakeholders. All decisions require consensus among all provinces.

Secretariat, IT and Translation Services

During the 2024-2025 dairy year, the CDC coordinated more than 110 meetings (virtual and in-person), webinars and conference calls and translated more than 560 documents in support of the regional pools, the CMSMC, and several working groups and national committees.

Auditing

Various types of external audits are conducted by the CDC to provide reasonable assurance of compliance with program and milk class requirements, and to verify the completeness and accuracy of reported data. Risk assessment is used to identify higher risk activities among Special Milk Class Permit Program (SMCPP) and Milk Class 3(d) participants. An annual revenue sharing review is completed for all 10 Provincial Boards.

Also, annual milk utilization audits are completed for processors in the 8 provinces where the CDC is contracted to be the provincial auditor.

During the 2024-2025 dairy year, a total of 21 SMCPP audits were performed. In conjunction with these audits, the CDC normally audits a sample of companies participating in the Import for Re-Export Program (IREP), which is administered by Global Affairs Canada (GAC). However, due to some ongoing re-allocation of their resources, these joint audits have been carried forward to the 2025-2026 dairy year. A total of 13 audits of Milk Class 3(d) activities were performed. As of July 31, 2025, SMCPP and Class 3(d) audit recoveries totaled $2,320,868. These funds were returned to producers through the national revenue pool.

During the 2024-2025 dairy year, seven joint milk utilization audits were conducted in Ontario, a province in which the CDC is not the provincial auditor. Milk utilization audits were performed for 173 plants on a cost-recovery basis in 8 provinces: Newfoundland and Labrador, Prince Edward Island, Nova Scotia, New Brunswick, Quebec, Manitoba, Saskatchewan and Alberta.

Utilization revenues pooled by Provincial Boards were verified in 9 provinces during the year, with the remaining province being rescheduled to the 2025-2026 dairy year.

Our Audit and Evaluation Team

Front row - left to right: Yali Xao, Auditor; Vanessa Lagacé, Deputy Director; Kateryna Hera, Senior Auditor, Carline Rocks, Auditor; Stephanie Whyte, Senior Auditor.

Middle row - left to right: Camille Lewis, Audit Project Leader; Darryl Lenz, Audit Project Leader; Marie-Claude Fortin, Senior Auditor.

Back row - left to right: Adrian Kottke, Audit Project Leader; Eric Champagne, Senior Auditor; Miguel Alonso, Audit Project Leader; Josiane Allard, Senior Auditor; Philippe Cardinal, Manager; Douglas Crossman, Senior Auditor; Lilia Regai, Auditor.

Type of Audit	Auditee	Purpose of audit
Milk utilization	Processors	Verify accuracy and completeness of milk components reported in utilization classes and related programs (e.g. school milk program) in 8 provinces (NL, PE, NS, NB, QC, MB, SK, AB)
Import for re-export program (IREP)	IREP participants	Verify compliance with program requirements on behalf of Global Affairs Canada
Milk Class 3(d)	Distributors and restaurants using Mozzarella on fresh pizza	Verify compliance with class requirements
Special Milk Class Permit Program	Distributors and further processors	Verify compliance with program requirements

Type of review	Reviewee	Purpose of review
Revenue sharing	Provincial boards	Verify accuracy of pooled milk, milk solids, revenues and expenditures reported by each of the 10 provinces according to the expected policies for the review period.

PROGRAMS

The Canadian Dairy Commission administers several programs related to market supply and growth on behalf of the Canadian Milk Supply Management Committee (CMSMC).



Special Milk Class Permit Program

The CDC administers the Special Milk Class Permit Program (SMCPP) on behalf of the industry. Through this system, milk components (butterfat, protein and other solids) are made available to manufacture dairy ingredients destined for use in further processed products. Further processors can access these dairy ingredients by means of a Special Class Permit issued by the CDC. Class 5(a) permits are issued for cheese, class 5(b) permits are issued for all other dairy products, and class 5(c) permits cover dairy products used as ingredients in the confectionery sector. These permits can be used to source dairy ingredients used in the manufacture of food products.

Further processors used their permits to buy the equivalent of 47.8 million kg of butterfat in the 2024-2025 dairy year, an increase of 2% over the previous year. The increase is primarily explained by more sales of Canadian butter used in further processing. As of July 31, 2025, there were 1,819 active program participants.

Class 3(d)

Class 3(d) was created for restaurants to use mozzarella on fresh pizzas. In 2024-2025, 1,299 restaurants joined the program, which is a slight 2% decrease over the 1,329 restaurants that registered the previous year. As of July 31, 2025, 12,083 restaurants were active program participants. The total amount of mozzarella used in the program for this dairy year was 53.0 million kg compared to 58.2[9] million kg used in 2023-2024.

[9]In the 2023-2024 Annual Report, it was reported that 54.1 million kg of mozzarella was used in the program during that dairy year. The actual amount used was 58.2 million kg as stated above. Quantities are subject to fluctuation based on processor reporting. Processors frequently adjust their reporting up to 90 days after they have submitted their original data.

Our Programs and Commercial Operations Team

Front row - left to right : Kimberly Francoeur, Senior Programs Officer; Stéphane Soucie, Deputy Director, Innovation and Investment Programs; Léna Kantorska, Senior Program Officer; Clarisse Doumbe, Applications Officer; Kevin McKenny, Manager, Commercial Operations; Faye Pears, Program Officer; Marian Wardeh, Program Agent.

Back row - left to right : François Cadieux, Senior Program Officer; Éric Gingras, Team Leader; Sarah Prager, Program Officer; Ed Foster, Program Agent; Neil Gill, Program Officer; Julie Simoneau, Deputy Director, Dairy Programs Sector; Éric Poirier, Team Leader; Martine Leblanc, Team Leader; Krista Robinson, Program Officer; Aya Chams, Program Agent.

Absent: Danielle Lafleur, Program Agent; Camille Martineau, Senior Officer; Katherine Charette, Program Agent; Abdelhay Rihani, Program Officer; Angelo Paredes, Program Agent.

Domestic Seasonality Program

These programs allow the CDC to work with the private sector to balance the seasonal demand and supply of products for the domestic market. When milk production exceeds the needs of the Canadian market, the CDC buys inventories of butter from processors at the established support price. The support price is also used as a guide by provincial authorities when they establish milk prices at the farm level.

Dairy Marketing Program

The CDC continues to encourage growth and innovation in the manufacture and use of dairy products and components through its Dairy Marketing Program. The Dairy Marketing Program consists of various programs and services offered to the industry. These include:

Matching Investment Fund (MIF)

The Matching Investment Fund (MIF) is designed to help eligible companies and food technology centres with product development initiatives that help stimulate demand for Canadian dairy products and ingredients.. Funding under the MIF is for a range of eligible activities including consultation services, recipe development, product testing and technology transfer. Applications to the MIF were paused in 2024-2025 while the program underwent a review and update. Updated program details will be available in Winter 2026.

Dairy Innovation Program (DIP)

The Dairy Innovation Program (DIP) encourages the manufacture of new and innovative products on the domestic market. It allows for the addition of specific volumes of milk to provincial quotas to ensure that the milk supply needed to produce innovative products is available to successful applicants. For dairy year 2024-2025, 50 million litres of milk were used in the DIF for 23 different products.

Trade Shows

In 2024-2025, the CDC attended the Bakery Showcase in Montréal, Québec, to share information about the Special Milk Class and 3(d) permit programs as well as the CDC's Dairy Innovation Program.

Dairy Direct Payment Program (2024-2029)

On July 11, 2023, the Minister of Agriculture and Agri-Food Canada (AAFC) announced $1.2 billion in funding over 6 for dairy producers, fulfilling the government's CUSMA-related compensation commitment. Payments will be delivered to producers under the Dairy Direct Payment Program (DDPP).

The second iteration of the DDPP began in 2023-2024 and is very similar to the first iteration of this program, including being administered by the CDC. The objective of the DDPP is to support dairy producers because of market access commitments made under international trade agreements.

At the end of fiscal year 2024-2025, 96% of eligible dairy producers in Canada had registered and received their payment and 98% ($245.1 million) of the funds had been disbursed. This compares to 96% of producers and 98% ($294.0 million) of funds in 2023-2024.

In the next 4 years, the funding is broken down as such:

- $250 million will be made available in 2025-26
- $150 million will be made available in 2026-27
- $150 million will be made available in 2027-28
- $100 million will be made available in 2028-29

Dairy Innovation and Investment Fund (DIIF)

The Dairy Innovation and Investment Fund (DIIF) will provide up to $333M (minus operating funds of $5M) over 10 years. The DIIF was confirmed during Budget 2023 to support dairy processors’ efforts to invest in innovative solutions to facilitate the processing and utilization of all milk components.

The DIIF was successfully launched on September 29th, 2023, and is delivered by the CDC on behalf of AAFC.

The program received 17 complete funding applications and were assessed by an independent Committee of Experts. Funding decisions were made, and successful applicants were granted 15 months to enter into a funding agreement.

Market Growth Program (MGP)

The Market Growth Program (MGP), approved by the Canadian Milk Supply Committee, aims to stimulate long-term market growth in the Canadian dairy industry by supporting sustainable and innovative investment projects to enhance the utilization of all milk components. The CDC plays a facilitation role in supporting the MGP development and implementation.

The MGP has three streams:

1. The Pre-Production Funding Stream
2. The Excess Capacity Stream
3. The Milk Supply Stream

The Pre-Production Funding stream (PPFS), launched in December 2023 supports the execution of studies during the planning stage of an investment. For 2024-2025, six applications were received, evaluated, and funded through reimbursement on behalf of the milk marketing boards and agencies.

The Excess Capacity Stream incentivizes investments in additional processing capacity to add value to all milk components and to address the ad hoc milk availabilities that occur in any given dairy year. The stream is delivered through two sub-streams: 1) the Milk Surplus Valorization Plant Stream (MSVPS), launched on June 16, 2025, with an application deadline in fall 2025, and 2) the Plant of Last Resort (PLR). which is still under development.

The Milk Supply Stream (MSS) supports projects that generate sustainable growth and that require a stable supply of milk for their project, up to a maximum volume. This stream is under development with a target launch date of fall 2025.

PERFORMANCE AND GOALS

This section lists the Canadian Dairy Commission's achievements for 2024-2025 as well as the goals it set for 2025-2026, including the objectives, performance indicators and results related to each.

Achievements for 2024-2025

Thanks to the sustained popularity of Canadian dairy products, the Canadian dairy industry is growing and is expected to continue to grow in the future.

The objectives outlined in this report have been adjusted periodically throughout the year to reflect evolving priorities and respond to the changing needs of the dairy industry. These modifications were made to ensure continued relevance, effectiveness, and alignment with sector-wide developments and stakeholder feedback.

CDC Mandate

Vision: Provide leadership to enhance the vitality of Canada's dairy industry for the benefit of Canadians.

Below are the CDC's day-to-day operations of the milk supply management system which include the accurate targeting of the quantity of milk to be produced, the operations of programs that balance the differences in seasonality of production and consumption, the administration of federal-provincial agreements, and efforts to improve the administration of the system.

In addition, as the administrator of milk prices at the farmgate, production quotas, and revenue and market pooling, the CDC is responsible for a series of calculations, money transfers, and audits. These activities are important to ensure that the supply management system runs smoothly.

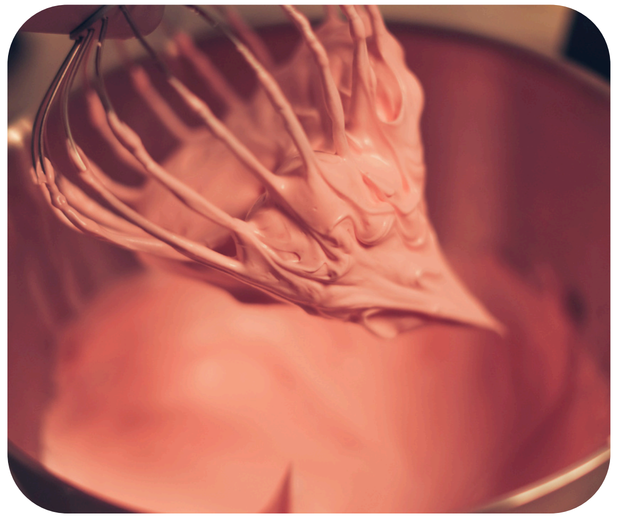
Provide efficient producers with the opportunity to obtain a fair return.

Performance measure for 2024-2025	Results	% Complete
The cost of production (COP) has been calculated and published for incorporation into milk component prices by October 4th.	October 4th.	100%
The farmgate price of milk has been announced by November 1st.	The farmgate price of milk was announced on November 1, 2024.	100%
Monthly revenue pooling calculations as well as fund and data transfers are on target.	Met every month.	100%
Planned audits have been completed.	146 Milk Utilization Audits 23 Other Industry Programs 7 joint audit 10 revenue sharing 14 Special Milk Class Permit Program 10 Class 3d 0 Import for Re-Export Program 2 internal audit and program evaluation 2 warehouse inspections Total: 213 projects	71%

Provide consumers with a continuous and adequate supply of quality dairy products at all times.

Performance measure for 2024-2025	Results	% Complete
The support price for butter has been set by November 1st to be used in seasonal programs that balance supply and demand.	The new support price for butter was set on November 1, 2024, and took effect on February 1, 2025.	100%
100% of the WTO tariff rate quota (TRQ) has been imported.	The CDC imported its full WTO TRQ commitment of butter, including more than 2,000 tonnes from New Zealand.	100%
Accuracy of demand forecasts.	Cumulative error for 2024-2025 is between -1.3% and 0% of actual demand (optimistic and conservative forecast models).	100%
Time from receipt of pooling data to quota allocation.	Met every month.	100%
Programs applications are consistently processed as per the established delivery standards.	Achieved	100%






Strategic Priority 1: Cultivate industry collaboration toward a sustainable and resilient Canadian dairy industry.

Under this strategic priority, and in line with its mission of providing leadership to enhance the vitality of the Canadian dairy industry, the CDC will provide support and leadership to foster industry initiatives that aim to increase demand for SNF. As well, the CDC will work with the industry to develop a national shared vision.

1.1

5-year goals: Facilitate industry focus on balanced and sustainable growth for all milk components.

Objectives for 2024-2025: Support the industry to continue to develop value-added market for SNF milk components.

Performance measure for 2024-2025	Results	% Complete
A proposal to reduce the number of milk classes to stimulate demand has been presented to the CMSMC.	The elaboration of the proposal is ongoing; it was delayed due to methodological challenges that are now resolved. A proposal is expected to be presented next year.	50%
With the support of the CDC, the industry has adopted and implemented programs such as Market Growth Program and Plant of Last Resort, focused on managing the use of all milk components.	Two sub-streams of the Market Growth Program have been launched (1. Pre-production Funding Stream, 2. Milk Surplus Valorization Plant stream)	50%
Dairy Innovation and Investment Fund successful applicants have completed their contribution agreement.	Successful DIIF applicants have completed their contribution agreements.	15%
The CDC's scenario on structural surplus is evaluated against baseline scenario and updated for publication to industry.	Scenario was updated and communicated to the industry.	100%

1.2

5-year goals: Advance a national dialogue on the development of a shared vision for the dairy industry.
Objectives for 2024-2025: Foster national discussion of a vision for a sustainable industry.

Performance measure for 2024-2025	Results	% Complete
The CDC has coordinated the P10 pooling committee to undertake a strategic planning process.	The P10 agreed, initiated and completed the process in July 2025.	100%
The CDC has led discussions within the P10 Pooling Committee regarding the sharing of quotas and transportation costs at the national level.	Postponed until the P10 strategic planning process is completed.	N/A

Strategic Priority 2: Modernize tools and practices to enable effective national data-driven decisions to optimize the Canadian dairy supply management system.

This strategic priority puts emphasis on the importance of ensuring that the Canadian dairy supply management system is managed using modernized tools and policies, and that decisions that affect it are based on solid data. The CDC will work with the industry to modernize its tools, it will ensure that the industry continues to adapt supply management's legal framework to current conditions, and it will manage its programs efficiently while ensuring that they are aligned with industry objectives.

2.1

5-year goals: Modernize and update calculations around the establishment of the farmgate price of milk.

Objectives for 2024-2025: Review COP data collection and dissemination process.

Performance measure for 2024-2025	Results	% Complete
Elements of the COP process have been reviewed and a streamlined approach developed to enhance the study.	COP project initiated and project approved.	15%

2.2

5-year goals: Lead the industry to continue to adapt the supply management legal framework to current conditions.

Objectives for 2024-2025: Ensure supply management rules are clear, up-to-date, and relevant.

Performance measure for 2024-2025	Results	% Complete
A new national revenue and market sharing agreement with the provinces has been finalized and adopted by the industry.	Postponed until the P10 strategic planning process is completed.	0%

Performance measure for 2024-2025	Results	% Complete
Proposed Dairy Products Marketing Regulations (DPMR) have been drafted and shared with provincial partners.	Postponed until the P10 Agreement is finalized.	0%
The National Milk Marketing Plan (NMMP) has been tabled for a review and modernization process.	Postponed until the P10 Agreement is finalized.	0%

2.3

5-year goals: Ensure CDC programs are aligned with industry strategic objectives.
Objectives for 2024-2025: Ensure CDC's programs are managed efficiently and effectively.

Performance measure for 2024-2025	Results	% Complete
The CDC has reviewed its programs supporting innovation and investment in light of new industry strategy to develop value-added markets.	The CDC has reviewed programs supporting innovation and investment. Additional review activities will be completed in 2025-2026.	50%
A plan developed to streamline the administration of the Special Milk Class Permit Program (SMCPP) and to enhance participant experience.	A formal review of SMCPP administration was completed. The modernization project will be implemented in 2025-2026.	50%

Strategic Priority 3: Optimize organization effectiveness in the face of competing priorities.

Under this theme, the CDC is focused on ensuring it has the people and tools to support the dairy industry into the future. Approaches will include refining and updating documentation on roles and responsibilities internally, reviewing the CDC's Information Management (IM) framework, and ensuring employee engagement related to equity, diversity, and inclusion.

3.1

5-year goals: Optimize CDC governance and decision-making process.

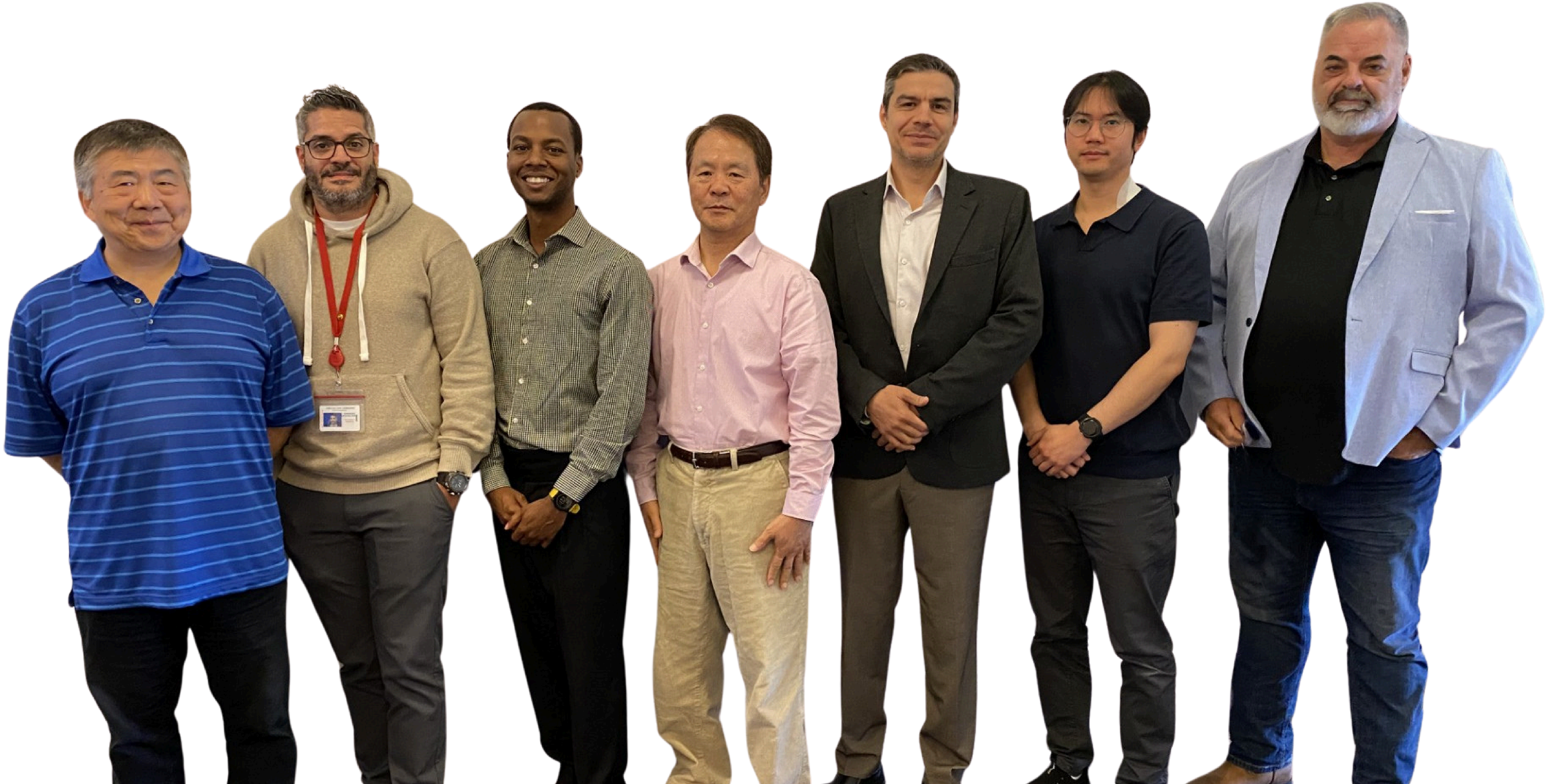
Objectives for 2024-2025: Optimize IM framework and refine CDC decision making process.

Performance measure for 2024-2025	Results	% Complete
Documentation on roles, responsibilities, and relationships between Board, SMT and managers is refined, updated and communicated to CDC staff.	The CDC Board by-laws have been reviewed and updated. The next step is to obtain Board approval for the revised rules of engagement, which will inform the creation of an annual workplan for Board meetings and establish clear procedures for engaging the Board during those meetings.	50%
The strategic planning process has been reviewed and modernized to be more inclusive and more responsive to change.	Initial review was completed and a new process was proposed. Validation expected by external consultant, with the procurement process being conducted currently.	60%
The CDC IM framework has been reviewed, optimized, and updated with training materials.	Requirements gathering and SharePoint configuration work is in progress.	60%
CDC procedures have been reviewed and are tracked.	Templates to capture processes developed. Work on converting existing processes to the new template and documenting new processes is ongoing.	45%

Our IM / IT Team

Left to right: Gary Wu, IT Technical Advisor, DBM; Wilker Fernandes de Sousa, IT Analyst, Software Solutions; Khama Hastick, IT Analyst, Software Solutions; Samuel Lee, Business Intelligence Developer; Dimitre Dimitrov, Deputy Director, IM, IT and Security; Matthew Chandrawan, Acting Team Leader, Software Solutions; François Pellerin, Team Leader, Infrastructure Operations.

Absent : Benjamin East, IT Analyst, Infrastructure Operations; Abdirashid Jama, IT Analyst, Software Solutions.



3.2

5-year goals: Support a resilient CDC workplace and workforce.
Objectives for 2024-2025: Cultivate an inclusive work environment that fosters staff development.

Performance measure for 2024-2025	Results	% Complete
At least one training activity has been included in each employee's learning plan.	Non-mandatory courses are currently included in performance agreements, which are not accessible to HR. Moving forward, mandatory courses will also be integrated into these agreements.	20%
At least one activity on equity, diversity and inclusion has been offered to CDC staff.	At the December 2024 all-staff meeting, equity vs. equality was clarified using WAGE materials, alongside an introduction to Gender-Based Analysis Plus. A user-centric approach was also presented to show how tailoring communication to diverse audiences enhances impact.	100%
Barriers for employment at the CDC (hiring and while at work) have been identified and a mitigation plan is in development.	The CDC is currently working on it's Accessibility Plan for 2025-2028 (next 3 years). Employees have just completed the survey to determine barriers for employment and in the workplace. Final report to be posted in December 2025.	75%




Our Human Resources Team

Left to right: Marie-Ange Kamariza, Human Resources Advisor; Natasha Dénommée, Deputy Director, Centre of Expertise; Isabelle Lozano, Human Resources Advisor.

GOALS FOR 2025-2026

The CDC's performance objectives for 2024-2025 are based on the strategic priorities and 5-year goals identified in its corporate plan.

Strategic priorities, goals, and objectives of the CDC for the planning period are a continuation of some of those detailed in last year's plan but also include some new ones in line with the industry's direction and needs. The objectives and performance indicators are grouped under the CDC's mandate and role as well as under three strategic priorities. This section of the plan presents, for each strategic priority, the five year strategic goals of the CDC, the 2025-2026 objectives, and the performance indicators associated with these objectives.

CDC MANDATE

Vision

Provide leadership to enhance the vitality of Canada’s dairy industry for the benefit of Canadians.

The Canadian Dairy Commission strives to balance and serve the interests of all dairy industry representatives: producers, processors, further processors, exporters, consumers, and all levels of government.

Provide efficient producers with the opportunity to obtain a fair return.

Performance Indicators

- The cost of production (COP) has been calculated and published for incorporation into milk component prices by October 3rd.
- The farmgate price of milk announced by November 1st.
- Monthly revenue pooling calculations as well as fund and data transfers on target: 8 days maximum.
- 95% of planned audits have been completed (milk utilization audits, Special Milk Class Permit Program, joint audits, Import for Re-Export Program, revenue sharing, Class 3d, internal audits, program evaluation).

Provide consumers with a continuous and adequate supply of quality dairy products.

Performance Indicators

- The support price for butter has been set by November 1st to be used in seasonal programs that balance supply and demand.
- 100% of the WTO butter tariff rate quota has been imported.
- Demand forecasts are within 2% of actual demand.
- Time from receipt of provincial data to quota allocation: 8 days maximum.
- Programs applications are consistently processed as per the established delivery standards.

CDC 2025-2026 Strategic Priorities

Strategic Priority 1: Cultivate industry collaboration toward a sustainable and resilient Canadian dairy industry.

Under this strategic priority, and in line with its mission and providing leadership to enhance the vitality of the Canadian dairy industry, the CDC will provide support and leadership to foster industry initiatives that aim to increase demand for all milk components. As well, the CDC will work with the industry to develop a national shared vision.

5-year Strategic Goals	**1.1 Facilitate industry focus on balanced and sustainable growth for all milk components.**	**1.2 Advance a national dialogue on the development of a shared vision for the dairy industry.**
Objectives for 2025-2026	Focus industry on balanced and sustainable growth for all milk components.	Foster national dialogue of a vision for a sustainable industry.
Performance indicators	Market Growth Program (PLR Stream, MSVP Stream, Milk Supply Stream) which aims to utilize all milk components have fully been implemented.	The CDC is continuing to support the industry on its strategy, governance, and sustainability initiatives.




Strategic Priority 2: Modernize tools and practices to enable effective national data-driven decisions to optimize the Canadian dairy supply management system.

This strategic priority puts emphasis on the importance of ensuring that the Canadian dairy supply management system is managed using modernized tools and policies, and that decisions that affect it are based on solid data. The CDC will work with the industry to modernize its tools, it will ensure that the industry continues to adapt supply management's legal framework to current conditions, and it will manage its programs efficiently while ensuring that they are aligned with industry objectives.

5-year Strategic Goals	**2.1 Modernize and update calculations around the establishment of the farmgate price of milk.**	**2.2 Lead the industry to continue to adapt the supply management legal framework to current conditions.**	**2.3 Adapt CDC programs to changing industry landscape.**
Objectives for 2025-2026	Modernize the Cost of Production (COP) Survey.	Modernize and update the legal framework for dairy supply management.	Adapt CDC programs to changing industry landscape.
Performance indicators	Implement Phase 1 of the COP review to optimize data collection and dissemination process.	New or updated regulatory agreements are adapting supply management to current conditions.	CDC innovation programs and the Special Milk Class Permit Program have been reviewed.




Strategic Priority 3: Optimize organization effectiveness in the face of competing priorities.

Under this theme, the CDC is focused on ensuring it has the people and tools to support the dairy industry into the future. Approaches will include implementing an Information Management (IM) framework of a streamlined decision-making process and ensuring employee engagement by removing barriers, celebrating diversity and ensuring that staff have the tools they need to fully contribute to the effectiveness of the CDC.

5-year Strategic Goals	**3.1 Optimize CDC governance and decision-making process.**	**3.2 Support a resilient CDC workplace and workforce.**
Objectives for 2025-2026	Optimize governance and decision-making.	Enhance a resilient CDC workplace and workforce.
Performance indicators	Initial implementation of the IM framework of the streamlined decision-making process and of the strategic plan is completed.	Tools are in place to remove barriers, diversity is celebrated, and tools are offered to staff so that they can fully contribute to the organization's effectiveness.




FINANCIAL REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis of the operating results and financial position of the Canadian Dairy Commission (CDC) for the year ending July 31, 2025, should be read in conjunction with the financial statements of the CDC enclosed and the annual report.

Our Finance and Administration Team

Front row - left to right: Isabelle Blanchard, Deputy Director, Finance; Piotr Morchat, Manager, Finance.

Middle - left to right: Juliana de Moura Natividade, Financial Services Officer; Leslie Asseer, Senior Financial Officer; Kyra Lebrun, Manager of Finance.

Back row - left to right: Daniel Vienneau, Manager, Finance; Hayat El-Khoury, Administration Officer; Danielle Sabourin, Programs Officer.

Absent: Andréa Prevost, Accounts payable specialist.

Results of operations and comprehensive income (loss)

Domestic Sales and Cost of Sales

For the year ended July 31

(in thousands)	2025	2024	$ change
Sales revenue	$ 253,384	$ 159,888	$ 93,496
Cost of goods sold	$ 250,904	$ 156,809	$ 94,095
Transport and carrying charges	$ 5,680	$ 2,619	$ 3,061
Finance costs	$ 2,554	$ 908	$ 1,646
Gross profit (loss) on domestic sales	**$ (5,754)**	**$ (448)**	**$ (5,306)**

The CDC purchases and sells butter to regulate the supply of dairy products in the domestic market throughout the year, while operating the Domestic Seasonality Programs, of which only the Plan B butter program saw activity this year and last.

Under the Plan B butter program, the CDC purchases butter from processors who repurchase it within a predetermined period. During the 2024-2025 dairy year, the CDC sold 21,955 tonnes of Plan B butter compared to 12,822 tonnes in 2023-2024. This year, revenue from the sale of Plan B butter totaled $227.23 million, representing an increase of $96.13 million compared to last year. This is primarily due to greater uptake in the Plan B butter program.

The Domestic Seasonality Programs reported a gross loss on sales this year and last, which primarily reflects the financing costs, as well as the transport and carrying charges, incurred in operating these programs. These costs are typical and continue to be fully recovered from the marketplace and producers through funding from the milk pools. As a result, the impact of any gross loss from these programs on total comprehensive income (loss) is limited to the net difference between its sales revenue and cost of goods sold, which is equivalent to the programs' operating surplus or deficit.

Note that this surplus or deficit, is respectively distributed to, or recovered from, the provincial milk marketing boards and agencies, which means the Domestic Seasonality Programs have no residual impact on the CDC's total comprehensive income (loss). In both reporting periods, the Plan B butter program generated an operating surplus.

As part of Canada's commitments under the World Trade Organization (WTO) Agreement on Agriculture, the CDC imported 3,274 tonnes of butter during both the 2024-2025 and 2023-2024 dairy years. These products are purchased by the CDC at prevailing world prices, and they are predominantly directed to the further processing industry through butter manufacturers. In 2024-2025, the CDC sold 2,659 tonnes of the butter imported during that same year, generating total sales of $26.15 million. By comparison, in 2023-2024, the CDC sold the full 3,274 tonnes it imported, which is the primary reason for the $2.64 million decrease in total sales from imported butter this year.

Overall, in 2024-2025, the CDC's total sales revenue and cost of goods sold increased by $93.50 million (or 58%) and $94.10 million (or 60%) respectively, compared to 2023-2024. This is primarily due to increased activity under the Plan B butter program, as outlined above. Like last year, the CDC reported an overall gross loss on sales, largely attributable to the nature of the gross loss from the Domestic Seasonality Programs, with a partial offset from a gross profit generated through the sale of imported butter.

Other Income

For the year ended July 31

(in thousands)	2025	2024	$ change
Funding from milk pools	$ 12,168	$ 10,006	$ 2,162
Funding from the Governement of Canada	$ 5,180	$ 5,583	$ (403)
Professional services and other income	$ 2,322	$ 2,506	$ (184)
Total other income	**$ 19,670**	**$ 18,095**	**$ 1,575**

Funding from milk pools consists of revenue for services rendered while administering the Comprehensive Agreement on Pooling and Milk Revenue, as well as funding to offset the costs incurred to carry butter under Domestic Seasonality Programs and to operate the Plan C program. It also includes additional funding received to offset other expenses incurred on behalf of the provincial milk marketing boards and agencies. The change is primarily due to the higher costs the CDC incurred in operating Domestic Seasonality Programs, as well as the Plan C program.

Funding from the Government of Canada represents funding received from parliamentary appropriations recognized as other income when government-funded administrative expenses are incurred. The change is primarily due to a reduction in allotment funding from the Treasury Board Secretariat. Last year, the allotment was higher to fund retroactive salary payments following the implementation of new collective agreements.

Professional services and Other income includes revenues relating to milk utilization audits, funding received to administer the Dairy Direct Payment Program (DDPP) and the Dairy Innovation Investment Fund (DIIF) on behalf of Agriculture and Agri-Food Canada, and interest income. This interest includes those received when funds are held in trust by the Government of Canada. The change is mainly explained by lower interest income in the current year.

Operating and Administrative Expenses

For the year ended July 31

(in thousands)	2025	2024	$ change
Operating expenses			
Industry initiatives	$ 276	$ 227	$ 49
Cost of production study	$ 1,238	$ 1,123	$ 115
Plan C program costs	$ 1,156	$ 671	$ 485
Other charges (recoveries)	$ 847	$ 874	$ (27)
Total operating expenses	**$ 3,517**	**$ 2,895**	**$ 622**
Administrative expenses			
Salaries and employee benefits	$ 10,717	$ 9,765	$ 952
Other administrative expenses	$ 2,112	$ 2,196	$ (84)
Total administrative expenses	$ **12,829**	$ **11,961**	$ **868**
Total operating and administrative expenses	**$ 16,346**	**$ 14,856**	**$ 1,490**

Operating expenses

Industry Initiatives includes expenses relating to various CDC programs, such as the Matching Investment Fund, and projects that provide benefits to the industry. The change is due to an increased project activity.

Cost of production study includes expenses relating to the annual survey on cost of production. The CDC uses the survey results when it sets support prices. The change in costs is due to the expansion of the study to include additional farms and data.

Plan C program costs include storage, insurance and interest costs incurred for cheese purchased under this program. The change is primarily due to the timing of storage expense processing; some costs were reported in the current year because of delayed invoicing.

Other charges (recoveries) are comprised of credits from the CDC's contribution to the cost of the production survey, and expenses incurred on behalf of the provincial milk marketing boards and agencies, such as interest expense from the use of the line of credit. The decrease is mainly due to lower interest rates this year resulting in lower interest costs. This is offset in part by the CDC incurring more expenses on behalf of the milk pools.

Administrative expenses

Administrative expenses totalled $12.83 million this year compared to $11.96 million in the previous year. Salaries and employee benefits, totaling $10.72 million, make up the bulk of the administrative expenses. Other administrative expenses are mainly comprised of the depreciation on the right-of-use asset related to the office lease, as well as professional and special services, and administrative support charges. Salaries increased mainly because the CDC was fully staffed this year, whereas last year there were more vacant positions throughout.

Distribution to provincial milk marketing boards and agencies

Distribution to provincial boards and agencies represents the transfer of the operating surplus generated by the Domestic Seasonality Programs, as described in *Domestic Sales and Cost of Sales'* sub-section above. The surplus is transferred to the provincial milk marketing boards and agencies, who in turn redirect these funds to milk producers. The 2024-2025 transfer is $0.75 million, compared to $0.13 million last year.

Key results of Statement of Financial Positions

Inventories

During the dairy year, the CDC held butter in inventory as part of the Plan B program under the Domestic Seasonality Programs, as well as butter imported under the World Trade Organization (WTO) Agreement on Agriculture. As is typically the case, the CDC held Plan B butter at the end of both reporting periods. This year's ending inventory also includes imported butter, however, no imported butter was held at the end of last year.

As at July 31, 2025, CDC butter inventory totaled 17,229 tonnes, valued at $178.12 million, an increase of 6,357 tonnes and $66.30 million compared to July 31, 2024, when inventory stood at 10,872 tonnes and $111.82 million. Although the 610 tonnes of imported butter held at year-end contributed to the increase, the primary driver was butter held under Plan B.

The overall increase may be attributed to several market factors. An increased percentage of butterfat in milk, combined with higher market demand for solids non-fat and protein, has likely contributed to the increase to some extent.

Plan C repurchase agreements

The CDC operates the Plan C storage and buy-back program for cheese on behalf of the Canadian Milk Supply Management Committee (CMSMC). Purchases under this program are subject to the temporary activation of the program in times of milk surplus.

When the program is active, processors may sell eligible cheese to the CDC through repurchase agreements that contractually obligate the processors to repurchase the cheese, at the same price and by a set date.

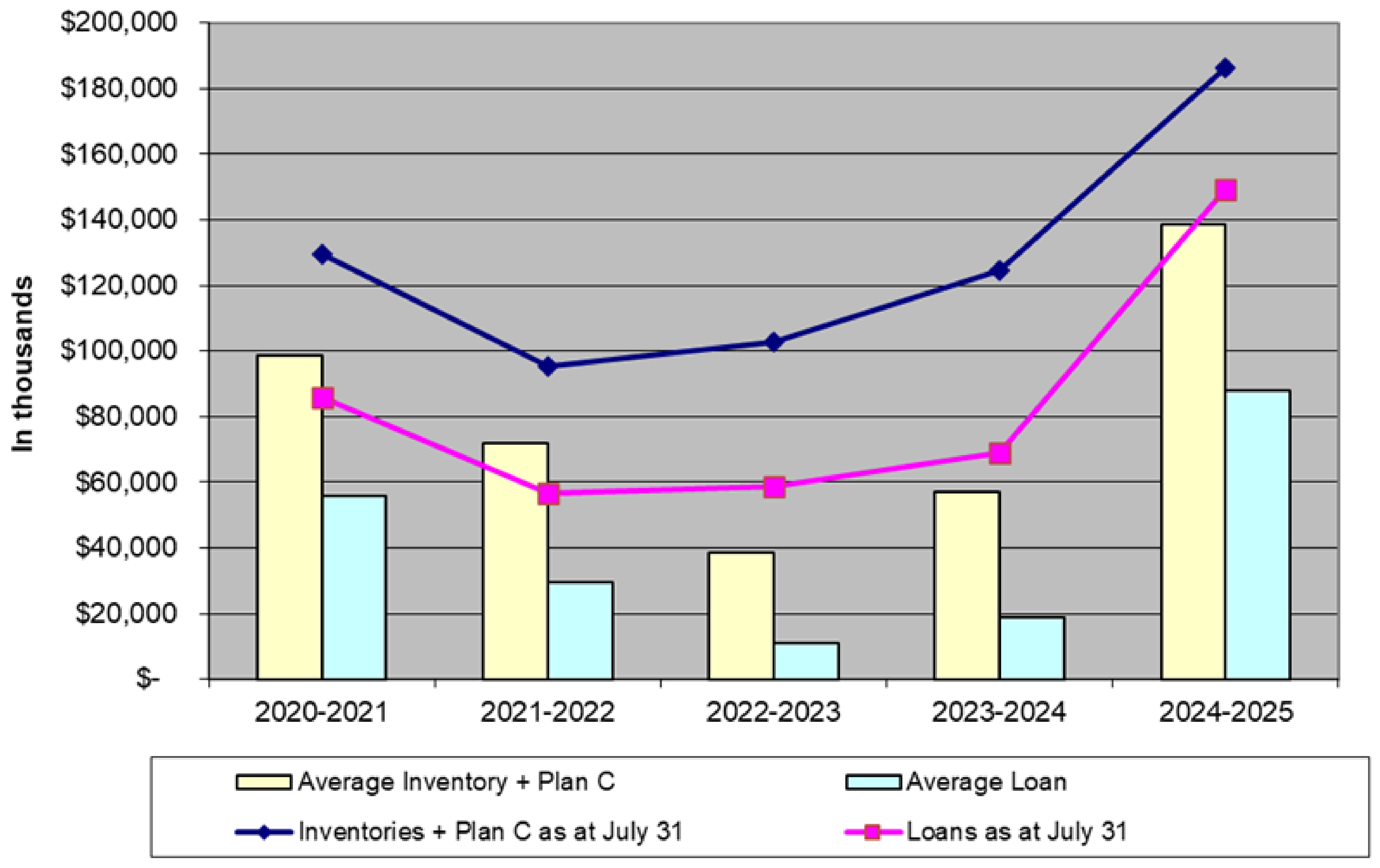
International Financial Reporting Standards (IFRS) requires the CDC to account for these purchases as a financial asset as opposed to inventory, because transfer of control over the inventory is not deemed to have occurred from an accounting standpoint. This financial asset is reported in "Plan C repurchase agreements" on the Statement of Financial Position. The cheese is held as collateral against the financial asset.

As at July 31, 2025, the balance of outstanding Plan C repurchase agreements is $8.05 million compared to $12.69 million as at July 31, 2024. The quantity of cheese held as collateral for these repurchase agreements on July 31, 2025, is 895 tonnes.

Loans from the Government of Canada

Loans from the Government Canada are made available to the CDC to finance commercial operations, which includes notably butter inventory and Plan C activities. Therefore, there is a direct correlation between variations in the balance of outstanding loans from the Government of Canada and variations in the total balance of inventory and Plan C repurchase agreements.

As at July 31, 2025, the balance of outstanding loans was $149.20 million compared to $68.92 million as at July 31, 2024. The increase is consistent with the increase in the combined carrying balance of inventory and Plan C repurchase agreements.



This chart illustrates the correlation between the variations in the balance of outstanding loans and variations in the total balance of inventory and Plan C repurchase agreements over the last 5 years.

Future Accounting Standard Changes

The International Accounting Standards Board has some projects underway, which may affect International Financial Reporting Standards (IFRS) applicable to the CDC. Management continues to monitor all proposed and ongoing projects and consider whether any changes are expected to impact the CDC's reporting of financial information.

A detailed discussion on the application of IFRS accounting standards, including an amendment adopted by the CDC on August 1, 2024, can be found in Note 5 of the financial statements. The note disclosure also discusses new and amended IFRS accounting standards issued but not yet adopted by the CDC, most notably *IFRS 18 - Presentation and Disclosures in Financial Statements*.

Risk Management

Corporate Risk Profile and Planning Alignment

The CDC has prepared a Corporate Risk Profile (the "Profile"), which is reviewed by management at least once per year and updated throughout the year as needed, with the latest review completed in February 2025 for dairy year 2025-2026 and March 2024 for dairy year 2024-2025. It identifies the key risks associated with CDC business and activities. It also evaluates the probability and potential impact of risk occurrences and defines mitigation measures. The CDC's annual planning process is aligned with the Profile to ensure that higher-risk program areas and activities receive special consideration.

Governance and Oversight of Risk Management

The Board and the Senior Management Team (SMT) share the responsibility for risk management, with each playing an integral role in the risk management process at the CDC. The Board ensures that management identifies, monitors, and manages the CDC's corporate risks. It is responsible for providing a clear direction on risk tolerance and approving the Profile. The Board is kept apprised of any changes to the Profile through quarterly briefings. At least once every quarter, the CDC Audit Committee monitors these risks as well as the progress in the implementation of the various mitigation measures. The SMT is responsible for assessing the CDC's key risk areas and ensuring that appropriate controls and other mitigation strategies are carried out to effectively manage these risks. This includes supporting risk awareness and communication throughout the CDC.

Climate Risk Integration and Disclosure

In response to Budget 2021’s call for Crown corporations to demonstrate climate leadership by adopting the Task Force on Climate-related Financial Disclosures (TCFD) standards, the CDC developed its initial climate risk management assessment and climate strategy during the 2024–2025 fiscal year. These efforts are reflected in the CDC’s inaugural Climate-Related Disclosure Report, reinforcing the CDC’s commitment to integrating climate considerations into its broader risk management framework.

Risk Factors and Mitigation Strategies

As is the case for any business enterprises, the CDC is subject to risks in its ongoing operations. The CDC has identified the key risk factors to which it is exposed and has established policies and procedures to manage and mitigate these risks.

The CDC is exposed to external environment risks arising from factors beyond its control, such as developments in agricultural trade negotiations, domestic market trends, and fluctuations in supply and demand. These factors can influence the CDC’s strategic decision-making and operational activities in fulfilling its mandate. To mitigate these risks, the CDC applies sound management practices, maintains a competent and skilled workforce, and actively monitors market and political developments that may affect its operations. Another contributor to external environment risk is volatility in global market conditions. This risk is managed by strategically purchasing imported butter through tenders or competitive offers from reliable importers.

In addition, the CDC faces exposure to credit risk, which is the risk of financial loss for one party due to another party failing to meet its financial obligations. The CDC is primarily exposed to credit risk through Plan C repurchase agreements, where the risk is largely mitigated by the CDC’s legal ownership of the underlying asset. As the holder of title to the cheese, the CDC retains recourse in the event a processor does not fulfill their repurchase obligation. Credit risk also arises from outstanding receivables related to professional services, which is managed by conducting business only with creditworthy counterparties. Note that the CDC does not carry receivables from sales revenue because they are settled in cash before any product is released to the customer. Finally, although the CDC did not hold foreign exchange forward contracts at the end of the reporting period, such instruments, when used during the year, also expose the CDC to credit risk. This risk is mitigated by entering into contracts exclusively with major Canadian financial institutions.

Looking to the Future

The CDC continues to work closely with industry partners and Agriculture and Agri-Food Canada (AAFC) to not only contribute to the prosperity and viability of the Canadian dairy industry but also to ensure its sustainability.

The CDC's strategic priorities for 2025-2026 continue the work started in 2024-2025. This includes cultivating industry collaboration towards a sustainable and resilient Canadian dairy industry; modernizing tools and practices to enable national effective data-driven decisions to optimize the Canadian dairy supply management system; and optimizing organizational effectiveness in the face of competing priorities.

The context in which the CDC operates has evolved in recent months, shaped by a dynamic international landscape, a federal directive to enhance interprovincial trade by eliminating unnecessary administrative barriers, and a government-wide initiative to identify savings within operating budgets over the next three years. In response, the CDC is actively aligning with these priorities—evaluating the potential impacts of global pressures to develop mitigation strategies, eliminating outdated regulations in the dairy sector, and identifying cost-saving measures that preserve service levels. These efforts aim to improve both effectiveness and efficiency, without negatively affecting the industry.

One of the ongoing challenges in the dairy industry is maximizing the use of all components of milk produced in Canada. The CDC continues to provide leadership in identifying and implementing solutions to address this issue. As an example, the Dairy Innovation and Investment Fund (DIIF), a 10-year program launched by the CDC in partnership with AAFC in 2023-2024, is designed to support innovation and investment in projects that add value to solids non-fat (SNF). In 2024–2025, the DIIF was in its second year of delivery, with implementation activities ongoing. As well, the CDC worked with industry partners to create the Market Growth Program (MGP). Launched in December 2024, the MGP is aimed at stimulating investments for long-term market growth in Canadian dairy processing by supporting sustainable and innovative investment projects with an emphasis on the use of SNF. It is administered by the CDC on behalf of the CMSMC using a stream-based approach: the Pre-Production Funding stream, the Milk Surplus Valorization Plant stream, and the Milk Supply Stream.

In keeping with the ambitious environmental commitments outlined in Canada's Greening Government Strategy, it is increasingly important for government organizations to collaborate with partners across the dairy value chain in reducing the environmental footprint of the dairy sector. The CDC has a collaborative role to play in supporting broad climate resiliency, as well as supporting industry dairy supply chains in their efforts to be more efficient through eliminating food waste and finding innovative ways to add value.

Internally, in 2025-2026, the CDC will focus on supporting a resilient workplace and workforce by enhancing an inclusive environment that promotes staff development. Progress will be measured by the implementation of tools that remove barriers, celebrate diversity, and empower employees to fully contribute to the CDC's effectiveness. In addition, the CDC aims to optimize its governance and decision-making processes by formalizing a structured approach that incorporates an Information Management (IM) framework as a key support tool. The initial implementation of this framework will serve as a performance indicator, supporting both streamlined decision-making and the execution of the strategic plan.

Management Responsibility for Financial Statements

The financial statements of the Canadian Dairy Commission and all information in this Annual Report are the responsibility of management. Those statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, using management's best estimates and judgments where appropriate. Financial information presented elsewhere in the Annual Report is consistent with the statements provided.

In discharging its responsibility for financial reporting, management maintains and relies on financial and management control systems and practices designed to provide reasonable assurance that transactions are authorized, assets are safeguarded, and proper records are maintained.

These controls and practices ensure the orderly conduct of business, the accuracy of accounting records, the timely preparation of reliable financial information and the adherence to CDC policies and statutory requirements. This process includes the communication and ongoing practice of the CDC's Code of Ethics.

The Audit Committee of the Canadian Dairy Commission, made up of the commissioners, oversees management's responsibilities for maintaining adequate control systems and the quality of financial reporting. The CDC's internal and external auditors have free access to the Audit Committee to discuss the results of their work and to express their concerns and opinions.

The financial statements of the CDC have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Benoit Basillais
Chief Executive Officer

Jonatan Emery, Executive Director,
Finance and Administration

Ottawa, Canada
October 2, 2025

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

INDEPENDENT AUDITOR'S REPORT

To the Minister of Agriculture and Agri-Food

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Dairy Commission (the CDC), which comprise the statement of financial position as at 31 July 2025, and the statement of operations and comprehensive income (loss), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the CDC as at 31 July 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 CDC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 CDC'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 CDC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the CDC'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 CDC'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 CDC'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 CDC 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 Canadian Dairy Commission 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 *Canadian Dairy Commission Act* and regulations, the by-laws of the Canadian Dairy Commission, and the directive issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Canadian Dairy Commission 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 Canadian Dairy Commission's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Canadian Dairy Commission 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.

Sophie Bernard, CPA
Principal
for the Auditor General of Canada

Ottawa, Canada
2 October 2025

Canadian Dairy Commission

Statement of Financial Position

(In thousands of Canadian dollars)

	As at July 31, 2025	As at July 31, 2024
Assets		
Current		
Cash	$ 4	$ 4
Trade and other receivables		
Trade receivables	2,557	1,553
Advances to provincial milk marketing boards and agencies (Note 6)	8,889	6,831
Milk pools	2,697	1,591
Inventory (Note 7)	178,119	111,816
Plan C repurchase agreements (Note 8)	2,195	9,832
	194,461	131,627
Non-Current		
Plan C repurchase agreements (Note 8)	5,859	2,857
Right-of-use asset (Note 9)	254	407
	$ 200,574	**$ 134,891**
Liabilities		
Current		
Bank line of credit (Note 10)	$ 8,889	$ -
Bank overdraft (Note 10)	-	6,831
Trade and other payables		
Trade payables and accruals (Note 11)	12,843	27,381
Distribution to provincial milk marketing boards and agencies (Note 12)	750	130
Other payables	1,995	1,347
Loans from the Government of Canada (Note 13)	149,203	68,925
	173,680	104,614
Non-Current		
Lease liability (Note 9)	292	495
Equity		
Retained earnings (Note 14)	26,602	29,782
	$ 200,574	**$ 134,891**

Commitments (Note 18)

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

These financial statements were approved and authorized for issue on October 2, 2025.

Benoit Basillais
Chief Executive Officer

Jennifer Hayes
Chairperson

Jonatan Emery
Executive Director,
Finance and Administration

Canadian Dairy Commission

Statement of Operations and Comprehensive Income (Loss)

(In thousands of Canadian dollars)

	For the year ended July 31, 2025	For the year ended July 31, 2024
Domestic sales and cost of sales		
Sales revenue (Note 15)	$ 253,384	$ 159,888
Cost of goods sold	250,904	156,809
Transport and carrying charges	5,680	2,619
Finance costs	2,554	908
Gross profit (loss) on domestic sales	(5,754)	(448)
Other income		
Funding from milk pools (Note 15)	12,168	10,006
Funding from the Government of Canada (Note 15)	5,180	5,583
Professional services and Other Income (Note 15)	2,322	2,506
	19,670	18,095
Total gross profit (loss) on domestic sales and other income	**13,916**	**17,647**
Operating expenses		
Industry initiatives	276	227
Cost of production study	1,238	1,123
Plan C program costs (Note 8)	1,156	671
Other charges (recoveries)	847	874
	3,517	2,895
Administrative expenses		
Salaries and employee benefits (Note 16)	10,717	9,765
Other administrative expenses	2,112	2,196
	12,829	11,961
Total operating and administrative expenses	**16,346**	**14,856**
Profit (loss) before distribution to provincial milk marketing boards and agencies	**(2,430)**	**2,791**
Distribution to provincial milk marketing boards and agencies (Note 12)	750	130
Total comprehensive income (loss)	**$ (3,180)**	**$ 2,661**

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

Canadian Dairy Commission

Statement of Changes in Equity

(In thousands of Canadian dollars)

	For the year ended July 31, 2025	July 31, 2024
Retained earnings, beginning of the year	$ 29,782	$ 27,121
Total comprehensive income (loss) for the year	(3,180)	2,661
Retained earnings, end of the year	**$ 26,602**	**$ 29,782**

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

Canadian Dairy Commission

Statement of Cash Flows

(In thousands of Canadian dollars)

	For the year ended July 31, 2025	For the year ended July 31, 2024
Cash flows from (used in) operating activities		
Cash received from customers and others	$ 256,317	$ 163,165
Cash paid to suppliers and others	(354,841)	(187,317)
Cash receipts from provincial milk marketing boards and agencies for pooling	9,004	14,285
Cash distributed to provincial milk marketing boards and agencies	(130)	(230)
Cash receipts from the Government of Canada	5,180	5,583
Interest income received	24	148
Cash paid for interest	(2,327)	(757)
Cash receipts from Plan C repurchase agreements	10,606	8,758
Cash paid for Plan C repurchase agreements	(5,971)	(9,455)
Net cash flows from (used in) operating activities	**(82,138)**	**(5,820)**
Cash flows from (used in) financing activities		
Proceeds from drawdowns of line of credit	43,774	-
Repayments of line of credit drawdowns	(34,885)	-
New loans from the Government of Canada	296,353	137,286
Loan repayments to the Government of Canada	(216,075)	(127,068)
Principal payments on the lease liability	(198)	(157)
Net cash flows from (used in) financing activities	**88,969**	**10,061**
Net cash inflows (outflows)	**6,831**	**4,241**
Net cash (bank overdraft) at beginning of the year	(6,827)	(11,068)
Net cash (bank overdraft) at the end of the year	**$ 4**	**$ (6,827)**
Components:		
Cash	$ 4	$ 4
Bank overdraft	-	(6,831)
Net cash (bank overdraft)	**$ 4**	**$ (6,827)**

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

1. Authority and objectives

The Canadian Dairy Commission (CDC) was established in 1966 through the *Canadian Dairy Commission Act*. It is a federal Crown corporation named in Part I, Schedule III and Schedule IV to the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*. It is an agent of His Majesty the King in right of Canada (Government of Canada) and reports to Parliament through the Minister of Agriculture and Agri-Food.

The objectives of the CDC are to provide efficient producers of milk and cream with the opportunity of obtaining a fair return for their labour and investment and to provide consumers of dairy products with a continuous and adequate supply of dairy products of high quality. To achieve its objectives, the CDC works closely with the Canadian Milk Supply Management Committee (CMSMC), which it chairs, as well as with provincial governments and provincial milk marketing boards and agencies. This collaboration is governed by federal-provincial agreements.

The CDC is allocated parliamentary appropriations to fund a portion of its administrative expenses. This is supplemented by funding from milk producers and the marketplace, as well as by the CDC's own commercial operations.

Directive on Travel, Hospitality, Conference and Event Expenditures

In July 2015, the CDC was issued a directive (P.C. 2015-1104) 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 CDC's Corporate Plan. As at July 31, 2025, the CDC continues to meet the requirements of this directive.

2. Basis of preparation

Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The financial statements were approved and authorized for issue by the CDC Board on October 2, 2025.

Basis of presentation

The financial statements are prepared on a historical cost basis, as set out in the accounting policies below, except as permitted by IFRS and otherwise indicated within these notes.

Reporting period

The CDC reports on a dairy year basis which starts August 1 and ends July 31.

Functional and presentation currency

These financial statements are reported in Canadian dollars, which is the functional and presentation currency of the CDC.

3. Material accounting policy information

Cash

Cash includes funds on deposit at accredited financial institutions.

Financial Instruments

Financial assets and financial liabilities are initially recognized at fair value. The classification and subsequent measurement model of financial instrument categories are described below.

Classification and subsequent measurements:

Cash	Financial asset measured at amortized cost
Trade and other receivables	Financial asset measured at amortized cost
Plan C repurchase agreements	Financial asset measured at amortized cost
Bank line of credit	Financial liability measured at amortized cost
Bank overdraft	Financial liability measured at amortized cost
Trade and other payables	Financial liability measured at amortized cost
Loans from the government of Canada	Financial liability measured at amortized cost

Financial assets and financial liabilities measured at amortized cost

Financial assets and financial liabilities measured at amortized cost are subsequently measured using the effective interest method. The fair value of these financial instruments approximates their carrying amount due to their short-term maturity or nature.

Plan C repurchase agreements

The CDC operates the Plan C program, for which a description is provided in Note 8.

In accordance with IFRS, due to its nature as financing arrangements, the CDC accounts for the Plan C program agreements ("Plan C repurchase agreements") as financial assets.They are measured at fair value at initial recognition as it is different from their transaction price. The CDC calculates the fair value of the financial asset by applying the discount rate adjustment technique. The effective interest method is applied for subsequent measurement.

Impairment

For trade and other receivables, the loss allowance is measured by applying the simplified approach, therefore the loss allowance is measured at an amount equal to the lifetime expected credit losses.

For Plan C repurchase agreements, the credit risk has not increased significantly since initial recognition, therefore the loss allowance is measured at an amount equal to the 12-month expected credit losses.

Inventory

Inventory is reported at the lower of cost, which is the purchase cost, or the estimated net realizable value. Cost is determined on a first-in, first-out basis except for Plan B butter inventories where cost is determined based on specific identification.

Revenue from contracts with customers

Sales revenues

Domestic sales of butter are recognized as revenue at a point in time when control of the product is transferred to a processor. Control is typically transferred when the product is loaded into the processor's transportation equipment – the processor being responsible for the transportation of the product. The transaction prices are based on the Canadian support price or other prices established by the CDC.

Funding from milk pools

Funding from milk pools consists of revenue for services rendered while administrating the Comprehensive Agreement on Pooling and Milk Revenue, as well as funding to offset the costs incurred to carry butter under Domestic Seasonality Programs and to operate the Plan C program. It also includes additional funding received to offset other expenses incurred on behalf of the provincial milk marketing boards and agencies.

Professional services

Professional services rendered include audit services, as well as administrative services for government programs.

The CDC has two types of audit service contracts, distinguished by the timing of the satisfaction of their performance obligation. The revenue from the first type of contract is recognized at a point in time when the audit reports are delivered. The revenue from the second type of contract is recognized on a straight-line basis to reflect the services provided over time.

The CDC administers two separate programs on behalf of the Government of Canada, the Dairy Direct Payment Program (DDPP), and the Dairy Innovation Investment Fund (DIIF). Revenue from these administrative services is recognized over time.

Performance obligation

The CDC has elected to apply the practical expedient to not disclose the information about remaining performance obligations when they are part of a contract that has an original expected duration of one year or less, or the revenue from the satisfaction of the performance obligation is recognized in the amount to which the CDC has a right to invoice the customer.

Funding from the Government of Canada

Funding from the Government of Canada is appropriated by Parliament to cover certain administrative expenses. The funding is recognized as revenue in the period the expenses are incurred.

Cost of sales

All butter sold was purchased by the CDC at either the Canadian support price or at other prices established by the CDC, depending on the intended resale markets, except for a portion of butter imported by the CDC at international market prices. These costs are recognized as expense under cost of sales when the sale of goods is recognized as revenue.

Employee benefits

Pension contributions

The CDC’s pension obligation, detailed in Note 16, is limited to the contributions made to the pension plan (the “Plan”). Therefore, pension contributions are recognized as an expense concurrently with employee service.

Other expenses

All other expenses are recognized in the period in which they are incurred. Estimates for accruals are made at the end of each reporting period.

4. Key sources of estimation uncertainty and critical judgements

The preparation of financial statements in accordance with IFRS requires management to exercise judgement and make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Areas where management has exercised judgement and made significant use of estimates and assumptions are discussed below.

Measurement of Plan C repurchase agreements

Management has used judgement to establish the valuation technique applied to measure the fair value of the Plan C repurchase agreements at initial recognition, as well as the discount rate applied as part of the discount rate adjustment technique.

Inventory

Classification of Plan B for butter

Under section 9(1) of the *Canadian Dairy Commission Act*, the CDC operates Domestic Seasonality Programs which includes the purchase of Plan B butter from processors who are contractually obligated to repurchase the product at the prevailing support price at the end of an agreed upon period of time. Although the CDC customarily honours processors' requests to repurchase the Plan B butter, the CDC is not contractually obligated to sell the butter back to the processors. Additionally, the CDC bears the significant risks of ownership when it holds the butter, including theft and damage.

Management has used judgement to conclude that control over the asset is transferred when the CDC purchases Plan B butter, given the CDC has a present ability to direct the use and obtain substantially all of the remaining benefits, and bears the significant risks of ownership. Therefore, Plan B butter is recognized as inventory.

Allowance for inventory write-down

Management uses assumptions when determining the allowance for write-down on the inventory on hand at year-end by estimating the net realizable value of inventory using the price of milk on the international market as well as the price of existing contracts at or around year-end.

Revenue for administrative services rendered

The CDC administers the Comprehensive Agreement on Pooling of Milk Revenues on behalf of the provincial milk marketing boards and agencies ("provinces"), which includes collecting cash from certain provinces and redistributing it to other provinces. For supplying the administrative services, the CDC receives administrative funding.

Also, the CDC delivers the DDPP and DIIF programs and issues payments to eligible recipients on behalf of the Government of Canada. These payments come from parliamentary appropriations allocated to Agriculture and Agri-Food. For supplying the administrative services, the CDC receives administrative funding.

Management has used judgment to determine that the CDC is an agent in each of these arrangements. Therefore, the revenue recognized is limited to the administrative funding received for each program.

Timing of satisfaction of performance obligations in contracts with customers

Management has used judgment to determine that the following performance obligations are satisfied over time:

- Administration of the pooling agreements, for which pooling calculations are conducted on a monthly basis.
- Administration of government programs, which is conducted over several consecutive months or on an ongoing basis.
- Audit services, from two audit contracts, which are conducted on an ongoing basis.

5. Application of new or revised IFRS

Amendments in effect

The following amendment issued by the International Accounting Standards Board (IASB) is effective for annual periods beginning on or after January 1, 2024. The amendment has been adopted by the CDC on August 1, 2024.

Classification of Liabilities as Current or Non-Current (IAS -1 - Presentation of Financial Statements)

In January 2020, the IASB issued an amendment to IAS 1 relating to the classification of current and non-current liabilities. The amendment specifies that a liability is to be classified as non-current if the entity has a “right” to defer settlement “at the end of the reporting period” irrespective of the entity’s intention to defer its settlement. The amendment defines settlement as follows: “for the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability.”

The amendment had no impact on the CDC’s financial statements.

New standard or amendments issued, but not yet in effect

The following amendments to the standards issued by the IASB are effective for various annual reporting periods beginning on or after January 1, 2025, and have not yet been adopted by the CDC. The CDC is currently assessing the possible impact of these changes on future financial statements.

Classification and Measurement of Financial Instruments (IFRS 9 and IFRS 7)

In May 2024, the IASB issued narrow-scope amendments to IFRS 9 and IFRS 7 regarding the classification of and measurement of financial instruments. The amendments are effective for annual reporting periods beginning on or after January 1, 2026. The amendments serve to address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9, making the requirements in the standards more understandable and consistent.

Presentation and Disclosures in Financial Statements (IFRS 18)

In April 2024, the IASB issued *IFRS - 18 Presentation and Disclosures in Financial Statements*, which is effective for annual reporting periods beginning on or after January 1, 2027. The purpose of the new standard is to establish requirements for the presentation and disclosure of information in the financial statements to help ensure they provide relevant information. The requirements are for all entities applying IFRS.

6. Advances to provincial milk marketing boards and agencies

Advances are made to certain provincial milk marketing boards and agencies to help them cash manage the monthly timing difference between when they pay producers within their province and when they receive their cash distribution following the monthly pooling calculation of milk revenues.

Eligibility to receive an advance, as well as the maximum allowable advance, are based on a methodology approved by the CMSMC. The advance is provided using the line of credit established for this purpose (Note 10).

(In thousands of Canadian dollars, unless otherwise indicated)

7. Inventory

As at July 31, 2025, the CDC's inventory includes Plan B butter purchased under the Domestic Seasonality Programs, and butter imported by the CDC under a tariff rate quota relating to the World Trade Organization Agreement on Agriculture (WTO TRQ butter).

As at:	July 31, 2025		July 31, 2024	
	in $	in tonnes	in $	in tonnes
Plan B for butter	$ 171,996	16,619	$ 111,816	10,872
WTO TRQ butter	6,123	610	-	-
Total net realizable value	$ 178,119		$ 111,816	

Inventory expensed in the period ended July 31, 2025, was $250.90 million (July 31, 2024: $156.81 million) and is reported on the Statement of Operations and Comprehensive Income (Loss) in cost of goods sold.

8. Plan C repurchase agreements

Under section 9(1) of the *Canadian Dairy Commission Act*, the CDC operates programs which includes the Plan C storage and buy-back program for cheese ("Plan C program"). The program consists of repurchase agreements where the CDC initially purchases cheese from a processor up to an agreed quantity at a pre-established purchase price, temporarily stores the product, and retains ownership until the processor is contractually obligated to repurchase the product after a set period of time.

As outlined in the accounting policy for Plan C repurchase agreements (Note 3), the CDC must account for these agreements as financial assets under IFRS, rather than inventory. However, the carrying amount of the Plan C repurchase agreements closely approximates the transaction price of the underlying cheese. This is due to the low discount rate applied at initial recognition, which reflects the minimal risk associated with the financial instrument.

The current and non-current portions of Plan C repurchase agreements presented on the Statement of Financial Position are determined based on the maximum repurchase dates. The non-current portion is expected to be settled by June 2027.

Program expenses are recognized under "Plan C program costs" on the Statement of Operations and Comprehensive Income (Loss) and are fully recoverable through funding from milk pools. No domestic sales revenue is reported when Plan C cheese is repurchased by a processor.

9. Right-of-use asset and lease liability

The CDC's only right-of-use asset and lease liability pertain to a building under a lease contract with the Government of Canada through March 2027. The right-of-use asset represents the CDC's right to use the building's office accommodation and storage space for the lease term, while the associated lease liability represents the CDC's obligation to make the lease payments in exchange for the right to use the building.

The total expense relating to short-term leases, or leases for which the underlying asset is of low value, were not material for both reporting periods.

10. Bank line of credit and overdraft

The CDC has a line of credit with a member of the Canadian Payments Association, authorized by the Minister of Finance up to a maximum of $50 million. This credit facility is intended for advancing funds to provincial milk marketing boards and agencies, as described in Note 6. While this credit was previously provided as a bank overdraft, in the last quarter of the reporting year, the nature of this credit facility transitioned from a bank overdraft to a standard line of credit in coordination with the bank to better align with its service offerings.

(In thousands of Canadian dollars, unless otherwise indicated)

As at July 31, 2025, the credit limit with the bank is $25 million (July 31, 2024: $25 million). This facility is due on demand, with interest accruing at the prime rate of 4.95% per annum as at July 31, 2025 (July 31, 2024: 6.70%).

11. Trade payables and accruals

	As at: July 31, 2025	As at: July 31, 2024
Trade payables	$ 4,025	$ 14,727
Accruals	8,818	12,654
Total	$ 12,843	$ 27,381

12. Distribution to provincial milk marketing boards and agencies

The CDC operates Domestic Seasonality Programs throughout the year, and determines the program's operating results annually at the end of the reporting period. Any operating surplus or deficits generated by these programs are, respectively, distributed to or recovered from the provincial milk marketing boards and agencies. The result is reported on the Statement of Operations and Comprehensive Income (Loss) when they are determined.

The programs generated an operating surplus for both reporting periods.

13. Loans from the Government of Canada

Loans from the Government of Canada's Consolidated Revenue Fund are available to finance commercial operations, up to a maximum of $350 million (July 31, 2024: $350 million).

Individually, the loans mature one year after the funds are advanced. Principal and interest are paid regularly during the year when funds are available. Changes in Loans from the Government of Canada are due to cash flows from and used in financing activities, which is reflected on the Statement of Cash Flows.

Interest on the loans is calculated at the normal rates established for Crown corporations by the government and based on the latest available yields on comparable term Treasury bills plus one-eighth of one percent at simple interest. Interest rates and interest expense were as follows:

	For the year ended: July 31, 2025	For the year ended: July 31, 2024
Interest rates		
Low	2.71%	4.53%
High	5.05%	5.28%
Interest expense	$ 2,763	$ 1,055

(In thousands of Canadian dollars, unless otherwise indicated)

14. Capital management

The CDC is not subject to any externally imposed capital requirements, and there were no changes made to the capital management framework in the current year.

The primary objective of the CDC's capital management framework is to ensure that the CDC has sufficient liquidity to deliver the objectives outlined in the *Canadian Dairy Commission Act*. This capital, consisting of borrowing capacities, includes the line of credit (Note 10) and loans from the Government of Canada (Note 13), which are available for specific purposes, as described in their respective note. As at July 31, 2025, the borrowing capacity available through the line of credit is $16.11 million (July 31, 2024: $18.17 million through the bank overdraft), and the borrowing capacity available from the Government of Canada is $200.80 million (July 31, 2024: $281.08 million). The CDC regularly monitors the combined outstanding balance of these borrowing sources to ensure compliance with the statutory limit of $350 million (July 31, 2024: $350 million), as prescribed by the *Canadian Dairy Commission Act*. The remaining combined borrowing capacity as at July 31, 2025 is $191.91 million (July 31, 2024: $274.24 million).

The CDC's capital framework also includes the management of retained earnings. The CDC uses this capital to fund programs and initiatives that serve to benefit the Canadian dairy industry. As at July 31, 2025, the total amount of capital available for such activities is $26.60 million (July 31, 2024: $29.78 million).

15. Disaggregation of revenue

The CDC derives its revenue from the following sources:

	For the year ended:	
	July 31, 2025	July 31, 2024
Domestic sales		
Plan B butter	$ 227,226	$ 131,110
WTO TRQ butter imports	26,158	28,778
Domestic sales revenue	$ 253,384	$ 159,888
Milk Pools		
Funding for administrative expenses	$ 4,660	$ 4,660
Funding for Plan A and Plan B butter and Plan C repurchase agreement carrying charges	5,440	3,358
Other recoverable expenses	2,068	1,988
Funding from milk pools	$ 12,168	$ 10,006
Professional services and Other income		
Administrative services	$ 1,300	$ 1,367
Audit services	998	991
Other income	24	148
Professional services and Other income	$ 2,322	$ 2,506
Funding from the Government of Canada	$ 5,180	$ 5,583
Total revenue	$ 273,054	$ 177,983

(In thousands of Canadian dollars, unless otherwise indicated)

16.Salaries and employee benefits

Salaries and employee benefits includes:

	For the year ended:	
	July 31, 2025	July 31, 2024
Salaries expense	$ 8,885	$ 8,060
Pension contributions	1,149	1,066
Medical insurance expense	386	339
Other expenses	297	300
Total	$ 10,717	$ 9,765

Pension contributions

Substantially all CDC employees are covered by the public service pension plan (the “Plan”), a defined benefit plan established through legislation, and both sponsored and administered by the Government of Canada. The employer contributions are based on a multiple of the employee’s required contribution, both governed by the Treasury Board of Canada. The general contribution multiple effective for the period ended July 31, 2025,was on average 1.00 times the employee’s rate (July 31, 2024: 1.01 times the employee’s rate).

Pursuant to legislation currently in place, the CDC has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. The statutory obligation for the payment of benefits under the Plan rests with the Government of Canada.

17.Financial instruments and Risk Management

In the normal course of operation, the CDC is exposed to the following risks, which are managed and mitigated with corresponding policies and procedures:

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The bank line of credit, for which interest varies as a function of prime, and loans from the Government of Canada, for which interest varies as a function of the yield on comparable Treasury bills, expose the CDC to a cash flow risk.

The interest rate risk on the bank line of credit is managed through the normal pooling cycle with the advances to the provincial milk marketing boards and agencies typically reimbursed the month following when the advances are made. The interest rate risk on the loans from the Government of Canada is managed by systematically minimizing the balance of loans carried. At the end of each day, all proceeds from commercial operations are used to repay outstanding loans.

Adverse rate increases are not expected over the next twelve months given decreases to the Bank of Canada policy rate are currently projected over the same period.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The CDC’s exposure to this risk is not material.

Liquidity risk

Liquidity risk is the risk that the CDC will not be able to meet its financial obligations as they fall due.

As at the reporting date, other than some of the Plan C repurchase agreements, all of the CDC's financial instruments are current and the CDC has a current ratio equal to 1.12 (July 31, 2024: 1.26). Management believes that the borrowing capacity available, as described in Note 14, is sufficient to meet the CDC's financial obligations.

Credit risk

Credit risk is the risk of financial loss for one party due to another party failing to meet its financial obligations.

The credit risk on trade receivables is limited to outstanding receivables from professional services customers, and it is managed by only carrying out business with creditworthy customers. The CDC does not carry receivables from sales revenue because they are settled in cash before any product is released to the customer. The credit risk associated with other receivables is not material given those amounts are withheld from the redistribution of producer market returns to the provincial milk marketing boards and agencies. As at July 31, 2025, and July 31, 2024, the loss allowance for trade and other receivables was not material.

The credit risk on Plan C repurchase agreements is mitigated by virtue of the CDC being the legal owner of the underlying asset. With the right to the cheese, the CDC has recourse if a processor fails to meet its repurchasing obligation. Additionally, losses arising from the Plan C repurchase agreements, if any, are guaranteed by the provincial milk marketing boards and agencies through a decision by the CMSMC. As at July 31, 2025, and July 31, 2024, the loss allowance for Plan C repurchase agreements was not material.

18. Commitments

Import butter program

Pursuant to Canada's international trade commitment under the 1994 WTO Agreement on Agriculture, Canada is required to import 3,274 tonnes of butter or butter oil each dairy year. The CDC has been allocated this particular WTO Tariff Rate Quota (TRQ) each quota year (August to July) since 1995. On behalf of Canada's trade commitment, the objective of the CDC's import butter and butter oil program is to ensure that the full WTO TRQ is imported each quota year, and redistributed in the further processing sector without market disruption.

For the 2025-2026 quota year, the WTO TRQ for butter is allocated to the CDC, which is committed to importing 3,274 tonnes of butter to ensure the full TRQ is used, continuing to fulfill Canada's international trade commitment.

The financial impact of this commitment for the upcoming period is influenced by fluctuations in international prices, the type of butter product imported, and changes in foreign exchange rates. The WTO TRQ butter purchased for the period ending July 31, 2025, amounted to $31.51 million (July 31, 2024: $26.29 million).

19. Related party transactions

Government of Canada entities

The CDC, as per the *Canadian Dairy Commission Act*, is an agent of His Majesty the King in right of Canada.

The CDC is related in terms of common ownership to all other Government of Canada departments, agencies and Crown corporations. The CDC enters into transactions with these entities in the normal course of operations and at normal trade terms. These related party transactions are reported at their exchange amounts.

Under IAS 24 – Related Party Disclosures, the CDC is exempt from certain disclosure requirements relating to transactions and outstanding balances with:

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

Accordingly, the CDC discloses limited information regarding transactions entered into with the Government of Canada and its departments, and with all federal Crown corporations not considered to be individually or collectively significant.

The CDC's transactions with government-related entities that were individually significant relate to Loans from the Government of Canada (Note 13) and Funding from the Government of Canada.

All other transactions with government-related entities are individually and collectively not material for both reporting periods.

Key management personnel

The CDC's key management personnel are the members of the Commission's Board and the directors.

No loans or similar transactions with key management personnel are outstanding as at July 31, 2025, or July 31, 2024. There were no transactions of this nature during either period.

Post-employment benefit liability for key management personnel reported under "Other payables" on the Statement of Financial Position amounts to $0.03 million as at July 31, 2025 (July 31, 2024: $0.02 million).

Compensation of key management personnel reported under "Salaries and employee benefits" on the Statement of Operations and Comprehensive Income (Loss) for the reporting period is $1.83 million (July 31, 2024: $1.72 million).

20. Change in presentation

The CDC has changed the presentation of Interest paid on loans and the lease liability on the Statement of Cash Flows. The change is limited to the label used for this line item, which has been changed to "Cash paid for interest" to better reflect the nature of this amount. The line item comprises all cash payments for interest related to the loans from the Government of Canada, the lease liabilities, and the line of credit.