

Financial Statements of

**PROTEIN INDUSTRIES
CANADA INC.**

And Independent Auditor's Report thereon

Year ended March 31, 2026



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INDEPENDENT AUDITOR'S REPORT

To the Members of Protein Industries Canada Inc.

Opinion

We have audited the financial statements of Protein Industries Canada Inc. (the Entity), which comprise:

- the statement of financial position as at March 31, 2026
- the statement of operations and net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 auditor's report.

We are independent of the Entity 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. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the annual report.



Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditor's report thereon, included in the annual report as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

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 Canadian accounting standards for not-for-profit organizations, 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Regina, Canada

July 28, 2026

PROTEIN INDUSTRIES CANADA INC.

Statement of Financial Position

As at March 31, 2026, with comparative information for 2025

	2026	2025
Assets		
Current assets:		
Cash	\$ 14,100,385	\$ 20,103,238
Investments (note 3)	2,081,750	2,000,000
Accounts receivable and accrued receivables (note 4)	868,741	542,486
ISED Canada receivable (note 5)	17,193,037	-
Prepaid expenses	219,007	253,772
Project advances receivable (note 6)	6,458,731	1,394,412
	40,921,651	24,293,908
Property, plant and equipment	3,676	1,008
	\$ 40,925,327	\$ 24,294,916
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 7)	\$ 5,505,910	\$ 5,103,602
Deferred contributions (note 8)	30,002,799	14,868,323
	35,508,709	19,971,925
Net assets	5,416,618	4,322,991
Commitments (note 9)		
	\$ 40,925,327	\$ 24,294,916

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

PROTEIN INDUSTRIES CANADA INC.

Statement of Operations and Net Assets

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Revenue:		
Innovation, Science and Economic Development Canada (note 8)	\$ 40,079,127	\$ 24,955,419
Project management fees	2,596,491	1,489,858
Interest earned	430,195	530,414
Membership and registration fees	72,857	75,714
Other revenue	9,084	35,000
	43,187,754	27,086,405
Expenses:		
Technology program expenses	32,803,597	18,628,889
Salaries and benefits	4,001,239	3,914,304
Capacity building program expenses	2,840,938	2,000,781
Office and administration	1,397,730	1,230,454
Consulting and professional fees	621,280	717,709
Events and community engagement	427,268	357,144
Amortization	2,075	11,644
	42,094,127	26,860,925
Excess of revenue over expenses	1,093,627	225,480
Net assets, beginning of period	4,322,991	4,097,511
Net assets, end of period	\$ 5,416,618	\$ 4,322,991

See accompanying notes to financial statements.

PROTEIN INDUSTRIES CANADA INC.

Statement of Cash Flows

Year ended March 31, 2026, with comparative information for 2025

	2026	2025
Cash provided by (used in):		
Operations		
Excess of revenue over expenses	\$ 1,093,627	\$ 225,480
Items not involving cash:		
Accrued interest	1,598	2,597
Amortization of property, plant and equipment	2,075	10,649
Amortization of intangible assets	-	995
Changes in non-cash operating working capital:		
ISED Canada receivable	(17,193,037)	-
Accounts receivable and accrued receivables	(327,853)	(152,356)
Prepaid expenses	34,765	8,893
Project advances receivable	(5,064,319)	154,468
Accounts payable and accrued liabilities	402,308	1,453,391
Deferred contributions	15,134,476	9,744,237
	(5,916,360)	11,448,354
Investing:		
Purchase of property, plant and equipment	(4,743)	-
Change in investments	(81,750)	-
	(86,493)	-
(Decrease) increase in cash	(6,002,853)	11,448,354
Cash, beginning of year	20,103,238	8,654,884
Cash, end of year	\$ 14,100,385	\$ 20,103,238

See accompanying notes to financial statements.

PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements

Year ended March 31, 2026

Nature of operations:

Protein Industries Canada Inc. (the "Corporation" or "PIC") is incorporated under *The Non-Profit Corporations Act, 1995 (Saskatchewan)*. The primary purpose of the Corporation is to raise funds and apply for funding from the Global Innovation Clusters Program of Innovation, Science and Economic Development Canada (ISED).

Pursuant to a funding agreement, the Corporation receives significant funding revenue from ISED to finance the development and coordination of the Innovation Superclusters Initiative to accelerate growth in the Canadian agriculture and food processing sectors. As a result, the Corporation is dependent upon the continuance of this funding to maintain operations at their current level.

Payment by the Federal Government of the contributions for all agreements is conditional on there being a legislated appropriation for the fiscal year in which the contribution is due. The Ministers shall have the right to terminate or reduce the contribution in the event the amount of the appropriation is reduced or denied by Parliament.

Program Streams:

PIC invests in Technology, Genomics, Pan-Canadian Artificial Intelligence Strategy Commercialization Stream (PCAIS), and Capacity Programs.

1. Basis of presentation:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations outlined in Part III of the CPA Canada Handbook.

2. Significant accounting policies:

The Corporation's significant accounting policies are as follows:

(a) Revenue recognition:

The Corporation follows the deferral method of accounting for contributions. Funding from ISED is restricted to provide funding to eligible recipients for future Technology and Capacity Building programs and the payment of the Corporation's operating and capital expenditures. Restricted contributions for expenses of a future period are recorded as deferred contributions and are recognized in revenue in the year in which the related expenses are incurred. Investment income earned on deferred contributions and investments are recognized in the period in which it is earned. Unrestricted contributions and sponsorships are included in the period received if the amount to be received can be reasonably estimated and collection is reasonably assured.

PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2026

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

The Corporation signed an amended contribution agreement with ISED Canada on July 28, 2021. The amendment increased the total contribution from \$152,843,759 to \$172,843,759. ISED Canada committed to fund the Corporation for eligible program and project costs over a 5-year period commencing in Fiscal Year 2018/19. Under the terms of the amended agreement, ISED will provide a non-repayable contribution to the Corporation for 75% of eligible internal program costs that do not exceed 15% of \$172,843,759 and 100% of PIC's portion of eligible program costs. The amended contribution agreement total is not to exceed the lesser of \$172,843,759 or 100% of total Industry Matching Funds obtained by the organization over the 5-year period.

On March 28, 2023, the Corporation signed an amended and restated contribution agreement with ISED with funding commencing April 1, 2023. The amendment increased the non-repayable contribution by a further \$123,375,000 of which a maximum of \$16,875,000 is to be used towards internal program costs and \$106,500,000 towards 100% of PIC's portion of eligible program costs. The total is not to exceed the lesser of \$123,375,000 or 100% of total Industry Matching Funds obtained by the organization over the five-year period, ending March 31, 2028.

On February 5, 2025, the Corporation signed an amendment to increase the non-repayable contribution by a further \$26,625,000 to be used towards PIC's portion of eligible program costs.

The amendment increased the total contribution from \$296,218,759 to \$319,818,843 and extended the program to a 10-year period commencing in Fiscal 2018/19 and ending March 31, 2028, of which a maximum of \$35,979,620 is to be used towards internal program costs and \$283,839,223 towards 100% of PIC's portion of eligible program costs. The total is not to exceed the lesser of \$319,818,843 or 100% of total Industry Matching Funds obtained by the organization over the ten-year period, ending March 31, 2028.

On March 11, 2025, the Corporation signed an amendment to increase the non-repayable contribution by a further \$7,000,000 for the Canadian Genomics Strategy. The amendment is for a period of six years commencing April 1, 2025, and ending March 31, 2031. A maximum of \$787,500 of the contribution can be used towards internal program costs and \$6,212,500 towards 100% of PIC's portion of eligible program costs. The total is not to exceed the lesser of \$7,000,000 or 100% of total Industry Matching Funds obtained by the organization over the six-year period, ending March 31, 2031.

PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2026

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

The Corporation has been approved for \$30,000,000 of funding within the PCAIS Program to support inclusive innovation to advance the commercialization of artificial intelligence applications in Canada. The PCAIS Contribution Agreement was signed on September 13, 2022. ISED Canada committed to fund the Corporation for eligible program and project costs over a four-year period commencing in Fiscal Year 2022/23. In June 2024, the Corporation reduced the total funding within the PCAIS Program to \$20,000,000 over the four-year period ending March 31, 2026.

On March 11, 2025, the Corporation signed an amendment to increase the non-repayable contribution by a further \$8,000,000 for the PCAIS Program. The amendment is for a period of five years commencing April 1, 2022, and ending March 31, 2027. A maximum of \$2,400,000 of the contribution can be used towards internal program costs and \$25,600,000 towards 100% of PIC's portion of eligible program costs. The total is not to exceed the lesser of \$28,000,000 or 100% of total Industry Matching Funds obtained by the organization over the five-year period, ending March 31, 2027.

The amount of ISED contributions varies from year to year based on forecasted operating and project spend, and amounts may be reallocated to other fiscal years within the program term with the written approval from the Minister of ISED.

Project management fees are calculated at 4% of total eligible project costs that PIC provides reimbursement for within the Technology program. Project management fees are invoiced when PIC and the ultimate recipient sign the project cost declaration.

(b) Financial assets and liabilities:

Financial instruments are recorded at fair value on initial recognition. Subsequently, they are recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Corporation has not elected to carry its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2026

2. Significant accounting policies (continued):

(b) Financial assets and liabilities (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Corporation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Corporation expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(c) Project advances receivable:

Project advances receivable consist of funding provided to project members in advance of eligible project costs being incurred. Advances are drawn down and recognized as revenue when a claim for eligible project costs is reconciled and approved by PIC.

(d) Property, plant and equipment:

Property, plant and equipment are stated at cost, less accumulated amortization. Amortization is provided using the straight-line method at the following annual rates:

Asset	Rate
Furniture and equipment	20-45%

(e) Income taxes:

The Corporation is incorporated under *The Non-Profit Corporations Act of Saskatchewan*. Under present legislation, no income taxes are payable on reported income of such corporations.

(f) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the valuation of accounts receivable and project advances receivable. Actual results could differ from those estimates.

PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2026

3. Investments:

Investments consist of Guaranteed Investment Certificates (GICs). PIC has a total of \$2,081,750 (2025 – \$2,000,000) of GIC's; \$519,500 is invested in a 90-day redeemable GIC with a maturity date of September 27, 2026, and a 3.15% interest rate (2025 – \$500,000 with maturity date of September 27, 2025 and a 3.90% interest rate) and \$1,562,250 is invested in non-redeemable GIC with a maturity date of September 27, 2026, and a 3.20% interest rate (2025 – \$1,500,000 with maturity date of September 27, 2025 and a 4.15% interest rate).

4. Accounts receivable and accrued receivables:

	2026	2025
Accounts receivable	\$ 346,877	\$ 206,387
Accrued receivable – interest	8,339	9,937
Accrued receivable – projects	513,525	326,162
	<u>\$ 868,741</u>	<u>\$ 542,486</u>

5. ISED Canada receivable:

The receivable relates to funding confirmed by ISED for contracted and completed projects under the Corporation's Technology and Capacity Programs and for operating expenditures.

6. Project advances receivable:

	2026	2025
Beginning balance	\$ 1,394,412	\$ 1,548,880
Advances paid	10,154,578	3,332,831
Costs reimbursed during the year	(5,090,259)	(3,487,299)
	<u>\$ 6,458,731</u>	<u>\$ 1,394,412</u>

PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2026

7. Accounts payable and accrued liabilities:

	2026	2025
Accounts payable	\$ 3,362,627	\$ 4,454,924
Accrued payable – projects	1,740,731	274,413
Accrued payable – operations	402,552	374,265
	\$ 5,505,910	\$ 5,103,602

8. Deferred contributions:

Deferred contributions represent ISED funding for program costs, for the purpose of providing funding to eligible recipients for future projects and for the payment of the Corporation's subsequent years' operating expenditures. The amounts are recognized as revenue in the period the related expense is incurred.

The change in the deferred contributions balance is as follows:

	2026	2025
Beginning Balance	\$ 14,868,323	\$ 5,124,086
Global Innovation Clusters Program:		
Funding Received	42,924,049	27,794,656
Funding Recognized	(33,681,620)	(20,337,091)
PCAIS:		
Funding Received	11,942,742	6,900,000
Funding Recognized	(6,397,507)	(4,618,328)
Genomics:		
Funding Received	351,812	-
Funding Recognized	-	-
Other:		
Funding Received	-	5,000
Funding Recognized	(5,000)	-
Ending Balance	\$ 30,002,799	\$ 14,868,323

PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2026

9. Commitments:

The Corporation is committed to an office space lease over the next two years as follows:

2027	\$	96,000
2028		96,000

The Corporation invests in projects within the Technology, Capacity, Genomics and PCAIS program streams. Projects are selected through a competitive process and successful proponents enter into master project agreements (MPA) outlining the terms of the investment. The allocation below is the planned allocation between streams but this may change as projects are approved. As of March 31, 2026, remaining commitments for funding by programs and unallocated funding are as follows:

	Remaining commitments	Unallocated funding
Technology program	\$ 53,537,109	\$ 21,751,786
Capacity program	7,336,330	1,118,181
Canadian Genomics Strategy	6,291,950	6,291,950
PCAIS program	11,414,325	2,083,190

PROTEIN INDUSTRIES CANADA INC.

Notes to Financial Statements (continued)

Year ended March 31, 2026

10. Financial risks and concentration of risk:

The Corporation, through its financial assets and liabilities, has exposures to the following risks from its use of financial instruments:

(a) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Corporation is exposed to credit risk with respect to cash, investments, accounts receivable and accrued receivables, ISED Canada receivable and project advances receivable. The carrying amounts of financial assets on the statement of financial position represent the Corporation's maximum credit exposure as at March 31, 2026.

The Corporation's accounts receivable and accrued receivables, ISED Canada receivable and project advances receivable amounts disclosed in the statement of financial position are net of allowance for doubtful accounts \$nil (2025 - \$nil), estimated by management of the Corporation based on previous experience and its assessment of the current economic environment. The Corporation does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash and investments is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies. The credit risk on the ISED receivable is limited as it is a Federal Government department. There has been no change to the risk exposure since the prior period.

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Corporation manages its liquidity risk by monitoring its operating requirements. The Corporation prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposure since the prior period.