

Freshwater Fish Marketing Corporation

THIRD QUARTER FINANCIAL REPORT

(UNAUDITED)

Fiscal 2024/25

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NARRATIVE DISCUSSION

(unaudited)

BASIS OF PRESENTATION

These unaudited financial statements have been prepared in accordance with *International Financial Reporting Standards (IFRS)* and the *Standard on Quarterly Financial Reports for Crown Corporations* issued by the Treasury Board of Canada. These unaudited quarterly financial statements do not include all of the disclosure requirements for annual financial statements. These statements should be read in conjunction with the Corporation's audited financial statement for its fiscal year ended April 30, 2024.

These financial statements have not been audited or reviewed by an external auditor.

The information in this narrative is current to April 11, 2025

MATERIALITY

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

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements about FFMC's strategy and expected financial and operational results. Forward-looking statements are based on the assumption that there is no change to FFMC's current mandate. Key risks and uncertainties are difficult to predict and beyond our control. They include, but are not limited to, economic, competitive, financial, environmental, and regulatory conditions. These factors may cause actual results to differ substantially from the expectations stated or implied in forward-looking statements.

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

OVERVIEW OF THE BUSINESS

FFMC is a self-sustaining federal Crown Corporation, the buyer, processor, and marketer of commercially caught freshwater fish. It remains a top choice for chefs in the United States when picking walleye for their menus. FFMC is the largest and most trusted supplier of lake whitefish and whitefish caviar to Finland, and the number one supplier for buyers of tullibee roe in Scandinavia. FFMC continues to be the dominant supplier to the northern pike market in France with both minced and new product innovations. It is the largest individual supplier of freshwater fish products to the United States gefilte fish market and maintains a kosher certified plant.

In five decades of business, FFMC has established and sustained a solid reputation based on product reliability, quality, and food safety. FFMC is recognized as an industry leader with an internationally established and highly endorsed brand of excellence.

OPERATING HIGHLIGHTS AND ANALYSIS OF RESULTS OVERVIEW OF THE BUSINESS

THREE MONTHS ENDED JANUARY 31, 2024

(in thousands of Canadian dollars)

	January 31, 2025	January 31, 2024	Fiscal 2024/2025 Budget	\$ Change to January 31, 2024	% Change	\$ Change to Fiscal 2024/25 Budget	% Change
Sales revenue	\$ 16,453	\$ 17,623	\$ 20,354	\$ (1,170)	-6.6%	\$ (3,901)	-19.2%
Expenses	21,619	20,499	21,341	(1,120)	-5.5%	(278)	-1.3%
Loss before taxes	(5,166)	(2,876)	(987)	(2,290)	-79.6%	(4,179)	-423.4%
Loss after taxes	\$ (3,863)	\$ (2,156)	\$ (740)	\$ (1,707)	-79.2%	\$ (3,123)	-422.0%

Q3 loss before recovery of income tax was \$5.2 million compared to the 2024/25 planned loss of \$1.0 million and the prior year loss of \$2.9 million

Sales revenue for the three months ended January 31, 2025 was lower by 19.2% from plan and decreased 6.6% from the prior year. Demand for FFMC's premium quality fish products, particularly Lake Whitefish, was impacted by unfavourable macro economic trends as many food service and retail customers opted for lower-priced food proteins during the quarter.

Expenses were 1.3% higher than the budget and 5.5% % higher than last year.

STATEMENT OF FINANCIAL POSITION AS AT JANUARY 31, 2025

The most significant variance from the April 30, 2024 statement of financial position is with respect to loans payable. Loans are higher than prior years due to lower revenues and continuing losses.

STATEMENT OF CASH FLOWS AS AT JANUARY 31, 2025

The January 31, 2025 statement of cash flows shows that \$3.6 million was used in operating activities. The main factors in the use of cash were increases in receivable and the loss for the period.

NINE MONTHS ENDED JANUARY 31, 2025

(in thousands of Canadian dollars)

	January 31, 2025	January 31, 2024	Fiscal 2024/2025 Budget	\$ Change to January 31, 2024	% Change	\$ Change to Fiscal 2024/25 Budget	% Change
Sales revenue	\$ 47,058	\$ 48,696	\$ 52,647	\$ (1,638)	-3.4%	\$ (5,589)	-10.6%
Expenses	53,139	51,314	54,721	(1,825)	-3.6%	1,582	2.9%
Loss before taxes	(6,081)	(2,618)	(2,074)	(3,463)	-132.3%	(4,007)	-193.2%
Loss after taxes	\$ (4,548)	\$ (1,963)	\$ (1,555)	\$ (2,585)	-131.7%	\$ (2,993)	-192.5%

Year to date loss before recovery of income tax was \$6.1 million compared to the 2024/25 planned loss of \$2.1 million and the prior year loss of \$2.6 million.

Sales revenue for the nine months ended January 31, 2025, decreased 10.6% from plan and 3.4% from the prior year. The primary contributors to the decrease in sales revenue from the prior year include inflation eroding the purchasing power of consumers and the cost of food weakening in demand for some of FFMC's products.

Expenses were 2.9% lower than budget and 3.6% higher than last year. Plant operating expenses were higher than last year from higher utility rates, increased cold storage expenses and higher equipment and building maintenance costs for the aging Winnipeg processing plant

OUTLOOK AND RISKS TO PERFORMANCE

The financial target established in FFMC's Annual Plan for FY 2024/2025 is a loss before tax of 2.3 million. FFMC is working diligently to mitigate the inherent risks on its business performance while following government guidance and prioritizing the health and safety of its employees and fishers that supply fish.

MANDATE

FFMC is a Crown Corporation solely owned by the Government of Canada and governed primarily under the

Freshwater Fish Marketing Act (FFMA) and the *Financial Administration Act (FAA)*. The successive withdrawal of provinces as signatories to the *FFMA* and the subsequent transformation process currently in progress regarding the future of the Corporation may create changes to shareholder objectives or legislation that could have an impact on performance. The situation creates uncertainty over the long term.

FISH DELIVERIES

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

Growing numbers of competitive buyers are aggressively expanding their supply chains into FFMC's fish purchasing areas to procure larger volumes of fish. The Corporation is vigorously responding to these actions; however, operational and financial performance is being impacted, and the overall situation is creating increasing challenges to the Corporation.

TRANSFORMATION OF FRESHWATER FISH MARKETING CORP

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

FORWARD-LOOKING STATEMENTS

The unaudited financial statements and the management report contain forward-looking statements that reflect management's expectations regarding FFMC's objectives, plans, strategies, results of operations and performance. Forward-looking statements are typically identified by words or phrases such as "plans", "anticipates", "expects", "believes", "estimates", "intends", or other similar expressions. These forward-looking statements are not facts, but only estimates regarding results of operations, performance and opportunities. While management considers these assumptions to be reasonable based on available information, they may prove to be incorrect. These estimates of future results are subject to a number of risks, uncertainties and other factors that could cause actual results to differ materially from what FFMC expects. These risks, uncertainties and other factors include, but are not limited to, those risks and uncertainties set forth above in the Risks to Performance, as well as in Note 5 – Financial Instruments and Financial Risk Management.

To the extent FFMC provides future oriented financial information or a financial outlook, such as future operational and financial performance, FFMC is providing this information for the purpose of describing future expectations. Therefore, readers are cautioned that this information may not be appropriate for any other purpose. Furthermore, future-oriented financial information and financial outlooks, as with forward-looking information generally, are based on the assumptions and subject to the risks.

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

The forward-looking statements included in this unaudited financial report are made only as of April 11, 2025 and FFMC does not undertake to publicly update these statements to reflect new information, future events, or changes in circumstances for any other reason after this date.

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and fair presentation of these quarterly financial statements in accordance with the Treasury Board of Canada's *Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Reports*, and for such internal controls as management determines is necessary to enable the preparation of quarterly financial statements that are free from material misstatement. Management is also responsible for ensuring all other information in this quarterly financial report is consistent, where appropriate, with the quarterly financial statements.

Based on our knowledge, these unaudited quarterly financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Corporation, as at January 31, 2025, and for the periods presented in the quarterly financial statements.

A handwritten signature in black ink, appearing to read 'S. Lazar', is positioned above the printed name of Stanley A. Lazar.

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

Winnipeg, Canada
April 11, 2025

Statement of Financial Position

AS AT JANUARY 31, 2025
(in thousands of Canadian dollars)
(unaudited)

	January 31, 2025	April 30, 2024	January 31, 2024
ASSETS			
Current			
Cash	-	1,618	811
Accounts receivable	12,717	10,664	13,528
Income taxes receivable	1,515	374	491
Prepaid expenses	220	38	183
Derivative-related assets (Note 10)	-	-	106
Inventories (Note 6)	24,946	21,451	26,989
	<u>39,398</u>	<u>34,145</u>	<u>42,108</u>
Non-current			
Property, plant and equipment & intangible assets (Note 7)	14,117	14,896	21,906
Deferred tax assets	513	512	-
	<u>14,630</u>	<u>15,408</u>	<u>21,906</u>
Total Assets	<u>54,028</u>	<u>49,553</u>	<u>64,014</u>
LIABILITIES AND EQUITY			
Current			
Bank advance	325		
Accounts payable and accrued liabilities (Note 9)	6,103	5,738	8,839
Accrued obligation for employee benefits	690	690	690
Loans payable (Note 10)	41,508	34,008	38,708
Derivative-related liabilities (Note 12)	1,046	211	-
	<u>49,672</u>	<u>40,647</u>	<u>48,237</u>
Non-current			
Deferred tax liabilities	-	-	1,648
Accrued obligation for employee benefits	103	105	106
	<u>103</u>	<u>105</u>	<u>1,754</u>
Equity			
Retained earnings	<u>4,253</u>	<u>8,801</u>	<u>14,023</u>
Total Liabilities and Equity	<u>54,028</u>	<u>49,553</u>	<u>64,014</u>

Contingencies (Note 14)

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

Approved on behalf of the Board of Directors:



Kevin Stringer
Chairperson, Board of Directors

Approved on behalf of Management:



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

Statement of Comprehensive Loss

FOR THE NINE-MONTH PERIOD ENDED JANUARY 31, 2025
(in thousands of Canadian dollars)
(unaudited)

	Three months ended		Nine months ended	
	January 31, 2025	January 31, 2024	January 31, 2025	January 31, 2024
Sales (Note 12)				
Export	14,545	16,187	41,648	43,038
Domestic	1,908	1,436	5,410	5,658
	16,453	17,623	47,058	48,696
Cost of Sales				
Opening inventory of processed fish products	26,090	24,898	19,698	13,725
Add: fish purchases and processing expenses				
Fish purchases	7,519	9,419	23,670	29,211
Plant salaries wages & benefits	3,722	3,855	10,733	11,052
Packaging and storage	1,325	1,386	3,938	3,835
Packing allowances and agency operating costs	760	1,529	3,365	4,759
Freight	634	847	1,826	1,920
Repairs and maintenance, Winnipeg Plant	511	661	1,809	1,919
Utilities and property taxes	257	642	1,279	1,592
Depreciation of production assets (Note 7)	457	440	1,376	1,303
Other	487	32	1,081	1,565
	41,762	43,709	68,775	70,881
Less ending inventory of processed fish products net of write downs (Note 6)	(23,243)	(24,758)	(23,243)	(24,758)
	18,519	18,951	45,532	46,123
Gross profit (loss) on operations	(2,066)	(1,328)	1,526	2,573
Marketing and administrative expenses				
Salaries and benefits	866	915	2,604	2,481
Commissions	311	319	855	879
Data processing, office and professional services	552	402	1,440	1,393
Advertising and promotion	43	64	258	194
Depreciation and amortization of administrative assets (Notes 7)	21	20	64	61
	1,793	1,720	5,221	5,008
Other income and expenses				
Net foreign exchange loss	627	(414)	702	5
Net financial derivative loss (gain)	39	151	215	(55)
Other revenue	(67)	(697)	(1,248)	(2,177)
Other expense	242	209	1,315	1,173
Finance income	(16)	(12)	(61)	(72)
Finance costs	482	591	1,463	1,309
	1,307	(172)	2,386	183
Loss before income tax recovery	(5,166)	(2,876)	(6,081)	(2,618)
Income tax recovery	(1,303)	(720)	(1,533)	(655)
Total comprehensive loss	(3,863)	(2,156)	(4,548)	(1,963)

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

Statement of Changes in Equity

FOR THE NINE-MONTH PERIOD ENDED JANUARY 31, 2025
(in thousands of Canadian dollars)
(unaudited)

	Three months ended		Nine months ended	
	January 31, 2025	January 31, 2024	January 31, 2025	January 31, 2024
Retained earnings at the beginning of the period	8,116	16,179	8,801	15,986
Total comprehensive loss for the period	(3,863)	(2,156)	(4,548)	(1,963)
Retained earnings at the end of the period	4,253	14,023	4,253	14,023

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

Statement of Cash Flows

FOR THE NINE-MONTH PERIOD ENDED JANUARY 31, 2025
(in thousands of Canadian dollars)
(unaudited)

	Three months ended		Nine months ended	
	January 31, 2025	January 31, 2024	January 31, 2025	January 31, 2024
Operating activities				
Comprehensive loss for the period	(3,863)	(2,156)	(4,548)	(1,963)
Add (deduct) items not affecting cash:				
Future tax expense	-	-	(1)	-
Depreciation and amortization	513	495	1,546	1,471
Gain on disposal of property, plant and equipment	-	-	-	(16)
Write-down of inventory	1,522	1,193	2,420	1,472
Increase (decrease) in net derivative-related liabilities / asset	639	(555)	835	(272)
Net changes in non-cash working capital:				
Change in accounts receivable	(3,511)	(3,747)	(2,053)	(3,626)
Change in income taxes receivable	(1,007)	(491)	(1,141)	(491)
Change in inventories	1,307	(1,020)	(5,915)	(12,468)
Change in prepaid expenses	(43)	28	(182)	48
Change in accounts payable and accrued liabilities	869	1,315	365	3,120
Change in income taxes payable	-	(228)	-	(162)
Change in provision for environmental provision	-	-	-	(14)
Change in obligation for employee benefits	-	(2)	(2)	(6)
Cash used in operating activities	(3,574)	(5,168)	(8,676)	(12,907)
Investing activities				
Additions to property, plant and equipment and intangible assets	(121)	(1,409)	(767)	(4,019)
Proceeds on disposal of property, plant and equipment	-	-	-	60
Cash used in investing activities	(121)	(1,409)	(767)	(3,959)
Financing activities				
Loans payable issued	1,800	7,266	8,200	14,966
Repayment of term loans	(234)	(233)	(700)	(700)
Cash provided by financing activities	1,566	7,033	7,500	14,266
Increase (decrease) in cash during the period	(2,129)	456	(1,943)	(2,600)
Cash at the beginning of the period	1,804	355	1,618	3,411
Cash (bank advance) at the end of the period	(325)	811	(325)	811
Supplementary information				
Interest paid	479	342	965	619

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

Notes to the Financial Statements

1. NATURE AND DESCRIPTION OF THE CORPORATION

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

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

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

2. FUTURE OF THE CORPORATION

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

The Corporation continues to manage risks to its business that includes the open-market fish supply environment, shifting market dynamics and geopolitical issues. Management has evaluated these risks and has determined that its plans and strategies are expected to continue to allow the Corporation to operate for the foreseeable future.

In November 2023, the Government of Canada announced its intention to divest of the Corporation via a two-step process, including solicitation of expressions of interest followed by request for proposals. The submission period for the solicitation of expressions of interest ended in April 2024. The request for proposal process was launched in December 2024 and is scheduled to conclude by March 2026. The Government of Canada has stated that the Corporation will continue to operate in accordance with its current mandate during this process. No changes to the Corporation's existing activities are contemplated within its approved 2025-26 to 2029-30 Corporate Plan.

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

3. MATERIAL ACCOUNTING POLICY

3.1 Basis of presentation

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

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

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

The financial statements were approved and authorized for public release by the Board of Directors of the Corporation on April 11, 2025.

3.2 Cash / Bank advances

Cash is composed of deposits held at a Canadian chartered bank. Bank advances represent short-term borrowings from a Canadian chartered bank.

3.3 Accounts receivable

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

3.4 Inventories

Processed fish products are recorded at the actual cost of fish purchases throughout the year plus direct labour and overhead directly related to processing. The Corporation uses a weighted average cost formula to assign fixed and variable overhead costs to processed fish product inventory. At the reporting date inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Inventory write-downs and reversals of write-downs are included in cost of sales in the statement of comprehensive income (loss). Supplies inventory includes spare parts and packaging. Spare parts are measured at lower of cost and net realizable value. The Corporation purchases fish at initial prices established by the Board of Directors based upon operational forecasts prepared by the Corporation and the cost of such purchases is included in cost of sales. Final payments to fisher, if any, are approved by the Board of Directors.

3.5 Financial instruments

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

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

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

3.5.1 Effective interest method

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

3.6 Financial assets

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

3.6.1 Financial assets at fair value through profit or loss (FVTPL)

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

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

3.6.2 Financial assets at amortized cost

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

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

3.6.3 Derecognition of financial assets

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

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

3.7 Financial liabilities

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

3.7.1 Financial liabilities at fair value through profit or loss

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

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

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

3.7.2 Financial liabilities at amortized cost.

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

3.7.3 Derecognition of financial liabilities

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

3.8 Derivative financial instruments

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

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

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

The Corporation does not apply hedge accounting.

3.9 Property, plant and equipment**3.9.1 Asset recognition**

Property, plant and equipment are recorded at cost less accumulated depreciation and any accumulated impairment losses. Costs include directly attributable costs. The cost of self-constructed assets includes the cost of materials and direct labour, and other costs directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after May 1, 2010.

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

3.9.2 Depreciation

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

Buildings:

Lake stations and other building improvements	5 to 65 years
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Plant	40 years
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Equipment:

Machinery and office equipment	3 to 40 years
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Automotive	5 years
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Fresh fish delivery tubs/totes	3 to 10 years
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Vessels	3 to 35 years
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The cost for plant assets being upgraded or purchased that are not yet operational are charged to construction in progress. When the assets become operational, the cost is transferred to the appropriate property, plant and equipment classification and depreciated accordingly.

Freehold land is not depreciated.

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

3.9.3 Subsequent costs

Repairs and maintenance costs are expensed when incurred.

Costs incurred on a replacement part for property, plant and equipment are recognized in the carrying amount of the affected item when the costs are incurred.

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

Any remaining carrying amount of the cost of the previous inspection is derecognized.

3.9.4 Derecognition

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

3.10 Intangible assets

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

3.11 Impairment of tangible and intangible assets

The Corporation assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, or when annual testing for an asset is required, the Corporation estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

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

3.12 Foreign currency translation

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

3.13 Employee benefits

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

Both plans are unfunded defined benefit plans paid on a cash basis by contributions from the Freshwater Fish Marketing Corporation. The accrued obligation for employee benefits represents the actuarially determined net present value of liabilities for these benefits.

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

3.14 Revenue recognition

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

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

3.15 Provisions

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

3.16 Income tax

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

3.16.1 Current tax

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

3.16.2 Deferred tax

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

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

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

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

3.16.3 Current and deferred tax for the period

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

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

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

4.1 Critical accounting estimates

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

4.1.1 Impairment of non-financial assets

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

4.1.2 Inventory valuation allowance

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

4.1.3 Income tax

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

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

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

4.2 Critical accounting judgements

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

4.2.1 Impairment of non-financial assets

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

5. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

5.1 Capital risk management

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

The Corporation defines and computes its capital as follows:

	January 31, 2025	April 30, 2024	January 31, 2024
Retained earnings	4,253	8,801	14,023
Loans payable	41,508	34,008	38,708
	45,761	42,809	52,731

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

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

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

The Corporation's objectives and strategies are reviewed annually during its corporate planning process. The Corporation's overall strategy with respect to capital risk management remained unchanged from the prior year. Final payments to fishers are based on annual comprehensive income before income tax plus annual depreciation less the three-year rolling average of cash purchases of capital assets. As retained earnings are \$4.3 million or 9% of net sales at January 31, 2025, below the minimum 20% threshold required by the Corporation's Retained Earnings and Long-Term Debt Policy, no further final payment is planned. Borrowing levels are forecasted to remain under the legislated borrowing authorities described in Note 9.

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

5.2 Fair value measurements of financial instruments

5.2.1 Carrying amount and fair value of financial instruments

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

5.2.2 Fair value hierarchy

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

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

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

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

The fair value measurement of cash is classified as Level 1 of the fair value hierarchy as at January 31, 2025 and April 30, 2023. The fair value measurements of all other financial instruments held by the Corporation are classified as Level 2 of the fair value hierarchy as at January 31, 2025 and April 30, 2024.

There were no transfers of financial instruments between levels during the year ended January 31, 2023.

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

	January 31, 2025	April 30, 2024	January 31, 2024
Derivative-related liabilities (assets)	1,046	211	(106)

5.3 Financial risk management objectives and framework

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

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

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

5.3.1 Credit risk management

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

Accounts receivable

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

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

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

	January 31, 2025			April 30, 2024		
	Original currency (CAD \$)	Original currency (U.S. \$)	(CAD \$)	Original currency (CAD \$)	Original currency (U.S. \$)	(CAD \$)
Canada	840	-	840	348	54	422
United States	-	6,770	9,806	-	3,944	5,430
Europe	270		270	3,172	-	3,172
Non-trade accounts receivable	1,801		1,801	1,640	-	1,640
			12,717			10,664

At January 31, 2025, five customers represented 59% (April 30, 2024 – 54%) of the trade accounts receivable balance.

Non-trade accounts receivable includes \$968 (2024 – \$983) related to an insurance receivable for insurable costs to repair the MV Poplar River barge, which was damaged in 2022. The balance of non-trade accounts receivables is comprised of GST receivables, fisher and agent advances.

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

The ageing of accounts receivable, net of allowance, is as follows:

	January 31, 2025	April 30, 2024	January 31, 2024
Current 0 - 30 days	9,164	5,316	9,381
Past due 31 - 60 days	959	2,939	1,812
Past due over 61 days	793	769	549
Non-trade accounts receivable	1,801	1,640	1,786
	12,717	10,664	13,528

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

Cash and derivatives

AS AT JANUARY 31, 2025
(in thousands of Canadian dollars)
(unaudited)

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

5.3.2 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its financial obligations as they become due. The Corporation manages liquidity risk by continuously monitoring actual and forecast cash flows to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressful conditions, without incurring unacceptable losses or risking damage to the Corporation's reputation.

5.3.3 Market risk

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

Foreign exchange risk

The Corporation is exposed to currency risk on its sales denominated in US dollars. The Corporation limits its exposure to exchange rate fluctuations between US and Canadian dollars by entering into foreign exchange derivatives. Refer to Notes 10 for further details. The Corporation is exposed to currency risk through its cash, accounts receivable, accounts payable and accrued liabilities, for which a portion is secured with forward contracts as follows:

	January 31, 2025		April 30, 2024		January 31, 2024	
	USD	CAD	USD	CAD	USD	CAD
Cash (bank advance)	(632)	(915)	1,117	1,535	1,044	1,398
Accounts Receivable	6,770	9,806	3,998	5,498	6,931	9,283
Accounts Payable	(61)	(88)	(39)	(54)	(207)	(277)
	6,077	8,802	5,076	6,979	7,768	10,404

Based on the net exposure, including the derivative financial instruments described above and assuming that all other variables remain constant, a hypothetical 10 percent appreciation in the Canadian dollar against the U.S. dollar would result in a decrease in comprehensive income of \$610 (January 31, 2024 – \$780). A hypothetical 10 percent depreciation in the Canadian dollar against the U.S. dollar would result in an increase in comprehensive income of \$610 (January 31, 2024 – \$780).

Interest rate risk

The Corporation is exposed to interest rate risk on its loans payables disclosed in Note 9. The Corporation manages its exposure to fluctuations of interest rates by entering into interest rate swaps, which are approved by the Board of Directors, for its installment borrowings of \$5,808 (January 31, 2024 – \$6,742). The Corporation's remaining exposure to interest rate risk is not significant. Further details on interest rate swaps are included in Notes 9 and 10.

6. INVENTORIES

	January 31, 2025	January 31, 2024
Supplies	1,703	2,231
Processed fish products	23,243	24,758
	24,946	26,989

Inventory write-downs of \$1,522 (2024 – \$1,472) are included in inventory values in the cost of sales. The total costs of sales of \$45,532 (2024 – \$46,123) consists of \$42,317 (2024 – \$42,970) of inventories and \$3,215 (2024 – \$3,153) of storage and freight costs. There is no pledged collateral in respect of inventories. There were no prior write-downs reversed in the current year.

7. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Equipment	Fresh fish delivery tubs/totes	Vessels	Construction in progress	Total
Cost							
Balance at May 1, 2024	336	16,346	27,653	1,536	4,895	1,568	52,334
Additions	51	1,968	1,637	-	-	1,645	5,301
Disposals	-	(4)	(48)	-	-	-	(52)
Balance at April 30, 2024	387	18,310	29,242	1,536	4,895	3,213	57,583
Additions	-	129	567	-	67	4	767
Transfers	-	551	2,666	-	-	(3,217)	-
Balance as at January 31, 2025	387	18,990	32,475	1,536	4,962	-	58,350
Accumulated depreciation							
Balance at May 1, 2024	-	11,212	18,227	1,489	2,153	-	33,081
Depreciation	-	348	1,365	25	173	-	1,911
Disposals	-	(2)	(5)	-	-	-	(7)
Impairment	-	-	5,651	13	1,504	534	7,702
Balance at April 30, 2024	-	11,558	25,238	1,527	3,830	534	42,687
Depreciation	-	301	1,099	9	137	-	1,546
Impairment	-	-	-	-	534	(534)	-
Balance as at January 31, 2025	-	11,859	26,337	1,536	4,501	-	44,233
Carrying Value at April 30, 2024	387	6,752	4,004	9	1,065	2,679	14,896
Carrying Value at January 31, 2024	387	7,131	6,138	-	461	-	14,117

Depreciation expense of \$1,376 (January 31, 2024 – \$1,303) is recorded on the statement of comprehensive loss in cost of sales, \$64 (January 31, 2024 – \$14) in marketing and administrative expenses and \$106 (January 31, 2024 – \$108) in other expenses.

Management used the depreciated replacement cost method to determine the fair value less costs to sell the assets. Land has been valued based on the price/acre of comparable properties. Buildings have been valued using replacement cost estimates of other buildings of like construction. Equipment has been valued based on equipment replacement tables for like equipment. Management has determined the fair value of such measurements to be within the level 2 fair value hierarchy. Management has assigned impairment on a rational basis reducing intangibles to \$nil carrying value and applying impairment to the remaining assets on a pro rata basis.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	January 31, 2025	April 30, 2024	January 31, 2024
Accounts payable	1,410	2,299	3,844
Accrued liabilities	2,077	1,505	3,106
Accrued payroll liabilities	2,616	1,934	1,878
Total accounts payable and accrued liabilities	6,103	5,738	8,828

AS AT JANUARY 31, 2025
(in thousands of Canadian dollars)
(unaudited)

9. LOANS PAYABLE

The loans payable consists of the following borrowing facilities:

	January 31, 2025	April 30, 2024	January 31, 2024
Revolving Loan	35,700	27,500	31,966
Non-revolving installment - 2.70% floating rate option	3,750	4,125	4,250
Non-revolving installment - 2.85% floating rate option	2,058	2,383	2,492
Total loans payable	41,508	34,008	38,708

As at April 30, 2024, the total borrowings of the Corporation may not exceed \$40,800 as authorized by the Minister of Finance.

A \$35,700 (January 31, 2024 – \$31,966) revolving loan renewing on February 6, 2025. The revolving loan was renewed as planned.

A \$3,750 (2024 – \$4,250) non-revolving installment loan repayable in monthly principal payments of \$41.6, plus variable interest.

The Corporation hedged interest rate risk for this loan via an interest rate swap exchanging variable rate interest for fixed rate interest. Under the interest rate swap, the Corporation's loan bears interest at 2.70% if the floating rate option on any reset date is less than or equal to 3.00% or bears interest at 3.57% if it is higher than 3.00%. The loan is repayable on demand.

A \$2,058 (2024 – \$2,492) non-revolving installment loan repayable in monthly principal payments of \$36.1, plus variable interest.

The Corporation hedged this loan for interest rate risk via an interest rate swap exchanging variable rate interest for fixed rate interest. Under the interest rate swap, the Corporation's loan bears interest at 2.85% if the floating rate option on any reset date is less than or equal to 3.15% or bears interest at 3.60% if it is higher than 3.60%. The loan is repayable on demand.

10. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	January 31, 2025	January 31, 2024
Financing liabilities, beginning of the period	34,008	24,442
Additional borrowing	8,200	14,966
Term debt repayments	(700)	(700)
Financing liabilities, end of the period	41,508	38,708

11. DERIVATIVES

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

Interest rate swaps – Transactions in which two parties exchange interest flows on a specified notional amount on predetermined dates for a specified period using agreed-upon fixed or floating rates of interest. Notional amounts upon which interest payments/receipts are based are not exchanged. The Corporation's interest rate swaps are described in Note 10.

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

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

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

12. SALES

Disaggregation of Sales

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

	January 31, 2025	January 31, 2024
North America	42,713	42,453
Europe	3,487	5,766
Asia	858	477
	47,058	48,696

13. RELATED PARTY TRANSACTIONS

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

Certain members of the Board of Directors and their closely related family members are fishers who sell their catch to the Corporation. These transactions are measured at fair value and were incurred during the normal course of business on similar terms and conditions to those entered with unrelated parties.

Compensation of key management personnel

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

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

	January 31, 2025	January 31, 2024
Total compensation paid to key management personnel	941	950

14. CONTINGENCIES

The Corporation has initiated legal proceedings for an uninsured loss recovery related to a third-party contractor's negligence during routine maintenance performed on the MV Poplar River in 2022. FFMC's preliminary estimate is a potential recovery of \$4,000. The outcome of the legal claim has not been recorded in the financial statements. The proceeds of the claim will be recorded when any proceeds are considered likely.