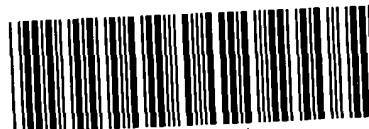

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD ENDED 2 JANUARY 2022**

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NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors

D T Aherne
D L Cassiano-Silva FCA
T J Downes
K D Rasmussen
C G Rorem CPA

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NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

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NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STRATEGIC REPORT
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

Introduction**Principal activities**

The principal activity of New England Seafood International Limited ('NESI' or the 'Company') is the import and processing of premium fish from sustainable sources around the world. These are marketed through retail, food service, and wholesale distribution channels to fulfil consumers' growing demands for the health and lifestyle benefits of eating fish.

Business review

The first full year of our ownership within the group headed by Sealaska Corporation ('Sealaska' or the 'Sealaska Group') was achieved in 2021, following Sealaska's purchase of NESI in October 2020. Sealaska is an Alaska Native Corporation owned by more than 22,000 Tlingit, Haida, and Tsimshian shareholders with business interests in sustainable foods, natural resources and land management, and environmental services. These financial statements cover the 52-week period ended on 2 January 2022 ('2021'), while the comparative period is for the 61-week period ended 3 January 2021 ('2020').

Being part of a large international group has started to provide the expected opportunities, with NESI designated as the foundation of the group's global fish business. Substantive progress was made on both NESI's international and domestic expansion in 2021. Within the UK, we completed the purchase of a factory site adjacent to our existing facility in Grimsby, providing a footprint for expansion of state-of-the-art efficient volume production as UK sales volumes grow. This c £3.3m purchase was funded through internally generated cash flows. Internationally, we identified two like minded companies in Iceland in IceMar ehf. ('IceMar') and AGS Holding ehf. ('AGS') in which we completed equity investments in February 2022. Funding for these acquisitions was provided by the Sealaska Group in 2021 through a group loan facility against which we drew £4.5m in the period. These acquisitions significantly enhance our access to, and knowledge of, primary markets for several of our species (including cod and haddock) and provide a source of competitive advantage. Furthermore, they increase access to important North American and European markets.

This in-depth market understanding and access to raw materials has never been more relevant than today when the UK is facing an unprecedented level of uncertainty in the cod and haddock markets stemming from the recent Russian invasion of Ukraine. While the impact has yet to be fully understood, the 35% tariff on Russian imports and negative sentiment towards Russian products has created significant raw material demand from alternative countries and consequently price inflation in several raw materials including cod, haddock and pollock, staple whitefish products in the UK. Our collaborations with IceMar, AGS and a strategic supplier in Norway are ensuring access to raw material at what we believe will be competitive market prices to continue to allow us to provide unhampered service and a consistency of quality for our customers. While prices must inevitably rise, by combining our buying and category knowledge, we strive to work with our customers to create a compelling consumer offering across all our species that can help to mitigate some of the inflationary impacts and ensure that healthy delicious fish remains relevant at this time of upheaval.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

Trading during the year continued to reflect the challenging environment caused by the coronavirus pandemic ('COVID') and subsequent rapid consumer price inflation as the world opened up again. The first quarter was impacted by the third UK lockdown and subsequently by a gradual re-opening and lifting of restrictions. This pattern provided a buoyant start to the year in our retail business, followed by an increasing foodservice contribution. Overall, and because our business is predominantly in retail, the impact has been less favourable than 2020 where COVID produced a more significant boost to results. The later part of 2021 and Q1-2022 has been characterised in the UK by the rising impact of inflation as COVID restrictions eased. This supply driven inflation reflects multiple factors coming together at the same time, including shipping container and raw material availability (either due to reduced open sea fishing or lower farm stocking rates) and rising energy costs in gas, electricity, and fuel. These were compounded by significant pressures on labour costs as the UK re-opened and demand increased across catering and manufacturing, sourcing from a reduced labour pool due to retirements and emigration following BREXIT. Planned national insurance rate rises in April 2022 will further compound these challenges, as will the inevitable increase in the Bank of England base lending rate which is now at 0.75% and is predicted to rise during 2022. While inflation in customer and ultimately consumer prices was inevitable given the scale and nature of the supply driven inflation, the combination of a clear category strategy, strong private label relationships, and a developing brand offer are allowing us to work through this challenging area with our customers. We remain focused on building penetration and value in the species that we offer through physical and digital channels, supporting our customers, and staying true to our vision of showing people how to enjoy our fish every day. Being an ever more consumer and category led business, the ability to better support our customers to realise the untapped value potential of the fish category is key to success in this environment.

Due to the above factors and most notably inflationary pressures in the second half of the year which were only reflected in higher customer prices in 2022, EBITDA (being earnings before interest, tax, loss on disposal of tangible fixed assets, depreciation, and amortization) for 2021 was £5,449,000 (comparative 61 week period £7,728,000) compared to an equivalent 52 week period during 2020 of £6,624,000. EBITDA is the key financial performance indicator ('KPI') of the Company.

The recent trading environment has also confirmed to us that our core values of sustainability, ethics, and care for the environment remain central to the success of our business and that of our customers. Sealaska shares these values and has a natural alignment to protecting the land and sea as the heritage of the people it serves. We continue to work with our customers and our suppliers to ensure that we are sourcing our fish responsibly from sustainable and well managed wild fisheries and aquaculture systems, and that all those who work in our supply chains are treated fairly and with dignity and respect. Our work in this area via our effective and highly engaged cross functional ethics committee and our industry leading sustainability work is recognised by our customers, notably on the latter by their awarding us the 2021 MSC UK Retail Supplier of the Year award. We last won this award in 2018 and it is very special to us – it is voted for by our customers and shows how tangible and valuable our expertise and contributions are to them. NESI continues to commit its full energy and resources to these agendas, which require steadfast commitment and engagement with an appropriate overhead allocation.

We are positioned for growth in our domestic UK market and for international expansion with the support of Sealaska. While careful overhead control is very important to our business model and we work hard to make our processes more efficient wherever possible, this objective requires bold overhead choices to create the capacity in the organisation to support expansion. A significant milestone this year was the appointment of a new UK managing director to lead the NESI UK business and permit our CEO to focus more of his time on the moves that both strengthen our core business as well as facilitating the international agenda. We have also invested further in our people, who are the lifeblood of the organisation, through the appointment of a high calibre international human resources director.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

The safety and welfare of our people has been our number one priority during COVID in 2020 and 2021 and continues to be so today. We implemented strict controls and processes at our sites in 2020 and 2021, with increased hygiene, social distancing, reporting and monitoring of symptoms, internal track and trace processes, and lateral flow testing. Where our colleagues have been infected by the virus or required to isolate, we implemented a COVID sick pay scheme to support them and their families to provide a much-needed safety net. These measures have been supplemented by additional investment in screens, changing and canteen facilities, temperature monitoring, PPE and other equipment to create the safest possible operating environment. Whilst no COVID mitigation strategy can be 100% effective all the time, the quality of the processes that have been implemented have been acknowledged by our local authorities and public health initiatives. At the date of this report, the UK has lifted all substantive COVID restrictions and measures and is moving into the 'new normal' where we learn to live with COVID. We welcome this move and are fully committed to ensuring the successful return to a more normal way of working. We are working closely with our local health authorities as we design and manage changes to our policies and procedures.

The macro-economic forecast is challenging, with rising inflation and interest rates, currency volatility, labour shortages, slower growth, potential ongoing international supply chain disruptions from COVID, and the impact of the war in Ukraine. Therefore, it is difficult to predict the future of the business. By doing the right things in our business, focussing on the consumer and category to provide the right products at the right prices, and ensuring that our business is conducted in the most ethical, sustainable, and environmentally friendly way, we give ourselves the very best chance of success. Sealaska shares these values and together we believe we are well positioned to both navigate the challenges coming our way while capitalising on the inevitable opportunities that also exist. We remain committed to our vision of showing people how to enjoy our fish every day and the strategies that have been identified to support its delivery. We continue to invest in developing the category through a combination of private label and our brands to meet the varying consumer needs and occasions, whilst investing in equipment to drive yield and labour efficiency which will help support our volume growth. Setting the business up for the new ways of working post COVID is also a key focus, as we determine the appropriate balance of bringing people together in an office environment, and the flexibility of working from home and meeting up as teams in more varied locations. Finally and most importantly, it is the people that make NESI. We are privileged to work with such talented and committed colleagues who buy into and give so much in the pursuit of our vision. Our ambitious people agenda recognises that great people have choices. We are committed to providing a work place and environment where people can get on and progress their careers and lives in line with our core purpose of enhancing lives through fish. Our exceptional people and a clear vision and strategy means that we remain cautiously optimistic about the future and look forward to 2022 and beyond, recognising that the next trading period will be far from straightforward.

Principal risks and uncertainties

The board is accountable for the management of risk. The directors continually assess risk with the aim to provide reasonable, but not absolute, assurance that the Company's assets are safeguarded, the risks the business faces are mitigated, and that senior management receive appropriate reporting of risk related matters. The board processes and internal control systems ensure that regular reviews are conducted of risk management effectiveness.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

Our principal risks are managed in a range of ways, including:

- **Inflation:** The UK is experiencing the highest levels of inflation for the last 30 years, with CPI at 6.2% in February 2022 and forecast to reach 10% in the latter half of 2022. This inflation mainly reflects supply side factors in multiple markets, including labour, energy, oil, shipping, and raw materials, which have been exacerbated by the recent Russian invasion of Ukraine. While the Company has done everything possible to mitigate the impact of this inflation, the level of inflation is so significant that customer and ultimately consumer prices have necessarily increased. Due to the unprecedented level of inflation, further price increases cannot be ruled out. This increase is in common with other suppliers in the meat, fish, and poultry sector and also across the wider consumer basket. We believe that our products are well placed in the market to meet consumer demands for high quality, innovative, sustainable, delicious seafood, which is responsibly sourced and meets the demands of an increasing population. While in the medium to longer term we believe that these factors will prevail with the macro trends in health and sustainability prevailing, the short-term impact on relative pricing, competitor strategy and consumer purchasing patterns has yet to be fully understood. There is a risk that the uncertainty caused by macroeconomic factors may be adverse to our business if customers either reduce their consumption generally, or trade down into lower priced protein or other products.
- **Relentless focus on our customer's success:** We monitor closely the effectiveness of our category and consumer focused approach designed to build continuous improvements for our customers and their consumers, based on our solid foundation of strong CSR and sustainability credentials. Measurement against business plans and key performance metrics such as service levels and product availability demonstrate achievements.
- **Our health and safety agenda (including food safety)** has prominence in all management and board meetings and in our day to day lives. We continue to upgrade our capabilities, develop knowledge of best practice, and encourage everyone to participate in making our working environment safe and healthy.
- **Quality of raw material and food safety:** We invest significant time and cost in building strong supplier relationships, many of which have existed for many years. The members of our highly regarded CSR team spend much of their time travelling the world seeking new supply sources and supporting our suppliers to develop their business processes and capabilities so that we can deliver industry leading product quality for our customers. While travel restrictions have been in place as a result of COVID, this interaction has continued through a combination of video and other communication means. With COVID restrictions easing, we are starting to return to more in person interactions with very positive results. Our technical team focuses on challenging our business processes in all aspects of quality and food safety through a variety of review and auditing techniques. We are proud of the continued high ranking our products and processes achieve against industry comparators and in feedback from customers, suppliers, and from a wide range of third party audits.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

- **Talent:** Developing highly motivated colleagues who understand the contribution they can make to deliver the vision for the business is a key responsibility and focus for our senior management and our human resources. Providing the appropriate tools for our people to work effectively and efficiently requires constant investment and, we believe, contributes to our ability to attract the best talent and to provide exciting roles in the business. To this end we have also significantly increased our training efforts across all parts of the business. NESI is now bringing through our future managers who have an understanding of the wider business environment and the tools to lead and manage effectively in a constantly changing world. How our people work following the recent changes in legislation in the UK and development of COVID is also a key area of focus. We are working on an organisation design that balances flexible working practices which have developed during COVID, with ensuring that colleagues are immersed in what the Company stands for, its ways of working and the intangible aspects of the business.
- **Labour availability and cost:** Following BREXIT and during the last two years where the UK has been managing the changing risks of COVID, there has been a material change in the labour market where we typically recruit and retain our production colleagues. In particular, retirements from the labour force and competition across multiple sectors (including, inter alia, catering, warehousing, and manufacturing industries) has reduced the available labour pool while increasing wages at significantly above inflation. The Company has responded by ensuring that pay is maintained at appropriate market levels, while providing other benefits and working conditions which differentiate us in the market and aim to make us the employer of choice. This is informed by regular staff surveys, employee engagement sessions, and capital expenditure where appropriate.
- **IT systems:** We continue to invest to ensure we sustain robust, secure and reliable IT systems. The ability of suppliers and customers to interact seamlessly with us is essential. This is supported by fully backed-up data, regular testing of contingency cover, and strong relationships with our IT service providers.
- **Foreign currency:** The Company enters into transactions in sterling and foreign currencies. Currency risk is managed through policies and procedures designed to control and monitor the extent and use of forward foreign exchange contracts. These contracts, and the Company's other financial transactions, are placed with high quality financial counterparties. The Company uses forward currency purchases which mature at specific future dates to reduce the price variability of raw materials purchased in currencies and to give our customers stability in pricing. Accounting convention requires these contracts to be marked to market at the balance sheet date and the effect of this is shown within the Other Comprehensive Income section of the Statement of Comprehensive Income.
- **Credit risk:** To manage credit risk arising from trade debtors the directors set credit limits for customers based on a combination of payment history and third-party credit references. Payment performance, levels of debt against credit limits, debt ageing, and collection history are constantly monitored. Where appropriate we mitigate default risk by operating credit insurance.
- **BREXIT risk:** The changing business environment stemming from the UK's exit from the European Union ('BREXIT') presents risks and opportunities for the Company. While the initial phase following the UK's withdrawal from the EU on 1 January 2021 is over, there remain unresolved challenges around the customs processes on import and export, along with social and macroeconomic uncertainty which could impact the business adversely in the future. In particular, there remains a risk that future changes to tariffs or processes may be adverse to our business.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE 52 WEEKS ENDED 2 JANUARY 2022

- **COVID risk:** COVID has impacted the Company in several aspects of our business. These risks are constantly changing as the pandemic evolves, most recently with the cessation of free testing (from 1 April 2022) and the legal requirement to self-isolate (from 24 February 2022). In summary, the principal ongoing risks arising from COVID for the Company are (1) risks to our colleagues' health and safety which have been managed by our operational changes and capital investment, (2) risks to the supply of our products through disruption in our factories, which have been managed by a combination of controls and processes to reduce the risk of virus transmission through early identification, testing and tracking, social distancing, effective hygiene, and investment in PPE and capital expenditure, (3) risks to the supply of raw materials, the majority of which are imported, which are mitigated by a diverse, and well managed supply base and (4) the changing working expectations and practices which have developed over the last two years, which are mitigated by an updated and evolving organisation design and office working environment (see Talent above). While no COVID mitigation strategy can be 100% effective all the time, the directors believe that the processes that the Company has implemented provide a safe working environment for our colleagues allowing the business to continue supplying high quality fish products, helping to show people how to enjoy fish every day.

Our corporate and social responsibilities

We work closely with our customers and suppliers to help them achieve their sustainability goals. This includes supporting their efforts in auditing and improving supply chains, sharing knowledge and assessments of risk on a species and location basis, and aligning their requirements with practical actions in local circumstances.

We value highly the reputation we have built from years of effort developing and improving the management and practices of the fisheries across the globe with which we trade. We continue to invest in their development. Our sustainability team and other leaders in our business inform, educate, and share ideas with stakeholders across the world. We are active in helping a wide range of parties to understand the changing consumer trends and increased regulations and how to react to these positively to deliver a more sustained market for their products and success for their local communities.

We support apprenticeships and programmes to assist the disabled and long term unemployed back into the workplace in appropriate roles. We have a thriving community of employees and consider diversity and continuous development to be fundamental to the success of the business. We continue to extend our community involvement. Charitable activities are encouraged and our colleagues have run events to raise money for a number of good causes.

We conduct regular briefing sessions with all employees to provide up to date information on the financial and economic factors affecting the Company (and wider Sealaska Group) and our markets. Employees also have representative committees at which their views are taken into account and fed into our decision-making processes.

In accordance with Section 54 of the Modern Slavery Act 2015 the board has prepared a Transparency Statement which can be viewed on the Company's web site.

Key Stakeholders and Section 172

The directors acknowledge their duty under Section 172 of the Companies Act 2006 and consider that they have, both individually and collectively, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefits of its members as a whole. In doing so, they have had regard (amongst other matters) to:

The likely consequences of any decision in the long term

The board undertook a detailed review of its three-year strategy and plans during the period, including its financial strategy which formed the basis of the updated financial forecasts and budgets, resource plans, and investment decisions.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

The interests of the Company's employees

The board considers the Company employees to be primary stake holders of the Company under s172. The board is keen to retain its employees and appreciates their dedication to the Company, recognising the importance of developing and maintaining talent to the wider success and longer term strategic objectives of the Company. Our senior leaders are engaged in the business objectives and strategy through their participation in our planning process, including the three-year plan, and motivated by competitive remuneration packages.

The way we engage with our shareholders and the need to act fairly as between members of the Company

The board considers its ultimate parent company, Sealaska, to be the key stakeholder of the Company and is focused upon long-term value for their benefit, and that of our minority shareholders. The board includes representatives of Sealaska who are familiar with the business and actively participate in the good governance of the Company and its strategic plans. We further share our published results, monthly management accounts and various other key financial and non-financial reports to help Sealaska inform its group strategy, and to communicate and engage with its shareholders.

The need to foster the Company's business relationships with suppliers, customers and others

The board has a long history of collaborating with its suppliers and these relationships have been critical to the Company's success – the quality of our raw materials and food safety are central to our product offering, where we source from suppliers who are approved by our retail customers for their private label products. We are organised in a matrix structure that places our species at the heart of our business as pillars around which the wider business functions are organised. This engenders a strong relationship at senior management level with the supply chain for the relevant species, which we believe is important to ensuring we have access to raw materials of the appropriate quality at competitive pricing. This allows us to develop the market for our finished products, in turn supporting our suppliers in delivering their strategic objectives. We also support our suppliers in their business practices and capabilities through our CSR team, ensuring that collectively we can deliver industry leading products that meet the relevant standards, such as MSC and ASC where relevant.

Customers are our number one priority and we know that to be successful they must remain ahead of their competition in every way. When we serve our customers we remember that it is they who pay our salaries at the end of each month, therefore to remain competitive and their first choice we have to supply our customers with products and service that continually beat our competition. We must understand our customers really well; we have to inspire them and maintain great and enduring relationships with them, across all areas of our business.

The impact of the Company's operations on the community and the environment.

Our Company philosophy is to care for our oceans and the planet by sourcing fish sustainably and responsibly and by taking meaningful steps to reduce our environmental impact. Consideration of the impact on the environment on our day-to-day operations and how this can be minimized is central to how our business is run. Recycling considerations are just one example of considerations that we take when assessing decisions on packaging solutions and future strategic investments.

The desirability of the Company maintaining a reputation for high standards of business conduct

The Company strives to behave in a responsible manner by operating to a high standard of business conduct and good corporate governance. We believe this is inherent in everything we do and we ensure that we maintain high ethical standards in all our dealings. This includes transparency in our supply chains, which is well documented in our Modern Slavery Statement, available at our website at www.neseafood.com.

This report was approved by the board on 30/3/2022

and signed on its behalf.


D T Ahern
Director

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**DIRECTORS' REPORT
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

The directors present their report and the audited financial statements for the 52 weeks ended 2 January 2022.

Principal activity

The Company's principal activity is the import and processing of premium fish from sustainable sources around the world. These are marketed through retail, food service, and wholesale distribution channels to fulfill consumers' growing demands for the health and lifestyle benefits of eating fish.

Results and dividends

The profit for the period, after taxation, amounted to £5,124,000 (*61 weeks ended 3 January 2021: £3,034,000*).

The directors did not recommend the payment of a dividend for the year (*61 weeks ended 3 January 2021: £700,000*).

Directors

The directors who served during the period were:

D T Aherne
D L Cassiano-Silva FCA
T J Downes
K D Rasmussen
C G Rorem CPA

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, the Directors' Report and the audited financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare audited financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the audited financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the audited financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of audited financial statements may differ from legislation in other jurisdictions.

Future developments

There are no significant changes expected in the future activities of the Company other than as disclosed in note 34. Further details are provided in the Business review section of the Strategic Report.

Employee involvement

The Company places considerable value on the awareness and involvement of its employees in the Company's performance. Within bounds of commercial confidentiality, information is disseminated to all levels of staff about matters that affect the progress of the Company and that are of interest and concern to them as employees.

Directors' statement of compliance with duty to promote the success of the Company

The directors are mindful of their statutory duty to act in the way they each consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, as set out in our 172(1) statement in the Strategic Report. A consideration of the Company's relationship with wider stakeholders, including suppliers and customers, is also disclosed in the same statement.

Qualifying third party indemnity provisions

The directors have the benefit of the indemnity provisions contained in the Company's Articles of Association (the 'Articles'), and the Company (directly, or by way of policies arranged through the Sealaska Group) has maintained throughout the year directors' and officers liability insurance for the benefit of the Company, the directors, and its officers.

Streamlined Energy & Carbon Reporting Scheme (SECR)

We know we need to be driven, resourceful, and imaginative in how we play our part in reducing the impact of climate change. The NESI board is fully committed to making a difference within and beyond our business activities, an approach which is shared throughout the Sealaska Group. We recognise that the measurement and reduction of carbon emissions becomes increasingly important for the business in the short term and into the future. Working with like-minded suppliers is key to our continuing success, as demonstrated by NESI's efforts to apply this approach to sustainable fish sourcing.

1. Renewable energy

79.9% of the electricity used during the reporting period was sourced from renewables. This includes energy that is generated at the Grimsby site through solar panels, as well as purchased renewables that are certified by Renewable Energy Guarantees of Origin (REGO) certificates. From April 2021, all of our electricity has been from renewable sources.

2. Electricity Usage

A number of energy efficiency actions have taken place at our Chessington site during the reporting period. These include replacing various aged external freezers for newer, more energy efficient models, and the roll out of LED lighting. This follows the investment we made in LED lighting in 2020 at our Grimsby site.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 2 JANUARY 2022

3. Water Usage

Water usage has been reduced at our Grimsby site by fitting flow control valves on each of our lines so they are not left to run. A flow control valve is also fitted on the outside of the factory to reduce leakages. Stoppers have been added to each corner of every dolav which has also prevented losses. At Chessington our new tray wash machine has reduced water consumption. Moreover, water defrosting is no longer part of our normal procedure, helping to save water. We are continuously working on making utility reductions at both sites by recording our monthly water usage and identifying improvement areas.

Streamlined Energy & Carbon Reporting Scheme (SECR) Details

The Company is reporting against the Streamlined Energy and Carbon Reporting (SECR) framework for the second time. The reporting period is 1 January 2021 – 31 December 2021, being the 12-month period ended at the accounting reference period end.

An operational control approach has been used to assess emissions in line with the ISO 14064-1:2018 standard. The assessment uses 2021 emission conversion factors published by the Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Business, Energy & Industrial Strategy (BEIS). The assessment follows a location-based approach for assessing scope 2 emissions from electricity usage.

The Company's total energy consumption for 2021 was 8,653,902 kWh (2020: 8,690,033 (*restated – refer below*)). This includes the Company's electricity and natural gas usage in its two sites, as well as transport fuels for vans and grey fleet.

The total scope 1 and 2 carbon emissions associated with the Company's reported energy use and fugitive emissions from refrigerant leaks, as well as scope 3 business travel are 2,531 tonnes CO₂e as follows:

| Scope | 2021 | 2020 (Restated) |
|---|-------|--------------------|
| 1 | 657 | 437 |
| 2 | 1,690 | 2,129 |
| 3 | 184 | 119 |
| Total Gross Location-Based Emissions (tonnes CO ₂ e) | 2,531 | 2,685 |
| Tonnes CO ₂ e per £million turnover | 16.7 | 17.5 |

The 2020 emissions were previously reported at 1,280 tCO₂e and have been restated due to a clerical error in determining the energy consumption for the Company, which understated the total kWh usage by 5,169,168 kWh at 3,520,865 kWh. The correct 2020 energy consumption was 8,690,033 kWh. After revising the energy consumption, the reported scope 2 emissions have increased from 724 tCO₂e to 2,129 tCO₂e for the 2020 reporting period, with total emissions increasing by the same amount from 1,280 tCO₂e to 2,685 tCO₂e.

Post balance sheet events

Details of significant events subsequent to the period end are provided in note 34 to the financial statements.

Disclosure of information to auditors

The directors confirm that:

- so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

Auditors

The auditor, Grant Thornton UK LLP, is deemed to be reappointed in accordance with Section 485 of the Companies Act 2006 by virtue of an elective resolution passed by the members on 1 January 2014.

This report was approved by the board on 30/3/2022 and signed on its behalf.


D L Cassiano-Silva FCA
Director



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW ENGLAND SEAFOOD
INTERNATIONAL LIMITED**

Opinion

We have audited the financial statements of New England Seafood International Limited (the 'Company') for the 52 weeks ended 2 January 2022, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 2 January 2022 and of its profit for the 52 weeks then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. 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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the Company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW ENGLAND SEAFOOD
INTERNATIONAL LIMITED (CONTINUED)**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial 52 weeks for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW ENGLAND SEAFOOD
INTERNATIONAL LIMITED (CONTINUED)**

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the Company'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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 Auditors' 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 ISAs (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW ENGLAND SEAFOOD
INTERNATIONAL LIMITED (CONTINUED)**

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (FRS 102 and the Companies Act 2006).
- We have considered the impact of the sanctions against Russia on the company's operations, customer base and credit risk as well as the possibility of further more restrictive sanctions being imposed and nothing has come to our attention to suggest that the operations or the liquidity of the company has been adversely affected directly by the current political and economic situation other than the negative impact on inflation. We have considered management's assessment of the sanctions impact on the company's operations.
- We enquired of management, and those charged with governance, concerning the company's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We corroborated the results of our enquires to relevant supporting documentation including board minutes.
- We assessed the appropriateness of the collective competence and capabilities of the engagement team including consideration of the engagement team's:
 - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;
 - knowledge of the industry in which the client operates;
 - understanding of the legal and regulatory requirements specific to the entity including the provisions of the applicable legislation, the regulators rules and related guidance, including guidance issued by relevant authorities that interprets those rules and the applicable statutory provisions.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW ENGLAND SEAFOOD
INTERNATIONAL LIMITED (CONTINUED)**

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the company's operations, including the nature of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
 - the applicable statutory provisions;
 - the company's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including management's knowledge of relevant laws and regulations and how the company is complying with those laws and regulations, the adequacy of procedures for authorisation of transactions, and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur and the risk of management override of controls. Our audit procedures included:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on material manual journals, those posted directly to cash and revenue;
 - challenging assumptions and judgements made by management in its significant accounting estimates;
 - assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed noncompliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- We did not identify any matters relating to non-compliance with laws and regulation and fraud



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NEW ENGLAND SEAFOOD
INTERNATIONAL LIMITED (CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Grant Thornton UK LLP

Amrish Shah BSc FCA
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading
Date: 30/3/2022

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

| | Note | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|--|-------------|---|---|
| Turnover | 4 | 151,532 | 176,076 |
| Cost of sales | | (131,580) | (150,634) |
| Gross profit | | 19,952 | 25,442 |
| Distribution costs | | (2,742) | (2,973) |
| Administrative expenses | | (14,226) | (17,902) |
| Other income | 9 | 175 | 167 |
| Operating profit | 5 | 3,159 | 4,734 |
| Interest payable and similar expenses | 10 | (215) | (250) |
| Profit before tax | | 2,944 | 4,484 |
| Tax credit/(charge) on profit | 12 | 2,180 | (1,450) |
| Profit for the financial period | | 5,124 | 3,034 |
| Other comprehensive income for the period | | | |
| Fair value movement on derivatives net of deferred tax | | 601 | 1,023 |
| Other comprehensive income for the period | | 601 | 1,023 |
| Total comprehensive income for the period | | 5,725 | 4,057 |

There were no recognised gains and losses for 2021 or 2020 other than those included in the Statement of comprehensive income.

The results are from continuing operations in the current and prior period.

The notes on pages 22 to 47 form part of these financial statements.


NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED
REGISTERED NUMBER:02565953

STATEMENT OF FINANCIAL POSITION
AS AT 2 JANUARY 2022

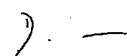
| | Note | 2 January 2022 £000 | 3 January 2021 £000 |
|---|------|---------------------------|---------------------------|
| Fixed assets | | | |
| Intangible assets | 14 | 520 | 633 |
| Tangible assets | 15 | 13,456 | 10,585 |
| | | <u>13,976</u> | <u>11,218</u> |
| Current assets | | | |
| Stocks | 17 | 19,283 | 22,485 |
| Debtors: amounts falling due within one year | 18 | 15,098 | 13,652 |
| Cash at bank and in hand | 19 | 6,432 | 2,980 |
| | | <u>40,813</u> | <u>39,117</u> |
| Creditors: amounts falling due within one year | 20 | (26,900) | (28,218) |
| Net current assets | | <u>13,913</u> | <u>10,899</u> |
| Total assets less current liabilities | | <u>27,889</u> | <u>22,117</u> |
| Creditors: amounts falling due after more than one year | 21 | (1,427) | (1,525) |
| Provisions for liabilities | | | |
| Deferred tax | 25 | (325) | (180) |
| Net assets | | <u><u>26,137</u></u> | <u><u>20,412</u></u> |
| Capital and reserves | | | |
| Called up share capital | 27 | 76 | 76 |
| Share premium account | 28 | 475 | 475 |
| Hedging reserve | 28 | 11 | (590) |
| Merger reserve | 28 | (1,091) | (1,091) |
| Profit and loss account | 28 | 26,666 | 21,542 |
| | | <u><u>26,137</u></u> | <u><u>20,412</u></u> |

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 30/3/2022

D T Aherne
Director



D L Cassiano-Silva FCA
Director



The notes on pages 22 to 47 form part of these financial statements.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

| | Called up share capital | Share premium account | Hedging reserve | Merger reserve | Profit and loss account | Total equity |
|---|--|--------------------------------------|----------------------------|---------------------------|--|-------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| At 4 January 2021 | 76 | 475 | (590) | (1,091) | 21,542 | 20,412 |
| Comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 5,124 | 5,124 |
| Fair value movement on derivatives net of deferred tax | - | - | 601 | - | - | 601 |
| Total comprehensive income for the period | - | - | 601 | - | 5,124 | 5,725 |
| At 2 January 2022 | 76 | 475 | 11 | (1,091) | 26,666 | 26,137 |

The notes on pages 22 to 47 form part of these financial statements.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE 61 WEEKS ENDED 3 JANUARY 2021**

| | Called up share capital | Share premium account | Hedging reserve | Merger reserve | Profit and loss account | Total equity |
|--|--|--------------------------------------|----------------------------|---------------------------|--|-------------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 |
| At 1 November 2019 | 76 | 475 | (1,613) | (1,091) | 19,208 | 17,055 |
| Comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 3,034 | 3,034 |
| Fair value movement on derivatives net of deferred tax | - | - | 1,023 | - | - | 1,023 |
| Total comprehensive income for the period | - | - | 1,023 | - | 3,034 | 4,057 |
| Transactions with owners | | | | | | |
| Dividends: Equity capital | - | - | - | - | (700) | (700) |
| Total transactions with owners | - | - | - | - | (700) | (700) |
| At 3 January 2021 | 76 | 475 | (590) | (1,091) | 21,542 | 20,412 |

The notes on pages 22 to 47 form part of these financial statements.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

1. General information

New England Seafood International Limited is a private company limited by shares and incorporated in England and Wales. Its registered head office is located at 48 Cox Lane, Chessington, Surrey, KT9 1TW.

In common with most companies in the food manufacturing sector, the Company manages its business by reference to calendar weeks. As per the Companies Act s390, the financial period may begin or end on dates which are not more than seven days before or after the accounting reference date, which is 31 December for the Company. As such, the 2021 fiscal period ends on 2 January 2022 and the financial statements have accordingly been prepared to this date. The prior period was a 61 week period ended 3 January 2021.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The financial statements are presented in Sterling (£). The functional currency of the Company is Sterling (£).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d).

This information is included in the consolidated financial statements of Sealaska European Holdings Limited as at 31 December 2021 and these financial statements may be obtained from Companies House.

2.3 Exemption from preparing consolidated financial statements

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements therefore present information about the company as an individual undertaking and not about its group.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

2. Accounting policies (continued)**2.4 Going concern**

The economic uncertainty and challenges in the UK, and globally, are unprecedented and constantly evolving. A year ago the principal challenges were BREXIT and how to deal with the COVID pandemic; the challenges now are how to emerge from the pandemic and live with COVID, while managing through the economic challenges that COVID has caused in terms of inflation, supply chain disruption, workforce availability and changing consumer choices. These challenges are compounded by the recent Russian invasion of Ukraine. While risks emerge from this unsettled competitive landscape, there are also many opportunities which we are ready to capitalise on, leveraging the financial strength and vision of our parent company Sealaska, along with our strong management team, excellent customer and consumer offering in our products and well managed, modern manufacturing sites with capacity for expansion.

The nature of the Company's business, with revenues principally derived from high quality retail customers (representing the major grocery suppliers in the UK), has continued to provide a solid business foundation in 2021, which we expect to continue. While volumes and revenue are not as high as we experienced in 2020, when we benefited from a COVID boost to in-home consumption, they remain above pre-pandemic levels. With strong customer relationships and a diversified product offering into the retail market, the directors do not anticipate a material adverse change in this segment of the business over the coming 12 months. The Company's foodservice business has, inevitably, been affected by the COVID pandemic. Our customer base was agile during this period though and generally successfully modified their customer offering to include delivery and kiosk models. This allowed them to continue operating until COVID restrictions eased permitting the more traditional seated dining or food on the go offering to return. Consequently, while our business was adversely affected in 2020 and 2021, we are now returning towards pre-Pandemic revenue levels. Bad debt risk has remained an area of focus in this channel which we have managed well - our 2021 results include a net credit of £43,000 from the release of provisions against debtor balances in this segment. The Company maintains strict debtor control including approved customer lists, credit limits and credit insurance where available. The directors believe that these controls, combined with our significant recent experience are adequate to prevent any material bad debt risk.

The Company has prepared forecasts covering a period of at least 12 months from the date of approval of these financial statements (the 'Forecast'). The Forecast has been stress tested and, even in scenarios which the directors believe to be highly unlikely, the Company remains cash generative and able to trade within the Company's existing, committed borrowing facilities. The directors therefore believe that with existing resources, including available undrawn borrowing facilities, the Company is able to manage its business risks. The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing these financial statements.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

2. Accounting policies (continued)

2.5 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised from the sale of goods.

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.7 Intangible assets

Goodwill represents the amount reclassified from the carrying value of investments subsequent to the hive-up of the trade and assets of Albert Darnell Limited on 22 July 2018. The goodwill is amortised on a straight line basis over its useful economic life which is estimated at ten years.

2.8 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

| | |
|-----------------------|---|
| Land and buildings | - 2 to 20 years for buildings element. There is no depreciation for the land element. |
| Plant and machinery | - 1 to 10 years straight line, depending on the nature of the asset |
| Motor vehicles | - 5 years straight line |
| Fixtures and fittings | - 1 to 5 years straight line |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

2. Accounting policies (continued)**2.9 Inventories**

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost includes the cost of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition on an actual cost basis. Work in progress and finished goods include labour and attributable overheads.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

2.10 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.12 Financial instruments

The Company principally enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Derivatives, being forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives that are not accounted for as hedges are recognised in profit or loss in finance costs or other income as appropriate. The Company applies hedge accounting for foreign exchange derivatives in accordance with the policy in note 2.13 below.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

2. Accounting policies (continued)**2.13 Hedge accounting**

The Company uses forward foreign currency exchange contracts to manage its exposure to cash flow risk on its foreign currency purchases. These derivatives are measured at fair value at each balance sheet date.

To the extent that these cash flow hedges are effective, movements in fair value are recognised in other comprehensive income and presented in a separate hedging reserve. Any ineffective portion of those movements are recognised in profit or loss for the year.

Gains and losses on the hedging instruments and the hedged items are recognised in profit or loss for the year. When a hedged item is an unrecognised firm commitment, the cumulative hedging gain or loss on the hedged item is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2.14 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.15 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the spot exchange rates or where applicable the hedged rate, at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

2.16 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

2. Accounting policies (continued)

2.18 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.19 Hire purchase contracts: the Company as lessee

Assets obtained under hire purchase contracts are capitalised as tangible fixed assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

2.20 Pensions

Defined contribution pension plan

The Company contributes to defined contribution pension plans for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

2. Accounting policies (continued)**2.22 Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The Company accounts for research and development tax relief as an 'Above the Line' (ATL) credit within Administrative expenses. The ATL credit is subject to corporation tax at the Company's effective tax rate. The Company accounts for patent box tax relief on an accruals basis where there is reasonable certainty over the amounts qualifying for relief.

2.23 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the Company but are presented separately due to their size or incidence.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements requires management to make significant judgements and estimates. Judgements and estimates are continually re-assessed and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded with a corresponding effect in the Statement of Comprehensive Income, if, and when, better information is obtained.

Critical judgements that management has made in the process of applying accounting policies disclosed herein and that have a significant effect on the amounts recognised in the financial statements (other than for the going concern assumption which is discussed in note 2.4) relate to the following:

The Company manages currency risk through derivative forward currency contracts (refer to note 26) which are recorded at fair value at the reporting period end. The fair value of these financial instruments is a net liability of £159,000 (2020: £729,000). The fair value of these financial instruments that are not traded in an active market is determined using valuation techniques. The Company uses its judgement to make assumptions that are mainly based on market conditions existing at the end of each reporting period relating to key inputs, such as the forward interest rate differential between GBP and the relevant currency. Changes to these assumptions, reflecting updated estimates, could result in a material change to the fair value of these derivative instruments.

The Company has inventories of raw materials and goods for resale with a carrying value of £18,858,000 (2020: £22,085,000), which are principally frozen goods held in third party cold stores. The Company estimates inventory provisions against these items based on a combination of past experience, future expected sales and purchases and specific knowledge of stock batches which require provision based on, for example, stock age or known defects. Because the inventory is mainly frozen, quality issues may not however become apparent until after defrosting and there is therefore a risk that inventory provisions may be adjusted in future periods.

During the period the Company finalised its initial claim for patent box tax relief relating to the period 3 June 2014 to 31 December 2020, with a tax value of approximately £2,750,000. Determining the patent box relief claim requires judgment in the determination of the income and overheads to be allocated to the patented income stream. The Company takes its taxation compliance obligations very seriously and, to minimize the risk of error in the Company's tax returns, the Company's claim was prepared by an expert third party consultant. The process involved (1) extensive consultation with key employees and patent advisors to the Company to understand the nature and application of the patented technology to our production process, (2) corroboration and validation of accounting records and, (3) detailed calculations supporting the patent box relief calculations for each year. Due to the rigorous process followed, the directors are confident in the value attributed to the patent box claim, which has been credited to profit and loss in the period. Subsequent to the period end the Company has received repayment of £1,097,000 in accordance with the tax refund claims submitted. The 2021 Patent box tax relief estimate of £219,000 is credited to profit and loss in the period (note 12).

4. Turnover

The whole of the turnover is attributable to the principal activity of the Company.

£4,688,000 of turnover arose from outside the United Kingdom (2020: £4,866,000).

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

5. Operating profit

The operating profit is stated after charging/(crediting):

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|---|---|---|
| Depreciation of tangible fixed assets | 2,138 | 2,615 |
| Loss on disposal of tangible fixed assets | 39 | 244 |
| Amortisation of goodwill | 113 | 135 |
| Other operating lease rentals | 1,361 | 1,313 |
| Government grants | (60) | (193) |
| | <u> </u> | <u> </u> |

The Company recorded Exceptional income in the period of £217,000 (2020: *expense of £3,159,000*) as more fully described in note 11.

6. Auditors' remuneration

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|----------------------------------|---|---|
| Audit services | 70 | 67 |
| Taxation compliance services | 7 | 7 |
| Other assurance-related services | 11 | 11 |
| Other advisory services | 19 | 13 |
| | <u> </u> | <u> </u> |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

7. Employees

Staff costs, including directors' remuneration, were as follows:

| | 52 weeks ended 2 January 2022 £000 | <i>61 weeks ended 3 January 2021 £000</i> |
|-------------------------------------|---|---|
| Wages and salaries | 21,429 | 26,445 |
| Social security costs | 2,049 | 2,404 |
| Cost of defined contribution scheme | 448 | 594 |
| | <u>23,926</u> | <u>29,443</u> |

The average monthly number of employees, including the directors, during the period were as follows:

| | 52 weeks ended 2 January 2022 No. | <i>61 weeks ended 3 January 2021 No.</i> |
|------------------------------------|--|--|
| Processing, sales and distribution | 537 | 544 |
| Administration | 124 | 124 |
| | <u>661</u> | <u>668</u> |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

8. Directors' remuneration

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|---|---|---|
| Directors' emoluments | 490 | 1,287 |
| Company contributions to defined contribution pension schemes | 19 | 96 |
| | <u>509</u> | <u>1,383</u> |

During the period retirement benefits were accruing to 2 directors (2021 - 6) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £298,000 (2021 - £342,000).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £10,000 (2021 - £12,000).

9. Other income

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|-----------------------|---|---|
| Furlough grant income | 60 | 193 |
| RDEC tax claim | 97 | 108 |
| Other | 18 | 14 |
| | <u>175</u> | <u>315</u> |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

10. Interest payable and similar expenses

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|-------------------------------|---|---|
| Bank interest payable | 87 | 156 |
| On loans from group companies | 42 | - |
| Hire purchase contracts | 86 | 94 |
| | <u>215</u> | <u>250</u> |

11. Exceptional items

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|---|---|---|
| Exceptional items reported in Cost of sales | (217) | 281 |
| Exceptional items reported in Administrative expenses | - | 2,878 |
| Total | <u>(217)</u> | <u>3,159</u> |

Exceptional items in 2020 include expenditure incurred in connection with the sale of the Company to the Sealaska Group, and exceptional bad debt and stock losses arising as a result of the COVID-19 pandemic. Exceptional items in 2021 represent the partial reversal of the exceptional bad debt and stock losses recorded in 2020. These items are identified as Exceptional items due to their significance in the period.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

12. Taxation

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|--|---|---|
| Corporation tax | | |
| Current tax on profit for the period | - | 1,395 |
| Adjustment in respect of previous periods | (2,206) | - |
| Total current tax (credit)/charge | <u><u>(2,206)</u></u> | <u><u>1,395</u></u> |
| Deferred tax | | |
| Origination and reversal of timing differences | 617 | 21 |
| Adjustment in respect of previous periods | (526) | 3 |
| Adjustment to tax rates | (65) | 31 |
| Total deferred tax | <u><u>26</u></u> | <u><u>55</u></u> |
| Taxation (credit)/charge on profit on ordinary activities | <u><u>(2,180)</u></u> | <u><u>1,450</u></u> |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

12. Taxation (continued)**Factors affecting tax (credit)/charge for the period**

The tax assessed for the period is lower than (2020: *higher than*) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|---|---|---|
| Profit on ordinary activities before tax | 2,944 | 4,484 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%) | 559 | 852 |
| Effects of: | | |
| Expenses not deductible for tax purposes | 6 | 499 |
| Fixed asset differences | 123 | 68 |
| Adjustment to tax rates | 83 | 31 |
| Adjustments to tax charge in respect of previous periods | (2,732) | - |
| Adjustments to tax from Patent Box Relief | (219) | - |
| Total tax (credit)/charge for the period | (2,180) | 1,450 |

Factors that may affect future tax charges

The deferred tax liability at 2 January 2022 has been calculated at 25%, which is the corporation tax rate taking effect from 1 April 2023. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

13. Dividends

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|------------------------|---|---|
| Interim dividends paid | - | 700 |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

14. Intangible assets

| | Goodwill £000 |
|--------------------------------------|--------------------------|
| Cost | |
| At 4 January 2021 and 2 January 2022 | 1,142 |
| | <hr/> |
| Amortisation | |
| At 4 January 2021 | 509 |
| Charge for the period | 113 |
| | <hr/> |
| At 2 January 2022 | 622 |
| | <hr/> |
| Net book value | |
| At 2 January 2022 | 520 |
| | <hr/> <hr/> |
| At 3 January 2021 | 633 |
| | <hr/> <hr/> |

Amortisation of intangible fixed assets is included in Administrative expenses.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

15. Tangible fixed assets

| | Land and buildings £000 | Plant and machinery £000 | Motor vehicles £000 | Fixtures and fittings £000 | Total £000 |
|---------------------------|-------------------------------|--------------------------------|---------------------------|----------------------------------|---------------|
| Cost | | | | | |
| At 4 January 2021 | 3,068 | 18,093 | 277 | 4,683 | 26,121 |
| Additions | 3,312 | 1,544 | - | 219 | 5,075 |
| Disposals | - | (206) | - | - | (206) |
| Transfers between classes | 15 | (51) | 6 | 30 | - |
| At 2 January 2022 | 6,395 | 19,380 | 283 | 4,932 | 30,990 |
| Depreciation | | | | | |
| At 4 January 2021 | 336 | 11,901 | 101 | 3,198 | 15,536 |
| Charge for the period | 171 | 1,340 | 57 | 570 | 2,138 |
| Disposals | - | (140) | - | - | (140) |
| Transfers between classes | 80 | (110) | 6 | 24 | - |
| At 2 January 2022 | 587 | 12,991 | 164 | 3,792 | 17,534 |
| Net book value | | | | | |
| At 2 January 2022 | 5,808 | 6,389 | 119 | 1,140 | 13,456 |
| At 3 January 2021 | 2,732 | 6,192 | 176 | 1,485 | 10,585 |

Depreciation of tangible fixed assets is charged to Cost of sales or Administrative expenses depending on the nature of the item being depreciated as follows:

| | 52 weeks ended 2 January 2022 £000 | 61 weeks ended 3 January 2021 £000 |
|-------------------------------------|--|--|
| Included in Cost of sales | 1,509 | 1,880 |
| Included in Administrative expenses | 629 | 735 |
| | 2,138 | 2,615 |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

15. Tangible fixed assets (continued)

The net book value of assets held under hire purchase contracts, included above, are as follows:

| | 2 January 2022 £000 | 3 January 2021 £000 |
|-----------------------------------|------------------------------------|------------------------------------|
| Land and buildings | - | 182 |
| Plant and machinery | 2,000 | 2,464 |
| Motor vehicles | 76 | 169 |
| Furniture, fittings and equipment | - | 76 |
| | 2,076 | 2,891 |

16. Fixed asset investments**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

| Name | Class of Shares | Holding | Principal Activity | Net assets at 2 January 2022 £'000 |
|---------------------------------|------------------------|----------------|---------------------------|---|
| Joi Sushi Limited | Ordinary | 100% | Dormant | - |
| Albert Darnell Holdings Limited | Ordinary | 100% | Liquidating | - |
| Albert Darnell Limited | Ordinary | 100% | Liquidating | - |
| Albert Darnell Property Limited | Ordinary | 100% | Liquidating | - |

In order to simplify the corporate structure and reduce operating expenses, on 10 February 2020 the Company commenced the solvent, voluntary liquidation of, inter alia, Albert Darnell Holdings Limited, Albert Darnell Limited and Albert Darnell Property Limited. The registered address of these companies was accordingly changed to C/O Quantuma LLP, High Holborn House, 52-54 High Holborn London WC1V 6RL on 11 February 2020. The liquidations are in their final stages and are expected to be completed during 2022.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

17. Stocks

| | 2 January 2022 £000 | 3 January 2021 £000 |
|------------------------------------|------------------------------------|------------------------------------|
| Engineering consumables | 425 | 400 |
| Raw materials and goods for resale | 18,858 | 22,085 |
| | <u>19,283</u> | <u>22,485</u> |

The difference between the purchase price or production cost of stocks and their replacement cost is not material.

Stock recognised in Cost of sales during the period as an expense was £102,706,000 (2020: £119,360,000).

18. Debtors

| | 2 January 2022 £000 | 3 January 2021 £000 |
|----------------------------------|------------------------------------|------------------------------------|
| Trade debtors | 9,476 | 10,907 |
| Other debtors | 1,720 | 1,787 |
| Prepayments and accrued income | 957 | 946 |
| Corporation tax | 2,776 | - |
| Derivative financial instruments | 169 | 12 |
| | <u>15,098</u> | <u>13,652</u> |

A net impairment loss reversal was recognised against debtors of £43,000 (2020: loss of £319,000).

19. Cash and cash equivalents

| | 2 January 2022 £000 | 3 January 2021 £000 |
|--------------------------|------------------------------------|------------------------------------|
| Cash at bank and in hand | 6,432 | 2,980 |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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20. Creditors: Amounts falling due within one year

| | 2 January 2022 £000 | 3 January 2021 £000 |
|---|------------------------------------|------------------------------------|
| Bank loans | - | 1,723 |
| Trade creditors | 17,324 | 20,359 |
| Amounts owed to group undertakings | 4,726 | - |
| Corporation tax | - | 347 |
| Other taxation and social security | 782 | 977 |
| Obligations under hire purchase contracts | 728 | 645 |
| Other creditors | 656 | 251 |
| Accruals and deferred income | 2,356 | 3,175 |
| Derivative financial instruments | 328 | 741 |
| | <u>26,900</u> | <u>28,218</u> |

21. Creditors: Amounts falling due after more than one year

| | 2 January 2022 £000 | 3 January 2021 £000 |
|---|------------------------------------|------------------------------------|
| Obligations under hire purchase contracts | 1,398 | 1,468 |
| Other creditors | 29 | 57 |
| | <u>1,427</u> | <u>1,525</u> |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE 52 WEEKS ENDED 2 JANUARY 2022**

22. Loans

Analysis of the maturity of loans is given below:

| | 2 January 2022 £000 | 3 January 2021 £000 |
|--|------------------------------------|------------------------------------|
| Amounts falling due within one year | | |
| Bank loans | - | 1,723 |
| Sealaska Group loans | 4,692 | - |
| | <u>4,692</u> | <u>1,723</u> |

Sealaska Group loans represent amounts due to Sealaska European Holdings Limited ('SEHL') which are provided pursuant to an unsecured, on-demand up to £10 million Revolving Credit facility (the 'SEHL Facility'). Interest accrues on the SEHL Facility at an annual rate equal to the Bank of England Base Rate (the 'BOE Base Rate') plus 4.0%. The BOE Base Rate is currently 0.75%.

Subsequent to the period end in March 2022, the repayment terms of the SEFL Facility were amended such that the SEFL Facility is repayable after five years. Early repayment is possible at the discretion of the directors of the Company.

23. Hire purchase contracts

Minimum lease payments under hire purchase agreements fall due as follows:

| | 2 January 2022 £000 | 3 January 2021 £000 |
|----------------------------|------------------------------------|------------------------------------|
| Within one year | 728 | 645 |
| Between one and five years | 1,398 | 1,468 |
| | <u>2,126</u> | <u>2,113</u> |

Hire purchase agreements are secured by a charge on certain items of plant and machinery and motor vehicles. These amounts are repayable over fixed periods that are agreed at the inception of each agreement.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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24. Financial instruments

| | 2 January 2022 £000 | 3 January 2021 £000 |
|---|------------------------------------|------------------------------------|
| Financial assets | | |
| Financial assets measured at fair value through profit or loss | 169 | 12 |
| Financial assets at amortised cost | 17,628 | 15,674 |
| | <u>17,797</u> | <u>15,686</u> |
| Financial liabilities | | |
| Financial liabilities measured at fair value through profit or loss | 328 | 741 |
| Financial liabilities measured at amortised cost | 27,722 | 24,503 |
| | <u>28,050</u> | <u>25,244</u> |

Financial assets and liabilities measured at fair value through profit or loss comprise derivative financial instruments.

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise trade creditors, bank and other loans and overdrafts, obligations under hire purchase contracts, amounts due to Sealaska Group companies, accruals and other creditors.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. Deferred taxation

| | 52 weeks ended 2 January 2022 £000 |
|---------------------------------------|---|
| At beginning of period | 180 |
| Charged to profit or loss | 26 |
| Charged to other comprehensive income | 119 |
| At end of period | 325 |

The provision for deferred taxation is made up as follows:

| | 2 January 2022 £000 | 3 January 2021 £000 |
|--------------------------------|------------------------------------|------------------------------------|
| Accelerated capital allowances | 777 | 333 |
| Short term timing differences | (34) | (153) |
| Losses and other deductions | (418) | - |
| | 325 | 180 |

26. Derivative Financial Instruments

At the period end, the Company had entered into forward currency exchange contracts to reduce its exposure to movements in the principal exchange rates in which it transacts. These contracts were formally designated as cash flow hedges and are held on the balance sheet as derivative financial instruments. The hedged cash flows are considered highly likely to occur. Outstanding contracts at the period end are:

€15,580,000 at exchange rates of between 1.16 and 1.18 €/£ (2020: €9,812,000 at rates ranging between 1.09 and 1.12 €/£). At the period-end, the difference between contracted rates and period end rates is a loss of £159,000 (2020: loss of £91,000).

\$16,494,000 at exchange rates ranging between 1.32 and 1.41 \$/£ (2020: \$14,454,000 at rates ranging between 1.25 and 1.30 \$/£). At the period-end, the difference between contracted rates and period end rates is a profit of £84,000 (2020: loss of £605,000).

¥835,000,000 at exchange rates ranging between 150 and 155 ¥/£ (2020: ¥705,800,000 at rates ranging between 138 and 141 ¥/£). At the period-end, the difference between contracted rates and period end rates is a loss of £84,000 (2020: loss of £33,000).

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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27. Share capital

| | 2 January 2022 £ | 3 January 2021 £ |
|---|---------------------------------|---------------------------------|
| Allotted, called up and fully paid | | |
| 758,896 (2020: 758,896) Ordinary shares of £0.10 each | 75,890 | 75,890 |

The Company has one class of Ordinary Shares of £0.10 each. The Ordinary Shares have full dividend and capital rights. There are no restrictions on the number of Ordinary Shares that can be issued.

28. Reserves**Share premium account**

Includes any premiums received on the issue of share capital. Any transaction costs associated with the issuing of shares is deducted from the share premium.

Hedging reserve

Comprises the cumulative gain or loss on derivative financial instruments that qualify for hedge accounting.

Merger reserve

The merger reserve includes unrealised gains and losses arising from the adjustment to the carrying value of investments in group companies resulting from group re-organisations.

Profit and loss account

Includes all current and prior period retained profits or losses.

29. Capital commitments

At 2 January 2022 the Company had capital commitments as follows:

| | 2 January 2022 £000 | 3 January 2021 £000 |
|---|------------------------------------|------------------------------------|
| Contracted for but not provided in these financial statements | 150 | 266 |

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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30. Pension commitments

| | 2 January 2022 £000 | 3 January 2021 £000 |
|-----------------------------------|------------------------------------|------------------------------------|
| Pension commitments at period end | 172 | 101 |
| Pension cost charge | 448 | 587 |

The Company contributes to defined contribution pension schemes. The pension cost charge represents contributions payable by the Company and amounted to £448,000 (2020: £587,000).

31. Commitments under operating leases

At the period end the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

| | 2 January 2022 £000 | 3 January 2021 £000 |
|--|------------------------------------|------------------------------------|
| Not later than 1 year | 1,068 | 1,039 |
| Later than 1 year and not later than 5 years | 1,111 | 1,823 |
| | 2,179 | 2,862 |

32. Controlling party

The Company's ultimate controlling party is Sealaska Corporation, an Alaska Native regional corporation established pursuant to the Alaska Native Claims Settlement Act (ANCSA). The Company's immediate parent company is Sealaska European Holdings Limited, which holds a 94.6% beneficial interest in the Company. SEHL is 100% indirectly controlled by Sealaska.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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33. Related party transactions

| | 2 January 2022 £000 | 3 January 2021 £000 |
|---|------------------------------------|------------------------------------|
| Sealaska European Holdings Limited | | |
| Drawdown under the SEHL Facility | 4,650 | - |
| Interest charged on the SEHL Facility | 42 | - |
| Amount due at period end | <u>4,692</u> | <u>-</u> |
| Sealaska Corporation Limited | | |
| Expenditure incurred on behalf of the Company | 34 | - |
| Amount due at period end | <u>34</u> | <u>-</u> |

Sealaska European Holdings Limited and Sealaska Corporation Limited are related parties by virtue of their direct or indirect shareholding in the Company. Details on financing provided by SEHL to the Company are disclosed in note 22.

During the 61 week period ended 3 January 2021, the Company had the following related party transactions with parties which are no longer related parties during the 52 week period ended 2 January 2022:

Loans with former directors:

1. A loan provided to Mr J Robinson for £50,000 which was repaid in the period and did not bear interest;
2. A loan provided to Mrs J Ropner for £70,000 which was repaid in the period and bore interest at 1.85% above the Barclays Bank Plc base rate, with interest payable quarterly.

Trading transactions:

Albatros Societe A Responsabilite Limitee and Daena Societe A Responsabilite Limitee were minority shareholders in the Company until 30 October 2020. The Company traded with the Comptoirs 3 Caps SARL and purchased goods and services of £2,699,000 on an arm's length basis from the Group of which Comptoirs 3 Caps SARL is the holding company. During the period the Company sold goods of £313,000 on an arms length basis to the Group of which Comptoirs 3 Caps SARL is the holding company.

The Company also made purchases of £156,000 from Leathams Larder PLC and sales of £111,000 to Butchers Pet Care Limited, which were related parties due to common directorships with former directors.

All related party transactions are on an arms length basis.

NEW ENGLAND SEAFOOD INTERNATIONAL LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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34. Post balance sheet events

On 7 February 2022 the Company completed the purchase of 60% of the issued share capital of IceMar ehf. ('IceMar') for provisional cash consideration of \$3,550,000 (approximately £2,580,000). IceMar's principal activity is the worldwide export of high quality fish products from Iceland. On the same date, the Company completed the purchase of 25% of the issued share capital of AGS Holding ehf. ('AGS'), the holding company for AG-Seafood ehf ('AG Seafood') for provisional cash consideration of \$2,665,000 (approximately £1,940,000). AG Seafood's principal activity is the purchase and processing of fish products from Iceland for export markets. IceMar and AG Seafood are incorporated in Iceland. The provisional cash consideration for each company may be increased or decreased depending on their final net working capital and interest-bearing debt as at 30 January 2022. The directors do not anticipate that any such adjustments will be significant.