



Baffin Seafood ApS

Niels Jernes Vej 12
9220 Aalborg Øst
CVR No. 43917994

Annual report 01.03.2023 - 31.03.2024

The Annual General Meeting adopted the annual
report on 19.09.2024

Jan Søgaard Frøslev
Chairman of the General Meeting

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Entity details

Entity

Baffin Seafood ApS
Niels Jernes Vej 12
9220 Aalborg Øst

Business Registration No.: 43917994
Registered office: Aalborg
Financial year: 01.03.2023 - 31.03.2024

Executive Board

Rick Lambe
Christopher John Flanagan
Glen Llewelyn Douglas Grandy
Jan Søggaard Frøslev

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Østre Havnepromenade 26, 4th floor
9000 Aalborg

Statement by Management

The Executive Board has today considered and approved the annual report of Baffin Seafood ApS for the financial year 01.03.2023 - 31.03.2024.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2024 and of the results of its operations and cash flows for the financial year 01.03.2023 - 31.03.2024.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aalborg, 19.09.2024

Executive Board

Rick Lambe

Christopher John Flanagan

Glen Llewelyn Douglas Grandy

Jan Søgaaard Frøslev

Independent auditor's report

To the shareholders of Baffin Seafood ApS

Opinion

We have audited the financial statements of Baffin Seafood ApS for the financial year 01.03.2023 - 31.03.2024, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2024 and of the results of its operations and cash flows for the financial year 01.03.2023 - 31.03.2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Aalborg, 19.09.2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Sami Nikolai El-Galaly

State Authorised Public Accountant

Identification No (MNE) mne42793

Management commentary

Financial highlights

| | 2023/24 |
|--|----------------|
| | DKK'000 |
| Key figures | |
| Gross profit/loss | 16,327 |
| Operating profit/loss | 13,472 |
| Net financials | 1,501 |
| Profit/loss for the year | 11,677 |
| Total assets | 75,187 |
| Equity | 11,717 |
| Cash flows from (used in) operating activities | 12,759 |
| Cash flows from (used in) financing activities | (40) |
| Ratios | |
| Equity ratio (%) | 15.58 |

The financial highlights does not contain comparative figures as this is the entity's first financial year.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

Equity * 100

Total assets

Primary activities

Baffin Seafood ApS (BSA) is a subsidiary of Niqitaq Fisheries Ltd. (NS) in Canada. The primary purpose of BSA is to sell products from the vessels owned by NS. The products consist of Greenland halibut and shrimp from sustainable fisheries.

The companies are all owned by five H&T's in Nunavut, which are located in local Inuit communities. The profits of the companies are used to support the local communities with education, job development, social activities, and other purposes that can help support the local communities as well as develop the business to ensure future earnings.

Development in activities and finances

The company's first financial period covers 13 months. The result for the period was a profit of 11.677 million DKK after tax. Management considers the result to be satisfactory.

Outlook

We expect the upcoming fiscal year to be somewhat more turbulent than the previous year. Shrimp are under significant price pressure, which will result in declining revenue. However, we hope that rising prices for Greenland halibut can compensate for part of the declining shrimp revenue, while we also increase the processing degree of some of our products.

A post-tax profit of 9.000 million DKK – 11.000 million DKK is expected for the fiscal year 2024/2025.

Environmental performance

The group actively works to minimize energy consumption during catching, production, and fishing. NS quotas and fishing vessels are all MSC-certified, classifying them as sustainable fisheries.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Income statement for 2023/24

| | Notes | 2023/24 DKK |
|---------------------------------|-------|-------------------|
| Gross profit/loss | | 16,327,077 |
| Staff costs | 1 | (2,855,360) |
| Operating profit/loss | | 13,471,717 |
| Other financial income | | 1,684,473 |
| Other financial expenses | | (183,181) |
| Profit/loss before tax | | 14,973,009 |
| Tax on profit/loss for the year | 2 | (3,296,343) |
| Profit/loss for the year | 3 | 11,676,666 |

Balance sheet at 31.03.2024

Assets

| | Notes | 2023/24 DKK |
|---|-------|-------------------|
| Deposits | | 26,207 |
| Financial assets | 4 | 26,207 |
| Fixed assets | | 26,207 |
| Manufactured goods and goods for resale | | 15,977,415 |
| Inventories | | 15,977,415 |
| Trade receivables | | 46,464,254 |
| Receivables | | 46,464,254 |
| Cash | | 12,719,112 |
| Current assets | | 75,160,781 |
| Assets | | 75,186,988 |

Equity and liabilities

| | Notes | 2023/24 DKK |
|--|--------------|------------------------|
| Contributed capital | | 40,000 |
| Retained earnings | | 11,676,666 |
| Equity | | 11,716,666 |
| Prepayments received from customers | | 2,392,371 |
| Trade payables | | 1,208,175 |
| Payables to group enterprises | 5 | 56,361,931 |
| Tax payable | | 3,296,343 |
| Other payables | | 211,502 |
| Current liabilities other than provisions | | 63,470,322 |
| Liabilities other than provisions | | 63,470,322 |
| Equity and liabilities | | 75,186,988 |
| Unrecognised rental and lease commitments | 7 | |
| Related parties with controlling interest | 8 | |
| Non-arm's length related party transactions | 9 | |
| Group relations | 10 | |

Statement of changes in equity for 2023/24

| | Contributed capital DKK | Retained earnings DKK | Total DKK |
|----------------------------|--|--------------------------------------|----------------------|
| Contributed upon formation | 40,000 | 0 | 40,000 |
| Profit/loss for the year | 0 | 11,676,666 | 11,676,666 |
| Equity end of year | 40,000 | 11,676,666 | 11,716,666 |

Cash flow statement for 2023/24

| | Notes | 2023/24 DKK |
|---|-------|-------------------|
| Operating profit/loss | | 13,471,717 |
| Working capital changes | 6 | (2,262,779) |
| Cash flow from ordinary operating activities | | 11,208,938 |
| Financial income received | | 1,733,355 |
| Financial expenses paid | | (183,181) |
| Cash flows from operating activities | | 12,759,112 |
| Free cash flows generated from operations and investments before financing | | 12,759,112 |
| Cash increase of capital | | (40,000) |
| Cash flows from financing activities | | (40,000) |
| Increase/decrease in cash and cash equivalents | | 12,719,112 |
| Cash and cash equivalents end of year | | 12,719,112 |
| Cash and cash equivalents at year-end are composed of: | | |
| Cash | | 12,719,112 |
| Cash and cash equivalents end of year | | 12,719,112 |

Notes

1 Staff costs

| | 2023/24 |
|---------------------------------------|------------------|
| | DKK |
| Wages and salaries | 2,811,646 |
| Other social security costs | 43,714 |
| | 2,855,360 |
| Average number of full-time employees | 2 |

| | Remuneration of Management 2023/24 DKK |
|--------------------|---|
| Board of Directors | 2,083,705 |
| | 2,083,705 |

Staff costs includes salaries to employees employed by Niqitaq Fisheries Ltd. amounting to 1.492 T.DKK. The average number of full-time employees from Niqitaq Fisheries is calculated to 2 employees.

2 Tax on profit/loss for the year

| | 2023/24 |
|-------------|------------------|
| | DKK |
| Current tax | 3,296,343 |
| | 3,296,343 |

3 Proposed distribution of profit and loss

| | 2023/24 |
|-------------------|-------------------|
| | DKK |
| Retained earnings | 11,676,666 |
| | 11,676,666 |

4 Financial assets

| | Deposits DKK |
|------------------------------------|-------------------------|
| Additions | 26,207 |
| Cost end of year | 26,207 |
| Carrying amount end of year | 26,207 |

5 Payables to group enterprises

Payables to group enterprises consist of trade payables.

6 Changes in working capital

| | 2023/24 |
|---|--------------------|
| | DKK |
| Increase/decrease in inventories | (15,977,415) |
| Increase/decrease in receivables | (46,490,461) |
| Increase/decrease in trade payables etc | 60,173,979 |
| Other changes | 31,118 |
| | (2,262,779) |

7 Unrecognised rental and lease commitments

| | 2023/24 |
|--|----------------|
| | DKK |
| Liabilities under rental or lease agreements until maturity in total | 188,727 |

8 Related parties with controlling interest

Niqitaq Fisheries Ltd., Iqaluit, Canada, owns the majority of the shares in the Entity, thus exercising control.

9 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

10 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Niqitaq Fisheries Ltd, Iqaluit, Canada

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Niqitaq Fisheries Ltd, Iqaluit, Canada

Copies of the consolidated financial statements of Niqitaq Fisheries Ltd, may be ordered at the following address:
Niqitaq Fisheries Ltd, 1217 Kenmount Rd, Paradise, NL A1L 2E6, Canada or at www.baffinfisheries.ca/annual-reports/

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Non-comparability

The annual report does not contain comparative figures as this is the entity's first financial year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes normal writedowns of such inventories.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Other financial income

Other financial income comprises interest income, including payables and transactions in foreign currencies.

Other financial expenses

Other financial expenses comprise interest expenses, including payables and transactions in foreign currencies.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Inventories**

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.