

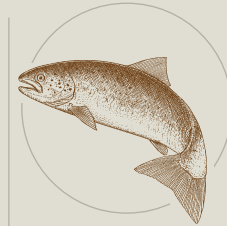
# SEALASKA

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ANNUAL REPORT  
2020

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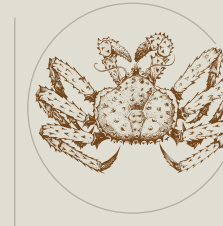
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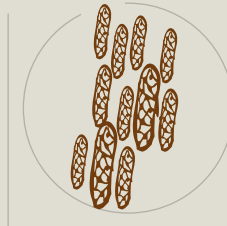
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“What is culture? Graciousness, kindness, compassion, giving, appreciation, being able to listen, patience with one another. Respect for everything from the land and in the sea. Everything has a spirit. This is why our ancestors had a tree blessing ceremony before cutting it down for a totem pole or a canoe. These are the very cornerstones of our culture.”

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Clarence Jackson was Tlingit, *Ch'áak'* (Eagle) moiety, *Tsaagweidí* (Killer Whale) clan from Kake, Alaska. One of his Tlingit names was *Tá Gooch*. He served on Sealaska's board of directors from 1972 - 2013.

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## Letter from the President & CEO

For just about every business on Earth, 2020 was marked by unimaginable challenges. Sealaska was incredibly fortunate this year to be able to keep our employees safe and critical projects moving forward in spite of the circumstances. In fact, thanks to the hard work of so many dedicated people, several of our businesses saw record financial results. We are grateful for our good fortune, and for the support and partnership of so many.

I can say with confidence that Sealaska's long-term approach to refocus our business operations on something that is increasingly critical to our global community—ocean health and addressing the effects of climate change—will continue to lead us in the right direction.

This approach took root several years ago. Sealaska's leadership team and board have worked hard to identify and share the core values that drive our performance, hold us in the truth of who we are and what we're good at, push us to seek creative, data-based solutions, and find partners that build on our strengths.

Because of this, our footing was steady when the pandemic struck. Our businesses quickly redesigned the way they work to respond to social distancing and other public health mandates while ensuring the safety and well-being of our employees. You will see the results of this agility in Sealaska's operational performance. For the first time since Sealaska realigned its business around a commitment to ocean health seven years ago, we saw a dip in our overall net income in 2020. However it's important to note that revenue from business operations—the portion of our income that is a result of our efforts, and is most directly within our control—continue to grow. We are less and less dependent on the



*Gunnuk'* | Anthony Mallott

revenue we receive from other Alaska Native Corporations with each passing year. And our vision for our company remains sharply focused: we are a business dedicated to preserving and protecting ocean health.

We are grateful for these results during a time when our shareholders and communities need support more than ever. Distributions, emergency assistance, internships, and more than 500 scholarship awards—the most in our history—went on with minimal disruption. More about these benefits appears in the pages that follow. Helping our communities and young people reach their full potential is the ultimate fulfillment of our purpose and is what keeps us focused on the path we've chosen.

A handwritten signature in black ink that reads "Anthony Mallott".

*Gunnuk'* | Anthony Mallott  
President and Chief Executive Officer

# Letter from the Board Chair



Kaaxúxgu | Joe Nelson

As I reflect on 2020, I find myself a little awestruck. Mother Nature demanded that we slow down, assess our priorities, and work together through one of the most significant crises that many of us will see during our lifetimes. The pandemic has challenged and tested us all. Many lost loved ones, and our hearts break for them.

Thanks to the hard work of so many, Sealaska was fortunate to be well-positioned to support our communities through it all. As soon as the hunker-down orders started rolling out, Sealaska established a \$1.4 million COVID-19 relief and recovery fund that quickly delivered financial support to our tribes throughout Southeast Alaska, and to nonprofits working on the front lines across the state and beyond, helping to keep our communities safe and fed. We accelerated shareholder distributions to support our people at a time of critical need. Our total shareholder benefits spend this year was \$28.2 million, up more than 20 percent from 2019.

You will find a lot more detail on shareholder benefits in this report.

The global slowdown helped shine a light on the need to take inspiration from the Alaska Native heritage of living in partnership with lands and oceans. Our ancestors had a deep understanding of dynamic ecosystems. Indigenous knowledge embraces the reciprocal nature of these systems. Everything is connected. When we take care of the land, the land will take care of us.

Our ecosystem of Native organizations in Alaska is also dynamic and a little more complex than most in the Lower 48 because of the Alaska Native Claims Settlement Act. ANCSA corporations are like no other corporations in the world. They are inextricably tied to Indigenous people and Indigenous land. They all have social missions that require investment in people and careful stewardship of natural resources.

Our people have also benefitted greatly this year from the service of many committed individuals, including Albert Kookesh and Tate London, two of my colleagues who have chosen not to run for another term. You can read more about them and their legacies of service on page 21.

When we all heed the teaching of our ancestors, we are more thoughtful, more resourceful, and more caring with each other. Indeed, we are stronger when we work together.

Kaaxúxgu | Joe Nelson  
Board Chair

## We Believe

We believe that each of us—from all walks of life—carries a thin strand that reaches back and connects us to our respective ancestors. When we come together, the strands combine to form a sturdy rope made up of the bits of ancestral knowledge we carry: the words we know, the stories we've heard, the songs we remember.

Sealaska's work to build thriving communities is based on the humble wish to spark something in our youth that will inspire them to grab hold of whatever strands they have access to and carry them forward on behalf of *their* grandchildren.

It is not about how well you know the culture. It's about how open you are to it, and your willingness to consider its truths. It's not about being able to replicate an art form or even a traditional language to the exact standards that the ancient ones practiced, but about being able to study with humility, making meaning for modern life through what you've learned.

It is in that spirit of humility and curiosity that we approach our role as stewards of a modern company with an important social mission. Today we apply our thoughtful observation of our surroundings and all their inhabitants to developing a responsible, respectful, profit-generating company that will benefit our current shareholders and future generations.

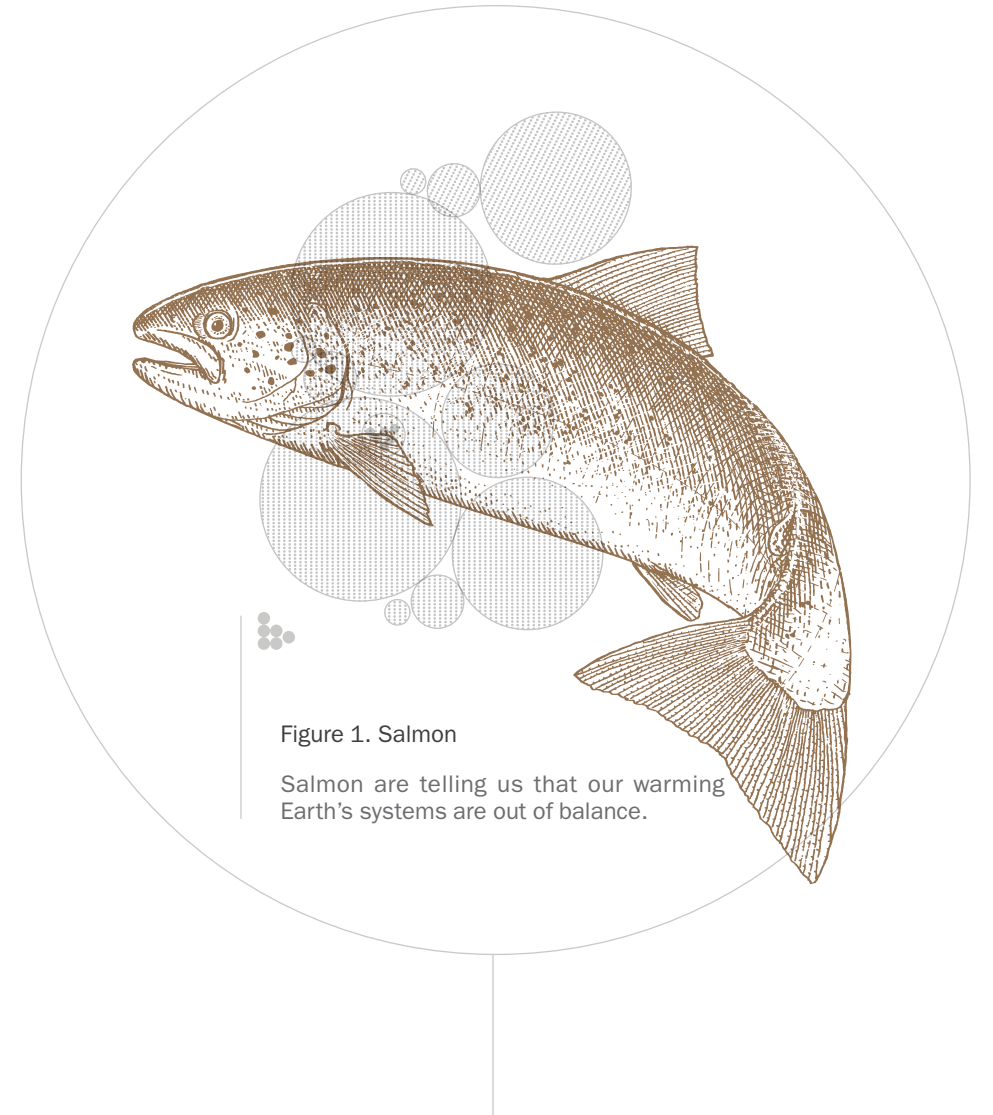


Figure 1. Salmon

Salmon are telling us that our warming Earth's systems are out of balance.

*We are called to this work because of who we are and where we come from: Haa Aani. Íitl' Tlagáa. Na Yuubm.*

Homelands. We are finding new ways to care for the system of life, as it has cared for all of our ancestors and will provide for all of our grandchildren.



## Building Solutions

Tlingit, Haida and Tsimshian people have lived in partnership with the land and the ocean in Southeast Alaska for 10,000 years. In order for all of us to continue to call this place home for millennia to come, much work remains to be done.

Salmon are telling us that our warming Earth's systems are out of balance. Humans are on track to double their population on a planet with limited resources. How will we produce more food with less water? How will we rebuild health for the oceans that have nourished us? How can we help make it all sustainable?

These are global issues, by definition. And they are the biggest challenges facing humanity. Our path forward involves investing in work that contributes to health and balance for lands and oceans, and that addresses the effects of climate change.

We're becoming an ocean-sciences company, with a growing ability to research and monitor our environment, clean up human-made messes, feed people well, and build thriving communities. We've been steadily growing our capacity to solve complex marine problems and help generate clean energy.

The approach we've chosen is one that can make a difference in the world. Maybe even more importantly, it creates opportunities for young people. We are developing pathways to well-paying careers in the sciences, engineering, math and technology close to home while working to improve the health of the lands and oceans they will inherit. We owe that to them. And we owe it to their grandchildren.

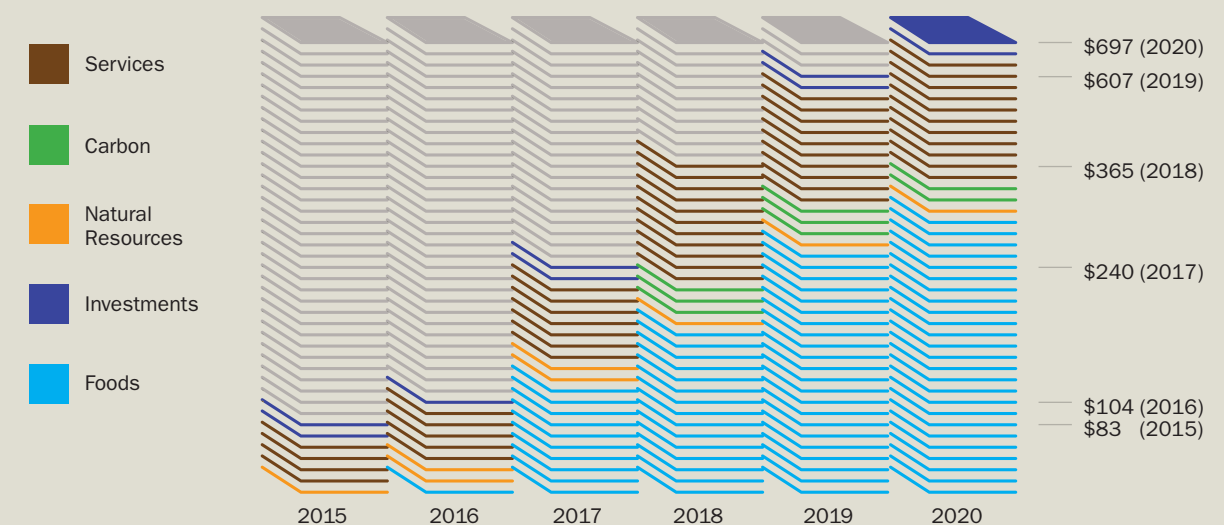
# 2020 Financial Results and Shareholder Benefits

An increasing percentage of Sealaska's financial results are attributable to the company's operations. Unlike in years past, when Sealaska profits were derived primarily from ANCSA Section 7(i) revenue sharing from other Alaska Native Corporations and returns on investments, our portfolio of ocean-health businesses is generating income that allows Sealaska to increase its shareholder benefits significantly. In 2020, spending on shareholder benefits was up **21%** over 2019. Details on our business performance and shareholder benefits can be found throughout the following pages and in the Management's Discussion and Analysis section that begins on page 24.

## SEALASKA REVENUE

*Excluding ANCSA Section 7(i) and Revenue from Discontinued Operations  
In millions*

Sealaska's financial results are increasingly due to our operating businesses' success. In years past, our profits were primarily directed from investment returns and 7(i) revenue sharing received from other Alaska Native Corporations—revenue streams over which we have little influence. As we continue to grow and invest in our businesses—where our efforts drive results—operations will play an even larger role in providing shareholder benefits going forward. We're happy to report that, in 2020, Sealaska increased its investment in shareholder benefits by more than 20% compared to 2019.



## SEALASKA HERITAGE INSTITUTE

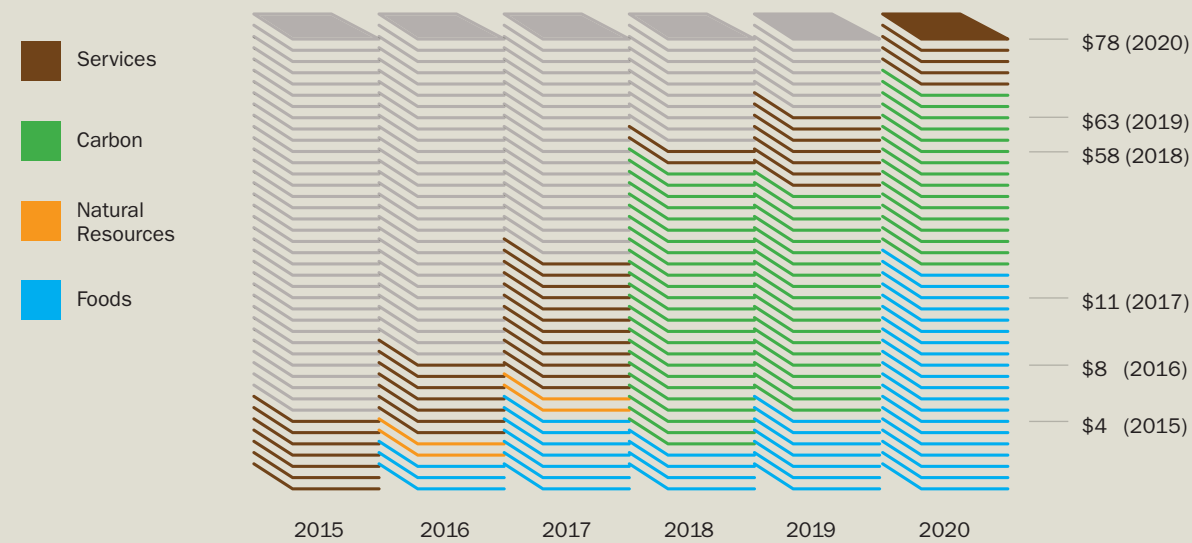
Sealaska provides SHI with financial support that is critical to the organization's mission. We believe in SHI's stewardship of Native art, cultural programs/education and language revitalization, most recently evidenced by Sealaska's support for the Sealaska Heritage Arts Campus in Juneau.

**\$2,864,000**  
2020 TOTAL DONATIONS

## OPERATING EBITDA

EBITDA from Continuing Operations Including Equity Investments in Subsidiaries  
In millions

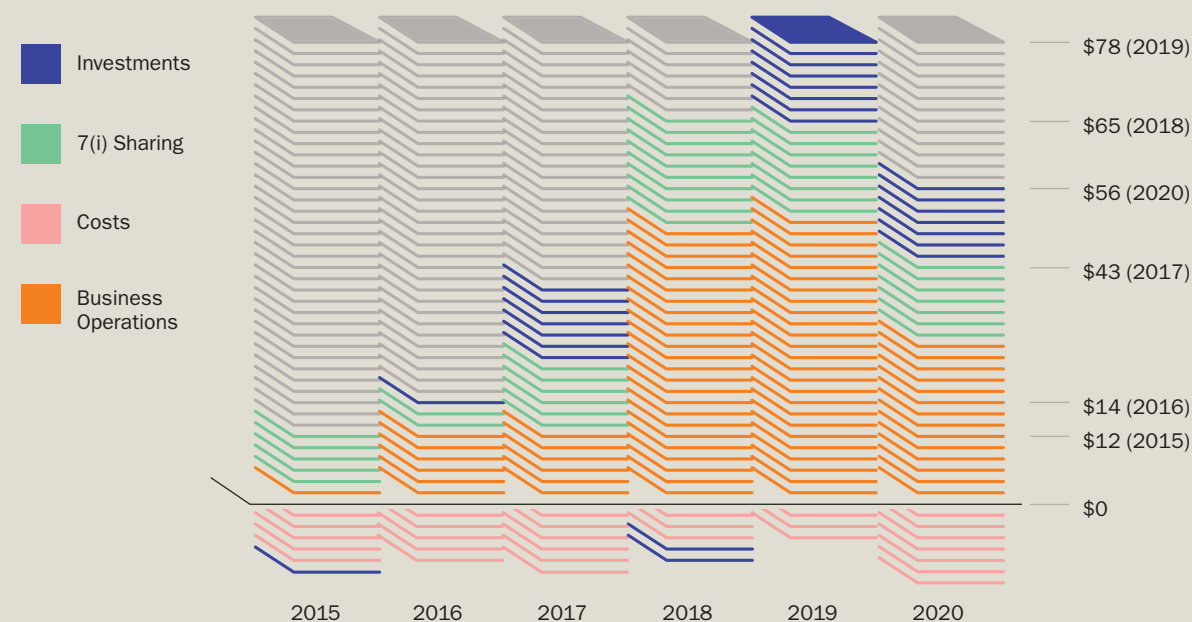
Earnings before Interest Expense, Taxes, Depreciation and Amortization (EBITDA) is the measure that we use to gauge our financial success. This measure focuses us specifically on the results we achieve by running successful operating businesses.



## NET INCOME

As Reported in the Financial Statements. Includes Income from Discontinued Operations.  
In millions

Net income includes not only the financial results of our operating businesses, but also the results from investments and revenue sharing provided for by the Alaska Native Claims Settlement Act's Section 7(i), as well as those items excluded from EBITDA—interest, taxes, depreciation and amortization. Sealaska's net income was down slightly year-over-year, despite a record year for our operating businesses, following declines in natural resources-driven revenue from the other ANCs and the pandemic's effect on financial markets.

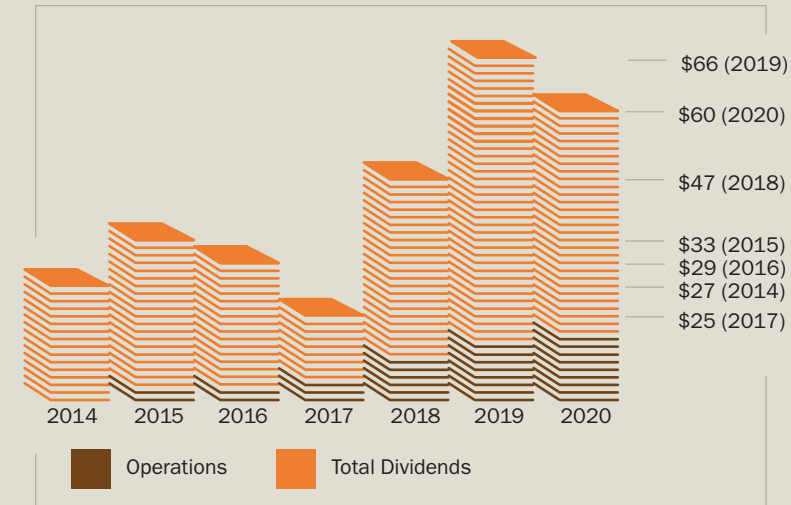


## 2020 FINANCIAL RESULTS AND SHAREHOLDER BENEFITS

**\$500,000**  
EXPECTED ANNUAL GRANT FUNDING GENERATED

### LANGUAGE FUND

Sealaska is dedicated to revitalizing our traditional languages. In 2020, a \$10 million fund was established to support advanced language learners. We expect to pay out approximately \$500,000 per year to programs and language efforts that create pathways to fluency that will keep our languages alive forever.



### DIVIDENDS

In millions

Since 2014, the dividends paid to shareholders as a result of our business operations have grown significantly. We attribute this to the alignment of our business interests and cultural values.

**\$1,433,000**  
TOTAL COVID-19 RELIEF

### COVID-19 RELIEF

Sealaska provided financial support to our people during the COVID-19 pandemic in 2020. Funds were distributed to our 19 federally recognized tribes, first-responder agencies and other nonprofits that serve our people in Alaska and beyond.



### ALASKAN YOUTH STEWARDS

Alaskan Youth Stewards is a partnership with a variety of forestry organizations in four Southeast communities designed to introduce youth to career opportunities. In 2020, the program received a Regional Forester's Partnership Award from the USDA Forest Service for its role in making tribal and youth engagement programs more efficient, cohesive and sustainable.

## SPRUCE ROOT

In 2020, Sealaska increased its support for Spruce Root by more than 90% from 2019, to \$548,000, to help the nonprofit community development financial institution better serve small business owners and support the regional economy in the wake of the pandemic.



## ELDERS BENEFIT

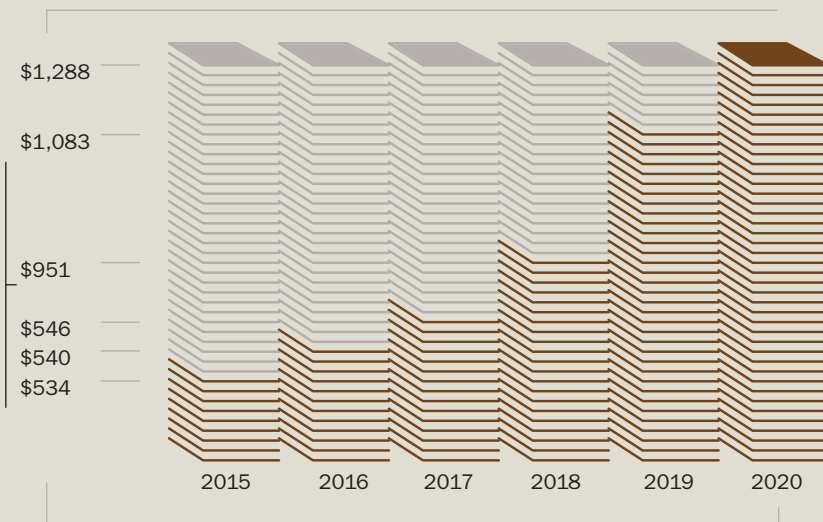
Holders of original Sealaska shares are eligible for a one-time payment of \$20 per original share when they turn 65. These one-time payments come from the Elders' Settlement Trust, established in 1991. Holders of original shares are also issued 100 shares of Class E (Elder) stock when they turn 65. To learn more, visit MySealaska.com.

**\$655,000**  
PAID FROM ELDERS' SETTLEMENT TRUST IN 2020

## SCHOLARSHIPS

*In thousands*

Sealaska shareholders and descendants of all ages benefit from scholarships every year. In 2020, we served an all-time high of 553 students with more than \$1.3 million in scholarships.



## DEISHÚ MEMORIAL FUND

Sealaska established a shareholder bereavement benefit program in 2018, known as the Deishú Memorial Fund.

**\$564,000**  
PAID SINCE ITS INCEPTION

## RESEARCH AND MONITOR

# Applied Science for a Changing Ocean

The Pacific coast is changing.

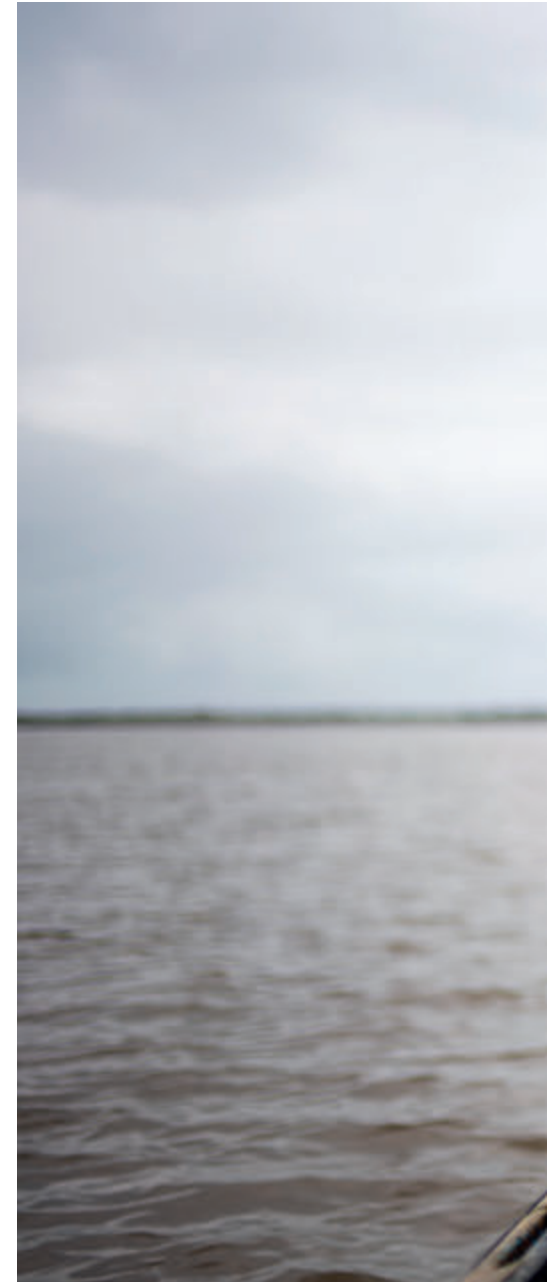
As the energy economy shifts from a reliance on petroleum products to more renewable sources of power, offshore oil platforms are increasingly idled. Drilling sites need to be cleaned up and made safe for future generations. At the same time, new opportunities are emerging to harness energy with offshore wind and tidal turbines. And rising sea levels will create new problems that call for creative solutions.

*Sealaska is building its ability to take on these challenges and opportunities.*

C S Marine Constructors Inc., which is based in California's Bay Area, joined the Sealaska family of businesses in June 2020 as part of this effort. C S Marine specializes in underwater construction, repair, demolition, salvage and maintenance. Customers seek out and respect C S Marine for its consistent ability to take on difficult, complex projects.

The addition of C S Marine builds on the strengths of other Sealaska businesses, including Gregg Drilling and Sealaska Engineering and Applied Sciences, that can conduct seafloor soil sampling, research fisheries, support engineering and other scientific work, and innovate in a host of ways.

Developing deep insights and capabilities in these areas is core to fulfilling Sealaska's goal to apply the science, engineering and systems-based thinking required to heal and protect our oceans.





## CLEAN UP POLLUTANTS

# Solving the Planet's Great Challenges

In the late 1800s, oil was so plentiful that it used to bubble to the surface in ink pots across what is now Los Angeles. The city's oil boom ended nearly a century ago. Yet even today, more than half a million residents of Los Angeles County live within a quarter mile of an active oil rig. Millions more live nearly on top of abandoned former well sites. Oil contamination in the soil is common.

Oil and other petrochemicals join numerous other products of our country's industrial history in our soil and water: dry-cleaning fluids, lead-based paints, plastics manufacturing, agricultural areas, burn pits and more.

Today, human-made pollutants affect much of the world. Contamination and trash—especially plastics—in our oceans harm countless marine species, and contaminants in the ocean work their way up through the food chain to damage human health, too. It's all connected.

That's why cleaning up pollutants is an essential part of building a business that's focused on fostering health and balance for lands and oceans. Sealaska has been carefully growing its capacity to do that.

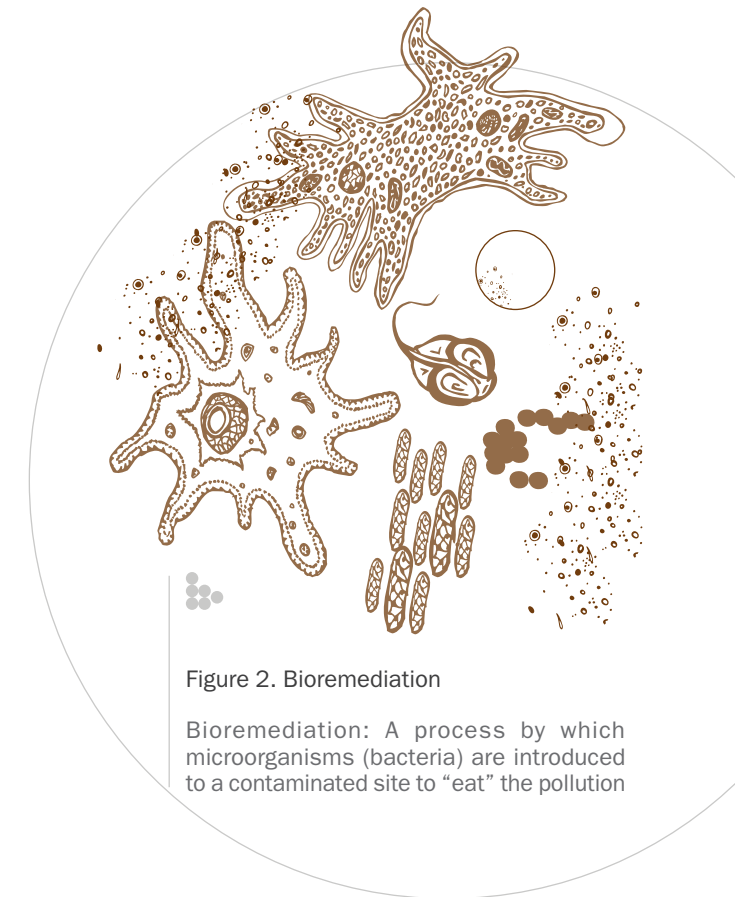


Figure 2. Bioremediation

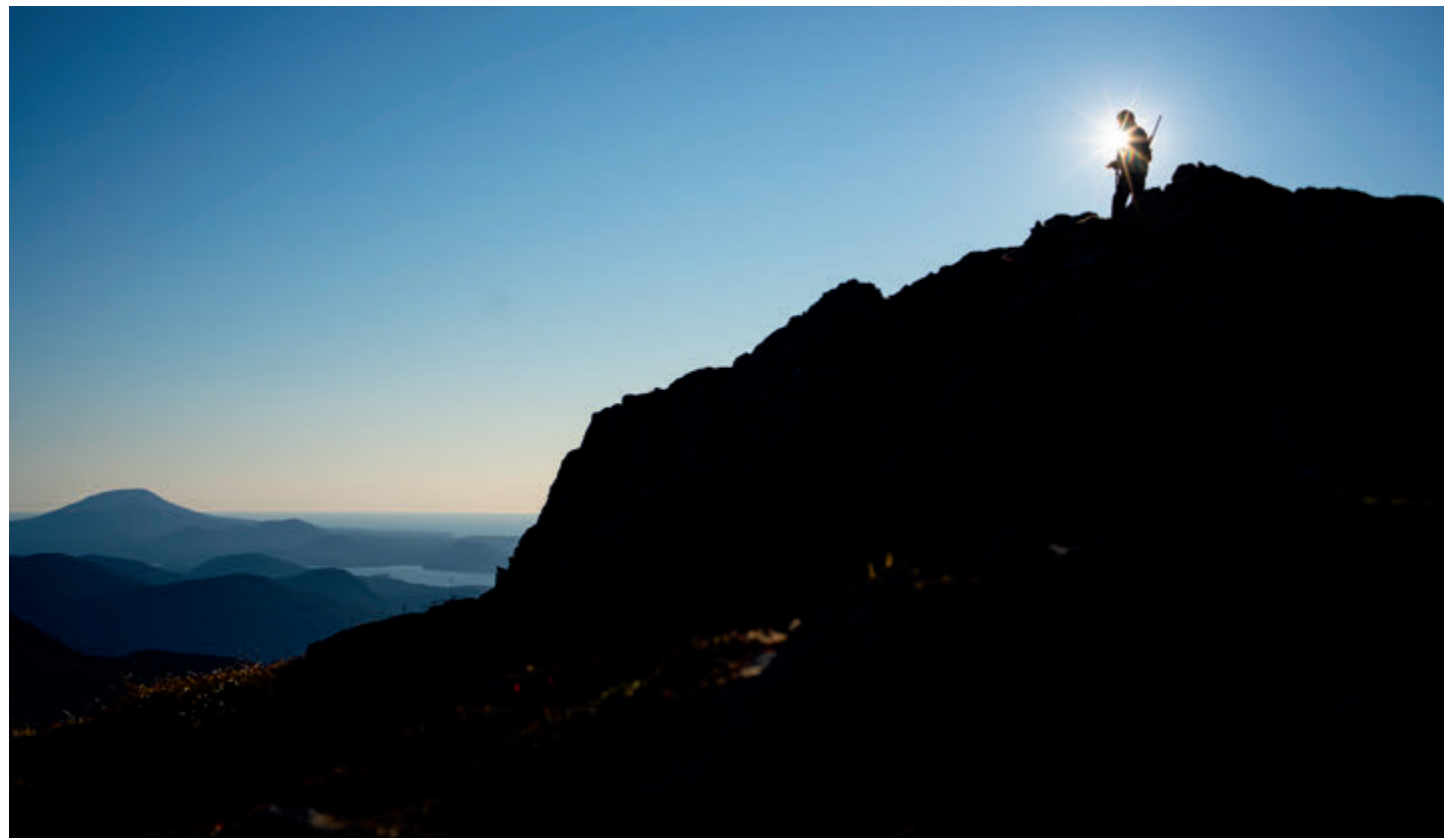
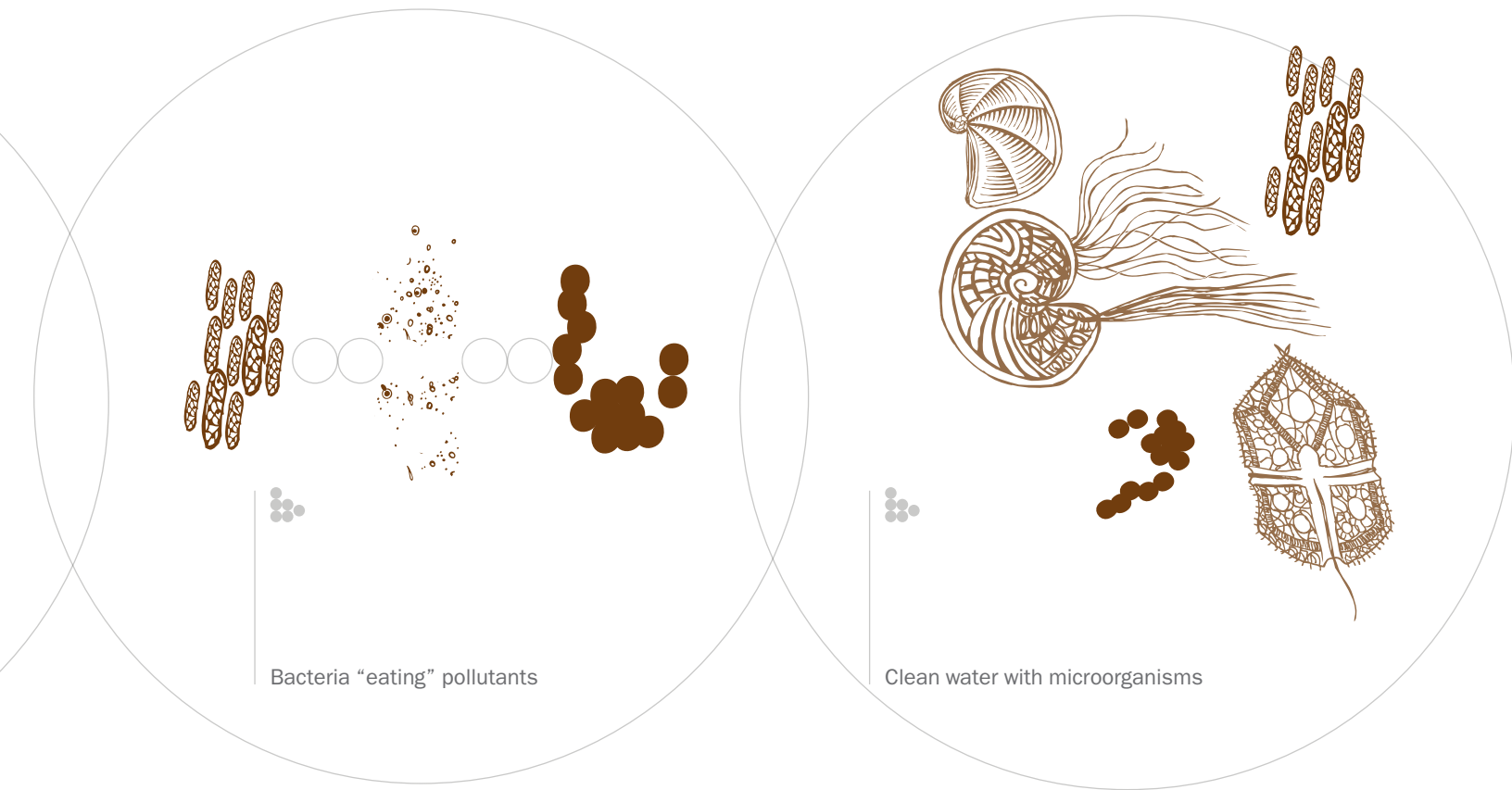
Bioremediation: A process by which microorganisms (bacteria) are introduced to a contaminated site to "eat" the pollution

Gregg Drilling, C S Marine and many parts of our Government Services Division, including Sealaska Environmental Services and Sealaska Technical Services, bring innovation and skill to cleanup work in Alaska, the West Coast, and beyond. In many cases, we're mitigating chemical contamination in soil, groundwater and marine environments with biological processes that produce no harmful side effects and allow formerly contaminated soil and water to remain in place. We're monitoring and treating groundwater in places like Adak Island in the Aleutians and Los Alamos, New Mexico.

As we continue to grow and invest, we hope to make meaningful contributions to solving these global problems. In combining this work with our other endeavors, we can bring cross-functional problem solving that creates opportunity and prosperity for future generations.



## Feeding the World, Sustainably



Relying on our oceans for nourishment is key to Sealaska's work. We believe that understanding, respecting and depending on our oceans is central to saving them—and ourselves. Close ties to the ocean are part of the history of the Tlingit, Haida and Tsimshian in Southeast Alaska. This focus is consistent with who we are.

That heritage and belief drive us to encourage people to eat more of the sea's healthy bounty. This bounty is among the most nutritious sources of protein available. Equally important is that seafood requires far fewer resources to grow and harvest than most land-based alternatives, especially when businesses take care to efficiently use every morsel of every fish, as ours do. Well-managed fisheries are a renewable resource.



Figure 3. Bull Kelp

Bull kelp absorbs carbon and helps improve marine ecosystems

Also important is that we're investing in ocean-based options that can actually help reverse the effects of climate change. By creating and manufacturing products with local bull kelp, Juneau-based Barnacle Foods is creating demand for a substance that absorbs carbon from the sea around it, changing the water's chemistry and fighting the acidification being caused by climate change. That gives kelp the potential to broadly improve ecosystems, help juvenile shellfish and keep our oceans abundant. Barnacle is also building the regional economy and creating employment opportunities.

Sealaska's purchase of New England Seafood International Limited (NESI) in October of 2020 strengthened our business with a well-managed, successful company that has proven its excellence in sustainable sourcing, smart branding and steady growth. We are lending one another valuable new perspectives while appreciating our shared commitment to long-term thinking and respectful use of our planet's limited resources.

The COVID-19 pandemic was particularly challenging for many of our seafood customers in the restaurant industry. But the hardworking people in our foods businesses have kept plants running safely throughout the pandemic, providing a crucial path to market for fishermen and providing healthy, delicious options for people cooking at home more than ever before.

*It's an extension of our long history of using and managing the natural resources that have sustained us.*

Investing in feeding a growing population in a nutritious, low-impact way is good for people and good for business. Our foods businesses are a key part of Sealaska's growth. Foods revenue exceeded \$500 million in 2020, an increase of more than \$100 million year-over-year. If NESI had been with Sealaska for all of 2020, foods revenue would have topped \$650 million.

Seafood is fundamental to our thinking for many reasons. It's an extension of our long history of using and managing the natural resources that have sustained us. And feeding the world is a rewarding thing to do. It's an effort that everyone associated with Sealaska can be proud of.

## BUILD THRIVING COMMUNITIES

# Committed to Service

In 2020, we had the opportunity to serve and uplift our communities in ways we haven't been called upon to do in our history as a company. Suddenly, everyone was hurting in one way or another. We are grateful that we could help.

We quickly deployed more than \$1.4 million in COVID-19 emergency relief funding to those in need. Immediately, our 19 federally recognized tribes received \$10,000 each. We sent donations to food banks, blood banks and other front-line charities, while developing a system to distribute even more to the first responders and nonprofits that serve people across a wide spectrum of needs.

Despite the seriousness of this work, there were so many moments of joy as we saw the creative ways our shareholders and descendants maintained their connections, supported their Elders and children, and upheld cultural traditions to the best of their abilities.

In Kake, not holding Culture Camp wasn't an option. Community members adapted it to a distance-learning model and delivered cultural materials to participants' homes for use in creating art and other projects.



Figure 4. Run of Salmon



In Yakutat, kids were able to step away from their computer screens for some healthy fun outdoors during an impromptu surf camp organized through impassioned local youth advocates with assistance from Sustainable Southeast Partnership.

Sitka families reliant on the National School Lunch Program faced sudden food insecurity with the abrupt closure of schools. Unrestricted funding from Sealaska helped ensure kids and families had access to healthy food when other programs were not available.

In Washington, Elders received grocery gift cards funded by Sealaska and distributed by the Washington chapter of Central Council of the Tlingit and Haida Indian Tribes of Alaska.

In 11 of our smaller communities in Southeast Alaska, we were fortunate to join with the Alaska Longline Fishermen's Association to deliver 49,000 pounds of salmon from our company, Orca Bay Foods, to families facing the additional hardship of one of the worst salmon seasons on record.

All of this was in addition to our ongoing shareholder benefit programs, which are designed and funded based on the priorities of our shareholders. We are supporting the development of career pathways and skills training that will provide more opportunities for employment in our rural communities. We are working with partners like Sealaska Heritage Institute, the University of Alaska Southeast and Central Council of the Tlingit and Haida Indian Tribes of Alaska to support anyone who is willing to devote the time to learning and perpetuating traditional languages.

*In 11 of our smaller communities in Southeast Alaska, we were fortunate to join with the Alaska Longline Fishermen's Association to deliver 49,000 pounds of salmon.*

Our purpose as a company is in lending balance to the natural, cultural, economic, educational and social ecosystem that supports our shareholders and descendants wherever they live.

## ACKNOWLEDGMENTS

# *Kingeistí* David Katzeek

In late October, we lost *Kingeistí* David Katzeek.

*Kingeistí's* monumental role in our region and particularly with our company, Sealaska, is nearly impossible to describe. In addition to his role as a teacher of *Lingít* and an advocate for the preservation of traditional languages, he was a trusted advisor to the Sealaska Board of Directors, our executive team and our employees.

When we wrestled with a difficult decision, *Kingeistí* listened. When we needed to ground ourselves in ancestral perspectives and absorb the wisdom in traditional stories, he spoke. His steady presence and strength of character fortified us to do the work we do on behalf of our shareholders.

*Kingeistí* was the first president of Sealaska Heritage Foundation, and served as a traditional scholar for Sealaska Heritage Institute for nearly 20 years. He served on the Sealaska Board of Directors from 1979 to 1981. He worked with others to help implement the Alaska Native Claims Settlement Act, and was an advocate for many other legislative changes impacting Alaska Native people. Most important to many, he worked closely with public schools in Juneau, inspiring students and educating teachers, support staff, administrators, and community and school board members on the rich history and culture of Alaska.

*Kingeistí* learned *Lingít* from his grandparents, and his dedication to speaking the language and transmitting the cultural values contained in its words and phrases was a source of inspiration for the establishment of Sealaska's \$10 million language endowment in 2019. Many young Tlingit children heard their first words in *Lingít* from *Kingeistí*. His is among several voices featured on the first-ever Tlingit language app, "Learning Tlingit," released in 2016 by Sealaska Heritage Institute.

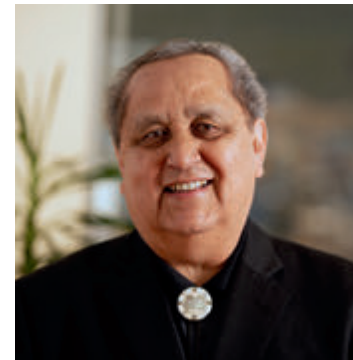
*His steady presence and strength of character fortified us to do the work we do on behalf of our shareholders.*

*Kingeistí* was a clan leader for the Eagle moiety, *Shangukeidí* (Thunderbird Clan) of Klukwan. He was from *Kaawdliyaayi Hít* (House Lowered from the Sun), and *Shis'gi Hít* (Tree Bark House) in Chilkat Kwáan Klukwan, after his mother, the late Anna Klanott Katzeek. He was a child of the *Gaanaxteidí* after his father, George J. Katzeek, who was a Raven *Gaanaxteidí* Clan of the Raven-Otter-Whale-Frog House in Klukwan. *Kingeistí* was born in Klukwan on November 12, 1942, and moved to Juneau in 1948. He died in Juneau on October 28, 2020.



# Leaders in Service

Sealaska is deeply grateful for the service of two of its board members who have chosen not to seek another term on the board. These two men have contributed mightily to our company, and their service and commitment to our people has been of incalculable value. *Gunalchéesh, Háw'aa, T'oyaxsut 'nūūsm.*

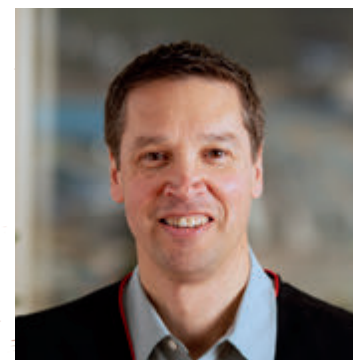


## ALBERT KOOKESH | KAASHÁAN

Albert Kookesh has served as a director since 1976, during which time he also built a formidable career outside our company with service to countless Native organizations and as a public servant in the Alaska legislature and Alaska state government. He provided political expertise to the board, and brought culture and humor into discussions at just the

right time to motivate and improve the working environment. He generously emceed many shareholder and community events over the years, and was a familiar face to all. Albert Kookesh has been a pillar of Sealaska for most of its history, and we will be forever grateful to him for it.

Albert is Tlingit/Eagle, *Teikweidí* (Brown Bear clan), *L'eeneidí yádi* (child of Dog Salmon clan).



## TATE LONDON | XEIN

Tate London has served on Sealaska's board for 15 years. His service has been marked by steadiness and his willingness to assist in complex decision making. As an attorney with the U.S. Department of Justice in Seattle, Tate provided his colleagues on the board with his legal expertise and his ability to dive in and understand dynamic issues. He was well liked

throughout our Sealaska communities, as he brought humility, humor and care to all his shareholder interactions. Tate London has generously given of himself for the benefit of others, and will be forever remembered for it.

Tate is Tlingit/Raven, *L'eeneidí* (Dog Salmon clan), child of Killerwhale.



Figure 5. Bald Eagle

# Board of Directors



Joe Nelson  
*Kaaxúxgu*  
Board Chair



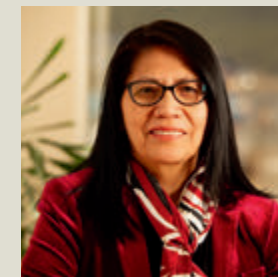
Jodi Mitchell  
*Tseiltin*  
Vice Chair



Michael Beasley  
*Daanawáak*



Barbara Blake  
*Wáahlaal Gidáak*



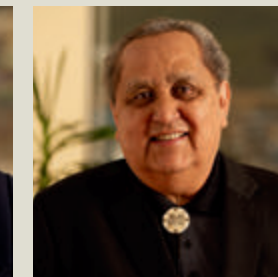
Barbara Cadiente-Nelson  
*X'eishx'u.eh*



Nicole Hallingstad  
*Ch'aak' Tlaa*



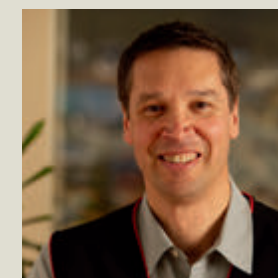
Morgan Howard  
*X'agátkeen*



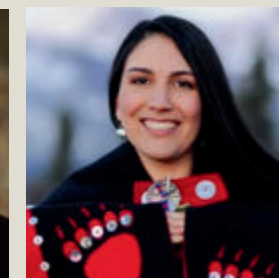
Albert Kookesh  
*Kaasháan*



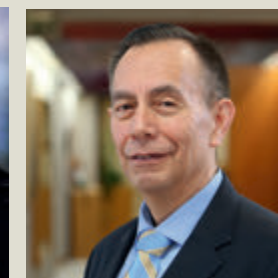
Lisa Lang  
*Ka'illjuus*



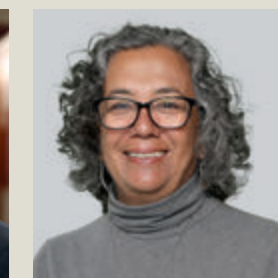
Tate London  
*Xein*



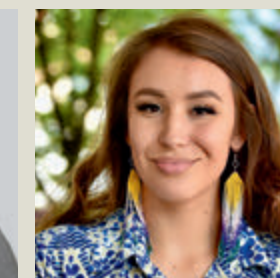
Angela Michaud  
*Saa Doo ou*



Richard Rinehart  
*Tashee*



Karen Taug  
*GunaaShaá*



Michaela Demmert  
*Xo sáats*  
Board Youth Advisor

# Corporate Officers



**Anthony Mallott**  
President &  
Chief Executive Officer



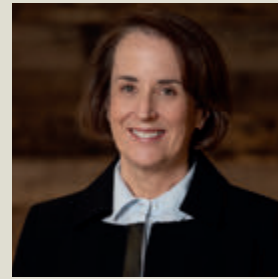
**Terry Downes**  
Chief Operating Officer



**Jaeleen Kookesh**  
Vice President,  
Policy & Legal Affairs



**Kent Rasmussen**  
General Counsel



**Carrie Rorem**  
Chief Financial Officer

# Sealaska Shareholder Participation Committees



**Penny Gage**  
Chair Other Alaska



**Laird Jones**  
Chair Southeast Alaska



**Monico Ortiz**  
Chair Lower 48

# Five-Year Summary

## OF SELECTED CONSOLIDATED FINANCIAL DATA

	2020	2019	2018	2017	2016
Net income attributable to Sealaska	\$ 55,670	\$ 77,873	\$ 65,241	\$ 43,322	\$ 14,033
Total assets	\$ 913,217	\$ 687,547	\$ 554,964	\$ 463,574	\$ 324,850
Sealaska Shareholders' equity	\$ 430,604	\$ 389,797	\$ 328,853	\$ 277,829	\$ 242,462
Long-term bank debt	\$ 223,850	\$ 100,712	\$ 69,663	\$ 40,000	\$ 12,000
Short-term bank debt	\$ 3,314	\$ 92	\$ 86	\$ 28,080	\$ -
Current ratio	3.03	3.25	2.73	2.15	2.86
Bank debt/equity ratio	0.48	0.24	0.20	0.23	0.05
Shareholders' equity attributable to Sealaska per share	\$ 170.65	\$ 156.54	\$ 135.76	\$ 114.69	\$ 102.96
Net income attributable to Sealaska per share	\$ 22.21	\$ 31.70	\$ 27.18	\$ 18.30	\$ 5.99
Dividends per share	\$ 7.30	\$ 6.32	\$ 5.40	\$ 3.19	\$ 2.62
Cumulative distributions to shareholders and Village corporations since inception	\$ 783,190	\$ 736,775	\$ 681,752	\$ 643,093	\$ 621,574

Dollars are in thousands except per share amounts and ratios. Years ended December 31.

# Management's Discussion and Analysis

## OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### CORPORATE OVERVIEW

Sealaska was established under the Alaska Native Claims Settlement Act (ANCSA) of 1971 and is the regional Alaska Native Corporation for Southeast Alaska. The company is one of 13 regional Native corporations established under ANCSA with 22,600 Tlingit, Haida, Tsimshian, and Unangax (Aleut) shareholders holding 2,523,276 shares of common stock as of December 31, 2020.

Sealaska owns the fee title to approximately 362,000 acres of traditional homelands and approximately 646,000 acres of subsurface estate throughout Southeast Alaska. The company and its subsidiaries maintain their primary offices on the West Coast of the United States and Alaska. Sealaska's operating and financial activities are in the following business segments:

- A. Foods
- B. Services and Environmental
- C. Investments
- D. Natural Resources
- E. Other

In addition to these sources of revenue, Sealaska participates in Section 7(i) revenue sharing with the other Alaska Native Regional Corporations.

### FINANCIAL OVERVIEW

Sealaska's consolidated continuing operations earned revenues of \$697.3 million in 2020, up from \$606.7 million in 2019. Net income was \$55.7 million, down \$22.2 million from the \$77.9 million earned in 2019. Total Sealaska Shareholders' Equity at December 31, 2020 of \$430.6 million is up from \$389.8 million at December 31, 2019.

In January 2021, Sealaska announced that it was transitioning away from its legacy logging business. Accordingly, Sealaska's 2020 financial statements classify logging activities as a discontinued operation. Sealaska reports all revenues and expenditures associated with discontinued operations as a net amount on its Consolidated Statement of Income. Please see note 20 in the Notes to Consolidated Financial Statements for additional detail.

### LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2020, Sealaska held cash on hand and current investment securities of \$167.6 million.

LIQUIDITY	2020	2019
<b>Available funds:</b>		
Cash and equivalents, and current investments	\$ 167.6	\$ 159.6
<b>Total available funds</b>	<b>167.6</b>	159.6
<b>Available line of credit and revolving loan:</b>		
Total line of credit and revolving loan	193.3	160.0
Less: outstanding balances	(115.0)	(100.4)
Total available line of credit and revolving loan	78.3	59.6
<b>Total liquidity</b>	<b>\$ 245.9</b>	\$ 219.2

Dollars in millions. Years ended December 31.

WORKING CAPITAL	2020	2019
Current assets	\$ 428.0	\$ 345.4
Current liabilities	141.1	106.2
Working capital	\$ 286.9	\$ 239.2
Current ratio	3.03	3.25

Dollars in millions, except per share amounts and ratios. Years ended December 31.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS CONTINUED

### I. Results of Operations

Sealaska's business portfolio is built around protecting our environment through supporting sustainable fishing, seeking the highest value per fish, solving complex problems around water quality and ocean health, and preserving forested lands for future generations. We are committed to investing in businesses that are aligned with the values and long-term vision of our people.

#### A. FOODS

Sealaska Foods LLC is a holding company for our food subsidiaries and related equity investments. Through Sealaska Foods, Sealaska maintains ownership in Orca Bay Foods, LLC and Independent Packers, LLC in Seattle, Washington. These two companies are value-added seafood processors, specializing in converting seafood into high-value retail products. In April 2020, Sealaska Foods purchased a minority interest in Barnacle LLC, an Alaska-based food company. Barnacle creates and manufactures salsas, hot sauces, pickles, jams, and jellies using bull kelp and other locally-harvested and foraged ingredients. Please see note 7 in the Notes to Consolidated Financial Statements for additional detail.

In 2020, Sealaska formed Sealaska European Holdings Limited (SEHL) to serve as a holding company for our European operations. In October 2020, SEHL purchased a majority interest in New England Seafoods International Limited (NESI), a highly regarded, London-based global seafood company. NESI imports, processes, and supplies fresh and frozen premium, sustainable fish to customers in the United Kingdom and Northern Europe. It is highly respected for its responsible sourcing, respect for the environment, and commitment to helping people enjoy a healthy lifestyle. Please see note 19 in the Notes to Consolidated Financial Statements for additional detail.

#### B. SERVICES AND ENVIRONMENTAL

Sealaska Government Services, LLC (SGS) is a holding company for our services subsidiaries, which include Sealaska Environmental Services, Sealaska Technical Services, Sealaska Constructors, Sealaska Construction Solutions, Managed Business Solutions, EcoData Analytics, Sealaska Engineering and Applied Sciences, Sealaska Remediation Solutions, and Sealaska Secure Construction Solutions. SGS businesses focus on environmental and marine monitoring, remote project management, and data analytics.

In 2018, Sealaska formed Sealaska Commercial Services (Commercial Services) to serve as a holding company for our commercial service-related subsidiaries. That same year, Commercial Services acquired an interest in Gregg Drilling, an environmental, geotechnical, marine drilling and testing company that is headquartered in Southern California. In June 2020, Commercial Services purchased C S Marine Constructors, Inc., of Vallejo, California. C S Marine is a full service marine contractor with expertise in new construction, emergency repairs, demolition, salvage, and maintenance.

#### C. INVESTMENTS

Sealaska's investments include the Marjorie V. Young (MVY) Shareholder Permanent Fund and the Investment and Growth (I&G) Fund. During 2020, the MVY fund earned \$10.6 million, and the I&G Fund gained \$1.7 million. Growth in these two funds was consistent with stock market performance and other asset markets.

The combined balance of the MVY Shareholder Permanent Fund and the I&G Fund was \$162.5 million at the beginning of 2020 and ended the year with a combined balance of \$166.0 million, after payment of \$4.8 million in Permanent Fund dividends to shareholders.

Both funds have maintained strong, long-term performance, which highlights the strength of the funds' diversification strategy. Sealaska utilizes an institutional investment consultant and the services of several external investment managers.

#### 1. Marjorie V. Young Shareholder Permanent Fund

Sealaska's MVY Shareholder Permanent Fund was created in 1987 to provide shareholders with consistent dividends over time. In consultation with our investment advisors and investment managers, we constantly evaluate and mitigate the risk exposure of the portfolio.

#### 2. Investment and Growth Fund

The Investment and Growth Fund is managed with both a short-term and long-term investment horizon and is used for both operational needs and new investments. The focus of the fund is to grow principal with a prudent level of risk, maintain sufficient liquidity to cover the working capital needs of Sealaska's business operations, and provide a source of capital for corporate development.

#### D. NATURAL RESOURCES

Haa Aani, LLC is a holding company for our subsidiaries and departments involved in natural resources activities, which include Sealaska Timber Company, Alaska Coastal Aggregates, and our natural resources department.

Sealaska announced in January 2021 that it was transitioning away from the logging business. Sealaska has conducted its logging activities through Sealaska Timber Company, LLC (STC). During 2020, STC conducted timber harvest operations in McKenzie Inlet, Keete Inlet, Kosciusko Island, Tuxekan Island, and Icy Bay. STC marketed the logs to overseas and Pacific Northwest customers.

#### Aggregates

Alaska Coastal Aggregates, LLC manages aggregates for commercial, municipal, state, and federal construction projects throughout the Southeast Alaska region.

#### Other Natural Resource Activity

In 2016, we initiated a carbon sequestration project on approximately 165,000 acres of our forested lands. Carbon sequestration involves long-term storage of carbon dioxide or other forms of carbon to mitigate and reduce the impact of global climate change on our planet and our people. The California Air Resources Board issued approximately 9.3 million carbon offset credits to Sealaska in March of 2018 for our initial project. In 2020, the California Air Resources Board issued 2.3 million additional carbon offset credits to Sealaska for a second carbon sequestration project on another 11,000 acres of forested lands.

#### E. OTHER

Sealaska's corporate and other income includes the revenue generating departments at the corporate headquarters, such as the Real Estate Department, which leases office space to others in Sealaska's Juneau headquarters building, as well as income from land held for development.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS CONTINUED

### II. Social and Cultural Benefits and Services

	2020	2019
<b>Sealaska investments and priorities</b>		
Sealaska Heritage Institute (Cultural)	\$ 2,864	\$ 3,924
Education, youth programs and career development	588	935
Spruce Root, Inc. (Southeast Alaska Business Support)	548	288
<b>Direct Shareholder benefits</b>		
Language revitalization fund	60	-
<b>Other Program Expenditures</b>		
Charitable and other programs	1,833	165
Shareholder voting Incentive	1,054	631
Shareholder relations administration	512	532
Public policy activities	445	513
Shareholder outreach and communications	174	514
	<b>\$ 8,078</b>	<b>\$ 7,502</b>

Dollars in thousands. Years ended December 31.

Alaska Native Corporations have a unique mission—providing many social and cultural benefits to their shareholders and local communities. By displaying these costs separately in our financial statements, we aim to provide shareholders a fuller understanding of Sealaska's support in these important areas. In coordination with Sealaska Heritage Institute and other partners, we invest in the following activities:

- Perpetuating Native arts, cultures, and languages
- Improving academic performance of Native students
- Supporting research that increases knowledge of Native culture and history
- Advancing public policy that benefits Native education and culture
- Developing and publishing Native curricula and scholarly studies
- Maintaining world-class archive and art and ethnographic collections
- Providing direct benefits to Natives through culturally relevant programming, employment, internship opportunities, and scholarships
- Promoting cross-cultural understanding

#### A. DEISHÚ MEMORIAL FUND

During 2018, Sealaska established the Deishú Memorial Fund (the Fund) by restricting assets totaling nearly \$6 million. The Fund provides financial support for shareholders after the loss of a loved one. The support is payable following the death of an original shareholder or any shareholder possessing voting shares at the time of passing. The assets and liabilities of the Fund are reported on Sealaska's consolidated financial statements. The Fund assumes a long-term annualized rate of return of 7.00 percent in order to meet the estimated benefit payments in perpetuity. The Fund has paid \$564 thousand since its inception, including \$238 thousand in benefits paid to shareholders during 2020.

#### B. SEALASKA HERITAGE INSTITUTE

Clan leaders, traditional scholars and Elders conceived Sealaska Heritage Institute (SHI) at the first Sealaska Elder's Conference in 1980. Sealaska established SHI with the mission of perpetuating and enhancing the Tlingit, Haida, and Tsimshian cultures of Southeast Alaska, and to promote cross-cultural understanding.

In 2020, Sealaska contributed \$1.9 million in cash and in-kind services to support the operations of SHI and \$1.0 million to support development of the Sealaska Heritage Arts Campus. Using Sealaska's cash and in-kind donations as leverage, SHI raised an additional \$2.0 million in funding for the Arts Campus and \$10.7 million in grants, revenue, and sales. SHI provided services to over 50,000 individuals through its programs and activities. Sealaska also contributed \$1.3 million toward scholarships in 2020, in part through the scholarship endowment established in 1988.

#### C. SPRUCE ROOT, INC.

Sealaska founded Spruce Root, Inc. in 2012 with the goal of improving business community access to capital in the form of loans, as well as providing technical training to build capacity for our Southeast Alaska regional economy. Spruce Root, Inc. is a not-for-profit 501(c)(3) organization as well as a Community Development Financial Institution (CDFI). During 2020, Sealaska provided \$548 thousand of funding and in-kind services for Spruce Root's activities.

During 2020, Spruce Root supported 174 businesses in 17 communities by providing 220 hours of technical assistance and business coaching. Since Spruce Root's inception, the loan program has deployed direct loans and guarantees totaling over \$1.5 million to 14 businesses in 8 communities in Southeast Alaska.

Over the past eight years, Spruce Root's Path to Prosperity (P2P) business development competition program has trained 90 small businesses at its award-winning Business Boot Camp and has awarded 17 winners from nine different communities a total of \$560 thousand to start or grow their businesses in sustainable and socially-conscious ways.

#### D. ELDERS' SETTLEMENT TRUST

The Elders' Settlement Trust (EST) is a grantor trust created to provide a one-time economic benefit to original shareholders at the age of 65. The assets and liabilities of the EST are reported on Sealaska's consolidated financial statements. The EST is governed by a Board of Trustees. Financial calculations for the EST assume a long-term annualized rate of return of 6.25 percent in order for the trust to meet the estimated benefit payments. Since the trust's inception, it has provided more than \$14.06 million in benefits to our Elders.

#### E. SCHOLARSHIP BENEFITS

Sealaska originally committed \$2.5 million in 1988 to create a Scholarship Endowment. In 2018 and 2020, the Board approved additional commitments of \$10.0 million and \$2.5 million, respectively. The endowment provided \$922 thousand for scholarships in 2020. In addition, timber revenues provided funding for an additional \$366 thousand, to reach a total investment of \$1.3 million for the year.

#### F. DISTRIBUTIONS

Since 1972, Sealaska has paid \$783.2 million in shareholder dividends and ANCSA Section 7(j) distributions. Sealaska Shareholders receive dividends and distributions from three sources:

**Permanent Fund:** Biannual shareholder distributions for all share classes include a Permanent Fund payment. Sealaska calculates this payment as a percentage of Permanent Fund market value.

**Sealaska Operations:** Biannual shareholder distributions for all share classes include an operating earnings payment. This payment is 35 percent of Sealaska's consolidated net earnings (less earnings associated with the Permanent Fund) averaged over five years.

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## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS CONTINUED

### ANCSA Section 7(j):

**Direct Payments** – Biannual distributions for eligible shareholders—those holding urban Class “B” or at-large Class “C” shares—include ANCSA 7(j) payments.

**Indirect Payments** – ANCSA requires Sealaska to make Section 7(j) payments directly to the Southeast Alaska region’s 10 Village corporations. Accordingly, shareholders with Class “A” stock (those that are both Shareholders in Sealaska and shareholders in their Village corporation) do not receive an ANCSA Section 7(j) payment directly from Sealaska. Instead, Sealaska directs these payments to the Village corporations, and the Village corporations determine how to distribute 7(j) funds to their shareholders.

Class “D” shareholders (descendants), Class “E” shareholders (elders) and Class “L” shareholders (left-outs) do not receive ANCSA Section 7(j) payments. Class “D”, “E”, and “L” shares sunset when the shareholder passes away.

### G. LANGUAGE REVITALIZATION FUND

During 2020, Sealaska established the Language Revitalization Fund by restricting assets totaling \$10 million. The earnings of the fund will be used to support programs focusing on the revitalization of Tlingit (*Lingít*), Haida (*Xaad Kil*) and Tsimshian (*Sm’algyax*) languages.

### H. CHARITABLE AND OTHER PROGRAMS

In 2020, Sealaska provided \$1.4 million of financial support for COVID-19 relief to our 19 federally recognized tribes, first-responder agencies and other nonprofits that serve our people in Alaska and beyond. Sealaska contributed additional support to activities benefitting our shareholders, communities and organizations.

## III. Special Note Regarding Forward Looking Statements

Certain sections of the annual report contain forward-looking statements that are based on management’s expectations, estimates, projections, and assumptions.

Words such as *expects*, *anticipates*, *plans*, *believes*, *schedules*, *estimates*, and variations of these words and similar expressions are intended to identify forward looking statements, which include but are not limited to projections of revenues, income, segment performance, cash flows, contract awards, deliveries, and backlog. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict.

Therefore, actual future results and trends may differ materially from what is forecast in forward-looking statements. All forward-looking statements speak only as of the date of this report or, in the case of any document incorporated by reference, the date of that document. All subsequent written and oral forward-looking statements attributable to the company or any person acting on the company’s behalf are qualified by the cautionary statements in this section. The company does not undertake any obligation to update or publicly release any revisions to forward-looking statements to reflect events, circumstances, or changes in expectations after the date of this report.

## IV. Significant Accounting Policies

Sealaska’s consolidated financial statements and accompanying notes have been prepared in accordance with Generally Accepted Accounting Principles (GAAP). The preparation of these financial statements requires Sealaska’s management to make estimates, judgments, and assumptions that affect reported amounts of assets, liabilities, revenues, and expenses. Sealaska bases its estimates on historical experience and assumptions believed to be reasonable under current facts and circumstances. Actual amounts and results could materially differ from these estimates made by management. To ensure full disclosure and accurate representation of the financial condition of the company, Sealaska continually evaluates the accounting policies and estimates used to prepare the consolidated financial statements. (See also the Notes to Consolidated Financial Statements.)

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# Independent Auditor’s Report

## TO THE BOARD OF DIRECTORS SEALASKA CORPORATION

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Sealaska Corporation and its subsidiaries (Sealaska or the Company), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the related consolidated statements of income and comprehensive income, shareholders’ equity and cash flows for each of the three years in the period ended December 31, 2020, and the related notes to the consolidated financial statements (collectively, the financial statements).

### MANAGEMENT’S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of New England Seafood International Ltd., a majority owned subsidiary, whose statements reflect total assets constituting 7% of consolidated total assets at December 31, 2020, and total revenues constituting 5% of consolidated total revenues for the year then ended. We did not audit the financial statements of Orca Bay Foods, LLC, a majority owned subsidiary, whose statements reflect total assets constituting 28% and 19% of consolidated total assets at December 31, 2019 and 2018, respectively, and total revenues constituting 56% and 47% of consolidated total revenues for the years then ended. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for New England Seafood International, Ltd. and Orca Bay Foods, LLC, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of Sealaska Corporation and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2020, in accordance with accounting principles generally accepted in the United States of America.

*RSM US LLP*

Anchorage, Alaska

April 16, 2021

SEALASKA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

As of December 31, 2020 and 2019

(Dollar Amounts in Thousands)

	2020	2019
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 31,090	\$ 31,289
Investments	136,460	128,273
Receivables, net	85,117	70,392
Inventories	146,887	101,656
Contract assets	8,023	9,665
Prepaid expenses and other current assets	4,178	1,953
Refundable income taxes receivable	395	2,175
Assets from discontinued operations	15,854	-
<b>Total current assets</b>	<b>428,004</b>	<b>345,403</b>
<b>Investments:</b>		
Marjorie V. Young Shareholder Permanent Fund	131,544	125,634
Investment and growth long-term	2,676	3,620
Endowment funds	32,255	17,134
Elders' Settlement Trust	7,629	7,985
Deishú Memorial Fund	7,325	6,517
Other	4,552	4,549
<b>Total investments</b>	<b>185,981</b>	<b>165,439</b>
<b>Other assets:</b>		
Property and equipment, net	97,741	77,856
Investment in unconsolidated affiliates	14,048	12,515
Note receivable	310	408
Other assets	2,037	2,075
Intangibles, net	88,527	31,445
Goodwill	50,766	12,886
Deferred tax assets	42,680	39,200
Refundable income taxes receivable	-	320
Assets from discontinued operations, net of current portion	3,123	-
<b>Total other assets</b>	<b>299,232</b>	<b>176,705</b>
<b>Total assets</b>	<b>\$ 913,217</b>	<b>\$ 687,547</b>

See notes to consolidated financial statements.

	2020	2019
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Line of credit	\$ 1,409	\$ -
Current maturities of long-term debt	1,905	92
Current maturities of notes payable related parties	1,204	-
Accounts payable	89,702	58,148
Amounts payable under ANCSA Sections 7(i) and 7(j)	11,997	26,216
Other accrued expenses	24,812	20,334
Contract liabilities	2,093	1,374
Liabilities from discontinued operations	7,998	-
<b>Total current liabilities</b>	<b>141,120</b>	<b>106,164</b>
Amounts payable under ANCSA Sections 7(i) and 7(j)	1,035	13,570
Line of credit	83,084	80,380
Long-term debt, less current portion	140,766	20,332
Note payable related parties, less current portion	14,847	10,746
Other liabilities	38,211	34,735
Deferred tax liabilities	12,799	-
Liabilities from discontinued operations, net of current portion	9,274	-
<b>Total liabilities</b>	<b>441,136</b>	<b>265,927</b>
Commitments and contingencies (Notes 3 and 17)		
<b>Shareholders' equity:</b>		
Common stock, no par or stated value; 2,523,276 and 2,490,076 shares issued and outstanding in 2020 and 2019, respectively	-	-
Retained earnings	427,157	389,797
Accumulated other comprehensive income	3,447	-
<b>Total Sealaska shareholders' equity</b>	<b>430,604</b>	<b>389,797</b>
Noncontrolling interests	41,477	31,823
<b>Total shareholders' equity</b>	<b>472,081</b>	<b>421,620</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 913,217</b>	<b>\$ 687,547</b>

SEALASKA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

Years Ended December 31, 2020, 2019 and 2018

(Dollar Amounts in Thousands, Except Per Share Values)

	2020	2019	2018
<b>Revenues:</b>			
Natural resources	\$ 30,832	\$ 36,841	\$ 55,617
Investments	12,394	18,124	(3,281)
Services	149,911	156,309	109,806
Foods	503,442	394,667	202,511
Other	712	807	827
<b>Total revenues</b>	<b>697,291</b>	<b>606,748</b>	<b>365,480</b>
<b>Costs and expenses:</b>			
Natural resources	2,771	1,474	10,625
Investments	219	253	312
Services	141,364	146,622	105,684
Foods	475,696	386,795	198,563
Other	2,441	1,938	2,387
Social and cultural programs	8,078	7,502	10,561
Corporate selling, general and administrative	20,244	20,118	12,227
<b>Total costs and expenses</b>	<b>650,813</b>	<b>564,702</b>	<b>340,359</b>
<b>Income from continuing operations</b>	<b>46,478</b>	<b>42,046</b>	<b>25,121</b>
Equity earnings from unconsolidated affiliates	2,362	1,243	2,228
Other, net	999	2,746	(2,159)
<b>Income from continuing operations before natural resource revenue sharing and income taxes</b>	<b>49,839</b>	<b>46,035</b>	<b>25,190</b>
Net natural resource revenue sharing under ANCSA Sections 7(i) and 7(j)	21,933	28,635	30,845
<b>Income from continuing operations before income taxes</b>	<b>71,772</b>	<b>74,670</b>	<b>56,035</b>
Income tax benefit	5,425	6,330	7,666
<b>Income from continuing operations before discontinued operations</b>	<b>77,197</b>	<b>81,000</b>	<b>63,701</b>
(Loss) income from discontinued operations, net of income taxes	(5,385)	5,011	5,376
<b>Net income</b>	<b>71,812</b>	<b>86,011</b>	<b>69,077</b>
Less net income attributable to the noncontrolling interest	16,142	8,138	3,836
<b>Net income attributable to Sealaska</b>	<b>\$ 55,670</b>	<b>\$ 77,873</b>	<b>\$ 65,241</b>
Per share of common stock:			
Income from continuing operations attributable to Sealaska	\$ 24.36	\$ 29.66	\$ 24.94
(Loss) income from discontinued operations attributable to Sealaska	(2.15)	2.04	2.24
<b>Net income attributable to Sealaska</b>	<b>\$ 22.21</b>	<b>\$ 31.70</b>	<b>\$ 27.18</b>
<b>Net income</b>	<b>\$ 71,812</b>	<b>\$ 86,011</b>	<b>\$ 69,077</b>
Other comprehensive income:			
Foreign currency translation gain	3,447	-	-
<b>Comprehensive income</b>	<b>75,259</b>	<b>86,011</b>	<b>69,077</b>
Less comprehensive income attributable to the noncontrolling interest	16,142	8,138	3,836
<b>Comprehensive income attributable to Sealaska</b>	<b>\$ 59,117</b>	<b>\$ 77,873</b>	<b>\$ 65,241</b>

See notes to consolidated financial statements.



SEALASKA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Years Ended December 31, 2020, 2019 and 2018

(Dollar Amounts in Thousands)

	Retained Earnings	Accumulated Other Comprehensive Income	Noncontrolling Interests	Total Shareholders' Equity
Balance at December 31, 2017, revised (Note 1)	\$ 277,829	\$ -	\$ 19,004	\$ 296,833
Net income	65,241	-	3,836	69,077
Dividends to shareholders	(14,217)	-	-	(14,217)
Acquisition of majority owned subsidiary	-	-	7,903	7,903
Distributions to noncontrolling interest	-	-	(2,652)	(2,652)
Balance at December 31, 2018	328,853	-	28,091	356,944
Net income	77,873	-	8,138	86,011
Dividends to shareholders	(16,929)	-	-	(16,929)
Distributions to noncontrolling interest	-	-	(4,406)	(4,406)
Balance at December 31, 2019	389,797	-	31,823	421,620
Net income	55,670	-	16,142	71,812
Dividends to shareholders	(18,310)	-	-	(18,310)
Foreign currency translation	-	3,447	-	3,447
Acquisition of majority owned subsidiary	-	-	5,869	5,869
Distributions to noncontrolling interest	-	-	(12,357)	(12,357)
<b>Balance at December 31, 2020</b>	<b>\$ 427,157</b>	<b>\$ 3,447</b>	<b>\$ 41,477</b>	<b>\$ 472,081</b>

See notes to consolidated financial statements.

SEALASKA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2020, 2019 and 2018

(Dollar Amounts in Thousands)

	2020	2019	2018
<b>Cash flows from operating activities:</b>			
Net income	\$ 71,812	\$ 86,011	\$ 69,077
Less (loss) income from discontinued operations	(5,385)	5,011	5,376
Income from continuing operations	77,197	81,000	63,701
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>			
Depreciation and depletion	8,400	5,865	2,850
Amortization	3,237	2,178	1,121
Allowance for doubtful accounts	165	105	-
Deferred income tax benefit	(5,784)	(6,265)	(7,858)
Gain on disposal of property and equipment	(225)	(2,828)	-
LIFO reserve adjustment	126	(74)	623
Net unrealized and realized (gains) losses on investments	(4,933)	(7,966)	11,811
Elders' Settlement Trust liability	294	542	478
Deishú Memorial Fund liability	336	93	5,728
Equity earnings from investments in unconsolidated affiliates	(2,362)	(1,243)	(2,228)
Remeasurement gain on investment in unconsolidated affiliate	-	(1,031)	-
Change in assets and liabilities:			
Receivables	1,617	(1,130)	(7,347)
Contract assets	1,642	-	-
Inventories	(30,618)	(17,339)	(4,712)
Prepaid expenses and other current assets	(1,053)	3,119	(1,220)
Refundable income taxes receivable	2,147	(269)	(95)
Net purchase of investments	(7,438)	(27,964)	(34,407)
Accounts payable	(109)	10,477	938
Related party payables	-	(1,847)	1,103
Other accrued expenses	1,957	1,307	4,932
Contract liabilities	719	-	-
Amounts payable under ANCSA Sections 7(i) and 7(j)	(14,414)	(8,777)	13,544
Other assets and liabilities, net	2,263	3,058	2,881
<b>Net cash provided by operating activities - continuing operations</b>	<b>33,164</b>	<b>31,011</b>	<b>51,843</b>
Net cash provided by operating activities - discontinued operations	9,713	13,960	11,004
<b>Net cash provided by operating activities - continuing and discontinued operations</b>	<b>42,877</b>	<b>44,971</b>	<b>62,847</b>
<b>Cash flows from investing activities:</b>			
Capital expenditures	(11,115)	(2,656)	(5,763)
Proceeds from sale of land and equipment	-	681	-
Repayment of notes receivable	98	96	93
Proceeds from sale of investments	19,464	18,318	7,886
Purchases of investments	(35,822)	(22,647)	(32,238)
Investment in unconsolidated affiliate	(500)	-	-
Distributions received from unconsolidated affiliate	1,250	1,181	1,836
Purchase of majority owned subsidiaries	(98,090)	(21,930)	(8,195)
<b>Net cash used in investing activities - continuing operations</b>	<b>(124,715)</b>	<b>(26,957)</b>	<b>(36,381)</b>
Net cash used in investing activities - discontinued operations	(11,518)	(8,597)	(7,209)
<b>Net cash used in investing activities - continuing and discontinued operations</b>	<b>(136,233)</b>	<b>(35,554)</b>	<b>(43,590)</b>

(continued)

SEALASKA CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS CONTINUED

Years Ended December 31, 2020, 2019 and 2018

(Dollar Amounts in Thousands)

	2020	2019	2018
<b>Cash flows from financing activities:</b>			
Dividends to shareholders	\$ (18,220)	\$ (16,836)	\$ (13,019)
Net borrowings (repayments) on line of credit	4,667	760	(4,634)
Borrowings on long-term debt	119,125	-	2,510
Repayment on long-term debt	(2,102)	(421)	(5,570)
Borrowings on note payable related party	-	10,746	-
Distributions to noncontrolling interests	(12,357)	(4,406)	(2,652)
<b>Net cash provided by (used in) financing activities continuing operations</b>	<b>91,113</b>	<b>(10,157)</b>	<b>(23,365)</b>
Net cash provided by (used in) financing activities - discontinued operations	-	-	-
<b>Net cash provided by (used in) financing activities - continuing and discontinued operations</b>	<b>91,113</b>	<b>(10,157)</b>	<b>(23,365)</b>
Effect of foreign currency exchange rate changes on cash	2,044	-	-
<b>Net decrease in cash and cash equivalents</b>	<b>(199)</b>	<b>(740)</b>	<b>(4,108)</b>
<b>Cash and cash equivalents:</b>			
Beginning	31,289	32,029	36,137
Ending	\$ 31,090	\$ 31,289	\$ 32,029
<b>Supplemental cash flow disclosures:</b>			
Cash paid during the year for interest	\$ 2,831	\$ 3,653	\$ 2,790
Cash paid during the year for income taxes	\$ 439	\$ 466	\$ 287
Cash received during the year for income taxes	\$ 2,069	\$ 262	\$ -
<b>Acquisition of majority owned subsidiary:</b>			
Working capital acquired, net of cash of \$9,483, \$0 and \$30, respectively	\$ 6,370	\$ 52,408	\$ 2,106
Fair value of other assets acquired:			
Property and equipment	27,586	1,484	17,098
Intangible assets	57,668	17,606	2,009
Goodwill	36,377	2,538	-
Other	246	-	26
Long-term debt assumed	(19,226)	(31,036)	(5,141)
Notes payable issued as purchase price consideration	(5,062)	-	-
Fair value of noncontrolling interest	(5,869)	-	(7,903)
Fair value of previously held equity interest	-	(21,070)	-
<b>Cash paid for acquisition of majority owned subsidiaries, net of cash acquired</b>	<b>\$ 98,090</b>	<b>\$ 21,930</b>	<b>\$ 8,195</b>
<b>Supplemental schedule of noncash investing and financing activities:</b>			
Settlement of long-term debt through proceeds from new line of credit	\$ -	\$ 22,000	\$ -
Notes payable to related parties issued for purchase of majority owned subsidiary	\$ 5,062	\$ -	\$ -

See notes to consolidated financial statements.

SEALASKA CORPORATION AND SUBSIDIARIES

# Notes to Consolidated Financial Statements

(Dollar Amounts in Thousands, Except Per Share Values)

## Note 1. Nature of Operations and Summary of Significant Accounting Policies

**Nature of operations:** Sealaska Corporation (Sealaska or the Company) is a Regional Alaska Native Corporation formed under the Alaska Native Claims Settlement Act (ANCSA or the Act). Sealaska's five primary continuing business activities relate to the development, production, and sale of natural resources; environmental remediation and water and energy services; wholesale, process, and broker of seafood products; information technology; and construction. In addition, Sealaska holds and manages an extensive investment portfolio and participates in gaming (e. g., the establishment and development of casino projects). ANCSA is further described in Note 2.

On June 1, 2020, the Company's subsidiary Sealaska Commercial Services, LLC acquired 100% of the outstanding capital stock in CS Marine Constructors, Inc. (CS Marine), a California corporation (as further discussed in Note 19). CS Marine provides full-service marine contracting in new construction, emergency repairs, demolition, salvage, and maintenance.

On October 30, 2020, the Company's subsidiary Sealaska European Holdings, LLC acquired 95% of the outstanding memberships interests in New England Seafood International, Ltd. (NESI), a United Kingdom limited company (as further discussed in Note 19). NESI wholesales, processes, and brokers seafood products nationally and internationally.

Prior to April 1, 2019, the Company's subsidiary Odyssey Foods, LLC (Odyssey) held a 49% equity interest in Orca Bay Foods, LLC (Orca Bay). On April 1, 2019, Odyssey acquired the remaining 51% interest in Orca Bay (as further discussed in Note 19). Upon the completion of the acquisition, the surviving entity assumed the Orca Bay name. Orca Bay wholesales, processes, and brokers seafood products nationally and internationally.

On October 1, 2018, the Company's subsidiary Sealaska Commercial Services, LLC acquired 51% of the outstanding memberships interests in Geo Services, LLC (Geo Services), a California limited liability company (as further discussed in Note 19). Geo Services provides a wide range of services for environmental, geotechnical, and marine site investigation and remediation.

A summary of Sealaska's significant accounting policies follows:

**Principles of consolidation:** The accompanying consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation. The Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting.

**Revenue and cost recognition:** The Company adopted Topic 606 on January 1, 2019 utilizing the modified retrospective method for all open contracts. The Company also adopted the related guidance in Accounting Standards Codification (ASC) 340-40, Contracts with Customers (ASC 340-40) on January 1, 2019 with respect to costs to obtain and costs to fulfill a contract. The adoption of Topic 606 and ASC 340-40 did not result in any significant changes from the historical accounting treatment. Results for reporting periods beginning January 1, 2019 are presented under Topic 606 and ASC 340-40, while prior-period amounts are not adjusted and continue to be reported under the accounting standards in effect for the prior period. The Company was not required to make an adjustment to beginning retained earnings as of January 1, 2019 due to there being no cumulative impact of adopting Topic 606 or ASC 340-40. Adoption of the new revenue standard or ASC 340-40 also had no impact to cash from or used in operating, financing or investing on our consolidated statements of cash flows. The adoption of Topic 606 and ASC 340-40 also did not have a significant impact on the results of operations for 2019 as the results would have been substantially the same under historical guidance.

The Company recognizes revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

1. Identify the contract with a customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognize revenue when or as performance obligations are satisfied

The Company's revenue is primarily derived from sales of natural resources and food, and professional services, which includes environmental remediation and construction services. The Company's products and services are marketed and sold primarily to end-user commercial customers in the United States. However, a portion of the Company's sales of timber and foods are to international markets. Sales of products and services are subject to economic conditions and may fluctuate based on changes in the industry and financial markets.

The Company assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. The contract term can differ from the stated term in contracts that include certain termination or renewal rights, depending on whether there are penalties associated with those rights. Generally, the Company's orders of natural resources and food can only be cancelled for cause, but many environmental remediation and construction services do allow for termination where the Company would be entitled to money for work done to date plus a reasonable profit margin and notice must be given to the opposing party. These contracts with termination for convenience rights impact the determination of the contract term and may give rise to material rights with respect to implied renewal options for periods related to customer decision to not terminate.

### Nature of products and services:

**Natural resources and foods:** Revenue from the sale of natural resources and foods is recognized upon transfer of control to the customer, which is typically upon shipment or point of sale. The Company has elected to treat shipping and handling activities related to contracts with customers as costs to fulfill the promise to deliver the products and not as a separate performance obligation.

Revenue derived from the sale of carbon credit offsets is recognized upon settlement of the brokered price and delivery of the credits to the customer, upon which time risk transfers to the customer.

Natural resource revenues distributed to the Company under ANCSA by other regional corporations are recorded as income when due from the other regional corporations under the Section 7(i) Settlement Agreement (see Note 2) and are reported net of amounts required to be redistributed to Village corporations and at-large shareholders.

**Environmental remediation services:** The Company contracts with customers to provide environmental remediation services, which include ground and surface water remediation and monitoring services, drilling and installation of wells and boreholes, and operating groundwater treatment plants. All of these promises are evaluated as individual performance obligations due to a lack of interdependence or integration between each promise. Revenue is recognized over time as the customer simultaneously receives and consumes the benefits of services provided. The Company utilizes an output method based on the number of samples tested for the groundwater and surface water monitoring as a measurement of progress toward satisfaction of the performance obligation. For all other environmental remediation services, the Company utilizes the input method to measure cost incurred to date compared to the total cost for the contract as a measurement of progress toward satisfaction of the performance obligation.

**Construction services:** The Company contracts with customers to provide construction services, which include construction of customized vans, buildings, and other equipment, major repairs, and asbestos insulation removal. Each of these services are evaluated as individual performance obligations due to a lack of interdependence or integration. Revenue is recognized over time as the Company is enhancing an asset the customer controls, except for the construction of customized vans, which is recognized over time as there is no alternative use for the asset and the Company has an enforceable right to payment. The Company utilizes the input method to measure cost incurred to date compared to the total cost for the contract as a measurement of progress toward satisfaction of the performance obligation.

## SEALASKA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

### **Note 1. Nature of Operations and Summary of Significant Accounting Policies Continued**

As discussed previously, revenue from the sale of natural resources and food are generally recognized at a point in time, whereas revenue from the sale of environmental remediation and construction services are generally recognized over time. Total revenue from continuing operations recognized at a point in time for the year ended December 31, 2020 and 2019 was \$534,353 and \$431,750, respectively. Total revenue recognized over time for the year ended December 31, 2020 and 2019 was \$149,911 and \$156,309, respectively.

**Contracts with multiple performance obligations:** When the Company's contracts with customers contain multiple performance obligations, the contract transaction price is allocated on a relative standalone selling price basis to each performance obligation. The Company typically determines standalone selling price (SSP) based on observable selling prices of its products and services. In instances where SSP is not directly observable, such as with environmental remediation and construction services that are not sold on a standalone basis, SSP is determined using information that may include market conditions and other observable inputs or by using a cost plus margin approach. On a limited basis, certain of the Company's contracts may include implied renewal periods for shortened contract terms due to termination for convenience rights. The Company evaluated the options and determined that the Company did not have any significant material rights either upon adoption of ASC 606 or during 2020 or 2019.

**Transaction price:** The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods and services to the customer. Revenue is recorded based on the transaction price, which includes fixed consideration and estimates of variable consideration such as, time and material contracts, cost-plus contracts, and performance-based incentive payments.

The amount of variable consideration included in the transaction price is constrained and is included only to the extent it is probable that a significant reversal of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Variable consideration is estimated as follows:

**Time and material contracts:** Certain contracts are priced at an hourly rate for time and materials required to fulfill the promised service. The amount of consideration that the Company will receive is dependent on the actual work performed and materials required to complete that work. These contracts often cite an amount that the total billing is not to exceed, which reflects an estimate of the time and materials required to fulfill the Company's promise to its customer. Since the Company will only bill for actual work performed at the contracted rates, the not-to-exceed amount is not considered a fixed fee. Given that these contracts bill a fixed amount for each hour of service provided, the Company will use the as-invoiced practical expedient if the value transferred to the customer is consistent with the invoice amount throughout the term of the contract.

**Cost plus contracts:** The costs and related fees in cost plus contracts will be variable consideration because the amount of the costs will not be fixed at the inception of the contract so although the fee percentage may be a fixed percentage the amount of compensation will be variable. The Company will use the as-invoiced practical expedient if the value transferred to the customer is consistent with the invoice amount throughout the term of the contract.

**Performance-based incentive payments:** Certain environmental remediation or construction service contracts are performance-based. These projects tend to be time sensitive, so a performance-based incentive fee is paid if deadlines associated with milestones are met. The Company will use the expected value method to estimate these payments and increase the transaction price by these amounts when it is probable these amounts will be earned.

The timing of revenue recognition may not align with the right to invoice the customer. The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) also is recorded. If revenue is recognized in advance of the right to invoice, a contract asset (unbilled receivable) is recorded.

The Company has adopted the practical expedient which allows them to not adjust the amount of consideration for the effects of a significant financing component if the Company expects, at contract inception, that the period between when the Company transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Payment terms on invoiced amounts are typically 30-45 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Company has determined that a significant financing component generally does not exist under the practical expedient. Although there are contracts that can exceed 12 months, the Company does not wait until the end of the contract term to invoice the customer. Invoicing in amounts that correspond with the transfer of value to the customer is done throughout the length of the contract and, therefore, the Company did not identify any significant financing components upon adoption or during 2020 and 2019.

The Company excludes from revenue sales taxes and other government-assessed, and imposed taxes on revenue generating activities that are invoiced to customers.

**Costs to obtain a contract:** Sales commissions and other costs that are incremental to the acquisition of customer contracts, are capitalized as deferred contract costs under the provisions of ASC 340-40. The Company has elected to apply the practical expedient to expense sales commissions and associated costs as incurred when the expected amortization period is one year or less. Accordingly, the Company was not required to capitalize any contract acquisition costs either upon adoption of ASC 340-40 or during 2020 and 2019.

**Costs to fulfill a contract:** If other guidance is not applicable, the Company will capitalize costs incurred to fulfill a contract as an asset when the costs of fulfilling a contract meet all the following criteria under the provisions of ASC 340-40:

- Relate directly to a contract
- Generate or enhance resources that will be used to satisfy performance obligations in the future
- Are expected to be recovered

The Company determined that no additional incremental fulfillment costs were required to be capitalized and deferred in accordance with ASC 340-40 versus the Company's historical accounting upon adoption or during 2020 and 2019.

**Cash and cash equivalents:** Sealaska maintains its cash in bank accounts with various financial institutions. At times, the balances may exceed federally insured limits. For purposes of the consolidated statements of cash flows, Sealaska considers all highly liquid debt instruments with original maturities of three months or less from the date of purchase to be cash equivalents, except for certain cash and cash equivalents included in the investment portfolio that are intended to be invested on a long term basis.

**Trade accounts receivable:** Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and its customers' financial condition, the amount of receivables in dispute, the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts monthly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. Management has established allowance for doubtful accounts of \$380 and \$216 as of December 31, 2020 and 2019, respectively.

**Investments:** Sealaska's investments in marketable debt and equity securities (see Note 3) are classified as trading securities and are recorded at fair value. Fair value is based upon quoted market prices. The increase or decrease in fair value from period to period relating to marketable securities included in Sealaska's investment portfolio is included in the determination of income or loss. Interest and dividend income is recognized as earned. Gains or losses on the sale of marketable securities are determined on a specific identification basis.

## SEALASKA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

### **Note 1. Nature of Operations and Summary of Significant Accounting Policies Continued**

Certain investments are valued at the net asset value (NAV) per share/unit reported at the close of each business day. NAV is used by the Company as a practical expedient to estimating fair value as these funds do not have readily determinable fair values.

**Investment in unconsolidated affiliates:** Investments in unconsolidated affiliates consist of Sealaska's equity ownership in business entities. Sealaska uses the equity method of accounting for those investments with ownership interests where Sealaska exercises significant control or influence in the operations of the investee. Under the equity method, Sealaska records its proportionate share of earnings or loss. The Company uses the cost method of accounting for all other investments.

**Inventories:** Inventories consist primarily of frozen fish, packaging materials, sorted/scaled timber, purchased products and materials for resale to government agencies, and other natural resource materials. Inventories are stated at the lower of cost or estimated net realizable value. Cost for frozen fish inventory is based upon the last-in, first-out (LIFO) method for Orca Bay and first-in, first-out (FIFO) method for NESI, with the specific identification method being used for all other inventory.

**Property and equipment:** Property and equipment are stated at cost.

Depreciation and amortization of property, equipment, and leasehold improvements are provided primarily on the straight line method over the shorter of the expected useful lives of the assets or the lease term as follows:

	<b>Years</b>
<b>Buildings, leaseholds and improvements</b>	<b>15-45</b>
<b>Equipment and furnishings</b>	<b>5-20</b>
<b>Computer and office equipment</b>	<b>3-5</b>

**Timber operations:** Costs of logging yards and camps are amortized as timber is harvested, based on estimated volumes of timber to be removed from each tax reporting block. Costs of logging roads are amortized using a composite rate for each tax reporting block based on actual road costs incurred, anticipated future road costs to be incurred, and estimated volumes to be removed from the respective tax block.

Costs of silviculture and reforestation activities, net of grants received, are capitalized as an element of property, plant and equipment and depleted as the associated timber is harvested.

Depletion of purchased timber is provided based on amounts harvested in relation to volumes purchased. Timber and mineral resources received under the provisions of ANCSA are carried at zero value and no depletion expense is recorded when such resources are harvested or extracted. For tax purposes, depletion is reported based upon the higher of the estimated fair value of a specific timber block or mineral deposit as of the date of conveyance or first commercial development.

**Roads and yards assets:** Roads and yards constructed for the harvest of timber are amortized based on units of production, which are calculated by taking the total estimated future asset capital costs plus the current known net actual capital costs, all divided by the total future harvest (estimated total or remaining timber volume to be harvested).

Roads and yards are classified as long lived assets and are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable. Recoverability of the road assets are measured by a comparison of the carrying amounts of the asset to estimated undiscounted cash flows expected to be generated by the asset group the roads are a part. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of an asset exceeds its estimated fair value.

**Valuation of long-lived assets:** The Company accounts for the valuation of long-lived assets under ASC 360-10-15, Impairment or Disposal of Long-Lived Assets. This guidance requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of

the long-lived assets are measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets.

**Goodwill and other intangibles:** The Company records as goodwill the excess of purchase price over the fair value of identifiable net assets acquired. Financial Accounting Standards Board (FASB) ASC Topic 350, Intangibles – Goodwill and Other, requires an entity to test goodwill for impairment, on at least an annual basis, by comparing the fair value of a reporting unit with its carrying amount, including goodwill (Step 1). If the fair value of a reporting unit is less than its carrying amount, the second step of the test must be performed to measure the amount of the impairment loss, if any. On September 15, 2011, the FASB issued Accounting Standards Update (ASU) 2011-08, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. ASU 2011-08 allows an entity the option in its annual goodwill impairment test to first assess qualitative factors to determine whether it is more likely than not (a likelihood of more than 50%) that the fair value of a reporting unit is less than its carrying amount. If it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity must still perform the existing two-step impairment test. Otherwise, an entity would not be required to perform the existing two-step impairment test. The Company has elected to perform its annual analysis during the fourth quarter of each fiscal year.

In January 2017, the FASB issued ASU 2017-04, *Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*. These amendments eliminate Step 2 from the goodwill impairment test. The annual, or interim, goodwill impairment test is performed by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. In addition, income tax effects from any tax deductible goodwill on the carrying amount of the reporting unit should be considered when measuring the goodwill impairment loss, if applicable. The amendments also eliminate the requirements for any reporting unit with a zero or negative carrying amount to perform a qualitative assessment and, if it fails that qualitative test, to perform Step 2 of the goodwill impairment test. An entity still has the option to perform the qualitative assessment for a reporting unit to determine if the quantitative impairment test is necessary. The Company elected to early adopt the provisions of this update upon its issuance. In conjunction with the early adoption, the Company revoked its election under ASU 2014-02 and stopped amortizing goodwill effective January 1, 2017.

Other intangible assets consist of customer relationships, trademarks, developed technology, noncompete agreements, and a favorable leasehold interest. Customer relationships, trademarks, developed technology and noncompete agreements are amortized over their estimated useful lives ranging from 4 to 15 years using the straight line method. The favorable leasehold interest is being amortized over the remaining term of the lease of 102 months using the straight-line method.

**Income taxes:** Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Uncertain tax positions are recorded when they are determined to be more likely than not of being sustained on Sealaska's tax return. See Note 14 for further discussion of income taxes.

Funds and properties received from the U.S. government under ANCSA are not subject to income taxes.

**Net income per share:** Net income per share information in the consolidated financial statements is based on weighted average shares outstanding. Sealaska has no agreements or securities outstanding that represent dilutive potential common shares. The number of common stock shares outstanding at

## SEALASKA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

### Note 1. Nature of Operations and Summary of Significant Accounting Policies Continued

December 31, 2020 and 2019, was 2,523,276 and 2,490,076, respectively. The stock, dividends paid, and other stock rights are restricted; the stock may not be sold, pledged, assigned, or otherwise alienated except in certain circumstances by gift, court order, or death; the stock carries voting rights only if the holder thereof is an eligible Native. All classes of stock carry economic rights.

On June 23, 2007, Sealaska's shareholders authorized the issuance of two additional classes of common stock without consideration. Class D stock is issuable to Alaska Natives born after December 18, 1971, who are 18 years of age or older and are lineal descendants of an original Sealaska shareholder and meet certain other requirements. Class L stock is issuable to Alaska Natives born before December 18, 1971, who were eligible to enroll in Sealaska Corporation in 1971 (pursuant to ANCSA) but were not so enrolled and who meet certain other requirements.

On June 27, 2009, Sealaska's shareholders authorized the issuance of an additional class of common stock without consideration. Class E stock is issuable to Alaska Natives born before December 18, 1971, who are original shareholders of Sealaska, who have reached the age of 65 years or older, and meet certain other requirements. 14,400 net shares of Class E stock, 18,800 net shares of Class D stock, and (200) net shares of Class L stock were issued in 2020. 31,800 net shares of Class E stock, 35,900 net shares of Class D stock, and 0 net shares of Class L stock were issued in 2019. 12,200 net shares of Class E stock, 27,200 net shares of Class D stock, and 300 net shares of Class L stock were issued in 2018.

**Fair value measurements:** ASC Topic 820 defines fair value as the price that would be received to sell an asset or the amount paid to transfer a liability in an orderly transaction between market participants (an exit price) at the measurement date. Fair value is a market based measurement considered from the perspective of a market participant. Sealaska uses market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation. These inputs can be readily observable, market corroborated, or unobservable. Sealaska applies both market and income approaches for recurring fair value measurements, using the best available information while utilizing valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

**Fair value hierarchy:** ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

**Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Sealaska has the ability to access at the measurement date.

**Level 2:** Inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Investments that are generally included in this category are publicly traded equity securities with legal or contractual restrictions, which are specific to the securities, as well as other securities with directly or indirectly observable inputs.

**Level 3:** Inputs are unobservable and include situations where there is little, if any, market activity for the investment. Fair value for these investments are determined using valuation methodologies that consider a range of factors, including but not limited to the price at which the investment was acquired, the nature of the investment, local market conditions, trading values on public exchanges for comparable securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investment. The inputs into the determination of fair value require significant management judgment. Due to the inherent uncertainty of these estimates, these values may differ materially from the values that would have been used had a ready market for these investments existed. Investments that are included in this category generally are privately held debt and equity securities.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

**Financial instruments:** The carrying amounts of cash and cash equivalents, accounts receivable, notes receivable, and accounts payable approximate fair value because of the short term nature of these instruments. The carrying amounts of investment securities are stated at fair value. The carrying value of debt approximates fair value as the debt bears interest that adjusts based upon market interest rates.

### Recently issued accounting standards (not yet adopted):

**Lease accounting:** In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statements of income. The amendments of this update should be applied using the modified retrospective transition approach which also includes elective reliefs that all lessees and lessors may apply in transition. This guidance is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. This guidance is effective for the Company's fiscal year beginning January 1, 2022. The Company has not selected a transition method and is currently in the process of evaluating the impact of the adoption of the new accounting guidance on its consolidated financial statements.

**Foreign currency translation and transactions:** The Company's foreign subsidiaries have the local currency as their functional currency. The assets and liabilities of foreign subsidiaries are translated into U.S. dollars at the exchange rate in effect at the balance sheet date. Revenue and expenses are translated into U.S. dollars using the average monthly exchange rates. Translation adjustments are recognized as a component of accumulated other comprehensive loss in shareholders' equity.

**Use of estimates:** The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassification:** Certain reclassifications to the 2019 and 2018 balances have been made in the accompanying consolidated financial statements to make them consistent with the 2020 presentation. These reclassifications had no effect on previously reported net income or total equity.

**Shareholder equity revision:** As discussed in Note 2, Sealaska's proportionate share of the monetary entitlement of \$93.2 million pursuant to ANCSA was recorded as contributed capital. Sealaska has previously distributed the \$93.2 million to its shareholders, as a result, such distributions have been reclassified against contributed capital instead of retained earnings and ending equity amounts as of December 31, 2017 have been revised as follows:

	Contributed Capital	Retained Earnings	Noncontrolling Interests	Shareholders' Equity	Total
Balance at December 31, 2017, as previously reported	\$ 93,162	\$ 184,667	\$ 19,004	\$ 296,833	
Reclassification of prior dividends to shareholders	(93,162)	93,162	-	-	
<b>Balance at December 31, 2017, as revised</b>	<b>\$ -</b>	<b>\$ 277,829</b>	<b>\$ 19,004</b>	<b>\$ 296,833</b>	

**Subsequent events:** The Company evaluated subsequent events through April 16, 2021, which represents the date the consolidated financial statements were available to be issued.

## SEALASKA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

### Note 2. Alaska Native Claims Settlement Act

Sealaska was incorporated in 1972 as an Alaska Native Regional Corporation (ANRC) pursuant to the provisions of ANCSA. Sections 7(i) and 7(j) are significant to the consolidated financial statements and are further described herein. Under the provisions of ANCSA, Sealaska has received, or expects to receive, conveyance of approximately 362,000 acres of land within the exterior boundaries of the Tongass National Forest in Southeast Alaska, of which it owns or will own the surface and subsurface estate. At December 31, 2014, Sealaska had received conveyance of approximately 290,800 acres. Sealaska has received its proportionate share of the monetary entitlement under the Act in the amount of \$93.2 million, which was recorded as contributed capital. In 2014, the Southeast Alaska Native Land Entitlement Finalization and Jobs Act was passed. This resulted in the conveyance of approximately 70,075 acres of land in March 2015 to fulfill Sealaska's total entitlement of ANCSA lands during 2015 of 362,000 acres.

ANCSA also provides for selection of land in Alaska by the Village and Urban Corporations formed thereunder, the subsurface estate of which accrues to the related Regional Corporations. It is anticipated that the Village and Urban Corporations in Sealaska's region will receive conveyance of 286,400 acres of land formerly part of the Tongass National Forest of which Sealaska will own the subsurface estate. Of the approximate 286,400 acres, conveyance has been received of approximately 284,000 subsurface acres.

Sealaska has not recorded the land and natural resources assets contributed under ANCSA at their estimated fair value and continues to carry these assets at zero value in the consolidated financial statements, as it represents a nonmonetary exchange with the federal government. However, for tax reporting purposes, these assets have a tax basis, when determined, as the higher of their estimated fair value at the date of conveyance or first commercial development. As a result, a substantial difference between the book and tax basis exists, which is considered a temporary difference for purposes of reporting income taxes under U.S. GAAP.

Section 7(i) of ANCSA requires that each ANRC that received revenue or value from certain resources conveyed pursuant to ANCSA distribute 70% of the related net revenues to 12 of the 13 Regional Corporations, including the distributing corporation. Sealaska and the other Regional Corporations have entered into a Section 7(i) Settlement Agreement, which establishes specific definitions and methods for calculating shareable revenues. Revenues received by Sealaska from the timber resources and subsurface estate obtained through ANCSA are subject to the revenue sharing provisions of Section 7(i), except that certain subsurface resources, commonly known as sand, rock, and gravel, are excluded from Section 7(i) revenue sharing. Distributions to Sealaska from other Regional Corporations under the provisions of Section 7(i), after reductions for distributions required by Section 7(j) of ANCSA, are recorded as income in the fiscal year the amounts become determinable and collection is reasonably assured. Section 7(j) of ANCSA requires that not less than 50% of monies received by Sealaska from other Regional Corporations under Section 7(i) must be distributed to Village Corporations, shareholders of Urban Corporations, and at-large shareholders. Required distributions to other Regional Corporations are due 90 days following the end of the fiscal year and unpaid distributions incur interest at the prime rate plus 5%. Required distributions to Village Corporations, shareholders of Urban Corporations, and at large shareholders are based on the ratio of the total number of Sealaska shares owned by shareholders of Village Corporations, by shareholders of Urban Corporations and by at-large shareholders.

**ANCSA Section 7(i) accounting:** Sealaska accrues and expenses an amount determined by applying the provisions of Section 7(i) to applicable active revenue and expense transactions as they are recognized in the consolidated financial statements. Sealaska has recorded a noncurrent liability representing the estimated distribution payable for near-term timing differences between the recognition of revenue and expenses for financial reporting and Section 7(i) reporting purposes. Differences in 7(i) reporting purposes primarily consist of the following:

**Property and equipment:** In Section 7(i) accounting, ANCSA fixed assets are expensed in the year they are purchased. For book accounting, all fixed assets are depreciated using the straight line method based on their useful life.

**Roads and yards:** In Section 7(i) accounting, ANCSA roads are segregated into

three categories: mainline, secondary, and spur. Mainline and secondary roads are amortized based on units of production and the useful life of ten and three years, respectively. Spur roads are expensed in the year they are placed into service. The book treatment is addressed in the property and equipment note above. Yards are treated consistently for Section 7(i) and book accounting.

**Inventories:** Section 7(i) accounting allows for the deduction of the cost of inventories from revenues in determining Section 7(i) shareable income. For book purposes, inventories are reported at lower of cost or estimated net realizable value under current assets on the consolidated balance sheets.

**Accounts receivable:** Section 7(i) accounting allows for the deduction of outstanding accounts receivable from revenues in determining Section 7(i) shareable income. For book purposes, accounts receivable are reported under current assets on the consolidated balance sheets and the associated revenues are recognized as described in Note 1.

### Note 3. Investments

Investments consist of the following:

	2020	2019
<b>Investment and growth and treasury, current:</b>		
Common stock	\$ 17,761	\$ 16,076
Money market	14,772	11,673
Bonds and notes	103,899	100,488
Accrued interest, dividends and other	28	36
<b>Total investment and growth and treasury, current</b>	<b>136,460</b>	<b>128,273</b>

### Marjorie V. Young Shareholder Permanent Fund:

Common stock	58,772	48,747
Alternative investments	63,819	68,660
Government bonds and notes	7,152	6,813
Money market, accrued interest, dividends and other	1,801	1,414
<b>Total Marjorie V. Young Shareholder Permanent Fund</b>	<b>131,544</b>	<b>125,634</b>
Investment and growth long-term	2,676	3,620
Endowment funds	32,255	17,134
Elders' Settlement Trust	7,629	7,985
Deishú Memorial Fund	7,325	6,517
Other investments	4,552	4,549
<b>Total investments</b>	<b>\$ 322,441</b>	<b>\$ 293,712</b>

Following a shareholder advisory vote in 1987, the Sealaska Board of Directors designated certain funds held in investment securities and related investment earnings be held for long term uses (Marjorie V. Young Shareholder Permanent Fund), and accordingly, such funds and earnings are not available for current operations, unless the Board of Directors determines it necessary.

Additionally, endowment funds have been established for which the earnings accrue to the benefit of the Sealaska Heritage Institute scholarship program and the Alaska Native Brotherhood.

During 1991, Sealaska's shareholders voted to establish an Elders' Settlement Trust (the Trust). Accordingly, and pursuant to ANCSA, the Sealaska Board of Directors established the Trust for the benefit of shareholders. Certain Sealaska directors are trustees of the Trust. The initial establishment of the liability was treated as future dividends and recorded in shareholders' equity. The liability represents future one-time distributions that will be made from the Trust to shareholders who attain the age of 65 years. Actuarial measurement of the liability occurs on a three year cycle, but adjusted annually for expected returns and actual



## SEALASKA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

### Note 7. Investment in Unconsolidated Affiliates Continued

On September 30, 2017, Odyssey entered into a purchase agreement to acquire Orca Bay Foods, LLC (Orca Bay) in two related transactions. In the first transaction, Odyssey acquired 49% of Orca Bay upon execution of the agreement for \$20,090. Under the terms of the agreement, Sealaska has guaranteed Odyssey's purchase of the remaining 51% interest in Orca Bay to occur on or before February 28, 2020. Odyssey's initial 49% purchase of Orca Bay was being accounted for under the equity method. Upon acquisition, Odyssey's carrying amount of its investment in Orca Bay exceeded the underlying equity in net assets of Orca Bay in the amount of \$11,562. Of this amount, \$6,797 was being amortized over a period of 15 years and the remaining amount of \$4,765 was not being amortized.

On April 1, 2019 Odyssey acquired the remaining 51% equity interest of Orca Bay as further discussed in Note 19. Prior to the acquisition, Odyssey received distributions from Orca Bay in the amount of \$56 for the year ended 2019.

In July 2019, Sealaska purchased 50% of Alaska Seafood Packers, LLC (ASP) for \$1. ASP operates in the seafood and natural foods category that provides value added seafood processing services. The purchase grants Sealaska the right of first refusal for the purchase of any additional interest in ASP. Sealaska received no distributions from ASP for the years ended December 31, 2020 and 2019, respectively. Investment in ASP is being accounted for under the equity method.

In April 2020, Sealaska purchased 30% of Barnacle, LLC (Barnacle) for \$500. Barnacle is engaged in the harvesting and distribution of kelp and other foods products manufactured in Alaska. Upon acquisition, Sealaska's carrying amount of its investment in Barnacle exceeded the underlying equity in net assets of Barnacle in the amount of \$489 which is not being amortized. Under the terms of the purchase agreement, Sealaska is required to make capital contributions of \$500 for each of the next two years ending December 31, 2021 and 2022. The additional required capital contributions will not increase Sealaska's ownership interest in Barnacle. Sealaska received no distributions from Barnacle for the year ended December 31, 2020. Investment in Barnacle is being accounted for under the equity method.

Summarized unaudited financial information for the Company's equity method investments are as follows:

	2020	2019
<b>Assets:</b>		
Current assets	\$ 12,844	\$ 12,790
Noncurrent assets	1,387	790
	<u>\$ 14,231</u>	<u>\$ 13,580</u>
<b>Liabilities:</b>		
Current liabilities	\$ 1,173	\$ 6,235
Long-term liabilities	846	905
<b>Equity</b>	<u>12,212</u>	<u>6,440</u>
	<u>\$ 14,231</u>	<u>\$ 13,580</u>
Results of Operations for the years ended December 31, 2020 and 2019 (Unaudited):		
<b>Net income</b>	<u>\$ 9,232</u>	<u>\$ 5,439</u>

### Note 8. Note Receivable

The Company has a \$1,000 non-interest bearing note receivable with Kake Tribal Corporation (Kake) initially recorded at its discounted value of \$861. The note is secured by an assignment with security interest in Kake's interest in Section 7(j) payments made by Sealaska in equal payments over nine years from 2016 through 2024. Current maturities of \$109 at December 31, 2020 are included in other current assets in the consolidated balance sheets. The outstanding balance of the note as of December 31, 2020 and 2019, was \$420 and \$517, respectively.

### Note 9. Goodwill

Goodwill as of December 31, 2020 and 2019, consists of the following:

	2020	2019
Goodwill	\$ 70,083	\$ 32,203
Accumulated amortization and impairment losses	(19,317)	(19,317)
	<u>\$ 50,766</u>	<u>\$ 12,886</u>

Changes in the carrying amount of goodwill for the years ended December 31, 2020 and 2019, are as follows:

	2020	2019
Balance, beginning of year	\$ 12,886	\$ 10,348
Acquisition of majority owned subsidiary	31,316	2,538
Acquisition of wholly owned subsidiary	5,062	-
Foreign currency translation adjustment	1,502	-
Balance, end of year	<u>\$ 50,766</u>	<u>\$ 12,886</u>

### Note 10. Intangible Assets

Intangible assets as of December 31, 2020 and 2019, consist of the following:

	2020	
	Gross Carrying Amount	Accumulated Amortization
<b>Subject to amortization:</b>		
Customer relationships	\$ 66,145	\$ 5,262
Trade name	14,594	1,551
Developed technology	13,885	187
Noncompete	79	36
Favorable lease	1,170	310
	<u>\$ 95,873</u>	<u>\$ 7,346</u>

	2019	
	Gross Carrying Amount	Accumulated Amortization
<b>Subject to amortization:</b>		
Customer relationships	\$ 26,287	\$ 3,006
Trade name	8,004	897
Noncompete	79	20
Favorable lease	1,170	172
	<u>\$ 35,540</u>	<u>\$ 4,095</u>

Estimated aggregate amortization expenses for future years is as follows:

Years ending December 31:	
2021	\$ 6,521
2022	6,518
2023	6,506
2024	6,494
2025	6,494
Thereafter	55,994
	<u>\$ 88,527</u>

## SEALASKA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

### Note 11. Lines of Credit

Orca Bay has a revolving line of credit agreement with a financial institution with a borrowing base of 90% of eligible accounts receivable plus an applicable range of 58% to 65% of eligible inventory, up to a maximum borrowing capacity of \$100,000. In August 2020, the agreement was amended to temporarily increase the maximum borrowing to \$115,000 through January 31, 2021, at which time the maximum borrowing capacity decreased to the original \$100,000. The terms of the facility call for monthly interest-only payments at the higher of the following rates: (a) 0.0%; (b) bank's prime rate; (c) federal funds effective rate plus 0.5%; and (d) one month Eurocurrency rate plus up to 1.25%. Substantially all of the outstanding balance was on daily one-month LIBOR plus 1.00% at December 31, 2020 (effective rate 1.15%). For the portions that the LIBOR election was not made, the effective interest rate at December 31, 2020 was prime rate at 3.25%. The outstanding balance on this line of credit totaled \$83,084 and \$80,380 as of December 31, 2020 and 2109, respectively. The line of credit facility is secured by substantially all of the Company's assets and matures on April 1, 2024. The line of credit facility is subject to certain financial covenants.

NESI has an asset based revolving credit facility secured by the subsidiary's accounts receivable with payments made as those receivables are collected. Interest is incurred at Barclay's base rate plus 1.85% (1.95% at December 31 2020). The credit facility matures in June 2021. The outstanding balance on this facility at December 31, 2020, was \$1,409.

### Note 12. Long-Term Debt

Long-term debt consists of the following:

	2020	2019
Note payable to a bank under an unsecured revolving term loan with variable interest rate which was 1.75% at December 31, 2020; subsequent to year-end original maturity date of June 2020 was extended to February 2025	\$ 30,521	\$ 20,000
Note payable to a bank; payable in quarterly interest only installments beginning January 2021 at variable interest rate plus 2.5% (2.85% at December 31, 2020); due October 2022	108,000	-
Note payable to financing company; payable in monthly installments of \$1, noninterest bearing; secured by equipment; due August 2023	21	-
Installment notes payable, collateralized by equipment, payable in aggregate monthly installments of \$69; varying interest rates 2.91% to 3.12%; varying maturities through January 2026	2,869	-
Installment note payable, collateralized by land buildings; payable in quarterly installments of \$69 including interest at the Bank of England base rate plus 2.7% (2.8% at December 31, 2020); final balloon payment of \$813; matures November 2021	929	-
Installment note payable, collateralized by land and buildings, payable in monthly installments of \$10 with interest at 7.5%, and matures in February 2024	331	424
<b>Total long-term debt</b>	<b>142,671</b>	20,424
Less current portion	(1,905)	(92)
<b>Total long-term debt, less current portion</b>	<b>\$ 140,766</b>	<b>\$ 20,332</b>

Sealaska's \$60 million unsecured revolving term loan has various affirmative and negative covenants that are typical within loan agreements.

Interest expense totaled \$2,179, \$3,250 and \$2,970 for the years ended December 31, 2020, 2019 and 2018, respectively.

Contractual maturities of notes payable, as of December 31, 2020, are due in future years as follows:

Years ending December 31:	
2021	\$ 1,138
2022	110,882
2023	120
2024	11
2025	30,520
	<u>\$ 142,671</u>

### Note 13. Notes Payable Related Parties

On April 1, 2019, the Company's subsidiary Orca Bay obtained a \$10,746 note payable with the subsidiary's noncontrolling interest holder. The note is subordinated to Orca Bay's line of credit discussed in Note 11. Interest is payable quarterly at the greater of 5% or prime rate in effect as of January 1 of each year until the principal sum is paid in full. The note has no set maturity date. Interest expense totaled \$537 and 403 for the years ended December 31, 2020 and 2019, respectively.

On October 30, 2020, the Company's subsidiary Sealaska European Holdings Ltd. issued two series of unsecured notes to former shareholders of NESI as part of the business combination further discussed in Note 19. The first series was issued for \$2,444 payable annually through 2025 at 3.5%. The second series was issued for \$2,861 payable annually through 2024 at 2.5%. Interest is payable annually on the anniversary of the note issuance. Interest expense totaled \$31 for the year ended December 31, 2020.

Contractual maturities of notes payable, as of December 31, 2020, are due in future years as follows:

Years ending December 31:	
2021	\$ 1,204
2022	1,204
2023	1,204
2024	1,204
2025	489
	<u>\$ 5,305</u>

### Note 14. Income Taxes

Income tax benefit for the years ended December 31, 2020, 2019 and 2018 is as follows:

	Year Ended December 31		
	2020	2019	2018
<b>Current income tax benefit (expense):</b>			
Federal	\$ -	\$ -	\$ -
Foreign	(20)	-	-
State	(339)	65	(192)
<b>Total</b>	<b>(359)</b>	65	(192)
<b>Deferred tax benefit:</b>			
Federal	5,713	4,266	5,642
Foreign	71	-	-
State	-	1,999	2,216
<b>Total</b>	<b>5,784</b>	6,265	7,858
<b>Income tax benefit</b>	<b>\$ 5,425</b>	<b>\$ 6,330</b>	<b>\$ 7,666</b>

The provision for income taxes from continuing operations differs from the expected amount (computed by applying the U.S. Federal corporate tax rate of 21% for the years ended December 31, 2020, 2019 and 2018 to earnings before taxes) as follows:

SEALASKA CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

**Note 14. Income Taxes Continued**

	Years Ended December 31		
	2020	2019	2018
Computed expected tax benefit	<b>\$ (11,300)</b>	\$ (14,249)	\$ (12,091)
State income benefit (tax), net of federal tax benefit	<b>(448)</b>	70	1,597
Change in valuation of allowance	<b>14,360</b>	1,987	(3,865)
Net expiration (use) of net operating losses and charitable contribution carryforward	<b>(78)</b>	(664)	(1,211)
Addition of ANCSA assets (tax basis)	<b>6,305</b>	23,413	27,047
Permanent items	<b>(248)</b>	499	(1,986)
Other	<b>(3,166)</b>	(4,726)	(1,825)
	<b>\$ 5,425</b>	\$ 6,330	\$ 7,666

Net deferred tax assets and liabilities include the following:

	2020	2019
<b>Deferred tax assets:</b>		
Net operating loss and charitable contribution carryforwards	<b>\$ 53,123</b>	\$ 60,712
ANCSA resource basis difference	<b>150,439</b>	153,118
Property and equipment	<b>11,283</b>	10,744
Foreign other	<b>(244)</b>	-
Other	<b>17,063</b>	16,388
<b>Total gross deferred tax assets</b>	<b>231,664</b>	240,962
Valuation allowance	<b>(176,427)</b>	(190,787)
<b>Net deferred tax asset</b>	<b>55,237</b>	50,175
<b>Deferred tax liabilities:</b>		
Investment unrealized gains	<b>(10,404)</b>	(9,097)
Intangibles	<b>(544)</b>	-
Foreign intangibles	<b>(10,931)</b>	-
Foreign property and equipment	<b>(1,624)</b>	-
Partnership investments	<b>(1,853)</b>	(1,878)
<b>Total gross deferred tax liabilities</b>	<b>(25,356)</b>	(10,975)
<b>Total net long-term deferred tax assets</b>	<b>\$ 29,881</b>	\$ 39,200

Sealaska has recorded a net long-term deferred tax asset of \$29,881 as of December 31, 2020, which primarily reflects: (a) estimated future benefit of \$5,825 federal and \$176,327 state net operating losses, which expire in varying amounts from 2020 to 2033 and (b) basis differences for significant natural resources received pursuant to ANCSA, which have no carrying value in the accompanying consolidated financial statements but which have substantial basis for domestic tax reporting purposes. A valuation allowance has been established, reducing the maximum possible benefit of these carryforwards to management's estimate of the benefit likely to be realized. Realization is dependent on generating sufficient taxable income prior to expiration of the loss carryforwards. Although realization is not assured, management believes it is more likely than not that all of the recorded net deferred tax assets will be realized. Net deferred tax assets considered realizable are adjusted annually dependent on management's estimate of future earnings over the next five years. An increase or decrease in management's estimate of the total taxable income that will be generated over that period will have a corresponding increase or decrease in net deferred tax assets considered realizable.

During the periods presented above, Sealaska had pre-net operating loss taxable income of \$86,142. Sealaska will need to earn approximately \$190,847 in taxable income within the U.S. to utilize its estimated realizable deferred tax asset related to state and federal tax jurisdictions prior to the expiration of its federal and state net operating losses in 2033.

**Note 15. Other Noncurrent Liabilities**

Other noncurrent liabilities consist of the following:

	2020	2019
The Elders' Settlement Trust distribution payable	<b>\$ 7,335</b>	\$ 7,706
Deishú Memorial Fund	<b>5,914</b>	5,821
Accrued carbon credit program monitoring costs	<b>5,920</b>	5,497
Shareholders' distribution payable	<b>5,226</b>	4,493
Endowments payable	<b>4,861</b>	4,134
Voluntary retirement deferrals	<b>3,779</b>	3,840
Other liabilities	<b>5,176</b>	3,244
<b>Total</b>	<b>\$ 38,211</b>	\$ 34,735

**Note 16. Retirement Plans**

Sealaska has a 401(k) plan for virtually all employees meeting certain eligibility requirements. Participants may contribute up to 25% of their eligible compensation to the plan, subject to the limits of Section 401(k) of the Internal Revenue Code. Sealaska matches 100% of the participant's contribution up to 4% of their eligible compensation. All participants are immediately vested in the preceding contributions. Contributions to the plan are based upon employees' total yearly contributions and base pay. Total approved contributions to the plans were \$1,506, \$1,444 and \$1,012 in 2020, 2019 and 2018, respectively.

Orca Bay has a profit sharing plan that covers substantially all of its employees who have completed one year of service. Annual contributions consist of matching contributions of employee deferrals and discretionary annual contributions. Odyssey made contributions of \$246, \$248, and \$127 for the years ended December 31, 2020, 2019, and 2018, respectively.

**Note 17. Commitments and Contingencies**

**Litigation:** Except for the contingent liability discussed below, management is not aware of, or party to, any legal action that would have a material adverse effect on the consolidated financial condition, results of operations, or cash flows of Sealaska. Sealaska, in its normal course of activities, is exposed to regulatory and environmental matters. In the opinion of management, the disposition of these matters is not expected to have a material adverse effect on Sealaska's financial condition, results of operations, or liquidity.

**Cost reimbursable type contracts:** Sealaska has cost reimbursable type contracts with the federal government. Consequently, Sealaska is reimbursed based upon their direct expenses attributable to the contract, plus a percentage based upon overhead and general and administrative expenses. The overhead and general and administrative rates are estimates. Accordingly, if the actual rates as determined by the cognizant audit agency were below Sealaska's estimates, a refund for the difference would be due to the federal government. Management considers the potential for such refunds when recognizing revenue.

**Leasing arrangements:** Sealaska is currently leasing facilities, manufacturing equipment, and office equipment from a variety of vendors. Total rent expense charged to operations for the years ended December 31, 2020, 2019, and 2018 was \$3,405, \$3,446, and \$2,170, respectively. Minimum annual rental commitments on operating leases at December 31 are as follows:

Years ending December 31:	
2021	\$ 2,789
2022	2,449
2023	2,260
2024	2,230
2025	2,008
Thereafter	8,143
<b>Total</b>	<b>\$ 19,879</b>

SEALASKA CORPORATION AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

**Note 17. Commitments and Contingencies Continued**

**Contingent liability:** As discussed in Note 2, the Company is required to distribute 70% of the net revenues derived from certain resources conveyed pursuant to ANCSA. For the years ended December 31, 2020, 2019 and 2018, the Company excluded revenue associated with its carbon credit project from distributable Section 7(i) revenues since carbon credit offsets are not a shareable resource. Pursuant to the Section 7(i) Settlement Agreement (the Agreement), the Company is party to an arbitration proceeding to resolve a dispute with certain other ANRCs on whether or not carbon credit transactions are subject to sharing. If the arbitration determines the proceeds of the carbon credit sales are subject to sharing, the Company could be required to distribute approximately \$54,235 to the other eleven ANRCs based on net revenues generated from the Company's carbon credit sales for the three years in the period ended December 31, 2020. The Company believes the determination as to whether any portion of proceeds are sharable under Section 7(i) will ultimately be determined through arbitration. The Company has placed a portion of the proceeds into an escrow account in accordance with Article V, Section 10 of the Agreement.

**Carbon cost monitoring:** As a participant in the State of California's carbon program, Sealaska is required to perform certain monitoring services over the next 100 years. Sealaska has recorded an accrual for the estimated costs of \$5,920 and \$5,497 included in other liabilities as of December 31, 2020 and 2019, respectively.

**Supplier agreement:** In conjunction with the Company's purchase of Orca Bay, as discussed in Note 19, a significant supply agreement was acquired for the supply of sockeye salmon filets. The agreement calls for variable pricing based on the Company's selling price and processing costs. Under the terms of the agreement the Company's gross margin on the products is set with a commission rate of 3% - 7% plus processing rates of \$0.0005 - \$0.001 per pound based on customer type. The agreement expired on December 31, 2020; however, Orca Bay continues to acquire product under the same terms while a new agreement is being negotiated.

**Note 18. Concentrations**

Approximately 67%, 71% and 89% of the Company's services revenue was derived from prime contracts or subcontracts with U.S. governmental agencies for the years ended December 31, 2020, 2019, and 2018, respectively. Approximately 16% and 40% of the Company's receivables, net at December 31, 2020 and 2019, respectively, were derived from prime contracts or subcontracts with U.S. governmental agencies. Approximately 28%, 19% and 32% of the Company's foods revenue was derived from two customers for the years ended December 31, 2020, 2019, and 2018, respectively. These two customers also represented approximately 16% and 8% of the Company's total accounts receivable as of December 31, 2020 and 2019, respectively.

**Note 19. Business Acquisitions**

On October 1, 2018, Sealaska Commercial Services, LLC acquired a 51% membership interest in Geo Services, a California limited liability company (LLC), for a purchase price of \$8,225 which was paid in cash at settlement, less all closing indebtedness and unpaid transaction expenses, except for certain permitted indebtedness as defined by the agreement. The Company acquired Geo Services to allow for market expansion and growth in the environmental, geotechnical, and marine site investigation and remediation industry. Under the terms of the LLC operating agreement, the 49% noncontrolling interest holder has a put right to require Sealaska to purchase the remaining 49% interest in Geo Services at any time during the put exercise period. The put exercise period is defined as the period beginning on the date that is the fifth anniversary of date of purchase (October 1, 2023) with no end date. Sealaska Commercial Services, LLC has a call option to purchase the remaining 49% interest in Geo Services at any time during the call exercise period. The call exercise period is defined as the period beginning on the date that is the fifth anniversary of date of purchase (October 1, 2023) with no end date.

The following table summarizes the aggregate consideration paid for Geo Services and the amounts of the assets acquired and liabilities assumed, which were recognized at the acquisition date:

<b>Consideration:</b>	
Cash	\$ 8,225
Non-controlling interest in consolidated subsidiary	7,903
<b>Fair value of total consideration transferred</b>	<b>\$ 16,128</b>
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>	
Financial assets acquired, including cash of \$30	\$ 9,675
Inventory	142
Property and equipment	17,098
Other assets	26
Identifiable intangible assets	2,009
Financial liabilities acquired	(7,681)
Long term debt assumed	(5,141)
<b>Total identifiable net assets acquired</b>	<b>16,128</b>
Goodwill	-
	<b>\$ 16,128</b>

The Company incurred acquisition related costs in the amount of \$155 which were charged to operations for the year ended December 31, 2018.

Prior to April 1, 2019, the Company's subsidiary Odyssey Foods, LLC (Odyssey) held a 49% equity interest in Orca Bay Foods, LLC (Orca Bay). On April 1, 2019, Odyssey acquired the remaining 51% interest in Orca Bay for \$21,930 plus the assumption of debt to allow for further market expansion and growth in the seafood industry. At the time of acquisition, the fair value of Odyssey's 49% previously held equity interest was determined to be \$21,070, which exceeded its carrying amount. As a result, Odyssey recorded a gain on its previously held equity interest in the amount of \$1,031, which is included in other, net in the accompanying consolidated statements of income. Upon the completion of the acquisition, the surviving entity assumed the Orca Bay name.

The following table summarizes the aggregate consideration paid for Orca Bay and the amounts of the assets acquired and liabilities assumed, which were recognized at the acquisition date:

<b>Consideration:</b>	
Cash	\$ 21,930
Fair value of previously held equity interest	21,070
<b>Fair value of total consideration transferred</b>	<b>\$ 43,000</b>
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>	
Financial assets acquired	\$ 24,727
Inventory	49,332
Property and equipment	1,484
Identifiable intangible assets	17,606
Financial liabilities acquired	(21,651)
Long term debt assumed	(31,036)
<b>Total identifiable net assets acquired</b>	<b>40,462</b>
Goodwill	2,538
	<b>\$ 43,000</b>

All of the resulting goodwill is deductible for income tax purposes. The Company did not incur any acquisition related costs that were charged to operations for the year ended December 31, 2019.

On June 1, 2020, the Sealaska Commercial Services, LLC acquired 100% of capital stock in CS Marine, a California corporation (Corporation), for a purchase price of \$10,000 which was paid in cash at settlement, less all closing indebtedness and unpaid transaction expenses, except for certain permitted indebtedness as defined by the agreement. The Corporation acquired CS Marine to allow for market expansion and growth in the Heavy Engineering Construction industry.

## SEALASKA CORPORATION AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

(Dollar Amounts in Thousands, Except Per Share Values)

### Note 19. Business Acquisitions Continued

The following table summarizes the aggregate consideration paid for CS Marine and the amounts of the assets acquired and liabilities assumed, which were recognized at the acquisition date:

<b>Consideration:</b>	
Cash	\$ 10,000
Working capital adjustment	558
<b>Fair value of total consideration transferred</b>	<b>\$ 10,558</b>
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>	
Financial assets acquired	\$ 1,118
Property and equipment	6,708
Identifiable intangible assets	2,110
Financial liabilities acquired	(959)
Long term debt assumed	(3,481)
<b>Total identifiable net assets acquired</b>	<b>5,496</b>
Goodwill	5,062
	<b>\$ 10,558</b>

None of the resulting goodwill is deductible for income tax purposes. The Corporation incurred acquisition related costs in the amount of \$109 which were charged to operations for the year ended December 31, 2020.

On October 30, 2020, Sealaska European Holdings, Ltd acquired 95% of the outstanding stock in New England Seafood International Ltd., a United Kingdom limited company (Ltd.), for a purchase price of \$102,077, of which \$97,015 was paid in cash at settlement and the remainder of \$5,062 satisfied through the issuance of a series of notes payable to the sellers as discussed in Note 13. The Corporation acquired NESI to allow for market expansion in the operations of wholesaling, processing, and brokering seafood products nationally and internationally.

The following table summarizes the aggregate consideration paid for NESI and the amounts of the assets acquired and liabilities assumed, which were recognized at the acquisition date:

<b>Consideration:</b>	
Cash	\$ 97,015
Non-controlling interest in consolidated subsidiary	5,869
Long-term debt payable to sellers	5,062
<b>Fair value of total consideration transferred</b>	<b>\$ 107,946</b>
<b>Recognized amounts of identifiable assets acquired and liabilities assumed:</b>	
Financial assets acquired, including cash of \$2,637	\$ 27,860
Inventory	18,588
Property and equipment	20,878
Other assets	246
Identifiable intangible assets	55,558
Financial liabilities acquired	(42,593)
Long term debt assumed	(3,907)
<b>Total identifiable net assets acquired</b>	<b>76,630</b>
Goodwill	31,316
	<b>\$ 107,946</b>

None of the resulting goodwill is deductible for income tax purposes. The Corporation incurred acquisition related costs in the amount of \$573 which were charged to operations for the year ended December 31, 2020.

### Note 20. Discontinued Operations

In December 2020, the Company implemented a plan to discontinue its logging operations. The operating results of its logging operations are included in discontinued operations on the consolidated statement of operations for the fiscal years ended:

	2020	2019	2018
Revenue	<b>\$ 75,655</b>	\$ 92,879	\$ 63,823
Cost of revenues	<b>65,134</b>	76,680	50,775
Selling, general, and administrative expenses	<b>1,553</b>	1,855	1,493
Other (income) expenses, net	<b>426</b>	968	312
Income from discontinued operations	<b>8,542</b>	13,376	11,243
Natural resource revenue sharing (expense) under Sections 7(i) and 7(j)	<b>1,409</b>	(8,365)	(5,867)
Loss on the disposal of the discontinued operations	<b>(15,336)</b>	-	-
Total (loss) income from discontinued operations, before income taxes	<b>(5,385)</b>	5,011	5,376
Income tax benefit (expense)	-	-	-
<b>Total (loss) income from discontinued operations</b>	<b>\$ (5,385)</b>	\$ 5,011	\$ 5,376

The Company is expected to incur some reclamation costs associated with closing its logging operations and has recorded accrued costs of \$3,250 which is reflected in the loss on disposal of discontinued operations. The assets and liabilities associated with the logging operations are included in discontinued operations on the consolidated balance sheets for the year ended December 31, 2020. A summary of assets and liabilities in discontinued operations are as follows:

Trade accounts receivable, net	\$ 12,929
Inventory	2,572
Prepaid expenses and deposits	353
Property and equipment, net	3,106
Other assets	17
Assets from discontinued operations	<b>\$ 18,977</b>
Current	\$ 15,854
Noncurrent	3,123
	<b>\$ 18,977</b>
Accounts payable	\$ 3,374
Other accrued expenses	4,624
Deferred 7(i) liability	9,274
Liabilities from discontinued operations	<b>\$ 17,272</b>
Current	\$ 7,998
Noncurrent	9,274
	<b>\$ 17,272</b>

## Business Directory

### GOVERNMENT SERVICES DIVISION

**Sealaska Government Services, LLC**  
1200 6th Ave., Suite 800  
Seattle, WA 98101

**EcoData Analytics, LLC**  
12325 Oracle Blvd., Suite 200  
Colorado Springs, CO 80921

**Managed Business Solutions, LLC**  
12325 Oracle Blvd., Suite 200  
Colorado Springs, CO 80921

**Sealaska Construction Solutions, LLC**  
1200 6th Ave., Suite 800  
Seattle, WA 98101

**Sealaska Constructors, LLC**  
1200 6th Ave., Suite 800  
Seattle, WA 98101

**Sealaska Secure Construction Solutions, LLC**  
1200 6th Ave., Suite 800  
Seattle, WA 98101

**Sealaska Engineering & Applied Sciences, LLC**  
1200 6th Ave., Suite 800  
Seattle, WA 98101

**Sealaska Environmental Services, LLC**  
1200 6th Ave., Suite 800  
Seattle, WA 98101

**Sealaska Remediation Solutions, LLC**  
1200 6th Ave., Suite 800  
Seattle, WA 98101

**Sealaska Technical Services, LLC**  
3200 George Washington Way, Suite D  
Richland, WA 99352

### COMMERCIAL SERVICES DIVISION

**C S Marine Constructors, Inc.**  
425 15th Street  
Mare Island Berth 19  
Vallejo, CA 94592

**Gregg Drilling, LLC**  
2726 Walnut Avenue  
Signal Hill, CA 90725

**Pitcher Services, LLC**  
218 Demeter Street  
East Palo Alto, CA 94303

**Gregg Marine, LLC**  
2726 Walnut Avenue  
Signal Hill, CA 90725

### SEAFOOD AND NATURAL FOODS DIVISION

**Barnacle, LLC**  
P.O. Box 21092  
Juneau, AK 99802

**Independent Packers, LLC**  
2001 West Garfield  
Pier 91, Bldg. 40 C-102  
Seattle, WA 98119

**Alaska Seafood Packers, LLC**  
2001 West Garfield  
Pier 91, Bldg. 40 C-102  
Seattle, WA 98119

**New England Seafood International, Limited**  
48 Cox Lane, Chessington  
Surrey, KT9 1TW  
United Kingdom

**Orca Bay Foods, LLC**  
2729 6th Ave. S, Suite 200  
Seattle, WA 98134

### NATURAL RESOURCES DIVISION

**Alaska Coastal Aggregates, LLC**  
One Sealaska Plaza, Suite 400  
Juneau, AK 99801

**Sealaska Timber Company, LLC**  
1900 1st Ave., Suite 315  
Ketchikan, AK 99901

### INDEPENDENT AUDITORS

**RSM US, LLP**  
310 K St., Suite 200  
Anchorage, AK 99501



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## CORPORATE DIRECTORY

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### Corporate Headquarters

One Sealaska Plaza, Suite 400  
Juneau, AK 99801

907.586.1512 main  
800.848.5921 toll-free

Sealaska.com  
MySealaska.com

### Seattle Office

1200 6th Ave., Suite 800  
Seattle, WA 98101  
206.209.1719

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## PARTNER ORGANIZATIONS

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### Sealaska Heritage Institute

105 S. Seward St., Suite 201  
Juneau, AK 99801

907.463.4844  
Sealaskaheritage.org

### Spruce Root, Inc.

One Sealaska Plaza, Suite 200  
Juneau, AK 99801

907.586.9251  
SpruceRoot.org

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## PHOTOGRAPHY CREDITS

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Jason Baldwin  
Bethany Goodrich  
Brian Wallace

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## IN MEMORIAM

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# Sharing in Loss, Healing Together

The COVID-19 pandemic has tested our resilience in countless ways.

Losing speakers of cherished Indigenous languages, postponing the in-person experience of shared connection through song, dance and traditions—these realities pained us deeply.

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*That spirit of community means we mourn together,  
and we heal together.*

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Sealaska is a community-owned company, held by 23,000 shareholders with a shared history. That spirit of community means we mourn together, and we heal together. We support one another through the challenges of educating our children at home, filling our shelves with food, and finding ways to pay the bills.

We honor those we've lost. We revere our people and our communities.



# SEALASKA

One Sealaska Plaza, Suite 400  
Juneau, AK 99801