20220704301144

ABU GARCIA AB

Org.nr 556465-9828

ÅRSREDOVISNING 2021

Undertecknad styrelseordförande i Abu AB intygar härmed, dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på årsstämma den 30/6 2022. Årsstämman beslöt även att godkänna styrelsens förslag till vinstdisposition.

Svängsta den 30/6 2022

Kjell Clefjord
Styrelseledamot

20220704301145

ABU GARCIA AB
Org.nr 556465-9828

ÅRSREDOVISNING 2021 *(Annual report 2021)*

Styrelsen för Abu Garcia AB får härmed avge årsredovisning för år 2021.
(The Board of Directors of Abu Garcia AB is hereby authorized to present its annual report for 2021).

Abu Garcia AB är ett helägt dotterbolag till Outdoor Technologies Group Sweden AB (OTG Sweden AB), som ingår i Pure Fishing-koncernen. SP Cayman Aggregator LP är den yttersta kontrollerande parten inom koncernen och koncernredovisning upprättas av SP PF Cayman Holdings ILP.
(Abu Garcia AB is a wholly owned subsidiary of Outdoor Technologies Group Sweden AB (OTG Sweden AB), which is part of the Pure Fishing Group. SP Cayman Aggregator LP is the ultimate controlling party within the Group and consolidated financial statements are prepared by SP PF Cayman Holdings ILP.)

Förvaltningsberättelse

Abu Garcia AB är moderbolag i Abu Garcia-koncernen och har sitt säte i Karlshamns kommun.
(Abu Garcia AB is the parent company in the Abu Garcia-group and the company is based in Karlshamn.)

Koncernens verksamhet innefattar utveckling, tillverkning och försäljning av produkter för sportfiske.
(The group's operations consist of the development, manufacturing and sale of products for sport fishing.)

Företagets redovisningsvaluta är svenska kronor (SEK). Alla belopp redovisas, om inget annat anges i kronor.
(The company's reporting currency is Swedish Crowns (SEK). Unless otherwise stated, all amounts are reported in SEK.)

Koncernredovisning har ej upprättats med hänvisning till till Årsredovisningslagen 7 kap. 2 §.
(The company does not present consolidated financial statements with reference to the Annual Accounts Act chapter 7, paragraph 2.)

Moderbolaget i den största koncernen som ABU Garcia AB är dotterbolag till och där koncernredovisning upprättas:
SP PF Cayman Holdings I LP, Id. No. 98-1457916 med adress: 7 Science Court, Columbia, SC 29203, USA.
(The parent company of the largest Group, which OTG Sweden AB is a subsidiary of and which prepares the consolidated financial statements, is: SP PF Cayman Holdings I LP, id. No. 98-1457916, address: 7 Science Court, Columbia, SC 29203, USA).

Väsentliga händelser under året *(Significant events during the year)*
Under 2021 fortsatte världen att präglas av pandemin, Covid-19. Detta har påverkat koncernens försäljning positivt, vilket främst förklaras av en stark efterfrågan på sportfiskeprodukter och andra outdooraktiviteter på grund av Covid-19 pandemin.
(2021 has continued to be featured by the global pandemic, Covid-19, which have had a positive impact on the Group's sales which is mainly explained by the fact that the Covid 19 pandemic caused an increased demand for outdoor activities like sport fishing.)

Väsentliga händelser efter årets utgång *(Significant events after the year-end)*
Per den 1 februari 2022 förvärvade koncernen Svendsen Sport A/S.
(Per February 1st 2022 the group acquired Svendsen Sport A/S.)
Efter räkenskapsårets slut har bolaget lämnat in en ansökan gällande namnbyte till Outdoor Technologies Group Sweden AB.
(After the financial yearend the company has applied for a name change to Outdoor Technologies Group Sweden AB.)

Flerårsöversikt *(Yearly summary)* **KSEK**	**2021**	**2020**	**2019**	**2018**	**2017**
Nettoomsättning *(Net sales)*	0	0	0	0	0
Resultat efter finansiella poster *(Result after financial items)*	36 431	122 161	2 881	8 784	14 273
Soliditet *(Equity ratio)*	92%	100%	77%	77%	71%

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Eget kapital ***(Equity)***

Aktiekapital ***(Share capital)***

Moderbolagets aktiekapital uppgick till 10 844 KSEK.
(The share capital of the parent company amounts to 10 844 KSEK.)

Förändring i eget kapital ***(Change of equity)***

	Aktie-kapital ***(Share capital)***	**Reserv-fond** ***(Statutory reserve)***	**Fria reserver** ***(Non-restricted reserves)***
Belopp vid årets ingång *(Beginning balance)*	10 844	0	148 506
Utdelning *(Dividend)*			-46 000
Årets resultat *(Result of the year)*			32 927
Belopp vid årets utgång *(Ending balance)*	**10 844**	**0**	**135 433**

FÖRSLAG TILL VINSDISPOSITION ***(PROPOSAL FOR DISTRIBUTION OF PROFIT)***

Till bolagsstämmans förfogande står: *(At the Annual General Meeting the following disposal is available:)*	SEK
Balanserade vinstmedel *(Retained earnings)*	102 505 734
Årets resultat *(Result for the year)*	32 927 298
Summa *(Total)*:	135 433 031

Styrelsen föreslår att 135 433 031 SEK balanseras i ny räkning.
(The board of directors suggests that SEK 135,433,031 will be forwarded in new accounts.)

Beträffande bolagets resultat och ställning i övrigt hänvisas till nedanstående
resultat- och balansräkningar samt noter, som utgör en integrerad del av årsredovisningen.
(Regarding the company's earnings and position in general, reference is made to the following income statement and balance sheet, cash flow analysis and notes, which form an integral part of the annual report.)

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RESULTATRÄKNING
(INCOME STATEMENT)
KSEK

	Not *(Note)*	2021	2020
Nettoomsättning *(Net sales)*		0	0
Kostnad för sålda varor *(Costs of goods sold)*		0	0
Bruttoresultat *(Gross margin)*		**0**	**0**
Administrationskostnader *(Administration expenses)*		-4	-5
Rörelseresultat *(Operating income)*		**-4**	**-5**
Resultat från finansiella poster			
(Result financial items)			
Resultat från andelar i koncernföretag	2	32 927	124 940
(Result from participation in subsidiaries)			
Övriga ränteintäkter *(Other interest income)*	3	783	826
Övriga räntekostnader *(Other interest expense)*	4	0	-767
Kursdifferenser *(Foreign exchange differences)*		2 725	-2 833
Resultat efter finansiella poster		**36 431**	**122 161**
(Result after financial items)			
Bokslutsdispositioner *(Appropriations)*			
Koncernbidrag *(Group contribution)*		-3 504	3 447
Skatt *(Income tax)*		**0**	**0**
Årets resultat *(Result for the year)*		**32 927**	**125 608**

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BALANSRÄKNING
(BALANCE SHEET)
KSEK

TILLGÅNGAR *(ASSETS)*

	Not *(Note)*	2021-12-31	2020-12-31
Anläggningstillgångar *(Fixed assets)*			
Finansiella anläggningstillgångar			
(Financial assets)			
Aktier i koncernföretag *(Shares in subsidiaries)*	5	130 730	130 730
Fordringar hos koncernföretag *(Receivables, group companies)*		30 011	27 217
Summa finansiella anläggningstillgångar *(Total Financial assets)*		**160 742**	**157 948**
Omsättningstillgångar *(Current assets)*			
Fordringar hos koncernföretag *(Receivables, group companies)*		**0**	**3 447**
Kassa och bank *(Cash and bank balances)*		**294**	**124**
SUMMA TILLGÅNGAR *(TOTAL ASSETS)*		**161 036**	**161 518**

EGET KAPITAL OCH SKULDER
(EQUITY AND LIABILITIES)

	Not *(Note)*	2021-12-31	2020-12-31
Eget kapital *(Equity)*			
Bundet eget kapital *(Restricted equity)*			
Aktiekapital *(Share capital)*		10 844	10 844
Reservfond *(Statutory reserve)*		2 169	2 169
Summa bundet eget kapital *(Total restricted equity)*		**13 013**	**13 013**
Fritt eget kapital *(Non-restricted equity)*			
Balanserat resultat *(Profit brought forward)*		102 506	22 898
Årets resultat *(Profit for the year)*		32 927	125 608
Summa fritt eget kapital *(Total non-restricted equity)*		**135 433**	**148 506**
Summa eget kapital *(Total equity)*		**148 446**	**161 518**
Långfristiga skulder *(Long-term liabilities)*			
Skulder till koncernföretag *(Liabilities, group companies)*		12 590	0
Summa långfristiga skulder *(Total long-term liabilities)*		**12 590**	**0**
Kortfristiga skulder *(Short-term liabilities)*			
Skulder till koncernbolag *(Liabilities, group companies)*		0	0
Övriga upplupna kostnader *(Other accrued expenses)*		0	0
		0	**0**
SUMMA EGET KAPITAL OCH SKULDER		**161 036**	**161 518**
(TOTAL EQUITY AND LIABILITIES)			

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NOTER *(NOTES)*

Belopp i KSEK *(Amounts ins KSEK)*

Not 1 *(Note 1)*
REDOVISNINGSPRINCIPER *(ACCOUNTING PRINCIPLES)*

De redovisningsprinciper som är tillämpade överensstämmer med Årsredovisningslagen samt
BFNAR 2016:10 *Årsredovisning i mindre aktiebolag.*
(The Annual Report has been established in accordance with the Annual Accounts Act as well as recommendations and statements from the Swedish Accounting Standards Board (BFNAR 2016:10).)

Redovisningsprinciperna är oförändrade i jämförelse med föregående år.
(The accounting principles are unchanged compared to previous year.)

Not 2 *(Note 2)*

Resultat från andelar i koncernföretag *(Result from participation in subsidiaries)*	**2021**	**2020**
Utdelning från dotterbolag *(Dividends from subsidiaries)*	32 927	124 940
	32 927	**124 940**

Not 3 *(Note 3)*

Övriga ränteintäkter *(Other interest income)*	**2021**	**2020**
Ränteintäkter från koncernbolag *(Interest income from group companies)*	783	826
	783	**826**

Not 4 *(Note 4)*

Övriga räntekostnader *(Other interest expense)*	**2021**	**2020**
Räntekostnader koncernbolag *(Interest expense to group companies)*	0	-767
	0	**-767**

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Not 5 *(Note 5)*
Aktier i dotterföretag *(Shares in subsidiaries)*

Företagets namn, org nr och säte *(Name, registered office and identity number)*	Antal *(Number)*	Innehav % *(Holding %)*	Bokfört värde *(Book value)*	Eget kapital *(Equity)*	Årets resultat *(Net income)*
Abu AB 556019-8375 Karlshamn, Sverige *(Sweden)*	300 000	100	100 000	54 141	27 440
Pure Fishing Norway AS Oslo, Norge *(Norway)*	900	100	877	4 025 KNOK	1 592 KNOK
OTG Australia Pty. Ltd. Sydney, Australien *(Australia)*	757 152	100	5 625	12 158 KAUD	1 467 KAUD
OTG-Cani Denmark AS Randers, Danmark *(Denmark)*	2 500	100	16 068	3 578 KDKK	779 KDKK
Pure Fishing Finland Oy Helsingfors, Finland *(Finland)*	150	100	8 160	239 KEUR	194 KEUR
Summa *(Total)*			**130 730**		

	2021	**2020**
Ingående anskaffningsvärde *(Opening acquisition value)*	130 730	130 730
Årets anskaffningar *(This year's acquisitions)*	0	0
Utgående anskaffningsvärden *(Cumulated acquisition value)*	130 730	130 730
Utgående bokfört värde *(Closing book value)*	**130 730**	**130 730**

Not 6 *(Note 6)*
Långfristiga skulder *(Long-term liabilities)*

	2021	**2020**
Lån som förfaller inom 0-5 år *(Loans, maturity 0-5 years)*	12 590	0
Lån som förfaller efter 5 år *(Loans, maturity after 5 years)*	0	0

Not 7 *(Note 7)*
Medelantal anställda *(Average number of employees)*

Moderbolaget har inte haft några anställda och inte utbetalat några löner eller ersättningar under 2021.
(The parent company did not have any employees and did not pay any salaries or wages during 2021.)

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Not 8 (Note 8)

Väsentliga händelser efter räkenskapsårets slut *(Significant events after the end of the financial year)*

Covid-19

Covid-19 pandemin fortsatte in i 2022, men klassificeras inte längre som en pandemi i Sverige, men förväntas ge fortsatt stark efterfrågan på sportfiskeprodukter.

(The Covid-19 pandemic continued into 2022 but is no longer classified as a pandemic, but is expected to give continued strong demand for sport fishing products.)

Rysslands invasion av Ukraina *(Russia's invation in Ukraine)*

I februari 2022 påverkades omvärldsläget drastiskt i samband med att Ryssland invaderade Ukraina. Kriget pågår fortfarande, men påverkar inte bolagets verksamhet nämnvärt då man inte gör affärer med varken Ryssland eller Ukraina.

(In February 2022, the world situation was drastically affected in connection with Russia's invasion of Ukraine. The war is going on still, but does not significantly affect the company's operations as it does not do business with either Russia or Ukraine.)

Svendsen Sport A/S *(Svendsen Sport A/S)*

Per den 1 februari 2022 förvärvade koncernen Svendsen Sport A/S.

Per February 1st 2022 the group acquired Svendsen Sport A/S.

Svängsta 2022-05-18

Kjell Clefjord
Ordförande *(Chairman)*

Gareth Moore

Ralph Dijk

Kevin Jayson

Vår revisionsberättelse har avgivits den 27/6 2022
(Our audit has been submitted on 2022)

Ernst & Young AB

Anders Håkansson
Auktoriserad revisor *(Chartered Accountant)*

20220704301152

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Revisionsberättelse

Till bolagsstämman i Abu Garcia AB, org.nr 556465-9828

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Abu Garcia AB för räkenskapsåret 2021-01-01-2021-12-31.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Abu Garcia ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Abu Garcia AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om beslut har fattats om att avveckla verksamheten.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om att årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är tillräckliga och ändamålsenliga för att utgöra en grund för våra uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för Abu Garcia AB för räkenskapsåret 2021-01-01-2021-12-31 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet *Revisorns ansvar*. Vi är oberoende i förhållande till Abu Garcia AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Karlskrona den 7/6 2022

Ernst & Young AB

Anders Håkansson
Auktoriserad revisor

A member firm of Ernst & Young Global Limited

Bilaga

SP PF Cayman Holdings I LP,
Parent Company of Pure Fishing, Inc.
and Subsidiaries

Consolidated Financial Statements

For the Years Ended December 31, 2021 and 2020

202207043015S

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December 31, 2021 and 2020

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SP PF Cayman Holdings I LP,
Parent Company of
Pure Fishing, Inc. and Subsidiaries

Consolidated Balance Sheets
As of December 31, 2021 and 2020
(In thousands of dollars)

20220704301158

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	$ 38,868	$ 42,123
Accounts receivable, net	237,411	184,518
Inventories, net	279,306	131,890
Prepaid expenses and other current assets	13,291	19,275
Total current assets	**568,876**	**377,806**
Property, plant, and equipment, net	129,361	71,929
Goodwill, net	474,410	508,210
Intangible assets, net	487,756	473,217
Deferred tax assets	4,929	1,665
Other assets	5,732	4,015
Total assets	**$ 1,671,064**	**$ 1,436,842**
Liabilities and Owners' Equity		
Current Liabilities		
Accounts payable	$ 146,037	$ 86,768
Accrued expenses	12,625	14,845
Income tax payable	6,139	4,415
Customer program accruals	12,532	10,116
Customer penalty accruals	20,149	7,290
Current portion of long-term debt	7,616	5,624
Other current liabilities	31,124	24,293
Total current liabilities	**236,222**	**153,351**
Long-term debt, net of current portion	893,688	620,203
Deferred tax liabilities	78,554	99,946
Other liabilities	8,634	7,947
Total liabilities	**1,217,098**	**881,447**
Commitments and contingencies (Note 13)		
Owners' Equity		
Owners' interest	452,827	537,242
Accumulated other comprehensive income	1,139	18,153
Total owners' equity	**453,966**	**555,395**
Total liabilities and owners' equity	**$ 1,671,064**	**$ 1,436,842**

See Notes to Consolidated Financial Statements

20220704301159

SP PF Cayman Holdings I LP,
Parent Company of
Pure Fishing, Inc. and Subsidiaries

Consolidated Statements of Operations and Comprehensive (Loss) Income
For the Years Ended December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Net sales	$ 780,535	$ 597,096
Cost of goods sold	576,415	406,477
Gross profit	**204,120**	**190,619**
Operating expenses		
Selling, general and administrative expenses	156,776	132,167
Transaction costs	15,397	-
Amortization expense	72,516	69,951
Operating loss	**(40,569)**	**(11,499)**
Interest expense, net	53,758	46,686
Other non-operating expenses, net	478	1,123
Loss before income taxes	**(94,805)**	**(59,308)**
Income tax benefit	(7,751)	(724)
Net loss	**(87,054)**	**(58,584)**
Other comprehensive (loss) income, net of tax:		
Foreign currency translation	(17,014)	17,537
Other comprehensive (loss) income	**(17,014)**	**17,537**
Total comprehensive loss	**$ (104,068)**	**$ (41,047)**

See Notes to Consolidated Financial Statements

SP PF Cayman Holdings I LP,
Parent Company of
Pure Fishing, Inc. and Subsidiaries

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Consolidated Statements of Owners' Equity
For the Years Ended December 31, 2021 and 2020
(In thousands of dollars)

	Owners' Interest	Accumulated Other Comprehensive Income (Loss)	Total Owners' Equity
Balance at December 31, 2019	**$ 592,662**	**$ 616**	**$ 593,278**
Net loss	(58,584)	-	(58,584)
Other comprehensive income	-	17,537	17,537
Stock-based compensation	3,164	-	3,164
Balance at December 31, 2020	**537,242**	**18,153**	**555,395**
Net loss	(87,054)	-	(87,054)
Other comprehensive loss	-	(17,014)	(17,014)
Stock-based compensation	2,639	-	2,639
Balance at December 31, 2021	**$ 452,827**	**$ 1,139**	**$ 453,966**

See Notes to Consolidated Financial Statements

SP PF Cayman Holdings I LP,
Parent Company of
Pure Fishing, Inc. and Subsidiaries

20220704301610

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(In thousands of dollars)

	2021	2020
Cash flows from operating activities:		
Net loss	$ (87,054)	$ (58,584)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities, net of effects of business acquired:		
Depreciation and amortization	95,811	80,077
Deferred income taxes	(13,079)	(5,631)
Loss on sale of property, plant and equipment	1,239	161
Amortization of deferred financing fees	5,821	4,705
Amortization of inventory step up	6,975	623
Stock-based compensation	2,639	3,164
Change in operating assets and liabilities, net of effects of business acquired:		
Accounts receivable	(8,620)	(43,927)
Inventories	(117,769)	39,997
Prepaid expenses and other current assets	6,536	(2,806)
Accounts payable	42,496	8,298
Accrued expenses and other current liabilities	3,406	22,943
Income tax payable	4,938	(1,433)
Other assets and liabilities	(526)	1,247
Net cash (used in) provided by operating activities	**(57,187)**	**48,834**
Cash flows from investing activities:		
Acquisition of business, net of cash acquired	(250,624)	-
Proceeds from sale of business unit	58,055	-
Acquisition of intangible assets	-	(900)
Purchases of property, plant and equipment	(22,546)	(16,436)
Proceeds from note receivable	195	-
Net cash used in investing activities	**(214,920)**	**(17,336)**

See Notes to Consolidated Financial Statements

SP PF Cayman Holdings I LP,
Parent Company of
Pure Fishing, Inc. and Subsidiaries

Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020
(In thousands of dollars)

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	2021	2020
Cash flows from financing activities:		
Proceeds from revolving credit agreement	$ 91,097	$ 47,000
Repayments of revolving credit agreement	(61,444)	(73,340)
Proceeds from debt	255,000	-
Repayments of debt	(7,063)	(4,654)
Financing fees	(7,350)	-
Net cash provided by (used in) financing activities	**270,240**	**(30,994)**
Effect of exchange rate changes on cash and cash equivalents	(1,388)	684
Net (decrease) increase in cash and cash equivalents	**(3,255)**	**1,188**
Cash and cash equivalents, beginning of year	42,123	40,935
Cash and cash equivalents, end of year	**$ 38,868**	**$ 42,123**
Supplemental information:		
Interest paid	$ 47,309	$ 40,303
Income taxes paid, net of refunds	3,874	4,553
Noncash investing activities:		
Execution of promissory note for acquisition of intangible assets	$ -	$ 3,100
Accrued purchases of property, plant and equipment	547	583

See Notes to Consolidated Financial Statements

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Note 1. The Company and Basis of Presentation

Description of Company

SP PF Cayman Holdings I LP ("the Company" or "Pure Fishing") is a limited partnership owned by SP PF Cayman Holdings II LP ("Limited Partner") and the general partner, SP PF GP (Cayman) Ltd. Both partners are wholly owned subsidiaries of Sycamore Partners Management, LP ("Sycamore"). All profit and losses as well as all distributions of the partnership are allocated solely to the Limited Partner. Sycamore acquired (the "Transaction") Pure Fishing from Newell Brands, Inc. ("Newell") via an Equity Purchase Agreement (the "Agreement") dated November 6, 2018.

On April 16, 2021, the Company purchased all the outstanding shares of Plano Synergy Holding Inc. ("Plano" or "Plano Acquisition"). See Note 3, *Acquisitions,* for additional information.

Pure Fishing primarily designs, manufactures and sells a wide range of fishing equipment, including lines, lures, rods and reels across the globe, with principal sales in the United States, Europe, and Asia-Pacific. The Company develops and produces fishing gear for varying experience levels and fishing categories and manages approximately 25 brands. The Company consists of a U.S. based parent company and 48 legal entities spread across North America, Europe, and Asia-Pacific. The Company sells products through several channels including mass markets, national accounts, distributors, and e-commerce channels. Sales and results of operations are impacted by many factors, including general economic conditions, seasonality, weather conditions, product offerings, quality, and price.

Basis of Presentation

These consolidated financial statements include the accounts of the Company and its subsidiaries and have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). All intercompany balances and transactions have been eliminated in consolidation.

Note 2. Significant Accounting Policies

Use of Estimates

The preparation of the Company's consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and related disclosures in the accompanying Notes. Actual results could differ from those estimates. Estimates and assumptions are periodically reviewed, and the effects of changes are reflected in the consolidated financial statements in the period they are determined to be necessary.

Revenue Recognition, Customer Programs and Variable Consideration

The Company recognizes revenue when performance obligations under the terms of a contract with the customer are satisfied and are recognized at a point in time, which generally occurs either on shipment or on delivery based on contractual terms, which is also when control is transferred. The Company's primary performance obligation is the distribution and sales of its consumer and commercial products to its customers.

The Company measures revenue as the amount of consideration for which it expects to be entitled in exchange for transferring goods or providing services. Certain customers may receive cash and/or non-cash incentives such as cash discounts, returns, credits, or reimbursements related to defective products, customer discounts (such as volume or trade discounts), cooperative advertising, and other customer-related programs, which are accounted for as variable consideration. In some cases, the Company must apply judgment, including contractual rates and historical payment trends, when estimating variable consideration.

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In addition, the Company participates in various programs and arrangements with customers designed to increase the sale of products by these customers. Among the programs negotiated are arrangements under which allowances are earned by customers for attaining agreed-upon sales levels or for participating in specific marketing programs. When incentives are paid in arrears, the Company accrues the estimated amount to be paid based on the program's contractual terms, expected customer performance and/or estimated sales volume.

Sales taxes and other similar taxes are excluded from revenue. The Company has elected to account for shipping and handling activities as a fulfillment cost as permitted by Accounting Standards Codification ("ASC") Topic 606 ("*Revenue from Contracts with Customers*"). The Company has elected not to disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which revenue is recognized at the amount to which it has the right to invoice for services performed.

Sales are net of $113.1 million and $94.9 million for 2021 and 2020, respectively, related to provisions for cash discounts, returns, customer discounts (such as volume or trade discounts), cooperative advertising, excise taxes, customer penalties, and other sales-related discounts and programs.

Shipping and Handling

Net sales include amounts billed to customers for shipping and handling costs. Costs incurred for shipping and handling are recorded in cost of goods sold. Shipping and handling costs were $24.9 million and $15.6 million for 2021 and 2020, respectively.

Cost of Products Sold

Cost of products sold primarily includes the cost of raw materials, direct and indirect labor and related benefit costs, depreciation of production assets, and shipping and handling costs. The Company manufactures approximately 60% of its total products sold while the remaining 40% of products are purchased for resale from third party suppliers, primarily in China and Southeast Asia.

Operating Expenses

Operating expenses are expensed as incurred. These costs primarily include salaries and related benefits of sales and administrative personnel, advertising, amortization of intangibles, and professional fees.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and highly liquid investments that have a maturity of three months or less when purchased.

Accounts Receivable

Accounts receivable includes amounts billed and due from customers. Payment terms vary, but generally range from 45 to 120 days. The Company evaluates the collectability of accounts receivable based on a combination of factors. When aware of a specific customer's inability to meet its financial obligations, such as in the case of bankruptcy filings or deterioration in the customer's operating results or financial position, the Company records a specific reserve for bad debt to reduce the related receivable to the amount the Company reasonably believes is collectible. The Company also records reserves for bad debt for all other customers based on a variety of factors, including the length of time the receivables are past due, historical collection experience, adverse situations that may affect a customer's ability to pay, and prevailing economic conditions. The Company adjusts the allowance balance if the evaluation of allowance requirements differs from the actual aggregate reserve. This evaluation is inherently subjective, and estimates may be revised as more information becomes available. Accounts deemed uncollectible are written off, net of expected recoveries. See Note 4, *Accounts Receivable*, for additional information.

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Note Receivable

The Transaction where the Company separated from Newell resulted in the disposition of an entity in exchange for a note receivable of $2.7 million, to be paid in four semi-annual payments 2019 through 2021. During 2021, the note agreement was amended and reduced by $0.4 million, in exchange for distributor rights to the Middle East region. The amended agreement provides for semi-annual payments to be made through 2025. As of December 31, 2021, the note receivable was $1.3 million, and $0.3 million was classified as Prepaid expenses and other current assets and $1.0 million was classified as Other assets. As of December 31, 2020, the note receivable totaled $2.2 million and was classified as Prepaid expenses and other current assets. There were $0.2 million of payments made in 2021 and no payments made in 2020. The impact of currency fluctuations on the note totaled $0.3 million and $0.2 million in 2021 and 2020, respectively, and is recorded in Other non-operating expenses, net.

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined by using standard costing, which approximates the first-in, first-out (FIFO) method for all inventories. Cost includes direct materials, direct labor, and applicable overhead. Obsolescence and excess inventory adjustments are provided as necessary to approximate inventories at market value. This evaluation is inherently subjective, and estimates may be revised as more information becomes available. See Note 5, *Inventories*, for additional information.

Allowance for Sales Returns

The Company makes estimates of potential future product returns related to current period product revenue. The Company evaluates the adequacy of the allowance periodically. This evaluation considers historical return experience, changes in customer demand and acceptance of the Company's products, and prevailing economic conditions. The Company adjusts the allowance if the evaluation of allowance requirements differs from the actual aggregate reserve. This evaluation is inherently subjective, and estimates may be revised as more information becomes available.

Debt Issuance Costs

The Company defers costs directly associated with acquiring third-party financing. Debt issuance costs are deferred and amortized using the straight-line method, which approximates the effective interest rate method, over the term of the related long-term debt and Asset Backed Lending ("ABL") credit agreements. Debt issuance costs related to long-term debt totaled $22.6 million and $20.5 million at December 31, 2021 and 2020, respectively, and are reflected as a direct deduction from the carrying amount of the debt in accordance with ASC 835 "*Debt issuance costs*". During 2021, the Company incurred $7.4 million in debt issuance costs associated with the Plano Acquisition. See Note 3, *Acquisitions,* for additional information. During 2021, the Company incurred an additional $0.3 million of debt issuance costs related to the increased line availability on the ABL. Debt issuance costs related to the ABL credit agreement totaled $1.5 million and $1.7 million at December 31, 2021 and 2020, respectively, and are recorded within Other assets on the Consolidated Balance Sheets. Amortization of debt issuance costs totaled $5.8 million and $4.7 million for 2021 and 2020 and is recorded as interest expense within Other non-operating expenses, net.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred. Renewals and improvements are capitalized. Depreciation is determined for financial reporting purposes by using the straight-line method over the following estimated useful lives:

	Years
Buildings and improvements	15 to 31
Machinery and equipment	3 to 10
Vehicles	5
Furniture, fixtures, and office equipment	3 to 5

Leasehold improvements are depreciated over the shorter of the lease term or the estimated lives of the improvements.

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The Company records impairment losses on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by these assets over their estimated useful lives are less than the related carrying value. Impairment losses are measured as the difference between the fair value determined and the carrying value of the assets. There was no impairment recognized during 2021 and 2020.

oodwill and Other Intangible Assets

Goodwill and other intangible assets are accounted for in accordance with ASC 350, "*Intangibles—Goodwill and Other*," and consist of goodwill, brands, trademarks, patents and developed technology.

Goodwill results from business combinations and represents the excess of purchase price over the fair value of the assets acquired nd liabilities assumed. The Company adopted Accounting Standards Update ("ASU") No. 2014-02, *Accounting for Goodwill*, issued by the Financial Accounting Standards Board ("FASB"), which allows for the amortization of goodwill on a straight-line basis over 10 years. Additionally, under ASU 2014-02, the Company is required to make an accounting policy election to test goodwill for impairment at either the entity level or the reporting unit level when a triggering event occurs that indicates that the fair value of the entity or reporting unit may be below its carrying value. The Company has elected to test goodwill for impairment at the entity level. Under ASU 2014-02, the Company concluded that no impairment existed as of December 31, 2021 and 2020, and further impairment evaluation is not required.

Indefinite-lived intangible assets are tested for impairment annually and tested for impairment between annual tests if an event occurs or circumstances change that more likely than not would indicate the carrying amount may be impaired. A qualitative test can be performed to determine if it is more likely than not that impairment has occurred. If the qualitative test indicates that it is more likely than not that impairment has occurred, a quantitative test must be performed to determine if impairment in fact has occurred and the amount, if any, of impairment. An impairment loss generally would be recognized when the carrying amount of the reporting unit's intangible asset exceeds the estimated fair value. For brands and trademarks, the Company determines fair value based upon the relief-from-royalty method, which applies an estimated royalty rate to forecasted future cash flows, discounted to present value. There was no impairment recorded in 2021 and 2020.

The Company follows the private company accounting alternative for accounting for identifiable intangible assets in a business ombination, ASU 2014-18. Under ASU 2014-18, all customer-related intangibles and noncompetition agreements may be subsumed to goodwill. The Company included all customer-related intangibles and noncompetition agreements acquired within goodwill effective with the adoption of this standard.

Warranty, Customer Returns and Customer Penalty Costs

The Company estimates warranty costs, customer returns, and customer allowances related to the Company's products and customer penalties. Provisions for warranty costs are recorded based on historical information and current trends in manufacturing costs. The provision related to the product warranty is based on historical warranty claims, consistent with industry standards. Warranty repair costs are expensed as incurred. Customer penalty costs are incurred due to delays caused by the Company temporarily not being able to meet its on time and in full metrics.

Provisions for customer returns, pricing allowances related to defective product and customer penalty costs are based on historical return experience, changes in customer demand, and acceptance of the Company's products and prevailing economic conditions. The Company adjusts the reserves if the evaluation of reserve requirements differs from the actual aggregate reserve.

Total net warranty, returns, and customer penalty costs were $30.8 million and $19.7 million for 2021 and 2020, respectively. For the year ended December 31, 2021, $29.5 million was recorded as a reduction of Net sales and $1.3 million was included in Cost of goods sold. For the year ended December 31, 2020, $18.1 million was recorded as a reduction of Net sales and $1.6 million was included in Cost of goods sold. Accrued warranty, customer returns and customer penalty costs in the accompanying Consolidated Balance Sheets were approximately $27.7 million and $15.2 million at 2021 and 2020, respectively.

The following is a rollforward of the reserves for the years ended December 31:

	2021	2020
Balance at beginning of the year	$ 15,169	$ 6,729
Provision	30,752	19,694
Claims paid	(18,269)	(11,254)
Balance at end of the year	$ 27,652	$ 15,169

There was no material specific warranty or returns matters accrued for or significant settlements made during the year. The Company's warranty and defective returns matters are not expected to have a material impact on the Company's results of operations, liquidity, or financial position.

Advertising

The Company expenses advertising costs as incurred. Operating expenses included advertising expense of $12.4 million and $9.0 million for 2021 and 2020, respectively.

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries are translated into U.S. Dollars at the rates of exchange in effect at year-end. The related translation adjustments are made directly to accumulated Other comprehensive (loss) income. Income and expenses are translated at the average monthly rates of exchange in effect during the year. Foreign currency transaction gains and losses are included in the results of operations and are classified in Other non-operating expenses, net, in the Consolidated Statements of Operations. Foreign currency transaction net losses were $2.7 million and $1.5 million in 2021 and 2020, respectively.

Net assets located outside the United States was approximately $84.7 million and $126.9 million at December 31, 2021 and 2020, respectively. Net revenues from Pure Fishing's foreign subsidiaries totaled $234.6 million and $185.3 million for 2021 and 2020, respectively.

Stock-Based Compensation

The Company accounts for stock-based compensation under the guidelines of ASC 718, "*Compensation – Stock Compensation*". ASC 718 requires the Company to account for stock-based compensation by using the fair value of the incentive units on the grant date and expensing the portion of the award that is ultimately expected to vest over the requisite service period. See Note 12, *Stock-Based Compensation*, for additional information.

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Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis. 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. Income tax expense represents the taxes payable for the current period, the changes in deferred taxes during the year, and the effect of changes in tax reserve requirements. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized.

Significant judgment is required in determining the Company's income tax expense. Uncertain tax positions are evaluated under the more-likely-than-not threshold for financial statement recognition and measurement for tax positions taken or expected to be taken in tax return. The Company reviews its tax positions quarterly and adjusts its tax reserve balances as more information becomes available. See Note 10, *Income Taxes*, for additional information on the provision for income taxes.

Fair Value Measurements

The Company measures fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk including the Company's own credit risk.

The carrying amounts of accounts receivable, accounts payable and other current assets and liabilities approximate fair value due to their relatively short maturities.

In addition, the Company is required to measure non-financial assets and liabilities at fair value on a nonrecurring basis. These nonfinancial assets and liabilities include long-lived assets acquired in a business combination, such as intangible assets, which would be recognized at fair value if deemed to be impaired. The fair value in these instances would be determined using Level 3 inputs.

The Company's non-financial assets which are measured at fair value on a nonrecurring basis include property, plant and equipment, goodwill, intangible assets, and certain other assets.

The Company's goodwill and indefinite-lived intangibles are fair valued using discounted cash flows and market multiple methods. Goodwill impairment testing requires significant use of judgment and assumptions, including the estimation of future cash flows, business growth rates, terminal values and discount rates. The testing of indefinite-lived intangibles under established guidelines for impairment also requires significant use of judgment and assumptions, such as the estimation of cash flow projections, terminal values, and discount rates.

The Company reviews property, plant and equipment for impairment whenever events or circumstances indicate that carrying amounts may not be recoverable through future undiscounted cash flows. If the Company concludes that impairment exists, the carrying amount is reduced to fair value.

Risk and Uncertainties

Financial instruments that subject the Company to concentration of credit risk consist principally of cash and accounts receivable.

The Company's business activities are primarily with customers located throughout the United States, Asia-Pacific and Europe.

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Management periodically performs credit evaluations of its customers and generally does not require collateral. The Company had two customers in 2021 and 2020 with net sales that accounted for more than 10 percent of total net sales. The company also had two customer's accounts receivable that exceeded 10% of total accounts receivable as of December 31, 2021 and 2020. There was only one customer's accounts receivable that exceeded 10 percent of the current assets as of December 31, 2021 and 2020. The Company records an allowance for doubtful accounts based on the age of the trade receivable and management's knowledge of the credit risk of the customer. Trade receivables are written-off when they are deemed uncollectible.

The Company maintains cash deposits with financial institutions, which may exceed federally insured limits. The financial institutions maintain high credit ratings, and the Company has not sustained any credit losses associated with these cash balances.

The COVID-19 pandemic continued in 2021, with a significant number of cases. Measures taken by various governments to contain the virus have improved economic activity. The Company has taken measures to monitor and mitigate the effects of COVID-19, such as safety and health measures for employees including social distancing, working from home, onsite temperature screening and increased cleaning procedures within facilities. The Company has taken measures to secure the supply of materials that are essential to the production and distribution process. At this time, the impact has not been significant, and based on experience to date, the Company expects this to remain the case. As the Company operates in the fishing equipment industry, the Company has found increased demand for products and expects this to continue. The Company will continue to follow the various government policies and advice and, in parallel, the Company will continue to operate in the best and safest way possible without jeopardizing the health of the Company's employees.

Recent Accounting Pronouncements

Changes to U.S. GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates ("ASUs") to the FASB's Accounting Standards Codification. The Company considers the applicability and impact of all ASUs.

In February 2016, the FASB issued ASU 2016-02, "*Leases (Topic 842),*" which requires lessees to recognize a right-of-use asset and lease liability for all leases with terms longer than 12 months. Recognition, measurement, and presentation of expenses will depend on classification as a finance or operating lease. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021. The Company is currently evaluating the effect that the standard will have on the consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, "*Measurement of Credit Losses on Financial Instruments.*" ASU 2016-13, and subsequent updates, requires companies to record an allowance for expected credit losses over the remaining life of the assets measured either collectively or individually to include historical experience, current conditions, and reasonable and supportable forecasts, replacing the existing incurred credit loss model and other models with the Current Expected Credit Losses ("CECL") model. ASU 2016-13 is effective for fiscal years beginning after December 15, 2022. In 2022, the Company will complete its assessment and will adopt ASU 2016-13 based on its findings.

In August 2018, the FASB issued ASU 2018-15, *"Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract."* ASU 2018-15 clarifies the accounting treatment for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. ASU 2018-15 is effective for private business entities for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU 2018-15 may be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption. The Company adopted ASU 2018-15 in 2021 and believes there is no impact to the consolidated financial statements.

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In December 2019, the FASB issued ASU 2019-12, *"Simplifying the Accounting for Income Taxes (Topic 740)."* ASU 2019-12 removes certain exceptions to the general principles in Topic 740 and also clarifies and amends existing guidance to improve consistent application. ASU 2019-12 is effective for years beginning after December 15, 2021, with early adoption permitted. Depending on the amendment, adoption may be applied on the retrospective, modified retrospective or prospective basis. The Company is currently assessing the impact that adoption of ASU 2019-12 will have on the consolidated financial statements.

In March 2020, the FASB issued ASU 2020-04, "*Reference Rate Reform (Topic 848)*." The standard provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships that reference London Interbank Offered Rate ("LIBOR") or another rate that is expected to be discontinued. The new guidance is effective for the Company on a prospective basis as of the date of issuance through December 31, 2022. The Company is currently assessing the potential impacts adoption of the standard will have on the consolidated financial statements.

Note 3. Acquisitions

The Company acquired Plano Synergy Holding Inc. in 2021 and acquired Hooker Reels LLC in 2020 to expand our brand portfolio. Expenses incurred relating to the acquisitions totaled $15.4 million and $0.1 million in 2021 and 2020, respectively.

Plano Acquisition

On April 16, 2021, the Company acquired all the outstanding shares of Plano for net cash consideration of $250.6 million. The Company executed first amendments on the First Lien and Second Lien Credit Agreements to finance the acquisition. See Note 9, *Borrowings*, for additional information.

Immediately following the closing of the Plano Acquisition, the Company sold Plano's hunting and archery businesses to GSM Holdings, Inc. for $58.1 million, with such proceeds reflected as a component of cash and cash equivalents in the net assets acquired as of the acquisition date. The Company entered into a Transition Services Agreement ("TSA") to provide operational support services to the buyer through January 15, 2022, for all services except for tax. Reasonable support and access to tax resources for any pre-closing tax preparation will expire on April 15, 2022.

The Company accounted for the business combination in accordance with the provisions of FASB Accounting Standards Codification Topic 805, "*Business Combinations*," whereby the purchase price paid was allocated to state the acquired assets and liabilities at fair value. In conjunction with the allocation of the purchase price, the Company made estimates of the fair values of the long-lived and intangible assets based upon assumptions related to the future cash flows, discount rates, and asset lives utilizing currently available information, and in some cases, valuation results from independent valuation specialists.

The computation of consideration and the preliminary allocation of consideration to the net tangible and intangible assets acquired and liabilities assumed as follows:

Cash and cash equivalents	$ 59,094
Accounts receivable	46,509
Inventory	40,035
Prepaid expenses and other current assets	2,962
Property, plant and equipment, net	60,411
Brands, trademarks and intangible assets	29,070
Deferred income taxes, net	9,278
Other	1,300
Assets acquired	248,659
Current liabilities	34,075
Other liabilities	226
Liabilities assumed	34,301
Net assets acquired	214,358
Goodwill	37,305
Purchase price	251,663
Less cash acquired	1,039
Purchase price, net of cash acquired	$ 250,624

Expenses incurred relating to the Plano Acquisition were $22.8 million, including $7.4 million of investment banking fees and $15.4 million of legal, accounting, insurance, and other transaction-related costs. The Company classified $7.4 million as debt issuance costs which are deferred and amortized over the term of the underlying debt instrument. The remaining costs of $15.4 million were expensed as transaction costs in the year ended December 31, 2021.

Hooker Reels Acquisition

On December 15, 2020, the Company acquired the business assets of Hooker Reels LLC consisting primarily of developed technology for $4.0 million. At the time of acquisition, $0.9 million in cash was paid, and a note payable was executed for the remaining $3.1 million. The balance of the note payable was $2.0 million and $3.1 million at December 31, 2021 and 2020, respectively. The acquisition did not meet the definition of a business under ASC Topic 805 and was accounted for as an asset acquisition.

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Note 4. Accounts Receivable

Accounts receivable are comprised of the following as of December 31:

	2021	2020
Trade receivables	$ 243,412	$ 192,268
Less: allowance for doubtful accounts	(6,001)	(7,750)
Accounts receivable, net	$ 237,411	$ 184,518

Note 5. Inventories

Inventories are comprised of the following as of December 31:

	2021	2020
Raw materials and supplies	$ 35,569	$ 16,625
Work in process	19,495	16,511
Finished goods	232,284	109,575
Less: inventory reserves	(8,042)	(10,821)
Inventories, net	$ 279,306	$ 131,890

Note 6. Property, Plant and Equipment

Property, plant and equipment are comprised of the following as of December 31:

	2021	2020
Construction in progress	$ 19,479	$ 12,940
Land	11,961	3,074
Buildings and improvements	40,082	15,743
Leasehold improvements	2,544	2,609
Machinery and equipment	85,627	51,878
Vehicles	1,515	714
Furniture, fixtures and office equipment	8,642	3,898
Gross property, plant and equipment	$ 169,850	$ 90,856
Less: accumulated depreciation	(40,489)	(18,927)
Property, plant and equipment, net	$ 129,361	$ 71,929

Depreciation expense was $23.3 million and $10.0 million for 2021 and 2020, respectively.

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Note 7. Goodwill

The changes in Goodwill are as follows:

	Carrying Amount	Accumulated Amortization	Foreign Currency Translation	Goodwill, Net
Balance at December 31, 2019	$ 626,196	$ (63,751)	$ 801	$ 563,246
Amortization expense	-	(62,620)	-	(62,620)
Foreign currency translation adjustment	-	-	7,584	7,584
Balance at December 31, 2020	$ 626,196	$ (126,371)	$ 8,385	$ 508,210
Plano Acquisition (Note 3)	37,305	-	-	37,305
Amortization expense	-	(64,662)	-	(64,662)
Foreign currency translation adjustment	-	-	(6,443)	(6,443)
Balance at December 31, 2021	$ 663,501	$ (191,033)	$ 1,942	$ 474,410

As of December 31, 2021, the aggregate estimated amortization expense for the succeeding five years are as follows:

2022	$ 66,950
2023	$ 66,350
2024	$ 66,350
2025	$ 66,350
2026	$ 66,350

Note 8. Intangible Assets

Intangible assets are comprised of the following as of December 31:

		2021		2020	
	Life	Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
Brands - Major - Indefinite Life	-	$ 383,631	$ -	$ 362,999	$ -
Brands - Minor	14-17	51,101	9,147	50,282	6,153
Trademarks	14-17	30,994	5,448	30,974	3,620
Developed Technology	15-20	35,142	5,015	34,908	3,189
Patents	2-17	4,406	1,000	4,236	623
Computer Software	5	5,088	1,996	4,465	1,062
		$ 510,362	$ 22,606	$ 487,864	$ 14,647

In connection with the Plano Acquisition, the Company recorded $29.1 million of additional intangible assets which included brands, trademarks, and patents. Aggregate amortization expense was $8.0 million and $7.4 million for 2021 and 2020, respectively.

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As of December 31, 2021, the aggregate estimated amortization expense for the succeeding five years are as follows:

2022	$ 8,085
2023	8,053
2024	7,715
2025	7,283
2026	7,073

Note 9. Borrowings

Long-term debt consists of the following as of December 31:

	2021	2020
First Lien Agreement	$ 630,763	$ 431,726
Second Lien Agreement	230,000	180,000
Asset Backed Lending Credit Agreement	60,759	31,106
Promissory Notes	2,390	3,490
	$ 923,912	$ 646,322
Less: current portion	(7,616)	(5,624)
Less: debt issuance costs	(22,608)	(20,495)
Long-term debt, excluding current portion	$ 893,688	$ 620,203

As of December 31, 2021, the annual maturities of long-term debt over the next five years are as follows:

2022	$ 7,616
2023	68,375
2024	6,616
2025	611,305
2026	230,000
Thereafter	-
Total	$ 923,912

Bank interest expense was $47.9 million and $42.0 million for 2021 and 2020, respectively. Interest expense is inclusive of amortization of debt issuance costs of $5.8 million and $4.7 million for 2021 and 2020, respectively.

In connection with the Plano Acquisition, the Company amended the First Lien Credit Agreement ("First Lien") to increase the aggregate principal amount by $205.0 million. See Note 3, *Acquisitions,* for additional information. The First Lien has a principal balance of $630.8 million and $431.7 million at December 31, 2021 and 2020, respectively. The First Lien matures on December 21, 2025. The interest options are LIBOR plus 450 bps (0.0% LIBOR floor) or Base Rate plus 350 bps (1.00% floor) at the discretion of the Company. The interest rate was 4.6% as of December 31, 2021 and 4.7% as of December 31, 2020. Interest is payable depending on the interest period selected, but no less than every three months. The minimum interest rate based on the interest options is 4.5%, and rates are reset at the end of each interest period. Principal payments of 0.255% of the aggregate principal amount of the First Lien are due on the first business day of each calendar quarter.

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Commencing with the fiscal year ending December 31, 2019, depending on the Company's First Lien Net Leverage Ratio (as defined in the Credit Agreement), the Company could be required to prepay outstanding term loans from a certain portion of annual excess cash flow (as defined in the Credit Agreement). Required excess cash flow payments commence at 50% of the Company's annual excess cash flow with the percentage reduced to (a) 25% if the first lien net leverage ratio at the end of the fiscal year is less than or equal to 4.0 to 1.0 and greater than 3.5 to 1.0, and (b) 0% if the first lien net leverage ratio at the end of the fiscal year was less than or equal to 3.5 to 1.0, with such amounts due within five business days after the annual financial statements have been delivered. The Company must also offer to prepay, on or prior to the date that is 10 business days after the receipt of the net proceeds received from an asset sale or any casualty event occurs, outstanding term loans at 100% of the principal amount to be prepaid, subject to certain exceptions and reinvestment rights. The Company has determined that no excess cash flow payments were required as of and for the years ended December 31, 2021 and 2020.

In connection with the Plano Acquisition, the Company amended the Second Lien Credit Agreement ("Second Lien") to increase the aggregate principal amount by $50.0 million. See Note 3, *Acquisitions,* for additional information. The Second Lien has a principal balance of $230.0 million and $180.0 million at December 31, 2021 and 2020, respectively. The Second Lien matures on December 21, 2026. The interest options are LIBOR plus 837.5 bps (1.0% LIBOR floor) or Base Rate plus 737.5 bps (3.5% floor) at the discretion of the Company. The interest rate was 9.4% as of December 31, 2021 and 2020. Interest is payable depending on the interest rate selected, but no less than every three months. The minimum interest rate based on the interest options is 9.0%, and rates are reset at the end of each interest period. The principal is due upon the maturity of the loan. Voluntary prepayments are permitted with any applicable prepayment premium; however, the Company does not intend to make any voluntary prepayments.

The ABL Credit Agreement, a revolving credit facility, was increased from $125 million to $250 million during 2021. As of December 31, 2021 and 2020, there were $60.8 million and $31.1 million in borrowings, respectively. As of December 31, 2021 and 2020, there was $2.4 million in outstanding letters of credit against the ABL. Availability under the ABL is subject to a borrowing base and was $146.3 million and $122.5 million at December 31, 2021 and 2020, respectively. The ABL includes borrowing capacity available for letters of credit up to $50 million, with any such issuance of letters of credit reducing the amount available under the ABL on a dollar-for-dollar basis, and for borrowings on a same-day notice. At any time, the borrowing base is equal to the sum of (a) 85% of the face value of eligible United States accounts receivable, plus (b) the lessor of (1) 90% of the net orderly liquidation value of United States eligible inventory and (2) 75% of the cost of eligible inventory, plus (c) 100% of all eligible borrowing base United States cash, less the current amount of all reserves.

There are multiple interest options under the ABL based on the Average Historical Excess Available (as defined by the agreement):

Average Historical Excess Available	Applicable Rate for Eurodollar Loans	Applicable Rate for Base Rate Loans
>66.7%	1.25%	0.25%
33.3 - 66.7%	1.50%	0.50%
<33.3%	1.75%	0.75%

To maintain the lowest possible interest rate, rates are reset at the end of each interest period. The ABL includes an unused commitment fee of 0.375% when the Average Revolving Credit Utilization (as defined by the agreement) is less than 50%, and 0.250% when the Average Revolving Credit Utilization is greater than or equal to 50%. The principal amount is due upon maturity of the loan; December 21, 2023. Voluntary prepayments are permitted without premium or penalty. Mandatory prepayments may be required if 1) the Total Outstanding exceeds the Maximum Borrowing Amount (as defined in the agreement) with one day to prepay the amount in excess, and 2) any funds in excess of $1.0 million during the Cash Dominion Period (as defined in the agreement).

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The debt facilities place certain restrictions on mergers, consolidations, acquisitions, sales of assets, indebtedness, transactions with affiliates, leases, liens, investments, dividends and distributions, exchange and issuance of capital stock and guarantees, and require the maintenance of minimum financial ratios under the circumstances described above.

The Company's ABL has a springing covenant which requires that the Company maintain a fixed charge coverage ratio in excess of 1.00 to 1.00 if at any time borrowings on its ABL exceed certain thresholds (as defined in the ABL Credit Agreement but generally when excess availability is less than 10% of the maximum borrowings available). Measurement of the fixed charge coverage ratio is required daily until such time as the covenant trigger period is no longer continuing which occurs when excess availability levels are in excess of the 10% of the maximum borrowing amount (as defined in the ABL Credit Agreement) for a twenty-day period.

For purposes of determining compliance with the Company's financial ratio covenant, the definition of Adjusted Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization used in the covenant calculation excludes various items including transaction fees, management fees, severance costs, various non-cash expenses, other nonrecurring gains, losses and charges and includes pro forma adjustments for operating improvements, restructurings, and similar initiatives, expense reductions and synergies. To date, the Company has not exceeded the excess availability limitation calculation and determination of compliance with the fixed charge coverage ratio covenant has not been required.

Additionally, if borrowing levels exceed certain thresholds (as defined in the ABL Credit Agreement), the ABL credit facility allows the lender to have dominion over the Company's daily cash receipts to apply against the then outstanding revolver balance.

Substantially all of the Company's assets are pledged as collateral for the borrowings under the long-term debt and ABL credit agreements. The obligations under the long-term debt and ABL credit agreements are guaranteed by SP PF Cayman Holdings II, LP, a wholly owned subsidiary of Sycamore.

Note 10. Income Taxes

The provision for income tax benefit consists of the following for the years ended December 31:

	2021	2020
Current:		
Federal	$ (270)	$ 451
State	270	693
Foreign	5,328	3,763
Total current	5,328	4,907
Deferred:		
Federal	$ (7,864)	$ (4,192)
State	718	(1,740)
Foreign	(5,933)	301
Total deferred	(13,079)	(5,631)
Total income tax benefit	$ (7,751)	$ (724)

The non-U.S. components of income before income taxes were $30.4 million and $20.0 million for 2021 and 2020, respectively.

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The effective income tax rate differs from the U.S. statutory rate primarily as a result of state income taxes and permanent differences for the years ended December 31, 2021 and 2020. A reconciliation of the U.S. statutory rate to the effective income tax rate on a continuing basis is as follows for the years ended December 31:

	2021	2020
Statutory rate	21.0%	21.0%
Add (deduct) effect of:		
State provision, net of federal benefit	(0.9%)	2.0%
Foreign rate differential	2.5%	3.6%
Permanent differences	(15.0%)	(22.4%)
Other	0.6%	(2.7%)
Effective tax rate	8.2%	1.6%

The components of net deferred tax assets and liabilities are as follows as of December 31:

	2021	2020
Deferred tax assets:		
Accruals not currently deductible for tax purposes	$ 7,277	$ 4,250
Inventory	2,290	802
Net operating losses	35,329	6,725
Interest expense limitation	32,411	13,758
Sycamore transaction costs	2,302	1,043
Other	6,102	4,426
Total gross deferred tax assets	85,711	31,004
Less: valuation allowance	(18,066)	(10)
Net deferred tax assets after valuation allowance	$ 67,645	$ 30,994
Deferred tax liabilities:		
Intangibles	$ (120,535)	$ (117,496)
Property, plant and equipment	(16,993)	(7,863)
Pension liabilities	(430)	(292)
Other	(3,312)	(3,624)
Total gross deferred tax liabilities	(141,270)	(129,275)
Net deferred tax liabilities	$ (73,625)	$ (98,281)

At December 31, 2021, the Company has net operating losses ("NOLs") of the following: $114.2 million federal, $105.7 million state (post-apportionment) and $39.5 million foreign. $69.6 million of the federal NOLs will expire between 2034 and 2036. The remaining federal NOLs have an indefinite carryforward period. The state NOLs generally have carryforward periods of 5 - 20 years, while some states have indefinite carryforward periods. The first state NOLs will expire in 2022. The foreign NOLs have indefinite carryforward periods.

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The Company routinely assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. In making such a determination, the Company takes into consideration all available and appropriate positive and negative evidence, including projected future taxable income, future reversals of existing taxable temporary differences, the ability to carryback net operating losses, and available tax planning strategies. Significant weight is given to objectively verifiable evidence in the form of future reversals of existing taxable temporary differences.

On the basis of this evaluation, as of December 31, 2021, a valuation allowance of $18.1 million has been recorded to recognize only the portion of the deferred tax asset that is more likely than not to be realized. The amount of the deferred tax asset considered realizable, however, could be adjusted if future reversals of existing taxable differences change or other positive and negative evidence is available that would change future evaluations.

At December 31, 2021, the Company has recorded an uncertain tax position of $5.3 million in the consolidated financial statements related to acquired net operating losses and intangible asset basis. The uncertain tax position is recorded as a reduction to the net operating losses deferred tax asset. No interest and penalties have been recorded as the Company has other tax attributes to offset any adjustments to the net operating losses.

The Company does not anticipate changes in the unrecognized tax benefits within the next 12 months. It is reasonably possible due to activities of various worldwide taxing authorities, including proposed assessments of additional tax and possible settlement of audit issues that additional changes to the Company's unrecognized tax benefits could occur. In the normal course of business, the Company is subject to audits by worldwide taxing authorities regarding various tax liabilities. None of the Company's U.S. federal income tax returns, including certain state and non-US income tax returns, are under routine examination.

The Company files numerous consolidated and separate income tax returns in the U.S. federal jurisdiction and various state and foreign jurisdictions. The statute of limitations for the Company's U.S. federal income tax returns has expired for years prior to 2018. The Company's foreign tax returns are subject to examination for years after 2017. As part of the Transaction, the Company has an indemnification agreement with Newell for taxes imposed on or payable for any tax periods prior to the Transaction.

Note 11. Employee Benefit Plans and Pension and Postretirement Benefits

The Company sponsors an employee savings plan under section 401(k) of the Internal Revenue Code, which covers substantially all full-time U.S. employees. At the discretion of the board of directors, the Company establishes a matching contribution on an annual basis. Company contributions were $2.5 million and $0.6 million for 2021 and 2020, respectively. The impact of COVID-19 adversely impacted global financial markets in the first half of 2020. In response to this deterioration, the Company suspended contributions to the employee savings plan from May through December 2020, but the Company contributions were reinstated for 2021.

The Company provides pensions and other long-term benefits to current and former employees in international locations in accordance with local customs and requirements. The Company's pension plans in Sweden are underfunded, and pension liabilities are reflected on the Company's Consolidated Balance Sheets of $3.7 million and $4.1 million at December 31, 2021 and 2020, respectively. Because the pension benefits are underfunded, credit insurance is required. The Company's current credit insurance agreement requires a $5.0 million guarantee which has been provided by the Company's previous owner and is still in place subsequent to the change in control to Sycamore.

Note 12. Stock-Based Compensation

Certain executives have been granted certain profit interests in Class A Units, Class B Units, and Class C Units of SP PF Cayman Topco LP (the ultimate parent of the Limited Partner) at no cost to the executives.

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The average fair value was estimated at December 31, 2021 and 2020, to be $1.54 per unit for Class A Units and Class B Units.

During 2020, SP PF Cayman Topco LP modified the distribution priority of the equity incentive units and issued Class C Units that fully vest upon a change in control. The effect of the modification resulted in an incremental stock-based compensation expense of $1.1 million during the year ended December 31, 2020. Total compensation expense recorded in connection with Class A Units and Class B Units was $2.6 million and $3.2 million for 2021 and 2020, respectively. As of December 31, 2021, the total unrecognized compensation cost related Class A Units and Class B Units to be recognized over the remaining vesting period of 2 years was approximately $5.3 million.

Note 13. Commitments and Contingencies

Lease Obligations

The Company leases certain production machinery and manufacturing equipment, factory, warehouse, office equipment, and office facilities under operating leases. Rent expense related to these operating leases was $11.9 million and $8.3 million for 2021 and 2020, respectively.

As of December 31, 2021, commitments for future minimum lease payments are as follows:

2022	$ 5,763
2023	3,701
2024	2,634
2025	2,234
2026	2,239
Thereafter	9,986
Total	$ 26,557

Environmental

The Company's operations are subject to a variety of federal, state, local, and foreign laws and regulations governing emissions to air, discharge to water, the generation, handling, storage, transportation, treatment, and disposal of hazardous substances and other materials, and employee health and safety matters, and from time to time the Company may be involved in remedial and compliance efforts.

Legal Proceedings

The Company is party from time to time to litigation arising in the ordinary course of business. This litigation may include actions related to petitions for reorganization under the U.S. bankruptcy laws filed by customers or suppliers resulting in claims against the Company for the return of certain pre-petition payments that may be deemed preferential. The Company regularly analyzes current information and, as necessary, provides accruals for probable and estimable liabilities on the eventual disposition of these matters. In the normal course of business, the Company is involved in disputes with suppliers, contractors, customers, and employees. The Company does not believe that the resolution of these matters will have a material adverse effect on its business, financial condition, or results of operations.

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Note 14. Related Party Transactions

The Company has an agreement with Sycamore whereby Sycamore provides the Company with expertise in financial and structural analysis, due diligence investigations, corporate strategy, other advice, and negotiation assistance. In 2021, the Company paid Sycamore $6.1 million for management service fees and a transaction fee in relation to the Plano Acquisition. In 2020, the Company paid Sycamore $2.8 million for management service fees.

Note 15. Subsequent Events

ASC 855, "Subsequent Events", requires disclosure of the date through which subsequent events have been evaluated, as well as whether the date is the date the financial statements were issued or the date the financial statements were available to be issued. The Company performed an evaluation of the subsequent events through March 28, 2022, which is the date the consolidated financial statements were issued and noted no items except for those described below.

On February 1, 2022, the Company acquired all of the issued and outstanding shares of Svendsen Sport A/S and subsidiaries ("Svendsen") for $153.4 million (with adjustments for working capital and escrow provisions), which included a contingent earn-out for up to 150M Dutch Kroner (approximately $22.5 million) subject to the business achieving certain performance targets between January 1, 2022, and June 30, 2022. Svendsen is one of Europe's leading fishing tackle providers offering a wide assortment of branded rods, reels, baits, and related fishing accessories. The transaction was subject to satisfaction of customary closing conditions.

The acquisition was funded from available cash on hand (including a $19 million draw from the Company's ABL facility), the assumption of $32.5 million of Svendsen rollover debt, and $100 million incremental First Lien debt and $25 million incremental Second Lien debt.

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Report of Independent Auditors

To the Management and Board of Directors of SP PF Cayman Holdings I, LP

Opinion

We have audited the accompanying consolidated financial statements of SP PF Cayman Holdings I, LP and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations and comprehensive (loss) income, of owners' equity and of cash flows for the years then ended, including the related notes (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

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internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

PricewaterhouseCoopers LLP

Charlotte, North Carolina
March 28, 2022