

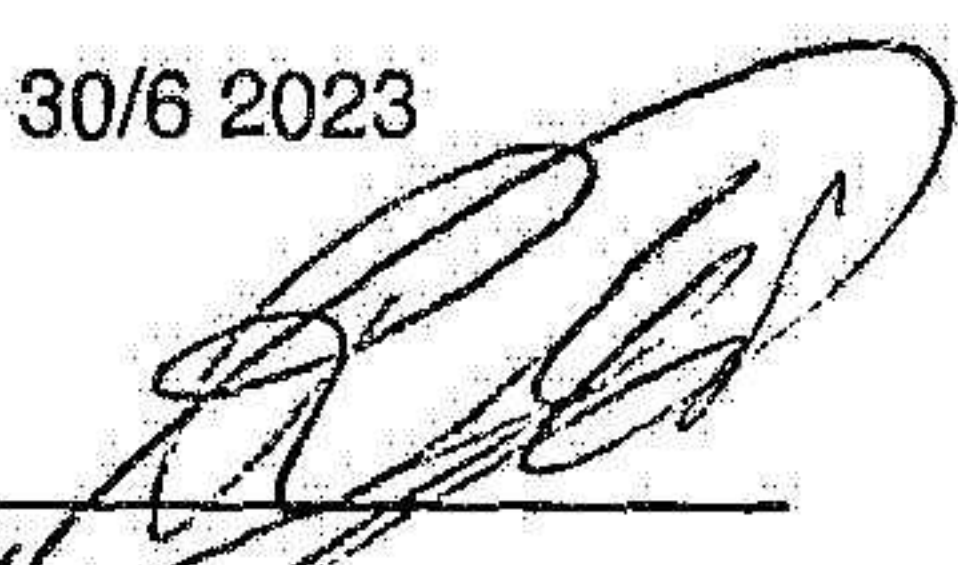
ABU GARCIA AB

Org.nr. 556510-3636

ÅRSREDOVISNING 2022

Undertecknad styrelseledamot i ABU Garcia AB intygar härmed,
dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat-
och balansräkningen fastställts på ordinarie bolagsstämma 30/6 2023.
Bolagsstämman beslöt även att godkänna styrelsens förslag till vinstdisposition.

Svängsta 30/6 2023


Ralph Dijk
Styrelseledamot

I hereby certify that this is a true copy of the original:

Julia Hansius
Julia Hansius
073 960 65 75

ABU GARCIA AB
Org.nr. 556510-3636

ÅRSREDOVISNING 2022 (ANNUAL REPORT 2022)

Styrelsen för ABU Garcia AB får härmed avge årsredovisning för år 2022.

(The Board of Directors of Abu Garcia AB is hereby authorized to present its annual report for 2022.)

ABU Garcia AB är dotterbolag till Pure Fishing Netherlands BV, som ingår i Pure Fishing-koncernen. SP Cayman Aggregatör LP är den yttersta kontrollerande parten inom koncernen och koncernredovisning upprättas av SP PF Cayman Holdings I LP.
(ABU Garcia AB is a subsidiary of Pure Fishing Netherlands BV, 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 (Management Report)

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

Koncernens verksamhet innefattar utveckling, tillverkning och försäljning av produkter för sportfiske.
(The group's operations consists 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.)

Bolaget upprättar inte koncernredovisning med hänvisning 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 2022 bytte bolaget namn från Outdoor Group Technologies Group Sweden AB till ABU Garcia AB. Det fattades även beslut om att fusionera bolaget med dess dotterbolag. Per den 1 februari 2022 förvärvade Pure Fishing-koncernen Svendsen Sport A/S. Under året har bolaget erhållit ett ovillkorat aktieägartillskott uppgående till 788 320 kSEK. Motvarande ovillkorade aktieägartillskott har lämnats till dotterbolaget i ett led att finansiera koncernens förvärv av Svendsen Sport.
(In 2022, the company changed its name from Outdoor Group Technologies Group Sweden AB to ABU Garcia AB. A decision was also made to merge the company with its subsidiary. As of February 1, 2022, the Pure Fishing group acquired Svendsen Sport A/S. During the year, the company received an unconditional shareholder's contribution amounting to SEK 788,320,000. Corresponding unconditional shareholder contributions have been provided to the subsidiary in order to finance the group's acquisition of Svendsen Sport.)

Väsentliga händelser efter årets utgång (Significant events after the year-end)

Efter räkenskapsårets slut har fusionsärendet registrerats och bolaget har fusionerats med sitt dotterbolag, Outdoor Technologies Group Sweden AB (556465-9828).
(After the financial yearend the merger has been registered and the company has been merged with its subsidiary, Outdoor Technologies Group Sweden AB (556465-9828).)

Flerårsöversikt (Yearly summary)	2022	2021	2020	2019
KSEK				
Nettoomsättning (Net sales)	0	0	0	0
Resultat efter finansiella poster (Result after financial items)	-4	45 997	87 997	-1
Soliditet (Equity ratio)	100%	100%	100%	100%

Eget kapital (Equity)**Aktiekapital (Share capital)**

Aktiekapital (Share Capital): 36 900 KSEK

Antal aktier (Number of shares): 369 000

Förändringar i eget kapital (Change of equity)

KSEK

	Aktie- kapital (Share capital)	Reserv- fond (Restricted reserve)	Fritt eget kapital (Non restricted reserves)
Belopp vid årets ingång (Opening balance)	36 900	0	124 121
Unconditional Shareholders Contribution			788 320
Årets resultat (Result for the year)			7
Belopp vid årets utgång (Ending balance)	36 900	0	912 449

Förslag till vinstdisposition (Proposal for distribution of profit)

Till bolagsstämmans förfogande står följande medel: **SEK**
(At the Annual General Meeting the following disposal is available:)

Balanserade vinstmedel (Retained earnings)	912 440 919
Årets resultat (Result for the year)	7 377
Summa (Total):	912 448 296

Styrelsen föreslår att 912,448,296 SEK överföres i ny räkning.

(The board of directors suggests that SEK 912,448,296 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.)

RESULTATRÄKNING
(INCOME STATEMENT)

KSEK

	Not (Note)	2022	2021
Nettoomsättning (<i>Net turnover</i>)		0	0
Kostnad för sålda varor (<i>Costs of goods sold</i>)		0	0
Bruttoresultat (<i>Gross margin</i>)		0	0
Administrationskostnader (<i>Administration expenses</i>)		-4	-3
Rörelseresultat (<i>Operating income</i>)		-4	-3
Resultat från andelar i koncernföretag (<i>Result from participation in subsidiaries</i>)	2	0	46 000
Resultat från finansiella poster (<i>Result financial items</i>)		0	46 000
Resultat efter finansiella poster (<i>Result after financial items</i>)		-4	45 997
Bokslutsdispositioner (<i>Appropriations</i>)			
Koncernbidrag (<i>Group contribution</i>)		12	0
Skatt (<i>Income tax</i>)		0	0
Årets resultat (<i>Result of the year</i>)		7	45 997

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BALANSRÄKNING
(BALANCE SHEET)

	Not (Note)	2022-12-31	2021-12-31
KSEK			
TILLGÅNGAR (ASSETS)			
Anläggningstillgångar (Fixed assets)			
Finansiella anläggningstillgångar (Financial assets)			
Aktier i koncernföretag (Shares in subsidiaries)	3	949 320	161 000
Summa anläggningstillgångar (Total Financial assets)		949 320	161 000
Omsättningstillgångar (Current assets)			
Fordringar hos koncernbolag (Receivables, group companies)		12	0
Kassa och bank (Cash and bank balance)		16	20
Summa omsättningstillgångar (Total current assets)		28	20
SUMMA TILLGÅNGAR (TOTAL ASSETS)		949 348	161 020

EGET KAPITAL OCH SKULDER (EQUITY AND LIABILITIES)

	Not (Note)	2022-12-31	2021-12-31
Eget kapital (Equity)			
Bundet eget kapital (Restricted equity)			
Aktiekapital (Share capital)		36 900	36 900
Summa restricted equity (Total restricted equity)		36 900	36 900
Fritt eget kapital (Unrestricted equity)			
Balanserat resultat (Profit brought forward)		912 441	78 124
Årets resultat (Profit for the year)		7	45 996
Summa unrestricted equity (Total unrestricted equity)		912 448	124 120
Summa eget kapital (Total Equity)		949 348	161 020
Långfristiga skulder (Long-term liabilities)			
Skulder till koncernföretag (Liabilities to group companies)		0	0
Summa långfristiga skulder (Total Long-term liabilities)		0	0
Kortfristiga skulder (Short-term liabilities)			
Skulder till koncernföretag (Liabilities to group companies)		0	0
Summa kortfristiga skulder (Total Short-term liabilities)		0	0
SUMMA EGET KAPITAL OCH SKULDER (TOTAL EQUITY AND LIABILITIES)		949 348	161 020

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Noter (Notes)**Not 1 (Note 1)****Redovisningsprinciper (Accounting principles)**

De redovisningsprinciper som är tillämplade 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)**

	2022	2021
Utdelning från dotterbolag <i>(Dividends from subsidiaries)</i>	0	46 000
	0	46 000

Not 3 (Note 3)**Aktier i dotterföretag (Shares in subsidiaries)**

Företagets namn, org nr och säte: (Name, registered office and identity number:)	Antal aktier (Number of shares)	Innehav % (Holding %)	Bokfört värde (Book value) KSEK
Outdoor Group Technologies Sweden AB 556465-9828 Karlshamn, Sverige	21 687 928	100%	949 320
Eget kapital 2022-12-31 <i>(Equity December 31.12.2022)</i>	148 446 KSEK		
Årets resultat 2022 <i>(Net income 2022)</i>	32 927 KSEK		
		2022	2021
Ingående anskaffningsvärde <i>(Opening acquisition value)</i>		161 000	161 000
Årets ovillkorade aktieägartillskott <i>(This year's unconditional shareholders' contribution)</i>		788 320	0
Utgående bokfört värde <i>(Closing book value)</i>		949 320	161 000

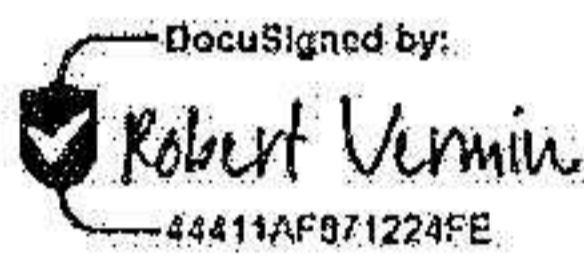
Not 4 (Note 4)**Löner och anställda (Salaries and employees)**

Bolaget har ej haft några anställda och ej utbetalat några löner eller ersättningar under 2022.
(The parent company did not have any employees and did not pay any salaries or wages during 2022.)

	2022		2021	
	Löner och andra ersättningar	Sociala kostnader [varav pension]	Löner och andra ersättningar	Sociala kostnader [varav pension]
	(Salaries, wages)	(Social costs, [pension])	(Salaries, wages)	(Social costs, [pension])
Styrelse (Board of directors)	0	0	0	0
Övriga (Others)	0	0	0	0
Summa (Total)	0	0	0	0

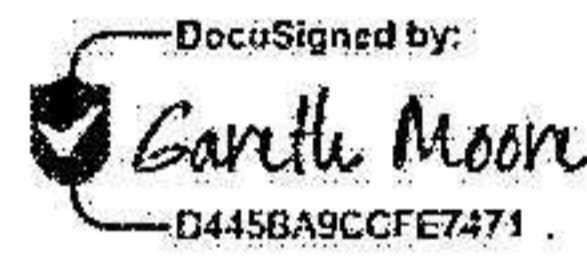
Stockholm

Juni 13, 2023

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22/6/2023 | 23:26:05 PDT

Robert Vermin
Ordförande (Chairman)

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27/6/2023 | 04:39:09 CEST

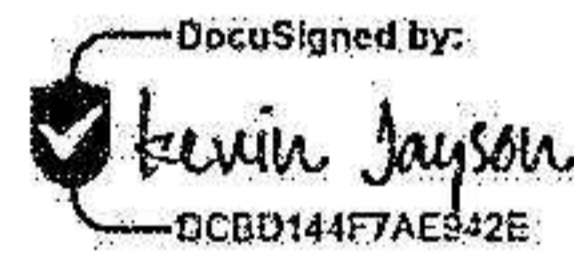
Gareth Moore

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Ralph Dijk

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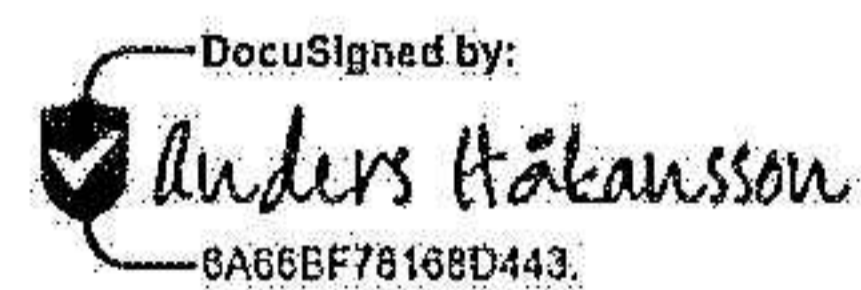
Kevin Jayson

Vår revisionsberättelse har avgivits den
(Our audit has been submitted on

2023
2023)

Ernst & Young AB

27/6/2023 | 11:50:11 CEST

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Anders Håkansson
Auktoriserad revisor (Chartered Accountant)

Certificate Of Completion

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Matter number: 105197-501
Source Envelope:
Document Pages: 7
Certificate Pages: 3
AutoNav: Enabled
Envelopeld Stamping: Enabled
Time Zone: (UTC+01:00) Amsterdam, Berlin, Bern, Rome, Stockholm, Vienna

Status: Completed

Envelope Originator:
Julia Hansius
Hovslagargatan 3
Stockholm, ST 111 96
julia.hansius@cederquist.se
IP Address: 91.240.253.68

Record Tracking

Status: Original
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Holder: Julia Hansius
julia.hansius@cederquist.se

Location: DocuSign

Signer Events

Gareth Moore
Gareth.moore@purefishing.com
Security Level: Email, Account Authentication
(None), Digital Certificate

Signature

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Gareth Moore
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Country or Region of ID: US
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Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Kevin Jayson
kevin.jayson@purefishing.com
Security Level: Email, Account Authentication
(None), Digital Certificate

DocuSigned by:
Kevin Jayson
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Authentication Details

We hereby certify that this is a true copy of the original:

Julia Hansius
Julia Hansius
073 960 65 75

2023071012751

2023071012752

Signer Events

Signature

Timestamp

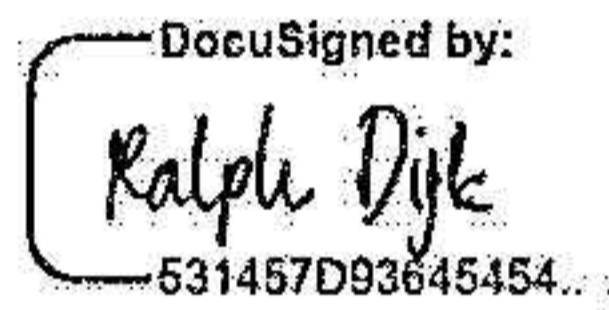
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Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Ralph Dijk
ralph.dijk@purefishing.com
Security Level: Email, Account Authentication (None), Digital Certificate



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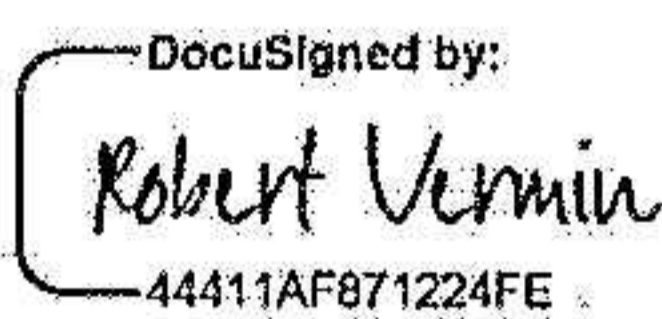
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Country or Region of ID: NL
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Electronic Record and Signature Disclosure:

Not Offered via DocuSign

Robert Vermin
robert.vermin@purefishing.com
General Manager



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Pure Fishing EMEA

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Electronic Record and Signature Disclosure:

Not Offered via DocuSign

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Signer Events

Anders Håkansson
anders.hakansson@se.ey.com
Security Level: Email, Account Authentication (None), Digital Certificate

Signature

DocuSigned by:
Anders Håkansson
6A66BF78168D443..

Timestamp

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Type of Electronic ID: BankID Sweden
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Country or Region of ID: SE
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Electronic Record and Signature Disclosure:
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Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
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Notary Events	Signature	Timestamp
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Payment Events	Status	Timestamps



Revisionsberättelse

Till bolagsstämman i Abu Garcia AB, org.nr 556510-3636

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Abu Garcia AB för räkenskapsåret 2022-01-01 – 2022-12-31.

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 2022 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 den 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. Den 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. Risker 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 innehåll 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.

We hereby certify that this is a true copy of the original:

Julia Hansius
.....
Julia Hansius
073 960 65 75



Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning av Abu Garcia AB för räkenskapsåret 2022-01-01 – 2022-12-31 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 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 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 revisioner 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.

Karlshamn den dag som framgår av vår elektroniska underskrift
Ernst & Young AB

Anders Håkansson
Anders Håkansson
Auktoriserad revisor

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ANDERS HÅKANSSON (SSN-validerad)

Signing Partner

Serienummer: 19700516xxxx

IP: 212.247.xxx.xxx

2023-06-27 09:59:07 UTC



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is a true copy of the original:

Julia Hansius
.....
Julia Hansius
073 960 65 75

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2023091400533

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



Consolidated Financial Statements

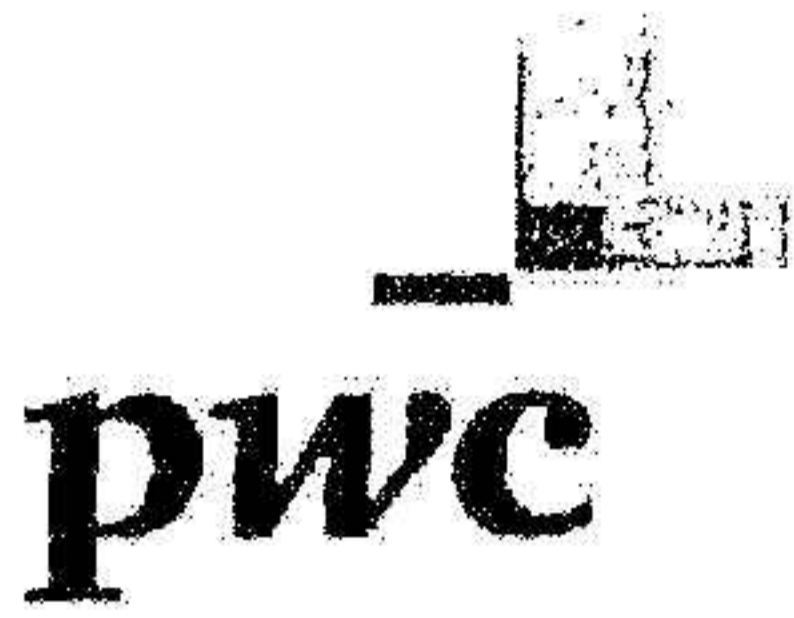
For the Years Ended December 31, 2022 and 2021

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December 31, 2022 and 2021

2023091400534

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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, 2022 and 2021, and the related consolidated statements of operations and comprehensive income, of owner's 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, 2022 and 2021, 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.

Emphasis of Matter

As discussed in Note 13 to the consolidated financial statements, the Company changed the manner in which it accounts for certain expenses and the manner in which it accounts for leases in 2022. Our opinion is not modified with respect to this matter.

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 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 30, 2023

2023091400537
SP PF Cayman Holdings I LP,
Parent Company of
Pure Fishing, Inc. and Subsidiaries

Consolidated Balance Sheets
As of December 31, 2022 and 2021
(In thousands of dollars)

<u>Assets</u>	2022	2021
Current Assets		
Cash and cash equivalents	\$ 55,121	\$ 38,868
Accounts receivable, net	149,435	237,411
Inventories, net	389,427	279,306
Prepaid expenses and other current assets	14,049	13,291
Total current assets	608,032	568,876
Property, plant, and equipment, net	124,132	129,361
Operating lease right-of-use assets	27,569	-
Goodwill, net	467,929	474,410
Intangible assets, net	448,318	487,756
Deferred tax assets	1,295	4,929
Other assets	4,317	5,732
Total assets	\$ 1,681,592	\$ 1,671,064

Liabilities and Owners' Equity

Current Liabilities		
Accounts payable	\$ 107,351	\$ 146,037
Accrued expenses	6,677	12,625
Current portion of operating lease liabilities	7,197	-
Income tax payable	1,709	6,139
Customer program accruals	12,959	12,532
Customer penalty accruals	8,897	20,149
Current portion of long-term debt	36,909	7,616
Other current liabilities	30,244	31,124
Total current liabilities	211,943	236,222
Long-term debt, net of current portion	1,171,486	893,688
Operating lease liability, net of current portion	21,975	-
Deferred tax liabilities	60,556	78,554
Other liabilities	7,727	8,634
Total liabilities	1,473,687	1,217,098

Commitments and contingencies (Note 14)

Owners' Equity

Owners' interest	240,861	452,827
Accumulated other comprehensive income (loss)	(32,956)	1,139
Total owners' equity	207,905	453,966
Total liabilities and owners' equity	\$ 1,681,592	\$ 1,671,064

See Notes to Consolidated Financial Statements

2023091400538
SP PF Cayman Holdings I LP,
Parent Company of
Pure Fishing, Inc. and Subsidiaries

Consolidated Statements of Operations and Comprehensive Loss
For the Years Ended December 31, 2022 and 2021
(In thousands of dollars)

	2022	2021
Net sales	\$ 778,868	\$ 780,535
Cost of goods sold	595,228	576,415
Gross profit	183,640	204,120
Operating expenses		
Selling, general and administrative expenses	180,506	156,776
Transaction costs	5,111	15,397
Amortization expense	84,602	72,516
Impairment of intangible assets and goodwill	48,096	-
Operating loss	(134,675)	(40,569)
Interest expense, net	87,004	53,758
Other non-operating expenses, net	4,668	478
Loss before income taxes	(226,347)	(94,805)
Income tax benefit	(11,171)	(7,751)
Net loss	(215,176)	(87,054)
Other comprehensive loss, net of tax:		
Foreign currency translation	(34,095)	(17,014)
Other comprehensive loss	(34,095)	(17,014)
Total comprehensive loss	\$ (249,271)	\$ (104,068)

See Notes to Consolidated Financial Statements

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

Consolidated Statements of Owners' Equity
For the Years Ended December 31, 2022 and 2021
(In thousands of dollars)

2023091400539

	Owners' Interest	Accumulated Other Comprehensive Income (Loss)	Total Owners' Equity
Balance at December 31, 2020	\$ 537,242	\$ 18,153	\$ 555,395
Net loss	(87,054)	-	(87,054)
Other comprehensive loss (net of tax)	-	(17,014)	(17,014)
Stock-based compensation	2,639	-	2,639
Balance at December 31, 2021	\$ 452,827	\$ 1,139	\$ 453,966
Net loss	(215,176)	-	(215,176)
Other comprehensive loss (net of tax)	-	(34,095)	(34,095)
Stock-based compensation	3,210	-	3,210
Balance at December 31, 2022	\$ 240,861	\$ (32,956)	\$ 207,905

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, 2022 and 2021
(In thousands of dollars)

2023091400540

	2022	2021
Cash flows from operating activities:		
Net loss	(215,176)	(87,054)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities, net of effects of business acquired:		
Depreciation and amortization	102,717	95,811
Deferred income taxes	(14,472)	(13,079)
Loss on sale of property, plant and equipment	(214)	1,239
Amortization of deferred financing fees	8,379	5,821
Amortization of inventory step up	11,778	6,975
Stock-based compensation	3,210	2,639
Impairment of intangible assets and goodwill	48,096	-
Foreign exchange (gain)/loss	4,038	-
Change in operating assets and liabilities, net of effects of business acquired:		
Accounts receivable	108,147	(8,620)
Inventories	(62,794)	(117,769)
Prepaid expenses and other current assets	(1,599)	6,536
Operating Leases	305	-
Accounts payable	(59,053)	42,496
Accrued expenses and other current liabilities	(15,838)	3,406
Income tax payable	(7,779)	4,938
Other assets and liabilities	12,024	(526)
Net cash (used in) provided by operating activities	(78,231)	(57,187)
Cash flows from investing activities:		
Acquisition of business, net of cash acquired	(153,172)	(250,624)
Proceeds from sale of business unit	-	58,055
Purchases of property, plant and equipment	(14,393)	(22,546)
Proceeds from note receivable	147	195
Net cash used in investing activities	(167,418)	(214,920)

See Notes to Consolidated Financial Statements

2023091400541
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, 2022 and 2021
(In thousands of dollars)

	2022	2021
Cash flows from financing activities:		
Proceeds from borrowings under revolving credit agreement	166,252	91,097
Repayments of borrowings under revolving credit agreement	(68,279)	(61,444)
Proceeds from debt	185,000	255,000
Repayments of debt	(10,238)	(7,063)
Financing fees	(8,761)	(7,350)
Net cash provided by (used in) financing activities	263,974	270,240
Effect of exchange rate changes on cash and cash equivalents	(2,072)	(1,388)
Net (decrease) increase in cash and cash equivalents	16,253	(3,255)
Cash and cash equivalents, beginning of year	38,868	42,123
Cash and cash equivalents, end of year	55,121	38,868
Supplemental information:		
Interest paid	73,444	47,309
Income taxes paid, net of refunds	9,248	3,874
Noncash investing activities:		
Accrued purchases of property, plant and equipment	-	547

See Notes to Consolidated Financial Statements

2023091400542
SP PF Cayman Holdings I LP,
Parent Company of
Pure Fishing, Inc. and Subsidiaries

Notes to Consolidated Financial Statements
December 31, 2022 and 2021
(In thousands of dollars)

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”). On February 1, 2022, the Company purchased all the outstanding shares of Svendsen Sport A/S (“Svendsen” or “Svendsen 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 33 brands. The Company consists of a U.S. based parent company and 55 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 or 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.

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

Notes to Consolidated Financial Statements
December 31, 2022 and 2021
(In thousands of dollars)

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.

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 \$91.1 million and \$113.1 million for 2022 and 2021, 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 \$26.9 million and \$24.9 million for 2022 and 2021, 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. For 2022, the Company manufactured approximately 49% of its total products sold while the remaining 51% of products were purchased for resale from third party suppliers, primarily in China and Southeast Asia. For 2021, the Company manufactured approximately 60% of its total products sold while the remaining 40% of products were 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.

Sales of Accounts Receivable

On October 27, 2022, the Company entered into a factoring agreement with a financial institution to sell certain customer receivables (the "Customer Receivables Purchase Agreement"). Transactions under this agreement are accounted for as sales of accounts receivable, and the receivables are removed from the Consolidated Balance Sheet at the time of the sales transaction. The Company classifies the proceeds received from the sales of accounts receivable as an operating cash flow and collections of accounts receivables not yet submitted to the financial institution as a financing cash flow in the Consolidated Statement of Cash Flows. The Company records the discount as selling, general and administrative expense in the Consolidated Statement of Operations. See Note 4, *Accounts Receivable*, for additional information.

In connection with the acquisition of Svendsen, the Company assumed an existing receivables factoring facility between Svendsen and AL Finans A/S (the "SVS Factoring Agreement"). The Company bears the financial risk associated with the factored receivables. As such, the factored receivables are not recognized as a sale of financial assets and continue to be presented within Accounts receivables, net on the Consolidated Balance Sheets. See Note 9, *Borrowings*, for additional information.

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. During 2022, it was determined that \$0.5 million of the outstanding balance was uncollectible and a reserve was recorded. As of December 31, 2022, the total Note Receivable, net of reserve was approximately \$0.6 million and \$0.5 was classified as Prepaid expenses and other current assets and \$0.1 was classified as Other assets. As of December 31, 2021, the note receivable totaled \$1.3 million and \$0.3 was classified as Prepaid expenses and other current assets and \$1.0 was classified as Other assets. There were \$0.1 million and \$0.2 million of payments made in 2022 and 2021, respectively. The impact of currency fluctuations on the note totaled less than \$0.1 million in 2022 and \$0.3 million in 2021, 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 \$23.7 million and \$22.6 million at December 31, 2022 and 2021, respectively, and are reflected as a direct deduction from the carrying amount of the debt in accordance with ASC 835 “*Debt issuance costs*”. During 2022, the Company incurred \$8.7 million in debt issuance costs associated with the Svendsen Acquisition. The Company incurred \$7.4 million in debt issuance costs associated with the Plano Acquisition in 2021. See Note 3, *Acquisitions*, for additional information.

Debt issuance costs related to the ABL credit agreement totaled \$0.7 million and \$1.5 million at December 31, 2022 and 2021, respectively, and are recorded within Other assets on the Consolidated Balance Sheets. Amortization of debt issuance costs totaled \$8.4 million and \$5.8 million for 2022 and 2021, respectively, and is recorded as interest expense within Interest expense, 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:

	<u>Years</u>
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 2022 and 2021.

Goodwill 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 and 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. During the fourth quarter of 2022, as a result of a triggering event, the Company performed impairment testing and recorded an aggregate non-cash impairment charge of \$5.3 million to goodwill, as the carrying value of the entity exceeded its fair value. There was no impairment recorded in 2021.

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. During the fourth quarter of 2022, as a result of the Company’s annual impairment testing, the Company recorded an aggregate non-cash impairment charge of \$42.8 million related to the indefinite-lived brand intangible assets (collectively referred to as “Major Brands”) as the carrying values exceeded their fair values. There was no impairment recorded in 2021.

The Company follows the private company accounting alternative for accounting for identifiable intangible assets in a business combination, 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.

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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 \$11.9 million and \$30.8 million for 2022 and 2021, respectively. For the year ended December 31, 2022, \$10.0 million was recorded as a reduction of Net sales and \$1.9 million was included in Cost of goods sold. 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. Accrued warranty, customer returns and customer penalty costs in the accompanying Consolidated Balance Sheets were approximately \$16.6 million and \$27.7 million at 2022 and 2021, respectively.

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

	2022	2021
Balance at beginning of the year	\$ 27,652	\$ 15,169
Provision	11,894	30,752
Claims paid	(22,922)	(18,269)
Balance at end of the year	<u>\$ 16,624</u>	<u>\$ 27,652</u>

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 \$11.8 million and \$12.4 million for 2022 and 2021, 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 \$0.9 million and \$2.7 million in 2022 and 2021, respectively.

Net assets located outside the United States were approximately \$243.4 million and \$84.7 million at December 31, 2022 and 2021, respectively. Net revenues from Pure Fishing's foreign subsidiaries totaled \$274.5 million and \$234.6 million for 2022 and 2021, 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.

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 a 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.

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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, Canada, Asia-Pacific and Europe.

Management periodically performs credit evaluations of its customers and generally does not require collateral. The Company had one customer in 2022 and two customers in 2021 with net sales that accounted for more than 10% of total net sales. The Company did not have any customer's accounts receivable that exceeded 10% of total accounts receivable as of December 31, 2022. The Company had two customer's accounts receivable that exceeded 10% of total accounts receivable as of December 31, 2021. 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 Company has taken and will continue to take measures to monitor and mitigate the effects of COVID-19. During 2022, 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.

Adoption of New Accounting Standards

Changes to U.S. GAAP are established by the FASB in the form of 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*" (the "Lease Accounting Standard"). The Company adopted the Lease Accounting Standard effective January 1, 2022, using the effective date method. The most prominent among the changes from this ASU is the recognition of right-of-use assets and lease liabilities by lessees for those leases classified as operating leases. Upon adoption of the Lease Accounting Standard, the Company recorded \$30.6 million of operating lease liabilities and \$28.7 million of right-of-use assets and derecognized \$1.9 million of deferred rent on January 1, 2022. See Note 13, *Leases* for further discussion.

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. Most amendments within the standard are required to be applied on a prospective basis, while certain

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amendments must be applied on a retrospective or modified retrospective basis. The Company adopted the amendments in this update during the current year. Adoption did not have a material impact on the consolidated financial statements.

Recent Accounting Standards Updates

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. The Company is currently assessing the impact of adoption 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. In December 2022, the FASB issued ASU 2022-06, “*Deferral of the Sunset Date of Topic 848*.” ASU 2022-06 amends the date the guidance will be available to December 31, 2024. The new standard applies prospectively to contract modifications. The Company is currently assessing the potential impact of adoption on the consolidated financial statements.

Note 3. Acquisitions

The Company acquired Svendsen Sport A/S in 2022 and Plano Synergy Holdings Inc. in 2021 to expand our brand portfolio. Acquisition related costs incurred relating to the acquisitions totaled \$13.8 million and \$22.8 million in 2022 and 2021, respectively.

Svendsen Acquisition

On February 1, 2022, the Company completed the acquisition of all issued and outstanding shares of Svendsen for net cash consideration of \$153.2 million and contingent payments up to DKK 150.0 million (approximately \$22.5 million) subject to the business achieving performance targets between January 1, 2022 and June 30, 2022. At the acquisition date, the fair value of the contingent consideration was determined to be \$0 and no liability was recognized. The earn-out period expired on June 30, 2022 and performance targets were not achieved.

The acquisition was funded from available cash on hand, including a \$19.0 million draw from the Company’s ABL facility, the assumption of \$32.6 million of Svendsen rollover debt, \$100.0 million incremental First Lien debt and \$25.0 million incremental Second Lien debt. The Company executed second amendments on the First Lien and Second Lien Credit Agreements to finance the acquisition. See Note 9, *Borrowings*, for additional information.

The Company accounted for the business combination in accordance with the provisions of FASB ASC 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.

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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	\$	3,266
Accounts receivable		26,057
Inventory		57,100
Prepaid expenses and other current assets		349
Property, plant and equipment, net		1,161
Brands, trademarks and intangible assets		22,732
Assets acquired		<u>110,665</u>
Current liabilities		32,098
Deferred income taxes, net		5,033
Liabilities assumed		<u>37,131</u>
Net assets acquired		73,534
Goodwill		<u>81,373</u>
Purchase price		154,907
Less cash acquired		1,735
Purchase price, net of cash acquired	\$	<u>153,172</u>

Acquisition related costs incurred relating to the Svendsen Acquisition were \$13.8 million, including \$8.7 million of investment banking fees \$5.1 million of legal, accounting, insurance, and other transaction-related costs. The Company classified \$8.7 million as debt issuance costs which are deferred and amortized over the term of the underlying debt instrument. The remaining costs of \$5.1 million were expensed as transaction costs in the year ended December 31, 2022.

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 expired on April 15, 2022.

The Company accounted for the business combination in accordance with the provisions of FASB ASC 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.

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The computation of consideration and the final 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	<u>248,659</u>
Current liabilities	34,075
Other liabilities	226
Liabilities assumed	<u>34,301</u>
Net assets acquired	214,358
Goodwill	<u>37,305</u>
Purchase price	251,663
Less cash acquired	<u>1,039</u>
Purchase price, net of cash acquired	<u>\$ 250,624</u>

Acquisition related costs 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.

Note 4. Accounts Receivable

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

	2022	2021
Trade receivables	\$ 156,995	\$ 243,412
Less: allowance for doubtful accounts	<u>(7,560)</u>	<u>(6,001)</u>
Accounts receivable, net	<u>\$ 149,435</u>	<u>\$ 237,411</u>

On October 27, 2022, the Company entered into the Customer Receivables Purchase Agreement with a financial institution to sell certain customer receivables. The maximum purchase commitment under the Receivables Purchase Agreement is \$30.0 million and the agreement matures October 27, 2023 with an available renewal term for an additional 12-months. The outstanding account balance bears interest at an "Adjustment Rate" equal to the Daily Simple Secured Overnight Financing Rate ("SOFR") plus 1.75% to be paid monthly.

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During 2022, the Company sold receivables for proceeds of \$26.9 million. At December 31, 2022, outstanding factored receivables associated with the agreement are approximately \$25.6 million.

Note 5. Inventories

Inventories are comprised of the following as of December 31:

	2022	2021
Raw materials and supplies	\$ 31,273	\$ 35,569
Work in process	15,462	19,495
Finished goods	359,475	232,284
Less: inventory reserves	(16,783)	(8,042)
Inventories, net	<u>\$ 389,427</u>	<u>\$ 279,306</u>

Note 6. Property, Plant and Equipment

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

	2022	2021
Construction in progress	\$ 16,701	\$ 19,479
Land	11,854	11,961
Buildings and improvements	41,223	40,082
Leasehold improvements	2,578	2,544
Machinery and equipment	97,145	85,627
Vehicles	1,583	1,515
Furniture, fixtures and office equipment	10,588	8,642
Gross property, plant and equipment	<u>\$ 181,672</u>	<u>\$ 169,850</u>
Less: accumulated depreciation	(57,540)	(40,489)
Property, plant and equipment, net	<u>\$ 124,132</u>	<u>\$ 129,361</u>

Depreciation expense was \$18.3 million and \$23.3 million for 2022 and 2021, respectively.

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Note 7. Goodwill

The changes in Goodwill are as follows:

	Carrying Amount	Accumulated Amortization	Foreign Currency Translation	Cumulative impairment of Goodwill	Goodwill, Net
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
Svendsen Acquisition (Note 3)	81,373	-	-	-	81,373
Amortization expense	-	(74,085)	-	-	(74,085)
Foreign currency translation adjustment	-	-	(8,434)	-	(8,434)
Cumulative impairment of Goodwill	-	-	-	(5,335)	(5,335)
Balance at December 31, 2022	\$ 744,874	\$ (265,118)	\$ (6,492)	\$ (5,335)	\$ 467,929

As of December 31, 2022, the aggregate estimated amortization expense for the succeeding five years are as follows:

2023	\$ 73,579
2024	73,579
2025	73,579
2026	73,579
2027	73,579

An impairment assessment is conducted each year as of December 31 to test the Company's goodwill. During 2022, the Company elected to bypass a qualitative impairment assessment and proceed directly to a quantitative impairment test. In performing the quantitative impairment assessment, fair value was estimated using a weighted-average of the indicated fair value derived from the market approach using guideline companies and the income approach. The market approach and income approach are applied on a debt-free, cash-free basis.

The market approach using guideline companies utilizes financial and market information regarding publicly traded securities of companies engaged in business pursuits similar to those of the Company to derive ratios reflective of prevailing investor attitudes and expectations. Market Ratios using stock prices of the public companies to their earnings, cash flows, or other measures are utilized to derive a market multiple. The multiples of the guideline companies are based upon minority share interests traded in the public marketplace and are adjusted to account for a total controlling interest and Company specific risk factors. The selected market multiple is then applied to the Company's adjusted EBITDA to derive the indicated fair value of total invested operating capital of the Company.

The income approach, specifically a discounted cash flow analysis, utilizes forecasted sales and net cash flow for the Company for five years into the future to determine a value indication of the total invested operating capital of the Company. Management made certain assumptions regarding future revenue growth based on industry market data and historical and expected performance. Future operating expenses were projected primarily based on historical financial performance in order to derive operating profits, which were combined with expected working capital changes and capital expenditures to determine operating cash flows. Projections utilized were based on then-current market and economic conditions and the Company's historical knowledge of the Company.

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A 25.0% weighting on the market approach guideline company method and 75.0% weighting on the income approach was applied to derive the indicated fair value of the total invested operating capital of the Company. The fair value of the total invested operating capital was adjusted for excess working capital and cash and cash equivalents to yield a fair value of the total invested capital of the Company which is compared to the carrying amount of the Company.

As a result of the annual impairment test as of December 31, 2022, the Company recorded a non-cash impairment charge of \$5.3 million for the excess of the carrying amount of the Company's net assets over the indicated fair value of total invested capital. Current macroeconomic conditions led to an increase in the discount rate, as inflation and interest rates continue to rise contributing to a decline in the indicated fair value of the total invested capital of the Company.

Additionally, the Company's overall revenue has slowed as a result of the uncertainty driven by these conditions. The impairment charge is recorded within Impairment of intangible assets and goodwill on the Consolidated Statements of Operations. As a result of the annual impairment test as of December 31, 2021, there was no impairment.

Note 8. Intangible Assets

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

	Life	2022		2021	
		Carrying Amount	Accumulated Amortization	Carrying Amount	Accumulated Amortization
Brands - Major - Indefinite Life	-	\$ 350,621	\$ -	\$ 383,631	\$ -
Brands - Minor	14-17	51,531	12,196	51,101	9,147
Trademarks	14-17	30,994	7,277	30,994	5,448
Developed Technology	15-20	35,142	6,863	35,142	5,015
Patents	2-17	4,406	1,484	4,406	1,000
Computer Software	5	6,445	3,001	5,088	1,996
Other intangibles	<1	2,209	2,209	-	-
		<u>\$ 481,348</u>	<u>\$ 33,030</u>	<u>\$ 510,362</u>	<u>\$ 22,606</u>

In connection with the Svendsen Acquisition, the Company recorded \$22.7 million of additional intangible assets which included brands, trademarks, patents, and other intangibles. In connection with the 2021 Plano Acquisition, the Company recorded \$29.1 million of additional intangible assets which included brands, trademarks, and patents. Aggregate amortization expense was \$10.4 million and \$8.0 million for 2022 and 2021, respectively.

As of December 31, 2022, the aggregate estimated amortization expense for the succeeding five years are as follows:

2023	\$ 8,352
2024	8,017
2025	7,584
2026	7,375
2027	7,301

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An impairment assessment is conducted each year as of December 31 to test the Company's Major Brands. During 2022, the Company elected to bypass a qualitative impairment assessment and proceed directly to a quantitative impairment test. The fair value of Major Brands is based on an income approach using the relief-from-royalty method. Under this method, forecasted revenues for products sold with the brands are assigned a royalty rate that would be charged for the rights and privileges to use the brand (in lieu of ownership), and the estimated fair value is calculated as the present value of those forecasted royalties avoided through ownership. The discount rate used to present value is a risk-adjusted rate. The royalty rate is selected based on consideration of (i) third-party licensing agreements within similar industries and (ii) reviewing current brand line gross margins. If the estimated fair value of the brand intangible asset exceeds its carrying value, there is no impairment charge. If the estimated fair value of the brand is less than its carrying value, an impairment charge would be recognized for the difference.

As a result of the annual impairment test as of December 31, 2022, a \$42.8 million non-cash impairment charge was recorded on the Company's Major Brands. Current macroeconomic conditions led to an increase in the discount rate, as inflation and interest rates continue to rise. Additionally, Major Brands' revenue has slowed as a result of the uncertainty driven by these conditions. The impairment charge is recorded within Impairment of intangible assets and goodwill on the Consolidated Statements of Operations. As a result of the annual impairment test as of December 31, 2021, there was no impairment.

Note 9. Borrowings

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

	2022	2021
First Lien Agreement	\$ 723,249	\$ 630,763
Second Lien Agreement	255,000	230,000
Asset Backed Lending Credit Agreement	159,261	60,759
Real Property Credit Agreement	60,000	-
Line of Credit	16,815	-
Factoring Loan	9,770	-
COVID Loans	6,769	-
Promissory Notes	1,260	2,390
	<u>\$ 1,232,124</u>	<u>\$ 923,912</u>
Less: current portion	(36,909)	(7,616)
Less: debt issuance costs	(23,729)	(22,608)
Long-term debt, excluding current portion	<u>\$ 1,171,486</u>	<u>\$ 893,688</u>

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As of December 31, 2022, the annual maturities of long-term debt over the next five years and thereafter are as follows:

2023	\$	36,909
2024		69,324
2025		709,900
2026		415,991
2027 & Thereafter		-
Total	<u>\$</u>	<u>1,232,124</u>

Bank interest expense was \$78.6 million and \$47.9 million for 2022 and 2021, respectively. Interest expense is inclusive of amortization of debt issuance costs of \$8.4 million and \$5.8 million for 2022 and 2021, respectively.

Real Property Credit Agreement: On October 26, 2022, the Company entered into a new credit agreement (the “Real Property Credit Agreement”) with PF Lender LLC, an affiliate of Sycamore, a related party, as the initial participating lender. See Note 15, *Related Party Transactions*, for additional information. Pursuant to the Real Property Credit Agreement, the Company was provided with a \$40.0 million term loan to be used for general corporate purposes. The Real Property Credit Agreement and related guarantees are secured by a perfected first-lien security interest in all fee-owned real property of the Company.

Amounts outstanding under the Real Property Agreement bear interest at a per annum rate equal to 11.0%. Interest is payable quarterly on the last business day of March, June, September, and December with principal due at maturity which is October 26, 2023. The Company must also prepay, on or prior to the date that is 10 business days after the date of realization or receipt of net proceeds received from an asset sale or any casualty event in respect of assets constituting collateral, an aggregate principal amount of term loans equal to 100% of all net proceeds in respect of assets constituting collateral realized or received.

On December 29, 2022, the Company entered into an amendment to the Real Property Credit Agreement (“Amended Real Property Credit Agreement”). Pursuant to the Amended Real Property Credit Agreement, the lenders party thereto provided the Company with incremental term loans of \$20.0 million to be used for general corporate purposes, thereby increasing the aggregate amount of term loans to \$60.0 million. Terms of the Amended Real Property Credit Agreement are substantially identical to those under the Real Property Credit Agreement.

Subsequent to the balance sheet date, on March 1, 2023, the Company entered into the Second Amendment to the Real Property Credit Agreement (“Second Amendment to the Real Property Credit Agreement”) extending the maturity date to June 28, 2024. All other terms of the amended agreement are substantially identical to those under the Amended Real Property Credit Agreement.

Also subsequent to the balance sheet date, on March 28, 2023, the Company entered into the Third Amendment to the Real Property Credit Agreement (“Third Amendment to the Real Property Credit Agreement”) extending the maturity date to October 31, 2024. All other terms of the amended agreement are substantially identical to those under the Amended Real Property Credit Agreement.

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First Lien Credit Agreement: On February 1, 2022, in connection with the Svendsen Acquisition, the Company amended the First Lien Credit Agreement (“Second Amendment to the First Lien”) to increase the aggregate principal amount by \$100.0 million of which \$20.0 million of the principal amount was funded by PF Lender LLC. See Note 3, *Acquisitions*, for additional information regarding the acquisition of Svendsen and Note 15, *Related Party Transactions*, for additional information regarding the transaction with PF Lender LLC. The First Lien has a principal balance of \$723.2 million and \$630.8 million at December 31, 2022 and 2021, respectively. The First Lien matures on December 21, 2025. The interest options are LIBOR plus 450 basis points (0.0% LIBOR floor) or Base Rate plus 350 basis points (1.00% floor) at the discretion of the Company. The interest rate was 8.88% as of December 31, 2022 and 4.60% as of December 31, 2021. 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 \$1.9 million are due on the first business day of each calendar quarter.

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 in excess of \$8.0 million 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, 2022 and 2021.

Second Lien Credit Agreement: On February 1, 2022, in connection with the Svendsen Acquisition, the Company amended the Second Lien Credit Agreement (“Second Amendment to the Second Lien”) to increase the aggregate principal amount by \$25.0 million. See Note 3, *Acquisitions*, for additional information regarding the acquisition of Svendsen. The Second Lien has a principal balance of \$255.0 million and \$230.0 million at December 31, 2022 and 2021, respectively. The Second Lien matures on December 21, 2026. The interest options are LIBOR plus 837.5 basis points (1.0% LIBOR floor) or Base Rate plus 737.5 basis points (2.0% floor) at the discretion of the Company. The interest rate was 12.76% and 9.38% as of December 31, 2022 and 2021, respectively. 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 9.375%, 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 subject to an applicable Prepayment Premium; however, the Company does not intend to make any voluntary prepayments.

Asset Backed Lending Credit Agreement: The ABL, a revolving credit facility, was increased from \$125.0 million to \$250.0 million during 2021. As of December 31, 2022 and 2021, there were \$159.3 million and \$60.8 million in borrowings, respectively. There was \$2.3 million and \$2.4 million in outstanding letters of credit against the ABL as of December 31, 2022 and 2021, respectively. Availability under the ABL is subject to a borrowing base and was \$5.5 million and \$146.3 million at December 31, 2022 and 2021, respectively. The ABL includes borrowing capacity available for letters of credit up to \$50.0 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 lesser 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.

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

Average Historical Excess Availability	Applicable Rate for Term SOFC Loans	Applicable Rate for Base Rate Loans
> 66.7%	1.25%	0.25%
≤ 66.7% but ≥ 33.3%	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 0.25% when the Average Revolving Credit Utilization is greater than or equal to 50%. The ABL has a maturity date of 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).

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 availability levels and 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.

Subsequent to the balance sheet date, on March 30, 2023, the Company entered into an amendment to the ABL (the "Third Amendment to the ABL"). The Third Amendment to the ABL amended the applicable rate, as disclosed below,

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and extended the maturity of the facility to the date that is three years from the effective date of the amendment or March 30, 2026. The Third Amendment to the ABL also provides for an accelerated maturity date if either the First Lien Credit Agreement, Second Lien Agreement or Real Property Credit Agreement obligations remain outstanding 91 days prior to their maturity date. In such case, the ABL's maturity date accelerates to the date 91 days prior to the maturity date of the maturing credit agreement.

Interest options under the Third Amendment to the ABL are based on the Average Historical Excess Availability (as defined by the agreement) and are adjusted quarterly:

Average Historical Excess Availability	Applicable Rate for Term SOFC Loans	Applicable Rate for Base Rate Loans
> 66.7%	2.25%	1.25%
≤ 66.7% but ≥ 33.3%	2.50%	1.50%
< 33.3%	2.75%	1.75%

Substantially all the Company's assets are pledged as collateral for the borrowings under the First Lien, Second Lien, ABL, and Real Property credit agreements. The obligations under the First Lien, Second Lien, and ABL credit agreements are guaranteed by SP PF Cayman Holdings II, LP, a wholly owned subsidiary of Sycamore. The obligations under the Real Property Credit Agreement are guaranteed by SP PF GP (Cayman) Ltd., a wholly owned subsidiary of Sycamore.

In connection with the acquisition of Svendsen in February 2022, the Company assumed outstanding loans as of the acquisition date.

SVS Line of Credit Agreement: On September 9, 2020, Svendsen entered into a framework agreement with Arbejdernes Landsbank A/S (the "Framework Agreement"). As part of the Framework Agreement, Svendsen entered into a Line of Credit Agreement (the "SVS Line of Credit Agreement"), a revolving credit facility. As of December 31, 2022, the SVS Line of Credit Agreement provided aggregate borrowing capacity of up to approximately DKK 120.0 million (approximately \$17.9 million at the exchange rate on December 31, 2022). At December 31, 2022, there was DKK 116.3 million (\$16.8 million) outstanding on the credit agreement. Outstanding borrowings under the SVS Line of Credit bear interest at 5.06% and are also subject to an unutilized commitment fee of 0.25% payable quarterly. During 2022, the Company entered into amendments to the Line of Credit Agreement to extend the maturity date of the outstanding borrowing with all other terms remaining substantially consistent. As of December 31, 2022, outstanding borrowings mature in quarterly installments through December 31, 2023.

SVS COVID Loan: On October 27, 2020, Svendsen Sport entered into a "COVID Loan" with Arbejdernes Landsbank A/S as lender in an amount of approximately DKK 70.0 million (approximately \$10.1 million at the exchange rate on December 31, 2022). The loan matures on May 26, 2026 and may be repaid in part or in whole, and without penalty or premium, at any time prior to maturity. The loan is guaranteed up to 70% of the principal loan amount by the Danish Growth Fund ("Vækstfonden"). The loan bears an interest rate based on CIBOR 3 plus variable annual interest of 0.77% and requires annual principal payments in the amount of DKK 11.7 million (approximately \$1.7 million at the exchange rate on December 31, 2022) due on June 30. As of December 31, 2022, DKK 47.0 million (\$6.8 million) was outstanding on the SVS COVID Loan.

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SVS Factoring Agreement: On June 7, 2010, Svendsen entered into an uncommitted factoring facility with AL Finans A/S with total availability up to DKK 100.0 million with seasonal increases from February 1 to June 30 to DKK 120.0 million (approximately \$14.4 million with seasonal increases to \$17.3 million at the exchange rate on December 31, 2022). Under the terms of the factoring arrangement, Svendsen is eligible to pledge certain receivables to AL Finans A/S in exchange for loans and advances up to a maximum of 90% of the of the eligible receivable balance. Factored receivables bear interest at CIBOR 3 plus 2.50%. The Company bears the financial risk associated with the factored receivables. As such, the factored receivables are not recognized as a sale of financial assets. On June 28, 2022, the Company entered into Amendment 13 to the factoring agreement to extend the maturity date of the facility to August 1, 2022 with all other terms remaining substantially consistent. The Company is in negotiations with AL Finans A/S to extend the maturity date of the facility. As of December 31, 2022, there are DKK 67.8 million (\$9.8 million) outstanding under the SVS Factoring Agreement.

Liquidity and Financial Covenants:

The Company experienced a decline in customer demand in 2022 compared to 2021 and 2020. Additionally, the Company built up its inventory balances throughout 2022 and late 2021 in anticipation of stronger sales and also to address supply chain issues experienced in 2021. As a result of these matters, as well as higher operating and interest costs in 2022, the Company had negative cash flows from operating activities of approximately \$78.2 million in 2022.

Late in 2022 and subsequent to December 31, 2022, the Company took measures to increase necessary liquidity as follows:

- On October 26, 2022, the Company entered into the Real Property Credit Agreement for a \$40.0 million term loan with PF Lender LLC, a related party.
- On December 29, 2022, the Company amended the Real Property Credit Agreement for an additional \$20.0 million term loan borrowing with PF Lender LLC.
- On February 24, 2023, the Company entered into a \$50.0 million promissory note with PF Lender LLC.
- On March 1, 2023, the Company amended the terms of its amended Real Property Credit Agreement to extend the maturity date from October 26, 2023 to June 28, 2024.
- On March 28, 2023, the Company amended the terms of its amended Real Property Credit Agreement to extend the maturity date from June 28, 2024 to October 31, 2024.
- On March 30, 2023, the Company amended the terms of its ABL Credit Agreement to extend the maturity date from December 21, 2023 to March 30, 2026.

As a result of the execution of management's plans through the date of issuance of these financial statements, the Company expects its cash balances, additional borrowings available under its ABL Credit Agreement and cash generated by operations to be its primary sources of short-term liquidity. Based on management's operating plan and forecast for fiscal year 2023, which includes expectations for increasing operating cash flows primarily through inventory reductions and increased earnings, the Company believes it can meet its obligations for at least one year from the date of issuance of these financial statements. However, certain elements of the Company's plan are not fully within the Company's control. Should the Company be unsuccessful in executing its plan, it may become subject to the Covenant Trigger Period defined in the ABL Credit Agreement in the coming 12 months. Although the Company's current expectation and forecast do not project its adjusted excess availability will trigger the Covenant Trigger Period in the coming 12 months, if the Company's earnings and operating cash flows do not increase as currently estimated by management, this could impact the Company's ability to maintain its adjusted excess availability above the covenant trigger. In the event a Covenant Trigger Period did occur, the Company projects it may not comply with its minimum fixed charge coverage ratio. If the Company did not meet the minimum fixed charge coverage ratio at the end of any required measurement date, this would

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lead to an event of default and, if not waived by the lenders, its lenders could require the Company to repay its outstanding debt. In that situation, the Company may not be able to raise sufficient debt or equity capital, or divest assets, to refinance or repay the lenders.

Note 10. Income Taxes

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

	<u>2022</u>	<u>2021</u>
Current:		
Federal	\$ -	\$ (270)
State	305	\$ 270
Foreign	5,997	\$ 5,328
Total current	<u>\$ 6,302</u>	<u>\$ 5,328</u>
Deferred:		
Federal	(14,356)	(7,864)
State	(3,340)	718
Foreign	223	(5,933)
Total deferred	<u>(17,473)</u>	<u>(13,079)</u>
Total income tax provision (benefit)	<u>\$ (11,171)</u>	<u>\$ (7,751)</u>

The non-U.S. components of income before income taxes were \$4.3 million and \$30.4 million for 2022 and 2021, respectively.

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, 2022 and 2021. 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:

	<u>2022</u>	<u>2021</u>
Statutory rate	21.0%	21.0%
Add (deduct) effect of:		
State provision, net of federal benefit	1.4%	-0.9%
Foreign rate differential	1.3%	2.5%
Permanent differences	-7.8%	-15.0%
Other	-10.8%	0.6%
Effective tax rate	<u>5.0%</u>	<u>8.2%</u>

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

	<u>2022</u>	<u>2021</u>
Deferred tax assets:		
Accruals not currently deductible for tax purposes	\$ 4,858	\$ 7,277
Inventory	5,979	2,290
Net operating losses	44,091	35,329
Interest expense limitation	48,252	32,411
Transaction costs	348	2,302
Other	13,611	6,102
Total gross deferred tax assets	\$ 117,139	\$ 85,711
Less valuation allowance	(49,525)	(18,066)
Net deferred tax assets after valuation allowance	\$ 67,614	\$ 67,645
Deferred tax liabilities:		
Intangibles	\$(108,919)	\$(120,535)
Fixed assets	(16,702)	(16,993)
Pension liabilities	(385)	(430)
Other	(870)	(3,312)
Total gross deferred tax liabilities	\$(126,876)	\$(141,270)
Net deferred tax liabilities	\$ (59,262)	\$ (73,625)

At December 31, 2022, the Company has net operating losses (“NOLs”) of the following: \$138.2 million federal, \$102.6 million state (post-apportionment) and \$56.7 million foreign. \$63.3 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 expired in 2022. The foreign NOLs have indefinite carryforward periods.

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, 2022, a valuation allowance of \$49.5 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, 2022, 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 2019. The Company's foreign tax returns are subject to examination for years after 2018. 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 \$3.4 million and \$2.5 million for 2022 and 2021, respectively.

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 \$3.6 million and \$3.7 million at December 31, 2022 and 2021, 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, Class B, and Class C Units of SP PF Cayman Topco LP (the ultimate parent of the Limited Partner) at no cost to the executives. 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.

During 2022, the Company granted 1,075,000 Class D Units of SP PF Cayman Topco LP at no cost to certain executives. The grant date fair value for Class D Units was \$0.37 per unit. Total compensation expense recorded in connection with Class D Units was less than \$0.1 million for 2022. As of December 31, 2022, total unrecognized compensation cost related to Class D Units to be recognized over the remaining weighted-average 4 year vesting period was \$0.3 million.

The average grant date fair value of Class A and B Units is \$1.54 per unit. Total compensation expense recorded in connection with Class A and Class B Units was \$3.1 million and \$2.6 million 2022 and 2021, respectively. As of December 31, 2022, the total unrecognized compensation cost related to Class A and B Units to be recognized over the remaining vesting period of 1 year was \$2.8 million.

Note 13. Leases

On January 1, 2022, the Company adopted the Lease Accounting Standard using the effective date method by applying the new standard to all leases existing at that date. Results and disclosure requirements for reporting periods beginning after January 1, 2022 are presented under the new guidance, while prior period amounts have not been adjusted.

The Company elected the package of practical expedients permitted under the transition guidance, which allowed the Company to carryforward its historical lease identification, lease classification and initial direct costs for any leases that existed prior to January 1, 2022. The Company also elected the accounting policy practical expedients to exclude leases with an initial term of twelve months or less from the balance sheet and to not separate lease and nonlease components for all classes of underlying assets.

The Company determines if an arrangement is a lease at inception. Right-of-use assets represent the right to use the underlying assets for the lease term and the lease liabilities represent the obligation to make lease payments arising from the leases. Right-of-use assets and liabilities are recognized at commencement date based on the present value of future lease payments over the lease term, which includes only payments that are fixed and determinable at the time of commencement. When readily determinable, the Company uses the interest rate implicit in a lease to determine the present value of future lease payments. The Company has elected the practical expedient allowable to private companies to use a risk-free discount rate for all leases where the rate implicit in the lease is not readily determinable. The right-of-use asset also includes any lease payments made prior to commencement and is recorded net of any lease incentives received. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such options.

The Company's operating leases are primarily for production machinery and manufacturing equipment, vehicles, factory, warehouse, office equipment, and office facilities. Lease agreements typically have initial terms ranging from two to ten years and may include one or more options to renew. The useful life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise. The Company's lease agreements do not contain any material residual value guarantees, restrictions, or covenants.

Certain of the Company's lease agreements require the Company to pay common area maintenance, repairs, property taxes and insurance costs, which are variable amounts based on actual costs incurred during each applicable period. Certain lease agreements also include escalating rent payments that are not fixed at commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measure of cost inflation. These variable components of lease payments are expensed as incurred and are not included in the determination of the right-of-use asset or lease liability. Variable lease costs were not material in 2022.

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The following table presents the components of the Company's right-of-use assets and liabilities related to leases and their classification in the Consolidated Balance Sheet at December 31:

	<u>Classification in Consolidated Balance Sheets</u>	<u>2022</u>
Assets:		
Operating lease assets	Operating lease right-of-use assets	\$ 27,569
Total leased assets		<u>\$ 27,569</u>
Operating lease liabilities:		
Current	Current portion of operating lease liabilities	\$ 7,197
Long-term	Operating lease liability, net of current portion	<u>21,975</u>
Total operating lease liabilities		<u>\$ 29,172</u>

The following table presents the weighted-average lease term and discount rate at December 31:

Weighted-average remaining lease term - operating leases	6.1 Years
Weight average discount rate - operating leases	1.83%

The following table presents the components of the Company's lease expense and their classification in the Consolidated Statement of Operations for the year ended December 31:

		<u>2022</u>
Operating lease costs	Selling, general and administrative expenses; Cost of goods sold	\$ 9,611
Short-term lease costs	Selling, general and administrative expenses; Cost of goods sold	653
Total lease costs		<u>\$ 10,264</u>

The following table presents supplemental cash flow information for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash outflows from operating leases		\$ 9,306
Right-of-use assets obtained in exchange for new operating lease liabilities:		
Operating leases		\$ 8,052

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

Notes to Consolidated Financial Statements
December 31, 2022 and 2021
(In thousands of dollars)

Future maturities of lease liabilities at December 31, 2022 are presented in the following table:

Operating Leases		
2023	\$	7,596
2024		5,548
2025		3,945
2026		2,796
2027		2,608
Thereafter		8,239
Total lease payments	\$	30,732
Less: imputed interest		(1,560)
Total lease obligations	\$	29,172

Disclosures related to periods prior to adoption of ASC 842

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

Lease expense under operating leases for continuing operations was \$11.9 million in 2021.

Note 14. Commitments and Contingencies

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.

Note 15. 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 2022, the Company made aggregate payments to Sycamore of \$5.3 million which includes \$3.4 million for management service fees, a transaction fee of \$1.5 million in relation to the Svendsen Acquisition, and \$0.4 million of financing fees which have been capitalized as debt issuance costs. In 2021, the Company paid Sycamore \$6.1 million for management service fees and a transaction fee in relation to the Plano Acquisition.

In connection with the Real Property Credit Agreement, during 2022 the Company paid total interest to PF Lender LLC of \$0.8 million. As of December 31, 2022, total principal amount of \$60.0 million was outstanding with the related party.

In connection with the Second Amendment to the First Lien, \$20.0 million of the \$100.0 million incremental principal amount was funded by PF Lender LLC at terms consistent with those of other participating lenders. On September 26, 2022, the related party sold \$10.0 million of the original principal amount to an unrelated third-party. During 2022, principal and interest payments of less than \$0.2 million and \$0.9 million, respectively, were made to the related party under the Second Amendment to the First Lien. As of December 31, 2022, total principal amount of the Second Amendment to the First Lien outstanding with the related party was \$9.8 million.

Effective February 24, 2023, the Company entered into a promissory note with a related party, PF Lender LLC. See Note 9, *Borrowings*, for additional information.

Note 16. 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 30, 2023, which is the date the consolidated financial statements were issued and noted no items except for those described below.

On February 24, 2023, the Company entered into a promissory note (the "European Facility") with PF Lender LLC as lender, to provide \$50.0 million of liquidity to be used to fund working capital and for general corporate purposes. The European Facility matures in February 2027 and bears interest at a coupon rate of 12.5% payable quarterly. The note contains covenants and reporting requirements substantially the same as the First Lien Credit Agreement.

On March 30, 2023, the Company amended the terms of the ABL Credit Agreement to extend the maturity date from December 21, 2023 to March 30, 2026 and on March 28, 2023, the Company amended the terms of its amended Real Property Credit Agreement to extend the maturity date from June 28, 2024 to October 31, 2024. (See Note 9 – *Borrowings*)